VALUE THROUGH FOCUS AND DISCIPLINE

SASOL LIMITED

Annual Financial Statements

30 June 2018

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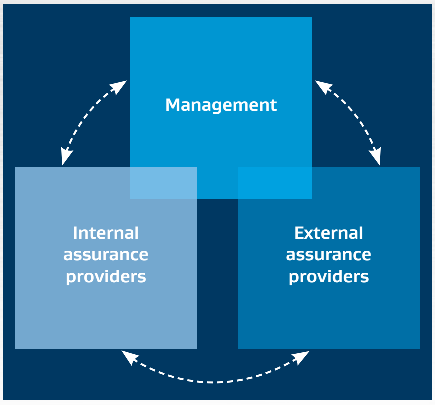
SASOL LIMITED COMPANY

INTERNAL CONTROL AND COMBINED ASSURANCE FRAMEWORK

The Annual Financial Statements (AFS) 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).

The AFS are reviewed by management, the Sasol Disclosure Working Group, the Sasol Limited Audit Committee, the Board and are audited by the external auditors of the Group. Internal Audit performs specific procedures on certain account balances in the AFS.



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**
Our annual report issued in accordance with the Securities Exchange Act of 1934.

SR **Sustainability Reporting**
Supporting information to the Integrated Report. Prepared in accordance with the GRI, Reporting Standards and the Task Force on Climate Related Financial Disclosures.

MESSAGE FROM OUR GROUP CFO

Paul Victor
Chief Financial Officer

KEY MESSAGES

Higher oil prices benefiting results

Driving **disciplined capital** allocation

Sustainably reducing our cost base **through continuous improvement**

Protecting and strengthening the balance sheet

Investing in **digital to remain relevant and competitive**

Higher crude oil prices and product margins in the second half of the year, supported an overall resilient set of results for the reporting period. Furthermore, Sasol delivered a flat normalised cash fixed cost base, against a backdrop of satisfactory sales and production volumes for the year. Our financial results were negatively impacted by several unplanned Eskom electricity supply interruptions and two internal outages at our Secunda Synfuels (SSO) and Natref operations that resulted in lower production volumes, as well as a 6% stronger average rand to the US dollar exchange rate compared to the prior period.

Our underlying cash flow performance was robust. Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 10% when compared to the prior year. Core headline earnings per share (CHEPS) however decreased by 6% to R36,03 compared to the prior period and Headline Earnings Per Share decreased by 22% to R27,44. The difference between CHEPS and EBITDA in the current year is largely due to depreciation of approximately R16 billion and employee share-based payment expenses of R1,5 billion due to the marked improvement of the Sasol share price at the end of the financial year. The share-based payment relating to our Khanyisa Broad-Based Black Economic Empowerment (B-BBEE) transaction of R3 billion is excluded from CHEPS and EBITDA as it is considered to be a once-off and non-cash item.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) up
10%

Dividend per share of
R12,90

Maintained
investment
grade credit rating

Capital expenditure
R53,4 bn

Earnings attributable to shareholders for the year ended 30 June 2018 decreased by 57% to R8,7 billion from R20,4 billion in the prior year. This resulted in earnings per share (EPS) decreasing by 57% to R14,26 compared to the prior year. The stronger average rand/US dollar exchange rate and the negative impact of remeasurement items, largely driven by the stronger longer-term rand exchange rate, resulted in a much lower profit and earnings per share for the financial year.

Sasol is a global integrated chemicals and energy company. Through our talented people, we use selected technologies to safely and sustainably source, produce and market chemical and energy products competitively to create superior value for our customers, shareholders and other stakeholders.

SALIENT FEATURES

FINANCIAL PERFORMANCE

- EBITDA up 10% to R52 billion
- Core headline earnings per share down 6% to R36,03
- Headline earnings per share down 22% to R27,44
- Normalised cash fixed costs remained flat in real terms
- Dividend per share* R12,90 (2,8xCHEPS)

* Our dividend policy is to pay dividends with a dividend cover on core headline earnings per share (CHEPS)

OPERATIONAL PERFORMANCE

- Plant interruptions lowers Secunda Synfuels Operations volumes by 3%
- Eurasian Operations volumes up 3%
- ORYX GTL utilisation at 95%
- Strong market demand drives 1% increase in Performance Chemicals sales volumes
- Liquid fuels sales volumes down 2%, Base Chemicals volumes down 1% both impacted by Synfuels plant incidents

SOCIAL VALUE AND TRANSFORMATION

- Invested R2 billion in skills and socio-economic development, up 25%
- Implemented Sasol Khanyisa, our new Broad-Based Black Economic Empowerment ownership transaction to advance our transformation imperative

ADVANCING LCCP*

- 88% complete, tracking schedule and revised cost estimate of US$11,13 billion
- Steam utility system commissioned earlier than planned

*Lake Charles Chemicals Project (LCCP)

SAFETY

Safety Recordable Case Rate (RCR), excluding illnesses, improved to 0,27, our lowest so far, regrettably four fatalities

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

		% change 2018 vs 2017	2018	2017	2016
Financial results					
Turnover	R million	5	**181 461**	172 407	172 942
EBITDA*	R million	10	**52 413**	47 627	53 992
Free cash flow[1]	R million	(42)	**6 605**	11 310	16 938
Earnings before interest and tax (EBIT)	R million	(44)	**17 747**	31 705	24 239
Attributable earnings	R million	(57)	**8 729**	20 374	13 225
Enterprise value	R million	38	**415 287**	300 771	294 304
Total assets	R million	10	**439 235**	398 939	390 714
Net debt[2]	R million	(70)	**96 341**	56 510	30 166
Capital expenditure (cash flow)	R million	12	**53 384**	60 343	70 409
Profitability					
Gross profit margin	%	(1)	**54,9**	55,6	55,7
EBIT margin	%	(9)	**9,8**	18,4	14,0
EBIT margin before remeasurement and Khanyisa SBP	%	(3)	**16,8**	19,3	21,5
Return on shareholders equity	%	(6)	**4,0**	9,7	6,6
Return on invested capital (excluding AUC)	%	(9)	**7,8**	16,6	12,1
Effective tax rate[3]	%	7	**35,4**	28,3	36,6
Adjusted effective tax rate[4]	%	1	**27,3**	26,5	28,2
Shareholders' returns					
Core headline earnings per share[5]	Rand	(6)	**36,03**	38,47	36,77
Headline earnings per share	Rand	(22)	**27,44**	35,15	41,40
Attributable earnings per share	Rand	(57)	**14,26**	33,36	21,66
Dividend per share[6, 7]	Rand	2	**12,90**	12,60	14,80
Dividend cover[7]	times		**2,8**	2,8	2,8
Dividend payout ratio[7]	%	–	**35,8**	35,8	35,7
Dividend yield	%	(1)	**2,6**	3,4	3,7
Net asset value per share	Rand	3	**359,60**	348,27	340,51
Price to net asset value	:1		**1,40**	1,05	1,17
Debt leverage					
Net debt to shareholders' equity (gearing)	%	17	**43,2**	26,7	14,6
Net debt to EBITDA	times		**1,84**	1,19	0,56
Total borrowings to shareholders' equity	%	10	**50,0**	39,7	38,7
Total liabilities to shareholders' equity	%	9	**94,5**	85,8	86,1
Finance costs cover	times		**4,1**	9,2	8,0
Liquidity					
Current ratio	:1		**1,4**	1,7	2,6
Quick ratio	:1		**0,9**	1,2	2,0
Cash ratio	:1		**0,3**	0,6	1,3
Net trading working capital to turnover	%		**18,8**	17,2	16,6
Average debtor days[8]	days		**52**	48	48
Average inventory days[9]	days		**132**	121	114
Average creditor days[10]	days		**95**	88	85
Productivity					
Employee costs to turnover (excluding the amounts capitalised to assets under construction)[11]	%	1	**15,1**	14,2	13,8
Cash fixed cost to turnover	%	1	**27,8**	27,0	25,7
Depreciation and amortisation to external turnover	%	–	**9,1**	9,4	9,5
Stock exchange performance					
Market capitalisation					
Sasol ordinary shares	R million		**313 323**	238 738	258 717
Sasol BEE ordinary shares[12]	R million		**1 918**	866	892
Premium over shareholders' funds	R million		**90 338**	27 027	51 720
Price to book	:1		**1,41**	1,13	1,25

1. Consists of cash retained from operating activities minus sustenance capital.
2. Net debt increased in 2018 mainly as a result of capital expenditure associated with our US growth projects and the valuation of foreign debt at a year-end closing rate of R13,73/US$1.
3. The increase in the effective tax rate at 30 June 2018 is mainly due to the partial impairment of the shale gas assets in Canada, the partial impairment of the Production Sharing Agreement assets in Mozambique and the implementation of the Khanyisa B-BBEE transaction.
4. Effective tax rate adjusted for equity accounted earnings, remeasurement and once-off items.
5. Core headline earnings are calculated by adjusting headline earnings with once-off items, period close adjustments, depreciation and amortisation of significant capital projects, exceeding R4 billion which have reached beneficial operation and are still ramping up and share-based payments on implementation of B-BBEE transactions.
6. Dividends comprise the interim and final dividends paid in that calendar year.
7. With effect from 23 February 2018, the Board approved a change in dividend policy from HEPS to Core HEPS.
8. Increase in 2018 receivables mainly due to higher Brent crude oil linked product prices and valuation of foreign debtors at year-end rate of R13,73/US$1.
9. Increase in 2018 results from higher feedstock and conversion cost, stockbuild for our High Density Polyethylene (HDPE) joint venture in the US that reached beneficial operation during 2018 and the valuation of foreign inventory at year-end (at R13,73/US$1), partially offset by lower inventory volumes.
10. Increase in 2018 results mainly from the valuation of foreign creditors at year-end (at R13,73/US$1).
11. The increase in 2018 results mainly to the employee share-based payment expenses of R1,5 billion due to the marked improvement of the Sasol share price at the end of the financial year.
12. Sasol BEE ordinary shares have been listed on JSE Limited's BEE segment of the main board since 7 February 2011. The increase in Sasol BEE ordinary shares results from the implementation of the Sasol Khanyisa B-BBEE transaction.

* EBITDA is calculated by adjusting earnings before interest and taxation for depreciation, amortisation, remeasurement items, share-based payments and unrealised gains and losses on our hedging activities.

REPORT OF THE AUDIT COMMITTEE

Colin Beggs

Chairman of the Audit Committee

FOCUS AREAS

Reviewing judgements, estimates and accounting for significant transactions

Proactively responding to a volatile macroeconomic environment

Advancing of the Lake Charles Chemical Project (LCCP), ensuring business readiness for the first units coming on line

Implementing the Sasol Khanyisa B-BBEE Ownership Transaction

Digital transformation, information security and improvement initiatives

The impact of increasing environmental regulatory requirements on Sasol's operations

Introduction

In 2018, the Audit Committee (the Committee) continued to focus on the integrity of financial reporting and disclosures through the review of judgements, estimates and accounting for significant transactions.

The Committee provided significant oversight and monitoring over the following key areas:

- Volatile macroeconomic environment and management's proactive responses through hedging and balance sheet management;
- Improving the flexibility of our balance sheet, through increased cash flow and managing an optimal capital structure will be a key focus ahead, as we leverage this unique position to drive our refined value-based strategy;
- Advancing of the Lake Charles Chemical Project (LCCP) in the United States and ensuring business readiness for the first units coming on line. The Committee continued to closely monitor the progress of the LCCP and the associated capital and schedule risks and reported on the combined assurance thereof to the Sasol Limited Board. The funding of this growth project resulted in gearing peaking at 43,2%, which increased the focus of the Committee on balance sheet liquidity and funding plans;
- Unwinding of the Sasol Inzalo Broad-Based Black Economic Empowerment (B-BBEE) Transaction and implementing the new Sasol Khanyisa B-BBEE Ownership Transaction. The Committee was actively involved in evaluating the structures, communication plan, risks, accounting, tax and funding mechanisms. Adequate risk management processes were implemented to safeguard shareholder value. These transactions had a combined value of more than R20 billion and hence required increased monitoring and involvement from the Committee;
- Digital transformation, information security and continuous improvement initiatives; and
- Increasing environmental regulatory requirements continued to impact on Sasol's operations, profitability and liquidity.

In responding to these challenges during 2018, 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. The Committee 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 the review of the interim financial statements and the 2018 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.

The Committee also reviewed the recent corporate governance failures in the South African market and from a risk perspective reflected on the lessons learnt about the importance of corporate governance principles.

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 on information technology, including cybersecurity in conjunction with the Digital, Information Management and Hedging Committee, to ensure that risk management is applied appropriately.

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 Nigeria and Gabon. The Committee found that this site visit added an important additional dimension to our review and understanding, and intend to hold further site visits in 2019.

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, funding, taxation and accounting policy choices.

AREAS OF FOCUS IN 2018

- 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, quality 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
- Conducted an independent review of internal audit.
- 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

Composition and meeting

Members of the Committee are independent Non-executive Directors, all of whom are financially skilled and have extensive audit committee experience. The members consist of Messrs C Beggs, MJN Njeke, S Westwell and Mss GMB Kennealy and NNA Matyumza. We believe that the deep and varied experience of the Committee members gives perspective and insight to the Committee's considerations and decisions.

Ms Imogen Mkhize retired from the Sasol Limited Board during November 2017. We would like to thank her for her service to the Committee, and for the challenge and perspective she provided as a member. 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 five times during the financial year, with attendance as per the table below. The Committee members were joined at these meetings by the Chairman of the Board, the Joint Presidents and Chief Executive Officers and the Chief Financial Officer and other Group subject experts. 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.

Member	17 August 2017	28 August 2017	8 September 2017	22 February 2018	18 May 2018
C Beggs (Chairman)	Y	Y	Y	Y	Y
GMB Kennealy	Y	X	Y	X	Y
NNA Matyumza	Y	Y	X	Y	Y
IN Mkhize*	Y	Y	Y		
MJN Njeke	Y	Y	X	Y	Y
S Westwell	Y	Y	Y	Y	Y

* IN Mkhize retired from the Committee effective 17 November 2017

Significant matters considered by the Committee

The following is a description of the key matters considered by the Audit Committee. The Committee also ensures that these matters are in the plans of the external auditors and that related control aspects are covered by internal audit

Key Issues	Judgements in Financial Reporting	Audit Committee Review	Conclusions
Fair, balanced and understandable reporting		• The Committee considered reports received from management and the external auditors quarterly highlighting significant accounting issues and judgements 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 Act section 404 internal control process and reviewed issues on control deficiencies and remediation efforts. • Established via reports from management and external audit that there were no indications of material 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 loans and overdue receivables and in deciding whether a provision is required.	• The Committee assessed the appropriateness of the CGUs, integrated value chain impairment methodology and review of impairment triggers. • The Committee considered the impact of the stronger rand/US dollar exchange rate on the valuation of assets and reviewed the 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 include: – The Southern Africa integrated value chain assets; – Canadian shale gas assets in Montney; – Production Sharing Agreement (PSA) in Mozambique; and – US Gas-to-Liquids (GTL) Project.	• The Committee reviewed the impairment assessment of the Southern African integrated value chain and the sensitivity thereof to changes in the rand/US dollar exchange rate. Taking into consideration the potential for a stronger rand in the long-term, the Committee endorsed management's recommendation to impair the full South African Chlor Vinyls value chain to the amount of R5,2 billion. • The Committee reviewed the current macroeconomic assumptions and the lower than expected oil reserves in respect of the PSA in Mozambique and supported management's proposal to impair the PSA by R1,1 billion (US$94 million). • The Committee reviewed the assessment on the FEED costs capitalised on the US GTL plant and agreed that the remaining costs will not be utilised based on Sasol's decision not to pursue new GTL ventures in future. Accordingly, the Committee endorsed management's recommendation to scrap the remaining asset value of R1,1 billion (US$83 million). • In respect of Canada, the Committee noted the impact of the continued lower gas price on the asset and the resulting impairment of R2,8 billion. • The Committee reviewed management's sensitivity analysis for affected assets to obtain comfort on either the level of headroom available or the quantification of the impairment. In addition, the Committee reviewed disclosures related to the sensitivity analysis of recoverable amounts as described in note 9 on page 61. • 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 supported management's disclosure of the reserves. • The Committee considered the views of the external auditor on the disclosure 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 an 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 assets in South Africa and North America and the related surpluses. The Committee re-confirmed that Sasol is entitled to these surpluses in terms of the Pension Fund rules and supported the recognition thereof. The valuations are performed by independent third parties. • The Committee reviewed the rehabilitation provisions for compliance with legislation and consistent application of the accounting policy. • The Committee 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.

Key Issues	Judgements in Financial Reporting	Audit Committee Review	Conclusions
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.	• 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.
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, circumstances and advice from our external tax and legal advisers. • A particular focus of the Committee was on tax litigation claims related to Sasol Oil (Pty) Ltd and Sasol Financing International Plc. Following advise from external legal advisors and conclusions by management and external audit the committee agreed with the accounting treatment and disclosures set out in note 12.
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 projections 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, security of confidential data, cyberrisk, IT infrastructure, application issues and third party supplier management.	• Since 2017, a separate Board committee, the Hedging and Information Technology Committee has been established, to focus on the implementation of the digital roadmap for Sasol and the security control environment. • Taking into account the results of combined assurance findings, responses to any fraudulent activity, results of continuous SOX reviews and mitigation of weaknesses and the findings of internal and external audit, the Committee concluded that the internal control environment is satisfactory.

In respect of the Company financial statements, the Committee reviewed the accounting and tax treatment of the Khanyisa transaction and supported management's proposal to recognise a share-based expense of R2,9 billion on the transaction, with which the external auditors are in agreement.

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 reviewed the Group policy related to establishing the extent of insurance cover required, 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 will also consider findings and recommendations from other Board committees who have oversight to aspects of the Integrated Report in so far 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 have been raised by stakeholders, management has responded promptly

- The Committee continue to spend a significant portion of time on reviewing the LCCP control environment, including obtaining comfort around business readiness for start of operations. Updates are received at each meeting on the progress, cost and delivery schedule and monitoring of the control remediation plan. The Committee requested that specific disclosures be included in the Integrated Report and LCCP fact sheet to ensure factual and transparent information is provided to stakeholders.
- The Committee supported management in providing an overview of Sasol's updated strategy as part of the Capital Markets Day held in November 2017, to provide insight into Sasol's financial framework and capital allocation principles.
- The Committee provided oversight on the implementation of the Sasol Khanyisa transaction during the year and supported management to address concerns raised by our shareholders and stakeholders in the transaction.

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 and ethics 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 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 2018 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 R87,8 million, of which R87 million was for audit related services, R0,3 million for non-audit services and R0,5 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.
- PwC submitted reports relating to quality assessment reviews undertaken internally and by the Independent Regulatory Board for Auditors and the Public Company Accounting Oversight Board, together with progress on any remedial actions necessary. There are no significant matters to report to the shareholders.

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 and the committee concluded it to be satisfactory. Additionally, an independent review was undertaken by Ernst and Young in terms of International Quality Standards.

The Committee is of the opinion that there were no material breakdowns in internal control during the 2018 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

Our detailed assessment included the various specialist areas across the Group's finance function, with a focus on the ramp-up of resources and systems in the US, in line with the needs of the LCCP project.

Conclusion

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

Having had regard to all material risks and factors that may impact on the integrity of the Annual Financial statements and following appropriate review, the Committee recommended the Company and Group Annual Financial Statements of Sasol Limited for the year ended 30 June 2018 for approval to the Board.

On behalf of the Audit Committee

Colin Beggs

Chairman of the Audit Committee

16 August 2018

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 2019 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 23 to 135, and the company's Annual Financial Statements, set out on pages 136 to 152, which have been prepared on the going concern basis, were approved by the Board of Directors on 17 August 2018 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

17 August 2018

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 17 August 2018, 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 spanning 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 sector entities, 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 2018, 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

17 August 2018

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 2018, 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 25 to 152 comprise:

- The consolidated and separate statements of financial position as at 30 June 2018;
- 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 and separate 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

MATERIALITY

OVERALL GROUP MATERIALITY

- Overall group materiality: R928 million, which represents 5% of profit before tax adjusted for the once-off Sasol Khanyisa transaction share-based payment expense of R2 866 million.

GROUP SCOPING

GROUP AUDIT SCOPE

- We conducted full scope audit procedures at 12 business units and limited scope audit procedures at a further 10 business units.

KEY AUDIT MATTERS

KEY AUDIT MATTERS

- Impairment of property, plant and equipment and assets under construction;
- Accounting for uncertain tax positions; and
- Accounting for the Sasol Khanyisa 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

R928 million

How we determined it

5% of profit before tax adjusted for the once-off Sasol Khanyisa transaction share-based payment expense of R2 866 million.

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. Profit before tax is adjusted for the Sasol Khanyisa transaction share-based payment expense which is not considered to be part of the Group's sustainable operating performance. 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 10 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 9 to the consolidated financial statements (Remeasurement items affecting operating profit) on page 61. At 30 June 2018 the Group's statement of financial position includes property, plant and equipment amounting to R167 457 million and assets under construction of R165 361 million. A significant part of the Group's operations and plants in Southern Africa are, by design, integrated. Significant processes throughout the value chain, from feedstock to end products are interdependent and linked. Fluctuating crude oil, gas and chemical prices, discount rates, a stronger rand 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 Chlor Vinyls cash-generating unit ("CV CGU"), 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 9 to the consolidated financial statements. A loss on scrapping of R1 091 million (R840 million after tax) was recognised on US GTL at 31 December 2017. Impairments of R5 165 million, R2 764 million and R1 143 million (R3 719 million, R2 764 million and R1 143 million after tax) were recognised on the CV CGU, Sasol Canada and the PSA asset at 30 June 2018, respectively. The impairment of property, plant and equipment and assets under construction was considered to be a matter of most significance to the current year audit for the following reasons: • A misstatement of the impairment charge could have a significant impact on the consolidated financial statements; • The identification of CGUs within the Southern African value chain and the related active market assessments as outlined in the Group's principal accounting policies in note 9 on page 65 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.	*Identification of CGUs within the Southern African integrated value chain* We assessed the appropriateness of management's defined CGUs within the Southern African integrated value chain 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 chain 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 integrated value chain were appropriate. *Impairment assessments of property, plant and equipment and assets under construction for all CGUs.* We benchmarked management's main assumptions used in the impairment calculations against third party data and found management's assumptions to be consistent with such third party data. Management engaged external and internal experts to assess the reserves and resources used in the impairment calculations for reasonability. We placed reliance on the external and internal experts engaged by management and assessed their objectivity, competence, experience and adequacy of the work they performed. With the assistance of our corporate finance and financial modelling experts, we assessed the Group's valuation model used in management's impairment assessments and found that it was materially consistent with best practice. With the assistance of our corporate finance experts we assessed the reliability of management's weighted average cost of capital ("WACC") by calculating an independent WACC range using relevant third party sources. 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. We assessed the Group's disclosures in respect of the impairment assessments and related results in note 9 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 uncertain tax positions *This key audit matter relates to the consolidated financial statements* Refer to note 12 to the consolidated financial statements (Taxation) on page 68 and note 36.1 to the consolidated financial statements (Litigation) on page 119. At 30 June 2018 the Group has current taxes receivable and payable of R3 302 million and R2 318 million, respectively. During the year the following significant uncertain tax positions were identified: **Sasol Oil (Pty) Ltd ("Sasol Oil")** The South African Revenue Service ("SARS") issued revised assessments for Sasol Oil relating to a dispute around its international crude oil procurement activities for the 2005 to 2012 tax years. A liability of R1 300 million for the 2005 to 2014 tax years was recognised in the prior year 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 R12 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. Sasol Oil filed an appeal in the Tax Court. SARS' decision to suspend the payment of this disputed tax for the periods 2005 to 2014 currently remains in force. **Sasol Financing International Plc ("SFI")** In 2010, SARS commenced with a request for information on SFI. This matter progressed into an audit over the years and has now culminated in SARS issuing a final audit letter on 16 February 2018. Consequently, assessments were issued in respect of the 2002 to 2012 tax years. SARS argues that the place of effective management of SFI, an offshore treasury function, was South Africa. This approach could result in potential tax exposure of R3 100 million (including interest and penalties at 30 June 2018). SFI has co-operated fully with SARS during the course of the audit related to these assessments. SFI, in consultation with its tax and legal advisors, does not support the basis of these additional assessments for all the years. Accordingly, SFI lodged objections and will submit appeals (as the case may be) to the assessments as the legal process unfolds. SARS' decision to suspend the payment of this disputed tax for the periods 2002 to 2012 currently remains in force. The accounting for uncertain tax positions 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; • The Sasol Oil and SFI uncertain tax positions are significant to the consolidated financial statements; and • Uncertain tax positions and tax-related contingencies may not be adequately disclosed in the consolidated financial statements.	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 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. We independently obtained confirmation letters from external legal counsel. We tested management's internal controls over the review of uncertain tax positions and related calculations. We considered the Group's tax disclosures regarding uncertain tax positions and tax-related contingencies in notes 12 and 36.1 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 the Sasol Khanyisa transaction ("Sasol Khanyisa") *This key audit matter relates to the consolidated and separate financial statements* Refer to note 35.2 to the consolidated financial statements (The Sasol Khanyisa share transaction) on page 114 and note 16 to the separate financial statements (Share-based payment) on page 146. The Group and Company recognised share-based payment expenses related to the Sasol Khanyisa transaction of R2 953 million and R2 866 million (R2 929 million and R2 866 million after tax), respectively. Sasol implemented Sasol Khanyisa during the year to replace Sasol Inzalo and Sasol Khanyisa has been structured to comply with the revised Broad-Based Black Economic Empowerment ("B-BBEE") legislation in South Africa. Sasol Khanyisa was approved by the Sasol Limited shareholders in November 2017. The Sasol Inzalo Groups' Share transaction terminated on 27 June 2018 and the Sasol Inzalo Public Share transaction will terminate in September 2018. Sasol Khanyisa contains a number of elements structured at both a Company and at a subsidiary level, namely Sasol South Africa Limited ("SSA"), which is a wholly-owned subsidiary of the Company. Sasol Khanyisa is accounted for as a share-based payment transaction in accordance with IFRS 2, *Share-based payment.* Accounting for the Sasol Khanyisa transaction was considered to be a matter of most significance to the current year audit for the following reasons: • The calculation of the share-based payment expense requires management judgement, given complex valuation models and related assumptions; • The value of the share-based payment expense is determined with reference to the extent the fair value of SSA and any dividends declared by SSA is expected to exceed any outstanding vendor financing at the end of the transaction period; • Sasol Khanyisa is structured using a number of special purpose entities and the consolidation requirements related to these entities are complex; and • Sasol Khanyisa may not be adequately disclosed in the consolidated and separate financial statements.	We inspected the minutes of the Sasol Limited Annual General Meeting that evidenced the shareholders' decision to approve Sasol Khanyisa. With the assistance of our corporate finance and financial modelling experts, we assessed the SSA valuation model used to determine the fair value of SSA and found that it was materially consistent with best practice. We benchmarked management's main assumptions used in the SSA fair value calculation against third party data and found management's assumptions to be consistent with such third party data. With the assistance of our corporate finance experts we assessed the reliability of management's WACC by calculating an independent WACC range using relevant third party sources. We assessed the mathematical accuracy of the SSA cash flow model and agreed relevant data to the latest long-term business plans used by management to manage and monitor the performance of SSA and its subsidiaries. We tested the internal controls over management's preparation, review and approval of the SSA fair value calculation. Management engaged an external expert to calculate the Sasol Khanyisa share-based payment expense. We placed reliance on the external expert engaged by management and assessed their objectivity, competence, experience and adequacy of the work they performed. With the assistance of our valuation experts we performed the following procedures in relation to the share-based payment valuation: • Independently calculated the Sasol Khanyisa share-based payment expense; • Considered the appropriateness of the valuation methodology and valuation models used by management; and • Assessed the reasonability of assumptions used by management in determining the Sasol Khanyisa share-based payment expense against third party data and industry benchmarks, noting no exceptions. We tested management's internal controls over the review of the Sasol Khanyisa share-based payment calculation. With the assistance of our IFRS technical specialists we determined that Sasol Khanyisa should be accounted for as a share-based payment transaction in accordance with IFRS 2, *Share-based payment* and that the Sasol Khanyisa special purpose entities should be consolidated in accordance with IFRS 10, *Consolidated Financial Statements*. We assessed the adequacy of the Group and Company's disclosures relating to Sasol Khanyisa in notes 35.2 and 16 to the consolidated and separate financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Sasol Limited *Annual Financial Statements, 30 June 2018,* which includes 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, which we obtained prior to the date of this auditor's report, and the *Annual Integrated Report* and *Sustainability 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 five years.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.

Director: P.C. Hough
Registered Auditor
Waterfall City

17 August 2018

SHAREHOLDERS' INFORMATION

Shareholders' diary

Financial year-end	30 June 2018
Annual General Meeting	Friday, 16 November 2018

Dividends

Interim dividend

– rand per share	R5,00
– paid	19 March 2018

Final dividend

– rand per share	R7,90
– date declared	Monday, 20 August 2018
– last date to trade *cum* dividend	Tuesday, 4 September 2018
– payable	Monday, 10 September 2018

SHARE OWNERSHIP

at 30 June 2018

Public and non-public shareholding of Sasol ordinary shares	Number of shareholders	% of shareholders	Number of shares	% of ordinary shares
Public	119 925	99,98	524 708 676	84,21
Non-public	20	0,02	98 372 874	15,79
– Directors and their associates	1		13 003	
– Directors of subsidiary companies	14		24 999	
– The Sasol Khanyisa Employee Share Ownership Plan	1		2 033 680	
– The Sasol Foundation Trust	1		9 461 882	
– Sasol Employee Share Savings Trust	1		766 826	
– Sasol Pension Fund	1		1 680 345	
– Government Employees Pension Fund	1		84 392 139	
	119 945	100	623 081 550	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	207 919	99,99	3 932 844	61,51
Non-public	15	0,01	2 461 335	38,49
– Directors and their associates	4		2 055	
– Directors of subsidiary companies	10		400	
– The Sasol Khanyisa Employee Share Ownership Plan	1		2 458 880	
	207 934	100	6 394 179	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	205 446 312	33,0	31,8
Pension and provident funds	164 649 071	26,4	25,5
Government of South Africa	53 266 887	8,5	8,3
Other managed funds	30 189 353	4,8	4,7
Insurance companies	26 531 451	4,3	4,1
Private investors	26 233 846	4,2	4,1
Sovereign wealth funds	23 652 430	3,8	3,7
Trading position	19 497 918	3,1	3,0

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 2018 were disclosed or established from enquiries:

	Number of shares	% of ordinary shares	% of total issued securities
Government Employees Pension Fund	84 392 139	13,5	13,1
Industrial Development Corporation of South Africa Limited	53 266 887	8,5	8,3

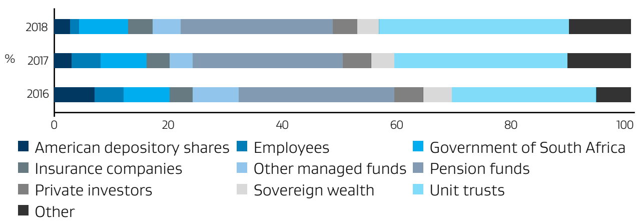
No individual shareholder's beneficial shareholding in the Sasol BEE ordinary shares is equal to or exceeds 5%. All the issued Sasol preferred ordinary shares are held by entities created for the purposes of the Sasol Inzalo BEE transaction.

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 2018, the following fund managers were responsible for managing investments of 3% or more of the share capital of Sasol Limited.

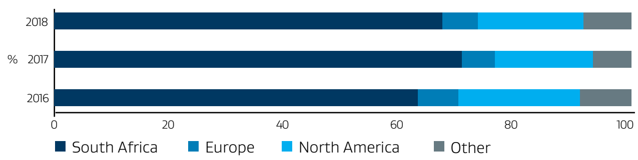
Fund Manager	Number of shares	% of ordinary shares	% of total issued securities
PIC Equities*	72 084 146	11,6	11,2
Allan Gray Investment Counsel	68 576 057	11,0	10,6
Industrial Development Corporation of South Africa Limited	53 266 887	8,5	8,3
Prudential Investment Managers	24 202 897	3,9	3,7
Investec Asset Management	22 750 109	3,7	3,5
Black Rock Incorporated	22 468 160	3,6	3,5
The Vanguard Group Incorporated	20 089 900	3,2	3,1
Old Mutual Limited	18 816 258	3,0	2,9
Sanlam Investment Management	18 789 154	3,0	2,9

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

Beneficial ownership by fund type



Beneficial ownership by geographic region



DIRECTORS' REPORT

(Sasol Limited: 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 a global integrated chemicals and energy company. Through our talented people, we use selected technologies to safely and sustainably source, produce and market chemical and energy products competitively to create superior value for our customers, shareholders and other stakeholders.

More detail on the nature of our business and the businesses of our significant operating subsidiaries and incorporated joint arrangements (set out on pages 92 and 93) can be found in our Integrated Report.

Financial results

Earnings attributable to shareholders for the year ended 30 June 2018 decreased by 57% to R8,7 billion from R20,4 billion in the prior year. Headline earnings per share (HEPS) decreased by 22% to R27,44 and earnings per share (EPS) decreased by 57% to R14,26 compared to the prior year.

Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 10% when compared to the prior year. The stronger average rand/US dollar exchange rate and the negative impact of remeasurement items, largely driven by the stronger longer-term rand exchange rate, resulted in a much lower profit and earnings per share for the year. The closing exchange rate however weakened by 5% which negatively impacted gearing and the valuation of our derivatives and foreign debtors and loans. Our hedging programme for 2018 and 2019 is complete and positions Sasol well to steer through these periods of volatility. The average Brent crude oil price moved 28% higher compared to the prior year, and, since December 2017, spot prices have moved closer to the US$75/bbl mark which positively impacted our results. The rand per barrel oil price increased by approximately 20% to R818 per barrel compared to 2017, and has subsequently increased by approximately 15% – 25% since the end of June 2018. The spot rand per barrel oil price is now ranging between R950 and R1 050 per barrel.

Share capital

Issues for cash

On 1 June 2018, being the effective date of the Sasol Khanyisa Transaction, the following shares were issued in terms of authorities for specific issues for cash granted by shareholders at a combined general meeting held on 17 November 2017:

- 2 973 022 Sasol BEE ordinary shares to public shareholders at an issue price of nil; and
- 2 458 880 Sasol BEE ordinary shares and 2 033 680 Sasol ordinary shares to the trustees of the Sasol Khanyisa Employee Share Ownership Plan Trust at an issue price of nil;

On 12 July 2018, 48 840 additional Sasol ordinary shares were issued to the trustees of the Sasol Khanyisa Employee Share Ownership Plan Trust, and 62 832 Sasol BEE ordinary shares issued to said Trust, were cancelled to rectify errors.

Repurchased equity securities

At the Annual General Meeting of 17 November 2017, shareholders granted a general authority to the Board to authorise a repurchase of up to 10% of Sasol's ordinary issued shares and/or Sasol BEE ordinary shares. No shares were repurchased under this general authority during the year.

On 26 February 2018, Sasol repurchased 8 809 886 ordinary shares which its wholly-owned subsidiary Sasol Investment Company (Pty) Ltd held as treasury shares, at R394,50 per ordinary share. These shares were cancelled and restored to authorised share capital.

The following securities were repurchased pursuant to the termination of the Sasol Inzalo B-BBEE transaction implemented in 2008:

- On 4 June 2018, 25 231 686 Sasol ordinary shares were repurchased from the Sasol Inzalo Employee Scheme Trust and Sasol Inzalo Management Scheme Trust, at a nominal value of R0,01 per share, which shares were cancelled and restored to authorised share capital.
- On 26 June 2018, 9 461 882 preferred ordinary shares were repurchased from Sasol Inzalo Groups Funding (RF) (Pty) Ltd for a purchase price of R475,03 per preferred ordinary share, which shares were cancelled and restored to authorised share capital.

Shares held in reserve

668 846 643 authorised but unissued ordinary shares and 151 937 156 Sasol BEE ordinary shares of the company are held in reserve.

Note 15 of the consolidated financial statements provides further details regarding the share capital of Sasol Limited.

American depositary shares

At 30 June 2018, the company had an issue through The Bank of New York Mellon as depositary bank, and listed on the NYSE, 17 527 759 (2017 – 20 045 571) American depositary shares (ADS). Each ADS represents one ordinary share.

Note 34 and 35 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 21 to 22.

Dividends

An interim dividend of R5,00 per ordinary share (2017 – R4,80 per ordinary share) was paid on 19 March 2018. A final dividend in respect of the year ended 30 June 2018 of R7,90 per ordinary share (2017 – R7,80 per ordinary share) was declared on 17 August 2018.

The total dividend for the year amounted to R12,90 per ordinary share (2017 – R12,60 per ordinary share).

The estimated total cash flow of the final dividend of R7,90 per share, payable on 10 September 2018 is R4 898 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.

Change in directorate

Ms IN Mkhize retired as independent non-executive director with effect from 17 November 2017. Ms MBN Dube and Dr M Flöel were appointed as independent non-executive directors with effect from 1 April 2018. Mr HG Dijkgraaf retired as an independent director on 30 April 2018.

Auditors

PricewaterhouseCoopers Inc. (PwC) was the external auditor of Sasol Limited and its significant subsidiaries for the financial year ended 30 June 2018.

Lead audit directors on audit engagements subject to the requirements of section 92 of the Companies Act 2008 (the Act) and the independence rules of the U.S. Securities and Exchange Commission ("SEC") are rotated every five years in compliance with the requirements of the Act and the SEC. Following completion of the fiscal 2018 audit, Mr P Hough will rotate as the individual responsible for performing the functions of the auditor.

At the Annual General Meeting of 16 November 2018, shareholders will be requested to reappoint PwC as auditor of Sasol Limited and to note that Mr N Ndiweni 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 2018.

Subsequent events

The Sasol Limited Board approved that Sasol repurchase the shares from Inzalo Public Funding Limited (RF) in September 2018 and settle the outstanding debt of R7,4 billion and a cash top-up for value realised of approximately R600 million in September 2018, assuming a share price of R500. This will then conclude the unwinding of the Sasol Inzalo transaction.

Company Secretary

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

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

REPORT OF THE REMUNERATION COMMITTEE

Mpho Nkeli

Chairman of the Remuneration Committee

FOCUS AREAS

Reviewing **peer group for benchmarking** purposes

Benchmarking of **long-term incentive** vesting periods

Aligning incentive targets with revised **strategic objectives**

Reaching groundbreaking **multi-year increase settlements** for unionised staff

Policy alignment for Non-executive Director fee structures

Dear stakeholder

On behalf of the Remuneration Committee (the Committee), I am pleased to present the 2018 remuneration report. It highlights the policy's key components, which are aligned to the Group's strategy, and also illustrates how the policy translated into reward outcomes over the past year.

I would like to start by thanking Mr Henk Dijkgraaf for his immense contribution and dedication as the Committee Chairman over the past 10 years. Under his leadership, the Sasol remuneration policy was completely transformed and is now considered to be market-related as well as balanced with shareholders' interests. Mr Dijkgraaf retired from the Sasol Limited Board (the Board) on 30 April 2018. We wish him well in his retirement.

During April 2018, I had the privilege of meeting our largest institutional investors as part of the orientation into my new role. I would like to thank everyone for the confidence they have placed in me and can assure you that the feedback that we receive not only from our shareholders but all stakeholders, is seriously considered by the Committee. I would also like to thank all Sasol's shareholders for their continued support of our remuneration policy. At the November 2017 Annual General Meeting, 92,96% (2016: 90,93%) of votes cast were in favour of the remuneration policy and 89,84% supported the implementation report.

The Committee is tasked by the Board to independently approve and oversee the implementation of a remuneration policy that will encourage the achievement of the group strategy and grow stakeholder value sustainably. Our remuneration policy is reviewed annually to determine how well it enables the attraction, motivation and retention of skilled resources while maintaining a strong balance with shareholder interests.

Alignment of Non-executive Director fee structures

In line with the Group's pay philosophy the Board has, since 2013, been considering how to ensure pay parity for our Non-executive Directors, and could no longer ignore the fact that we offer different fee structures to our Non-executive Directors on the basis of residence only. After recent meetings with large institutional investors, we refined the fee proposal and you will be requested to support the revised fee structure at our November 2018 Annual General Meeting.

Multi-year increase settlement

The Committee was delighted with the ground-breaking multi-year wage increase settlements that were reached in the Chemicals and the Mining sectors of our operations. These have contributed significantly to a stable and productive working environment for our South African operations. The Committee also reviews the minimum salaries offered to our employees ensuring that they are market-related and evidence of being a responsible, caring employer. In this vein, we have approved an enhancement to the Sasol South Africa share savings plan which will encourage our employees to contribute towards a long-term savings option into Sasol share units. Members of the Group Executive Committee (GEC) are not eligible to participate in this plan.

Alignment of incentive targets

The 2018 focus areas and the policy enhancements support the delivery of Sasol's strategic objectives and emphasise our commitment to safety, human capital management and environmental sustainability. The introduction of the Return On Invested Capital (ROIC) target in our LTI plan and the project delivery measure in our short-term incentive (STI) plan were mainly as a result of feedback received from our shareholders.

Pay for performance

Sasol's financial results for 2018 were again impacted by the volatile macroeconomic environment. The stronger rand/US dollar exchange rate impacted significantly on Sasol's ability to meet earnings targets. Despite this challenge and the very unfortunate fatalities, Sasol maintained resilient performance and was able to meet some of the targets set for the STI plan. The group's "total shareholder return" performance was below target which again resulted in a below-target LTI plan vesting percentage. Despite low incentive scores the Committee has however, as in the past, agreed to not apply its discretion in changing the outcome of the formulaic calculations. There were no exceptions to the policy which required the Committee's approval.

2019 Planned policy enhancements

- Review of the design of our incentive plans to ensure ongoing relevance and competitiveness
- Review of the employee value proposition offered to all our employees
- Implementation of a single Non-executive Director fee structure
- Detailed internal equity analysis

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

Mpho Nkeli
Chairman of the Remuneration Committee
16 August 2018

Remuneration policy

1.1 Introduction

The Committee is mandated by the Board to oversee all aspects of remuneration in accordance with the approved terms of reference. These are reviewed annually by the Board and are available on the groups 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 every two years.

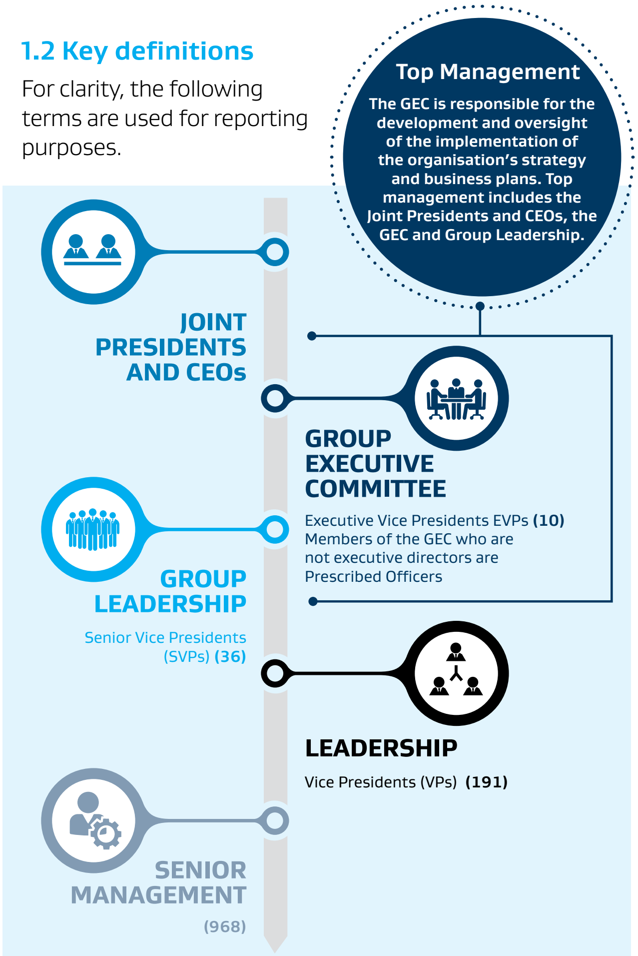
The Committee met four times during the year.

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.

Aon (a United Kingdom-based firm that is a signatory to the UK Remuneration Consultants' Code of Conduct) acts as our independent external advisor in support of our endeavours to act independently and provides specialist input to the Committee. Management consults survey reports from various large remuneration firms and also contract Vasdex associates from time to time.

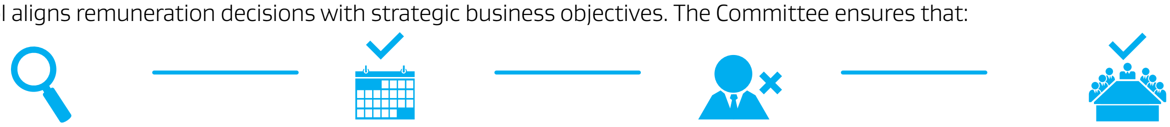
1.2 Key definitions

For clarity, the following terms are used for reporting purposes.



1.3 Risk management

Remuneration risk is reviewed in accordance with the terms of reference of the Committee. In the normal course of business, Sasol aligns remuneration decisions with strategic business objectives. The Committee ensures that:



The policy is transparent to all stakeholders

All incentive plans and the remuneration mix is reviewed annually

Executives do not approve their own remuneration or benefits

All exceptions are approved by the Committee and by the Board in the case of Executive Directors

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.

Remuneration component	Policy principles	Policy application
Total Guaranteed Package (TGP)/ Base salary	• TGP = Base salary + cost of all employer contributions. • Broad pay bands set with reference to location and sector-specific median benchmark points. • For GEC, 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. • Performance-based increases are not applied for the bargaining sector as across-the-board increases are applied with effect from 1 July. For other employees, the effective date is 1 October. • The company's expatriate remuneration policy enables global mobility of key management and specialists.	• Employees in countries other than South Africa and employees in the SA collective bargaining sectors, 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 bi-weekly basis in line with local market practice. • Employees who are promoted are considered for adjustments if justified. • Expatriate salaries are adjusted for cost-of-living and location differences and tax equalisation is mostly applied.
Benefits and allowances	• Benefits include, but are not limited to, membership of a retirement plan, health insurance and risk cover to which contributions are made by both the company and the employee. • Allowances are paid in terms of statutory compliance or as is applicable 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 group'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 cover of which the quantum depends on the retirement plan of which they were a member during service. • Allowances are linked to roles within specific locations and are paid together with salaries. With the exception of expatriates, there are no allowances paid to those in senior management and higher.
Short-term incentive (STI) plan	• A single STI structure is applied globally and paid annually in September after Committee approval. Most mining employees earn a production bonus which is paid monthly. • Target incentives align with median benchmarks. • The STI structure consists of group, entity and individual performance targets set in advance of every financial year. • Group, entity and individual performance targets are reviewed annually to ensure relevance, continuous improvement and alignment with the Group's strategic objectives, which includes safe, sustainable operations.	• Group targets for 2018: – Growth in headline earnings – Growth in production volumes – Growth in cash fixed costs – Improvement in working capital and gross margin – Project delivery – B-BBEE targets (for South African entities in respect of preferential procurement and employment equity) – Safety and sustainability targets – recordable case rate (RCR), fires, explosions and releases (FERs) and energy efficiency in our South African manufacturing operations • Operating Model Entity (OME) incentive targets are set in line with business plans approved by the responsible EVP. • Sustainability is a key performance objective and measured at Group and OME levels. In addition to the Group targets, the following objectives are included in operational STI scorecards, as applicable: – safe transportation of hazardous chemicals, occupational health measures, carbon emissions and leaks or spills of hazardous materials These measures balance safety, environmental sustainability and operational performance criteria. Individual targets are included in the performance agreement. These also include major project milestones where relevant. • Individual targets are agreed in the annual performance contract, performance against objectives are assessed bi-annually.
Long-term incentive (LTI) plan	• Equity-settled awards linked to the market value of a Sasol ordinary share (or American Depository Receipts (ADR) for international employees), subject to the vesting conditions. • The Committee governs 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 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% • CPTs include: – Total shareholder 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 – Return on invested capital (ROIC)

2.2 Total remuneration

This section provides detail on the different components of the reward mix offered.

2.2.1 Benchmarking

One of the Committee's key tasks is to preserve the relevance, integrity and consistency of benchmarking. Benchmark data is used for purposes of providing trend lines and for the comparison of practices but is indicative only.

Benchmarking sources:

Employee group	Data source
GEC	Executive remuneration comparator group and data in executive surveys
Rest of employees in Southern Africa	Survey reports from PwC Remchannel and Mercer
Employees in the international environment	Survey data from the Hay Group, ECA, Mercer and Towers Watson

In the past year, we recognised that some of the companies that had been included in the peer group since 2015, were for various reasons, no longer relevant e.g. British Gas, ABInBev, DowDuPont, Anglogold Ashanti and Gold Fields. To allow for more compatability, we needed to include more chemicals companies from the MSCI World Chemicals Index. We also needed to exclude some of the companies with a market capitalisation much larger than that of Sasol.

The following 27 companies have now been included in the new peer group, to be used from 2019 for executive remuneration benchmarking as well as the setting of Non-executive Director fees:

Previous comparator group	New comparator group
• **South African listed companies:** Anglo American, AngloGold Ashanti, BHP Billiton, Gold Fields, Mondi, MTN Group, SAB Miller • **International listed companies:** BASF, BG Group, BP, Dow Chemical, ENI, Hess, Imperial Oil, Lyondellbasell, Marathon Petroleum, Occidental Petroleum, Phillips 66	• **South African listed companies:** Anglo American, BHP Billiton, Kumba Iron Ore, Mondi, MTN Group • **International listed companies:** Air Products and Chemicals, Akzo Nobel N.V., Albemarle, Anadarko Petroleum, Apache Corp, BASF, Continental Resources, Covestro AG, Devon Energy, Eastman Chemical, Evonik Industries AG, Hess, Imperial Oil, Linde AG, Lyondellbasell, Noble Energy, Origin Energy, Pioneer Natural Resources, Phillips 66, Solvay SA, Suncor Energy, and Williams.

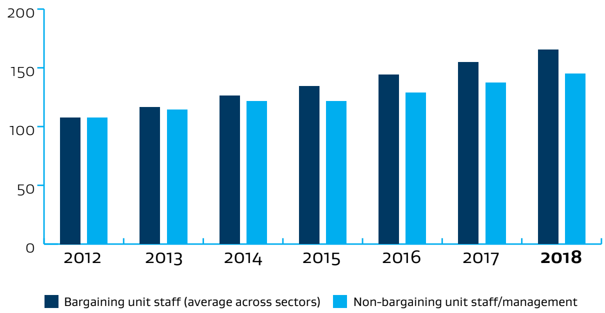
The Committee is comfortable that the new comparator group is more representative of our business model, product range and market capitalisation.

We do not follow benchmarks slavishly, but use the information as an indicator when we design our plans and pay lines.

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 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. All other employees receive a basic salary. In some jurisdictions, a 13th cheque is payable.

Performance based increases are not applied for the South African bargaining sectors as across-the-board increases are applied with effect from 1 July each year. In all other jurisdictions, annual increases are distributed with reference to merit and the positioning in the pay range. Increases are also negotiated with trade unions and works councils in the USA, Germany and Italy. The following graph, shows the compound effect of higher increases that have been awarded to employees in the South African bargaining sectors, compared to the increases granted to employees who fall outside of the bargaining sectors including management.



In addition to higher increases in the Mining sector specifically, Sasol also offered an enhanced housing allowance benefit to our mining employees over the past year, at an annual cost of R19 million as well as a significant increase in the minimum salary offered. The revised minimum monthly salary of R8 800 per month, effective 1 July 2017, translates to an annual minimum total guaranteed package excluding incentives and overtime, of R173 840 or R14 487 per month. We are aware that our employees are highly indebted and therefore implemented two programmes over the past year to assist employees in the process of legally challenging garnishee orders, to restructure debt and to educate our employees on financial management.

In addition, we issued a 'Quality of Life' survey to all our South African employees to inter alia assess their living standards which includes the form of housing they use, understand more about the extent to which they have to support extended families, and which benefits they value most and least. This information is in the process of being analysed and will greatly inform future interventions to enhance the different components of our employee value proposition and re-inforce the feeling of care for our employees. Similar interventions will, as appropriate and required, be implemented in the different locations where we operate in, around the globe.

2.2.3 Short-term incentive plan

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

Measurement of Executive Directors' performance

STRATEGIC LEADERSHIP includes objectives linked to financial and non-financial results, project performance, stakeholder relationships, culture and values, approved at the start of the financial year

PERFORMANCE AGAINST TARGETS is assessed bi-annually and the final score is recommended by the Chairman of the Board to the Committee for consideration

PERFORMANCE OUTCOMES are tabled at the Board by the Chairman of the Board, supported by the Committee resulting in incentive awards that are considered and approved by the Board prior to any pay-out or vesting of awards

Measurement of Prescribed Officers (GEC) performance

The Joint CEOs table the performance outcomes of all Prescribed Officers to the Committee which is required to approve all incentive payouts and vesting of awards.

STI – Members of the GEC

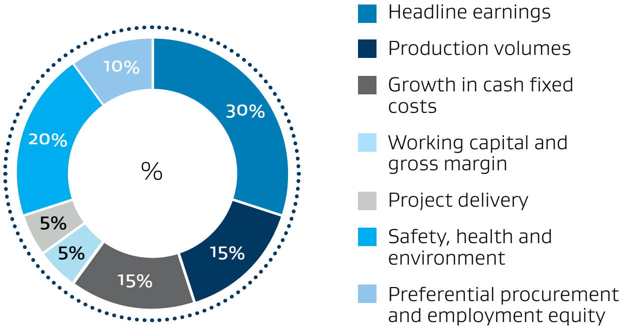
The following formula is used to calculate the STI amounts payable to the GEC:

STI Target % - Derived from benchmarking positions of similar complexity in the comparator group. **×** Group Performance Factor % (0%-150%) Performance measured against financial and non-financial drivers. **×** Individual Portfolio Performance Factor % (0%-150%) Assessment of individual performance against project milestones and individual or OME targets.

The Committee and the Board has discretion to alter the outcome of the calculation and will disclose any changes made.

The following chart sets out the targets and weightings approved for the 2018 STI. The changes from 2017 are the inclusion of a project delivery measure and a focus on high-severity safety incidents.

2018 Group STI targets for GEC



30% of the group scorecard applicable to members of the GEC is now made up of environmental, social and governance (ESG) measures.

STI - Below the GEC

STI Target % **×** Group performance factor **×** OME % score **×** Individual Performance Factor %

The individual performance factor ranges from 0% to 100% but must balance at 100% across the Group.

All scores are audited by Sasol Assurance Services and payment is approved by the Committee.

2.2.4 Long-term incentive plans

Equity-settled plan

To align the interest of executives with the interest of shareholders, Sasol provides qualifying employees with the opportunity to participate in the LTI-plan.

The equity-settled LTI gives participating employees the opportunity, subject to the vesting conditions, to receive Sasol ordinary shares or ADR. Participants have the option to sell or retain the shares after the vesting period.

A split vesting period applies to top management, where 50% of the award vests subject to the achievement of CPTs 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.

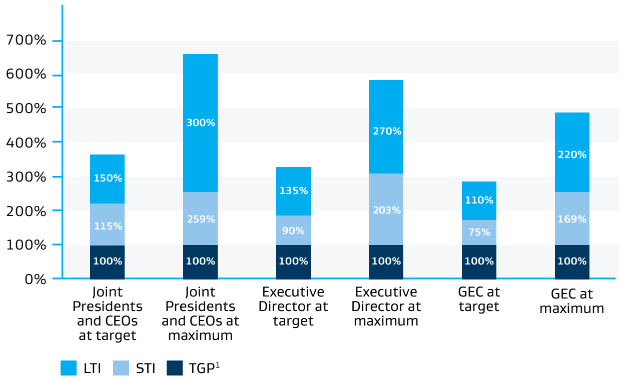
In line with the practice of our peer companies, the growth in attributable earnings target was replaced with a Return On Invested Capital (ROIC) target, thereby incentivising effective capital allocations.

The following table summarises the weightings and CPTs under which the 2018 LTI awards were granted.

Measures[1]	Weighting (of the portion linked to the CPTs)	Threshold	Target (at which 100% of the awards vest)	Stretch (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%	3-year average ROIC (excluding AUC[4]) at 1 x times WACC[5]	3-year average ROIC (excluding AUC[4]) at 1,3 times WACC[5]	3-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.

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



1. Joint Presidents and CEOs, Executive Directors and GEC members 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. The pay mix is annually reviewed.

Share appreciation rights (SARs) (no awards made 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. Vesting is subject to CPTs being achieved.

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 2013 will vest at 84%. 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. 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 effective 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 the date of appointment.

Executive directors	Date of appointment	Annual pensionable remuneration on date of appointment	Required value of share ownership	Value of direct beneficial Sasol ordinary share-holding[1]	Year-end value of unvested LTIs
SR Cornell	1 July 2016	$900 000	$2 700 000	–	$4 581 000
B Nqwababa	1 July 2016	R6 580 000	R19 740 000	R6 538 689	R61 517 000
P Victor	1 July 2016	R4 340 000	R8 680 000	–	R38 420 000

1. 13 003 Sasol ordinary Shares valued at the closing share price of R502,86 on 30 June 2018.

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 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 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 perquisites for members of the GEC.

Termination arrangements applicable to GEC

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 fund credit 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 Share Appreciation Rights (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 awarded under the LTI 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 transact in Sasol shares or LTIs during a closed period within the meaning of the JSE Listings Requirements.

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

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

2.8 Non-executive Director (NED) fees

NEDs 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 LTI plans. No arrangement exists for compensation in respect of loss of office.

NEDs 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.

Six years ago, the Board agreed that the ever-widening gap in the fees earned by resident and non-resident directors needed to be closed. Although approval was received for several higher-than-inflation increases to the resident NED fees, the volatility of the rand/US dollar currency negated any progress made in this regard. Also, over the past few years, the continued low Brent crude oil price and balance sheet constraints due to the advancement of our growth project in the US did not create an opportune time for any big changes in the NED fee structuring approach. Sasol is a global company and needs to attract and retain a diverse mix of South African and global directors to its board. Our remuneration policy allows for justified discrimination in remuneration. The Board does not believe that different fee structures for resident and non-resident directors is justifiable. Therefore, we have recently held consultations with our large institutional investors on a proposal for a single currency fee structure. We have considered all the feedback received and will request shareholders to vote on the new NED fee structure at the November 2018 Annual General Meeting. We anticipate phasing in the new structure over time.

Annual Non-executive Directors' fees:

	2018		2017	
	Member	**Chairman**	**Member**	**Chairman**
Chairman of the Board, inclusive of fees payable for attendance or membership of board committees and directorship of the company		**R5 100 000**		R4 900 000
Resident fees:				
Non-executive Directors	**R723 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
Digital, IM and Hedging Committee[1]	**R117 000**	**R234 000**	R117 000	R234 000
Nomination and Governance Committee[2]	**R117 000**	**R234 000**	R117 000	R234 000
Safety, Social and Ethics Committee[3]	**R117 000**	**R234 000**	R117 000	R234 000
Lead Independent Director (additional fee)	**R170 000**		R170 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$150 000**		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
Digital, IM and Hedging Committee[1]	**US$18 500**	**US$37 000**	US$18 500	US$37 000
Nomination and Governance Committee[2]	**US$18 500**	**US$37 000**	US$18 500	US$37 000
Safety, Social and Ethics Committee[3]	**US$18 500**	**US$37 000**	US$18 500	US$37 000
Lead Independent Director (additional fee)	**US$51 000**		US$51 000	
Attendance of formally scheduled *ad hoc* board and committee meetings (per meeting)	**R21 000**		R21 000	

1. The Hedging Committee was broadened to the Digital, Information Management and Hedging Committee with effect from 1 July 2017.
2. Changed from Nomination, Governance, Social and Ethics Committee to Nomination and Governance Committee with effect from 1 July 2017.
3. The Risk and SHE Committee was reconstituted as the Safety, Social and Ethics Committee with effect from 1 July 2017.

3.1 Sasol's Inzalo ESOP ownership structures – our contribution to economic transformation

In 2008 eligible Sasol employees received rights to shares in either the Employee Share Ownership Plan (ESOP) or the Management Share Ownership Plan (MSOP). Over the past 10 years, 50% of the declared dividends was paid to participants, while the remaining 50% was used to service the debt.

The Inzalo ESOP and MSOP were implemented in 2008 at a Sasol share price of R366 per share. Two years before the implementation, the share price was R251,30. It was widely anticipated that the share price would continue to grow at the same rate over the 10-year transaction term. The model was designed so that the notional vendor financing would be settled through significant growth in the share price as well as 50% of the dividends earned on the Sasol shares held by the ESOP and MSOP trusts. Since the date of implementation the share price was impacted by volatile macroeconomic factors. If any value was to have been realised for participants, the share price would have needed to trade above R905 at the end of the transaction term in 2018. As the expected share price was not achieved, no capital value (other than the dividends), was transferred to participants when the Inzalo plans came to an end in June 2018.

3.2 Sasol Khanyisa ESOP – Sasol's new Broad-Based Black Economic Empowerment Ownership Plan

In designing Sasol Khanyisa, we have considered our past experiences and reviewed many of the larger B-BBEE transactions in South Africa, designing Khanyisa to incorporate what we consider to be the most appropriate and best features.

Sasol Khanyisa was approved by our shareholders in November 2017. It is not considered to be part of our benefit structures due to the nature thereof, but was designed to enable Sasol to receive the required accreditation under the Department of Trade and Industry Codes.

18 282 employees received a Tier 1 Khanyisa award and 18 301 employees received a Tier 2 Khanyisa award. Tier 1 has a three-year vesting period and Tier 2 has a 10-year vesting period.

Implementation Report

This part of the report focuses on the performance outcomes against the targets set for the 2018 STI plan as well as the LTI awards which vest with reference to the performance over the period that ends in 2018. In addition, we include the tables with all amounts received / receivable by members of the GEC.

The resultant outcomes of the group performance factor multiplier for 2018:

	Sasol 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%	2017 headline earnings + CPI (measured over the financial year)	2017 headline earnings + CPI (measured over the financial year) + 2%	2017 headline earnings + CPI (measured over the financial year) + 8%	Below threshold	0%
	Gearing Target: Achieve a gearing level of 20%-40% (Temporarily increased to 44% until the end of 2018)	Year-on-year growth in production volumes (fuel-equivalent tons)	15%	2017 volumes	2017 volumes + 1%	2017 volumes + 2%	0,9% growth	13,50%
		Year-on-year growth in cash fixed costs (CFC)	15%	Approved group 2018 CFC budget including CFC savings of R9,5bn	Approved group 2018 CFC budget including CFC savings of R10,5bn	Approved group 2018 CFC budget including BPEP savings of R11,5bn	Above target	18,22%
		Working capital and gross margin	5%	15% below 2018 absolute working capital and gross margin budget	100% of 2018 absolute working capital and gross margin budget	15% better than 2018 absolute working capital and gross margin budget	4% below target	3,66%
		Project delivery	5%	50% of weighted average project scores within estimated end-of-job capital cost	80% of weighted average project scores within estimated end-of-job capital cost	100% of weighted average project scores within estimated end-of-job capital cost	On target	5,00%
ESG measures	**Broad-based Black Economic Empowerment** Target: Level 4 by 2020	B-BBEE: Preferential procurement	5%	Score of 10 out of 25 on the B-BBEE on scorecard	Score of 11 out of 25 on the B-BBEE scorecard	Score of 12 out of 25 on the B-BBEE scorecard	Exceed stretch target	7,50%
ESG measures		Employment equity – African and Coloured appointments	5%	50% of all opportunities employed in the targeted groups.	70% of all opportunities employed in the targeted groups.	80% of all opportunities employed in the targeted groups	49% of opportunities utilised	0%
ESG measures	**Safety, health and environment (SHE)** Target: RCR of less than 0,30 by 2020	SHE safety lagging indicators – occupational safety	5%	RCR≥0,32	RCR=0,27	RCR≤0,25	RCR of 0,27	5,00%
ESG measures			5%	21 FERs	19 FERs	≥17 FERs	Achieved stretch target	7,50%
ESG measures		Safety (high severity injuries including fatalities)	5%	≥9 injuries + fatalities	6 injuries + fatalities	≤3 injuries + fatalities	Below threshold	0%
ESG measures		SHE environmental & sustainability – energy efficiency index in South African operations	5%	Energy intensity improvement of 0,3% on 2017 score	Energy intensity improvement of 0,5% on 2017 score	Energy intensity improvement of 0,8% on 2017 score	Below target	2,63%
								Total 63,01% (2017: 72, 79%)

A summary of outstanding LTI awards and vesting percentages:

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
2015	2018	0% to 200%[2] 40% to 160%[3]	25%	–	25%	–	15%	35%	90,4% 94,3%
2016	**2019 and 2021[4]**	**0% to 200%[2] 40% to 160%[3]**	**25%**	**–**	**25%**	**25%**	**–**	**25%**	**69,0% 81,4%**
2017	2020 and 2022[4]	0% to 200%[2] 40% to 160%[3]	–	25%	25%	25%	–	25%	Unvested
2018	2021 and 2023[4]	0% to 200%[2] 40% to 160%[3]	–	25%	25%	25%	–	25%	Unvested

1. Vested on the 30 June 2017 results and settled in 2018.
2. Executive vice presidents, CFO and Joint CEOs.
3. All other participants.
4. Split vesting period after three and five years respectively.

Executive Directors

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 2018 A	Target % B	Group factor % C	Individual performance factor % range D	2018 STI value E = AxBxCxD
SR Cornell[1]	$945 000	115%	63,01%	100% – 110%	$746 390
B Nqwababa	R10 058 000	115%	63,01%	100% – 110%	R7 798 350
P Victor	R7 064 900	90%	63,01%	100% – 110%	R4 407 078

1. Gross US dollar salary

Remuneration and benefits paid (disclosed in rands) and approved in respect of 2018 for Executive Directors:

Executive Directors	SR Cornell[4, 5]		B Nqwababa		P Victor[6]		VN Fakude[7]	
R'000	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
Salary	12 014	12 583	8 955	8 505	4 538	5 360	–	3 197
Risk & retirement Funding	819	963	857	814	2 216	938	–	896
Vehicle benefits	309	256	–	–	100	100	–	30
Medical benefits	331	362	82	81	88	82	–	24
Vehicle insurance fringe benefits	–	–	6	6	6	6	–	3
Security benefits	1 266	818	406	466	–	–	–	212
Other benefits	11 692	10 851	35	6 806	–	2 125	–	289
Total salary and benefits	**26 431**	**25 833**	**10 341**	**16 678**	**6 948**	**8 611**	–	**4 651**
Annual short-term incentive[1]	10 882	9 291	7 798	7 318	4 407	4 951	–	–
Long-term incentive gains[2, 3]	8 956	2 107	7 754	12 013	2 744	4 538	–	6 312
Total annual remuneration	**46 269**	**37 231**	**25 893**	**36 009**	**14 099**	**18 100**	–	**10 963**

1. Short-term incentives approved based on the Group results for the 2018 financial year and payable in the 2019 financial year. Incentives are calculated as a percentage of total guaranteed package/base salary as at 30 June 2018.
2. Long-term incentives for the 2018 financial year represent the number of units x corporate performance target achieved (2018) x closing share price on 16 August 2018. The actual vesting date for the annual awards made on 21 September 2015 is 21 September 2018. Dividend equivalents accrue at the end of the vesting period, to the extent that the LTI units vest. It represents: number of units awarded x corporate performance targets achieved during financial year 2018 x dividend equivalents up to 21 September 2018.
3. Long-term incentive grants made in 2016 vest in 2019 with a vesting result of 69%; 50% of the vested shares are subject to a further holding period of 2 years.
4. Other benefits include accommodation (R1 396 245), school fees (R241 514), tax consulting fees (R373 050), home leave allowance (R470 000) and tax on benefits (R9 211 134). Year-on-year reduction in salary due to the strengthening rand/US dollar exchange rate.
5. 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 2018 under the SERP is $134 051. The SERP benefit is payable to Mr Cornell following his death, disability or termination of employment for any reason other than cause.
6. Long-term incentives granted in 2016 to Mr P Victor, whilst he was a Senior Vice President will vest in 2019.
7. Ms Fakude resigned from the Group with effect from 31 December 2016.

Number of LTI holdings (unvested):

Executive Directors	Balance at beginning of year	Granted	Effect of corporate performance targets	Dividend equivalents	Long-term incentive rights settled	Balance at end of year
SR Cornell	88 100	42 372	(510)	632	(5 222)	125 372
B Nqwababa	110 000	42 328	(3 000)	3 280	(30 280)	122 328
P Victor	62 000	25 396	(660)	1 624	(11 964)	76 396
Total	**260 100**	**110 096**	**(4 170)**	**5 536**	**(47 466)**	**324 096**

Intrinsic value of LTI holdings (unvested):

Executive Directors	Intrinsic value at beginning of year[2] $'000 and R'000	Intrinsic value of awards made during the year[1] $'000 and R'000	Change in intrinsic value for the year[3] $'000 and R'000	Effect of corporate performance targets[3] $'000 and R'000	Dividend equivalents $'000 and R'000	LTIs settled[4] $'000 and R'000	Intrinsic value at end of year[2] $'000 and R'000
SR Cornell	$2 462	$1 202	$1 066	($15)	$19	($153)	$4 581
B Nqwababa	R40 315	R15 852	R17 537	(R1 219)	R1 333	(R12 301)	R61 517
P Victor	R22 723	R9 511	R10 309	(R247)	R609	(R4 485)	R38 420

1. Unvested LTIs granted on 22 September 2017.
2. Intrinsic values at beginning and end of year have been determined using the closing share price of R502,86 ($36,54) and R366,50 ($27,95) on 30 June 2018 and 30 June 2017.
3. Change in intrinsic value for the year results from changes in share price.
4. Long-term incentives settled represent long-term incentives that vested with reference to the group results for 2017 that was settled in the 2018 financial year. Difference between long-term incentive gains disclosed in 2017 and amount settled in 2018 is due to differences in actual share price at vesting date and the share price on 17 August 2017 being the disclosure date.

Share appreciation rights (SARs) exercised

Executive Directors	SARs exercised (number)[1]	Issue price per share (Rand)	Exercise price per share (Rand)	Gain on exercise of share appreciation rights 2018 R'000s
P Victor	7 994	344,54	477,25	1 061

1. All SARs exercised on 20 June 2018.

There are no outstanding share appreciation rights to executive directors on 30 June 2018.

Prescribed Officers

Factors considered in the final determination of the annual STI award. The final individual performance factors (IPFs) are disclosed in a assignment range:

Prescribed Officers	TGP/Base salary/ Net indicative assignment salary as at 30 June 2018 A	Target % B	Group factor % C	Individual performance factor % range[4] D	2018 STI value E = AxBxCxD
FR Grobler[1]	€286 032	75%	63,01%	100% – 110%	€141 930
JR Harris[2]	£350 000	75%	63,01%	90% – 99%	£133 247
VD Kahla	R6 452 180	75%	63,01%	100% – 110%	R3 201 596
BE Klingenberg	R7 701 570	75%	63,01%	100% – 110%	R3 639 569
CK Mokoena	R5 325 000	75%	63,01%	90% – 99%	R2 390 639
M Radebe	R5 607 886	75%	63,01%	90% – 99%	R2 517 639
CF Rademan[3]	R6 390 474	75%	63,01%	90% – 99%	R905 993
SJ Schoeman[1]	$367 752	75%	63,01%	90% – 99%	$165 101

1. STI based on Net Indicative Assignment Salary (NIAS) and net STI value.
2. *Pro rata* STI value for the period 7 August 2017 to 30 June 2018, STI based on gross salary and NIAS. STI indicated as a gross value.
3. Mr Rademan retired with effect from 31 October 2017.
4. 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 2018 for Prescribed Officers:

Prescribed Officers	FR Grobler[4]		JR Harris[5]		VD Kahla		BE Klingenberg[6]	
R'000	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
Salary	4 361	4 746	6 766	–	5 530	5 180	5 419	5 179
Risk & retirement funding	750	825	464	–	729	683	1 857	1 599
Vehicle benefits	227	169	63	–	–	–	212	212
Medical benefits	197	112	73	–	88	82	88	82
Vehicle insurance benefits	6	6	–	–	6	6	6	6
Security benefits	–	30	4	–	451	419	356	332
Other benefits	5 026	1 944	3 917	–	–	–	64	–
Total salary and benefits	**10 567**	**7 832**	**11 287**	**–**	**6 804**	**6 370**	**8 002**	**7 410**
Annual short-term incentive[1]	4 486	3 515	2 844	–	3 202	3 292	3 640	3 929
Long-term incentive gains [2, 3]	5 234	3 094	–	–	6 203	3 713	7 173	3 713
Total annual remuneration	**20 287**	**14 441**	**14 131**	**–**	**16 209**	**13 375**	**18 815**	**15 052**

Prescribed Officers	CK Mokoena[7]		M Radebe[8]		CF Rademan[6, 9]		SJ Schoeman[10]	
R'000	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
Salary	4 641	1 876	4 504	4 091	1 618	4 754	4 731	6 153
Risk & retirement funding	603	207	660	710	381	1 132	550	513
Vehicle benefits	–	–	264	264	107	320	241	424
Medical benefits	–	–	88	83	24	72	304	174
Vehicle insurance benefits	–	–	6	6	2	6	6	6
Security benefits	–	–	28	153	23	35	–	–
Other benefits	4 095	4 295	77	87	4	–	5 631	2 848
Total salary and benefits	**9 339**	**6 378**	**5 627**	**5 394**	**2 159**	**6 319**	**11 463**	**10 118**
Annual short-term incentive [1]	2 391	1 137	2 518	2 575	906	3 314	3 774	3 366
Long-term incentive gains [2, 3]	–	–	5 428	3 713	6 591	4 538	9 072	3 094
Total annual remuneration	**11 730**	**7 515**	**13 573**	**11 682**	**9 656**	**14 171**	**24 309**	**16 578**

1. Short-term incentives approved based on the Group results for the 2018 financial year and payable in the 2019 financial year. Incentives are calculated as a percentage of total guaranteed package/base salary/net indicative expatriate salary as at 30 June 2018.
2. Long-term incentives for the 2018 financial year represent the number of units x corporate performance target achieved (2018) x closing share price on 16 August 2018. The actual vesting date for the annual awards made on 21 September 2015 is 21 September 2018. Dividend equivalents accrue at the end of the vesting period, to the extent that the LTI units vest. It represents: number of units awarded x corporate performance targets achieved during financial year 2018 x dividend equivalents up to 21 September 2018.
3. Long-term incentive grants made in 2016 vests in 2019 with a vesting result of 69%, 50% of the vested shares are subject to a further holding period of 2 years.
4. Other benefits include housing allowance (R551 685), home leave allowance (R165 085), relocation services (R113 360), social security (R35 434), spouse allowance (R24 089), utilities (R36 779), public transport (R3 678) and tax on benefits (R4 095 472).
5. Mr Harris was appointed with effect from 7 August 2017. Included in other benefits is upset allowance (R376 919), home leave allowance (R110 020), settling in allowance (R342 140), utilities (R27 579), accommodation (R547 133), tuition costs (R42 630), work permit (R6 713) and tax on benefits offered (R2 463 370).
6. Other benefits includes leave encashment.
7. Included in other is accommodation (R50 000), a staggered sign-on payment paid 12 months after appointment (R3 500 000) and settling in allowance (R545 455).
8. Other benefits include Inzalo dividends earned during the year.
9. Mr Rademan retired with effect from 31 October 2017. A service penalty of 15% was applied on Long-term incentives.
10. Included in other are leave encashment (R966 122), accommodation (R375 501), home leave allowance (R303 633), destination and relocation assistance (R54 198), tax consulting fees (R280 909), social taxes (R193 386) and tax on benefits offered (R3 457 029).

LTI holdings (unvested):

Prescribed Officers	Balance at beginning of year (number)	Granted (number)[3]	Effect of corporate performance targets (number)	Dividend equivalents (number)	Long-term incentive rights settled (number)	Balance at end of year (number)
FR Grobler	39 000	16 109	(750)	1 060	(7 810)	47 609
JR Harris[1]	–	17 393	–	–	–	17 393
VD Kahla	43 000	17 548	(900)	1 272	(9 372)	51 548
BE Klingenberg	49 500	20 945	(900)	1 272	(9 372)	61 445
CK Mokoena	15 000	7 936	–	–	–	22 936
M Radebe	41 000	13 726	(900)	1 272	(9 372)	45 726
CF Rademan[2]	51 000	–	(1 100)	1 555	(11 455)	40 000
SJ Schoeman	49 000	16 369	(750)	1 069	(7 819)	57 869
Total	**287 500**	**110 026**	**(5 300)**	**7 500**	**(55 200)**	**344 526**

Intrinsic value of LTI holdings (unvested)

Prescribed Officers	Intrinsic value at beginning of year[4] R'000 and $'000	Intrinsic value of awards made during the year[3] R'000 and $'000	Change in intrinsic value for the year[5] R'000 and $'000	Effect of corporate performance targets[5] R'000 and $'000	Dividend equivalents R'000 and $'000	LTIs settled incentive rights[6] R'000 and $'000	Intrinsic value at end of year[4] R'000 and $'000
FR Grobler	R14 294	R6 033	R6 426	(R281)	R397	(R2 928)	R23 941
VD Kahla	R15 761	R6 572	R6 962	(R337)	R477	(R3 514)	R25 921
BE Klingenberg	R18 142	R7 844	R8 286	(R337)	R477	(R3 514)	R30 898
CK Mokoena	R5 498	R2 972	R3 064	–	–	–	R11 534
M Radebe	R15 027	R5 140	R6 201	(R337)	R477	(R3 514)	R22 994
CF Rademan[1]	R18 692	–	R5 547	(R412)	R583	(R4 295)	R20 115
SJ Schoeman	R17 959	R6 130	R7 771	(R276)	R394	(R2 878)	R29 100
JR Harris[2]	–	$494	$141	–	–	–	$635

1. Mr Rademan retired with effect 31 October 2017.
2. Mr Harris was appointed with effect from 7 August 2017.
3. Unvested LTIs granted on 22 September 2017.
4. Intrinsic values at beginning and end of year have been determined using the closing share price of R502,86 ($36,54) and R366.50 ($27,95) on 30 June 2018 and 30 June 2017.
5. Change in intrinsic value for the year results from changes in share price.
6. Long-term incentives settled represent long-term incentives that vested with reference to the group results for 2017 that was settled in the 2018 financial year. Difference between long-term incentive gains disclosed in 2017 and amount settled in 2018 is due to differences in actual share price at vesting date (22 September 2017) and the share price on 17 August 2017 being the disclosure date.

Share appreciation rights holdings – outstanding (vested)

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	62 591	322	(9 000)	53 913
VD Kahla	17 070	375	(17 445)	–
BE Klingenberg	167 319	323	(8 500)	159 142
M Radebe	126 335	193	(26 037)	100 491
CF Rademan[1]	93 138	76	–	93 214
SJ Schoeman	63 266	647	(1 100)	62 813
Total	**529 719**	**1 936**	**(62 082)**	**469 573**

Fair value of share appreciation rights holdings

Prescribed Officers	Fair value at beginning of year[2] R'000	Effect of corporate performance targets R'000	Gain on exercise of share appreciation rights R'000	Change in fair value for the year[3] R'000	Balance at end of year [2] (number)
FR Grobler	5 572	18	(853)	4 749	9 486
VD Kahla	1 460	19	(762)	(717)	–
BE Klingenberg	15 223	(11)	(570)	15 056	29 698
M Radebe	11 050	(12)	(3 000)	8 668	16 706
CF Rademan[1]	8 624	(53)	–	7 486	16 057
SJ Schoeman	5 408	73	(74)	4 878	10 285
Total	**47 337**	**34**	**(5 259)**	**40 120**	**82 232**

1. Mr Rademan retired with effect from 31 October 2017.
2. Fair values at the beginning and end of year have been determined using the IFRS 2 option values on 30 June 2017 and 30 June 2018.
3. Change in intrinsic value for the year results from changes in share price.

Share appreciation rights exercised:

Prescribed Officers	Exercise dates	SARs exercised (number)	Issue price per share (Rand)	Exercise price per share (Rand)	Gain on exercise of share appreciation rights 2018 R'000s
FR Grobler	27-Oct-17	9 000	319,00	413,84	854
VD Kahla	24-Oct-17	4 611	334,53	395,67	282
VD Kahla	30-Oct-17	12 834	376,46	413,84	480
BE Klingenberg	21-Nov-17	8 500	352,10	419,16	570
M Radebe	24-Oct-17	7 300	352,10	394,70	311
M Radebe	23-Nov-17	18 737	295,37	438,91	2 690
SJ Schoeman	21-Nov-17	1 100	352,10	419,16	74
Total		**62 082**			**5 261**

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. No capital was transferred on 4 June 2018 when the Scheme vested.

	2018			2017		
Directors	**Balance at beginning of year (number)**	**Cancellation of rights due to repurchase of underlying shares[1] (number)**	**Balance at the end of year (number)**	**Balance at beginning of year (number)**	**Effect of change in Executive Directors (number)**	**Balance at the end of year (number)**
VN Fakude[2]	**20 000**	**(20 000)**	**–**	25 000	(5 000)	20 000
Prescribed Officers						
M Radebe	**15 000**	**(15 000)**	**–**	15 000	–	15 000
Total	**35 000**	**(35 000)**	**–**	40 000	(5 000)	35 000

1. Sasol Inzalo Management Scheme reached maturity on 4 June 2018. Sasol repurchased all the Sasol ordinary shares held by the Sasol Inzalo Management Scheme which had the effect that they were cancelled and restored to authorised share capital. The Sasol Inzalo Management Scheme rights fell away pursuant to the repurchase of the underlying Sasol ordinary shares.
2. Ms Fakude resigned with effect from 31 December 2016.

Sasol Khanyisa Employee Share Ownership Plan rights

	2018[1]	
Directors	**Tier 1[2] (number)**	**Tier 2[3] (number)**
B Nqwababa	**–**	**1 240**
Prescribed Officers		
V D Kahla	**–**	**1 240**
C K Mokoena	**–**	**1 240**
M Radebe	**272**	**1 240**
Total	**272**	**4 960**

1. Number of vested rights awarded on 1 June 2018.
2. Qualifying participants in the Sasol Inzalo Management Scheme were awarded vested rights to Sasol BEE ordinary shares held by the Sasol Khanyisa ESOP Trust. Ownership of the Sasol BEE ordinary shares which are the subject of the vested rights in Tier 1 will be transferred to the employees after the expiry of three years, after making provision for taxes and expenses.
3. Qualifying black employees were awarded vested rights to Sasol South Africa shares held by the Sasol Khanyisa ESOP Trust. Sasol BEE ordinary shares in Tier 2 are the subject of an automatic share exchange which will take place at the end of the Khanyisa Empowerment Period after ten years. The vested rights are subject to the terms of the Sasol Khanyisa Employee Share Ownership Plan Trust Deed approved by shareholders on 17 November 2017.

Beneficial shareholding

The aggregate beneficial shareholding at 30 June 2018 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:

	2018			2017		
Beneficial shareholding[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
B Nqwababa[5]	**13 003**	**–**	**13 003**	–	–	–
Non-executive Directors						
MBN Dube [6, 7]	**24**	**233**	**257**	–	–	–
NNA Matyumza[7]	**6**	**56**	**62**	–	56	56
IN Mkhize [7, 8]	**1 844**	**18 435**	**20 279**	–	18 435	18 435
ZM Mkhize[7]	**181**	**330**	**511**	–	330	330
Total	**15 058**	**19 054**	**34 112**	**23 269**	**18 821**	**42 090**

1. There has been no change in the above shareholding between the end of the financial year and the date of approval of the Annual Financial Statements. Interest in Employee Share Savings Trust and Long-term Incentives excluded.
2. Sasol Inzalo Public (RF) Limited shares.
3. Direct beneficial shareholding comprise of American Depository Receipts.
4. Ms Fakude resigned with effect from 31 December 2016, no disclosure required for 2018.
5. Direct beneficial shareholding comprise of Sasol ordinary shares.
6. Appointed with effect from 1 April 2018.
7. Direct beneficial shareholding comprise of Sasol BEE ordinary shares.
8. Resigned with effect from 17 November 2017.

	2018			2017		
Beneficial shareholding[1]	**Direct beneficial**	**Indirect beneficial[2]**	**Total beneficial shareholding**	**Direct beneficial**	**Indirect beneficial[2]**	**Total beneficial shareholding**
Prescribed Officers						
FR Grobler[3]	**13 500**	**–**	**13 500**	13 500	–	13 500
CF Rademan[3, 4]	**1 300**	**–**	**1 300**	4 000	–	4 000
M Radebe[5]	**5 299**	**2 850**	**8 149**	–	3 357	3 357
Total	**20 099**	**2 850**	**22 949**	**17 500**	**3 357**	**20 857**

1. There has been no change in the above shareholding between the end of the financial year and the date of approval of the Annual Financial Statements. Interest in Employee Share Savings Trust and Long-term Incentives excluded.
2. Sasol Inzalo Public (RF) Limited shares.
3. Direct beneficial shareholding comprise of Sasol ordinary shares.
4. Retired with effect from 31 October 2017.
5. Direct beneficial shareholding comprise of 5 014 Sasol ordinary shares and 285 Sasol BEE ordinary shares.

Sasol Inzalo Public Limited RF (Sasol Inzalo) directly held 16 085 199 of the total issued capital of Sasol on 30 June 2018 in the form of unlisted Sasol preferred ordinary shares. The Sasol Inzalo ordinary shares have limited trading rights until September 2018. Refer to note 35 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[1] R'000	Lead Independent Director fees[1] R'000	Committee fees[1] R'000	*Ad hoc* or special meeting[1] R'000	Total 2018[1] R'000	Total 2017 R'000
MSV Gantsho (Chairman)	5 827	–	–	–	**5 827**	4 900
HG Dijkgraaf [2, 3] (Lead Independent Director)	1 594	558	632	21	**2 805**	3 567
MJN Njeke [4] (Lead Independent Director)	826	49	361	138	**1 374**	1 039
C Beggs	826	–	722	207	**1 755**	1 301
MJ Cuambe [2]	1 950	–	481	42	**2 473**	2 437
MDN Dube [2,5]	505	–	124	–	**629**	–
M Floël [2,6]	951	–	131	–	**1 082**	–
GMB Kennealy	826	–	361	24	**1 211**	165
NNA Matyumza	826	–	516	183	**1 525**	1 175
IN Mkhize [7]	314	–	391	72	**777**	1 410
ZM Mkhize	743	–	179	21	**943**	819
MEK Nkeli	826	–	382	48	**1 256**	165
PJ Robertson [2]	1 950	–	869	21	**2 840**	3 140
S Westwell [2]	1 950	–	1 313	63	**3 326**	2 961
Total	**19 914**	**607**	**6 462**	**840**	**27 823**	**23 079**

1. Fees include VAT paid from 1 June 2017.
2. Board and committee fees paid in US dollars.
3. Mr Dijkgraaf retired from the Board on 30 April 2018.
4. Mr Njeke was appointed as Lead Independent Director on 1 May 2018.
5. Ms Dube appointed effective 1 April 2018.
6. Dr Floël appointed effective 1 January 2018.
7. Ms Mkhize retired from the Board on 17 November 2017.

INCOME STATEMENT

for the year ended 30 June

2016* US$m	2017* US$m	2018* US$m		Note	2018 Rm	2017 Rm	2016 Rm
11 911	12 668	**14 121**	**Turnover**	2	**181 461**	172 407	172 942
(4 912)	(5 249)	**(5 961)**	Materials, energy and consumables used	3	**(76 606)**	(71 436)	(71 320)
(476)	(471)	**(549)**	Selling and distribution costs		**(7 060)**	(6 405)	(6 914)
(582)	(636)	**(713)**	Maintenance expenditure		**(9 163)**	(8 654)	(8 453)
(1 647)	(1 794)	**(2 138)**	Employee-related expenditure	4	**(27 468)**	(24 417)	(23 911)
(20)	(36)	**(27)**	Exploration expenditure and feasibility costs		**(352)**	(491)	(282)
(1 127)	(1 190)	**(1 278)**	Depreciation and amortisation		**(16 425)**	(16 204)	(16 367)
(625)	(922)	**(1 192)**	Other expenses and income		**(15 316)**	(12 550)	(9 073)
10	(88)	**(1)**	Translation (losses)/gains	5	**(11)**	(1 201)	150
(635)	(834)	**(1 191)**	Other operating expenses and income	6	**(15 305)**	(11 349)	(9 223)
35	79	**112**	Equity accounted profits, net of tax	20	**1 443**	1 071	509
2 557	2 449	**2 375**	**Operating profit before remeasurement items and Sasol Khanyisa share-based payment**		**30 514**	33 321	37 131
(888)	(119)	**(771)**	Remeasurement items	9	**(9 901)**	(1 616)	(12 892)
-	-	**(223)**	Sasol Khanyisa share-based payment	35	**(2 866)**	-	-
1 669	2 330	**1 381**	**Earnings before interest and tax (EBIT)**		**17 747**	31 705	24 239
125	115	**133**	Finance income	7	**1 716**	1 568	1 819
(161)	(240)	**(292)**	Finance costs	7	**(3 759)**	(3 265)	(2 340)
1 633	2 205	**1 222**	**Earnings before tax**		**15 704**	30 008	23 718
(598)	(624)	**(432)**	Taxation	12	**(5 558)**	(8 495)	(8 691)
1 035	1 581	**790**	**Earnings for the year**		**10 146**	21 513	15 027
			Attributable to				
911	1 497	**679**	Owners of Sasol Limited		**8 729**	20 374	13 225
124	84	**111**	Non-controlling interests in subsidiaries		**1 417**	1 139	1 802
1 035	1 581	**790**			**10 146**	21 513	15 027
US$	**US$**	**US$**			**Rand**	**Rand**	**Rand**
			Per share information				
1,49	2,45	**1,11**	Basic earnings per share	8	**14,26**	33,36	21,66
1,49	2,44	**1,10**	Diluted earnings per share	8	**14,18**	33,27	21,66

* Supplementary non-IFRS information. US dollar convenience translation, converted at average exchange rate of R12,85/US$1 (2017– R13,61/US$1; 2016 – R14,52/US$1).

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June

	2018 Rm	2017 Rm	2016 Rm
Earnings for the year	**10 146**	21 513	15 027
Other comprehensive income, net of tax			
Items that can be subsequently reclassified to the income statement	**6 068**	(8 931)	13 253
Effect of translation of foreign operations**	**5 237**	(10 074)	15 112
Effect of cash flow hedges**	**1 233**	1 821	(2 855)
Fair value of investments available-for-sale	**13**	11	(7)
Tax on items that can be subsequently reclassified to the income statement	**(415)**	(689)	1 003
Items that cannot be subsequently reclassified to the income statement	**(54)**	743	(546)
Remeasurement on post-retirement benefit obligation***	**(80)**	1 114	(877)
Tax on items that cannot be subsequently reclassified to the income statement	**26**	(371)	331
Total comprehensive income for the year	**16 160**	13 325	27 734
Attributable to			
Owners of Sasol Limited	**14 727**	12 234	25 890
Non-controlling interests in subsidiaries	**1 433**	1 091	1 844
	16 160	13 325	27 734

** These amounts include the loss of R286 million (2017 – R302 million; 2016 – R97 million) on reclassification from the cash flow hedge reserve and a gain of R468 million (2017 – (Rnil); 2016 – (R840 million)) on reclassification from the foreign currency translation reserve, respectively, to profit and loss.

*** Includes the effect of a loss/(gain) of R1 051 million (2017 – (R105 million); 2016 – R749 million) relating to the movement in the asset limitation, as well as a loss/(gain) of R1 million (2017 – R50 million; 2016 – (R63 million)) on reimbursive rights related to post-retirement benefits, recognised in long-term receivables.

The notes on pages 45 to 135 are an integral part of these Consolidated Financial Statements.

STATEMENT OF FINANCIAL POSITION

at 30 June

2017* US$m	2018* US$m		Note	2018 Rm	2017 Rm
		Assets			
12 157	**12 196**	Property, plant and equipment	17	**167 457**	158 773
10 010	**12 044**	Assets under construction	18	**165 361**	130 734
181	**196**	Goodwill and other intangible assets		**2 687**	2 361
904	**801**	Equity accounted investments	20	**10 991**	11 813
76	**69**	Other long-term investments		**951**	987
48	**109**	Post-retirement benefit assets	33	**1 498**	622
200	**339**	Long-term receivables and prepaid expenses	19	**4 646**	2 613
-	**21**	Long-term financial assets	40	**291**	-
236	**298**	Deferred tax assets	14	**4 096**	3 082
23 812	**26 073**	**Non-current assets**		**357 978**	310 985
17	**8**	Assets in disposal groups held for sale	11	**113**	216
-	**6**	Short-term investments		**85**	-
1 943	**2 139**	Inventories	23	**29 364**	25 374
194	**240**	Tax receivable	13	**3 302**	2 538
2 116	**2 166**	Trade and other receivables	24	**29 729**	27 641
210	**112**	Short-term financial assets	40	**1 536**	2 739
138	**144**	Cash restricted for use	27	**1 980**	1 803
2 117	**1 103**	Cash	27	**15 148**	27 643
6 735	**5 918**	**Current assets**		**81 257**	87 954
30 547	**31 991**	**Total assets**		**439 235**	398 939
		Equity and liabilities			
16 211	**16 240**	Shareholders' equity		**222 985**	211 711
423	**410**	Non-controlling interests		**5 623**	5 523
16 634	**16 650**	**Total equity**		**228 608**	217 234
5 556	**6 512**	Long-term debt	16	**89 411**	72 560
134	**530**	Finance leases	16	**7 280**	1 752
1 275	**1 104**	Long-term provisions	31	**15 160**	16 648
847	**867**	Post-retirement benefit obligations	33	**11 900**	11 069
70	**64**	Long-term deferred income		**879**	910
56	**10**	Long-term financial liabilities	40	**133**	733
1 980	**1 887**	Deferred tax liabilities	14	**25 908**	25 860
9 918	**10 974**	**Non-current liabilities**		**150 671**	129 532
-	**3**	Liabilities in disposal groups held for sale	11	**36**	-
744	**1 071**	Short-term debt	16	**14 709**	9 718
230	**255**	Short-term provisions	32	**3 508**	3 007
146	**169**	Tax payable	13	**2 318**	1 903
2 787	**2 707**	Trade and other payables	25	**37 150**	36 400
22	**16**	Short-term deferred income		**220**	282
57	**140**	Short-term financial liabilities	40	**1 926**	740
9	**6**	Bank overdraft	27	**89**	123
3 995	**4 367**	**Current liabilities**		**59 956**	52 173
30 547	**31 991**	**Total equity and liabilities**		**439 235**	398 939

* Supplementary non-IFRS information. US dollar convenience translation, converted at a closing exchange rate of R13,73/US$1 (2017 - R13,06/US$1).

The notes on pages 45 to 135 are an integral part of these Consolidated Financial Statements.

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June

	Share capital Note 15 Rm	Share repurchase programme Note 15 Rm	Share-based payment reserve Note 35 Rm	Investment fair value reserve Rm
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**
Shares issued on implementation of share options	–	–	–	–
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**
Transactions with non-controlling shareholders	-	-	-	-
Share capital & Share premium unwind in Inzalo	-	-	-	-
Movement in share-based payment reserve	-	-	989	-
Share-based payment expense	-	-	823	-
Deferred tax	-	-	166	-
Unwind of Sasol Inzalo transaction	(12 698)	-	6 999	-
Repurchase of shares	(12 698)	-	12 698	-
Share-based payment reserve to retained earnings	-	-	(5 699)	-
Long-term incentives vested and settled	-	-	(605)	-
Implementation of Sasol Khanyisa transaction	1 832	-	1 121	-
Share-based payment expense	-	-	2 953	-
Shares issued to Sasol Khanyisa Employee Trust	1 832	-	(1 832)	-
Repurchase of shares	(2 641)	2 641	-	-
Total comprehensive income for the year	-	-	-	10
profit	-	-	-	-
other comprehensive income for the year	-	-	-	10
Dividends paid	-	-	-	-
Balance at 30 June 2018	**15 775**	**-**	**(4 021)**	**43**

* Refer to note 35 for further detail on the conversion of the long-term incentive scheme

The notes on pages 45 to 135 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
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**
–	**–**	**–**	**–**	**–**	**(51)**	**(51)**
–	**–**	**–**	**–**	**–**	**–**	**–**
–	**–**	**–**	**–**	**989**	**–**	**989**
–	**–**	**–**	**–**	**823**	**–**	**823**
–	**–**	**–**	**–**	**166**	**–**	**166**
–	**–**	**–**	**6 256**	**557**	**(557)**	**–**
–	**–**	**–**	**557**	**557**	**(557)**	**–**
–	**–**	**–**	**5 699**	**–**	**–**	**–**
–	**–**	**–**	**605**	**–**	**–**	**–**
–	**–**	**–**	**–**	**2 953**	**–**	**2 953**
–	**–**	**–**	**–**	**2 953**	**–**	**2 953**
–	**–**	**–**	**–**	**–**	**–**	**–**
–	**–**	**–**	**–**	**–**	**–**	**–**
5 215	**827**	**(54)**	**8 729**	**14 727**	**1 433**	**16 160**
–	**–**	**–**	**8 729**	**8 729**	**1 417**	**10 146**
5 215	**827**	**(54)**	**–**	**5 998**	**16**	**6 014**
–	**–**	**–**	**(7 952)**	**(7 952)**	**(725)**	**(8 677)**
28 500	**180**	**(1 844)**	**184 352**	**222 985**	**5 623**	**228 608**

STATEMENT OF CASH FLOWS

for the year ended 30 June

	Note	2018 Rm	2017 Rm	2016 Rm
Cash receipts from customers		**178 672**	172 061	175 994
Cash paid to suppliers and employees		**(135 795)**	(127 992)	(121 321)
Cash generated by operating activities	28	**42 877**	44 069	54 673
Dividends received from equity accounted investments	20	**1 702**	1 539	887
Finance income received	7	**1 565**	1 464	1 633
Finance costs paid	7	**(4 797)**	(3 612)	(3 249)
Tax paid	13	**(7 041)**	(6 352)	(9 329)
Cash available from operating activities		**34 306**	37 108	44 615
Dividends paid	30	**(7 952)**	(8 628)	(10 680)
Cash retained from operating activities		**26 354**	28 480	33 935
Additions to non-current assets[1]		**(55 891)**	(56 812)	(70 497)
additions to property, plant and equipment	17	**(714)**	(390)	(4 304)
additions to assets under construction	18	**(52 635)**	(59 892)	(69 422)
additions to other intangible assets		**(35)**	(61)	(22)
(decrease)/increase in capital project related payables		**(2 507)**	3 531	3 251
Additional cash contributions to equity accounted investments		**(164)**	(444)	(548)
Proceeds on disposals and scrappings	10	**2 316**	788	569
Net cash disposed of on disposal of businesses	10	**(36)**	–	–
Purchase of investments		**(124)**	(96)	(223)
Proceeds from sale of investments		**114**	28	171
Increase in long-term receivables		**(194)**	(141)	(506)
Cash used in investing activities		**(53 979)**	(56 677)	(71 034)
Share capital issued on implementation of share options		**–**	–	54
Dividends paid to non-controlling shareholders in subsidiaries		**(725)**	(989)	(1 296)
Proceeds from long-term debt	16	**24 961**	9 277	34 008
Repayment of long-term debt	16	**(9 199)**	(2 364)	(3 120)
Proceeds from short-term debt		**1 957**	4 033	2 901
Repayment of short-term debt		**(2 607)**	(1 410)	(3 369)
Cash generated by financing activities		**14 387**	8 547	29 178
Translation effects on cash and cash equivalents		**954**	(3 207)	7 069
Decrease in cash and cash equivalents		**(12 284)**	(22 857)	(852)
Cash and cash equivalents at the beginning of year		**29 323**	52 180	53 032
Cash and cash equivalents at the end of the year	27	**17 039**	29 323	52 180

1 Additions to non-current assets, including capital accruals, amounts to R53 384 million (2017 – R60 343 million; 2016 – R73 748 million)

The notes on pages 45 to 135 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 our financial results, in the context of our strategy, while enabling more effective analysis of the group's performance.

SEGMENT INFORMATION

EARNINGS

SOURCES OF CAPITAL

CAPITAL ALLOCATION AND UTILISATION

PROVISIONS AND RESERVES

OTHER DISCLOSURES

SEGMENT INFORMATION

	Mining		Exploration and Production International		Energy		Base Chemicals***		Performance Chemicals***	
	2018 Rm	2017 Rm	**2018 Rm**	2017 Rm	**2018 Rm**	2017 Rm	**2018 Rm**	2017 Rm	**2018 Rm**	2017 Rm
Statement of financial position										
Non-current assets	**25 197**	23 489	**14 217**	18 142	**64 526**	60 840	**119 584**	102 700	**122 187**	97 003
Current assets	**2 547**	1 986	**2 339**	2 579	**20 657**	17 094	**15 186**	12 940	**26 863**	25 026
Non-current liabilities	**1 629**	2 574	**5 684**	6 625	**11 616**	9 344	**37 605**	26 488	**37 682**	27 205
Current liabilities	**2 801**	2 440	**2 371**	1 271	**11 462**	11 030	**9 090**	9 821	**13 377**	13 646

	Mining			Exploration and Production International			Energy		
	2018 Rm	2017 Rm	2016 Rm	**2018 Rm**	2017 Rm	2016 Rm	**2018 Rm**	2017 Rm	2016 Rm
Income statement									
External turnover	**3 446**	2 946	2 360	**1 610**	1 750	1 706	**69 110**	64 254	63 818
Total turnover	**19 797**	18 962	16 975	**4 198**	4 084	4 211	**69 773**	64 772	64 341
Intersegmental turnover	**(16 351)**	(16 016)	(14 615)	**(2 588)**	(2 334)	(2 505)	**(663)**	(518)	(523)
Earnings before interest and tax	**5 244**	3 725	4 739	**(3 683)**	585	(11 714)	**14 081**	11 218	14 069
Earnings attributable to owners of Sasol Limited	**3 336**	2 266	3 000	**(4 168)**	47	(10 972)	**8 558**	6 395	9 112
Effect of remeasurement items*	**34**	6	31	**4 241**	(6)	9 963	**971**	1 844	1 267
Depreciation and amortisation	**1 677**	1 905	1 673	**1 465**	2 053	3 042	**4 817**	4 496	4 194
Statement of cash flows									
Cash flow from operations	**6 877**	5 401	6 465	**2 665**	1 726	2 946	**17 158**	17 996	17 178
Additions to non-current assets**	**3 729**	2 839	3 459	**2 525**	2 600	8 938	**6 650**	6 781	6 348
Other disclosures									
Capital commitments*	**2 640**	3 099	3 563	**18 811**	19 431	23 648	**10 320**	10 327	9 588

* Excludes equity accounted investments
** Includes capital accruals
*** The financial results have been restated for the transfer of the US Ethylene business from Performance Chemicals to Base Chemicals

Group Functions		Total		Deferred tax assets and liabilities		Net tax receivable/ payable		Post-retirement benefit assets		Total per statement of financial position	
2018 Rm	2017 Rm	2018 Rm	2017 Rm	2018 Rm	2017 Rm	2018 Rm	2017 Rm	2018 Rm	2017 Rm	2018 Rm	2017 Rm
6 673	5 107	352 384	307 281	4 096	3 082	–	–	1 498	622	357 978	310 985
10 363	25 791	77 955	85 416	–	–	3 302	2 538	–	–	81 257	87 954
30 547	31 436	124 763	103 672	25 908	25 860	–	–	–	–	150 671	129 532
18 537	12 062	57 638	50 270	–	–	2 318	1 903	–	–	59 956	52 173

Base Chemicals***			Performance Chemicals***			Group Functions			Total		
2018 Rm	2017 Rm	2016 Rm	2018 Rm	2017 Rm	2016 Rm	2018 Rm	2017 Rm	2016 Rm	2018 Rm	2017 Rm	2016 Rm
39 517	37 794	36 424	67 738	65 147	68 526	40	516	108	181 461	172 407	172 942
40 091	38 414	37 795	69 766	67 227	70 906	52	516	108	203 677	193 975	194 336
(574)	(620)	(1 371)	(2 028)	(2 080)	(2 380)	(12)	–	–	(22 216)	(21 568)	(21 394)
588	6 862	5 606	8 183	8 763	10 156	(6 666)	552	1 383	17 747	31 705	24 239
1 862	5 879	4 795	7 647	7 144	7 501	(8 506)	(1 357)	(211)	8 729	20 374	13 225
4 499	(901)	1 723	116	663	55	40	10	(147)	9 901	1 616	12 892
3 923	3 687	3 296	3 798	3 328	3 541	745	735	621	16 425	16 204	16 367
8 241	10 562	10 475	13 079	13 186	14 719	(1 382)	(2 635)	1 190	46 638	46 236	52 973
19 553	23 446	28 687	20 130	23 791	25 376	797	886	940	53 384	60 343	73 748
16 781	29 722	51 449	14 125	27 396	48 422	599	761	616	63 276	90 736	137 286

GEOGRAPHIC SEGMENT INFORMATION

External turnover*	Mining 2018 Rm	Mining 2017 Rm	Mining 2016 Rm	Exploration and Production International 2018 Rm	Exploration and Production International 2017 Rm	Exploration and Production International 2016 Rm	Energy 2018 Rm	Energy 2017 Rm	Energy 2016 Rm
South Africa	**–**	–	–	**–**	–	–	**65 827**	60 814	60 312
Rest of Africa	**–**	–	–	**341**	355	379	**3 282**	3 438	3 502
Europe	**2 691**	2 040	1 496	**985**	835	861	**1**	2	3
North America	**–**	–	–	**284**	560	466	**–**	–	1
South America	**–**	–	–	**–**	–	–	**–**	–	–
Asia, Australasia and Middle East	**755**	906	864	**–**	–	–	**–**	–	–
Total operations	**3 446**	2 946	2 360	**1 610**	1 750	1 706	**69 110**	64 254	63 818

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

** The financial results have been restated for the transfer of the US Ethylene business from Performance Chemicals to Base Chemicals

Earnings before interest and tax*	Mining 2018 Rm	Mining 2017 Rm	Mining 2016 Rm	Exploration and Production International 2018 Rm	Exploration and Production International 2017 Rm	Exploration and Production International 2016 Rm	Energy 2018 Rm	Energy 2017 Rm	Energy 2016 Rm
South Africa	**3 796**	2 775	4 232	**1 008**	1 307	860	**13 064**	12 248	12 504
Rest of Africa	**–**	–	–	**(1 282)**	707	506	**926**	(85)	2 588
Europe	**1 131**	658	321	**194**	(503)	(1 694)	**–**	(47)	47
North America	**–**	–	–	**(3 595)**	(728)	(10 922)	**(1 010)**	(1 756)	(753)
South America	**–**	–	–	**–**	–	–	**–**	–	–
Asia, Australasia and Middle East	**317**	292	186	**(8)**	(198)	(464)	**1 101**	858	(317)
Total operations	**5 244**	3 725	4 739	**(3 683)**	585	(11 714)	**14 081**	11 218	14 069

* Includes equity accounted profits/(losses) remeasurement items and once-off share-based payment expenses

Non-current assets

for the year ended 30 June	2018 Rm	2017 Rm	2016 Rm
South Africa	**143 493**	139 398	139 422
Rest of Africa	**18 443**	17 856	12 136
Europe	**15 389**	13 925	13 903
North America	**165 742**	125 983	100 247
South America	**1**	1	1
Asia, Australasia and Middle East	**9 316**	10 118	12 869
Total operations	**352 384**	307 281	278 578
Deferred tax asset	**4 096**	3 082	3 389
Post-retirement benefit assets	**1 498**	622	614
Total non-current assets	**357 978**	310 985	282 581

Base Chemicals**			Performance Chemicals**			Group Functions			Total		
2018 Rm	2017 Rm	2016 Rm	**2018 Rm**	2017 Rm	2016 Rm	**2018 Rm**	2017 Rm	2016 Rm	**2018 Rm**	2017 Rm	2016 Rm
19 569	17 997	18 040	**3 064**	3 186	3 396	**–**	–	–	**88 460**	81 997	81 748
2 076	2 716	2 429	**856**	821	1 179	**–**	34	87	**6 555**	7 364	7 576
6 540	5 392	4 932	**33 505**	29 791	32 641	**–**	–	–	**43 722**	38 060	39 933
5 341	2 643	2 286	**17 479**	19 960	20 650	**–**	–	–	**23 104**	23 163	23 403
410	307	354	**1 518**	1 758	2 178	**–**	–	–	**1 928**	2 065	2 532
5 581	8 739	8 383	**11 316**	9 631	8 482	**40**	482	21	**17 692**	19 758	17 750
39 517	37 794	36 424	**67 738**	65 147	68 526	**40**	516	108	**181 461**	172 407	172 942

Base Chemicals**			Performance Chemicals**			Group Functions			Total		
2018 Rm	2017 Rm	2016 Rm	**2018 Rm**	2017 Rm	2016 Rm	**2018 Rm**	2017 Rm	2016 Rm	**2018 Rm**	2017 Rm	2016 Rm
(2 929)	2 723	3 626	**1 263**	1 516	2 627	**(7 617)**	(125)	899	**8 585**	20 444	24 748
350	185	261	**88**	121	220	**553**	26	20	**635**	954	3 595
722	642	505	**3 620**	3 076	2 695	**345**	84	479	**6 012**	3 910	2 353
531	1 966	94	**1 708**	2 304	2 224	**50**	85	(18)	**(2 316)**	1 871	(9 375)
61	39	40	**218**	221	708	**–**	–	–	**279**	260	748
1 853	1 307	1 080	**1 286**	1 525	1 682	**3**	482	3	**4 552**	4 266	2 170
588	6 862	5 606	**8 183**	8 763	10 156	**(6 666)**	552	1 383	**17 747**	31 705	24 239

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 coal feedstock for the Southern African value chain, mainly for gasification, but also to generate electricity and steam. 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 coal is loaded onto the vessel at Richards Bay Coal Terminal – the customer is responsible for shipping and handling costs.

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, 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. 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 explosives and 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.
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 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.
Delivered at Place	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 55 billion of standard cubic feet (bscf) 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 proof of completion of the service.

Group Functions

Group Functions includes head office and centralised treasury operations.

1 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 17 August 2018 and will be presented to shareholders at the Annual General Meeting on 16 November 2018.

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

The new accounting standards listed below will become effective in future reporting periods and have not been adopted by the group in these financial statements. The new standards will be implemented on their effective dates in accordance with the requirements of the new standards. There are no other standards and interpretations in issue but not yet adopted that will have a material impact on the group.

IFRS 9 'Financial Instruments' (Effective 1 January 2018)

IFRS 9 was issued in July 2014 and replaces IAS 39, Financial Instruments. Sasol adopted IFRS 9 in the period commencing 1 July 2018.

IFRS 9 introduced new requirements for classifying and measuring financial assets and liabilities, including a new impairment model which will result in earlier recognition of losses and new rules for hedging accounting. Under IFRS 9, the group's financial assets will be classified as measured at amortised cost, fair value through profit or loss, or fair value through other comprehensive income. Whilst financial assets will be reclassified into the categories required by IFRS 9, the group has not identified any significant impacts on the measurement of its financial assets and financial liabilities as a result of the classification and measurement requirements of the new standard. The accounting policy for listed equity investments will depend on the nature of the listed investment. Listed equity investments which are held to meet rehabilitation liabilities in future will be classified as fair value through profit and loss. Listed equity investments held for other purposes will be classified as fair value through other comprehensive income. The adjustment to the 2018 opening statement of financial position is expected to be immaterial. For financial liabilities the existing classification and measurement requirements of IAS 39 will remain the same.

The hedge accounting requirements have been simplified and are more closely aligned to an entity's risk management strategy. Sasol, will however only implement the hedging requirements once the impact thereof has been fully assessed.

The financial asset impairment requirements of IFRS 9 introduce a forward-looking expected credit loss model that results in earlier recognition of credit losses than the incurred loss model of IAS 39. Given the short-term nature of the majority of financial assets and the group's active management of credit risk, the group does not expect a significant impact on adoption of IFRS 9's impairment requirements. The adjustment to the 2018 opening statement of financial position, which will reduce both the carrying amounts of financial assets and the retained earnings will not be material.

IFRS 15 'Revenue from contracts with customers' (Effective 1 January 2018)

IFRS 15 was issued in May 2014 and replaces IAS 18, Revenue and certain other standards and interpretations, Sasol adopted IFRS 15 on 1 July 2018 and has elected to apply the "modified retrospective" approach to implementation.

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 to 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.

Management has assessed the potential impact of IFRS 15 on the financial statements of the group and the new standard does not have a significant impact on the timing or amount of the group's revenue recognition. However, the accounting for certain contracts, such as those with provisional pricing or take-or-pay arrangements, and for underlifts and overlifts, have been identified as areas of potential change. However, these do not have a significant effect on the group's measurement and recognition of revenue and therefore no transition adjustment will be presented.

IFRS 15 requires the disclosure of revenue from contracts with customers to be disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. It is the group's intention to provide additional disclosure of revenue from contracts with customers disaggregated by product grouping and reportable segments.

IFRS 16 'Leases' (Effective 1 January 2019)

IFRS 16 introduces a single lease 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.

The group will adopt IFRS 16 on 1 July 2019. An implementation project was initiated in 2016 and work is progressing including a system solution to hold lease data and generate accounting entries. Work streams have also been initiated to cover data and processes, accounting policy development and the impacts on key performance indicators and financial metrics. On transition, the group intends to adopt the full retrospective approach permitted by the standard, which requires restatement of the comparative period's financial information.

The group's evaluation of the effect of adoption of the standard is ongoing but it is expected that it will have a material effect on the group's financial statements, significantly increasing the group's recognised assets and liabilities. We expect a likely increase in the depreciation expense and also an increase in cash flows from operating activities as the lease payments will be disclosed as financing outflows in our cash flow statement. Variable lease payments that do not depend on an index or rate are not included in the lease liability and will continue to be presented as operating cash flows.

Information on the group's leases currently classified as operating leases, which are not recognised on the statement of financial position, presented in Note 37 and provides an indication of the magnitude of assets and liabilities that will be recognised on the statement of financial position on date of adoption. However, the commitments information provided in Note 37 is on an undiscounted basis whereas the amounts recognised under the new standard will be on a discounted basis. The discount rates to be used on transition will be incremental borrowing rates as appropriate for each lease based on factors such as the lessee country of operation, lease term, nature of asset and commencement date. Currently across the group, the incremental borrowing rates applicable to the significant portion of the undiscounted lease cash flows range from 9,95% - 11,95% (South Africa), 5% - 7,8% (China) and 3% - 7% (United States). There will likely be other differences in the amounts recognised and our evaluation of the precise impact is ongoing.

Based on the group's current assessment, the impact is expected to be between R9 billion – R12 billion of additional liabilities that will be recognised on the statement of financial position with a corresponding lease asset. The additional lease liabilities will add between 4,5% - 6,5% on gearing.

IAS 23 'Borrowing Costs' (Effective 1 January 2019)

The amendment to IAS 23 clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

Sasol has a large number of projects to which borrowing costs are capitalised. The amendment would result in a higher capitalisation of interest which is currently recognised in earnings.

EARNINGS GENERATED FROM OPERATIONS

OPERATING ACTIVITIES

for the year ended 30 June		2018 Rm	2017 Rm	2016 Rm
2	**Turnover**			
	Sale of products	**178 463**	169 115	170 830
	Services rendered	**1 612**	1 549	1 695
	Other trading income	**1 386**	1 743	417
		181 461	172 407	172 942

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 50 to 51.

for the year ended 30 June		2018 Rm	2017 Rm	2016 Rm
3	**Materials, energy and consumables used**			
	Cost of raw materials	**66 928**	63 291	63 781
	Cost of electricity and other consumables used in production process	**9 678**	8 145	7 539
		76 606	71 436	71 320

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	2018 Rm	2017 Rm	2016 Rm
4 Employee-related expenditure				
Analysis of employee costs				
Labour		**28 448**	26 646	25 878
salaries, wages and other employee-related expenditure		**26 388**	24 814	23 996
post-employment benefits		**2 060**	1 832	1 882
Share-based payment expenses		**1 565**	226	494
equity-settled	35	**910**	463	123
cash-settled	34	**655**	(237)	371
Total employee-related expenditure		**30 013**	26 872	26 372
Costs capitalised to projects		**(2 545)**	(2 455)	(2 461)
Per income statement		**27 468**	24 417	23 911

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	2018 Number	2017 Number	2016 Number
Permanent employees	**31 020**	30 600	29 726
Non-permanent employees	**250**	300	374
	31 270	30 900	30 100

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

for the year ended 30 June	2018 Number	2017 Number	2016 Number
Business segmentation			
Mining	**7 471**	7 483	7 263
Exploration and Production International	**430**	416	413
Energy	**5 069**	5 008	4 820
Base Chemicals	**6 723**	6 430	6 145
Performance Chemicals	**6 601**	6 443	6 342
Group Functions	**4 976**	5 120	5 117
Total operations	**31 270**	30 900	30 100

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 33, and include defined benefit contribution plans, as well as defined benefit plans.

for the year ended 30 June	2018 Rm	2017 Rm	2016 Rm
5 Translation (losses)/gains			
Arising from			
Trade and other receivables	**132**	(909)	1 431
Trade and other payables	**(354)**	237	(142)
Foreign currency loans	**(103)**	313	(1 475)
Other	**314**	(842)	336
	(11)	(1 201)	150
Business segmentation			
Mining	**(18)**	(19)	12
Exploration and Production International	**289**	337	(694)
Energy	**(45)**	(299)	(53)
Base Chemicals	**(31)**	(336)	375
Performance Chemicals	**71**	(357)	499
Group Functions	**(277)**	(527)	11
Total operations	**(11)**	(1 201)	150

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

for the year ended 30 June	2018 Rm	2017 Rm	2016 Rm
6 Other operating expenses and income			
Rentals	**1 497**	1 367	1 243
Insurance	**432**	511	457
Computer costs	**2 042**	1 991	1 832
Hired labour	**838**	878	893
Audit remuneration	**88**	89	85
Derivative losses/(gains) (including foreign exchange contracts)[1]	**3 927**	(635)	(1 250)
Professional fees	**1 971**	1 383	1 202
Enablement of digital and continuous improvement initiatives	**409**	17	–
Other	**1 562**	1 366	1 202
Changes in rehabilitation provisions	**(804)**	472	1 946
Other expenses	**6 724**	6 981	6 603
Other operating income[2]	**(1 410)**	(1 688)	(3 788)
	15 305	11 349	9 223

1 Relates mainly to the group's hedging activities, refer note 40.

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.

for the year ended 30 June	Note	2018 Rm	2017 Rm	2016 Rm
7 Net finance costs				
Finance income				
Dividends received from investments		**520**	59	23
Notional interest received		**5**	1	114
Interest received on		**1 191**	1 508	1 682
other long-term investments		**32**	36	30
loans and receivables		**359**	349	316
cash and cash equivalents		**800**	1 123	1 336
Per income statement		**1 716**	1 568	1 819
Less: notional interest		**(5)**	(1)	(114)
Less: interest received on tax		**(146)**	(103)	(72)
Per the statement of cash flows		**1 565**	1 464	1 633
Finance costs				
Debt		**4 166**	3 463	2 696
debt		**3 880**	3 162	2 599
interest rate swap - net settlements		**286**	301	97
Preference share dividends		**963**	989	981
Finance leases (refer note 16)		**483**	86	76
Other[1]		**291**	378	26
		5 903	4 916	3 779
Amortisation of loan costs	16	**462**	279	157
Notional interest	31	**962**	834	657
Total finance costs		**7 327**	6 029	4 593
Amounts capitalised to assets under construction	18	**(3 568)**	(2 764)	(2 253)
Per income statement		**3 759**	3 265	2 340
Total finance costs before amortisation of loan costs and notional interest		**5 903**	4 916	3 779
Less: interest accrued on long-term debt	16	**(878)**	(956)	(530)
Less: interest accrued on tax payable[1]		**(228)**	(348)	–
Per the statement of cash flows		**4 797**	3 612	3 249

1 Interest accrued on tax payable relates mainly to our tax litigation claim. Refer to note 12.

for the year ended 30 June	2018 Rand	2017 Rand	2016 Rand

8 Earnings and dividends per share

	2018 Rand	2017 Rand	2016 Rand
Attributable to owners of Sasol Limited			
Basic earnings per share	**14,26**	33,36	21,66
Headline earnings per share	**27,44**	35,15	41,40
Diluted earnings per share	**14,18**	33,27	21,66
Diluted headline earnings per share	**27,27**	35,05	41,40
Dividends per share	**12,90**	12,60	14,80
interim	**5,00**	4,80	5,70
final*	**7,90**	7,80	9,10

* Declared subsequent to 30 June 2018 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 long-term incentives (LTIs), the Sasol Inzalo and Sasol Khanyisa share transactions 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		**2018**	2017	2016
Weighted average number of shares	million	**612,2**	610,7	610,7
Earnings attributable to owners of Sasol Limited	Rm	**8 729**	20 374	13 225
Basic earnings per share	Rand	**14,26**	33,36	21,66

Headline earnings per share (HEPS)

	Number of shares		
for the year ended 30 June	**2018 million**	2017 million	2016 million
Weighted average number of shares	**612,2**	610,7	610,7

for the year ended 30 June	Note	2018 Rm	2017 Rm	2016 Rm
Headline earnings is determined as follows:				
Earnings attributable to owners of Sasol Limited		**8 729**	20 374	13 225
Adjusted for:				
Effect of remeasurement items for subsidiaries and joint operations, net of tax	9	**8 058**	1 077	12 046
gross remeasurement items		**9 901**	1 616	12 892
tax effect and non-controlling interest effect		**(1 843)**	(539)	(846)
Effect of remeasurement items for equity accounted investments	9	**11**	14	13
Headline earnings		**16 798**	21 465	25 284

for the year ended 30 June	2018 Rand	2017 Rand	2016 Rand
Headline earnings attributable to owners of Sasol Limited			
Headline earnings per share	**27,44**	35,15	41,40

8 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 effect of all dilutive potential ordinary shares resulting from the Sasol Inzalo and Sasol Khanyisa share transactions.

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 2018, 2017 and 2016.

The Sasol Khanyisa Tier 1, Tier 2 and Khanyisa Public are anti-dilutive for EPS and HEPS in 2018.

	Number of shares		
for the year ended 30 June	**2018 million**	2017 million	2016 million
Weighted average number of shares	**612,2**	610,7	610,7
Potential dilutive effect of outstanding share options	**–**	–	–
Potential dilutive effect of long-term incentive scheme*	**3,7**	1,7	–
Diluted weighted average number of shares for DEPS and DHEPS	**615,9**	612,4	610,7

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

for the year ended 30 June	**2018 Rm**	2017 Rm	2016 Rm
Diluted earnings is determined as follows:			
Earnings attributable to owners of Sasol Limited	**8 729**	20 374	13 225
Diluted earnings attributable to owners of Sasol Limited	**8 729**	20 374	13 225
Diluted headline earnings is determined as follows:			
Headline earnings attributable to owners of Sasol Limited	**16 798**	21 465	25 284
Diluted headline earnings attributable to owners of Sasol Limited	**16 798**	21 465	25 284

for the year ended 30 June	**2018 Rand**	2017 Rand	2016 Rand
Diluted earnings per share	**14,18**	33,27	21,66
Diluted headline earnings per share	**27,27**	35,05	41,40

ONCE-OFF ITEMS

for the year ended 30 June	Note	2018 Rm	2017 Rm	2016 Rm
9 Remeasurement items affecting operating profit				
Effect of remeasurement items for subsidiaries and joint operations				
Impairment of		**9 115**	2 477	12 320
property, plant and equipment	17	**7 623**	415	8 424
assets under construction	18	**1 492**	1 942	3 586
goodwill and other intangible assets		**–**	120	310
Reversal of impairment of		**(354)**	(1 136)	–
property, plant and equipment	17	**–**	(272)	–
assets under construction	18	**(14)**	(849)	–
goodwill and other intangible assets		**(56)**	–	–
equity accounted investments		**(269)**	(15)	–
other assets		**(15)**	–	–
Fair value write down - assets held for sale		**–**	64	–
Loss/(profit) on	10	**828**	211	936
disposal of property, plant and equipment		**(3)**	(25)	(412)
disposal of goodwill and other intangible assets		**11**	4	24
disposal of other assets		**(1)**	–	(1)
disposal of businesses		**(833)**	(51)	226
scrapping of property, plant and equipment		**454**	183	266
disposal and scrapping of assets under construction		**1 200**	100	833
Write-off of unsuccessful exploration wells	18	**312**	–	(3)
Realisation of foreign currency translation reserve		**–**	–	(361)
Remeasurement items per income statement		**9 901**	1 616	12 892
Tax effect		**(1 834)**	(532)	(829)
Non-controlling interest effect		**(9)**	(7)	(17)
Total remeasurement items for subsidiaries and joint operations, net of tax		**8 058**	1 077	12 046
Effect of remeasurement items for equity accounted investments		**11**	14	13
Total remeasurement items for the group, net of tax		**8 069**	1 091	12 059

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.

Impairment calculations

The recoverable amount of the assets reviewed for impairment is determined based on the higher of the fair value less costs to sell or value-in-use calculations. Key assumptions relating to this include the discount rate and cash flows. 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 company using the estimated growth rate for the specific business or project. Where reliable cash flow projections are available for periods longer than five years, those budgeted cash flows are used in the impairment 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.

9 Remeasurement items affecting operating profit continued

Main assumptions used for impairment calculations

		2018	2017	2016
Long-term average crude oil price (Brent) (nominal)*	US$/bbl	**73,91**	74,29	85,37
Long-term average gas price (Henry Hub), excluding margins (real)*	US$/mmbtu	**3,49**	3,69	3,73
Long-term average ethane price (nominal)*	US$c/gal	**37,42**	44,27	62,49
Long-term average exchange rate*	Rand/US$	**13,57**	14,71	14,95

* Assumptions are provided on a long-term average basis. The 2018 and 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 2016 are based on a ten year period.

		South Africa %	United States of America %	Europe %	Canada %
Growth rate – long-term Producer Price Index	**2018**	**5,50**	**2,00**	**2,00**	**2,00**
Weighted average cost of capital*	**2018**	**12,71**	**7,56**	**7,68 - 9,35**	**7,68**
Discount rate – risk adjusted	**2018**	**12,71**	**7,56**	**7,68 - 9,35**	**10,00**
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

* 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 developments. 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 future cash flows and defining of 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 and reversals of assets in 2018

Cash-generating unit (CGU)	Business segmentation	Property, plant and equipment 2018 Rm	Assets under con-struction 2018 Rm	Goodwill and other intangible assets 2018 Rm	Other 2018 Rm	**Total 2018 Rm**
Chlor Vinyls value chain	Base Chemicals	**4 866**	**299**	**–**	**–**	**5 165**
Sasol Canada – Shale gas assets	Exploration and Production International	**2 714**	**50**	**–**	**–**	**2 764**
Sasol Petroleum Mozambique – Production Sharing Agreement (PSA)	Exploration and Production International	**–**	**1 143**	**–**	**–**	**1 143**
Other	Various	**43**	**(14)**	**(56)**	**(284)**	**(311)**
		7 623	**1 478**	**(56)**	**(284)**	**8 761**

Base Chemicals – Chlor Vinyls value chain

The full carrying value of our Chlor Vinyls value chain in South Africa was impaired by R5,2 billion in 2018 due to the continued and sustained strengthening of the exchange rate outlook and the resulting impact on Base Chemicals margins.

Sasol Canada – Shale gas assets

Our shale gas assets in Canada were impaired by a further R2,8 billion (CAD281 million) in the first half of 2018 to a carrying value of R2,4 billion (CAD232 million). This impairment was due to the depressed Canadian gas market, resulting in a further decline in long-term gas prices. Variability in economic factors and project risk were adjusted for in the discount rate, and a risk-adjusted discount rate of 10% was used. These assets were previously impaired (2016 – R9,9 billion (CAD880 million); 2015 – R1,3 billion (CAD133 million); 2014 – R5,3 billion (CAD540 million)), mainly due to the declining gas prices. As at 30 June 2018, the carrying value of the Montney assets consisted of the following components:

	2018 CADm
Property, plant and equipment (including mineral assets)	**315**
Short-term rehabilitation provision	**(8)**
Final carry payable on 1 July 2018	**(75)**
Carrying value	**232**

Sasol Petroleum Mozambique – PSA

At 30 June 2018 an impairment of R1,1 billion (US$94 million) was recognised in respect of the PSA asset. The project is still in an early stage of development with the impairment largely driven by lower than expected oil volumes and weaker long-term macroeconomic assumptions. A discount rate of 13,23% (2017: 12,16%) was used which takes into account the project's exposure to both South Africa and Mozambican operating and fiscal environment.

Significant scrapping of assets

US Gas-To-Liquids (GTL)

At 31 December 2017 we scrapped the remaining capitalised FEED costs relating to our US GTL assets of R1,1 billion (US$83 million), following our formal strategic decision not to pursue new GTL ventures in future. This is in addition to an impairment recognised in 2017 of R1,7 billion (US$130 million) based on the delay of the US GTL project and the uncertainty around the probability and timing of project execution.

Significant impairments of assets in prior periods

Base Chemicals - Lake Charles Chemicals Project

In 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. In 2017, following a detailed review of the plant economics and on evaluating the results of benchmarking of similar Sasol assets, the useful life of the asset was extended from 25 years to 50 years. Based on this, the previous impairment of R849 million (US$65 million) was reversed. This re-assessment of the impairment took into account the following factors:

- The spot WACC rate for the US decreased from 8,0% to 6,6% at 30 June 2017;
- Project completion advanced to 74%, giving more certainty to the timeline and cost estimates;
- The benefit of the useful life extension 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.

US Phenolics

In 2017 the US Phenolics assets were impaired by R527 million (US$38,4 million), in addition to R165 million (US$ 11,2 million) impaired in 2016. These impairments were largely driven by lower forecasted profit margins and lower volumes.

9 Remeasurement items affecting operating profit continued

Sensitivity to changes in assumptions:

Management has considered the sensitivity of the impairment 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:

Base Chemicals – Chlor Vinyls value chain

The performance of this CGU is highly sensitive to the rand/US dollar exchange rate. A R0,50/US$ change in the exchange rate assumption could change the recoverable amount of the CGU by approximately R986 million. The macroeconomic factors are outside of the control of management. We continue to monitor these assets for signs of recovery indicating a reversal of impairment.

Base Chemicals – Polyethylene CGU

This CGU is highly sensitive to the rand/US dollar exchange rate, chemical prices and sales volumes. At 30 June 2018, the difference between the recoverable amount and carrying value was marginal and no impairment was recognised. We continue to monitor these assets for signs of recovery.

Sasol Petroleum Mozambique – PSA

The PSA is sensitive to changes in assumptions regarding oil volumes, gas prices and discount rates. An oil volume increase of 20% would increase the recoverable amount by US$35 million. A 10% change in gas prices would change the recoverable amount by approximately US$24 - US$28 million. A 0,5% change in the discount rate would change the recoverable amount by approximately US$19 - US$21 million.

Sasol Canada – Shale gas assets

The impairment calculation is particularly sensitive to changes in volume forecasts, gas prices and exchange rates. These variables are interdependent and accordingly a 5% change in any of these variables could change the recoverable amount by R792 million – R936 million (CAD76 million – CAD90 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 macroeconomics, 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.

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 starts 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.

10 Disposals and scrapping

for the year ended 30 June	Note	2018 Rm	2017 Rm	2016 Rm
Property, plant and equipment	17	**591**	836	348
cost		**6 297**	7 037	5 099
accumulated depreciation and impairment		**(5 706)**	(6 201)	(4 751)
Assets under construction	18	**1 200**	105	963
Goodwill and other intangible assets		**147**	103	107
cost		**319**	173	392
accumulated amortisation and impairment		**(172)**	(70)	(285)
Equity accounted investments		**1 525**	–	1 042
Long-term receivables and prepaid expenses		**–**	7	–
Assets in disposal groups held for sale		**215**	–	126
Trade and other receivables		**339**	7	–
Cash and cash equivalents		**36**	–	–
Long-term provisions	31	**–**	–	(356)
Liabilities in disposal groups held for sale		**–**	–	(43)
Short-term provisions		**(24)**	–	–
Tax payable		**(35)**	–	–
Trade and other payables		**(208)**	(30)	–
		3 786	1 028	2 187
Non-controlling interest		**(51)**	–	–
		3 735	1 028	2 187
Total consideration		**2 425**	788	772
consideration received		**2 316**	788	569
long-term supply agreement		**109**	–	–
consideration still receivable		**–**	–	203
		(1 310)	(240)	(1 415)
Realisation of accumulated translation effects		**482**	29	479
Net loss on disposal		**(828)**	(211)	(936)
Consideration received comprising				
Base Chemicals – Investment in Petronas Chemicals LDPE Sdn Bhd and Petronas Chemicals Olefins Sdn Bhd		**1 918**	–	–
Energy – Property and mineral rights in the US (Lake de Smet)		**215**	–	–
Exploration and Production International – Farm down of Area A in Mozambique		**–**	–	464
Energy – Sale of Canada land		**–**	389	–
Other		**183**	399	308
Consideration received		**2 316**	788	772

Significant disposals and scrappings in 2018

Base Chemicals – Investment in Petronas Chemicals LDPE Sdn Bhd and Petronas Chemicals Olefins Sdn Bhd

Our divestment from Petronas Chemicals LDPE Sdn Bhd and Petronas Chemicals Olefins Sdn Bhd was concluded on 14 March 2018, resulting in a profit on disposal of R864 million, including the reclassification of the Foreign Currency Translation Reserve of R494 million.

Energy – US Gas-To-Liquids (GTL) Scrapping

We have scrapped the US GTL Project amounting to R1,1 billion (US$83 million) during the 2018 financial year.

Significant disposals in prior periods

Energy – Sale of Canada land

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

Energy – Investment in Uzbekistan GTL joint venture

In 2016, we decided to withdraw from our equity participation by exercising a put option for US$1. Accordingly, the disposal of the equity accounted investment was accounted for on the date of exercise of the put option resulting in a net loss of R563 million, including the reclassification of the Foreign Currency Translation Reserve of R479 million.

for the year ended 30 June		2018 Rm	2017 Rm
11	**Disposal groups held for sale**		
	Assets in disposal groups held for sale		
	Performance Chemicals – Heat Transfer Fuels (HTF) business	**110**	–
	Energy – Property and mineral rights in the US	**–**	200
	Other	**3**	16
		113	216
	Liabilities in disposal groups held for sale		
	Performance Chemicals – Heat Transfer Fuels (HTF) business	**(36)**	–
		(36)	–
	Business segmentation		
	■ Mining	**3**	14
	■ Energy	**–**	202
	■ Performance Chemicals	**74**	–
	Total operations	**77**	216

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	2018 Rm	2017 Rm	2016 Rm
12 Taxation				
South African normal tax		**4 035**	4 393	5 826
current year		**4 689**	3 887	6 084
prior years		**(654)**	506	(258)
Dividend withholding tax		**68**	59	86
Foreign tax		**2 530**	2 682	2 420
current year		**3 035**	2 680	2 704
prior years		**(505)**	2	(284)
Income tax		**6 633**	7 134	8 332
Deferred tax – South Africa	14	**(414)**	2 677	1 894
current year		**(545)**	2 634	1 878
prior years		**131**	43	16
Deferred tax – foreign	14	**(661)**	(1 316)	(1 535)
current year		**(874)**	(718)	(734)
prior years		**485**	(127)	81
recognition of previously unrecognised deferred tax assets*		**(49)**	(470)	(945)
tax rate change		**(223)**	(1)	63
		5 558	8 495	8 691

* Included in the previous years 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 in 2017 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	2018 Rm	2017 Rm	2016 Rm
South Africa	**3 994**	7 013	7 806
Rest of Africa	**854**	951	(526)
Europe	**1 649**	906	1 137
United States of America	**(1 032)**	(424)	183
Other	**93**	49	91
Total operations	**5 558**	8 495	8 691

Contingent liability

As previously reported, the South African Revenue Service (SARS) issued revised assessments for Sasol Oil (Pty) Ltd (Sasol Oil) relating to a dispute around our international crude oil procurement activities for the 2005 to 2012 tax years. Sasol Oil has co-operated fully with SARS during the course of the audit related to these assessments.

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 R1,3 billion was recognised in the prior year 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 filed an appeal with the Supreme Court of Appeal (SCA). The SCA hearing will take place on 21 August 2018 and it is anticipated that the judgement will likely be delivered within a few months thereafter.

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 R12,6 billion for the periods 2013 to 2014 on varying tax principles relating to the aforementioned activities, which remains the subject of an appeal. Supported by specialist tax and legal advisors, Sasol Oil disagrees with SARS' additional assessments for the 2013 and 2014 periods and has filed an appeal in the Tax Court, which has been suspended pending the decision of the SCA. A possible obligation may arise for the tax years subsequent to 2014, which could give rise to a future contingent liability, also depending to a degree on the outcome of the SCA hearing.

SARS' decision to suspend the payment of this disputed tax for the periods 2005 to 2014 currently remains in force.

In 2010, SARS commenced with a request for information in respect of Sasol Financing International Plc (SFI). This matter progressed to an audit over the years and has now culminated in SARS issuing a final audit letter on 16 February 2018. Consequently, assessments were issued in respect of the 2002 to 2012 tax years. SARS argues that the place of effective management of SFI, an offshore treasury function, was South Africa. This approach could result in potential tax exposure of R3,1 billion (including interest and penalties as at 30 June 2018). SFI has co-operated fully with SARS during the course of the audit related to these assessments. SFI, in consultation with its tax and legal advisors, does not support the basis of these additional assessments for all the years. Accordingly, SFI lodged objections and will submit appeals (as the case may be) to the assessments as the legal process unfolds. SARS' decision to suspend the payment of this disputed tax for the periods 2002 to 2012 currently remains in force.

Sasol is committed to compliance with tax laws and any disputes with tax authorities on the interpretation of tax laws and regulations will be addressed in a transparent and constructive manner.

12 **Taxation** continued

	2018 %	2017 %	2016 %
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**	0,9	1,2
disallowed expenditure[1]	**4,2**	2,3	4,3
disallowed share-based payment expenses[2]	**5,3**	0,1	0,2
translation differences	**–**	–	1,1
different tax rates	**2,6**	0,3	1,0
effect of tax litigation matters[3]	**–**	3,2	–
tax losses not recognised[4]	**9,3**	1,0	13,1
prior year adjustments	**0,4**	–	–
other adjustments	**1,5**	0,4	1,2
	52,2	36,2	50,1
Decrease in rate of tax due to:			
exempt income[5]	**(4,2)**	(0,4)	(0,8)
share of profits of equity accounted investments	**(2,6)**	(1,0)	(0,6)
exempt income on reversal of EGTL provision	**–**	–	(2,7)
recognition of previously unrecognised deferred tax assets	**–**	(1,6)	(4,0)
utilisation of tax losses	**(0,4)**	–	(0,7)
investment incentive allowances[6]	**(6,9)**	(2,4)	(2,4)
effect of tax rate change in the US	**(1,4)**	–	–
translation differences	**(0,9)**	(0,9)	–
prior year adjustments	**–**	(1,4)	(1,9)
other adjustments	**(0,4)**	(0,2)	(0,4)
Effective tax rate	**35,4**	28,3	36,6
Adjusted effective tax rate[7]	**27,3**	26,5	28,2

1 Includes non-deductible expenses incurred not deemed to be in the production of taxable income mainly relating to exploration activities.

2 This relates to the recognition of a share-based payment expense of R3 billion with the implementation of Sasol Khanyisa, our new Broad-Based Black Economic Empowerment (B-BBEE) ownership structure.

3 2017, includes tax, interest and penalties of litigation matters pertaining to Sasol Oil.

4 Tax losses not recognised in 2018 resulted mainly from the R2,8 billion impairment of the Canadian shale gas asset and the Mozambique PSA impairment of R1,1 billion for which no deferred tax asset was raised. Refer note 9.

5 Includes profit on disposal of our investments in Petronas Chemicals LDPE Sdn Bhd and Petronas Chemicals Olefins Sdn Bhd.

6 Energy efficiency allowances increased by R300 million compared to the prior year.

7 Effective tax rate adjusted for equity accounted investments, remeasurement items and the once-off items.

for the year ended 30 June	Note	2018 Rm	2017 Rm	2016 Rm
13 Tax paid				
Net amounts receivable at beginning of year		**(635)**	(1 609)	(658)
Disposal of businesses		**(35)**	–	–
Net interest and penalties on tax		**92**	245	(72)
Income tax per income statement	12	**6 633**	7 134	8 332
Foreign exchange differences recognised in income statement		**(52)**	(8)	66
Translation of foreign operations		**54**	(45)	52
		6 057	5 717	7 720
Net tax receivable per statement of financial position		**984**	635	1 609
tax payable		**(2 318)**	(1 903)	(878)
tax receivable		**3 302**	2 538	2 487
Per the statement of cash flows		**7 041**	6 352	9 329
Comprising				
Normal tax				
South Africa		**4 681**	3 984	6 321
Foreign		**2 292**	2 309	2 922
Dividend withholding tax		**68**	59	86
		7 041	6 352	9 329

for the year ended 30 June	Note	2018 Rm	2017 Rm
14 Deferred tax			
Reconciliation			
Balance at beginning of year		**22 778**	20 302
Current year charge		**(851)**	2 421
per the income statement	12	**(1 075)**	1 361
per the statement of comprehensive income		**224**	1 060
Foreign exchange differences recognised in income statement		**34**	(148)
Translation of foreign operations		**(149)**	203
Balance at end of year		**21 812**	22 778
Comprising			
Deferred tax assets		**(4 096)**	(3 082)
Deferred tax liabilities		**25 908**	25 860
		21 812	22 778

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

14 **Deferred tax** continued

for the year ended 30 June	2018 Rm	2017 Rm
Attributable to the following tax jurisdictions		
South Africa	**22 501**	23 699
United States of America	**301**	(370)
Germany	**(431)**	(210)
Mozambique	**766**	1 036
Other	**(1 325)**	(1 377)
	21 812	22 778
Deferred tax is attributable to temporary differences on the following:		
Net deferred tax assets:		
Property, plant and equipment	**1 194**	1 200
Short- and long-term provisions	**(1 296)**	(1 560)
Calculated tax losses	**(3 267)**	(1 705)
Other	**(727)**	(1 017)
	(4 096)	(3 082)
Net deferred tax liabilities:		
Property, plant and equipment	**32 233**	31 009
Current assets	**(777)**	(289)
Short- and long-term provisions	**(4 991)**	(4 898)
Calculated tax losses	**(284)**	(518)
Financial derivatives	**57**	11
Other	**(330)**	545
	25 908	25 860

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	2018 Rm	2017 Rm
Calculated tax losses		
(before applying the applicable tax rate)		
Available for offset against future taxable income	**23 893**	25 856
Utilised against the deferred tax balance	**(6 272)**	(7 706)
Not recognised as a deferred tax asset	**17 621**	18 150
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 three and five years	**376**	–
Expiry thereafter	**16 826**	17 920
Indefinite life	**419**	230
	17 621	18 150

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.

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	2018 Rm	2017 Rm
Unremitted earnings at end of year that would be subject to dividend withholding tax	**45 280**	40 266
Europe	**12 555**	11 826
Rest of Africa	**2 346**	2 891
United States of America	**23 591**	18 968
Other	**6 788**	6 581
Tax effect if remitted	**1 718**	1 582
Europe	**267**	327
Rest of Africa	**188**	235
United States of America	**1 179**	948
Other	**84**	72

Dividend withholding tax

Dividend withholding tax is payable at a rate of 20% on dividends distributed to 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	2018 Rm	2017 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	**185 064**	175 132
Maximum withholding tax payable by shareholders if distributed to individuals	**37 013**	35 026

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.

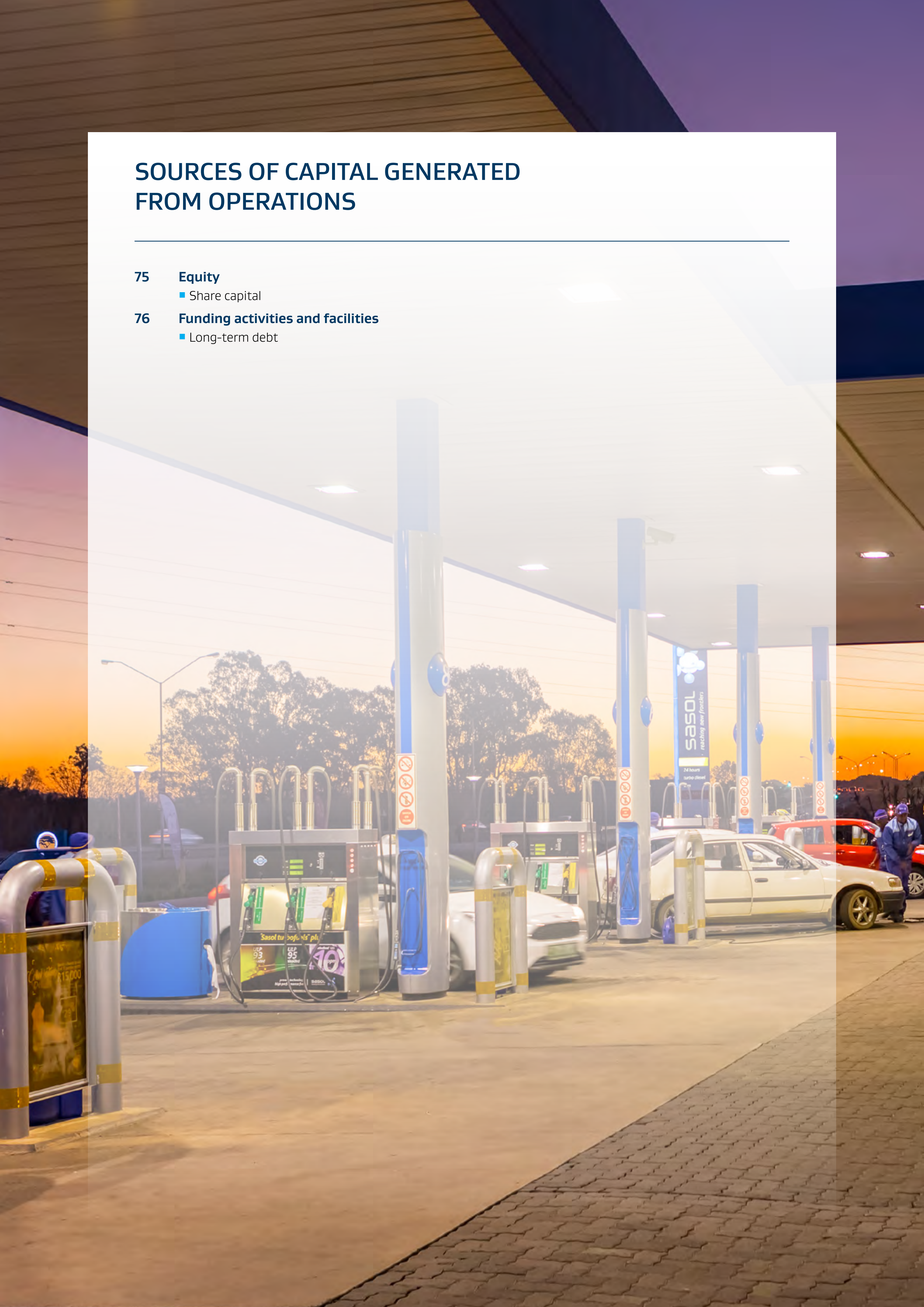
Deferred tax is provided for using the liability method, on all temporary differences between the carrying amount of assets and liabilities for accounting purposes and the amounts used for tax purposes and on any tax losses. No deferred tax is provided on temporary differences relating to:

- 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 GENERATED FROM OPERATIONS



EQUITY

for the year ended 30 June	2018 Rm	2017 Rm	2016 Rm
15 Share capital			
Issued share capital (as per statement of changes in equity)*	**15 775**	29 282	29 282

	Number of shares		
for the year ended 30 June	2018	2017	2016
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**	**158 331 335**	18 923 764	18 923 764
	1 314 407 571	1 175 000 000	1 175 000 000
Issued			
Shares issued at beginning of year	**679 822 439**	679 775 162	679 480 362
Issued in terms of the employee share schemes	**1 776 361**	47 277	294 800
Repurchase and cancellation of shares*	**(43 503 454)**	–	–
Issued in terms of Sasol Khanyisa***	**7 465 582**	–	–
Shares issued at end of year	**645 560 928**	679 822 439	679 775 162
Comprising			
Sasol ordinary shares of no par value	**623 081 550**	651 436 793	651 389 516
Sasol preferred ordinary shares of no par value	**16 085 199**	25 547 081	25 547 081
Sasol BEE ordinary shares of no par value	**6 394 179**	2 838 565	2 838 565
	645 560 928	679 822 439	679 775 162
Unissued shares			
Sasol ordinary shares of no par value	**504 609 040**	476 253 797	476 301 074
Sasol preferred ordinary shares of no par value	**12 300 447**	2 838 565	2 838 565
Sasol BEE ordinary shares of no par value	**151 937 156**	16 085 199	16 085 199
	668 846 643	495 177 561	495 224 838

* On 4 June 2018 25 231 686 Sasol Limited ordinary shares were repurchased from the Inzalo Employee schemes at a nominal value of R0,01 per share (as per Sasol's rights of repurchase under the Inzalo Employee schemes trust deeds). The Inzalo Employee scheme participants will not receive a distribution of Sasol Limited ordinary shares.

On 26 June 2018, 9 461 882 Sasol Limited preferred ordinary shares were repurchased from Inzalo Groups Funding at a purchase price of R475,03 per share as per the shareholders authorisation obtained at the Annual General Meeting held on 17 November 2017, which had the effect that these shares were cancelled and restored to authorised share capital.

8 809 886 Sasol Limited ordinary shares were repurchased on 26 February 2018 from its wholly owned subsidiary, Sasol Investment Company (Pty) Ltd as per shareholders approval obtained at the Annual General Meeting held on 17 November 2017, which had the effect that these shares were cancelled and restored to authorised share capital. As at 30 June 2018 Sasol Investment Company (Pty) Ltd had no shareholding in Sasol ordinary shares, (30 June 2017 – 8 809 886; 30 June 2016 – 8 809 886). At 30 June 2017 and 30 June 2016, these shares represented 1,43% of the issued share capital of the company, excluding the Sasol Inzalo share transaction. These shares were held as treasury shares and did not carry any voting rights.

** At the Annual General Meeting of 17 November 2017, shareholders approved the increase in authorised Sasol BEE ordinary shares from 18 923 764 to 158 331 335.

*** With the implementation of Sasol Khanyisa 2 973 022 Sasol BEE shares were issued to Sasol Khanyisa Public, 2 458 880 shares were issued relating to the Khanyisa Employee Share Ownership Plan, 1 876 288 shares were redesignated to SOL shares.

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	2018 Rm	2017 Rm
16 Long-term debt			
Total long-term debt		**109 454**	81 405
Short-term portion		**(12 763)**	(7 093)
		96 691	74 312
Analysis of long-term debt			
At amortised cost			
Secured debt		**62 601**	43 827
Preference shares		**7 493**	12 045
Finance leases		**7 624**	1 864
Unsecured debt		**32 513**	24 461
Unamortised loan costs		**(777)**	(792)
		109 454	81 405
Reconciliation			
Balance at beginning of year		**81 405**	79 877
Loans raised		**31 061**	9 664
proceeds from new loans*		**24 961**	9 277
finance leases acquired		**6 100**	387
Loans repaid**		**(9 199)**	(2 364)
Interest accrued	7	**878**	956
Amortisation of loan costs	7	**462**	279
Translation effect of foreign currency loans		**22**	(15)
Translation of foreign operations		**4 825**	(6 992)
Balance at end of year		**109 454**	81 405
Interest-bearing status			
Interest-bearing debt		**108 017**	80 352
Non-interest-bearing debt		**1 437**	1 053
		109 454	81 405
Maturity profile			
Within one year		**12 763**	7 093
One to five years		**72 899**	58 933
More than five years		**23 792**	15 379
		109 454	81 405
Business segmentation			
Mining		**679**	1 360
Exploration and Production International		**784**	755
Energy		**9 503**	7 058
Base Chemicals		**33 511**	21 890
Performance Chemicals		**28 119**	18 037
Group Functions		**36 858**	32 305
Total operations		**109 454**	81 405

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 1,2% and 13,3% were used to discount estimated cash flows based on the underlying currency of the debt.

	2018 Rm	2017 Rm
Total long-term debt (before unamortised loan costs)***	**109 984**	82 261

* Loans raised to fund US growth projects.
** Mainly relates to the repayment of the Inzalo Groups debt.
*** The difference in the fair value of long-term debt when compared to the carrying value is mainly due to the prevailing market price of the debt instruments.

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 (2018 – R446 billion; 2017 – R423 billion).

Terms of repayment	Security	Business	Currency	Interest rate at 30 June 2018	2018 Rm	2017 Rm
Secured debt						
Repayable in bi-annual instalments ending December 2021	Secured by assets under construction with a carrying value of R140 912 million (2017 – R101 039 million) and other assets with a carrying value of R24 368 million (2017 – R17 294 million)	Base and Performance Chemicals (US Operations)	US dollar	**Libor + 2,25%[1]**	**54 953**	36 748
Repayable in quarterly instalments ending April 2021	Secured by property, plant and equipment with a carrying value of R4 551 million (2017 – R4 593 million).	Base Chemicals	US dollar	**Libor + 2,5%**	**2 765**	2 686
Repayable in bi-annual instalments ending June 2022	Secured by property, plant and equipment with a carrying value of R5 415 million (2017 – R5 888 million)	Energy (Rompco)	Rand	**Jibar + 1,75%**	**3 473**	4 148
Repayable in bi-annual instalments ending February 2030	Secured by shares, property, plant and equipment with a carrying value of R1 443 million	Energy (CTRG)	US dollar	**Jibar + 5,5%**	**1 183**	–
		Various	Various	**Various**	**227**	245
					62 601	43 827
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%**	**828**	1 471
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%**	**789**	1 164
C preference shares repayable September 2018[2]	Secured by guarantee from Sasol Limited	Group Functions (Inzalo)	Rand	**Variable 68% of prime**	**5 822**	9 247
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%**	**54**	163
					7 493	12 045

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 40.

2 A, B and C preference share debt was raised within structured entities as part of the Sasol Inzalo share transaction (refer to note 35.1).

The Sasol Inzalo Public transaction will unwind in September 2018. The A and B preference shares are secured by rights over the Sasol Limited preferred ordinary shares held in the Inzalo Public entities. It is expected that the A, B and C preference share debt will be settled by Sasol as a repurchase of shares in the Inzalo Public entities. The estimated required share price at that point, to create value for the Inzalo Public participants, is R462.

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.

16 Long-term debt continued

Terms of repayment	Security	Business	Currency	Interest rate at 30 June 2018	2018 Rm	2017 Rm
Finance leases[4]						
Repayable in monthly instalments over 15 to 40 years ending December 2056	Secured by plant and with a carrying value R7 541 million (2017 – R1 955 million)	Energy, Base and Performance Chemicals	Various	**Fixed 4,0% to 16,6% and variable 8,2% to 13,3%**	**7 521**	1 730
Other finance leases	Underlying assets	Various	Various	**Various**	**103**	134
					7 624	1 864
					77 718	57 736

4 The increase in finance leases mainly relate to:
Air Liquide: We have entered into a lease agreement for an Air Separation Unit, built and owned by Air Liquide. The finance lease was capitalised on 1 January 2018 at R3,4 billion.
Lake Charles Chemicals Project: We entered into rail yard and wash bay lease agreements to support our Lake Charles Chemicals Project rail operations. The leases were capitalised in December 2017 and April 2018 respectively. The finance lease assets capitalised was R1,8 billion.

Terms of repayment	Business	Currency	Interest rate at 30 June 2018	2018 Rm	2017 Rm
Unsecured debt					
Various repayment terms ending June 2029	Various	Various	**Various**	**1 567**	1 773
Repayable in July 2018	Exploration and Production International	Canadian dollar	**–**	**784**	755
Various repayment terms	Energy	Rand	**Fixed 8,0%**	**523**	397
Various repayment terms from December 2018 to November 2024[5]	Group Functions (Sasol Financing)	US dollar	**Fixed 4,5% and variable Libor + 1% to 1,50%**	**29 014**	20 336
Repayable in bi-annual instalments ending December 2018	Mining	Rand	**Jibar + 1,25%**	**625**	1 200
Total unsecured debt				**32 513**	24 461
Total long-term debt				**110 231**	82 197
Unamortised loan costs (amortised over period of debt using the effective interest rate method)				**(777)**	(792)
				109 454	81 405
Short-term portion of long-term debt				**(12 763)**	(7 093)
				96 691	74 312

5 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 2018	Total facilities US$m	Cash utilised US$m	Remaining US$m	Rand equivalent
Lake Charles Chemicals Project funding profile				
Term loan	3 995	3 995	–	**–**
Available cash, cash flow from operations and general borrowings	7 135	5 243	1 892	**25 977**
Total funding requirement	11 130	9 238	1 892	**25 977**

30 June 2018	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	5 900	5 900	1 719	4 181
Commercial banking facilities	Various	US dollar	250	3 432	2 059	1 373
Revolving credit facility	November 2024	US dollar	3 900	53 537	13 041	40 496
Debt arrangements						
US Dollar Bond	November 2022	US dollar	1 000	13 728	13 728	–
Other Sasol businesses						
Specific project asset finance						
US Operations (funding of LCCP)	December 2021	US dollar	3 995	54 841	54 841	–
US Operations (Letter of credit for LCCP)	December 2021	US dollar	45	618	–	618
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)	December 2019	Rand	952	952	952	–
Base Chemicals – High-density polyethylene plant	July 2028	US dollar	202	2 732	2 732	–
Mining – Mine replacement programme	December 2018	Rand	625	625	625	–
Energy – Clean Fuels II (Natref)	Various	Rand	1 409	1 409	1 409	–
Debt arrangements						
Sasol Inzalo (preference shares)	September 2018	Rand	5 649	5 649	5 649	–
Mining preference shares	October 2018	Rand	53	53	53	–
Other debt arrangements		Various	–	–	10 515	–
					109 834	54 668
Available cash						15 059
Total funds available for use						69 727
Total utilised facilities						109 834
Accrued interest						878
Unamortised loan cost						777
Total debt including accrued interest and unamortised loan cost						111 489
Comprising						
Long-term debt						96 691
Short-term debt						14 709
Short-term debt						1 946
Short-term portion of long-term debt						12 763
Bank overdraft						89
						111 489

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
17 Property, plant and equipment					
Carrying amount at 30 June 2017	1 357	7 851	117 699	31 866	**158 773**
Additions	5	367	6 327	293	**6 992**
to sustain existing operations	5	29	4 279	293	**4 606**
to expand operations	–	338	2 048	–	**2 386**
Net reclassification from/(to) other assets	3	(171)	169	(1)	**–**
Reduction in rehabilitation provisions capitalised (note 31)	–	(2)	(85)	(874)	**(961)**
Disposal of business	–	–	(24)	–	**(24)**
Projects capitalised	1 268	928	19 990	3 130	**25 316**
Reclassification (to)/from held for sale	15	(6)	(50)	–	**(41)**
Translation of foreign operations	113	151	1 512	(137)	**1 639**
Disposals and scrapping	(17)	(9)	(428)	(113)	**(567)**
Current year depreciation charge	–	(572)	(12 445)	(3 030)	**(16 047)**
Net impairment of property, plant and equipment	–	–	(5 329)	(2 294)	**(7 623)**
Carrying amount at 30 June 2018	**2 744**	**8 537**	**127 336**	**28 840**	**167 457**

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 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 31)	–	(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

17 Property, plant and equipment continued

for the year ended 30 June	Land Rm	Building and improvements Rm	Plant, equipment and vehicles Rm	Mineral assets Rm	Total Rm
2018					
Cost	**3 036**	**15 652**	**239 262**	**70 386**	**328 336**
Accumulated depreciation and impairment	**(292)**	**(7 115)**	**(111 926)**	**(41 546)**	**(160 879)**
	2 744	**8 537**	**127 336**	**28 840**	**167 457**
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

	2018 Rm	2017 Rm
Business segmentation		
■ Mining	**22 584**	21 715
■ Exploration and Production International	**7 646**	11 765
■ Energy	**47 743**	42 238
■ Base Chemicals	**42 347**	38 215
■ Performance Chemicals	**43 801**	41 367
■ Group Functions	**3 336**	3 473
Total operations	**167 457**	158 773

for the year ended 30 June	2018 Rm	2017 Rm	2016 Rm
Additions to property, plant and equipment (cash flow)			
Current year additions*	**6 992**	1 112	6 545
Adjustments for non-cash items	**(6 278)**	(722)	(2 241)
movement in environmental provisions capitalised	**(178)**	(324)	(1 282)
movement in long-term debt*	**(6 100)**	–	(821)
other non-cash movements	**–**	(398)	(138)
Per the statement of cash flows	**714**	390	4 304

* Additions to the current year include the Air Separation Unit at SSO R3,4 billion and the Lake Charles Chemical Project rail yard and wash bay leases of R1,8 billion that commenced during this year. 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 (R780 million) settled on 3 July 2018.

for the year ended 30 June	2018 Rm	2017 Rm
Leased assets		
Carrying value of capitalised leased assets (included in plant, equipment and vehicles)	**7 547**	2 060
cost	**9 116**	3 182
accumulated depreciation	**(1 569)**	(1 122)
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	**179 172**	154 739
Authorised but not yet contracted for	**40 687**	61 673
Less expenditure to the end of year	**(156 583)**	(125 676)
	63 276	90 736
to sustain existing operations	**26 925**	23 850
to expand operations	**36 351**	66 886
Estimated expenditure		
Within one year	**38 150**	59 236
One to five years	**25 126**	31 500
	63 276	90 736
Business segmentation		
Mining	**2 640**	3 099
Exploration and Production International	**18 811**	19 431
Energy	**10 466**	10 327
Base Chemicals	**16 857**	29 722
Performance Chemicals	**14 148**	27 396
Group Functions	**354**	761
Total operations	**63 276**	90 736

17 Property, plant and equipment continued

Significant capital commitments at 30 June comprise of:

Project	**Project location**	**Business segment**	**2018 Rm**	2017 Rm
Lake Charles Chemicals Project	United States	Base and Performance Chemicals	**15 433**	46 051
Mozambique exploration and development	Mozambique	Exploration and Production International	**17 108**	18 883
Sixth fine ash dam	Secunda	Energy	**3 720**	5 072
Shutdown and major statutory maintenance	Various	Energy, Base and Performance Chemicals	**6 172**	5 144
Renewal projects	Secunda	Energy, Base and Performance Chemicals	**3 060**	2 242
China Ethoxylation plant	China	Performance Chemicals	**577**	1 109
Air Liquide - air separation unit	Secunda	Energy, Base and Performance Chemicals	**470**	886
Refurbishment of equipment	Secunda	Mining	**445**	359
Mine geographical expansions	Secunda	Mining	**426**	331
Impumelelo Colliery to maintain Brandspruit Colliery operation	Secunda	Mining	**357**	622
High-density polyethylene plant	United States	Base Chemicals	**–**	622
Shondoni Colliery to maintain Middelbult Colliery operation	Secunda	Mining	**79**	557
Canadian shale gas asset	Canada	Exploration and Production International	**73**	237
Coal tar filtration east and west project	Secunda	Energy, Base and Performance Chemicals	**779**	706
Other capital commitments	Various	Various	**14 577**	7 915
			63 276	90 736

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	1 – 17 %
Retail convenience centres	3 – 5 %
Plant	2 – 50 %
Equipment	3 – 67 %
Vehicles	5 – 33 %
Mineral assets	Units of production over life of related reserve base
Life-of-mine coal assets	Units of production over life of related reserve base

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

18 Assets under construction

Balance as at 30 June 2017	129 124	1 245	365	**130 734**
Additions	51 871	321	614	**52 806**
to sustain existing operations	18 889	238	–	**19 127**
to expand operations	32 982	83	614	**33 679**
Net reclassification from/(to) other assets	42	(33)	–	**9**
Finance costs capitalised	3 568	–	–	**3 568**
Net impairment of assets under construction	(1 478)	–	(312)	**(1 790)**
Reduction in rehabilitation provision capitalised (note 31)	(341)	–	(131)	**(472)**
Projects capitalised	(25 315)	(454)	–	**(25 769)**
Translation of foreign operations	7 464	46	(35)	**7 475**
Disposals and scrapping	(1 152)	–	(48)	**(1 200)**
Balance at 30 June 2018	**163 783**	**1 125**	**453**	**165 361**

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 (to)/from 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 31)	(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

18 Assets under construction continued

for the year ended 30 June	2018 Rm	2017 Rm
Business segmentation		
Mining	**2 095**	1 141
Exploration and Production International	**6 457**	6 256
Energy	**5 993**	9 064
Base Chemicals	**75 099**	59 908
Performance Chemicals	**75 144**	54 006
Group Functions	**573**	359
Total operations	**165 361**	130 734

for the year ended at 30 June	2018 Rm	2017 Rm	2016 Rm
Additions to assets under construction (cash flow)			
Current year additions	**52 806**	60 312	70 849
Adjustments for non-cash items	**(171)**	(420)	(1 427)
cash flow hedge accounting	**1**	(2)	(2)
movement in environmental provisions capitalised	**(172)**	(418)	(1 425)
Per the statement of cash flows	**52 635**	59 892	69 422

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.

	2018 Rm	2017 Rm
Capital expenditure		
Projects to sustain operations comprise of:		
Secunda Synfuels Operations	**8 608**	8 453
Shutdown and major statutory maintenance	**3 775**	3 569
Renewals	**1 481**	1 002
Oxygen train 17 (Outside Battery Limits portion)	**417**	979
Sixth fine ash dam (environmental)	**1 353**	637
Volatile organic compounds abatement programme (environmental)	**137**	655
Coal tar filtration east project (safety)	**294**	419
Other environmental related expenditure	**133**	185
Other safey related expenditure	**362**	377
Other sustain	**656**	630
Mining (Secunda and Sasolburg)	**3 720**	2 831
Shondoni Colliery to maintain Middelbult Colliery operation	**318**	368
Impumelelo Colliery to maintain Brandspruit Colliery operation	**258**	274
Acquisition of mineral rights	**650**	–
Refurbishment of equipment	**867**	783
Mine geographical expansion	**449**	372
Other safety related expenditure	**196**	314
Other sustain	**982**	720
Other (in various locations)	**6 797**	5 602
Expenditure related to environmental obligations	**476**	174
Expenditure incurred relating to safety regulations	**409**	401
Other sustain	**5 912**	5 027
Capital expenditure cash flow	**19 125**	16 886

			2018 Rm	2017 Rm

Capital expenditure

Projects to expand operations comprise of:	Project location	Business segment	2018 Rm	2017 Rm
Lake Charles Chemicals Project*	United States	Base and Performance Chemicals	**30 100**	36 775
China Ethoxylation plant	China	Performance Chemicals	**398**	204
Canadian shale gas asset	Canada	Exploration and Production International	**101**	381
Fischer-Tropsch wax expansion project	Sasolburg	Performance Chemicals	**109**	606
High-density polyethylene plant	United States	Base Chemicals	**265**	1 448
Mozambique exploration and development	Mozambique	Exploration and Production International	**1 002**	1 840
Loop Line 2 project	Mozambique	Energy	**16**	638
Other projects to expand operations	Various	Various	**1 519**	1 114
Capital expenditure cash flow			**33 510**	43 006

*At 30 June 2018 actual capital expenditure (accrual basis) - R30,1 billion (US$2,3 billion) (2017 - R36,8 billion (US$2,7 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$3 995 million has been recognised.	Sasol Limited/ Sasol Financing	**54 953**	**52 155**

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.

18 Assets under construction continued

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	2018 Rm	2017 Rm

19 Long-term receivables and prepaid expenses

	2018 Rm	2017 Rm
Total long-term receivables	**3 883**	3 737
Short-term portion	**(97)**	(1 734)
	3 786	2 003
Long-term prepaid expenses	**860**	610
	4 646	2 613
Comprising:		
Long-term receivables (interest-bearing) - joint operations	**1 204**	414
Long-term loans	**2 582**	1 589
	3 786	2 003

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.

20 Equity accounted investments

for the year ended 30 June	2018 Rm	2017 Rm
Amounts recognised in the statement of financial position:		
Investments in joint ventures and associates	**10 991**	11 813

for the year ended 30 June	2018 Rm	2017 Rm
Business segmentation		
Mining	**1**	1
Energy	**9 667**	8 603
Base Chemicals	**1 164**	3 038
Performance Chemicals	**16**	14
Group Functions	**143**	157
Total carrying value of equity accounted investments	**10 991**	11 813

for the year ended 30 June	2018 Rm	2017 Rm	2016 Rm
Amounts recognised in the income statement:			
Share of profits of equity accounted investments, net of tax	**1 443**	1 071	509
share of profits	**1 454**	1 085	522
remeasurement items	**(11)**	(14)	(13)
Amounts recognised in the statement of cash flows:			
Dividends received from equity accounted investments	**1 702**	1 539	887

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 9, to calculate the impairment.

At 30 June 2018, we reversed the impairment on our investment in Escravos GTL based on improved operational and cost performance and a slightly better oil price outlook (Refer note 9).

20 Equity accounted investments continued

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 %	2018 Rm	2017 Rm
Joint ventures					
ORYX GTL Limited	Qatar	GTL plant	**49**	**8 179**	7 480
Sasol Huntsman GmbH & co KG	Germany	Manufacturing of chemical products	**50**	**893**	925
Petronas Chemicals LDPE Sdn Bhd*	Malaysia	Manufacturing and marketing of low-density polyethylene pellets	**–**	**–**	566
Sasol Dyno Nobel (Pty) Ltd	South Africa	Manufacturing and distribution of explosives	**50**	**271**	246
Sasol Chevron Holdings Limited	Bermuda	Marketing of Escravos GTL products	**50**	**311**	255
Associates					
Petronas Chemicals Olefins Sdn Bhd*	Malaysia	Ethane and propane gas cracker	**–**	**–**	1 301
Escravos GTL (EGTL)**	Nigeria	GTL plant	**10**	**1 027**	757
Other equity accounted investments			**Various**	**310**	283
Carrying value of investments				**10 991**	11 813

* On 14 March 2018 the sale of our investment in Petronas Chemicals LDPE Sdn Bhd and Petronas Chemicals Olefins Sdn Bhd was concluded. This resulted in a net profit on disposal of R370 million. The foreign currency translations reserve of R494 million relating to the equity accounted investments was reclassified from equity to profit and loss on the same date.

** 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	2018 Rm	2017 Rm
Operating profit	**419**	449
Profit before tax	**427**	464
Taxation	**(152)**	(232)
Profit and total comprehensive income for the year	**275**	232

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

Capital commitments relating to equity accounted investments	2018 Rm	2017 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	**536**	292
Authorised but not yet contracted for	**623**	573
Less: expenditure to the end of year	**(266)**	(281)
	893	584

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.

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	2018 Rm	2017 Rm
Summarised statement of financial position		
Non-current assets	12 202	12 642
Current assets	6 640	4 288
Total assets	18 842	16 930
Other non-current liabilities	360	359
Deferred tax liability	9	41
Other current liabilities	1 036	1 171
Tax payable	436	25
Total liabilities	1 841	1 596
Net assets	17 001	15 334
Summarised income statement		
Profit before tax	3 666	1 782
Taxation	(628)	1
Profit and total comprehensive income for the year	3 038	1 783
The group's share of profits of equity accounted investment	1 168	839
49% share of profit before tax	1 796	873
Taxation*	(628)	(34)
Reconciliation of summarised financial information		
Net assets at the beginning of the year	15 334	17 596
Profit before tax for the year	3 666	1 782
Taxation*	(628)	1
Foreign exchange differences	839	(2 017)
Dividends paid	(2 210)	(2 028)
Net assets at the end of the year	17 001	15 334
Carrying value of equity accounted investment	8 179	7 480
49% share of net assets, excluding taxation	8 331	7 546
100% share of tax liabilities*	(152)	(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 in Qatar, 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, however the group uses the financial information at 30 June.

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 2018 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.

21 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 2018 Rm	% of equity owned 2017 Rm
Gemini HDPE LLC	United States of America	Manufactures high density polyethylene chemicals	**50**	50
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	Gemini HDPE LLC Rm	Sasol Canada* Rm	Natref Rm	Other** Rm	Total 2018 Rm	Total 2017 Rm
Statement of financial position						
External non-current assets	4 386	3 455	3 276	1 938	**13 055**	16 236
External current assets	75	118	245	1 065	**1 503**	1 157
Intercompany current assets	20	1 013	29	84	**1 146**	1 029
Total assets	4 481	4 586	3 550	3 087	**15 704**	18 422
Shareholders' equity	1 644	2 890	231	624	**5 389**	8 893
Long-term liabilities	2 594	740	2 657	1 719	**7 710**	6 476
Interest-bearing current liabilities	134	784	206	284	**1 408**	799
Non-interest-bearing current liabilities	109	171	309	182	**771**	635
Intercompany current liabilities	–	1	147	278	**426**	1 619
Total equity and liabilities	4 481	4 586	3 550	3 087	**15 704**	18 422
Income statement						
Turnover	213	284	1 886	1 277	**3 660**	3 782
Operating (loss)/profit	(144)	(3 583)	379	259	**(3 089)**	(345)
Other expenses	(80)	(6)	(203)	(149)	**(438)**	(394)
Net (loss)/profit before tax	(224)	(3 589)	176	110	**(3 527)**	(739)
Taxation	–	–	(59)	10	**(49)**	(50)
Attributable (loss)/profit	(224)	(3 589)	117	120	**(3 576)**	(789)
Statement of cash flows						
Cash flow from operations	(74)	89	762	412	**1 189**	1 433
Movement in working capital	(77)	73	531	(130)	**397**	190
Tax paid	–	–	(1)	(4)	**(5)**	(14)
Other expenses	(115)	–	(197)	(173)	**(485)**	(526)
Cash available from operations	(266)	162	1 095	105	**1 096**	1 083
Dividends paid	–	–	(111)	–	**(111)**	(170)
Cash retained from operations	(266)	162	984	105	**985**	913
Cash flow from investing activities	275	(66)	(873)	(48)	**(712)**	(2 192)
Cash flow from financing activities	(57)	–	(72)	1 704	**1 575**	594
Decrease/(increase) in cash requirements	(48)	96	39	1 761	**1 848**	(685)

* Includes the carry of CAD75 million (R780 million) which was repaid on 3 July 2018.

** Includes Central Térmica de Ressano Garcia (CTRG) and Sasol Wilmar Alcohol Industries (Lianyungang) Co Ltd.

At 30 June 2018, the group's share of the total capital commitments of joint operations amounted to R427 million (2017 – R992 million).

22 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	2018	2017	2018	2017
Significant operating subsidiaries						
Direct						
Sasol Mining Holdings (Pty) Ltd	South Africa	Holding company of the group's mining interests	**100**	100	**9 163**	8 638
Sasol Technology (Pty) Ltd	South Africa	Engineering services, research and development and technology transfer	**100**	100	**316**	316
Sasol Financing Ltd	South Africa	Management of cash resources, investments and procurement of loans (for South African operations)	**100**	100	**422**	5 479
Sasol Investment Company (Pty) Ltd	South Africa	Holding company for foreign investments	**100**	100	**62 580**	54 665
Sasol South Africa Ltd	South Africa	Integrated petrochemicals and energy company	**100**	100	**28 066**	19 704
Sasol Middle East and India (Pty) Ltd	South Africa	Develop and implement international GTL and CTL ventures	**100**	100	**10 092**	10 094
Sasol Africa (Pty) Ltd	South Africa	Exploration, development, production, marketing and distribution of natural oil and gas and associated products	**100**	100	**8 069**	7 270
Sasol Oil (Pty) Ltd	South Africa	Marketing of fuels and lubricants	**75**	75	**657**	651
Sasol New Energy Holdings (Pty) Ltd	South Africa	Developing lower-carbon energy solutions	**100**	100	**932**	1 545

1 The cost of these investments represents the holding company's investment in the subsidiaries, which eliminate on consolidation.

22 Interest in significant operating subsidiaries continued

Name	Country of incorporation	Nature of activities	% of equity owned 2018	2017
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 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.

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	2018 Rm	2017 Rm
23 Inventories		
Carrying value		
Crude oil and other raw materials	**4 308**	3 521
Process material	**1 873**	1 794
Maintenance materials	**5 156**	5 201
Work in progress	**2 714**	2 044
Manufactured products	**15 070**	12 629
Consignment inventory	**243**	185
	29 364	25 374
Business segmentation		
Mining	**1 661**	1 514
Exploration and Production International	**144**	155
Energy	**7 680**	6 912
Base Chemicals	**6 682**	5 975
Performance Chemicals	**13 162**	10 762
Group Functions	**35**	56
Total operations	**29 364**	25 374

The impact of higher crude oil and lower prices for certain chemical products resulted in a net realisable value write-down of R234 million in 2018 (2017 – R470 million).

Inventories with a carrying value of R4 099 million (2017 – R3 165 million) are encumbered. Inventory of R1 348 million (2017 – R3 015 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	2018 Rm	2017 Rm
24 Trade and other receivables		
Trade receivables	**23 742**	20 982
Other receivables*	**3 003**	3 759
Related party receivables – equity accounted investments	**102**	92
Impairment of trade receivables	**(199)**	(158)
Trade and other receivables	**26 648**	24 675
Duties recoverable from customers	**600**	412
Prepaid expenses	**829**	1 133
Value added tax	**1 652**	1 421
	29 729	27 641

* Other receivables include short-term portion of long-term 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 2018 Rm	Impairment 2018 Rm	Carrying value 2017 Rm	Impairment 2017 Rm
Age analysis of trade receivables				
Not past due date	**21 611**	**3**	19 537	5
Past due 0 – 30 days	**1 477**	**5**	1 073	7
Past due 31 – 150 days	**257**	**18**	197	6
Past due 151 days – one year	**93**	**44**	22	10
More than one year**	**304**	**129**	153	130
	23 742	**199**	20 982	158

** 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.

	2018 Rm	2017 Rm
Business segmentation		
Mining	**428**	422
Exploration and Production International	**736**	743
Energy	**11 487**	8 323
Base Chemicals	**6 308**	5 562
Performance Chemicals	**9 299**	9 793
Group Functions	**1 471**	2 798
Total operations	**29 729**	27 641

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	2018 Rm	2017 Rm

25 Trade and other payables

	2018 Rm	2017 Rm
Trade payables	**13 510**	11 941
Capital project related payables	**9 780**	11 883
Accrued expenses	**3 062**	2 220
Related party payables	**166**	87
third parties	**33**	18
equity accounted investments	**133**	69
Trade payables	**26 518**	26 131
Other payables*	**6 188**	6 068
Duties payable to revenue authorities	**4 267**	4 004
Value added tax	**177**	197
	37 150	36 400

* 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.

26 (Increase)/decrease in working capital

	2018 Rm	2017 Rm	2016 Rm
(Increase)/decrease in inventories	**(3 413)**	(3 214)	1 125
(Increase)/decrease in trade receivables	**(2 789)**	(346)	2 849
Increase/(decrease) in trade payables	**2 441**	1 393	(2 274)
(Increase)/decrease in working capital	**(3 761)**	(2 167)	1 700

CASH MANAGEMENT

for the year ended 30 June	Note	2018 Rm	2017 Rm
27 Cash and cash equivalents			
Cash restricted for use		**1 980**	1 803
Cash		**15 148**	27 643
Cash and cash equivalents		**17 128**	29 446
Bank overdraft		**(89)**	(123)
Per the statement of cash flows		**17 039**	29 323
Cash by currency			
Rand		**3 982**	14 037
Euro		**2 855**	2 994
US Dollar		**9 040**	10 605
Other currencies		**1 162**	1 687
		17 039	29 323
Cash restricted for use			
In trust	27.1	**578**	447
In respect of joint operations	27.2	**969**	559
Other	27.3	**433**	797
		1 980	1 803

Included in cash restricted for use:

27.1 Cash held in trust is restricted for use and held in escrow. Includes R408 million (2017 – R322 million) for the rehabilitation of various sites.

27.2 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 power plant in Mozambique R542 million (2017 - R30 million), the high-density polyethylene (HDPE) plant in North America of R38 million (2017 - R85 million); the Canadian shale gas asset of R42 million (2017 - R117 million) and the Sasol gas pipeline in Mozambique of R246 million (2017 - R263 million).

27.3 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	2018 Rm	2017 Rm	2016 Rm
28 Cash generated by operating activities				
Cash flow from operations	29	**46 638**	46 236	52 973
(Increase)/decrease in working capital	26	**(3 761)**	(2 167)	1 700
		42 877	44 069	54 673
29 Cash flow from operations				
Earnings before interest and tax (EBIT)		**17 747**	31 705	24 239
Adjusted for				
share of profits of equity accounted investments	20	**(1 443)**	(1 071)	(509)
equity-settled share-based payment	35	**3 776**	463	123
depreciation and amortisation		**16 425**	16 204	16 367
effect of remeasurement items	9	**9 901**	1 616	12 892
movement in long-term provisions				
income statement charge	31	**(596)**	228	2 687
utilisation	31	**(729)**	(969)	(1 754)
movement in short-term provisions		**25**	(215)	(2 378)
movement in post-retirement benefits		**(561)**	356	402
translation effects		**(121)**	(11)	581
write-down of inventories to net realisable value		**234**	470	344
movement in financial assets and liabilities		**2 415**	(3 120)	698
movement in other receivables and payables		**(244)**	50	157
other non-cash movements		**(191)**	530	(876)
		46 638	46 236	52 973
30 Dividends paid				
Final dividend – prior year		**4 842**	5 650	7 140
Interim dividend – current year		**3 110**	2 978	3 540
		7 952	8 628	10 680
Forecast cash flow on final dividend – current year		**4 898**	4 844	5 650

The forecast cash flow on the final dividend is calculated based on the net number of Sasol ordinary shares and BEE ordinary shares in issue at 30 June 2018 of 620 million. The actual dividend payment will be determined on the record date of 7 September 2018.

PROVISIONS AND RESERVES

PROVISIONS

for the year ended 30 June	Environ-mental Rm	Share-based payments* Rm	Other Rm	Total Rm
31 Long-term provisions				
2018				
Balance at beginning of year	15 716	885	2 178	**18 779**
Capitalised in property, plant and equipment and assets under construction	350	–	–	**350**
Reduction in rehabilitation provision capitalised**	(1 433)	–	–	**(1 433)**
Per the income statement	(756)	655	(495)	**(596)**
additional provisions and changes to existing provisions	241	655	(495)	**401**
reversal of unutilised amounts	(194)	–	–	**(194)**
effect of change in discount rate	(803)	–	–	**(803)**
Notional interest	953	–	9	**962**
Utilised during year (cash flow)	(249)	(437)	(43)	**(729)**
Foreign exchange differences recognised in income statement	225	(1)	27	**251**
Translation of foreign operations	127	(1)	17	**143**
Balance at end of year	**14 933**	**1 101**	**1 693**	**17 727**

for the year ended 30 June	Environ-mental Rm	Share-based payments Rm	Other Rm	Total Rm
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 35)	–	(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

* Refer note 34 for accounting policies and areas of judgement used in calculating the share-based payment provision (cash settled).

** 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 R1,4 billion (2017: R2,1 billion).

31 Long-term provisions continued

for the year ended 30 June	Note	2018 Rm	2017 Rm
Expected timing of future cash flows			
Within one year		**2 567**	2 131
One to five years		**3 715**	4 196
More than five years		**11 445**	12 452
		17 727	18 779
Short-term portion	32	**(2 567)**	(2 131)
Long-term provisions		**15 160**	16 648
Estimated undiscounted obligation		**102 952**	102 729
Business segmentation			
Mining		**1 324**	1 573
Exploration and Production International		**5 677**	5 857
Energy		**2 909**	3 091
Base Chemicals		**3 057**	3 104
Performance Chemicals		**2 173**	2 224
Group Functions		**20**	799
Total operations		**15 160**	16 648

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 2018 amounted to R14 933 million (2017 – R15 716 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 R649 million (2017 – R607 million). In addition, indemnities of R2 066 million (2017 – R1 952 million) are in place.

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	2018 %	2017 %
South Africa	**7,3 to 9,2**	7,3 to 8,6
Europe	**0,0 to 1,5**	0,0 to 1,5
United States of America	**2,6 to 3,0**	1,3 to 2,6
Canada	**2,0 to 2,7**	0,9 to 2,5

for the year ended 30 June	2018 Rm	2017 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	**(2 202)**	(2 983)
amount capitalised to property, plant and equipment	**(910)**	(1 646)
income recognised in income statement	**(1 292)**	(1 337)
Decrease in the discount rate	**3 786**	4 114
amount capitalised to property, plant and equipment	**2 058**	2 272
expense recognised in income statement	**1 728**	1 842

for the year ended 30 June	Note	2018 Rm	2017 Rm
32 Short-term provisions			
Other provisions		**552**	522
Short-term portion of			
long-term provisions	31	**2 567**	2 131
post-retirement benefit obligations	33	**389**	354
		3 508	3 007

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	2018 Rm	2017 Rm
33 Post-retirement benefit obligations			
Post-retirement healthcare benefits	33.1		
South Africa		**3 995**	3 921
United States of America		**248**	242
		4 243	4 163
Pension obligations	33.2		
Foreign – post-retirement benefit obligation		**8 046**	7 260
Less short-term portion of post-retirement benefit obligation		**(389)**	(354)
Total post-retirement benefit obligations		**11 900**	11 069
Pension assets	33.2		
South Africa – post-retirement benefit asset		**(582)**	(622)
Foreign – post-retirement benefit asset		**(916)**	–
Total post-retirement benefit assets		**(1 498)**	(622)
Net pension obligations		**6 548**	6 638

33 Post-retirement benefit obligations continued

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. In the United States of America certain of our Pension Funds 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, 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 2018**	**31 March 2018**
Last actuarial valuation – United States of America	**30 April 2018**	**30 April 2018**
Last actuarial valuation – Europe	**n/a**	**30 April 2018**
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.

	South Africa		United States of America		Europe	
at valuation date	**2018 %**	2017 %	**2018 %**	2017 %	**2018 %**	2017 %
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	**9,9**	9,8	**3,9**	3,5	**n/a**	n/a
Discount rate – pension benefits	**9,9**	10,1	**2,7**	2,7	**1,8**	1,9
Pension increase assumption	**4,5**	5,2	**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**	15 years	**9 years**	9 years	**n/a**	n/a
Weighted average duration of the obligation – pension obligation	**13 years**	13 years	**13 years**	14 years	**17 years**	18 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 of America pension plan.

\+ Salary increases are linked to inflation.

33.1 Post-retirement healthcare benefits

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

	South Africa		United States of America		Total	
for the year ended 30 June	**2018 Rm**	2017 Rm	**2018 Rm**	2017 Rm	**2018 Rm**	2017 Rm
Projected benefit obligation	**3 995**	3 921	**248**	242	**4 243**	4 163
Less short-term portion	**(177)**	(159)	**(20)**	(19)	**(197)**	(178)
Non-current post-retirement healthcare obligation	**3 818**	3 762	**228**	223	**4 046**	3 985

33 Post-retirement benefit obligations continued

33.1 Post-retirement healthcare benefits continued

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

	South Africa		United States of America		Total	
for the year ended 30 June	**2018 Rm**	2017 Rm	**2018 Rm**	2017 Rm	**2018 Rm**	2017 Rm
Total post-retirement healthcare obligation at beginning of year	**3 921**	3 690	**242**	304	**4 163**	3 994
Movements recognised in the income statement:	**542**	414	**18**	19	**560**	433
current service cost	**73**	59	**10**	11	**83**	70
interest cost	**472**	357	**8**	8	**480**	365
curtailments and settlements	**(3)**	(2)	**–**	–	**(3)**	(2)
Actuarial (gains)/losses recognised in other comprehensive income:	**(258)**	(32)	**(5)**	(21)	**(263)**	(53)
arising from changes in financial assumptions	**(54)**	54	**(6)**	(8)	**(60)**	46
arising from changes in demographic assumptions	**–**	–	**–**	1	**–**	1
arising from changes in actuarial experience	**(204)**	(86)	**1**	(14)	**(203)**	(100)
Benefits paid	**(210)**	(151)	**(19)**	(24)	**(229)**	(175)
Translation of foreign operations	**–**	–	**12**	(36)	**12**	(36)
Total post-retirement healthcare obligation at end of year	**3 995**	3 921	**248**	242	**4 243**	4 163

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.

	South Africa		United States of America	
for the year ended 30 June	**2018 Rm**	2017 Rm	**2018 Rm**	2017 Rm
1% point change in actuarial assumptions:				
Increase in the healthcare cost inflation	**582**	594	**–** *	– *
Decrease in the healthcare cost inflation	**(475)**	(487)	**–** *	– *
Increase in the discount rate	**(452)**	(472)	**(21)**	(20)
Decrease in the discount rate	**562**	584	**25**	24
Increase in the pension increase assumption	**159**	145	**–** *	– *
Decrease in the pension increase assumption	**(191)**	(183)	**–** *	– *

* 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.

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.

33.2 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 at 31 March 2018 are 1 678 808 Sasol ordinary shares valued at R844 million at year-end (2017 – 2 253 108 Sasol ordinary shares valued at R826 million) purchased under terms of an approved investment strategy, and property valued at R1 543 million that is currently occupied by Sasol.

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	**2018 %**	2017 %	**2018 %**	2017 %
Equities	**53**	53	**32**	44
resources	**6**	5	**5**	7
industrials	**3**	2	**3**	5
consumer discretionary	**12**	14	**4**	5
consumer staples	**12**	13	**2**	3
healthcare	**3**	4	**3**	5
information technologies	**4**	3	**7**	9
telecommunications	**1**	2	**2**	2
financials (ex real estate)	**12**	10	**6**	8
Fixed interest	**10**	10	**59**	44
Direct property	**17**	16	**5**	7
Listed property	**5**	7	**–**	–
Cash and cash equivalents	**4**	3	**–**	–
Third party managed assets	**11**	11	**–**	–
Other	**–**	–	**4**	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.

33 Post-retirement benefit obligations continued

33.2 Pension benefits continued

Investment strategy

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

Asset classes	South Africa[1] Minimum %	South Africa[1] Maximum %	United States of America Minimum %	United States of America Maximum %
Equities				
local	**30**	**45**	**17**	**37**
foreign	**15**	**30**	**17**	**37**
Fixed interest	**5**	**25**	**55**	**75**
Property	**10**	**25**	**–**	**18**
Other	**–**	**15**	**–**	**18**

1 Members of the defined contribution 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 R146 million, R47 929 million, R700 million and R678 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

for the year ended 30 June	South Africa 2018 Rm	South Africa 2017 Rm	Foreign 2018 Rm	Foreign 2017 Rm	Total 2018 Rm	Total 2017 Rm
Projected benefit obligation (funded)	**47 285**	46 508	**3 105**	2 913	**50 390**	49 421
defined benefit portion	**19 970**	19 200	**3 105**	2 913	**23 075**	22 113
defined benefit option for defined contribution members	**27 315**	27 308	**–**	–	**27 315**	27 308
Plan assets	**(50 128)**	(48 340)	**(3 890)**	(2 514)	**(54 018)**	(50 854)
defined benefit portion	**(22 502)**	(21 669)	**(3 890)**	(2 514)	**(26 392)**	(24 183)
defined benefit option for defined contribution members	**(27 626)**	(26 671)	**–**	–	**(27 626)**	(26 671)
Projected benefit obligation (unfunded)	**–**	–	**7 915**	6 861	**7 915**	6 861
Asset not recognised due to asset limitation	**2 261**	1 210	**–**	–	**2 261**	1 210
Net liability/(asset) recognised	**(582)**	(622)	**7 130**	7 260	**6 548**	6 638

The increase of R1 051 million in the asset limitation (2017 – R105 million) was recognised as a gain in other comprehensive income.

for the year ended 30 June	South Africa 2018 Rm	South Africa 2017 Rm	Foreign 2018 Rm	Foreign 2017 Rm	Total 2018 Rm	Total 2017 Rm
Pension asset	**(582)**	(622)	**(916)**	–	**(1 498)**	(622)
Pension benefit obligation	**–**	–	**8 046**	7 260	**8 046**	7 260
long-term portion	**–**	–	**7 854**	7 084	**7 854**	7 084
short-term portion	**–**	–	**192**	176	**192**	176
Net liability/(asset)	**(582)**	(622)	**7 130**	7 260	**6 548**	6 638

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.

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 R1 498 million (2017 – R622 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	**2018 Rm**	2017 Rm	**2018 Rm**	2017 Rm	**2018 Rm**	2017 Rm
Projected benefit obligation at beginning of year	**46 508**	44 823	**9 774**	11 506	**56 282**	56 329
Movements recognised in income statement:	**5 678**	5 277	**596**	587	**6 274**	5 864
current service cost	**1 028**	927	**386**	370	**1 414**	1 297
past service cost	**–**	–	**–**	21	**–**	21
interest cost	**4 650**	4 350	**210**	196	**4 860**	4 546
Actuarial (gains)/losses recognised in other comprehensive income:	**(2 950)**	(1 803)	**462**	(931)	**(2 488)**	(2 734)
arising from changes in demographic assumptions	**–**	–	**20**	(3)	**20**	(3)
arising from changes in financial assumptions	**(2 950)**	(1 803)	**312**	(971)	**(2 638)**	(2 774)
arising from change in actuarial experience	**–**	–	**130**	43	**130**	43
Member contributions	**447**	411	**–**	–	**447**	411
Benefits paid	**(2 398)**	(2 200)	**(477)**	(304)	**(2 875)**	(2 504)
Transferred to assets held for sale	**–**	–	**(30)**	–	**(30)**	–
Translation of foreign operations	**–**	–	**695**	(1 084)	**695**	(1 084)
Projected benefit obligation at end of year	**47 285**	46 508	**11 020**	9 774	**58 305**	56 282
unfunded obligation*	**–**	–	**7 915**	6 861	**7 915**	6 861
funded obligation	**47 285**	46 508	**3 105**	2 913	**50 390**	49 421

* 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 (2018 – R305 million; 2017 – R268 million). A decrease of R1 million (2017 – increase of R50 million) has been recognised as a loss in other comprehensive income in respect of the reimbursive right.

33 Post-retirement benefit obligations continued

33.2 Pension benefits continued

Reconciliation of plan assets of funded obligation

for the year ended 30 June	South Africa 2018 Rm	South Africa 2017 Rm	Foreign 2018 Rm	Foreign 2017 Rm	Total 2018 Rm	Total 2017 Rm
Fair value of plan assets at beginning of year	**48 340**	46 752	**2 514**	2 439	**50 854**	49 191
Movements recognised in income statement:	**4 707**	4 407	**67**	58	**4 774**	4 465
interest income	**4 829**	4 535	**67**	58	**4 896**	4 593
interest on asset limitation	**(122)**	(128)	**–**	–	**(122)**	(128)
Actuarial (losses)/gains recognised in other comprehensive income:	**(1 959)**	(1 930)	**180**	202	**(1 779)**	(1 728)
arising from return on plan assets (excluding interest income)	**(1 959)**	(1 930)	**180**	202	**(1 779)**	(1 728)
Plan participant contributions*	**447**	411	**–**	–	**447**	411
Employer contributions* +	**991**	900	**1 233**	265	**2 224**	1 165
Benefit payments	**(2 398)**	(2 200)	**(314)**	(165)	**(2 712)**	(2 365)
Translation of foreign operations	**–**	–	**210**	(285)	**210**	(285)
Fair value of plan assets at end of year	**50 128**	48 340	**3 890**	2 514	**54 018**	50 854
Actual return on plan assets	**2 748**	2 477	**247**	260	**2 995**	2 737

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

\+ In 2018, in the United States of America there was a once-off payment R963 million (US$75 million) made by the employer to the fund.

Contributions

Funding is based on actuarially determined contributions. The following table sets forth the projected pension contributions for the 2019 financial year.

	South Africa Rm	Foreign Rm
Pension contributions	**1 009**	**287**

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 2018 Rm	South Africa 2017 Rm	Foreign 2018 Rm	Foreign 2017 Rm
1% point change in actuarial assumptions				
Increase in average salaries increase assumption	**14**	15	**454**	416
Decrease in average salaries increase assumption	**(13)**	(14)	**(368)**	(353)
Increase in the discount rate	**(1 447)**	(1 552)	**(1 634)**	(1 507)
Decrease in the discount rate	**1 981**	2 494	**2 174**	1 989
Increase in the pension increase assumption	**2 035**	2 538	**1 071** *	956 *
Decrease in the pension increase assumption	**(1 523)**	(1 622)	**(851)***	(731)*

* 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	2018 Rm	2017 Rm	2016 Rm

34 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 35 for the equity-settled share-based payment disclosure):

	2018 Rm	2017 Rm	2016 Rm
Share-based payment expense – movement in long-term provisions			
Sasol Share Appreciation Rights Scheme	**655**	(342)	(180)
Share Appreciation Rights with no corporate performance targets (no-CPTs)	**117**	(110)	50
Share Appreciation Rights with corporate performance targets (CPTs)	**538**	(232)	(230)
Sasol Long-term Incentive Scheme[1]	**–**	105	551
	655	(237)	371

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

Sasol's share price increased by 37% over the financial year to a closing price on 30 June 2018 of R502,86. This together with the volatility in the share price has resulted in a R655 million expense being recognised in the current year.

Sasol Share Appreciation Rights Scheme (closed since 2013)

Total rights granted	2018 Number	2017 Number
Share Appreciation Rights	**7 118 321**	11 401 116

The Share Appreciation Rights scheme (SARs) 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 the SARs to the 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 SARs vest immediately and the deceased's estate has a period of 12 months to exercise these rights. On retrenchment or retirement, all SARs 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.

	2018			2017		
for the year ended 30 June	**SARs with no CPTs Rm**	**SARs with CPTs Rm**	**Total Rm**	SARs with no CPTs Rm	SARs with CPTs Rm	Total Rm
Per statement of financial position	**98**	**1 003**	**1 101**	153	732	885
Total intrinsic value of rights vested, but not yet exercised	**98**	**987**	**1 085**	122	181	303

34 Cash-settled share-based payment provision continued

		2018		2017	
		SARs with no CPTs	**SARs with CPTs**	SARs with no CPTs	SARs with CPTs
Model		**Binomial tree**	**Binomial tree**	Binomial tree	Binomial tree
Risk-free interest rate	(%)	**6,88 - 7,09**	**6,88 - 7,63**	7,03 - 8,75	7,03 - 8,75
Expected volatility	(%)	**28,61**	**27,16**	20,86	24,45
Expected dividend yield	(%)	**3,58**	**3,51**	3,42	3,42
Expected forfeiture rate	(%)	*****	**5,00**	*	9,00
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 – 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.

The risk-free rate for periods within the contractual term of the rights is based on the Rand swap curve 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 expected dividend payments 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 until date of settlement.

Areas of judgement:

Fair value is measured using the Binomial tree 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	2018 Rm	2017 Rm	2016 Rm
35 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 schemes:				
Equity-settled – recognised directly in equity		**3 776**	463	123
Sasol Inzalo share transaction	35.1	**34**	76	123
Sasol Khanyisa share transaction[1]	35.2	**2 953**		
		2 866		
Sasol ordinary BEE (SOLBE1) shares issued[2]		**1 104**		
Khanyisa Public		**1 762**		
Tier 1 - Khanyisa Employee Share Ownership Plan (ESOP)		**52**		
Tier 2 - Khanyisa ESOP		**35**		
Long-term incentives[3]	35.3	**789**	387	–
Employee-related share-based payment expense (included in amount above)		**910**	463	123

1 In November 2017, Sasol Khanyisa a new Broad-Based Black Economic Empowerment (B-BBEE) scheme was approved by shareholders at a General Meeting.

2 IFRS 2 expense recognised immediately, as shares granted to participants are unencumbered and can be traded immediately.

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

Accounting policies:

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. Trickle dividends paid to participants during the transaction term are taken into account in measuring the fair value of the award. As the funds to pay the trickle dividend are leaving the Company, a corresponding share of earnings will be allocated to the non controlling shareholders. There were no trickle dividends paid during the current year.

Equity-settled share incentive schemes

35.1 The Sasol Inzalo share transaction

In May 2008, shareholders approved the Sasol Inzalo share transaction, a broad-based black economic empowerment (B-BBEE) 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. This award was financed using both external funding that was guaranteed by Sasol, and internal funding provided directly by Sasol to enable participants to purchase the shares in Sasol Limited.

The Sasol Inzalo Employee share transaction ended on 4 June 2018. Sasol exercised its right to repurchase the 25 231 686 Sasol Limited (SOL) shares held by the Sasol Inzalo Employee and Management Trusts at a nominal value of R0,01 per share in accordance with the repurchase formula agreed for the notional vendor funding. Consequently the relevant vested participants in the Inzalo Employee Schemes received no distribution of SOL Shares.

The Sasol Inzalo Groups share transaction terminated on 27 June 2018. Sasol repurchased 9 461 882 preferred ordinary shares from Sasol Inzalo Groups Funding (RF) (Pty) Ltd at the 30 day Volume Weighted Average Price (VWAP) on 25 June 2018 of R475,03 per share. This repurchase enabled Sasol Inzalo Groups Funding (RF) (Pty) Ltd to repay the external debt, however no value over and above this debt repayment was created, and as a result, there was no distribution to Inzalo Groups participants.

The Sasol Inzalo Foundation (renamed to the Sasol Foundation), remains as an unencumbered shareholder of 9 461 882 shares in Sasol Limited as the Board approved that the repurchase right would not be exercised, and there was no recovery of the financing owed to Sasol by the Foundation. The Sasol Foundation continues to be consolidated by the group, and these shares therefore remain accounted for as treasury shares.

The Sasol Inzalo Public share transaction will terminate in September 2018. The estimated share price required at that point, to create value for the Inzalo Public participants, is R462,00 (2017: R456,30).

The share-based payment expense in relation to Sasol Inzalo recognised in the current year is calculated based on the assumptions applicable to the year in which the share rights were granted.

35 Share-based payments reserve continued

35.2 The Sasol Khanyisa share transaction

In November 2017, Sasol shareholders approved the implementation of a new black-economic empowerment scheme, Sasol Khanyisa. Sasol Khanyisa has been designed to comply with the revised B–BBEE legislation in South Africa and seeks to ensure on-going and sustainable B-BBEE ownership credentials for Sasol Limited.

Sasol Khanyisa contains a number of elements structured at both a Sasol Limited and at a subsidiary level, Sasol South Africa (SSA) which is a wholly-owned subsidiary of Sasol Limited and houses the majority of the group's South African operations.

The participants of Sasol Inzalo included SOLBE1 shareholders (who paid in cash for their SOLBE1 shares), Inzalo Groups and Inzalo Public, who were funded with a combination of external and vendor financing, Sasol employees, who were funded via notional vendor financing, and the Inzalo Foundation, also funded via notional vendor financing. The participants of Sasol Khanyisa are limited to those individuals, groups and employees that participated in the Sasol Inzalo transaction as well as certain elements of the transaction will also be awarded to eligible Black persons who are currently employed by Sasol and were not participants of Sasol Inzalo. At the end of 10 years, or earlier if the underlying funding has been settled, the participants will exchange their SSA shareholding on a fair value-for-value basis for SOLBE1 shares to the extent of any value created during the transaction term.

SOLBE1 shares can only be traded between Black Persons on the Empowerment Segment of the JSE. This transaction will therefore ensure evergreen B-BBEE ownership credentials for Sasol Limited.

Sasol Khanyisa comprises of the following elements:

SOLBE1 Election – 1 for 4

In terms of Sasol Inzalo, certain members of the black public paid for SOLBE1 shares, which are listed on the Empowerment Segment of the JSE. Under their existing terms, these SOLBE1 shares would automatically re-designate to Sasol ordinary shares ("SOL") at the end of the Sasol Inzalo transaction.

In order for these members to retain their SOLBE1 shares, SOLBE1 shareholders could make an election that their shares did not redesignate to SOL shares, and instead remained SOLBE1 shares. These electing shareholders received 1 additional SOLBE1 share for every 4 held, and were eligible to participate in the Khanyisa transaction. This award of additional SOLBE1 shares is recognised at grant date because there are no related vesting conditions.

An expense of R95 million was recognised at 30 June 2018.

SOLBE1, Public and Groups participants – 1 for 10

Participants that were part of Inzalo Groups, Inzalo Public and electing SOLBE1 shareholders were invited to participate in Sasol Khanyisa. Participants who did not reject the invitation received, at no cost to them, 1 SOLBE1 share for every 10 Khanyisa shares held. This award of SOLBE1 shares is recognised at the grant date because there are no related vesting conditions.

An expense of R1 billion was recognised at 30 June 2018.

Tier 1 - Khanyisa Employee Share Ownership Plan – Eligible Inzalo participants

Inzalo Employee Scheme participants, who were still actively employed by Sasol were granted rights in SOL shares or SOLBE1 Shares, at no cost to them, to the value of R100 000, all of which will vest after a three year service period. Black employees were able to choose to receive the award in SOL or SOLBE1 shares, whilst employees who are not black people received an award in SOL shares, as SOLBE1 shares may only be held by qualifying black people. Employees will receive dividends on these shares throughout the 3 year vesting period. This award will be recognised on a straight line basis over the three year vesting period. The employer companies made a cash contribution to the Khanyisa ESOP to enable this ownership plan.

An expense of R52 million was recognised at 30 June 2018.

Sasol Khanyisa – SSA (Tier 2 and Khanyisa Public)

Inzalo Groups, Inzalo Public and electing SOLBE1 shareholders; as well as qualifying Black employees, were invited to participate in the SSA element of the Khanyisa transaction. The BEE participation in SSA comprises two groups of participants, being the external public participants (made up of Inzalo Groups, Inzalo Public and electing SOLBE1 shareholders) who participate via Khanyisa Public, and qualifying black employees who participate via the Khanyisa Employee Share Ownership plan (Khanyisa ESOP).

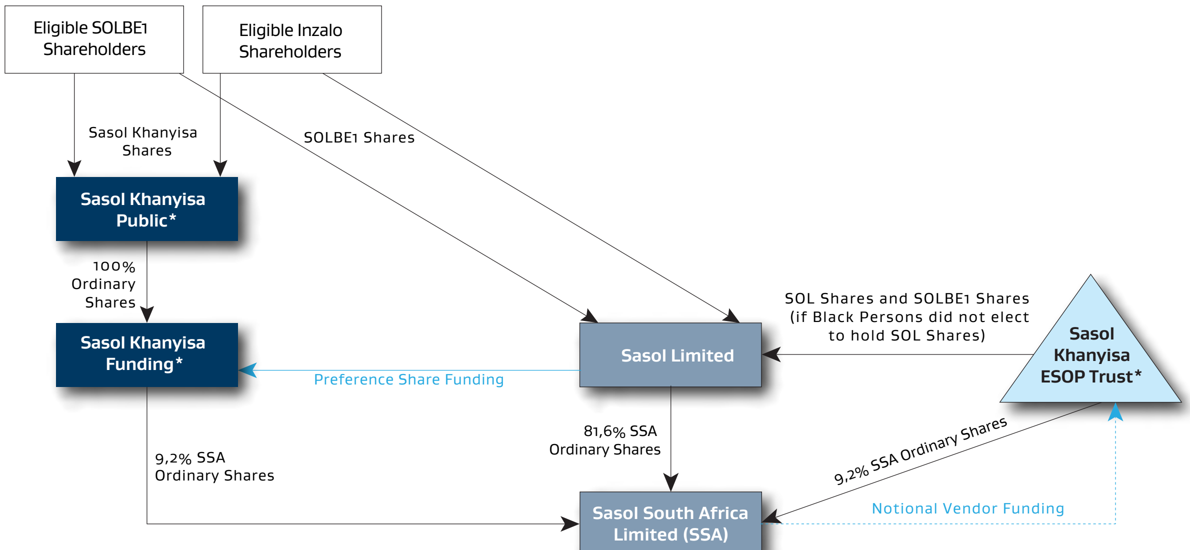
Both Khanyisa Public and the Khanyisa ESOP have a beneficial interest, funded wholly by Sasol (vendor funding), in approximately 9,2% each in SSA. As dividends are declared by SSA, 97,5% of these will be utilised to repay the vendor funding, as well as the related financing cost, calculated at 75% of prime rate. 2,5% of dividends will be distributed to participants as a trickle dividend and accounted for as a non-controlling interest. At the end of the 10 year transaction term, or earlier, if the vendor funding is repaid, the net value in SSA shares will be exchanged for SOLBE1 shares on a fair value-for-value basis which will be distributed to participants. Any vendor funding not yet settled by the end of the transaction term will be settled using the SSA shares, and will reduce any distribution made to participants. Since any ultimate value created for participants will be granted in the form of SOLBE1 shares, the accounting for this transaction is similar to an option over Sasol shares granted for no consideration.

Khanyisa Public

There are no vesting conditions attached to the grant, and as such, the expense of R1,8 billion was recognised in full at the grant date.

Khanyisa ESOP (Tier 2)

The employees have service conditions over the 10 year transaction term, and as such, the expense will be recognised over this period, with R35 million having been recognised at 30 June 2018.



* These entities are consolidated by the Group

Components of the transaction	Grant date	Number of SOLBE1 shares	Number of SOL shares	Number of Sasol Khanyisa shares	Weighted average fair value Rand	Total IFRS expense Rm	IFRS expense recognised for the year ended 30 June 2018 Rm
SOLBE1 Election 1 for 4	23 March 2018	245 741	–	–	386,00	95	95
Khanyisa Public 1 for 10	1 June 2018	2 727 281	–	–	370,00	1 009	1 009
Sasol Khanyisa Public[1,3]	1 June 2018	–	–	26 503 642	66,48	1 762	1 762
ESOP - Tier1[2]	1 June 2018	–	2 082 520	–	481,50	1 003	27
ESOP - Tier1[2]	1 June 2018	2 396 048	–	–	370,00	887	25
ESOP - Tier2[2,3]	25 May 2018	–	–	26 503 642	66,48	1 762	35
		5 369 070	2 082 520	53 007 284		6 518	2 953

1 The estimated strike price value for Khanyisa Public and ESOP Tier 2 is R313,25 and represents the remaining vendor funding per share as at 30 June 2018.

2 The ESOP Tier 1 and 2 options outstanding have a weighted average remaining vesting period of 2,9 and 5,8 years. ESOP Tier 1 vests after 3 years and ESOP Tier 2 has a staggered vesting period, with portions vesting from 3 years, and then each year until the end of the transaction term, being 10 years.

3 The weighted average fair value price is derived from the Monte-Carlo option pricing model. The price will move closer to the strike price over the transaction period as certainty of dividends declared by SSA is expected to exceed outstanding vendor financing.

The SSA Khanyisa share-based payment expense was calculated using an option pricing model reflective of the underlying characteristics of each part of the transaction. It was calculated using the following assumptions at grant date:

Average fair value Sasol Khanyisa options granted		2018
Model		Monte-Carlo
Risk - free interest rate	(%)	8,08
Expected volatility	(%)	28,49
Expected dividend yield	(%)	1,8 – 10,1

35 Share-based payments reserve continued

35.2 The Sasol Khanyisa share transaction continued

The risk-free rate for periods within the contractual term of the share rights is based on a zero-coupon Rand swap curve at the time of the grant.

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

The dividend yields of the share rights granted is determined using the expected term structure of dividend yields on the underlying equity value over the life of the transaction.

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

Areas of judgement:

The measurement of the Khanyisa SSA share based payment is subject to estimation and judgment, as there are a number of variables affecting the Monte-Carlo option pricing model used in the calculation of the share based payment. The value of the share based payment is determined with reference to the extent the fair value of SSA and any dividends declared by SSA is expected to exceed any outstanding vendor financing at the end of the transaction period.

- Equity value attributable to participants:

  The value attributable to the participants by virtue of their shareholding in SSA was calculated with reference to the expected future cash flows and budgets of the SSA Group. The underlying macroeconomic assumptions utilised for this valuation are based on latest forecast and estimates and include brent crude oil prices, US$/Rand exchange rates and pricing assumptions.
- Forecasted dividend yield:

  The forecasted dividend yield of the SSA Group was calculated based on a benchmarked EBITDA multiple, and the available free cash flow anticipated over the term of the transaction of 10 years.
- Other assumptions:

  Impacts of non-transferability and appropriate minority and liquidity discounts have also been taken into account. Discount rates applied incorporate the relevant debt and equity costs of the group, and are aligned to the WACC rates for the entity.
- A zero-coupon Rand interest rate swap curve was constructed and utilised as an appropriate representation of a risk-free interest rate curve.
- A Rand prime interest rate curve was estimated utilising the historical Rand Prime Index and the 3 month Johannesburg Interbank Agreed Rate.

35.3 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 and to align the interest of employees with the interest of shareholders. 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. The employer companies make a cash contribution to an independent service provider to enable this ownership plan.

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, the scheme was converted from cash-settled to equity-settled. 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.

The maximum number of shares issued under the equity-settled LTI scheme may not exceed 32,5 million representing 5% of Sasol Limited's issued share capital at the time of approval.

Movements in the number of incentives outstanding	Number of incentives	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**
LTIs granted	**2 626 268**	**376,73**
LTIs vested	**(1 868 963)**	**347,93**
Effect of CPTs and LTIs forfeited	**(159 406)**	**349,95**
Balance at 30 June 2018*	**6 796 488**	**348,19**

* The incentives outstanding as at 30 June 2018 have a weighted average remaining vesting period of 1,5 years. The exercise price of these options is Rnil.

for year ended 30 June	2018 Rand	2017 Rand
Average weighted market price of LTIs vested	**396,02**	375,43

Average fair value of incentives granted		2018	2017
Model		**Monte-Carlo**	Monte-Carlo
Risk-free interest rate - Rand	(%)	**6,98 – 7,34**	7,03 – 9,22
Risk-free interest rate - US$	(%)	**1,01 – 1,47**	0,76 – 0,91
Expected volatility	(%)	**24,73**	29,87
Expected dividend yield	(%)	**3,65**	3,42
Expected forfeiture rate	(%)	**5**	3 – 5
Vesting period - top management		**3 / 5 years**	3 / 5 years
Vesting period - all other participants		**3 years**	3 years

The risk-free rate for periods within the contractual term of the rights is based on the Rand and US$ swap curve 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 expected dividend payments 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 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.

OTHER DISCLOSURES

OTHER DISCLOSURES

36 Contingent liabilities

36.1 Litigation

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

On 24 October 2012, the Competition Commission (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. In as far back as 2008, Sasol began engaging with the Commission in this regard as part of its group-wide competition law compliance review, which preceded the Commission's investigation into the liquid fuels sector.

In May 2018, this investigation by the South African Competition Commission into the conduct in the petroleum products market was completed through a settlement agreement with the participants under investigation (including Sasol Limited), this effectively closed the investigations with no penalties imposed on Sasol.

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 2018.

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 2018.

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. After the arbitration hearing commenced in May 2016, the matter continued with various hearings in 2017 and 2018. The arbitration hearing concluded on 31 May 2018 and the final decision by the arbitrator is expected before end of 2018. Sasol believes that Wetback's claim is not justified. Accordingly, no provision was raised as at 30 June 2018.

36 Contingent liabilities continued

36.1 Litigation continued

Legal review of Sasol Gas National Energy Regulator of South Africa (NERSA) maximum price decision and NERSA gas transmission tariff application (March 2013)

In October 2013, following the March 2013 decisions by NERSA (pursuant to the applications by Sasol Gas), seven of the customers of Sasol Gas brought a legal review application requesting the setting aside of the maximum price methodology used by NERSA in evaluating the maximum price application by Sasol Gas as well as the maximum price decision and gas transmission tariff decision. The basis of the challenge to the NERSA price decision is the allegation that the methodology used by NERSA to determine its approval of the maximum gas prices was unreasonable and irrational.

In October 2016 the High Court dismissed the review application due to it being brought outside of the time limits allowed in law for such applications. The Applicants were subsequently granted consent to appeal this decision to the Supreme Court of Appeal ("SCA"). On 10 May 2018 the SCA upheld the appeal by the Applicants. In terms of the SCA ruling, the 2013 NERSA decisions were overturned and NERSA is required to review the decisions. The SCA also ordered that any subsequent maximum price decision by NERSA will be applied from the date that the original decisions applied, i.e. 26 March 2014. The SCA did not direct the methodology to be used by NERSA in reviewing its decisions and accordingly NERSA would need to consider and evaluate alternative pricing methodologies as part of coming to a new maximum price approval decision.

Both Sasol Gas and NERSA launched an application to the Constitutional Court for leave to appeal the SCA decision. The Applicants are opposing these applications for leave to appeal. The decision by the Constitutional Court on allowing the appeal application remains pending.

The appeal application suspended the SCA decision. Furthermore, because the SCA decision relates to maximum prices it does not have an immediate impact on the actual gas price mechanism contractually agreed between Sasol Gas and its customers. The current NERSA gas transmission tariff decision, which relates to a period subsequent to the period of the overturned tariff decision is also not affected by the SCA decision.

As a result of the retrospective element of the SCA decision, a possible obligation may arise if NERSA approves new maximum gas prices for Sasol Gas at a level that is lower than the actual price charged by Sasol Gas during the period prior to such new NERSA decision. The arising of such an obligation is subject to the outcome of the ongoing appeal process. If the appeal process fails to maintain the 2013 NERSA decisions, it is not possible to determine at this time what the ultimate methodology is that NERSA will decide upon to make the required revised maximum gas price decisions, if required and it is therefore also not currently possible to determine the outcome of such a price decision by NERSA.

The likelihood of a future obligation cannot currently be determined and neither can an amount for such a possible obligation be reliably estimated. Therefore, no provision has been raised at 30 June 2018.

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 12.

36.2 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.

36.3 Environmental orders

Sasol's environmental obligation accrued at 30 June 2018 was R14 933 million compared to R15 716 million at 30 June 2017. Included in this balance is an amount accrued of approximately R4 872 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.

37 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	2018 Rm	2017 Rm
Property, plant and equipment		
Within one year	**2 068**	1 316
One to five years	**5 863**	4 009
More than five years	**15 344**	13 089
	23 275	18 414

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.

	2018 Rm	2017 Rm
Water reticulation for Secunda Synfuels Operations		
Within one year	**171**	144
One to five years	**847**	777
More than five years	**1 798**	2 038
	2 816	2 959

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.

	2018 Rm	2017 Rm
Total minimum future lease payments	**26 091**	21 373

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	2018 Rm	2017 Rm
Within one year	**1 171**	278
One to five years	**3 975**	1 195
More than five years	**19 586**	2 308
Less amounts representing finance charges	**(17 108)**	(1 917)
Total minimum future lease payments	**7 624**	1 864

Contingent rentals

The group has contingent rentals in respect of finance leases.

38 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 20.

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	2018 Rm	2017 Rm	2016 Rm
Sales and services rendered from subsidiaries to related parties			
Joint ventures	**965**	1 088	1 079
Purchases by subsidiaries from related parties			
Joint ventures	**671**	617	592
Associates	**88**	120	88
	759	737	680

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 25 to 39 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 2018 R'000	Total 2017 [2] R'000	Total 2016 [2] R'000
Executive Directors	25 508	3 892	14 320	23 088	**66 808**	77 333	69 041

1 Incentives approved on the group results for the 2018 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 2018.

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 and without CPTs exercised R'000	Total 2018 R'000	Total 2017 R'000	Total 2016 R'000
Executive Directors	19 454	1 061	**20 515**	24 970	30 705

1 Long-term incentives for the 2018 financial year represent incentives approved on the group results for the 2018 financial year, payable in the 2019 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 2018 R'000**	Total 2017 [2] R'000	Total 2016 [2] R'000
Prescribed Officers	37 569	5 995	21 684	23 759	**89 007**	70 949	70 363
Number of GEC members					**10**	10	10

1 Incentives approved on the group results for the 2018 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 2018.

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 and without CPTs exercised R'000	**Total 2018 R'000**	Total 2017 R'000	Total 2016 R'000
Prescribed Officers	39 701	5 261	**44 962**	23 807	49 793

1 Long-term incentives for the 2018 financial year represent incentives approved on the group results for the 2018 financial year, payable in the 2019 financial year.

The gains from SARs exercised during 2018 is disclosed on page 36 to 37.

The total IFRS2 charge for Executive Directors and the GEC in 2018 amounted to R33 million and R72 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	Ad Hoc Special Board - Committee Meeting R'000	**Total 2018 R'000**	Total 2017 R'000	Total 2016 R'000
Non-executive Directors	19 914	607	6 462	840	**27 823**	23 079	22 645

39 Subsequent events

The Sasol Limited Board approved that Sasol repurchase the shares from Inzalo Public Funding Limited (RF) in September 2018 and settle the outstanding debt of R7,4 billion and a cash top-up for value realised of approximately R600 million in September 2018, assuming a share price of R500. This will then conclude the unwinding of the Sasol Inzalo transaction.

40 Financial risk management and financial instruments

Financial instruments overview

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

	Note	Carrying value: At fair value through profit and loss Rm	Carrying value: Available-for-sale Rm	Carrying value: Amortised cost Rm	Carrying value: Held-to-maturity Rm	Fair value Rm
2018						
Financial assets						
Investments in listed securities		–	682	–	–	682
Investments in unlisted securities		–	244	–	–	244
Other long-term investments		–	–	–	25	25
Long-term receivables	19	–	–	3 786	–	3 786
Long- and short-term financial assets		1 827	–	–	–	1 827
Trade and other receivables**		–	–	26 648	–	26 648 *
Cash and cash equivalents	27	–	–	17 128	–	17 128 *
Financial liabilities						
Listed long-term debt (US Dollar Bond)+	16	–	–	13 704	–	13 345
Unlisted long-term debt+	16	–	–	95 750	–	95 984
Short-term debt and bank overdraft		–	–	2 035	–	2 035 *
Long- and short-term financial liabilities		2 059	–	–	–	2 059
Trade and other payables+	25	–	–	26 518	–	26 518 *

	Note	Carrying value: At fair value through profit and loss Rm	Carrying value: Available-for-sale Rm	Carrying value: Amortised cost Rm	Carrying value: 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	19	–	–	3 737	–	3 737
Short-term financial assets		2 739	–	–	–	2 739
Trade and other receivables**		–	–	24 675	–	24 675 *
Cash and cash equivalents	27	–	–	29 446	–	29 446 *
Financial liabilities						
Listed long-term debt (US Dollar Bond)+	16	–	–	13 014	–	13 365
Unlisted long-term debt+	16	–	–	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+	25	–	–	26 131	–	26 131 *

* 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.

40.1 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 assess these risks. Based on the risk management process Sasol refined its hedging policy and the Sasol Limited 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 2019 and thereafter to 40%. 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 2018 is 43,2% ((2017 – 26,7%; 2016 – (14,6%)).

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 November 2017 S&P downgraded South Africa's sovereign credit rating from BB+ investment grade to BB with a stable outlook. In January 2018, S&P affirmed Sasol's rating at BBB-/A-3 with a stable outlook.

Similarly Moody's Investors Service affirmed Sasol Limited's long-term issuer rating at Baa3 with stable outlook, and affirmed the national scale issuer rating at Aaa.za in March 2018.

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.

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. The details of the risk exposure of trade receivables and the associated provision for impairment is disclosed in note 24. 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 2018, 2017 and 2016. Approximately 49% (2017 – 48%; 2016 – 47%) of the group's total turnover is generated from sales within South Africa, while about 24% (2017 – 22%; 2016 – 23%) relates to European sales and 13% (2017 – 13%; 2016 – 14%) 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.

40 Financial risk management and financial instruments continued

40.1 Financial risk management continued

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 16.

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
2018					
Financial assets					
Non-derivative instruments					
Long-term receivables	19	**3 786**	**97**	**1 489**	**2 200**
Trade and other receivables	24	**26 648**	**26 648**	**–**	**–**
Cash restricted for use	27	**1 980**	**1 980**	**–**	**–**
Cash	27	**15 148**	**15 148**	**–**	**–**
Investments available-for-sale		**926**	**926**	**–**	**–**
Investments held-to-maturity		**25**	**–**	**25**	**–**
		48 513	**44 799**	**1 514**	**2 200**
Derivative instruments					
Foreign exchange contracts		**1 214**	**1 214**	**–**	**–**
Interest rate swap		**246**	**–**	**–**	**246**
Zero cost collar		**979**	**979**	**–**	**–**
Crude oil options		**482**	**482**	**–**	**–**
Ethane swaps		**33**	**33**	**–**	**–**
		51 467	**47 507**	**1 514**	**2 446**
Financial liabilities					
Non-derivative instruments					
Long-term debt	16	**(139 294)**	**(16 612)**	**(86 415)**	**(36 267)**
Short-term debt	16	**(1 946)**	**(1 946)**	**–**	**–**
Trade and other payables	25	**(26 518)**	**(26 518)**	**–**	**–**
Bank overdraft	27	**(89)**	**(89)**	**–**	**–**
Financial guarantees**		**(1 539)**	**(1 539)**	**–**	**–**
		(169 386)	**(46 704)**	**(86 415)**	**(36 267)**
Derivative instruments					
Foreign exchange contracts		**(1 217)**	**(1 217)**	**–**	**–**
Coal swaps		**(414)**	**(414)**	**–**	**–**
Zero cost collar		**(1 317)**	**(1 317)**	**–**	**–**
Crude oil futures		**(91)**	**(91)**	**–**	**–**
		(172 425)	**(49 743)**	**(86 415)**	**(36 267)**

* Contractual cash flows include interest payments.

** Issued financial guarantees contracts are all repayable on default, however the likelihood of default is considered remote.

	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	19	2 003	–	696	1 307
Trade and other receivables	24	24 675	24 675	–	–
Cash restricted for use	27	1 803	1 803	–	–
Cash	27	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	16	(94 044)	(9 783)	(68 332)	(15 929)
Short-term debt	16	(2 625)	(2 625)	–	–
Trade and other payables	25	(26 131)	(26 131)	–	–
Bank overdraft	27	(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.

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.

40 Financial risk management and financial instruments continued

40.1 Financial risk management continued

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 R880 million (US$68 million) in 2019 (R710 million (US$52 million) in 2018). This is based on an average oil price of US$72/bbl (US$50/bbl - 2017).

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 R33 million (US$nil; EUR2,1 million) at 30 June 2018 (2017 – R34 million (US$nil; EUR2,3 million)).

The following significant exchange rates were applied during the year:

	Average rate		Closing rate	
	2018 Rand	2017 Rand	**2018 Rand**	2017 Rand
Rand/Euro	**15,34**	14,83	**16,04**	14,92
Rand/US dollar	**12,85**	13,61	**13,73**	13,06

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.

	2018		2017	
	Euro Rm	**US dollar Rm**	Euro Rm	US dollar Rm
Trade and other receivables	**586**	**2 500**	312	1 911
Cash restricted for use	**–**	**245**	–	515
Cash	**2 257**	**1 207**	2 410	1 755
Net exposure on assets	**2 843**	**3 952**	2 722	4 181
Long-term debt	**(153)**	**(1 651)**	(103)	(31)
Short-term debt	**–**	**(23)**	(2 542)	(22)
Trade and other payables	**(128)**	**(1 248)**	(166)	(986)
Bank overdraft	**–**	**–**	–	(14)
Net exposure on liabilities	**(281)**	**(2 922)**	(2 811)	(1 053)
Exposure on external balances	**2 562**	**1 030**	(89)	3 128
Net exposure on balances between group companies	**(2 391)**	**9 584**	(2 871)	8 262
Total net exposure	**171**	**10 614**	(2 960)	11 390

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 2017.

	2018		2017	
	Equity Rm	**Income statement Rm**	Equity Rm	Income statement Rm
Euro	**17**	**17**	(296)	(296)
US dollar	**1 053**	**1 053**	1 139	1 139

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	
	2018 Rm	2017 Rm
Variable rate instruments		
Financial assets	**18 657**	29 044
Financial liabilities	**(58 908)**	(38 454)
	(40 251)	(9 410)
Fixed rate instruments		
Financial assets	**97**	250
Financial liabilities	**(51 144)**	(44 395)
	(51 047)	(44 145)
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)	**54:46**	46:54

40 Financial risk management and financial instruments continued

40.1 Financial risk management continued

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 2018. 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$2,00 billion (2017 - US$1,98 billion).

Income statement – 1% increase

	South Africa Rm	Europe Rm	United States of America Rm	Other Rm
30 June 2018	**(66)**	**6**	**(362)**	**18**
30 June 2017	(82)	7	(42)	23

Income statement – 1% decrease

	South Africa Rm	Europe* Rm	United States of America* Rm	Other* Rm
30 June 2018	**66**	**(6)**	**362**	**(18)**
30 June 2017	81	–	–	–

* 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 2018 Rm	Fair value loss recognised in other comprehensive income 2017 Rm	Over-effectiveness recognised in profit and loss 2018 Rm	Over-effectiveness recognised in profit and loss 2017 Rm
Interest rate derivatives - cash flow hedge						
US$ – pay fixed rate receive floating rate**	**2,70**	**December 2026**	**(950)**	(1 560)	**52**	14

** 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 capitalised to assets under construction as part of the specific borrowing cost of the LCCP.

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 R860 million (US$66 million) in 2019 (R850 million (US$62 million) in 2018). This is based on an average rand/US dollar exchange rate assumption of R13,00.

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	
	2018 US$	2017 US$
High	**80,29**	56,30
Average	**63,62**	49,77
Low	**46,53**	40,26

The following futures were in place at 30 June:

	Contract amount 2018 Rm	**Fair value 2018 Rm**	**Within one year 2018 Rm**	Contract amount 2017 Rm	Fair value 2017 Rm	Within one year 2017 Rm
Crude oil futures	**2 792**	**(91)**	**(91)**	1 602	52	52

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 2017.

	2018 Rm	2017 Rm
Crude oil	**(153)**	(95)

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.

40 Financial risk management and financial instruments continued

40.1 Financial risk management continued

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	2018 Rm	2017 Rm	2016 Rm
Financial instruments			
Net (loss)/gain on derivative instruments			
Foreign exchange contracts (losses)/gains	**121**	(1 107)	920
Put option crude oil derivatives	**(3 303)**	(237)	–
Zero cost collar foreign exchange derivatives	**936**	1 608	–
Crude oil futures	**(687)**	277	330
Coal swaps	**(1 024)**	94	–
Ethane swaps	**29**	–	–
Interest rate swap	**52**	14	15
	(3 876)	649	1 265

Statement of financial position impact	2018 Rm	2017 Rm
Financial instrument		
Derivative financial assets		
Foreign exchange contracts	**42**	4
Coal swaps	**–**	21
Crude oil futures	**–**	52
Zero cost collar	**979**	1 546
Crude oil options	**482**	1 116
Interest rate swap	**291**	–
Ethane swaps	**33**	–
	1 827	2 739
Derivative financial liabilities		
Foreign exchange contracts	**(45)**	(393)
Coal swaps	**(414)**	(2)
Crude oil futures	**(91)**	–
Zero cost collar	**(1 317)**	(3)
Interest rate swap	**(45)**	(1 070)
	(1 912)	(1 468)
Non-derivative financial liabilities		
Financial guarantees	**(147)**	(5)
	(2 059)	(1 473)

Derivatives designated in hedge relationships

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 2018 the total notional exposure hedged under the swap is US$2 billion (2017 – US$1,98 billion).

	Fair value of assets (liabilities) 2018 Rm	Fair value of assets (liabilities) 2017 Rm
Interest rate derivatives – cash flow hedge	246	(1 070)

	Fair value of assets 2018 Rm	Fair value of assets 2017 Rm	Fair value of liabilities 2018 Rm	Fair value of liabilities 2017 Rm		Contract / Notional amount* 2018	Contract / Notional amount* 2017
Derivatives held for trading							
Foreign exchange contracts	42	4	(45)	(393)	US$m	226	300
Crude oil futures	–	52	(91)	–	US$m	194	123
	42	56	(136)	(393)			

* 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.

		2018	2017
Brent crude oil – Put options			
Premium paid	US$m	207	103
Number of barrels	million	98	55
Open positions	million	48	25
Settled	million	50	30
Average Brent crude oil price floor, net of costs (open positions)	US$/bbl	53,36	48,15
Realised losses recognised in the income statement	Rm	(1 605)	(732)
Unrealised (losses)/gains recognised in the income statement	Rm	(1 698)	495
Amount included in the statement of financial position	Rm	482	1 116
Rand/US dollar currency – Zero-cost collar instruments			
US$ exposure – open positions	US$bn	4	4
Annual average floor	R/US$	13,14	13,46
Annual average cap	R/US$	15,14	15,51
Realised gains recognised in the income statement	Rm	2 772	–
Unrealised (losses)/gains recognised in the income statement	Rm	(1 836)	1 608
Amount included in the statement of financial position	Rm	(338)	1 543
Export coal – Swap options			
Number of tons	million	4,20	3,93
Open positions	million	1,40	2,10
Settled	million	2,80	1,83
Average coal swap price (open positions)	US$/ton	81,82	77,52
Realised (losses)/gains recognised in the income statement	Rm	(618)	74
Unrealised (losses)/gains recognised in the income statement	Rm	(406)	20
Amount included in the statement of financial position	Rm	(414)	19
Ethane – Swap options			
Number of barrels	million	5,80	–
Open positions	million	3,50	–
Settled	million	2,30	–
Average ethane swap price (open positions)	US$ c/gal	27	–
Realised losses recognised in the income statement	Rm	(1)	–
Unrealised gains recognised in the income statement	Rm	30	–

40 Financial risk management and financial instruments continued

40.1 Financial risk management continued

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:

30 June 2018		Volatility +2%	-2%	Brent crude oil price +USD 2/bbl	-USD 2/bbl	Rand/US$ -R1/USD*	US$ Libor curve +0,5%	-0,5%
Crude oil options	Rm	**88**	**(80)**	**(68)**	**81**			
Zero-cost collar	Rm	**27**	**(22)**			**2 731**		
Interest rate swap	Rm						**866**	**(865)**
30 June 2017								
Crude oil options	Rm	50	(50)	(351)	427			
Zero-cost collar	Rm	90	(99)			3 479		
Interest rate swap	Rm						940	(940)

* A weakening of the Rand/US$ spot exchange rate of R1,41, 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 R1,41/US$, up to the cap of R15,14, before losses are incurred on the derivatives.

40.2 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 2018	Valuation method	Significant inputs	Fair value hierarchy of inputs	
Financial assets					
Investments in listed securities	**682**	Quoted market price for the same instrument	Quoted market price for the same instrument	Level 1	
Investments in unlisted securities	**244**	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	**25**	Discounted cash flow	Market related interest rates.	Level 3	
Long-term receivables	**3 883**	Discounted cash flow	Market related interest rates.	Level 3	
Derivative assets	**1 827**	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	**26 648**	Discounted cash flow	Market related interest rates.	Level 3	*
Cash and cash equivalents	**17 128**	**	**	Level 1	**
Financial liabilities					
Listed long-term debt	**13 345**	Quoted market price for the same instrument	Quoted market price for the same instrument	Level 1	
Unlisted long-term debt	**95 984**	Discounted cash flow	Market related interest rates	Level 3	
Short-term debt and bank overdraft	**2 035**	Discounted cash flow	Market related interest rates	Level 3	*
Derivative liabilities	**2 059**	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	**26 518**	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.

Sasol Limited Company

CONTENTS

STATEMENT OF FINANCIAL POSITION
at 30 June

	Note	2018 Rm	2017 Rm
Assets			
Investments in subsidiaries	1	**125 148**	117 422
Investment in security	1	**7**	5
Long-term receivables	2	**55 196**	46 886
Deferred tax asset	3	**177**	106
Non-current assets		**180 528**	164 419
Short-term receivables	2	**–**	9 316
Other receivables	4	**3 564**	254
Tax receivable		**29**	63
Cash	5	**8 255**	15 379
Current assets		**11 848**	25 012
Total assets		**192 376**	189 431
Equity and liabilities			
Shareholders' equity		**191 581**	188 912
Long-term financial liabilities	6	**447**	214
Non-current liabilities		**447**	214
Short-term financial liabilities	6	**188**	165
Short-term provisions	7	**81**	46
Trade and other payables	8	**79**	94
Current liabilities		**348**	305
Total equity and liabilities		**192 376**	189 431

INCOME STATEMENT
for the year ended 30 June

	Note	2018 Rm	2017 Rm
Revenue	12	**21 983**	20 361
Other expenses (net)		**(3 293)**	(736)
Translation gains/(losses)	9	**32**	(376)
Other operating expenses	10	**(3 333)**	(373)
Other operating income		**8**	13
Remeasurement items	11	**19**	38 023
Net finance income		**7 235**	3 126
Finance income	12	**7 821**	3 498
Finance costs	13	**(586)**	(372)
Profit before tax		**25 944**	60 774
Taxation	14	**(121)**	1
Profit for the year		**25 823**	60 775

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June

	2018 Rm	2017 Rm
Profit for the year	**25 823**	60 775
Other comprehensive income, net of tax		
Items that can be subsequently reclassified to the income statement		
Investments available-for-sale	**2**	–
Total comprehensive income for the year	**25 825**	60 775

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June

	Note	2018 Rm	2017 Rm
Share capital			
Balance at beginning of year	15	**29 282**	29 282
Repurchase of shares[1]		**(15 339)**	–
Shares issued		**1 832**	–
Balance at end of year		**15 775**	29 282
Share-based payment reserve			
Balance at beginning of year		**9 083**	8 023
Long-term incentive scheme converted to equity settled		**–**	648
Expiry of Inzalo Share Incentive Schemes		**(5 699)**	–
Sasol incentive schemes vested and settled		**(605)**	(51)
Share-based payment expense	16	**3 776**	463
Balance at end of year		**6 555**	9 083
Retained earnings			
Balance at beginning of year		**150 543**	99 599
Profit for year		**25 823**	60 775
Expiry of Inzalo Share Incentive Schemes		**5 699**	–
Sasol incentive schemes vested and settled		**605**	51
Effective share cancellation		**(4 193)**	–
Khanyisa Tier 1 vesting		**(50)**	–
Dividends paid	19	**(9 195)**	(9 882)
Dividend received in specie	21	**13**	–
Balance at end of year		**169 245**	150 543
Investment fair value reserve			
Balance at beginning of year		**4**	4
Total comprehensive income for year		**2**	–
Balance at end of year		**6**	4
Total shareholders' equity		**191 581**	188 912

1 At the Annual General Meeting held on 17 November 2017, shareholders approved the repurchase of 8 809 886 shares held by our wholly owned subsidiary, Sasol Investment Company (Pty) Ltd. The repurchase was done on 26 February 2018.

25 231 686 Sasol Limited ordinary shares were purchased from the Inzalo Employee schemes on 4 June 2018 at a nominal value of R0,01 per share per Sasol's rights of repurchase under the Inzalo Employee schemes trust deeds. The Inzalo Employee scheme will receive no distribution in Sasol Limited ordinary shares.

9 461 882 Sasol Limited preferred ordinary shares were repurchased on 26 June 2018 from Inzalo Groups Funding at purchase price of R475,03 per share per shareholders authorisation obtained at a General Meeting held on 17 November 2017.

STATEMENT OF CASH FLOWS
for the year ended 30 June

	Note	2018 Rm	2017 Rm
Cash generated by operating activities	17	**18 236**	20 051
Finance income received	12	**591**	515
Tax paid		**(158)**	(83)
Cash available from operating activities		**18 669**	20 483
Dividends paid	19	**(9 195)**	(9 882)
Cash retained from operating activities		**9 474**	10 601
Additional investments in subsidiaries	20	**(7 880)**	(7 724)
Loans to subsidiaries		**(8 224)**	–
Repayment of loans by subsidiaries		**5 454**	–
Repayment of long-term receivables		**190**	213
Cash used in investing activities		**(10 460)**	(7 511)
Share capital issued		**1 832**	–
Repurchase of shares		**(7 970)**	–
Cash generated by financing activities		**(6 138)**	–
(Decrease)/increase in cash and cash equivalents		**(7 124)**	3 090
Cash and cash equivalents at beginning of year		**15 379**	12 289
Cash and cash equivalents at end of year		**8 255**	15 379

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June

		2018 Rm	2017 Rm
1	**Investments**		
	Investment in subsidiaries		
	Reflected as non-current assets		
	Shares at cost	**120 795**	108 024
	Shareholder loans to subsidiaries*	**525**	5 979
	Share-based payment expense	**6 212**	5 916
	Impairment (net of reversals) of investment in subsidiary	**(2 384)**	(2 497)
		125 148	117 422
	Investment in security	**7**	5

* Loans to subsidiaries with no fixed payment terms and which are not expected to be repaid in the foreseeable 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 22 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.

			2018 Rm	2017 Rm
2	**Long-term receivables**			
	Sasol South Africa Limited	(a)	**46 877**	46 877
	Sasol Khanyisa Fundco (RF) Ltd	(b)	**8 302**	–
	Sasol Inzalo Employee Trusts	(c)	**–**	9 247
	loan		**–**	22 837
	impairment		**–**	(13 590)
	Sasol Inzalo Foundation Trust	(d)	**–**	52
	loan		**–**	7 513
	write-off		**–**	(7 461)
	Other		**17**	26
	Total long-term receivables		**55 196**	56 202
	Short-term portion		**–**	(9 316)
			55 196	46 886

The long-term receivables consist of:

a) Funding to Sasol South Africa Limited (SSA) to purchase the investment in Sasol Gas (Pty) Ltd. The loan attracts interest at 0% and Sasol Limited has no intent of demanding payment in the next 12 months.

b) Loan to Sasol Khanyisa Fundco (Fundco) to fund the preference share subscription for the Khanyisa Public Participants. The ability of Fundco the repay the loan is dependent on dividends received from SSA. The loan attracts interest at 75% of prime and Sasol Limited has no intent of demanding payment in the next 12 months.

c) The Sasol Inzalo Employee share transaction ended on 4 June 2018. Sasol exercised its right to repurchase 25 231 686 Sasol Limited (SOL) shares held by the Sasol Inzalo Employee and Management Trusts at a nominal value of R0,01 per share in consideration for the financing that was owed to Sasol by the Trusts.

d) The Sasol Inzalo Foundation (renamed to the Sasol Foundation) remains as an unencumbered shareholder of 9 461 882 shares in Sasol Limited.

Sasol Khanyisa – SSA

Inzalo Groups, Inzalo Public and electing SOLBE1 shareholders; as well as qualifying Black employees, were invited to participate in the SSA element of the Khanyisa transaction. The B-BBEE participation in SSA comprises two groups of participants, being the external public participants (made up of Inzalo Groups, Inzalo Public and electing SOLBE1 shareholders) who participate via Khanyisa Public, and qualifying black employees who participate via the Khanyisa Employee Share Ownership Plan (ESOP).

Both Khanyisa Public and the Khanyisa ESOP each have a beneficial interest, funded by Sasol through vendor financing, in approximately 9% of SSA. As dividends are declared by SSA, these are substantially utilised to repay the vendor funding, with 2,5% being distributed directly to participants as a trickle dividend. At the end of the 10 year transaction term, or earlier, if the vendor funding is repaid, the net value in SSA will be exchanged for SOLBE1 shares which will be distributed to participants.

	2018	2017
Interest-bearing status		
Sasol South Africa Limited (Sasol Gas (Pty) Ltd)	**0,0%**	0,0%
Sasol Khanyisa Fundco (RF) Ltd	**7,5%**	
Sasol Inzalo Employee Trusts	**–**	11,5%
Sasol Inzalo Foundation Trust	**–**	11,5%

	2018 Rm	2017 Rm
Maturity profile		
Within one year	**–**	9 316
One to five years	**–**	46 886
More than five years	**55 196**	–
	55 196	56 202
Fair value of receivables		
The fair value of the receivable relating to Sasol South Africa Limited is based on the present value of the expected future cash flows.	**55 196**	56 202

	2018 Rm	2017 Rm

3 Deferred tax

	2018 Rm	2017 Rm
Reconciliation		
Balance at beginning of year	**106**	80
Current year charge per the income statement	**71**	26
Balance at end of year	**177**	106

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

	2018 Rm	2017 Rm
Related party receivables (refer to note 21)		
intercompany receivables	**379**	252
intercompany dividend receivables	**3 179**	–
	3 558	252
Other receivables	**6**	2
	3 564	254

Fair value of other receivables

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

5 Cash

	2018 Rm	2017 Rm
Cash	**3**	45
Cash – deposit with Group Treasury	**8 252**	15 334
Cash – Per the statement of cash flows	**8 255**	15 379

Fair value of cash

The carrying amount of cash approximates fair value.

		2018 Rm	2017 Rm
6	**Long-term financial liabilities**		
	Non-derivative instruments		
	Financial guarantees recognised	**1 349**	768
	Less amortisation of financial guarantees	**(714)**	(389)
		635	379
	Less short-term portion of financial guarantees	**(188)**	(165)
	Arising on long-term financial instruments	**447**	214
	Guarantees – maximum exposure	**145 755**	120 913

The long-term financial liabilities consist of guarantees issued on related party debt:

- In favour of Saudi Aramco, maximum exposure amounting to US$90 million relating to Sasol International Services Limited Plc. The carrying value of the financial liability at 30 June 2018 is R6 million.
- In respect of C preference shares issued to various financiers as part of the Sasol Inzalo share transaction, maximum exposure amounting to R5 822 million. Full disclosure is provided in the consolidated Annual Financial Statements in note 16. The carrying value of the financial liability at 30 June 2018 is R0,3 million.
- In favour of Nedbank Limited and Absa Bank Limited guaranteeing the debt of National Petroleum Refiners of South Africa (Pty) Ltd, maximum exposure amounting to R772 million. The carrying value of the financial liability at 30 June 2018 is R5 million.
- In favour of Bond holders over the US$ 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 2018 is R120 million.
- In favour of Firstrand Bank Limited over the debt of Sasol Mining (Pty) Ltd for its mining replacement programme, maximum exposure amounting to R625 million. The carrying value of the financial liability at 30 June 2018 is R0,7 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 2018 is R48 million.
- In favour of various banks guaranteeing the facilities of Sasol Financing (Pty) Ltd, maximum exposure amounting to R9 936 million. The carrying value of the financial liability at 30 June 2018 is R31 million.
- In favour of various banks guaranteeing the facilities of Sasol Financing International Limited, maximum exposure amounting to US$4 275 million. The carrying value of the financial liability at 30 June 2018 is R424 million.

Fair value of long-term financial guarantees

	2018 Rm	2017 Rm
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.	**1 121**	562

		2018 Rm	2017 Rm
7	**Share-based payment provision**		
	Balance at beginning of year	**46**	116
	Long-term incentive scheme converted to equity	**–**	(43)
	Per the income statement	**38**	6
	Utilised during year	**(3)**	(33)
	Balance at end of year	**81**	46
	Less short-term portion	**(81)**	(46)
	Long-term provisions	**–**	–
	Expected timing of future cash flows		
	Within one year	**81**	46
		81	46

	2018 Rm	2017 Rm
8 Trade and other payables		
Related party payables		
intercompany payables	**16**	22
Trade payables	**32**	32
Employee related payables	**31**	40
	79	94
Age analysis of trade payables		
Not past due date	**32**	32

Fair value of trade and other payables

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

	2018 Rm	2017 Rm
9 Translation gains/(losses)		
Arising from:		
Guarantees	**6**	49
Intercompany payables	**(2)**	(2)
Deposit with Group Treasury	**28**	(423)
	32	(376)

Differences arising on the translation of monetary assets and liabilities from one currency into the functional currency of the company at a different exchange rate.

	Notes	2018 Rm	2017 Rm
10 Other operating expenses			
Other operating expenses includes:			
Management fee paid to Sasol South Africa Limited		**79**	80
Professional fees		**8**	10
Employee-related expenditure		**153**	166
salary and related expenses		**71**	107
share-based payment expense	16	**82**	59
Donation to Sasol Siyakha Enterprise and Supplier Development Trust		**208**	76
Sasol Khanyisa share transaction*		**2 866**	–
Other		**19**	41
		3 333	373

* For further details of the Sasol Khanyisa transaction, refer to note 35 in the consolidated Annual Financial Statements.

		2018 Rm	2017 Rm
11	**Remeasurement items affecting operating profit**		
	Effect of remeasurement items		
	Profit on disposal of investment in subsidiary	**–**	46 818
	Impairment of investments	**(59)**	(1 771)
	Reversal of impairment of investment in subsidiaries	**113**	–
	Write-off of long-term receivable	**(35)**	(3 974)
	Impairment of long-term receivables	**–**	(3 050)
		19	38 023

Remeasurement items 2018

Impairment of investment in Inzalo Groups Funding

On 27 June 2018, Sasol subscribed for 1 ordinary share in Inzalo Groups Finding for an amount of R59,42 million, so as to place Inzalo Groups Funding in funds to settle the Class C preference share funding shortfall and any applicable costs and taxes. This investment was impaired with the termination of the Inzalo Groups transaction.

Reversal of impairment of investment in subsidiaries

The company impaired its investment in Sasol New Energy Holdings (Pty) Ltd in 2012. Based on the results of the value-in-use calculations performed on the underlying operating assets, the impairment was partially reversed in this financial year.

Write off long-term receivable

The balance of the long-term receivable with the Inzalo Employee Trusts have been written off with the termination of the Sasol Inzalo transaction in 2018.

Remeasurement items 2017

Impairment of investment in subsidiaries

Sasol Synfuels (Pty) Ltd and Sasol Cobalt Catalyst Manufacturing (Pty) Ltd each own 1% of Sasol South Africa Limited. The investment in these entities have been impaired to the fair value of the investment in Sasol South Africa Limited, amounting to R791 million and R980 million respectively.

Impairment of long-term receivables

With the Sasol Inzalo 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 2017. This decline resulted in an impairment of R3,0 billion in 2017.

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 Limited 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.

	2018 Rm	2017 Rm
12 Revenue and finance income		
Dividends received from subsidiaries – recognised in revenue	**21 983**	20 361
Finance income	**7 821**	3 498
Interest accrued and received	**2 562**	2 790
Guarantee fees received – indirect subsidiaries	**565**	481
Notional interest received	**4 694**	227
	29 804	23 859
Cash interest received – per statement of cash flows	**591**	515
Cash dividends received – recognised in revenue	**18 776**	20 361
	19 367	20 876
Dividend accrued	**3 207**	–
Interest accrued	**2 536**	2 756
Notional interest	**4 694**	227
	29 804	23 859

	2018 Rm	2017 Rm
13 Finance costs		
Notional interest	**(586)**	(372)

	2018 Rm	2017 Rm
14 Taxation		
Securities transfer tax	**(20)**	–
South African normal tax	**(172)**	(25)
current year	**(171)**	(25)
prior years	**(1)**	–
Deferred tax – South Africa	**71**	26
current year	**71**	26
	(121)	1

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:

	2018 %	2017 %
South African normal tax rate	**28,0**	28,0
Increase in rate of tax due to:		
disallowed expenditure	**3,9**	4,2
Securities transfer tax	**0,1**	–
	32,0	32,2
Decrease in rate of tax due to exempt income	**(31,5)**	(32,2)
Effective tax rate	**0,5**	–

15 Share capital

	Number of shares 2018	Number of shares 2017
Authorised	**1 314 407 571**	1 175 000 000
Issued	**645 560 928**	679 822 439

For further details of share capital, refer to note 15 in the consolidated Annual Financial Statements.

16 Share-based payment

16.1 Share-based payment expense

	2018 Rm	2017 Rm
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	**38**	6
Sasol Share Appreciation Rights Scheme	**38**	(10)
Sasol Long-term Incentive Scheme	**–**	16
Equity-settled – recognised in share-based payment reserve	**2 910**	53
Sasol Long-term Incentive Scheme	**44**	53
Sasol Khanyisa share transaction	**2 866**	–
Sasol Inzalo share transaction	**–**	–
	2 948	59

16.2 Share-based payment reserve

	2018 Rm	2017 Rm
Equity-settled		
Sasol Inzalo share transaction	**34**	76
Sasol Khanyisa share transaction	**2 953**	–
Sasol Long-term Incentive Scheme	**789**	387
	3 776	463

For further details of the Sasol Khanyisa transaction, refer to note 35 in the consolidated Annual Financial Statements.

17 Cash generated by operating activities

	2018 Rm	2017 Rm
Cash flow from operations (refer to note 18)	**18 374**	19 602
(Increase)/decrease in working capital	**(138)**	449
	18 236	20 051

18 Cash flow from operations

	2018 Rm	2017 Rm
Profit before tax	**25 944**	60 774
Adjusted for		
net finance income	**(7 235)**	(3 126)
translation on guarantees	**(6)**	(49)
equity-settled share-based payment expense	**2 910**	53
effect of remeasurement items	**(19)**	(38 023)
movement in provision	**35**	(27)
income statement charge	**38**	6
utilisation	**(3)**	(33)
dividends receivable recognised in revenue	**(3 207)**	–
other non-cash movements	**(48)**	–
	18 374	19 602

19 Dividends paid

	2018 Rm	2017 Rm
Final dividend – prior year		
external shareholders	**(4 764)**	(5 557)
related party – subsidiary company	**(69)**	(80)
related parties – Inzalo	**(733)**	(711)
Interim dividend – current year		
external shareholders	**(3 062)**	(2 931)
related party – subsidiary company	**–**	(42)
related parties – Inzalo	**(567)**	(561)
Per statement of cash flows	**(9 195)**	(9 882)

20 Additional investments in subsidiaries and long-term receivables movements

		2018 Rm	2017 Rm
Increase in investments per statement of financial position	(refer to note 1)	**(12 771)**	(7 713)
Adjusted for			
dividend received in specie	(refer to note 21)	**13**	–
notional interest		**4 369**	–
long-term incentive sheme		**568**	–
write-off of investment Inzalo Groups Funding		**(59)**	–
non-cash impact of disposal of investment in Sasol Gas (Pty) Ltd		**–**	(11)
Per statement of cash flows		**(7 880)**	(7 724)

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.

	2018 Rm	2017 Rm
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 Limited (refer to note 10)	**79**	80
Finance income – dividends from subsidiaries		
Sasol Mining Holdings (Pty) Ltd	**524**	651
Sasol South Africa Limited*	**18 034**	9 820
Sasol Synfuels (Pty) Ltd	**–**	60
Sasol Cobalt Catalyst Manufacturing (Pty) Ltd	**–**	60
Sasol Merisol RSA (Pty) Ltd	**–**	60
Sasol Financing Limited	**517**	–
Sasol Technology (Pty) Ltd	**38**	–
Sasol Gas (Pty) Ltd	**–**	2 700
Sasol Oil (Pty) Ltd	**–**	1 967
Sasol Investment Company (Pty) Ltd	**1 837**	5 043
Sasol Middle East and India (Pty) Ltd	**955**	–
	21 905	20 361
Finance income – interest from subsidiaries		
Sasol Inzalo Employee Trust	**2 300**	2 240
Sasol Inzalo Management Trust	**186**	182
Sasol Inzalo Foundation Trust	**–**	334
Sasol South Africa Limited	**4 420**	–
Sasol Financing International Limited	**23**	31
	6 929	2 787
Finance income – guarantee fees from subsidiaries		
Sasol Chemicals USA Holdings	**501**	416
Sasol Chemicals North America	**50**	49
Sasol International Services Limited	**9**	9
Sasol Mining (Pty) Ltd	**3**	5
Sasol Oil (Pty) Ltd	**2**	2
	565	481
Recognised directly in equity		
Sasol Merisol RSA (Pty) Ltd	**13**	–
	13	–
Amounts reflected as non-current assets		
Investments in subsidiaries at cost	**120 795**	108 024
Long-term loans to direct subsidiaries		
Sasol Financing Limited	**–**	5 454
Long-term loans to indirect subsidiaries		
Sasol Mining (Pty) Ltd	**525**	525
	121 320	114 003
Long-term receivables relating to subsidiaries		
Sasol South Africa Limited (refer to note 2)	**46 877**	46 877
Sasol Khanyisa Fundco (refer to note 2)	**8 302**	–

* R8,3 billion represents amounts received from SSA which were in turn advanced to Fundco to subscribe for shares in SSA, as part of the Sasol Khanyisa transaction.

	2018 Rm	2017 Rm
Long-term receivables relating to indirect subsidiaries		
Sasol Khanyisa Warehousing Trust	**17**	–
Sasol Inzalo Public Limited	**–**	9
	17	9
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 Inzalo Public Limited	**9**	–
Sasol Investment Company (Pty) Ltd	**57**	9
Sasol Oil (Pty) Ltd	**1**	–
Sasol Mining (Pty) Ltd	**2**	–
Sasol South Africa Limited	**3 206**	–
Other receivables relating to indirect subsidiaries	**379**	243
	3 654	252
Short-term payables relating to direct subsidiaries		
Sasol Holdings Netherlands	**3**	2
Sasol South Africa Limited	**12**	6
Sasol Chemicals USA Holdings	**1**	14
	16	22

* 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 – Revenue and 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 40 in the consolidated financial statements for more information.

Liquidity risk

The company has provided guarantees for the financial obligations of subsidiaries and joint ventures. The outstanding guarantees at 30 June 2018 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	More than five years Rm
2018					
Financial assets					
Non-derivative instruments					
Investments available for sale	1	**7**	**–**	**–**	**7**
Long-term receivables		**64 596**	**–**	**–**	**64 596**
Other receivables	4	**3 564**	**3 564**	**–**	**–**
Cash	5	**8 255**	**8 255**	**–**	**–**
		76 422	**11 819**	**–**	**64 603**
Financial liabilities					
Non-derivative instruments					
Trade and other payables	8	**(79)**	**(79)**	**–**	**–**
Financial guarantees[1]	6	**(145 755)**	**(145 755)**	**–**	**–**
		(145 834)	**(145 834)**	**–**	**–**

	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					
Investments available for sale	1	5	–	5	–
Long-term receivables		72 129	25 383	46 886	–
Other receivables	4	254	254	–	–
Cash	5	15 379	15 379	–	–
		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)	–	–

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	
	2018	2017	**2018**	2017
Rand/US dollar	**12,85**	13,61	**13,73**	13,06

The most significant exposure of the company's financial assets and liabilities to currency risk is as follows:

	2018 US dollar Rm
Net exposure on balances between group companies	**2 296**
Total net exposure	**2 296**

	2017 US dollar Rm
Net exposure on balances between group companies	1 071
Total net exposure	1 071

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 2017.

	2018		2017	
	Equity Rm	**Income statement Rm**	Equity Rm	Income statement Rm
US dollar	**(230)**	**(230)**	(107)	(107)

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	
	2018 Rm	2017 Rm
Variable rate instruments		
Financial assets	**10 605**	1 132
	10 605	1 132
Fixed rate instruments		
Financial assets	**46 877**	69 766
	46 877	69 766
Interest profile (variable: fixed rate as a percentage of total interest bearing)	**18:82**	2:98

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 2017.

	Income statement – 1% increase
	South Africa Rm
30 June 2018	**106**
30 June 2017	11

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 17 August 2018.

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 Accounting standards, interpretations and amendments to published accounting standards

IFRS 9 'Financial Instruments'

IFRS 9 introduced new requirements for classifying and measuring financial assets and liabilities, including a new impairment model which will result in earlier recognition of losses. Under IFRS 9 financial assets will be classified as measured at amortised cost, fair value through profit or loss, or fair value through other comprehensive income. Whilst financial assets will be reclassified into the categories required by IFRS 9, the company has not identified any significant impacts on the measurement of its financial assets and financial liabilities as a result of the classification and measurement requirements of the new standard.

For financial liabilities the existing classification and measurement of IAS 39 will remain the same. The financial asset impairment requirements of IFRS 9 introduce a forward-looking expected credit loss model that results in earlier recognition of credit losses than the incurred loss model of IAS 39. The company is currently evaluating the impact of IFRS 9 on its results.

IFRS 9 is effective from 1 January 2018.

26 Subsequent events

The Sasol Limited Board approved that Sasol repurchase the shares from Inzalo Public Funding Limited (RF) in September 2018 and settle the outstanding debt of R7,4 billion and a cash top-up for value realised of approximately R600 million in September 2018, assuming a share price of R500. This will then conclude the unwinding of the Sasol Inzalo transaction.

27 Other

For further information regarding the remuneration of directors and key management personnel, refer to the audited Report of the Remuneration Committee on pages 25 to 39.

For information on major shareholders, refer to page 21.

Information on contingencies is contained in Note 36 of the consolidated Annual Financial Statements.

CONTACT INFORMATION

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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.

Questions or correspondence about Global BuyDIRECT℠ should be addressed to:

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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 Business Performance Enhancement Programme, Response Plan, Continuous Improvement and our business performance outlook. Words such as "believe", "anticipate", "expect", "intend", "seek", "will", "plan", "could", "may", "endeavour", "target", "forecast", "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 28 August 2017 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

Please note: 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

Abbreviations

bbl –barrels

mm bbl – million barrels

mm tons – million tons

bscf – billion standard cubic feet

mmscf – million standard cubic feet

mmboe – million barrels oil equivalent

m bbl – thousand barrels

oil - references brent crude

ktpa – thousand tons per annum

Rm – rand millions

one billion - one thousand million

$/ton – US dollar per ton

mm³ - million cubic meters

BFP – Basic Fuel Price

BPEP – Business Performance Enhancement Programme

EGTL – Escravos Gas-to-Liquid

LCCP – Lake Charles Chemicals Project

RP – Response Plan

PSA – Production Sharing Agreement

GTL – Gas-to-Liquids

US – United States of America

B-BBEE – Broad-Based Black Economic Empowerment

CGUs – Cash Generating Units

SARS – South African Revenue Services

JSE – Johannesburg Stock Exchange Limited

IFRS – International Financial Reporting Standards

HEPS – Headline Earnings per Share

DEPS – Dilluted Earnings per share

CHEPS – Core headline earnings per share

EPS – Earnings per share

EBIT – Earnings before interest and tax

WACC – Weighted average cost of capital

LTIs – Long-term incentives

SARs – Share Appreciation Rights scheme

CPTs – Corporate Performance Targets

EBITDA is calculated by adjusting earnings before interest and taxation for depreciation, amortisation, remeasurement items, share-based payments and unrealised gains and losses on are hedging activities.

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 are still ramping up and share-based payments on implementation of B-BBEE transactions. We believe core headline earnings is a useful measure of the group's sustainable operating performance. However, this is not a defined term under IFRS and may not be comparable with similarly titled measures reported by other companies.