“Sasol’s financial targets are

- to maintain our gearing within a target range of 30% to 50%;
- to achieve 10% attributable earnings growth per annum in US$ terms on a three-year moving average basis (base years 1998 – 2000);
- to achieve an economic value added rating of 1,3 times our weighted average cost of capital on all new major investments; and
- to generate 50% of our cash from operations from our non-South African operations by the 2010 financial year.”

Trevor Munday
Deputy chief executive and chief financial officer

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

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

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

Forward-looking statements can generally be identified as such because the context of the statement will include words such as the group or management ‘believes’, ‘anticipates’, ‘expects’, ‘intends’, ‘seeks’, ‘will’, ‘plans’, ‘could’, ‘may’, ‘endeavours’, ‘projects’, ‘estimates’ or words of similar import. Similarly, statements that describe the group’s future plans, objectives or goals are also forward-looking.

Forward-looking statements apply only as of the date on which they are made, and Sasol does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

chief financial officer's review

This review provides further insight into the financial position, performance and arrangements of our group and should be read in conjunction with the annual financial statements presented on pages 25 to 131.

Key performance indicators

Our key financial performance indicators for the year ended 30 June 2005 were as follows

		2005 US$m[1]	**2005 Rm**	2004 Rm	% increase
Turnover		**11 150**	**69 239**	60 151	15
Operating profit		**2 336**	**14 506**	9 314	56
Earnings attributable to shareholders		**1 541**	**9 573**	5 940	61
Cash generated by operating activities		**3 029**	**18 812**	15 151	24
Total assets		**13 191**	**87 989**	73 486	20
Total debt		**2 829**	**18 866**	16 488	14
Earnings per share	cents	**251**	**1 560**	974	60
Gearing	%		**37,6**	41,2	
Net asset value	rand		**70,58**	57,31	23

[1] The principal reporting currency of Sasol is the rand. Amounts expressed in US dollars represent a translation made in accordance with International Financial Reporting Standards (IFRS) as set out in note 28 of the accounting policies and glossary of financial reporting terms on page 43. These figures are presented for convenience purposes only.

Economic variables and financial indicators

Principal economic indicators

The economic indicators and variables used in preparing the financial statements were

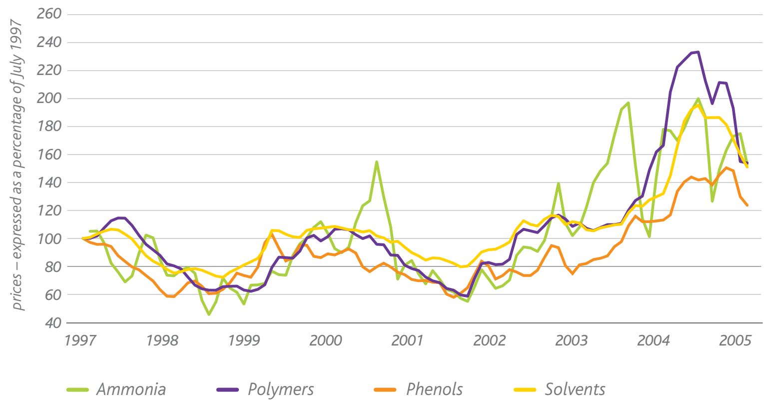
	Note	Income statement **2005**	Income statement 2004	Income statement 2003	Balance sheet **2005**	Balance sheet 2004	Balance sheet 2003
Exchange rates	1						
rand/US$		**6,21**	6,88	9,03	**6,67**	6,21	7,50
rand/euro		**7,89**	8,19	9,41	**8,07**	7,57	8,63

	Note	Financial statements **2005**	Financial statements 2004	Financial statements 2003
Crude oil (US$/b)				
Dated Brent (annual average)	2	**46,17**	31,30	27,83

Notes:
1. Exchange rates are determined as the mid-closing interbank rate of South African banks daily as published by Reuters. The average rate for the year, used for income statement purposes, is determined as an arithmetic average of the mid-closing interbank rates for each of the South African business days for the financial year under review.
2. Brent crude oil prices are determined from the quoted daily average market prices of Blend North Sea crude oil as published by Platts Global Alert. The average price for the year is calculated as an arithmetic average of the daily published prices.

Monthly average commodity chemical prices are reflected in the following graph

Chemical prices



Risk management

We are exposed to a number of external risks, as described below, which are not under our control, yet they can have a significant impact on our results. These risks are monitored on an ongoing basis and, where feasible and in line with our strategy, derivative instruments are entered into in order to mitigate them. No speculative trading in derivatives is permitted.*

Objective

Our hedging programme is based on risk management rationale. The objective of our hedging programme is to achieve greater certainty in cash flows, particularly considering our capital expenditure programme, and not to boost profits through speculative hedging approaches.

Exchange rates

The majority of our turnover is denominated in US dollars or significantly influenced by the rand/US dollar exchange rate. This turnover is derived either from exports from South Africa, businesses outside of South Africa or South African sales which comprise mainly petroleum and chemical products that are mostly based on global commodity and benchmark prices quoted in US dollars. Furthermore, a significant proportion of our capital expenditure is also US dollar-linked.

Any change in the annual average rand/US$ exchange rate has a significant effect on our results. For the 2006 financial year, for every 10c weakening or strengthening of the rand against the US$ for the year, our operating profit increases or decreases by approximately R500 million as applicable. This sensitivity is utilised primarily for purposes of financial forecasting and budgeting, reflects the effect of possible changes in the average annual exchange rate and excludes the effect of any changes to the closing rand/US dollar exchange rate.

We apply the following principal policies in order to protect ourselves against the effects (on our South African operations) of a volatile rand against other major currencies as well as an anticipated long-term trend of a devaluing rand:

- all major capital expenditure in foreign currency is hedged immediately on commitment of expenditure or on approval of the project (also with South African Reserve Bank approval), by way of forward exchange contracts; and
- all imports in foreign currency in excess of an equivalent of US$50 000 per transaction are hedged immediately on commitment by way of forward exchange contracts.

This is an established policy of our group based on anticipated long-term trends and is designed to hedge our exposure in South Africa to exchange rate-based volatility in cash flows on both operating and capital expenditure. This policy enables us to more accurately forecast our cash outflows for purchases of both capital items and operating materials thereby improving our management of both working capital and debt.

Crude oil prices

Market prices for crude oil fluctuate because they are subject to international supply, demand and political factors. Worldwide supply and price levels of crude oil are also influenced by international oil cartels. Our exposure to the crude oil price centres primarily around crude oil related raw materials, as well as on the selling price of the fuel marketed by our Sasol Liquid Fuels Business which is governed by the basic fuel price (BFP) formula. A key factor in the BFP is the Mediterranean and Singapore (petrol) or The Gulf (diesel) spot price.

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

In the financial year under review, we hedged a portion (approximately 30% of Synfuels' production) of our exposure to crude oil price volatility by entering into a derivative instrument in terms of which 45 000 b/d of crude oil were sold forward at a weighted average price of US$33,12/b. Whilst the hedge achieved our objective of achieving a minimum level of cash flows in order to fund our capital expenditure programme, the group realised a total opportunity loss for the year on this hedge of R1 147 million before tax.

We have reviewed our oil price exposure for the 2006 financial year. Due to continuing volatility in oil markets and considering the capital expenditure plans for the year, we have decided to continue with modest hedging to protect cash flows, but following a different approach.

We have, therefore, for the 2006 financial year, entered into hedging transactions (zero cost collars) for 45 000 barrels of oil (dated Brent) per day (equivalent to approximately 30% of Synfuels' production). In terms of this hedge the group will be protected, should monthly average oil prices decrease below US$45,00/b on the hedged portion of production, and conversely, will incur opportunity losses on the hedged portion of production should monthly average oil prices exceed US$82,61 per barrel.

We believe the revised approach to be more appropriate in the context of the currently high and rising crude oil prices. Although, on the hedged portion of production, the approach protects Sasol should crude oil prices drop below US$45,00/b, thereby ensuring that sufficient cash flow is generated to fund the capital expenditure programme, it allows Sasol to take advantage of any upside on the crude oil price up to US$82,61/b thus limiting the potential opportunity loss which could arise.

* Further detail is provided in the Form 20-F filed with the Securities and Exchange Commission in the United States of America and available on our website.

For the 2006 financial year, a US$1/b increase in the average annual crude oil price results in an approximately R255 million (US$39 million) increase in operating profit with a similar negative consequence if the average annual crude oil price decreases by US$1/b. This sensitivity is utilised primarily for purposes of financial forecasting and budgeting. Should the annual average crude oil price move outside the range of our zero cost collar hedging instrument, the effect on operating profit will reduce to approximately R105 million (US$16,5 million) for each US$1 change in the crude oil price.

Full disclosure is provided in the financial instruments disclosure on page 119.

Cyclicality in petrochemical product prices

The demand for our chemical and especially polymer products is normally cyclical. Typically, higher demand during peaks in industry cycles leads producers to increase production capacity. Although peaks in these cycles have in the past been characterised by increased market prices and higher operating margins, such peaks have prompted further capital investment which has led to supply exceeding demand and a resultant reduction in selling prices and operating margins.

Even though there is currently a surplus capacity of some products in the chemicals market, with the possibility of further capacity additions in the next few years, it is not currently group

The fixing or capping of interest rates to achieve improved predictability of borrowing costs is considered and implemented on a case-by-case and project-by-project basis, taking the specific and overall risk profile and benefits into consideration. In most cases, interest rates are fixed by entering into an interest rate swap to exchange a portion of variable interest exposure on the underlying debt for fixed interest rate exposure. Details of these interest rate swaps are provided on page 118 in the financial instruments notes.

Accounting policies

The consolidated financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and applicable legislation.

As reflected in the accounting policies on page 37, the group has adopted the majority of the revised standards issued by the International Accounting Standards Board (IASB) before the mandatory date of adoption. This approach has been followed as these statements provide improvements to financial reporting resulting in improved disclosure in the annual financial statements and also has the effect of furthering our stated intention of harmonising our accounting treatment under IFRS and US GAAP. The following standards were not adopted during the current year:

- IAS21 The effect of changes in foreign exchange rates – the changes to this standard may result in material system and accounting changes and is therefore being extensively researched before it is adopted.
- IAS24 Related parties – the changes are primarily to company (and not group) financial statements and are expected to result in significant changes to underlying reporting systems and the requirements are being extensively researched before being implemented.
- IAS32 and 39 Financial instruments – the IASB recommended that this statement not be adopted early.
- IFRS2 Share based payments – the equivalent revised US GAAP standard will only be adopted from the 2006 financial year and therefore the adoption of this standard is delayed to achieve harmonisation between IFRS and US GAAP.
- IFRS4 Insurance contracts – the standard has no material impact on Sasol and will be implemented from the 2006 financial year.
- IFRS6 Exploration for and evaluation of mineral resources – was issued during the current year, has a minimal effect on Sasol and is only applicable from the 2007 financial year.

These standards will be adopted for the 2006 financial year which commenced on 1 July 2005.

Progress in achieving harmonisation of IFRS with US GAAP

The adoption of the accounting standards as described in the accounting policies on page 37 has resulted in further harmonisation with US GAAP, notably in the areas of business combinations and intangible assets. The adoption of IFRS2 Share based payments, concurrently with the revised US GAAP standard, in the 2006 financial year will result in further harmonisation.

The following remaining significant differences between IFRS and US GAAP cannot, in terms of current accounting standards and our policies, be harmonised because in terms of US GAAP:

- the provision for post-retirement benefit obligations is determined as the expected future benefits payable while in terms of IFRS it is determined as the expected future contributions payable;
- all incorporated joint ventures are accounted for using the equity method whilst under our selected policy for IFRS they are proportionately consolidated;
- assets are considered to be impaired when the carrying value is less than the undiscounted value of future cash flows, while for IFRS the carrying value is compared to the discounted value of future cash flows; and
- the discount rate of asset retirement obligations is not reassessed annually whilst for IFRS the discount rate is adjusted on an annual basis.

Key areas where management's judgement has been applied

In preparing our financial statements in terms of IFRS, applicable accounting policies are applied and estimates and assumptions made that may affect reported financial results. The nature of these assumptions is inherently long-term and future experience may result in actual amounts differing from these estimates.

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

Depreciation rates

The group depreciates its assets over their estimated useful lives, which, following the adoption of IAS16 Property, plant and equipment (revised), are re-assessed on an annual basis. The actual lives of these assets can vary depending on a variety of factors.

Assets related to oil-and-gas producing activities are depreciated over the estimated proven reserves to which those assets relate. Accordingly, changes in proven reserves may result in a significant change to the depreciation rates applied to these assets.

The group's assets are depreciated over their estimated remaining useful lives. These useful lives are periodically reassessed to determine whether the original period continues to be appropriate. Technological innovation, product life cycles and maintenance programmes all impact the useful lives of the assets.

During the current year, the effect of changing the remaining estimated useful lives of our plant and equipment and therefore the depreciation charge, was an increase in operating profit of some R1,5 billion. This has significantly reduced the depreciation to cost of property, plant and equipment ratio from 5,8% in 2004 to 3,8% in 2005. This reduction in depreciation is attributable to the following businesses:

Business unit	Reduction in depreciation charge Rm
Mining	29
Synfuels	656
Gas	50
Liquid Fuels Business	39
Polymers	170
Solvents	61
Olefins & Surfactants	517
Nitro	12
Wax	10
Technology	2
Financing	1
Total	**1 547**

The effect of the initial review of the estimated useful lives of our assets was significant. It should be noted, however, that for every subsequent financial year, each business unit is required to perform a similar review of both the depreciation method applied and the estimated remaining useful lives of its assets. This future review is not expected to result in a significant adjustment to future depreciation charges and therefore the current year impact is not expected to recur.

Impairment of assets

An impairment assessment is performed on property, plant and equipment, goodwill and intangible assets at least biannually. The future cash flows expected to be generated by these assets are assessed, taking into account forecast market conditions and the expected remaining lives of these assets. The present value of these cash flows is compared to the current net asset value and, if lower, the assets are impaired to the present value.

A number of our chemical plants in South Africa were constructed during a period in which the relatively weak rand increased capital costs. These plants are now earning income streams based on a much stronger rand than originally envisaged at the time of construction. Furthermore, at the time the investment decisions were made, an average long-term crude oil price in the region of US$20/b was forecast whilst experience in the last two years has resulted in our long-term forecast increasing to between US$30/b and US$35/b. This increase in crude oil prices has also had a negative impact on the cost of feed streams in our chemical facilities.

As a result, a number of our chemical plants in South Africa, North America, Italy and Germany have been impaired during the current year. The impairment charge of R808 million on property, plant and equipment in the current year represents 1,4% of the carrying value of property, plant and equipment and less than 0,4% of the replacement cost of the group's property, plant and equipment.

Capital projects are evaluated against our weighted average cost of capital (WACC). Therefore, when performing an impairment review, the same criterion is applied and expected future cash flows are discounted using WACC as the discount rate. At 30 June 2005, our WACC was 12,75% for South Africa and 7,25% in Europe and the US.

Asset retirement and rehabilitation obligations
Upon turnaround or termination of a business operation, the group has obligations to remove the plant and equipment and rehabilitate the land in certain countries. Estimating the future costs of these obligations is complex and requires management to make estimates and judgments 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.

Certain of our asset retirement obligations are coupled to the estimated remaining useful lives of the assets to which they relate. As a result of the extension of useful lives in the current year, the timing of certain provisions was also re-assessed resulting in a reduction of these provisions by approximately R0,6 billion. Further detail is provided in note 16 of the annual financial statements.

Employee benefits
The group provides for obligations for pension and provident funds as they apply to both defined contribution and defined benefit schemes, as well as post-retirement healthcare. The obligations are determined based on a number of assumptions and in consultation with independent actuaries. These assumptions (set out in note 17 of the annual financial statements) include, amongst others, the discount rate, the expected long-term rate of return of retirement plan assets, healthcare inflation costs and rates of increase in compensation costs.

Valuation of financial instruments
The valuation of derivative financial instruments is based on the market situation on balance sheet date. The value of these derivative instruments fluctuates on a daily basis and the actual amounts realised may differ materially from the value at which they are reflected on balance sheet date.

Our financial performance in the 2005 financial year (income statement)

Turnover

Turnover, in the 2005 financial year, increased by R9 088 million (15%) to R69 239 million when compared to the previous financial year. The primary factors contributing to this increase were

	2005 Rm	2005 %	2004 Rm	2004 %
Exchange rates	**(4 919)**	**(8)**	(11 410)	(18)
Product prices	**14 846**	**25**	2 885	5
crude oil	**6 502**	**11**	2 330	4
other products (including chemicals)	**8 344**	**14**	555	1
Volumes	**(839)**	**(2)**	4 421	7
Exceptional items	**–**	**–**	(300)	(1)
Increase/(decrease) in turnover	**9 088**	**15**	(4 404)	(7)

Turnover has increased at a compound average of 22% over the last five years.

Operating profit

Operating profit, in the 2005 financial year, increased by R5 192 million (56%) to R14 506 million when compared to the previous financial year.

The main factors contributing to the increase in operating profit were

	2005 Rm	2005 %	2004 Rm	2004 %
Exchange rates	**(1 621)**	**(17)**	(5 975)	(50)
closing rate	**1 126**	**12**	673	6
average rate	**(2 747)**	**(29)**	(6 648)	(56)
Product prices	**8 512**	**91**	2 875	24
crude oil	**3 619**	**38**	2 245	19
effect of the crude oil hedge	**(1 147)**	**(12)**	–	–
other products (including chemicals)	**6 040**	**65**	630	5
Inflation on fixed cash costs	**(405)**	**(4)**	(414)	(4)
Volume and productivity effects	**(1 395)**	**(15)**	1 163	10
Change in accounting standards (property, plant and equipment and goodwill)	**1 349**	**14**	–	–
Exceptional items	**(1 248)**	**(13)**	(246)	(2)
Increase/(decrease) in operating profit	**5 192**	**56**	(2 597)	(22)

Operating profit has increased at a compound annual average rate of 18% over the last five years.

To date, the majority (84% in 2005) of our profits have been derived from our South African operations. Our investments in GTL in Qatar and Nigeria and Polymers in Iran are expected to result in an increase in our operating profit generated outside South Africa once they come on stream.

In the current year, our fuel and energy related business contributed 79% of our operating profit and our chemical businesses 21%.

Effect of capital items on operating profit

The following non-recurring, exceptional transactions were included in operating profit

Business		2005 Income/(expenditure) Rm
Impairments		
Olefins & Surfactants	Alkylates plant (North America); 3rd octene train (South Africa); inorganic specialities plant (Italy)	**(453)**
Olefins & Surfactants	Goodwill in North America and Italy	**(209)**
Solvents	Ketones and alcohols plants (Germany) and n-Butanol (South Africa)	**(302)**
Liquid Fuels Business	Investment in Black Top Holdings (Pty) Limited	**(42)**
Technology	Research and development assets	**(18)**
Synfuels (CarboTar)	Electrical kiln (South Africa)	**(16)**
Various		**(38)**
		(1 078)
Scrapping of assets		
Synfuels	Mainly capitalised development costs	**(111)**
Olefins & Surfactants	Mainly capitalised development costs	**(87)**
Solvents	Mainly closure of crotonaldehyde, propylene oxide and glycol ethers plants	**(80)**
Various		**(12)**
		(290)
Other capital items		
Synfuels International	Profit on sale of participation rights in future GTL venture	**33**
Nitro	Profit on disposal of Sasol Southwest Energy	**28**
Various	Profit on disposal of businesses	**12**
Various	Profit on disposal of property, plant and equipment	**20**
		93
Capital items (per note 35 page 97)		**(1 275)**

The most significant impairments in the current year were incurred in the Solvents and Olefins & Surfactants businesses. The primary cause of these impairments is the significant increase in the price of raw materials as a result of the increase in crude oil prices which cannot be passed on to customers and, for our South African assets, the effect of the weaker rand during the construction phase negatively impacted capital costs and these assets are now earning income streams based on a much stronger rand than originally envisaged.

The current economic evaluation of the 3rd octene train indicates that the cost of completion will be substantially higher than previously forecast with the result that the plant will not meet our WACC. This has resulted in the total capital cost incurred to date being impaired. A higher price is being negotiated with our customer in order to achieve our WACC and as a result, the project will be completed.

In the context of the current high crude oil prices and prices of various other raw materials, the group has evaluated previously capitalised development costs. These projects are no longer considered economical and, as a result, these costs have been written off. In addition, as a result of strategic decisions taken by the Solvents management board, certain areas of production have been discontinued and the related assets scrapped.

The group disposed of its investment in Sasol Southwest Energy LLC. Following impairment charges recognised in the previous year, the final disposal of the investment realised a profit for the group of R28 million. Furthermore, a number of smaller subsidiaries and investments were sold during the current year realising a profit of R12 million.

Our financial position (balance sheet)

Capital resources

The group's capital resources comprise

	2005 Rm	2004 Rm	2003 Rm
Total equity	43 786	35 400	33 818
Total debt	18 866	16 488	14 330
	62 652	51 888	48 148

Debt profile

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

Long-term capital expansion projects and acquisitions of businesses are financed by a combination of floating and fixed rate long-term debt. This debt is normally in the measurement currency of the project or acquisition being financed and repayment terms match the expected cash flow to be generated by the asset or business acquired.

Our debt comprises the following

	2005 Rm	2004 Rm	2003 Rm
Long-term debt	12 951	9 110	4 581
Short-term debt	3 300	3 265	6 481
Bank overdraft (including overnight borrowings)	2 615	4 113	3 268
Total debt	18 866	16 488	14 330
Less cash	2 509	2 063	3 186
Net debt	16 357	14 425	11 144

Although the group's net borrowings have increased by R1 932 million to R16 357 million, the gearing ratio of 38% (2004 – 41%) at year end remains satisfactory and is well within the target range of 30% to 50%. Our gearing changes by approximately 2% points for every R1 billion change in debt.

During the year, the specific asset based financing in place for the purchase of Sasol Chemie was replaced by newly raised group debt. This has resulted in a substantial reduction in the value of assets pledged as security (from R16,4 billion to R8,4 billion) as well as the negotiation of better interest rates and less onerous borrowing covenants. The increase in long-term debt is primarily attributable to the increasing capital expenditure on our Oryx GTL plant, the financing arrangements in respect of the Mozambique Natural Gas Project as well as the raising of a Euro 300 million Eurobond. The proceeds of the five year Eurobond were used to reduce Sasol's short-term borrowings in South Africa and assist in diversifying and extending the average tenor of our debt portfolio. Sasol Financing now uses less uncommitted short-term bank credit facilities which is positive from a credit rating perspective.

Accordingly, the ratio of long-term debt to short-term debt of 2,2:1 in the current year has increased from 1,2:1 in 2004 which more accurately reflects the trend of future cash flows expected to be generated by these projects as well as Project Turbo.

The anticipated sale of our investment in the Olefins & Surfactants business will also result in a substantial reduction in debt and enable the group to focus its resources (including its debt capacity) on its long-term strategy of developing integrated fuel and chemicals facilities which are backward integrated into the raw material feedstreams.

Our debt coverage of 1,0 times (cash generated by operating activities to total debt) and borrowing cost cover of 9,7 times (net income before borrowing costs and taxation to borrowing costs) remain satisfactory.

Our debt exposure at 30 June analysed by currency was

	2005 Rm	2005 %	2004 Rm	2004 %
Euro	3 787	20	1 656	10
US dollar	3 301	17	3 247	20
Rand	11 471	61	11 569	70
Other	307	2	16	–
	18 866	100	16 488	100

This currency exposure is a reflection of the currency of the capital expenditure of the group.

Cash flow

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

Cash generated by operating activities

The compound annual rate of growth of cash generated by operating activities over the last five years is 19%.

Utilisation of available cash

	2005 Rm	2004 Rm
Net cash at beginning of year (including restricted cash)*	(1 523)	583
Cash generated by operating activities	18 812	15 151
Investment income	169	230
Cash available for use by the group	17 458	15 964
Borrowing costs paid	(1 523)	(1 384)
Tax paid	(3 753)	(3 963)
Dividends paid to shareholders	(2 856)	(2 745)
Dividends paid to minority shareholders	(64)	(37)
Cash available for investment	9 262	7 835
Capital expenditure	(12 526)	(11 418)
to enhance existing operations	(5 235)	(3 519)
to expand operations	(7 291)	(7 899)
Other net investing activities	299	390
Share repurchase programme	–	(33)
Net cash shortfall	(2 965)	(3 226)

* The cash restricted for use is primarily cash held by joint ventures to which the group has restricted title as well as the cash in the group's cell captive insurance companies.

The shortfall in the current year was financed primarily from an increase in long-term borrowings including project finance for certain of our capital projects.

Capital expenditure

Capital commitments

There are currently close on 40 projects each in excess of R150 million in various stages of development, representing 84% of a potential capital investment approximating R39 billion. Numerous smaller projects are also under consideration. Capital authorised at 30 June 2005 less expenditure already incurred amounted to R19 billion of which R8 billion has not yet been contracted. Approximately R14 billion is expected to be invested in capital projects during the next financial year.

Capital projects are evaluated against our weighted average cost of capital (WACC) for the specific country in which the project is being established. The country specific WACC is, inter alia, based on long-term interest rates and market risks attributable to that particular country. At 30 June 2005 our WACC for South Africa was 12,75% and for Europe and the US was 7,25%. Projects to expand operations are judged against a hurdle rate of 1,3 times WACC.

Significant projects, each in excess of R200 million, in progress with a total amount approved of approximately R30 billion, include

Project	Business	Currency	Amount approved	Capital commitment at 30 June 2005 Rm	Expected completion date
GTL Escravos	Synfuels International	US$m	945	4 937	Mar 2009
Oryx GTL (Qatar)	Synfuels International	US$m	466	1 063	May 2006
Ethane cracker, HDPE and LDPE plants in Iran	Polymers	US$m	516	2 457	May 2006
Project Turbo	Polymers	Rm	7 445	3 152	Aug 2006
	Synfuels	Rm	5 722	1 900	Mar 2006
3rd octene train	Olefins & Surfactants	Rm	†	1 132	Nov 2006
Natref clean fuels project	LFB	Rm	520	288	Oct 2005
New waste recycling facility	Synfuels	Rm	520	151	Oct 2005
Project Landlord	Synfuels	Rm	429	199	Dec 2005
Syferfontein Kriel South phase 2	Mining	Rm	299	157	Oct 2005
Mooikraal underground coal mine	Mining	Rm	229	102	Nov 2005

The expected timing of the future cash flows related to these capital commitments is provided on page 63 of the annual financial statements.

† Final contract value still to be determined.

Additions to non-current assets

Capital expenditure during the year, including the effects of cash flow hedge accounting (R0,6 billion) amounted to R13,2 billion of which R13,1 billion was incurred on property, plant and equipment and R0,1 billion on intangible assets. The cash effect of capital expenditure during the year amounted to R12,4 billion on property, plant and equipment and R0,1 billion on intangible assets.

Of the R12,4 billion capital expenditure (2004 – R10,9 billion), R5,2 billion (42%) was utilised to address environmental obligations and enhance existing assets and R7,2 billion (58%) was spent to expand operations.

Key projects to address environmental matters and enhance existing assets during the year include

Project	Business	Rm
Project Turbo†	Synfuels	2 520
Mining renewal	Mining	466
Waste recycling facility	Synfuels	263
Reconstruction of the ethylene plant (Unit 24)	Polymers	185
Other (individually less than R100 million)	Various	1 728
		5 162

Key projects to expand operations during the year include

Project	Business	Rm
Project Turbo†	Polymers	3 321
Oryx GTL* and Escravos GTL*	Synfuels International (Sasol's portion)	1 495
Ethane cracker, HDPE and LDPE plants in Iran*	Polymers	945
Sasol LFB distribution network*	LFB	294
2nd and 3rd octene trains	Olefins & Surfactants	288
Mozambique Natural Gas Project*	Gas and SPI	239
Clean fuels project*	Natref	215
Tar naptha phenolic extraction	Merisol (Sasol's portion)	105
Other (individually less than R100 million)	Various	350
		7 252

† During the current year, increases in the capital costs as well as an overrun on the project schedule have resulted in the costs of completion of Project Turbo (Synfuels and Polymers) increasing from R12 billion to R13 billion and a resultant decrease in the expected return on this project.

* Financed using project specific finance. All other assets are financed out of available group funds.

Shareholder information

Share repurchase programme

No further shares were repurchased during the current year. The group continues to hold 60 111 477 shares (8,9% of the total shares in issue) in terms of its share repurchase programme.

Should opportunities arise where this capital can meaningfully be utilised, the group may reissue these shares, although presently there is no intention to trade with or reissue them.

In anticipation of our gearing easing, we will consider reactivating our share repurchase programme and purchase up to 10% of our own shares.

Share incentive scheme

Sasol operates a share incentive scheme which aims to retain and reward certain senior employees. Allocations of options to these employees are linked to both the company's performance and that of the individual. Further disclosure of the details of the scheme are provided in note 38 of the annual financial statements.

In accordance with the group's accounting policy, the cost of share options granted to employees is not reflected in the group's financial statements. In terms of IFRS2 Share based payments, Sasol will be required to recognise this expense in the income statement from the 2006 financial year. Had this policy been applied in the current year an expense of R137 million (2004 – R146 million) would have been recognised in the income statement.

This calculation is determined using the Black Scholes valuation method taking into account the ruling price of the share on the JSE Limited at 30 June 2005. Further detail is provided in note 38 of the annual financial statements.

Dividends

It is Sasol's objective to distribute dividends on an annual basis covered approximately three times by earnings. The group aims to maintain a dividend cover of between 2,5 and 3,5 times. In determining the dividend to be distributed, the group also considers the potential re-investment opportunities within the group. The dividend for the year has been increased to R5,40 representing a dividend cover of 2,9 times which is within the preferred dividend cover range.

Priorities for the year ahead

Our key focus areas in the year ahead will be:

Sarbanes Oxley Act section 404 (SOX 404) implementation

The requirements of SOX 404 are to annually, for Sasol from the 2006 financial year and onwards, assess the adequacy of internal controls in Sasol's financial reporting process and to report in Sasol's annual (US GAAP) financial report (Form 20-F) on the effectiveness thereof. The reporting environment and review thereof by management is required to be evaluated by our external auditors who will provide an audit opinion on our assessment of internal control.

Sasol has almost concluded its project to comprehensively document the internal control environment to conform to the SOX 404 requirements. To this end, KPMG, as our external auditors have been involved in the project as auditors and have evaluated our process to achieve compliance with the requirements of SOX 404 for the 2006 financial year. The SOX 404 process provides benefits to the group in the form of an enhanced sensitivity to internal control as well as formalised, standardised internal and reporting control procedures throughout the group.

The focus in the 2006 financial year will be on embedding these processes into our day to day activities and on achieving sign-off on the SOX 404 certification at the end of the 2006 financial year.

Implementation of new and revised accounting standards

The accounting standards issued by the IASB which have not yet been adopted, as mentioned earlier in this report, will be implemented during the 2006 financial year.

Formation of the liquid fuels business joint venture

The potential formation of the liquid fuels joint venture, Uhambo Oil Limited, comprising the liquid fuels businesses of Sasol and Petronas, is expected to offer significant challenges for our business and financial teams. Should the joint venture be approved by the Competition Tribunal, a significant proportion of our resources will be required to successfully integrate this business into our reporting structures.

Divestment from Olefins & Surfactants business

The intended divestment from the Olefins & Surfactants business will provide a number of challenges for the relevant teams to ensure that all aspects are taken into account in this transaction.

Financial targets

In spite of these challenges we will continue to focus on our core objectives as they relate to financial performance. These targets represent challenging but achievable milestones in our drive to continue to be a global business.

The current targets, which remain unchanged from the previous year, are:

- to maintain our gearing within a target range of 30% to 50%;
- to achieve 10% attributable earnings growth per annum in US$ terms on a three year moving average basis (base years 1998 – 2000);
- to achieve an economic value added rating of 1,3 times our weighted average cost of capital on all new major investments; and
- to generate 50% of our cash from operations from our non-South African operations by the 2010 financial year.

Trevor Munday
Chief financial officer

financial review†

	Compound growth %*	2005 Rm	2004 Rm	2003 Rm	2002 Rm	2001 Rm	2000 Rm	1999 Rm	1998 Rm	1997 Rm	1996 Rm
Balance sheet											
Property, plant and equipment	24,6	**56 550**	46 858	42 363	38 453	29 346	18 798	16 048	14 981	13 163	11 547
Non-current assets		**5 330**	4 750	4 159	3 748	2 355	1 846	908	645	598	446
Current assets		**26 109**	21 878	23 097	23 529	19 742	9 021	7 300	7 893	7 231	6 631
Total assets	24,3	**87 989**	73 486	69 619	65 730	51 443	29 665	24 256	23 519	20 992	18 624
Total equity	19,8	**43 786**	35 400	33 818	31 587	23 244	17 715	15 131	13 025	11 778	10 077
Convertible debentures		**–**	–	–	–	–	–	1 028	1 028	1 028	1 028
Interest-bearing debt		**18 865**	16 448	14 277	10 579	8 429	777	1 123	2 145	1 146	1 317
Interest-free liabilities		**25 338**	21 638	21 524	23 564	19 770	11 173	6 974	7 321	7 040	6 202
Total equity and liabilities	24,3	**87 989**	73 486	69 619	65 730	51 443	29 665	24 256	23 519	20 992	18 624
Income statement											
Turnover	21,9	**69 239**	60 151	64 555	59 590	40 768	25 762	19 180	16 666	15 810	13 545
Operating profit	18,2	**14 506**	9 314	11 911	14 783	10 619	6 292	3 701	3 121	3 900	3 213
Income from associates		**184**	117	60	31	11	6	–	–	–	–
Borrowing (costs)/income		**(438)**	(249)	(58)	(54)	34	(189)	75	165	331	281
Net income before tax	18,5	**14 252**	9 182	11 913	14 760	10 664	6 109	3 776	3 286	4 231	3 494
Taxation		**(4 568)**	(3 175)	(4 007)	(4 905)	(3 512)	(1 994)	(1 203)	(1 225)	(1 592)	(1 226)
Earnings	18,7	**9 684**	6 007	7 906	9 855	7 152	4 115	2 573	2 061	2 639	2 268
Attributable to minority interests in subsidiaries		**(111)**	(67)	(89)	(38)	(27)	(19)	(32)	(28)	(33)	(34)
Equalisation reserve transfer		**–**	–	–	–	–	–	–	100	–	(100)
Earnings attributable to shareholders	18,5	**9 573**	5 940	7 817	9 817	7 125	4 096	2 541	2 133	2 606	2 134
Cash flow statement											
Cash from operations	19,0	**20 993**	14 859	15 986	19 241	15 277	8 793	5 063	4 301	4 869	4 097
(Increase)/decrease in working capital		**(2 181)**	292	11	216	(1 195)	(1 010)	(895)	(318)	(414)	(25)
Cash generated by operating activities	19,3	**18 812**	15 151	15 997	19 457	14 082	7 783	4 168	3 983	4 455	4 072
Investment income		**169**	230	178	247	253	204	384	269	445	436
Borrowing costs paid		**(1 523)**	(1 384)	(1 286)	(863)	(509)	(387)	(309)	(104)	(114)	(155)
Tax paid		**(3 753)**	(3 963)	(5 527)	(4 749)	(2 972)	(1 267)	(1 105)	(1 211)	(998)	(1 241)
Cash available from operating activities	16,7	**13 705**	10 034	9 362	14 092	10 854	6 333	3 138	2 937	3 788	3 112
Dividends and debenture interest paid		**(2 856)**	(2 745)	(2 835)	(2 325)	(1 655)	(1 114)	(980)	(978)	(901)	(236)
Cash retained from operating activities	15,8	**10 849**	7 289	6 527	11 767	9 199	5 219	2 158	1 959	2 887	2 876
Additions to property, plant and equipment		**(12 414)**	(10 888)	(10 272)	(7 945)	(3 657)	(1 817)	(2 348)	(2 927)	(2 617)	(1 998)
Additions to intangible assets		**(112)**	(530)	(696)	(797)	(438)	(354)	–	–	–	–
Acquisition of businesses		**–**	(555)	(155)	(565)	(8 350)	(2 827)	(346)	(148)	–	–
Other movements		**299**	945	402	878	(291)	242	8	130	(101)	60
(Increase)/decrease in funding requirements		**(1 378)**	(3 739)	(4 194)	3 338	(3 537)	463	(528)	(986)	169	938

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

* Five year compound growth percentage per annum.

sasol limited group

summary of statistics

			2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Liquidity	Measures the group's ability to meet its maturing obligations and short-term cash requirements											
Current ratio	Current assets / Current liabilities	:1	**1,4**	1,2	1,2	1,4	1,4	1,7	1,7	1,5	1,8	1,8
Quick ratio	Current assets – inventories / Current liabilities	:1	**0,9**	0,8	0,7	0,9	0,9	1,0	1,1	1,0	1,2	1,3
Cash ratio	Cash and cash equivalents / Current liabilities – bank overdraft	:1	**0,1**	(0,1)	–	0,1	0,2	0,1	0,2	0,4	0,6	0,7
Debt leverage	Measures the group's ability to meet capital and interest payments over the long term											
Total liabilities to shareholders' equity	Non-current liabilities + current liabilities / Shareholders' equity	%	**101,5**	108,7	106,8	109,0	121,9	66,9	49,5	66,7	63,3	66,9
Total borrowings to shareholders' equity	Long-term debt + short-term debt + bank overdraft (total borrowings) / Shareholders' equity	%	**43,3**	47,1	42,8	34,1	36,8	8,5	5,9	15,3	8,9	11,9
Net borrowings to shareholders' equity (gearing)	Total borrowings – cash / Shareholders' equity	%	**37,6**	41,2	33,2	25,1	28,1	5,6	0,9	*	*	*
Debt coverage	Cash generated by operating activities / Total borrowings	times	**1,0**	0,9	1,1	1,8	1,7	5,2	4,4	1,9	3,9	3,1
Borrowing cost cover	Net income before borrowing costs and taxation / Borrowing costs paid	times	**9,7**	7,0	9,4	17,4	21,4	16,8	13,2	32,6	38,1	23,5
Profitability	Measures the financial performance of the group											
Return on shareholders' equity	Earnings attributable to shareholders / Average shareholders' equity	%	**24,4**	17,3	24,1	36,1	34,9	24,2	16,8	15,9	21,8	20,2
Return on total assets	Net income before borrowing costs and taxation / Average non-current assets + average current assets	%	**18,4**	13,4	17,9	25,7	26,8	24,1	17,1	15,2	21,9	20,5
Return on net assets	Net income before borrowing costs and taxation / Average total assets – average total liabilities	%	**37,5**	27,8	37,1	54,9	53,0	38,1	26,9	25,1	36,1	34,1
Gross margin	Gross profit / Turnover	%	**39,0**	35,5	39,0	41,6	37,8	31,9	29,0	23,2	31,1	°
Operating margin	Operating profit / Turnover	%	**21,0**	15,5	18,5	24,8	26,0	24,4	19,3	18,7	24,7	23,7
Efficiency	Measures the effectiveness and intensity of the group's management of its resources											
Net asset turnover ratio	Turnover / Average total assets – average total liabilities	times	**1,7**	1,7	2,0	2,2	2,0	1,5	1,3	1,2	1,3	1,3
Depreciation to cost of property, plant and equipment (Refer to the chief financial officer's review)	Depreciation / Cost of property, plant and equipment	%	**3,8**	5,8	5,9	6,0	4,5	5,9	5,2	4,8	4,5	4,7
Net working capital to turnover	(Inventories + trade receivables + other receivables and prepaid expenses) – (accounts payable + other payables and accrued expenses) / Turnover	%	**18,2**	17,8	17,4	21,3	27,1	20,8	18,6	15,9	14,5	13,9

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

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

° Not available

summary of statistics *continued*

			2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Shareholders' returns	Measures key financial variables on a per share basis											
Attributable earnings per share	Earnings attributable to shareholders Weighted average number of shares in issue after the share repurchase programme	SA cents	**1 560**	974	1 283	1 603	1 136	620	409	326	422	350
		US cents	**251**	142	142	158	149	99	67	67	95	90
Headline earnings per share	Headline earnings (refer note 36) Weighted average number of shares in issue after the share repurchase programme	SA cents	**1 749**	934	1 280	1 597	1 258	666	402	324	420	348
		US cents	**282**	136	142	158	164	106	66	66	95	89
Dividend per share	Interim dividend per share paid + final dividend per share declared	SA cents	**540**	450	450	450	320	220	151	147	147	123
		US cents	**84**	71	58	44	39	30	25	30	33	31
Dividend cover	Attributable earnings per share + STC on prior year final dividend – STC on current year final dividend Interim dividend paid per share + final dividend declared per share	times	**2,9**	2,2	2,9	3,5	3,5	3,2	2,7	2,2	2,9	2,8
Net asset value per share	Shareholders' equity Total number of shares in issue after the share repurchase programme	rand	**70,58**	57,31	55,03	51,42	37,44	30,60	26,65	23,21	21,18	18,41
Productivity												
Annual increase/(decrease) in turnover	Turnover – prior year turnover Prior year turnover	%	**15,1**	(6,8)	8,3	46,2	58,2	34,3	15,1	5,4	16,7	13,3
Employee cost to turnover	Total employee costs Turnover	%	**12,5**	14,5	14,0	13,3	12,2	15,3	17,0	17,7	16,9	17,2
Depreciation and amortisation to turnover	Total depreciation of property, plant and equipment + amortisation of intangible assets, goodwill and negative goodwill Turnover	%	**5,8**	8,3	7,0	6,8	6,0	7,6	7,3	7,2	6,2	6,6
Effective tax rate	Taxation Net income before tax	%	**32,1**	34,6	33,6	33,2	32,9	32,7	31,9	37,3	37,6	35,1
Employee statistics												
Number of employees (at year end)			**30 004**	30 910	31 150	31 100	30 800	26 300	24 300	24 900	24 700	25 000
Paid to employees		R million	**8 645**	8 731	9 055	7 921	4 957	3 943	3 265	2 948	2 668	2 326
Average paid to employees		R thousand	**288**	282	291	255	161	150	134	118	108	93
Economic indicators												
Average crude oil price (dated Brent)		US$/b	**46,17**	31,30	27,83	23,24	28,38	24,03	12,60	16,15	20,92	17,78
Rand/US dollar exchange rate	closing	:1	**6,67**	6,21	7,50	10,27	8,02	6,93	6,06	5,46	4,35	4,33
	average	:1	**6,21**	6,88	9,03	10,13	7,65	6,28	6,06	4,88	4,43	3,91
Rand/euro exchange rate	closing	:1	**8,07**	7,57	8,63	10,19	6,89	6,54	6,34	**	**	**
	average	:1	**7,89**	8,19	9,41	9,08	6,79	6,35	6,77	**	**	**

** Euro brought into use on 1 January 1999

shareholders' information

Shareholders' diary

Financial year end	30 June 2005
Annual general meeting	29 November 2005
Dividends	
Interim dividend	
SA cents per share	230
last date to trade cum dividend	1 April 2005
paid	11 April 2005
Final dividend	
SA cents per share	310
date declared	12 September 2005
last date to trade cum dividend	7 October 2005
payable	17 October 2005

Statistics

		2005	2004	2003	2002	2001
Number of shareholders – beneficial		**35 316**	36 496	41 165		
Number of shareholders – registered					7 944	11 273

The increase in the number of shareholders, when compared to the 2002 and prior year's disclosure, is due to disclosing the beneficial ownership since 2003 compared to the registered ownership in previous years.

		2005	2004	2003	2002	2001
Shares in issue*	million	**676,9**	671,3	668,8	666,9	665,0
Shares repurchased	million	**60,1**	60,1	59,7	57,9	47,1
Net shares in issue**	million	**616,8**	611,2	609,1	609,0	617,9
Weighted average shares in issue**	million	**613,8**	610,0	609,3	612,5	627,3
JSE Limited statistics						
Shares traded†	million	**515,5**	395,5	396,2	377,5	317,7
Traded to issued	%	**76,2**	58,9	59,2	56,6	47,8
Value of share transactions	R million	**67 930**	36 941	38 111	35 997	19 073
Market price per share						
year end	rand	**180,80**	96,10	83,55	110,00	76,00
high	rand	**181,50**	111,50	121,50	135,20	81,00
low	rand	**103,40**	75,10	75,50	62,50	43,20
Key ratios						
Earnings yield	%	**8,63**	10,14	15,36	14,57	14,95
Dividend yield	%	**2,99**	4,68	5,39	4,09	4,21
Price to net asset value	:1	**2,56**	1,68	1,52	2,14	2,03
NYSE statistics°						
Shares traded	thousand	**65 911**	16 673	2 397		
Value of share transactions	US$ million	**1 467**	239			
Market price per share						
year end	US$	**26,98**	15,73	11,28		
high	US$	**28,77**	16,50	12,30		
low	US$	**15,75**	10,35	10,30		

* Before share repurchase programme
** After share repurchase programme
† Includes share repurchase programme
° As quoted on NYSE (American Depositary Shares) since 9 April 2003

share ownership

at 30 June 2005	Number of shareholders	% of shareholders	Number of shares	% of shares
Public and non-public shareholding				
Public	35 290	99,9	613 127 480	90,6
Non-public	26	0,1	63 749 645	9,4
Directors and their associates	6		648 825	
Directors of subsidiary companies	17		164 122	
Sasol Investment Company (Pty) Limited	1		60 111 477	
Sasol Employee Share Savings Trust	1		455 513	
Sasol Pension Fund	1		2 369 708	
	35 316	100,0	676 877 125	100,0
Major categories of shareholders				
Pension and provident funds			236 349 592	34,9
Growth funds and unit trusts			121 103 268	17,9
Treasury shares			60 111 477	8,9
Insurance companies			53 082 894	7,8
Managed and investment funds			43 699 498	6,5
Private investors			42 296 932	6,2
American depositary shares*			35 855 101	5,3

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

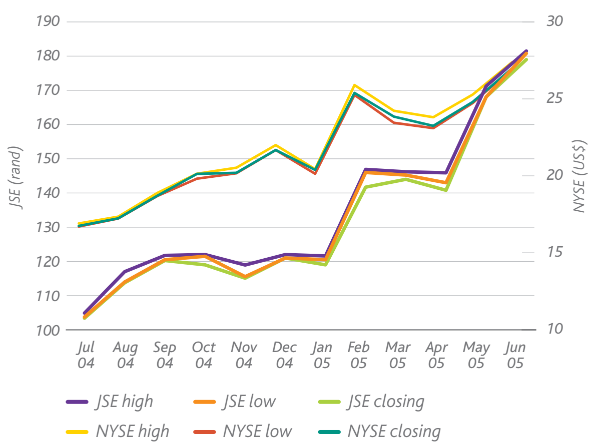
Major shareholders

Pursuant to Section 140A of the South African Companies Act, the following beneficial shareholdings exceeding 5% in aggregate, as at 30 June 2005, were disclosed or established from enquiries

	Number of shares (millions)	% of shares
Public Investment Corporation Limited	94,0	13,9
Sasol Investment Company (Pty) Limited**	60,1	8,9
Industrial Development Corporation of South Africa Limited	53,3	7,9

** A wholly owned subsidiary of Sasol Limited.

Average share price



Performance against JSE all share indices

share ownership continued

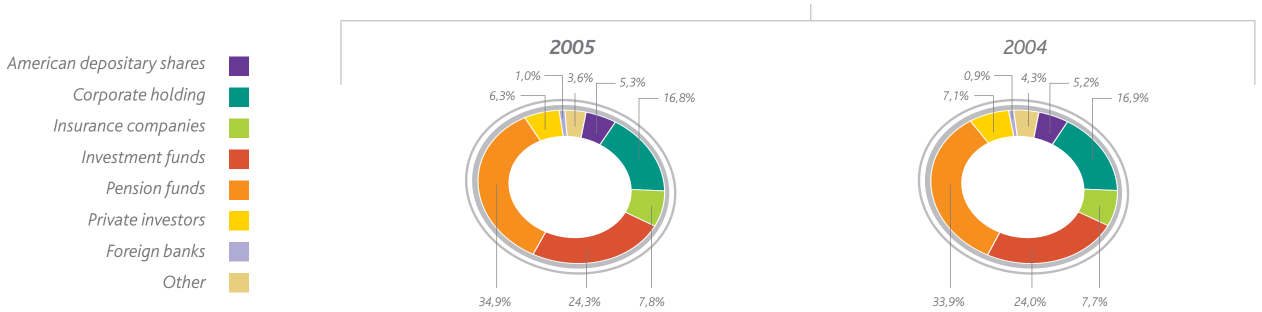
Furthermore the directors have ascertained that some of the shares registered in the names of nominee holders are managed by various fund managers and that, at 30 June 2005, the following fund managers were responsible for managing investments of 2% or more of the share capital of Sasol Limited

Fund manager	Number of shares (millions)	% of shares
PIC Equities†	66,2	9,8
Old Mutual Asset Managers	59,6	8,8
Allan Gray Investment Council	57,0	8,4
Capital International Inc. (USA)	30,3	4,5
Stanlib Limited	21,9	3,2
Investec Asset Management	16,7	2,5
Sanlam Investment Managers	13,8	2,0

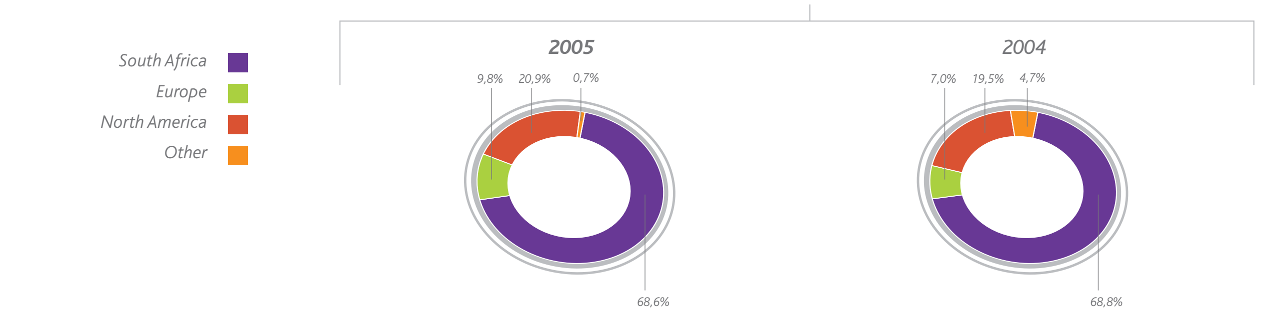
† The Public Investment Corporation Limited is the beneficial owner of the shares held by PIC Equities and this nominee shareholding is included in the 94,0 million shares held by the Public Investment Corporation Limited as mentioned under major shareholders.

Beneficial holding disclosures

Beneficial ownership by fund type



Beneficial ownership by geographic region

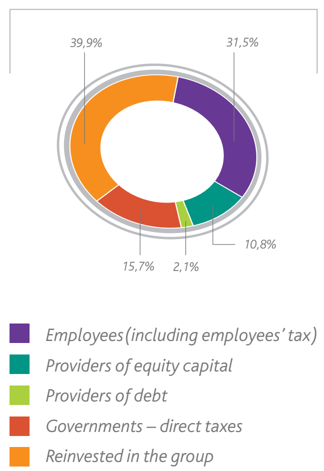


value added statement

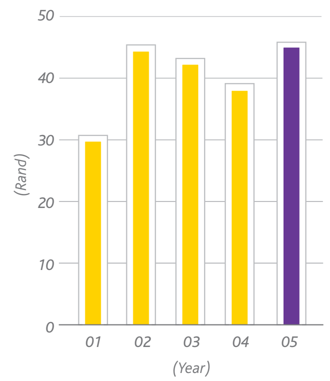
Value added is defined as the value created by the activities of a business and its employees and in the case of Sasol is determined as turnover less the cost of purchased materials and services. The value added statement reports on the calculation of value added and its application among the stakeholders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

for the year ended 30 June		2005 Rm		2004 Rm		2003 Rm		2002 Rm		2001 Rm
Turnover		**69 239**		60 151		64 555		59 590		40 768
Less purchased materials and services		**(42 079)**		(37 085)		(39 066)		(32 820)		(22 844)
Value added		**27 160**		23 066		25 489		26 770		17 924
Investment income		**333**		307		227		261		255
Wealth created		**27 493**		23 373		25 716		27 031		18 179
	%		%		%		%		%	
Employees (including employees' tax)	**31,5**	**8 645**	37,4	8 731	35,2	9 055	29,3	7 921	27,3	4 957
Providers of equity capital	**10,8**	**2 967**	12,0	2 812	11,4	2 924	8,7	2 363	9,3	1 682
Providers of debt	**2,1**	**587**	1,9	439	0,9	225	1,1	284	1,2	210
Governments – direct taxes	**15,7**	**4 326**	14,6	3 421	14,2	3 651	17,3	4 669	21,9	3 988
Reinvested in the group	**39,9**	**10 968**	34,1	7 970	38,3	9 861	43,6	11 794	40,4	7 342
Wealth distribution	**100,0**	**27 493**	100,0	23 373	100,0	25 716	100,0	27 031	100,0	18 179
Employee statistics										
Number of employees at year end		**30 004**		30 910		31 150		31 100		30 800
		Rand		Rand		Rand		Rand		Rand
Turnover per employee		**2 307 659**		1 946 005		2 072 392		1 916 077		1 323 636
Value added per employee		**905 213**		746 231		818 266		860 772		581 948
Wealth created per employee		**916 311**		756 163		825 554		869 164		590 227

Wealth distribution for 2005



Wealth created per share



monetary exchanges with governments

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm	2002 Rm	2001 Rm
Direct taxes	**4 326**	3 421	3 651	4 669	3 988
South African normal tax	**3 211**	2 834	3 080	4 262	3 599
foreign tax	**736**	257	198	87	178
Secondary Taxation on Companies	**379**	330	373	320	211
Employees' tax	**1 769**	1 643	1 641	1 538	995
Indirect taxes	**6 595**	4 653	1 254	636	651
customs, excise and fuel duty*	**7 424**	4 866	1 450	733	786
property tax	**65**	66	62	64	15
RSC levies	**110**	97	89	70	66
net VAT received	**(1 153)**	(600)	(392)	(267)	(247)
other	**149**	224	45	36	31
Net monetary exchanges with governments	**12 690**	9 717	6 546	6 843	5 634

* During April 2003 fuel duty became payable by the supplier rather than the customer. This amount is recovered from customers.

sasol
reaching new frontiers

approval of the financial statements

The directors are required by the South African Companies Act 1973, to maintain adequate accounting records and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the group and 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. The group's external auditors are engaged to express an independent opinion on the consolidated annual financial statements.

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

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

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

The directors have reviewed the group's cash flow forecast for the year to 30 June 2006 and, in light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The consolidated annual financial statements, set out on pages 25 to 123, and Sasol Limited's (company) annual financial statements, set out on pages 124 to 131, which have been prepared on the going concern basis, were approved by the board of directors on 9 September 2005 and were signed on its behalf by:

Paul Kruger
9 September 2005

Pieter Cox

certificate of the company secretary

In my capacity as the company secretary, I hereby confirm, in terms of the South African Companies Act, 1973, that for the year ended 30 June 2005, Sasol Limited has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

Nereus Joubert
9 September 2005

report of the independent auditors

To the members of Sasol Limited

We have audited the group annual financial statements and annual financial statements of Sasol Limited set out on pages 25 to 131 for the year ended 30 June 2005. These financial statements are the responsibility of the directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the group and of the company at 30 June 2005, and the results of their operations and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act in South Africa.

KPMG. Inc.

KPMG Inc.
Registered accountants and auditors
Chartered Accountants (SA)

Johannesburg
9 September 2005

directors' report

(Company registration number 1979/003231/06)

The directors have pleasure in presenting their report for the year ended 30 June 2005.

Nature of business

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

Sasol is an integrated oil and gas company with substantial chemical interests. In South Africa, we support these operations by mining coal and converting it into synthetic fuels and chemicals through proprietary Fischer-Tropsch technology.

We also have chemical manufacturing and marketing operations in Europe, Asia and the Americas. Our larger chemical portfolios include polymers, solvents, surfactants and their intermediates, waxes, phenolics and nitrogenous products.

The group explores for, and produces, crude oil offshore Gabon, refines crude oil into liquid fuels in South Africa and retails liquid fuels and lubricants through a growing network of retail service centres. During the first quarter of 2004, we started extracting Mozambican natural gas, some of which we having been using as feedstock for fuel and chemical production in South Africa since mid 2004.

We are also developing in Qatar and Nigeria two joint-venture gas-to-liquids plants based on our proprietary Sasol Slurry Phase Distillate™ process.

The nature of the businesses of the significant operating subsidiaries and incorporated joint ventures is set out on pages 129 to 131.

Financial results

Earnings attributable to shareholders of R9 573 million for the year was 61% higher (2004 – 24% lower) than the R5 940 million of the previous year. Basic attributable earnings per share, after taking into account the share repurchase programme, increased by 60% (2004 – decreased by 24%) from 974 cents to 1 560 cents.

As described in the accounting policies, the group adopted a number of new accounting standards. Certain of these standards were adopted before they became mandatory for Sasol.

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

Subsidiaries, joint ventures and associates

Subsidiaries

On 9 November 2004, Sasol Oil (Pty) Limited invested in Namibian Liquid Fuel (Pty) Limited (NLF). The main purpose of NLF is to supply various petroleum products into the Namibian market. In terms of the agreement entered into between the shareholders of NLF, for the 2005 financial year, Sasol effectively controlled this entity and was entitled to 90% of the income from this business. NLF has accordingly been consolidated as a subsidiary for the 2005 financial year.

On 24 December 2004, the group sold its investments in two South African captive insurance companies for R17 million, which was equal to their carrying value.

On 1 March 2005, Sasol Wax International AG underwent a restructuring. The result of the restructuring was the disposal of its investment in Euro Schumann Sasol Wax GmbH, the acquisition of 100% of the investment in Sasol Wax Danmark APS and an acquisition of a direct 31,25% interest in Paramelt RMC BV. Significant influence in this entity has been retained. This was a non-cash, share-for-share exchange transaction. Paramelt is reflected in the 2005 results as an equity accounted associate and Sasol Wax Danmark is consolidated as a subsidiary.

Joint venture

On 24 September 2004, the group disposed of its investment in Sasol Southwest Energy LLC for R20 million. Following impairments recognised in the previous year, the final disposal realised a profit of R28 million.

Associate

During the year, the group reclassified its investment in FFS Refiners (Pty) Limited from an investment in associate to an investment held-for-sale as it is anticipated that the disposal of this entity will be completed within the next year.

Share capital

New shares issued

The company's authorised share capital remained unchanged during the year. A further 5 605 700 shares were issued during the year in terms of the Sasol Share Incentive Scheme.

Share repurchase programme

No shares were repurchased during the year. The total shareholding of Sasol Investment Company (Pty) Limited in Sasol Limited remains 60 111 477 shares representing 8,9% of Sasol Limited's issued share capital. Shareholders' equity has been reduced by the cost of these shares. No dividends are paid in respect of these shares outside the group. These shares are classified as treasury shares.

Shares held in reserve

The 464 327 175 authorised but unissued ordinary shares of the company continue to be held in reserve.

Note 37 provides further details regarding the share capital of Sasol Limited.

American depositary shares

At 30 June 2005, the company had in issue through The Bank of New York as Depositary, and listed on the New York Stock Exchange 35 855 101 (2004 – 34 942 945) American Depositary Shares (ADS). Each ADS represents one ordinary share.

Sasol Share Incentive Scheme

In terms of the Sasol Share Incentive Scheme 33 795 700 shares (2004 – 39 401 400 shares) are under the control of the directors for purposes of enabling Sasol Limited to allot shares and to grant options in respect of shares to present and future employees, including executive directors of Sasol Limited, its subsidiaries and joint ventures. Note 38 provides further details regarding the Sasol Share Incentive Scheme.

Dividends

An interim dividend of 230 cents per share (2004 – 215 cents per share) was paid on 11 April 2005. A final dividend in respect of the year ended 30 June 2005 of 310 cents per share (2004 – 235 cents per share) was declared on 12 September 2005. As the final dividend was declared subsequent to the financial year end, in terms of IFRS, no provision has been recognised in the consolidated annual financial statements in respect of this final dividend.

The total dividend for the year amounted to 540 cents per share (2004 – 450 cents per share).

The estimated total cash flow of the final dividend of 310 cents per share, payable on 17 October 2005, is R1 912 million (2004 – 235 cents per share – R1 440 million).

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

Property, plant and equipment

Capital expenditure incurred during the year amounted to R12 414 million (2004 – R10 888 million).

Capital expenditure authorised less expenditure incurred to 30 June 2005 amounted to R18 889 million (2004 – R24 691 million). Further details of capital acquisitions and future projects are provided in the chief financial officer's review on pages 9 and 10 in the notes to the consolidated annual financial statements.

Directors

Mr SB Pfeiffer resigned with effect from 31 October 2004.
Mr JH Fourie resigned with effect from 1 January 2005.
Mr PV Cox resigned as chief executive with effect from 30 June 2005.

Ms IN Mkhize was appointed to the board as a non-executive director, with effect from 1 January 2005.

Messrs LPA Davies and TS Munday were appointed chief executive and deputy chief executive respectively with effect from 1 July 2005.

Ms VN Fakude was appointed to the board as an executive director with effect from 1 October 2005.

The composition of the board of directors is given on pages 72 and 73 of the annual review. The remuneration of Sasol Limited's directors is set out on pages 28 to 33.

Auditors

KPMG Inc. continued in office as auditors of Sasol Limited and its subsidiaries. At the annual general meeting of 29 November 2005, shareholders will be requested to appoint KPMG Inc. auditors of Sasol Limited for the 2006 financial year.

Post-balance sheet events

In May 2005, the South African Competition Commission conditionally recommended the approval of the proposed joint venture between Sasol Limited and Petroliam Nasional Berhad of their respective liquid fuels businesses, Sasol Oil (Pty) Limited and Engen Limited, to be called Uhambo Oil Limited, to the Competition Tribunal. Public hearings are scheduled for October 2005 whereafter the Competition Tribunal will give its ruling.

On 1 July 2005, a 25% interest in Republic of Mozambique Pipeline Investments Company (Pty) Limited was sold to iGas (Pty) Limited (owned by the South African Government) for R609 million realising a profit of R189 million.

On 1 August 2005, Sasol announced that it is considering the divestment from its Olefins & Surfactants business including its Safol plant but excluding its comonomers activities in South Africa. The potential divestment is subject to an acceptable selling price being attained.

Secretary

The company secretary of Sasol Limited is Dr NL Joubert. His business and postal addresses appear on page 132.

Special resolutions

The following special resolutions were registered during the year

	Resolution
Sasol Limited	
17 December 2004	Authorised the directors to approve the purchase of a maximum of 10% of Sasol Limited's shares by the company or any of its subsidiaries, subject to the provisions of the South African Companies Act and the rules and requirements of the JSE Limited.
Subsidiaries	In order to give effect to the funding structure of the Sasol group without possible infringement of the borrowing powers of the group's subsidiaries, the Articles of Association of certain of the group's subsidiaries were amended by inclusion of the following paragraph "For purposes of determining the borrowing powers, long-term interest free loans with no fixed repayment terms from the company's holding company or any wholly owned subsidiary of Sasol Limited will not be deemed to form part of debt but will be deemed to be equity." The subsidiaries whose articles were amended were • Sasol Mining (Pty) Limited • Sasol Chemical Industries Limited • Sasol Oil (Pty) Limited • Sasol Petroleum International (Pty) Limited
Republic of Mozambique Pipeline Investments Company (Pty) Limited	
10 January 2005	Amended the articles of association to reflect the main business and object of the company and to amend the share structure to enable the implementation of the options held by the Mozambican and South African governments to acquire an interest in the company.

The compensation committee

During the financial year ended 30 June 2005, the compensation committee had five members, all of whom are independent non-executive directors: Messrs P du P Kruger (chairman), WAM Clewlow, S Montsi, BP Connellan and Ms E le R Bradley. The chief executive is invited to all committee meetings, but excuses himself when his own remuneration is discussed.

With effect from 1 January 2006, Mr P du P Kruger will be standing down as chairman and Mr PV Cox will become chairman.

This committee has operated since 1989 under the delegated authority of the Sasol Limited board of directors (board) to support and advise on the group's remuneration philosophy and policy. The committee sets the remuneration and incentive plans, as well as all grants and awards under the company's share incentive plan, for executive directors, members of the group executive committee and group management in accordance with its terms of reference approved by the board.

The compensation committee's other responsibilities include:

- reviewing and approving principles on which short-term incentives for all staff are based;
- approving the granting of share incentives to staff; and
- approving the overall cost of remuneration increases awarded to staff.

The committee considers the views of the chief executive on the remuneration and the performance of his colleagues. The company secretary, the human resources group manager and the manager responsible for group rewards and benefits assist the committee with analysis of market information and trends. In applying agreed remuneration principles, the compensation committee is committed to reward behaviour that supports the business strategy.

Group remuneration philosophy

Recognising that the Sasol group is operating in a global environment, the Sasol remuneration philosophy is founded on four main principles:

- playing an integral part in supporting the implementation of global Sasol business strategies;
- motivating and reinforcing individual and team performance;
- integrating financial and non-financial rewards and benefits; and
- being equitably, fairly and consistently applied in relation to job responsibility, the employment market and personal performance.

Sasol's application of remuneration practices in all businesses and functions in South Africa and internationally are aligned to four main guiding principles:

- aiming to be market competitive in specific labour markets in which people are employed;
- determining the value proposition of the various positions within job families or functions;
- ensuring that performance management forms an integral part of remuneration, thereby influencing the remuneration components of base pay and incentives; and
- applying good governance to remuneration practices within approved structures.

The alignment of these remuneration principles aims to meet the strategic objectives of:

- attracting, retaining and motivating key and talented people;
- competing in the marketplace with the intention of being a preferred employer;
- rewarding individual, team and business performance, and encouraging superior performance; and
- supporting Sasol's six core values.

Policy on directors' fees and remuneration

The directors are appointed to the board to bring the competencies and experience appropriate to achieving the group's objectives as a global business. The purpose of remuneration is to ensure that executive directors and senior managers receive remuneration that is appropriate to their scope of responsibility and contribution to the group's operating and financial performance, taking into account industry norms, and external market and country benchmarks.

In applying its remuneration principles, the compensation committee aims to encourage long-term performance and, at all times, to align such performance with the strategic direction and specific value-drivers of the business.

Executive directors' remuneration

The current employment agreements of executive directors outline the components of their remuneration. At present, remuneration is divided into two components: a fixed component and an at-risk component comprising an annual performance bonus and long-term incentives in the form of the current Sasol group share incentive scheme, ensuring that a substantial portion of their package is linked to the achievement of improved group business performance.

The approved cash salary and the annual performance bonus of the executive directors' remuneration are determined and paid on the assessment that up to 25% of their time is related to services rendered offshore as defined in terms of a separate employment agreement with Sasol Holdings (Netherlands) BV, which is reviewed and approved annually.

Fixed remuneration

The executive directors' fixed remuneration was reviewed by the compensation committee at its meeting in September 2004. Following its established practice, the salaries were compared with the upper-quartile pay levels of South African companies to ensure sustainable performance and market competitiveness. Reference is also made to the scope and nature of an individual's role and his or her performance and experience. The intended market position is upper-quartile remuneration for superior performance.

In addition to a cash salary, executives receive benefits that include membership of the group's medical health care scheme and a choice of a comprehensive vehicle allowance or a company car benefit. Retirement and risk benefits, including life cover and death in-service benefits, also apply, subject to the rules of the Sasol pension fund.

During the year, contributions calculated as a percentage of the basic cash salary were paid to contributory retirement schemes established and/or approved by the group and subject to the rules of the scheme. The rate of contribution for each executive director is structured to enable the executive director to retire at the age of 60 years.

At the compensation committee meeting held on 3 June 2005, the remuneration of the newly appointed chief executive and deputy chief executive was determined and it was approved to adjust the cash component of their remuneration packages on promotion, with effect from 1 July 2005, by 40% and 30% respectively.

Annual performance bonus

In addition to salary and benefits, each executive director and member of group management participates in an annual cash bonus plan to reward the achievement of agreed group financial, business unit financial (where applicable), business unit strategic and personal performance objectives.

The approved principles for the executive performance bonus scheme for the year 1 July 2004 to 30 June 2005 were based on group, individual, business and personal criteria/metrics. The group financial performance target relates to earnings-per-share growth compared with inflation. The weighting dedicated to improved group business results varies from 50% for group executive members, 60% for executive directors and 70% for the chief executive. The balance of weightings is aimed at incentivising meeting group strategic business and personal objectives.

Performance criteria (or metrics) in the group may vary depending on business-specific strategic value drivers and personal objectives as agreed by the boards. Divisional financial targets measure mainly operating profit improvements and fixed cash cost savings, while value drivers derived from group business objectives include targets agreed for safety and employment equity (for businesses based in South Africa).

At its meeting of 3 September 2004, the compensation committee agreed that for the year under review, the chief executive may earn a bonus up to 80% of his fixed remuneration and the other executive directors may earn bonuses of up to 60% of their fixed remuneration for the year. At its meeting on 9 September 2005, the compensation committee received an overall assessment of the performance of the executives participating in the incentive plan against the agreed targets.

Following its review of the newly appointed chief executive and deputy chief executive's remuneration packages at its meeting on 3 June 2005, the compensation committee agreed that the chief executive may, with effect from 1 July 2005, earn a bonus of up to 100% of fixed remuneration (previously 80%) and the deputy chief executive up to 80% in line with market indicators. The remuneration packages of the executive directors with effect from 1 October were approved by the board at its meeting of 9 September 2005.

During the year, the group incentive schemes were reviewed to ensure that focused group business drivers will be applied on a common basis for the financial year commencing 1 July 2005. At its meeting on 9 September 2005, the committee considered and approved a matrix of performance factors for senior management. Employment equity, for South African businesses and safety were given a higher weighting factor to emphasise the importance of these issues into the future.

Non-executive directors' fees

The current fees of non-executive directors were approved by the shareholders at the annual general meeting of members (AGM) of 26 November 2004. Fees are approved for an annual period commencing on 1 July each year. The revised fees of the non-executive directors will be submitted to the shareholders for approval at the next AGM on 29 November 2005.

Annual directors' fees for the period July 2004 to June 2005 are as follows

Board/Committee meeting		Emoluments Director Rand	Chairman Rand
Sasol Limited board	South African director	231 000	462 000
	Non-resident director	US$79 500	
Audit committee		115 500	231 000
Compensation committee		69 000	138 000
Risk & safety, health and environment committee		69 000	138 000
Nomination and governance committee		69 000	138 000
Subsidiary or divisional boards		115 500	231 000

The chairman of a board or a board committee is paid double the rate of a member. The deputy chairman of a board is paid one-and-a-half times the rate of a member. Executive directors do not receive directors' fees.

Directors' remuneration for the year, excluding benefits resulting from share options, are as follows

Executive directors	Salary R'000	Annual incentive* R'000	Retirement funding R'000	Other benefits R'000	**Total 2005 R'000**	Total 2004 R'000
PV Cox (CE and deputy chairman)	4 411	2 128	157	2 531[1]	**9 227**	5 031
LPA Davies	2 975	851	536	278[2]	**4 640**	3 749
JH Fourie[9]	–	743	–	–	**743**	3 045
TS Munday	2 714	792	538	272[3]	**4 316**	3 452
Total	10 100	4 514	1 231	3 081	**18 926**	15 277

* Refers to incentives awarded, based on the company results for the 2004 financial year.
1 The amount for Mr Cox includes travel benefits (R335 438), medical benefits (R19 300), leave encashment on retirement (R1 407 654) and cash in lieu of retirement funding in compliance to retirement fund rules not allowing contributions after age 60 (R762 326). The amount also includes fringe benefits for vehicle insurance (R2 620), a security benefit (R3 300) and a benefit in terms of the company's employees share savings scheme (R672).
2 The amount for Mr Davies includes vehicle benefits (R248 783) and medical benefits (R19 899), fringe benefits for vehicle insurance (R2 620), a security benefit (R3 300), and a benefit in terms of the company's employee share savings scheme (R672).
3 The amount for Mr Munday includes vehicle benefits (R248 783), medical benefits (R20 555) and fringe benefits for vehicle insurance (R2 620).

Non-executive directors	Board meeting fees R'000	Paid by subsidiaries R'000	Committee fees R'000	**Total 2005 R'000**	Total 2004 R'000
P du P Kruger (chairman)	462	2 456[1]	345	**3 263**	3 014
E le R Bradley	231	–	138	**369**	344
WAM Clewlow[2]	231	–	282	**513**	559
BP Connellan[3]	231	–	311	**542**	451
MSV Gantsho[4]	231	–	69	**300**	279
A Jain[5]	495	–	–	**495**	487
S Montsi[6]	231	–	195	**426**	279
SB Pfeiffer[7]	170	–	12	**182**	487
JE Schrempp[5]	509	–	–	**509**	512
IN Mkhize[8]	116	–	23	**139**	–
CB Strauss	231	–	185	**416**	387
JH Fourie[9]	116	346	–	**462**	312
Total	3 254	2 802	1 560	**7 616**	7 111

1 Inclusive of fringe benefits amounting to R30 808 (travel, insurance and security).
2 Resigned as chairman from the audit committee with effect from 6 September 2004.
3 Resigned as chairman of the risk & SHE committee and appointed as chairman of the audit committee with effect from 6 September 2004; appointed as member of the compensation committee with effect from 1 March 2005.
4 Resigned from the risk & SHE committee, and requested by the board to attend the audit committee meetings with effect from 6 September 2004.
5 Fees paid in US dollars. Rand equivalent of US$79 500 at actual exchange rates.
6 Appointed as chairman of the risk & SHE committee with effect from 6 September 2004; appointed as member of the compensation committee with effect from 1 March 2005.
7 Fees paid in US dollars amount to US$26 500; resigned with effect from 31 October 2004; appointed to the risk & SHE committee with effect from 6 September 2004 and resigned at the end of October 2004.
8 Appointed as non-executive director with effect from 1 January 2005; appointed as member of the risk & SHE committee with effect from 1 March 2005.
9 Resigned as a non-executive director of Sasol Limited with effect from 1 January 2005.

Directors' service contracts

There are no fixed-term service contracts for executive or non-executive directors. Executive directors have standard employee service agreements with notice periods ranging between 30 days and 90 days.

An executive director is required to retire from the board at the age of 60, unless requested by the board to extend his or her term. A non-executive director is required to retire at the end of the year in which the director turns 70, unless the board, subject to the articles of association and by unanimous resolution on a year-to-year basis, extends the director's term of office until the end of the year in which he or she turns 73.

Directors' share options

Executive directors

Directors participate in the Sasol share incentive scheme, which is designed to recognise the contributions of senior staff to the growth in the value of the group's financial position and performance and to retain key employees. Within the limits imposed by the company's shareholders and the JSE Limited (formerly the JSE Securities Exchange, South Africa) options are allocated to the directors and senior staff in proportion to their contribution to the business as reflected by their seniority and the group's performance.

The options, which are allocated at the closing market price ruling on the trading day immediately preceding the granting of the option, vest after stipulated periods and are exercisable up to a maximum of nine years from the date of allocation. Options are granted for a period of nine years and vest as follows:

- two years – first third
- four years – second third
- six years – final third

In terms of the Sasol share incentive scheme, 60 million shares (2004: 60 million shares) are under the control of the directors for purposes of enabling Sasol Limited to allot shares and to grant options for shares to current and future Sasol Limited employees.

The trustees of the Sasol share trust grant share options as follows:

- When an employee is promoted or appointed to the eligibility level of share options. In the case of new appointments, within this category and according to established practice, options are granted six months after appointment and are based on satisfactory performance.
- Supplementary share option grants are normally granted annually, in terms of formulae as approved by the compensation committee.
- The granting of supplementary share options is considered annually by the committee and approved by the trustees of the Sasol share trust.
- The number of shares offered in the form of share option grants is determined in accordance with the following formulae:
  - the number of shares offered for promotions is based on a multiple of total annual cash salary divided by the moving average share price over 24 months, prior to the grant; and
  - the number of supplementary shares offered is based on an individual rating factor and meeting the company's performance growth targets in attributable profit compared with the South African consumer price index (CPI). The individual's performance is based on an assessment of the participants' annually agreed performance targets aiming to reward performance exceeding expectations, while not rewarding substandard performance. The company performance factor is determined when the company's profit growth exceeds the current inflation, thereby ensuring that executives are rewarded for achieving real growth in earnings when tested against SA inflation.

Non-executive directors

Non-executive directors received a once-off allocation of share options in 2000. The non-executive directors at the time were granted 25 000 shares each, 12 500 vesting after two years and 12 500 vesting after four years from the date of the grant.

Share options granted

(number)	Balance at beginning of year	Share options granted: On 9 September 2004	Share options granted: Average rand price per share (Rand)	Share options implemented	Resignations	**Balance at end of year**
Executive directors						
PV Cox	561 400	84 200	111,20	(71 400)	–	**574 200**
LPA Davies	295 400	39 700	111,20	(30 800)	–	**304 300**
TS Munday	266 100	36 200	111,20	(26 200)	–	**276 100**
Non-executive directors						
P du P Kruger	12 500	–		(12 500)	–	**–**
E le R Bradley	12 500	–		(12 500)	–	**–**
WAM Clewlow	25 000	–		–	–	**25 000**
BP Connellan	25 000	–		(25 000)	–	**–**
JH Fourie[1]	177 900	–		(139 200)	(38 700)	**–**
S Montsi	25 000	–		–	–	**25 000**
JE Schrempp	25 000	–		(25 000)	–	**–**
CB Strauss	25 000	–		(25 000)	–	**–**
Total	1 450 800	160 100		(367 600)	(38 700)	**1 204 600**

[1] Resigned as a director with effect from 1 January 2005. The options indicated were granted to Mr JH Fourie when he was still an executive director.

Share options implemented

	Implementation dates	Number of share options implemented	Rand price per share option (Rand)	Market price per share option (Rand)	Gain on implementation of share options **2005 R'000**	Gain on implementation of share options 2004 R'000
Executive directors						
PV Cox					**6 430**	5 081
	5 November 2004	40 400	25,10	122,65	**3 941**	
	5 November 2004	31 000	42,30	122,60	**2 489**	
LPA Davies					**2 717**	1 392
	3 November 2004	17 200	25,10	121,17	**1 652**	
	3 November 2004	13 600	42,30	120,58	**1 065**	
TS Munday	29 March 2005	26 200	50,90	143,00	**2 413**	–
Non-executive directors						
P du P Kruger	10 March 2005	12 500	53,80	147,10	**1 166**	–
E le R Bradley	29 November 2004	12 500	53,80	115,10	**766**	–
BP Connellan	7 April 2005	25 000	53,80	159,38	**2 640**	–
JH Fourie					**12 618**	–
	22 December 2004	29 300	25,10	118,50	**2 737**	
	17 March 2005	26 500	42,30	154,50	**2 973**	
	17 March 2005	31 500	54,00	154,50	**3 166**	
	13 April 2005	51 900	78,70	150,80	**3 742**	
JE Schrempp	29 November 2004	25 000	53,80	113,98	**1 505**	–
CB Strauss	10 March 2005	25 000	53,80	147,10	**2 333**	–
Total		367 600			**32 588**	6 473

The options outstanding at the end of the year vest during the following periods

(number)	Already vested	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	**Total**
Executive directors						
PV Cox	138 300	107 600	145 400	154 900	28 000	**574 200**
LPA Davies	98 900	62 100	61 300	68 700	13 300	**304 300**
TS Munday	112 800	58 100	50 200	43 000	12 000	**276 100**
Non-executive directors						
WAM Clewlow	25 000	–	–	–	–	**25 000**
S Montsi	25 000	–	–	–	–	**25 000**
Total	400 000	227 800	256 900	266 600	53 300	**1 204 600**

Beneficial shareholding

The aggregate beneficial shareholding at 30 June 2005 of the directors of the company and their immediate families (none of which has a holding greater than 1%) in the issued shares of the company are detailed below. There have been no material changes in these shareholdings since that date.

At 30 June 2005, Messrs Gantsho, Jain, Munday, Montsi, Ms Mkhize and Prof Schrempp and their immediate families held no beneficial shares in Sasol Limited.

Beneficial shareholding	**2005 Number of shares**	2004 Number of shares
Executive directors		
PV Cox	**59 772**	47 649
LPA Davies	**194**	165
Non-executive directors		
P du P Kruger	**231 700**	219 200
E le R Bradley	**298 000**	285 500
WAM Clewlow	**13 195**	13 195
BP Connellan	**10 500**	1 000
JH Fourie	**–**	57 740
CB Strauss	**45 250**	20 100
Total	**658 611**	644 549

Interest of directors in contracts

The directors have certified that they did not have a material interest in any transaction of any significance with the company or any of its subsidiaries or joint ventures. Accordingly, no conflict of interest with regard to directors' interests in contracts exists. There have been no material changes since 30 June 2005 up to the date of this report. In accordance with the requirements of the South African Companies Act, Sasol Limited maintains a register of directors' interests in contracts.

Succession planning and leadership development

The Sasol board places considerable emphasis on succession planning at the executive and senior management level. Detailed and intensive planning is conducted through the chairman's office in consultation with the nomination and governance committee. The chief executive is required by law to regularly report to the board on the group's management development and employment equity programmes.

During the year, the company embarked on a comprehensive and focused succession management and career development process for Sasol's senior leadership. A profile of each senior executive will be compiled, based on a combination of structured discussions around past, current and future experience and exposure.

This focused succession management process forms part of the group's larger talent management drive and supports the link between the long-term company strategy, the 10-year capital plan and the 10-year people plan. Talent management is an integrated process throughout the organisation. Further optimisation and design to enhance the efficiency will continue.

accounting policies and glossary of financial reporting terms

Sasol Limited is the holding company of the Sasol group (the group) and is domiciled in the Republic of South Africa. The following principal accounting policies were applied by the group for the financial year ended 30 June 2005. Except as otherwise disclosed, these policies are consistent in all material respects with those applied in previous years.

Glossary of financial reporting terms

This glossary of financial reporting terms is provided to ensure clarity of meaning as certain terms may not always have the same meaning or interpretation in other countries.

Group structures

Associate – An entity, other than a subsidiary or joint venture, in which the group has significant influence over financial and operating policies.

Company – A legal business entity registered in terms of the applicable legislation of that country.

Entity – Sasol Limited, a subsidiary, joint venture or associate.

Foreign entity – An entity domiciled outside the Republic of South Africa whose activities are not an integral part or extension of the group's main South African operations.

Group – The group comprises Sasol Limited, its subsidiaries and its interest in joint ventures and associates.

Integrated foreign operation – An entity domiciled outside the Republic of South Africa whose activities are an integral part or extension of the group's main South African operations.

Joint venture – An entity over which the group exercises joint control established under a contractual arrangement.

Operation – A component of the group:

- that represents a separate major line of business or geographical area of operation; and
- can be distinguished separately for financial and operating purposes.

Business unit – A distinguishable component of the group engaged in providing similar goods or services that are different to those provided by other business units. The primary strategic business units are:

- Sasol Mining;
- Sasol Synfuels;
- Sasol Liquid Fuels Business;
- Sasol Gas;
- Sasol Olefins & Surfactants;
- Sasol Polymers;
- Sasol Solvents; and
- Sasol Synfuels International.

Classified as 'Other businesses' in the segment report:

- Sasol Technology;
- Sasol Petroleum International;
- Sasol Infrachem;
- Sasol Wax;
- Sasol Nitro;
- Merisol;
- Sasol Financing; and
- Corporate head office functions.

Subsidiary – Any entity over which the group has the power to exercise control.

General accounting terms

Acquisition date of a business – The date on which control in respect of subsidiaries, joint control in respect of joint ventures and significant influence in respect of associates commences.

Commissioning date – The date that an item of property, plant and equipment, whether acquired or constructed, is brought into use.

Consolidated financial statements – The financial results of the group which comprise the financial results of Sasol Limited and its subsidiaries, the group's proportionate interest in the financial results of joint ventures and its interest in associates.

Construction contract – A contract specifically negotiated with a third party for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Control – The ability, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain economic benefit from its activities. When assessing the ability to control an entity, the existence and effect of potential voting rights that are presently exercisable or convertible are taken into account.

Discontinued operation – An operation that, pursuant to a single plan, has been disposed of or abandoned or is classified as held-for-sale.

Discount rate – The rate used for purposes of determining discounted cash flows defined as the yield at balance sheet date on AAA credit rated bonds (for entities outside South Africa) and relevant South African Government bonds (for South African entities) that have maturity dates approximating the term of the related cash flows. This pre-tax interest rate reflects the current market assessment of the time value of money. When determining the cash flows, to the extent that the risks specific to the asset or liability are taken into account in determining those cash flows, they are not included in determining the discount rate.

Disposal date of a business – The date on which control in respect of subsidiaries, joint control in respect of joint ventures and significant influence in respect of associates ceases.

Fair value – The value for which an asset could be exchanged or a liability settled in a market related transaction.

Financial results – Comprise the financial position (assets, liabilities and equity), results of operations (revenue and expenses) and cash flows of the group or any entity within the group.

Held-for-sale item – A non-current asset, group of assets or operation is designated as held-for-sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Long-term – A period longer than twelve months from balance sheet date.

Measurement currency – The currency that best reflects the economic substance of the underlying events and circumstances relevant to an entity.

Qualifying asset – An asset that necessarily takes a substantial period (normally in excess of twelve months) of time to get ready for its intended use.

Recoverable amount – The amount that reflects the greater of the net selling price and value in use that can be attributed to an asset as a result of its ongoing use by the entity. In determining the value in use, expected pre-tax future cash flows are discounted to their present values using the discount rate.

Related party – Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Revenue – Comprises turnover, dividends received and interest received.

Significant influence – The ability, directly or indirectly, to participate in, but not exercise control over, the financial and operating policy decisions of an entity so as to obtain economic benefit from its activities.

Turnover – Comprises revenue generated by operating activities and includes sales of products, services rendered, licence fees and royalties excluding value-added tax, fuel and excise duty and levies.

accounting policies and glossary of financial reporting terms
continued

Financial instrument terms

Available-for-sale financial asset	A financial asset, excluding a loan or receivable issued by an originating entity, an investment acquired for trading purposes, a held-to-maturity investment and a derivative instrument. An investment intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, is classified as a non-current available-for-sale financial asset.
Cash and cash equivalents	Comprise cash on hand, demand deposits and other short-term highly liquid investments.
Cash flow hedge	A hedge of the exposure to variability in cash flows, that is attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction, and that will affect the income statement.
Derivative instrument	A financial instrument • whose value changes in response to movements in a specified interest rate, commodity price, foreign exchange rate or similar variable; • that requires minimal initial net investment; and • whose terms require or permit net settlement at a future date.
Effective interest rate	The rate that discounts the expected future cash flows to the current net carrying amount of the financial asset or financial liability.
Equity instrument	Any financial instrument (including investments) that evidences a residual interest in the assets of an enterprise after deducting all of its liabilities.
Financial asset	Cash or cash equivalents, a right to receive cash or cash equivalents, an equity instrument or a right to exchange a financial instrument under favourable conditions.
Financial liability	A contractual obligation to pay cash or transfer other benefits or an obligation to exchange a financial instrument under unfavourable conditions.
Monetary asset	An asset which will be settled in a fixed or easily determinable amount of money.
Monetary liability	A liability which will be settled in a fixed or easily determinable amount of money.
Trading investment	An investment acquired principally for the purpose of generating short-term economic benefits through trading activities.
Held-to-maturity investment	An investment, with a fixed maturity and fixed or determinable future payments, that management has the positive intent and ability to hold to maturity. The investment is classified as a non-current asset, except when it has a maturity within twelve months from the balance sheet date, in which case it is classified as a current asset.
Transaction date	The date an entity commits itself to purchase or sell a financial instrument.

Statement of compliance

The consolidated financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and Interpretations of those standards, as adopted by the International Accounting Standards Board and applicable legislation. During the current financial year, the following accounting standards were adopted before the mandatory date of adoption for Sasol:

- IFRS5 Non-current assets held for sale and discontinued operations;
- IAS1 Presentation of financial statements;
- IAS2 Inventories;
- IAS8 Accounting policies, changes in accounting estimates and errors;
- IAS10 Events after the balance sheet date;
- IAS16 Property, plant and equipment;
- IAS17 Leases;
- IAS27 Consolidated and separate financial statements;
- IAS28 Investments in associates;
- IAS31 Interests in joint ventures; and
- IAS33 Earnings per share.

The following accounting standards, which are not yet mandatory for Sasol, have not been adopted in the current year:

- IFRS2 Share based payment;
- IFRS4 Insurance contracts;
- IFRS6 Exploration for and evaluation of mineral resources;
- IAS21 The effects of changes in foreign exchange rates;
- IAS24 Related party disclosures;
- IAS32 Financial instruments: disclosure and presentation; and
- IAS39 Financial instruments: recognition and measurement.

Principal accounting policies

1 Basis of preparation of financial results

The consolidated financial statements are prepared using the historic cost convention except for specific financial instruments as described on pages 115 to 123, which are stated at fair value.

The consolidated financial statements are prepared on the going concern basis.

Except as otherwise disclosed, these accounting policies are consistent with those applied in previous years.

These accounting policies are consistently applied throughout the group.

2 Basis of consolidation of financial results

The consolidated financial statements reflect the financial results of the group. All financial results are consolidated with similar items on a line by line basis except for investments in associates, which are included in the group's results as set out below.

Inter-company transactions, balances and unrealised gains and losses between entities are eliminated on consolidation. To the extent that a loss on a transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss of a non-current asset, that loss is recognised in the income statement.

In respect of joint ventures and associates, unrealised gains and losses are eliminated to the extent of the group's interest in these entities. Unrealised gains and losses arising from transactions with associates are eliminated against the investment in the associate.

Subsidiaries The financial results of subsidiaries are consolidated into the group's results from the acquisition date until the disposal date. Minority interest at the acquisition date is determined as the minority shareholders' proportionate share of the fair value of the net assets of subsidiaries acquired.

Joint ventures The financial results of joint ventures are proportionately consolidated into the group's results from the acquisition date until the disposal date.

Associates The financial results of associates are included in the group's results according to the equity method from the acquisition date until the disposal date.

Under this method, subsequent to the acquisition date, the group's share of profits or losses of associates is recognised in the income statement as equity accounted earnings and its share of movements in equity reserves is recognised in the changes in equity statement. All cumulative post-acquisition movements in the equity of associates are adjusted against the cost of the investment.

Goodwill relating to associates is included in the carrying value of those associates. Any impairment of goodwill relating to associates is recognised in the income statement as part of equity accounted earnings of those associates.

If impaired, the carrying value of the group's share of the underlying assets of associates is written down to its estimated recoverable amount in accordance with the accounting policy on impairment.

Associates whose financial year ends on a date other than 30 June are included in the consolidated financial statements using their most recently audited financial results. Adjustments are made to the associates' financial results for material transactions and events between the group and the associates in the intervening period. When the group's share of losses in associates equals or exceeds its interest in those associates, the group does not recognise further losses, unless the group has a contractual obligation in respect of those associates.

3 Measurement currency and foreign currency translations

Measurement currency The financial results of an entity are accounted for in its measurement currency. The consolidated financial statements are presented in rand.

Foreign entities Income and expenditure transactions of foreign entities are translated at the average rate of exchange for the year. All assets and liabilities, including fair value adjustments arising on acquisition, are translated at the rate of exchange ruling at the balance sheet date. Differences arising on translation are recognised in the changes in equity statement as a foreign currency translation reserve.

On disposal of part or all of the investment, the proportionate share of the related cumulative gains and losses previously recognised in the foreign currency translation reserve in the changes in equity statement are included in determining the profit or loss on disposal of that investment recognised in the income statement.

Integrated foreign operations Income and expenditure transactions of integrated foreign operations are treated as if they were transactions of the company holding the investment. These transactions are translated at the rate of exchange ruling at the transaction date or an average rate where there are a number of similar transactions. Monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. Non-monetary assets and liabilities, stated at historical cost, are translated at the rate of exchange ruling at the transaction date. Non-monetary assets and liabilities, stated at fair value, are translated at the rate of exchange ruling at the date the fair values were determined. Differences arising on conversion of monetary assets and liabilities are recognised in the income statement.

Other foreign currency transactions Income and expenditure transactions are translated into the measurement currency of the entity at the rate of exchange ruling at the transaction date.

Monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date.

Differences arising on translation of monetary assets and liabilities are recognised in the income statement unless they arise from cash flow hedges.

Differences arising on translation of available-for-sale financial assets are included in the changes in equity statement.

4 Property, plant and equipment

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

The cost of self-constructed assets includes expenditure on materials, direct labour and an 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. Borrowing costs are capitalised on qualifying assets.

When plant and equipment comprises major components with different useful lives, these components are accounted for as separate items. Expenditure incurred to replace or modify a significant component of plant is capitalised and any remaining book value of the component replaced is written off in the income statement. All other expenditure is recognised in the income statement.

Property, plant and equipment is depreciated to its estimated residual value on a straight-line basis over its expected useful life. The depreciation methods, estimated remaining useful lives and residual values are reviewed at least annually. The depreciation rates applied are provided on page 62.

5 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment.

Intangible assets are recognised if it is probable that future economic benefits will flow to the entity from the assets and the costs of the assets can be reliably measured.

Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The amortisation methods and estimated remaining useful lives are reviewed at least annually. Amortisation rates applied are provided on page 67. Intangible assets with an indefinite useful life are not amortised but are tested at least annually for impairment and the assessment of the estimated useful life of these assets reviewed at least annually.

Research and development Research expenditure is recognised in the income statement.

Development expenditure relating to the production of new or substantially improved products or processes is capitalised if the products or processes are technically and commercially feasible. Cost includes expenditure on materials, direct labour and an allocated proportion of project overheads. All remaining development expenditure is recognised in the income statement.

Software Purchased software and the direct costs associated with the customisation and installation thereof are capitalised. Expenditure on internally-developed software is capitalised if it meets the criteria for capitalising development expenditure. Expenditure incurred to restore or maintain the originally assessed future economic benefits of existing software systems is recognised in the income statement.

Patents and trademarks Expenditure on purchased patents and trademarks is capitalised. Expenditure incurred to extend the life of the patents or trademarks is capitalised. All other expenditure is recognised in the income statement.

Exploration and development – Oil and gas exploration
The successful efforts method is used to account for oil and gas exploration activities. Exploratory well and related drilling costs are capitalised pending further evaluation of reserves.

Geological and geophysical costs, dry exploratory wells and the costs of carrying and retaining undeveloped properties are recognised in the income statement.

Oil and gas reserves are classified as proven when reasonable certainty exists with regard to the economic recoverability thereof based on marketing arrangements and the development thereof under current economic and operating conditions.

Exploratory wells that discover potentially proven reserves remain capitalised pending decisions on capital expenditure, or when additional exploratory drilling is under way or firmly planned in the near future or when substantial progress towards obtaining regulatory approval for the development has been made. Progress in this regard is reassessed at least annually to ensure progress is sufficient to justify carrying the cost as an asset. In all other cases, exploratory wells not meeting the criteria for proven reserves within one year of well completion are recognised in the income statement.

Costs incurred to drill and equip development wells on proved properties are capitalised.

Amortisation of capitalised exploration and development is based on the units-of-production method, on a field-by-field basis, calculated using estimated proved developed oil and gas reserves.

Mining exploration
Mining exploration costs are recognised in the income statement until completion of a final feasibility study supporting proven and probable reserves. Expenditure incurred subsequent to proven and probable reserves being identified is capitalised.

Expenditure on producing mines or development properties is capitalised only when excavation or drilling is incurred to extend reserves or further delineate existing proven and probable reserves.

6 Business combinations (goodwill)

The purchase method is used when an entity is acquired. On acquisition date, fair values are attributed to the identifiable assets and liabilities.

Fair values of the identifiable assets and liabilities are determined by reference to market values of those or similar items, where available, or by discounting expected future cash flows using the discount rate to present values.

The cost of acquisition is the fair value of the group's contribution in the form of assets transferred, shares issued or liabilities assumed at the acquisition date plus costs directly attributable to the acquisition.

On acquisition date, goodwill is recognised when the cost of the acquisition exceeds the fair value of the group's interest in the net identifiable assets of the entity acquired. Up to 30 June 2004, goodwill is stated at cost less accumulated amortisation and impairment. With effect from 1 July 2005, goodwill is not amortised but subjected to an annual impairment test. Accumulated amortisation written off in previous years is not reversed.

The profit or loss realised on disposal or termination of an entity is calculated after taking into account the carrying value of any related goodwill.

To the extent that the fair value of the net identifiable assets of the entity acquired exceeds the cost of acquisition, the excess is recognised in the income statement on acquisition date.

Any pre-existing negative goodwill at 30 June 2004 was written off against opening accumulated profit in the changes in equity statement.

7 Long-term debt and equity investments

The group classifies its investments in debt and equity securities into the following categories:

- trading;
- held-to-maturity; and
- available-for-sale.

The classification is dependent on the purpose for which the investment is acquired. Management determines the classification of its investments at the time of the purchase and re-evaluates such designation at least biannually.

Investments are stated initially on transaction date at cost including transaction costs. Trading and available-for-sale investments are subsequently carried at fair value. Held-to-maturity investments are carried at amortised cost using the effective interest rate method.

The fair values of investments are based on quoted bid prices or amounts derived using a discounted cash flow model. Fair values for unlisted equity securities are estimated using methods reflecting the specific economic circumstances of the investee. Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment.

Gains and losses arising from revaluation of trading investments are recognised in the income statement. Unrealised gains and losses arising from revaluation of available-for-sale investments are recognised in the changes in equity statement as an investment fair value reserve. On disposal or impairment of an available-for-sale investment, cumulative unrealised gains and losses previously recognised in the changes in equity statement are included in determining the profit or loss on disposal of, or impairment charge relating to, that investment, which is recognised in the income statement.

8 Impairment of assets

The group's assets, other than inventories and deferred tax, are reviewed biannually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable, to determine whether there is any indication of impairment. An annual impairment test is performed on all goodwill, intangible assets not yet in use and intangible assets with indefinite useful lives.

The impairment recognised in the income statement is the excess of the carrying value over the recoverable amount. Recoverable amounts are estimated for individual assets or, where an individual asset cannot generate cash flows independently, the recoverable amount is determined for the larger cash-generating unit to which the asset belongs.

With the exception of goodwill, a previously recognised impairment will be reversed insofar as estimates change as a result of an event occurring after the impairment was recognised. An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the income statement.

9 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost includes expenditure incurred in acquiring, manufacturing and transporting the inventory to its present location.

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	Allocation of direct labour, an allocated proportion of overheads and material costs incurred
Manufactured products including consignment inventory	Production cost according to FIFO

Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

10 Trade and other receivables

Trade and other receivables are stated at invoiced value less provision for doubtful debts.

11 Cash and cash equivalents

Cash and cash equivalents are stated at carrying value which is deemed to be fair value. For cash flow statement purposes bank overdrafts are offset against cash and cash equivalents.

12 Restricted cash

Cash which is subject to restrictions on its use is stated separately at carrying value in the balance sheet.

13 Provisions

A provision is recognised when the group has a legal or constructive obligation arising from a past event that will probably be settled, and a reliable estimate of the amount can be made.

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

Environmental rehabilitation provisions Estimated long-term environmental provisions, comprising pollution control, rehabilitation and mine closure, are based on the group's environmental policy taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the construction of an asset, they are capitalised as part of the cost of those assets. All subsequent changes to the provisions are recognised in the income statement.

Decommissioning costs of plant and equipment The estimated present value of future decommissioning costs, taking into account current environmental and regulatory requirements, is capitalised as part of property, plant and equipment, to the extent that they relate to the construction of the asset, and the related provisions are raised. These estimates are reviewed at least annually. All subsequent changes to the provisions are recognised in the income statement.

Ongoing rehabilitation expenditure Ongoing rehabilitation expenditure is recognised in the income statement.

14 Trade and other payables

Trade and other payables are stated at cost.

15 Dividends payable

Dividends payable and the related taxation thereon are recognised as a liability in the period in which they are declared.

16 Share capital

Issued share capital is stated in the changes in equity statement at the amount of the proceeds received less directly attributable issue costs.

17 Share repurchase programme

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

18 Taxation

The income tax charge is determined based on net income before tax for the year and includes deferred tax and Secondary Taxation on Companies.

Current tax The current tax charge is the calculated tax payable on the taxable income for the year using substantially enacted tax rates and any adjustments to tax payable in respect of prior years.

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

- non-tax deductible goodwill;
- 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 to the extent they will probably not reverse in the foreseeable future.

The provision for deferred tax is calculated using enacted or substantially enacted tax rates at balance sheet date that are expected to apply when the asset is realised or liability settled. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be realised.

The provision for deferred tax assets and liabilities reflects the tax consequences that would follow from the expected recovery or settlement of the carrying amount of its assets and liabilities. Deferred tax liabilities have not been provided on undistributed earnings of foreign subsidiaries where those earnings are not expected to be distributed.

Secondary Taxation on Companies (STC) STC is recognised as part of the current tax charge in the income statement when the related dividend is declared. When dividends received in the current year can be offset against future dividend payments to reduce the STC liability, a deferred tax asset is recognised to the extent of the future reduction in STC.

19 Revenue

Revenue is recognised net of indirect taxes, rebates and trade discounts and consists primarily of the sale of products, services rendered, licence fees, royalties, dividends received and interest received.

Revenue is recognised when the following criteria are met:

- evidence of an arrangement exists;
- delivery has occurred or services have been rendered and the significant risks and rewards of ownership have been transferred to the purchaser;
- transaction costs can be reliably measured;
- the selling price is fixed or determinable; and
- collectability is reasonably assured.

The timing of revenue recognition is as follows. Revenue from:

- the sale of products is recognised when the group no longer retains continuing managerial involvement associated with ownership;
- services rendered is based on the stage of completion of the transaction, based on the proportion that costs incurred to date bear to the total cost of the project;
- licence fees and royalties is recognised on an accrual basis;
- dividends received is recognised when the right to receive payment is established; and
- interest received is recognised on a time proportion basis using the effective interest rate method.

20 Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with that construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date. The stage of completion is generally based on physical progress, man-hours or costs incurred, based on the appropriate method for the type of contract.

To the extent that the outcome of a construction contract cannot be reliably measured, revenue is recognised only to the extent of contract costs incurred that it is likely will be recoverable.

Any expected loss on a construction contract is recognised immediately in the income statement.

Contract costs relating to future activity on a contract are recognised as an asset provided it is likely that they will be recovered.

21 Deferred income

Incentives received are recognised on a systematic basis in the income statement over the periods necessary to match them with the related costs which they are intended to compensate. Incentives related to non-current assets are stated on the balance sheet as deferred income and are recognised in the income statement on a basis representative of the pattern of use of the asset to which the incentive relates.

22 Leases

Finance leases Leases where the group assumes substantially all the benefits and risks of ownership, are classified as finance leases. Finance leases are capitalised as property, plant and equipment at the lower of fair value or the present value of the minimum lease payments at the inception of the lease with an equivalent amount being stated as a finance lease liability.

The capitalised amount is depreciated over the asset's useful life. Lease payments are allocated between capital repayments and borrowing costs using the effective interest rate method.

To the extent that land constitutes a significant proportion (greater than 25%) of a lease, the proportion of the lease payments attributable to the land are classified as an operating lease.

Operating leases Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognised in the income statement over the lease term on a basis representative of the pattern of use.

23 Borrowing costs

Borrowing costs are capitalised against qualifying assets.

Such borrowing costs are capitalised over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalisation ceases when construction is interrupted for an extended period or when the asset is substantially complete. Further borrowing costs are recognised in the income statement.

Where funds are borrowed specifically for the purpose of acquiring or constructing a qualifying asset, the amount of borrowing costs eligible for capitalisation on that asset is the actual borrowing costs incurred on the borrowing during the period.

Where funds are made available from general borrowings and used for the purpose of acquiring or constructing qualifying assets, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on these assets. The capitalisation rate is the weighted average of the 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 borrowing costs capitalised will not exceed the amount of borrowing costs incurred.

24 Employee benefits

Short-term employee benefits Remuneration to employees is recognised in the income statement. Provision is made for accumulated leave and incentive bonuses.

Retirement benefits – pension The group operates or contributes to defined benefit pension plans and defined benefit plans for its employees in the countries in which it operates. These plans are generally funded through payments to trustee-administered funds as determined by annual actuarial calculations.

Defined contribution pension plans Contributions to defined contribution pension plans are recognised in the income statement.

Post-retirement benefits – defined benefit pension plans 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 employees in return for services rendered to date.

This future benefit is discounted using the discount rate to determine its present value. Independent actuaries perform this calculation annually using the projected unit credit method.

Improvements to a defined benefit pension plan relating to past service are recognised in the income statement as an expense on a straight-line basis over the period during which the benefits vest.

To the extent that, at the beginning of the financial year, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the defined benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in the income statement over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Where the plan assets exceed the gross obligation, the asset recognised is limited to the total of unrecognised net actuarial losses, unrecognised past service costs related to improvements to the defined benefit pension plan and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Post-retirement benefits – healthcare The group provides post-retirement healthcare benefits to certain of its retirees. The entitlement of these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued on a systematic basis over the expected remaining period of employment, using the accounting methodology described in respect of defined benefit pension plans above. Independent actuaries perform the calculation of this obligation annually.

Equity and equity-related compensation benefits The Sasol Share Incentive Scheme allows certain senior group employees the option to acquire shares in Sasol Limited over a prescribed period. The exercise price of these options equals the market price of the underlying shares on the trading day immediately preceding the granting of the option. Consequently no compensation cost or obligation is recognised. When the options are exercised, share capital is increased by the proceeds received less directly attributable issue costs.

25 Financial instruments

Financial instruments are initially recognised on transaction date at cost including transaction costs when the related contractual rights or obligations exist. Certain financial instruments are subsequently revalued.

Derivative instruments, financial instruments acquired for trading purposes and available-for-sale financial assets are stated at fair value. Held-to-maturity investments are stated at cost taking into account any accumulated amortisation and impairment.

Financial assets and liabilities are recognised when the group has rights to receive or obligations to pay economic benefits and are derecognised when these rights or obligations no longer exist.

The fair value of financial instruments is determined as follows:

- short-term receivables (net of any provision for doubtful debts) and payables, other than derivative instruments, at the historic invoice amount;
- derivative instruments are marked to market at balance sheet date; and
- long-term financial assets at the current market value if listed or, if unlisted, the amount determined using appropriate valuation methods.

Gains and losses arising on the revaluation at balance sheet date of available-for-sale financial assets are recognised as an investment fair value reserve in the changes in equity statement until the asset is disposed of or impaired, at which time the cumulative gain or loss is recognised in the income statement.

All derivative instruments are marked to market at balance sheet date. Resulting gains or losses on derivative instruments, excluding designated hedging instruments, are recognised in the income statement.

All other gains and losses on revaluation to fair value of financial instruments are recognised in the income statement on valuation date.

Premiums or discounts arising from the difference between the cost of financial instruments purchased or issued and the amounts receivable or repayable at maturity are recognised as borrowing costs using the effective interest rate method.

Hedge accounting The group is exposed to market risks from changes in interest rates, foreign exchange rates and commodity prices. The group uses derivative instruments to hedge its exposure to fluctuations in interest rates, foreign exchange rates and certain commodity prices.

The group's criteria for a derivative instrument to be classified as a hedge require that:

- the hedge transaction is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk;
- the effectiveness of the hedge can be reliably measured throughout the duration of the hedge;
- there is adequate documentation of the hedging relationship at the inception of the hedge; and
- for cash flow hedges, the forecasted transaction that is the subject of the hedge must be highly probable.

Where a derivative instrument is designated as a cash flow hedge of an asset, liability or expected future transaction, the effective part of any gain or loss arising on the derivative instrument is classified as a cash flow hedge accounting reserve in the changes in equity statement until the underlying transaction occurs. The ineffective part of any gain or loss is recognised in the income statement.

If the expected future transaction results in the recognition of an asset or liability, the associated gain or loss is transferred from the cash flow hedge accounting reserve in the changes in equity statement to the underlying asset or liability on the transaction date. Other cash flow hedge gains or losses are recognised in the income statement at the same time as the hedged transaction occurs.

When forward exchange contracts are entered into as fair value hedges, no hedge accounting is applied. All gains and losses on such contracts are recognised in the income statement.

26 Comparative figures

Comparative figures are reclassified or restated where necessary to afford a proper and more meaningful comparison of results as set out in the affected notes to the financial statements.

27 Segment information

Segment information is reported on both a business unit (primary) and geographical (secondary) basis. This approach is based on the manner in which segments are organised and managed as well as management's assessment that the risks and rates of return are affected predominantly by differences in the products produced and services rendered rather than the geographical location of its activities. The basis of segmental reporting is set out on pages 51 to 59.

28 Convenience conversion from rand to US dollars

The principal reporting currency of the group is rand. This currency reflects the economic substance of the underlying events and circumstances of the group. Supplementary US dollar information is provided for convenience only.

The conversion to US dollars is performed as follows:

- assets and liabilities are translated at the closing rate of exchange on balance sheet date;
- income and expenses are translated at average rates of exchange for the years presented except for significant transactions which are translated at rates of exchange ruling on the transaction dates;
- shareholders' equity, other than attributable earnings for the year, is translated at the closing rate on each balance sheet date; and
- the resulting translation differences are included in shareholders' equity.

balance sheet

at 30 June	Note	2005 Rm	2004 Rm	2003 Rm
Assets				
Property, plant and equipment	1	**56 550**	46 858	42 363
Goodwill (and negative goodwill)	2	**509**	92	(314)
Intangible assets	3	**1 900**	2 236	2 051
Investments in securities	4	**397**	372	690
Investments in associates	5	**608**	471	270
Post-retirement benefit assets	6	**300**	239	451
Long-term receivables	7	**1 091**	899	778
Long-term prepaid expenses	8	**106**	128	30
Long-term financial assets	9	**10**	7	9
Deferred tax asset	19	**409**	306	194
Non-current assets		**61 880**	51 608	46 522
Investments held-for-sale	5	**41**	–	–
Inventories	10	**9 995**	8 292	8 748
Trade receivables	11	**8 668**	7 551	7 713
Other receivables and prepaid expenses	12	**3 716**	3 420	2 773
Short-term financial assets	13	**178**	25	12
Cash restricted for use	14	**1 002**	527	665
Cash	14	**2 509**	2 063	3 186
Current assets		**26 109**	21 878	23 097
Total assets		**87 989**	73 486	69 619
Equity and liabilities				
Shareholders' equity		**43 530**	35 027	33 518
Minority interest		**256**	373	300
Total equity		**43 786**	35 400	33 818
Long-term debt	15	**12 951**	9 110	4 581
Long-term provisions	16	**2 954**	2 362	2 486
Post-retirement benefit obligations	17	**2 970**	2 724	2 589
Long-term deferred income	18	**763**	237	96
Deferred tax liability	19	**6 286**	5 768	6 113
Non-current liabilities		**25 924**	20 201	15 865
Short-term debt	20	**3 300**	3 265	6 481
Short-term financial liabilities	21	**792**	1 205	654
Short-term provisions	22	**1 801**	1 838	1 566
Short-term portion of deferred income	18	**8**	15	–
Tax payable	23	**614**	61	571
Trade payables	24	**4 733**	3 886	4 060
Other payables and accrued expenses	25	**4 416**	3 502	3 336
Bank overdraft	14	**2 615**	4 113	3 268
Current liabilities		**18 279**	17 885	19 936
Total equity and liabilities		**87 989**	73 486	69 619

sasol
reaching new frontiers

income statement

for the year ended 30 June	Note	2005 Rm	2004 Rm	2003 Rm
Turnover	26	**69 239**	60 151	64 555
Cost of sales and services rendered		**(42 267)**	(38 794)	(39 347)
Gross profit		**26 972**	21 357	25 208
Non-trading income	27	**417**	343	604
Marketing and distribution expenditure		**(5 097)**	(4 920)	(4 977)
Administrative expenditure		**(4 075)**	(3 744)	(4 407)
Other operating expenditure		**(3 802)**	(2 687)	(2 809)
Translation gains/(losses)	28	**91**	(1 035)	(1 708)
Operating profit	29	**14 506**	9 314	11 911
Dividends and interest received	31	**149**	190	167
Income from associates	32	**184**	117	60
Borrowing costs	33	**(587)**	(439)	(225)
Net income before tax		**14 252**	9 182	11 913
Taxation	34	**(4 568)**	(3 175)	(4 007)
Earnings		**9 684**	6 007	7 906
Attributable to				
Shareholders		**9 573**	5 940	7 817
Minority interests in subsidiaries		**111**	67	89
		9 684	6 007	7 906
Basic earnings per share (cents)	36			
attributable earnings basis		**1 560**	974	1 283
headline earnings basis		**1 749**	934	1 280
Diluted earnings per share (cents)	36			
attributable earnings basis		**1 533**	964	1 262
headline earnings basis		**1 719**	925	1 259
Dividends per share (cents)				
interim		**230**	215	215
final		**310***	235	235

* Declared subsequent to 30 June 2005 and has been presented for information purposes only. No provision regarding this final dividend has been recognised.

balance sheet (US dollar convenience translation)

at 30 June	2005 US$m	2004 US$m	2003 US$m
Assets			
Property, plant and equipment	8 478	7 545	5 652
Goodwill (and negative goodwill)	76	15	(42)
Intangible assets	285	360	274
Investments in securities	60	60	92
Investments in associates	91	76	36
Post-retirement benefit assets	45	39	60
Long-term receivables	164	145	104
Long-term prepaid expenses	16	20	4
Long-term financial assets	1	1	1
Deferred tax asset	61	49	26
Non-current assets	9 277	8 310	6 207
Investments held-for-sale	6	–	–
Inventories	1 499	1 335	1 167
Trade receivables	1 299	1 216	1 029
Other receivables and prepaid expenses	557	551	370
Short-term financial assets	27	4	2
Cash restricted for use	150	85	89
Cash	376	332	425
Current assets	3 914	3 523	3 082
Total assets	13 191	11 833	9 289
Equity and liabilities			
Shareholders' equity	6 526	5 640	4 472
Minority interest	38	60	40
Total equity	6 564	5 700	4 512
Long-term debt	1 942	1 467	611
Long-term provisions	443	380	332
Post-retirement benefit obligations	445	439	345
Long-term deferred income	114	38	13
Deferred tax liability	942	929	816
Non-current liabilities	3 886	3 253	2 117
Short-term debt	495	526	865
Short-term financial liabilities	119	194	87
Short-term provisions	270	296	209
Short-term portion of deferred income	1	2	–
Tax payable	92	10	76
Trade payables	710	626	542
Other payables and accrued expenses	662	564	445
Bank overdraft	392	662	436
Current liabilities	2 741	2 880	2 660
Total equity and liabilities	13 191	11 833	9 289
Converted at closing rate of rand per 1US$	6,67	6,21	7,50

sasol limited group

income statement (US dollar convenience translation)

for the year ended 30 June	2005 US$m	2004 US$m	2003 US$m
Turnover	11 150	8 747	7 149
Cost of sales and services rendered	(6 807)	(5 641)	(4 357)
Gross profit	4 343	3 106	2 792
Non-trading income	67	50	67
Marketing and distribution expenditure	(821)	(716)	(551)
Administrative expenditure	(656)	(544)	(488)
Other operating expenditure	(612)	(391)	(312)
Translation gains/(losses)	15	(151)	(189)
Operating profit	2 336	1 354	1 319
Dividends and interest received	24	28	18
Income from associates	30	17	7
Borrowing costs	(95)	(64)	(25)
Net income before tax	2 295	1 335	1 319
Taxation	(736)	(461)	(444)
Earnings	1 559	874	875
Attributable to			
Shareholders	1 541	864	865
Minority interests in subsidiaries	18	10	10
	1 559	874	875
Basic earnings per share (cents)			
attributable earnings basis	251	142	142
headline earnings basis	282	136	142
Diluted earnings per share (cents)			
attributable earnings basis	247	140	140
headline earnings basis	277	134	139
Dividends per share (cents)			
interim	37	33	27
final	47*	38	31
Converted at average rate of rand per 1US$	6,21	6,88	9,03

* Declared subsequent to 30 June 2005 and has been presented for information purposes only. No provision regarding this final dividend has been recognised.

sasol limited group

changes in equity statement

for the year ended 30 June	*Share capital Rm*	*Foreign currency translation reserve (Note 39) Rm*	*Investment fair value reserve Rm*	*Cash flow hedge accounting reserve Rm*	*Share repurchase programme Rm*	*Accumulated earnings Rm*	***Shareholders' equity Rm***	*Minority interest Rm*	***Total equity Rm***
Balance at 30 June 2002	**2 706**	**2 218**	**2**	**(241)**	**(3 429)**	**30 059**	**31 315**	**272**	**31 587**
Shares issued	77	–	–	–	–	–	**77**	–	**77**
Decrease in foreign currency translation reserve for year	–	(2 487)	–	–	–	–	**(2 487)**	(16)	**(2 503)**
Effect of cash flow hedge accounting	–	–	–	(128)	–	–	**(128)**	–	**(128)**
Shares repurchased during year	–	–	–	–	(185)	–	**(185)**	–	**(185)**
Attributable earnings for year	–	–	–	–	–	7 817	**7 817**	89	**7 906**
Dividends paid	–	–	–	–	–	(2 835)	**(2 835)**	(65)	**(2 900)**
Change in shareholding of subsidiaries	–	–	–	–	–	–	**–**	20	**20**
Tax effects	–	(83)	–	27	–	–	**(56)**	–	**(56)**
Balance at 30 June 2003	**2 783**	**(352)**	**2**	**(342)**	**(3 614)**	**35 041**	**33 518**	**300**	**33 818**
Shares issued	109	–	–	–	–	–	**109**	–	**109**
Decrease in foreign currency translation reserve for year	–	(1 464)	–	–	–	–	**(1 464)**	(21)	**(1 485)**
Transfer of reserves	–	199	–	(199)	–	–	**–**	–	**–**
Disposal of businesses	–	43	–	(7)	–	–	**36**	–	**36**
Effect of cash flow hedge accounting	–	–	–	(462)	–	–	**(462)**	–	**(462)**
Shares repurchased during year	–	–	–	–	(33)	–	**(33)**	–	**(33)**
Attributable earnings for year	–	–	–	–	–	5 940	**5 940**	67	**6 007**
Dividends paid	–	–	–	–	–	(2 745)	**(2 745)**	(37)	**(2 782)**
Change in shareholding of subsidiaries	–	–	–	–	–	–	**–**	64	**64**
Tax effects	–	5	–	123	–	–	**128**	–	**128**
Balance at 30 June 2004	**2 892**	**(1 569)**	**2**	**(887)**	**(3 647)**	**38 236**	**35 027**	**373**	**35 400**
Shares issued	311	–	–	–	–	–	**311**	–	**311**
Effect of translation of foreign entities	–	338	–	–	–	–	**338**	11	**349**
Negative goodwill written off	–	(80)	–	–	–	690	**610**	–	**610**
Disposal of businesses	–	(25)	–	–	–	–	**(25)**	–	**(25)**
Effect of cash flow hedge accounting	–	–	–	646	–	–	**646**	–	**646**
Attributable earnings for year	–	–	–	–	–	9 573	**9 573**	111	**9 684**
Dividends paid	–	–	–	–	–	(2 856)	**(2 856)**	(64)	**(2 920)**
Change in shareholding of subsidiaries	–	–	–	–	–	–	**–**	(175)	**(175)**
Tax effects	–	–	–	(94)	–	–	**(94)**	–	**(94)**
Balance at 30 June 2005	**3 203**	**(1 336)**	**2**	**(335)**	**(3 647)**	**45 643**	**43 530**	**256**	**43 786**

cash flow statement

for the year ended 30 June	Note	2005 Rm	2004 Rm	2003 Rm
Cash receipts from customers		**68 263**	59 952	64 696
Cash paid to suppliers and employees		**(49 451)**	(44 801)	(48 699)
Cash generated by operating activities	41	**18 812**	15 151	15 997
Investment income	44	**169**	230	178
Borrowing costs paid	33	**(1 523)**	(1 384)	(1 286)
Tax paid	23	**(3 753)**	(3 963)	(5 527)
Cash available from operating activities		**13 705**	10 034	9 362
Dividends paid	45	**(2 856)**	(2 745)	(2 835)
Cash retained from operating activities		**10 849**	7 289	6 527
Additions to property, plant and equipment	1	**(12 414)**	(10 888)	(10 272)
Additions to intangible assets	3	**(112)**	(530)	(696)
Non-current assets sold	46	**478**	746	504
Acquisition of businesses	47	**–**	(555)	(155)
Cash acquired on acquisition of businesses	47	**–**	163	119
Disposal of businesses	48	**36**	283	–
Cash disposed of on disposal of businesses	48	**(94)**	(2)	–
Decrease/(increase) in investments		**35**	49	(184)
Increase in long-term receivables		**(156)**	(294)	(37)
Cash utilised in investing activities		**(12 227)**	(11 028)	(10 721)
Share capital issued		**311**	109	77
Share repurchase programme		**–**	(33)	(185)
Dividends paid to minority shareholders		**(64)**	(37)	(65)
Contributions from minority shareholders		**–**	75	–
Increase in long-term debt		**4 165**	4 386	122
(Decrease)/increase in short-term debt		**(440)**	(2 616)	3 088
Cash effect of financing activities		**3 972**	1 884	3 037
Translation effects on cash and cash equivalents of foreign entities	39	**(175)**	(251)	(255)
Increase/(decrease) in cash and cash equivalents		**2 419**	(2 106)	(1 412)
Cash and cash equivalents at beginning of year		**(1 523)**	583	1 995
Cash and cash equivalents at end of year	14	**896**	(1 523)	583

segment information

Classification of primary reporting segments

The group has eight primary reporting segments that are used by management to make key operating decisions and assess performance. They are Sasol Mining, Sasol Synfuels, Sasol Liquid Fuels Business, Sasol Gas, Sasol Synfuels International, Sasol Olefins & Surfactants, Sasol Polymers and Sasol Solvents.

Included in other businesses are Sasol Wax, Sasol Nitro, Merisol and Sasol Petroleum International as well as the group support services such as Sasol Technology, Sasol Infrachem, Sasol Financing and the corporate head office functions.

Liabilities

Segment liabilities are those operating liabilities that result from the operating activities of a segment and that are either directly attributable to the segment or can be allocated on a reasonable basis. Segment liabilities do not include income tax liabilities.

Sasol Financing acts as the group treasury and thus borrows funds from external parties on behalf of the group. Inter-segment liabilities are not included in the segment liabilities reported.

Assets

Segment assets are those operating assets that are employed by the segment in its operating activities that are directly attributable to the segment or can be allocated on a reasonable basis. Segment assets exclude income tax assets. The classification of the geographical analysis of assets is based on the location of the underlying assets. In the case of current assets, this is based on the location of the related customer.

Revenue recognition

Turnover is recognised upon delivery of the product to the customer which, in accordance with the related contractual terms, is the point at which the risks and rewards of ownership pass to the customer.

Operating profit

Operating profit is determined as the operating profit of that business unit, after deducting unrealised profit on transactions entered into with other business units. Operating profit on a geographical basis is determined based on the location of the underlying customers.

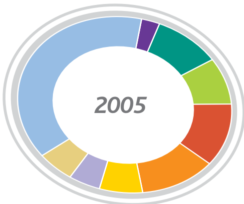
Number of employees

The significant numbers of employees included in other businesses comprise mainly those employees providing support services to the group, specifically those employed by Sasol Technology and Sasol Infrachem as well as employees of Sasol Wax and Sasol Nitro.

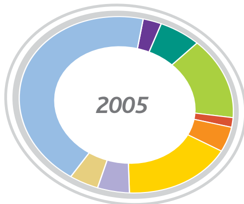
business segment information

Mining
Synfuels
Liquid Fuels Business
Gas
Synfuels International
Olefins & Surfactants
Polymers
Solvents
Other businesses

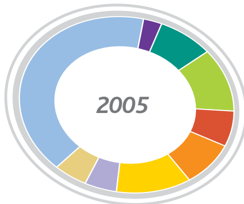
Non-current liabilities*



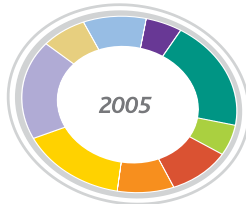
Current liabilities*



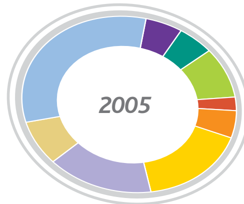
Total consolidated liabilities*



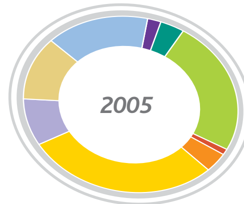
Property, plant and equipment



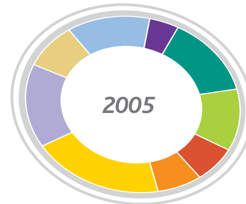
Other non-current assets*



Current assets



Total consolidated assets*



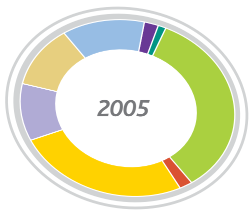
	Non-current liabilities*		Current liabilities*		Total consolidated liabilities*		Property, plant and equipment		Other non-current assets*		Current assets		Total consolidated assets*	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004
	Rm	Rm	**Rm**	Rm	**Rm**	Rm	**Rm**	Rm	**Rm**	Rm	**Rm**	Rm	**Rm**	Rm
Mining	**543**	500	**490**	612	**1 033**	1 112	**3 062**	3 112	**272**	247	**528**	470	**3 862**	3 829
Synfuels	**1 970**	1 277	**1 093**	1 043	**3 063**	2 320	**11 138**	8 230	**263**	333	**939**	751	**12 340**	9 314
Liquid Fuels Business	**1 663**	1 264	**2 593**	1 885	**4 256**	3 149	**3 258**	2 640	**447**	644	**6 318**	5 534	**10 023**	8 818
Gas	**2 232**	1 404	**313**	92	**2 545**	1 496	**5 555**	5 546	**122**	147	**285**	271	**5 962**	5 964
Synfuels International	**2 337**	1 189	**828**	210	**3 165**	1 399	**4 858**	2 696	**249**	114	**969**	145	**6 076**	2 955
Olefins & Surfactants	**1 283**	2 348	**2 989**	2 358	**4 272**	4 706	**8 895**	9 022	**823**	512	**7 621**	6 543	**17 339**	16 077
Polymers	**932**	295	**847**	626	**1 779**	921	**10 385**	5 665	**779**	555	**2 219**	1 884	**13 383**	8 104
Solvents	**1 088**	1 210	**768**	702	**1 856**	1 912	**4 015**	4 486	**394**	233	**3 097**	2 343	**7 506**	7 062
Other businesses	**7 590**	4 946	**7 744**	10 296	**15 334**	15 242	**5 384**	5 461	**1 572**	1 659	**4 133**	3 937	**11 089**	11 057
Total	**19 638**	14 433	**17 665**	17 824	**37 303**	32 257	**56 550**	46 858	**4 921**	4 444	**26 109**	21 878	**87 580**	73 180
	US$m	US$m	**US$m**	US$m	**US$m**	US$m	**US$m**	US$m	**US$m**	US$m	**US$m**	US$m	**US$m**	US$m
Mining	**82**	81	**74**	99	**156**	180	**459**	501	**41**	40	**79**	76	**579**	617
Synfuels	**295**	205	**164**	167	**459**	372	**1 670**	1 326	**40**	54	**141**	121	**1 851**	1 501
Liquid Fuels Business	**249**	204	**389**	304	**638**	508	**488**	425	**67**	104	**947**	891	**1 502**	1 420
Gas	**335**	226	**47**	15	**382**	241	**833**	893	**18**	24	**43**	44	**894**	961
Synfuels International	**350**	191	**124**	34	**474**	225	**728**	434	**37**	18	**145**	23	**910**	475
Olefins & Surfactants	**192**	378	**448**	379	**640**	757	**1 334**	1 453	**123**	82	**1 142**	1 054	**2 599**	2 589
Polymers	**140**	48	**127**	101	**267**	149	**1 557**	912	**117**	89	**333**	303	**2 007**	1 304
Solvents	**163**	195	**115**	113	**278**	308	**602**	722	**59**	38	**464**	377	**1 125**	1 137
Other businesses	**1 138**	796	**1 161**	1 658	**2 299**	2 454	**807**	879	**236**	267	**620**	634	**1 663**	1 780
Total	**2 944**	2 324	**2 649**	2 870	**5 593**	5 194	**8 478**	7 545	**738**	716	**3 914**	3 523	**13 130**	11 784

* excludes tax and deferred tax

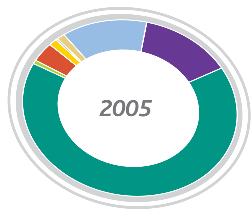
business segment information continued

Mining
Synfuels
Liquid Fuels Business
Gas
Synfuels International
Olefins & Surfactants
Polymers
Solvents
Other businesses

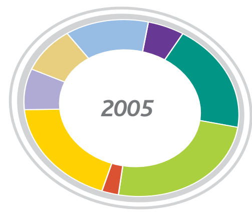
External turnover



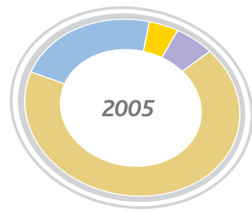
Intersegment turnover



Total turnover

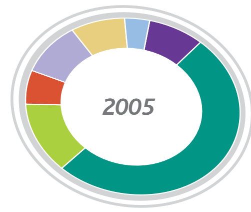


Translation gains/(losses)

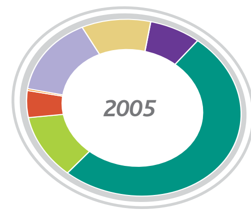


Effect of capital items (before tax) (refer note 35)

Operating profit/(loss)



Contribution to attributable earnings



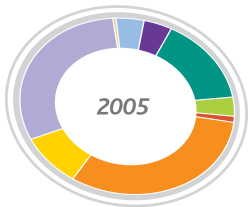
	External turnover		Intersegment turnover		Total turnover		Translation gains/(losses)		Effect of capital items (before tax) (refer note 35)		Operating profit/(loss)		Contribution to attributable earnings	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004
	Rm	Rm	**Rm**	Rm	**Rm**	Rm	**Rm**	Rm	**Rm**	Rm	**Rm**	Rm	**Rm**	Rm
Mining	**1 471**	1 083	**3 744**	4 161	**5 215**	5 244	**(2)**	(13)	**23**	17	**1 247**	1 194	**801**	837
Synfuels	**820**	1 329	**17 864**	14 664	**18 684**	15 993	**(3)**	(27)	**(110)**	(3)	**7 560**	5 512	**5 310**	3 696
Liquid Fuels Business	**23 525**	18 554	**187**	297	**23 712**	18 851	**(11)**	(165)	**(63)**	–	**1 900**	1 429	**1 201**	943
Gas	**1 408**	1 389	**996**	133	**2 404**	1 522	**(6)**	(11)	**–**	–	**932**	387	**517**	487
Synfuels International	**–**	7	**–**	–	**–**	7	**(23)**	(21)	**33**	–	**(199)**	(138)	**37**	40
Olefins & Surfactants	**18 040**	17 133	**354**	249	**18 394**	17 382	**6**	(89)	**(783)**	(21)	**(221)**	(67)	**(317)**	(102)
Polymers	**7 199**	6 576	**83**	86	**7 282**	6 662	**8**	(70)	**(12)**	59	**1 484**	1 030	**1 548**	881
Solvents	**8 063**	5 956	**341**	499	**8 404**	6 455	**92**	(275)	**(382)**	(18)	**1 243**	117	**1 106**	169
Other businesses	**8 713**	8 124	**3 534**	3 609	**12 247**	11 733	**30**	(364)	**19**	(61)	**560**	(150)	**(630)**	(1 011)
Total	**69 239**	60 151	**27 103**	23 698	**96 342**	83 849	**91**	(1 035)	**(1 275)**	(27)	**14 506**	9 314	**9 573**	5 940
	US$m	US$m	**US$m**	US$m	**US$m**	US$m	**US$m**	US$m	**US$m**	US$m	**US$m**	US$m	**US$m**	US$m
Mining	**237**	157	**603**	605	**840**	762	**–**	(2)	**4**	2	**201**	174	**129**	122
Synfuels	**132**	193	**2 877**	2 132	**3 009**	2 325	**–**	(4)	**(18)**	–	**1 218**	802	**855**	537
Liquid Fuels Business	**3 788**	2 699	**30**	43	**3 818**	2 742	**(2)**	(24)	**(10)**	–	**306**	208	**193**	137
Gas	**227**	202	**160**	19	**387**	221	**(1)**	(2)	**–**	–	**150**	56	**83**	71
Synfuels International	**–**	1	**–**	–	**–**	1	**(4)**	(3)	**5**	–	**(32)**	(20)	**6**	6
Olefins & Surfactants	**2 905**	2 492	**57**	36	**2 962**	2 528	**1**	(13)	**(126)**	(3)	**(36)**	(10)	**(51)**	(15)
Polymers	**1 159**	956	**13**	13	**1 172**	969	**1**	(10)	**(2)**	9	**239**	150	**249**	128
Solvents	**1 299**	866	**55**	73	**1 354**	939	**15**	(40)	**(61)**	(3)	**200**	17	**178**	25
Other businesses	**1 403**	1 181	**569**	525	**1 972**	1 706	**5**	(53)	**3**	(9)	**90**	(22)	**(101)**	(147)
Total	**11 150**	8 747	**4 364**	3 446	**15 514**	12 193	**15**	(151)	**(205)**	(4)	**2 336**	1 355	**1 541**	864

business segment information continued

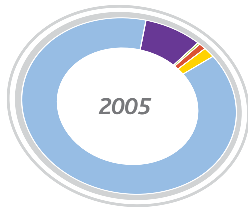
Mining
Synfuels
Liquid Fuels Business
Gas
Synfuels International
Olefins & Surfactants
Polymers
Solvents
Other businesses

Capital commitments

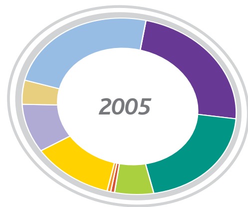
Property, plant and equipment



Intangible assets



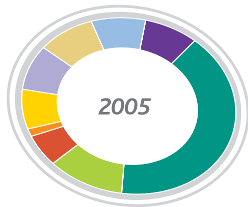
Number of employees



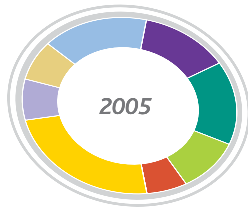
	Property, plant and equipment 2005 Rm	Property, plant and equipment 2004 Rm	Intangible assets 2005 Rm	Intangible assets 2004 Rm	Number of employees 2005	Number of employees 2004
Mining	798	685	24	45	7 115	7 642
Synfuels	2 909	6 369	–	12	6 098	5 792
Liquid Fuels Business	661	961	1	1	1 779	1 778
Gas	209	424	3	1	174	153
Synfuels International	5 990	5 482	–	–	162	71
Olefins & Surfactants	1 746	1 760	5	12	3 656	4 086
Polymers	5 696	8 294	–	5	2 467	2 682
Solvents	86	215	–	–	1 339	1 335
Other businesses	794	501	247	13	7 214	7 371
Total	18 889	24 691	280	89	30 004	30 910
	US$m	US$m	US$m	US$m		
Mining	120	110	4	7		
Synfuels	436	1 026	–	2		
Liquid Fuels Business	99	155	–	–		
Gas	31	68	–	–		
Synfuels International	898	883	–	–		
Olefins & Surfactants	262	283	1	2		
Polymers	854	1 336	–	1		
Solvents	13	35	–	–		
Other businesses	119	80	37	2		
Total	2 832	3 976	42	14		

Cash flow information

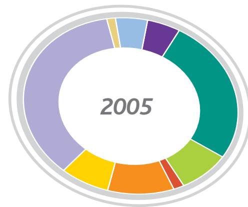
Cash flow from operations



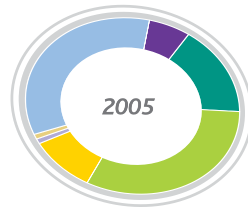
Depreciation and amortisation



Additions to property, plant and equipment



Additions to intangible assets

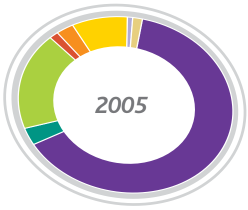


	Cash flow from operations 2005 Rm	Cash flow from operations 2004 Rm	Depreciation and amortisation 2005 Rm	Depreciation and amortisation 2004 Rm	Additions to property, plant and equipment 2005 Rm	Additions to property, plant and equipment 2004 Rm	Additions to intangible assets 2005 Rm	Additions to intangible assets 2004 Rm
Mining	1 689	1 714	532	567	615	358	7	16
Synfuels	8 504	6 743	611	1 154	3 248	1 867	18	36
Liquid Fuels Business	2 405	1 932	406	369	1 011	588	36	13
Gas	1 197	476	250	78	204	1 544	–	18
Synfuels International	291	(16)	1	1	1 246	1 690	–	–
Olefins & Surfactants	1 520	1 465	953	1 375	907	1 201	11	35
Polymers	1 778	1 436	302	485	4 423	1 703	1	4
Solvents	1 883	454	301	272	164	767	1	65
Other businesses	1 726	655	653	720	596	1 170	38	343
Total	20 993	14 859	4 009	5 021	12 414	10 888	112	530
	US$m	US$m	US$m	US$m	US$m	US$m	US$m	US$m
Mining	272	249	86	82	99	52	1	2
Synfuels	1 369	981	98	168	523	271	3	5
Liquid Fuels Business	387	281	65	54	163	85	6	2
Gas	193	69	40	11	33	224	–	3
Synfuels International	47	(2)	–	–	201	246	–	–
Olefins & Surfactants	245	213	153	200	146	175	2	5
Polymers	286	209	49	71	712	248	–	1
Solvents	303	66	48	40	26	112	–	9
Other businesses	278	95	105	105	96	170	6	50
Total	3 380	2 161	644	731	1 999	1 583	18	77

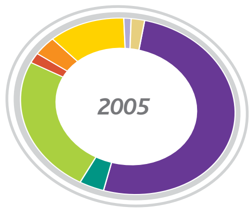
geographic segment information

South Africa
Rest of Africa
Europe
Middle East and India
Far East
North America
South America
South-East Asia and Australasia

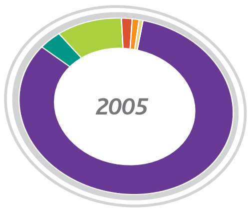
Total turnover



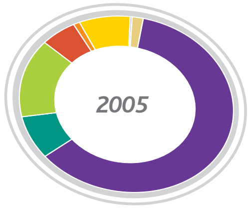
External turnover



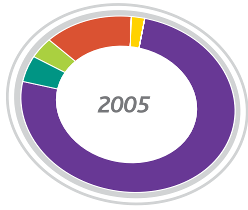
Operating profit/(loss)



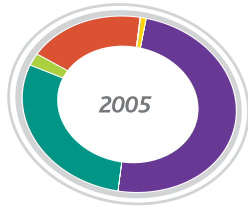
Total consolidated assets*



Additions to property, plant and equipment (by location of assets)



Capital commitments



	Total turnover 2005 Rm	Total turnover 2004 Rm	External turnover 2005 Rm	External turnover 2004 Rm	Operating profit/(loss) 2005 Rm	Operating profit/(loss) 2004 Rm	Total consolidated assets* 2005 Rm	Total consolidated assets* 2004 Rm	Additions to property, plant and equipment 2005 Rm	Additions to property, plant and equipment 2004 Rm	Capital commitments 2005 Rm	Capital commitments 2004 Rm
South Africa	**61 543**	51 980	**35 395**	28 954	**12 236**	8 505	**53 627**	45 580	**9 368**	6 961	**9 425**	15 863
Rest of Africa	**2 999**	3 114	**2 553**	3 062	**536**	204	**6 822**	5 548	**609**	1 422	**5 648**	3 802
Mozambique	**490**	84	**44**	32	**76**	(207)	**3 970**	4 220	**81**	755	**427**	305
Nigeria	**116**	155	**116**	155	**29**	28	**1 964**	844	**460**	593	**5 076**	3 472
Rest of Africa	**2 393**	2 875	**2 393**	2 875	**431**	383	**888**	484	**68**	74	**145**	25
Europe	**17 440**	16 069	**17 145**	15 632	**1 486**	591	**12 811**	11 120	**490**	717	**444**	226
Germany	**4 978**	4 811	**4 737**	4 646	**383**	267	**5 848**	5 108	**259**	255	**328**	70
Italy	**2 393**	2 307	**2 383**	2 296	**276**	(40)	**3 861**	3 302	**171**	236	**116**	152
The Netherlands	**1 730**	1 584	**1 729**	1 566	**202**	114	**440**	634	**48**	220	**–**	–
Rest of Europe	**8 339**	7 367	**8 296**	7 124	**625**	250	**2 662**	2 076	**12**	6	**–**	4
Middle East and India	**1 373**	1 489	**1 333**	1 447	**236**	82	**4 938**	2 579	**1 696**	1 560	**3 480**	4 829
Iran	**71**	93	**71**	93	**(19)**	2	**1 823**	711	**823**	474	**2 427**	2 819
Qatar	**80**	89	**41**	47	**127**	–	**2 633**	1 510	**872**	1 085	**1 053**	2 010
Rest of Middle East and India	**1 222**	1 307	**1 221**	1 307	**128**	80	**482**	358	**1**	1	**–**	–
Far East	**2 646**	2 161	**2 507**	2 062	**153**	195	**859**	674	**1**	3	**9**	2
North America	**8 184**	7 091	**8 149**	7 060	**(221)**	(303)	**6 818**	6 062	**247**	191	**163**	58
United States of America	**7 631**	6 649	**7 596**	6 618	**(228)**	(294)	**6 665**	5 944	**247**	191	**163**	58
Rest of North America	**553**	442	**553**	442	**7**	(9)	**153**	118	**–**	–	**–**	–
South America	**759**	723	**760**	723	**(5)**	4	**249**	161	**–**	–	**–**	–
South-East Asia and Australasia	**1 398**	1 222	**1 397**	1 211	**85**	36	**1 456**	1 456	**3**	34	**–**	–
Total	**96 342**	83 849	**69 239**	60 151	**14 506**	9 314	**87 580**	73 180	**12 414**	10 888	**19 169**	24 780

* excludes deferred tax

	Note	2005 Rm	2004 Rm	2003 Rm
Property, plant and equipment	1	56 550	46 858	42 363
Goodwill (and negative goodwill)	2	509	92	(314)
Intangible assets	3	1 900	2 236	2 051
Investments in securities	4	397	372	690
Investments in associates	5	608	471	270
Post-retirement benefit assets	6	300	239	451
Long-term receivables	7	1 091	899	778
Long-term prepaid expenses	8	106	128	30
Long-term financial assets	9	10	7	9
Deferred tax asset	19	409	306	194
		61 880	51 608	46 522

1 Property, plant and equipment

2005	Land Rm	Buildings and improvements Rm	Plant, equipment and vehicles Rm	Coal mining assets Rm	Capital work in progress Rm	Total Rm
Cost						
Balance at 30 June 2004	600	3 166	62 393	5 525	9 551	81 235
Additions	–	89	1 302	325	11 338	13 054
to enhance existing operations	–	82	379	325	4 451	5 237
to expand operations	–	7	923	–	6 887	7 817
Borrowing costs capitalised	–	–	6	–	1 110	1 116
Transfer to intangible assets	–	–	–	–	(36)	(36)
Transfer from intangible assets	–	–	–	–	16	16
Work in progress capitalised	–	224	3 800	115	(4 139)	–
Translation of foreign entities	28	165	1 187	–	298	1 678
Disposal of businesses	(6)	(95)	(231)	–	(2)	(334)
Disposals and scrapping	(12)	(57)	(1 132)	(962)	(228)	(2 391)
Balance at 30 June 2005	**610**	**3 492**	**67 325**	**5 003**	**17 908**	**94 338**
Accumulated depreciation and impairment						
Balance at 30 June 2004	–	1 672	29 576	3 129	–	34 377
Current year charge	–	185	2 947	459	–	3 591
Impairment of assets	14	79	551	16	148	808
Transfer to intangible assets	–	–	(23)	–	–	(23)
Translation of foreign entities	1	92	789	–	–	882
Disposal of businesses	–	(19)	(177)	–	–	(196)
Disposals and scrapping	–	(36)	(819)	(796)	–	(1 651)
Balance at 30 June 2005	**15**	**1 973**	**32 844**	**2 808**	**148**	**37 788**
Carrying value at 30 June 2005	**595**	**1 519**	**34 481**	**2 195**	**17 760**	**56 550**
Carrying value at 30 June 2004	600	1 494	32 817	2 396	9 551	46 858

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
1 Property, plant and equipment (continued)			
Cost			
Balance at beginning of year	81 235	75 254	70 898
Acquisition of businesses (refer note 47)	–	490	371
Additions			
to enhance existing operations	5 237	3 423	3 204
to expand operations	7 817	7 055	7 167
Borrowing costs capitalised (refer note 33)	1 116	1 105	1 053
Net transfer (to)/from intangible assets (refer note 3)	(20)	180	34
Translation of foreign entities (refer note 39)	1 678	(3 837)	(5 993)
Disposal of businesses (refer note 48)	(334)	(832)	–
Disposals and scrapping	(2 391)	(1 603)	(1 480)
Balance at end of year	94 338	81 235	75 254
Comprising			
Land	610	600	656
Buildings and improvements	3 492	3 166	3 599
Plant, equipment and vehicles	67 325	62 393	53 899
Coal mining assets	5 003	5 525	5 311
Capital work in progress	17 908	9 551	11 789
	94 338	81 235	75 254
Accumulated depreciation and impairment			
Balance at beginning of year	34 377	32 891	32 445
Acquisition of businesses (refer note 47)	–	–	197
Current year charge (refer note 29)	3 591	4 723	4 468
Impairment of assets (refer note 35)	808	310	5
Net transfer (to)/from intangible assets (refer note 3)	(23)	27	(24)
Translation of foreign entities (refer note 39)	882	(2 010)	(3 203)
Disposal of businesses (refer note 48)	(196)	(536)	–
Disposals and scrapping	(1 651)	(1 028)	(997)
Balance at end of year	37 788	34 377	32 891
Comprising			
Land	15	–	–
Buildings and improvements	1 973	1 672	1 741
Plant, equipment and vehicles	32 844	29 576	28 340
Coal mining assets	2 808	3 129	2 810
Capital work in progress	148	–	–
	37 788	34 377	32 891
Carrying value			
Land	595	600	656
Buildings and improvements	1 519	1 494	1 858
Plant, equipment and vehicles	34 481	32 817	25 559
Coal mining assets	2 195	2 396	2 501
Capital work in progress	17 760	9 551	11 789
Balance at end of year	56 550	46 858	42 363

As the group has more than five items of land and buildings a register is maintained in terms of paragraph 22(3) of Schedule 4 of the South African Companies Act. The register is available for inspection at the registered office of Sasol Limited.

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
1 Property, plant and equipment (continued)			
Additions to property, plant and equipment (cash flow)			
To enhance existing operations	5 162	3 363	3 121
current year additions	5 237	3 423	3 204
adjustments for non-cash items			
rehabilitation and asset retirement costs capitalised	–	(60)	(83)
cash flow hedge accounting*	(75)	–	–
To expand operations	7 252	7 525	7 151
current year additions	7 817	7 055	7 167
adjustments for non-cash items			
rehabilitation and asset retirement costs capitalised	(42)	(17)	–
cash flow hedge accounting*	(523)	487	(16)
Per the cash flow statement	12 414	10 888	10 272

* As described in the chief financial officer's review, the group hedges its exposure to foreign currency risk in respect of its capital projects. This is done primarily by means of forward exchange contracts. Cash flow hedge accounting is applied to these hedging transactions and accordingly, any gain or loss realised on these contracts is adjusted against the underlying item of property, plant and equipment.

Further detail of additions is provided in the chief financial officer's review on page 10.

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
Additional disclosures			
Leased assets			
Carrying value of capitalised leased assets	661	704	397
Finance lease additions included in additions above	288	136	462
Replacement information			
Estimated replacement cost of property, plant and equipment	224 289	221 670	213 749
Cost of assets not replaceable	2 127	2 285	1 759
Cost price of fully depreciated assets	8 183	7 981	7 367
Carrying value of assets held retired from active use	37	221	196
Carrying value of assets pledged as security for liabilities	8 445	13 561	8 676
Depreciation rates			
Buildings and improvements	2 – 5%		
Plant	4 – 25%		
Equipment	10 – 33%		
Vehicles	20 – 33%		
Coal mining assets	7 %		

1 Property, plant and equipment (continued)

Reassessment of useful lives of assets

With effect from 1 July 2004, the group adopted IAS16 Property, plant and equipment (revised). One of the requirements of this standard is to reassess the remaining useful lives of tangible assets at least at each financial year end. Any reassessment performed is applied prospectively and requires the depreciation charge to be amended for current and future periods only. The effect of the adoption of this standard has been a reduction in the depreciation charge, when compared to the group's expected charge had no reassessment been performed, of R1 547 million (before tax) as more fully described in the chief financial officer's review. The effect on earnings per share is an increase of 171 cents.

Capital commitments

Capital commitments 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

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
Authorised and contracted for	26 479	18 071	22 854
Authorised but not yet contracted for	7 611	14 381	8 503
Less expenditure to the end of the year	(15 201)	(7 761)	(13 504)
	18 889	24 691	17 853
Comprising			
Subsidiary companies	10 435	16 230	9 514
Proportionate share of joint ventures	8 454	8 461	8 339
	18 889	24 691	17 853
Estimated expenditure			
Within one year	14 249	14 826	9 017
One to two years	2 959	6 910	5 434
Two to three years	1 420	1 936	2 738
Three to four years	225	818	640
Four to five years	2	165	24
More than five years	34	36	–
	18 889	24 691	17 853

Funding

Capital expenditure will be financed out of funds generated from normal business operations, existing borrowing facilities and specifically arranged financing.

2 Goodwill (and negative goodwill)

With effect from 1 July 2004, the group adopted IFRS3 Business combinations. IFRS3, amongst other requirements, prohibits the amortisation of goodwill and requires that goodwill on the balance sheet be assessed annually for impairment. The statement further prohibits the recognition of negative goodwill on the balance sheet and requires that any pre-existing negative goodwill be written off against accumulated earnings through the statement of changes in equity. The negative goodwill arising on the original acquisition in 2001 of Sasol Chemie was presented on a net basis. The adoption of IFRS3 has necessitated that the total negative goodwill be written off and the carrying value of the original goodwill arising on this acquisition be presented on the balance sheet.

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
Goodwill			
Balance at beginning of year	221	222	392
Acquisition of businesses (refer note 47)	–	147	–
Fair value adjustments (refer note 47)	(15)	–	48
Reclassification of Sasol Chemie negative goodwill	481	–	–
Current year charge	–	(21)	(42)
Current year impairment (refer note 35)	(213)	(70)	(73)
Disposal of businesses (refer note 48)	4	(20)	–
Translation of foreign entities (refer note 39)	31	(37)	(103)
Carrying value at end of year	509	221	222
Business segmentation			
Olefins & Surfactants	270	–	–
Solvents	149	131	20
Wax	72	68	102
Nitro	–	–	98
Other	18	22	2
	509	221	222
Negative goodwill			
Balance at beginning of year	(129)	(536)	(910)
Reclassification of Sasol Chemie negative goodwill	(481)	–	–
Amount written off against accumulated earnings	610	–	–
Acquisition of businesses (refer note 47)	–	–	(49)
Current year charge	–	225	301
Current year impairment (refer note 35)	–	87	–
Disposal of businesses (refer note 48)	–	42	–
Translation of foreign entities (refer note 39)	–	53	122
Carrying value at end of year	–	(129)	(536)
Business segmentation			
Olefins & Surfactants	–	–	(256)
Solvents	–	(129)	(242)
Nitro	–	–	(38)
	–	(129)	(536)
Goodwill and negative goodwill per the balance sheet	509	92	(314)

3 Intangible assets

2005	Software Rm	Patents and trademarks Rm	Capitalised exploration costs Rm	Capital work in progress Rm	Other intangible assets* Rm	Total Rm
Cost						
Balance at 30 June 2004	1 237	499	888	82	656	3 362
Additions	35	3	6	67	1	112
to enhance existing operations	23	3	1	45	1	73
to expand operations	12	–	5	22	–	39
Transfer of capital work in progress	33	2	15	(70)	20	–
Transfer to property, plant and equipment	–	–	(16)	–	–	(16)
Transfer from property, plant and equipment	20	–	–	–	16	36
Translation of foreign entities	7	31	–	1	9	48
Disposal of businesses	(5)	–	–	–	–	(5)
Disposals and scrapping	(42)	(2)	(15)	(17)	(2)	(78)
Balance at 30 June 2005	1 285	533	878	63	700	3 459
Accumulated amortisation and impairment						
Balance at 30 June 2004	676	340	14	–	96	1 126
Current year charge	187	23	80	–	128	418
Impairment of assets	1	3	–	–	9	13
Transfer from property, plant and equipment	18	–	–	–	5	23
Translation of foreign entities	3	21	–	–	1	25
Disposals and scrapping	(42)	(2)	–	–	(2)	(46)
Balance at 30 June 2005	843	385	94	–	237	1 559
Carrying value at 30 June 2005	442	148	784	63	463	1 900
Carrying value at 30 June 2004	561	159	874	82	560	2 236

* Other intangible assets include long-term customer contracts acquired as part of the acquisition in 2004 of Exel Petroleum to the value of R260 million (2004 – R360 million).

All intangible assets were acquired from third parties.

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
3 Intangible assets (continued)			
Cost			
Balance at beginning of year	3 362	2 820	2 587
Acquisition of businesses (refer note 47)	–	566	2
Additions			
to enhance existing operations	73	156	377
to expand operations	39	374	319
Borrowing costs capitalised	–	–	8
Net transfer from/(to) property, plant and equipment (refer note 1)	20	(180)	(34)
Translation of foreign entities (refer note 39)	48	(99)	(195)
Disposal of businesses (refer note 48)	(5)	(16)	–
Disposals and scrapping	(78)	(259)	(244)
Balance at end of year	3 459	3 362	2 820
Comprising			
Software	1 285	1 237	1 083
Patents and trademarks	533	499	644
Capitalised exploration	878	888	653
Capital work in progress	63	82	424
Other intangible assets	700	656	16
	3 459	3 362	2 820
Accumulated amortisation and impairment			
Balance at beginning of year	1 126	769	733
Acquisition of businesses (refer note 47)	–	–	2
Current year charge (refer note 29)	418	502	314
Impairment of assets (refer note 35)	13	13	5
Net transfer from/(to) property, plant and equipment (refer note 1)	23	(27)	24
Translation of foreign entities (refer note 39)	25	(54)	(87)
Disposal of businesses (refer note 48)	–	(10)	–
Disposals and scrapping	(46)	(67)	(222)
Balance at end of year	1 559	1 126	769
Comprising			
Software	843	676	361
Patents and trademarks	385	340	376
Capitalised exploration	94	14	29
Other intangible assets	237	96	3
	1 559	1 126	769
Carrying value			
Software	442	561	722
Patents and trademarks	148	159	268
Capitalised exploration	784	874	624
Capital work in progress	63	82	424
Other intangible assets	463	560	13
	1 900	2 236	2 051

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
3 Intangible assets (continued)			
Additions to intangible assets			
To enhance existing operations	73	156	377
To expand operations	39	374	319
Per the cash flow statement	112	530	696
Cost price of fully amortised assets still in use	353	332	117
Amortisation rates			
Software	33%		
Patents and trademarks	20%		
Capitalised exploration	units-of-production		
Estimated future aggregate amortisation per annum			
Within one year	400	599	436
One to two years	370	416	388
Two to three years	264	332	206
Three to four years	229	150	70
Four to five years	210	142	80
More than five years	427	597	871
	1 900	2 236	2 051

Capital commitments

Capital commitments 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.

	2005 Rm	2004 Rm	2003 Rm
Authorised and contracted for	200	145	1 199
Authorised but not yet contracted for	129	16	7
Less expenditure	(49)	(72)	(987)
	280	89	219

These capital commitments are in respect of subsidiaries only.

Funding

Capital expenditure will be financed from funds generated out of normal business operations and existing borrowing facilities.

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
4 Investments in securities			
Investments available-for-sale	**203**	228	537
At fair value			
Balance at beginning of year	**228**	537	368
Acquisition of businesses (refer note 47)	**–**	43	50
Investments purchased/(disposed of)	**7**	(42)	161
Impairment of investments (refer note 35)	**(2)**	(5)	–
Transfer to investments in associates	**(43)**	(284)	(18)
Disposal of businesses (refer note 48)	**(1)**	–	–
Translation of foreign entities (refer note 39)	**14**	(21)	(24)
Balance at end of year	**203**	228	537
Investments held-to-maturity	**194**	144	153
At amortised cost			
Balance at beginning of year	**144**	153	112
Investments purchased	**96**	13	41
Investments sold	**(46)**	(22)	–
Balance at end of year	**194**	144	153
Investments in securities per balance sheet	**397**	372	690

As the group has more than five investments, a register is maintained in terms of paragraph 27 of Schedule 4 of the South African Companies Act. The register is available for inspection at the registered office of Sasol Limited.

At 30 June 2005, the group's investments and their carrying values were

Name	Country of incorporation	Nature of business	Interest %	Carried at fair value 2005 Rm	Carried at cost 2005 Rm	2004 Rm
Long-term fixed deposits	South Africa	Investment for rehabilitation of Sasol Mining	–	**–**	**194**	144
Aetylen Rohrleitungs-gesellschaft mbH & Co KG	Germany	Pipeline business	17	**122**	**–**	115
sEnergy Insurance Limited	Bermuda	Insurance	6	**67**	**–**	63
Euro Pipeline Development Company BV	The Netherlands	Pipeline business	7	**8**	**–**	–
Other				**6**	**–**	50
				203	**194**	372

The unlisted investments represent strategic investments of the group and are long-term in nature.

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
5 Investments in associates			
Investments at cost	**323**	248	211
Loans to associates	**15**	96	2
Share of post-acquisition reserves	**270**	127	57
	608	471	270
Fair value of associates	**1 008**	475	289
Dividends received from associates (refer note 44)	**20**	41	17
Key financial information of associates			
Total assets	**5 654**		
Total liabilities	**2 849**		
Total turnover	**4 719**		
Total operating profit	**1 782**		
Total attributable earnings	**1 421**		
Investment held-for-sale			
At carrying value	**41**		

The investment in FFS Refiners (Pty) Limited has been classified as held-for-sale. This investment was previously recognised as an investment in associate.

With effect from 1 March 2005, Sasol Wax restructured its operations resulting in a loss of control in Paramelt RMC BV whilst still retaining significant influence. Paramelt RMC BV has therefore been reflected as an investment in associate with effect from 1 March 2005.

This has resulted in a significant increase in the carrying value of associates with the effect on earnings and dividends received only expected to be observed from the 2006 financial year.

At 30 June 2005, the group's associates and interest in those associates based on outstanding shares and the total carrying value were

Name	Country of incorporation	Nature of business	Interest %	Carrying value 2005 Rm	Carrying value 2004 Rm
Optimal Olefins Malaysia Sdn Bhd	Malaysia	Ethane and propane gas cracker	12	**388**	284
Wesco China Ltd	Hong Kong	Trading and distribution of plastics raw materials	40	**82**	70
Paramelt RMC BV	The Netherlands	Speciality wax blender	31	**81**	–
FFS Refiners (Pty) Ltd	South Africa	Refining and blending of oil	49	**–**	47
LUX International Corporation USA	United States of America	Production of waxes	50	**31**	16
Merkur GmbH	Germany	Trading of waxes	50	**19**	30
Other				**7**	24
				608	471

None of the group's investments in associates are publicly traded and therefore no quoted market prices are available.

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
6 Post-retirement benefit assets			
Post-retirement benefit assets	303	242	451
Short-term portion (refer note 12)	(3)	(3)	–
	300	239	451
For further details of post-retirement benefit assets, refer note 17.			
7 Long-term receivables			
Total long-term receivables as previously stated		1 292	933
Reclassification of long-term prepaid expenses (refer note 8)		(140)	(30)
Total long-term receivables	1 168	1 152	903
Short-term portion (refer note 12)	(77)	(253)	(125)
	1 091	899	778
Comprising			
Long-term joint venture receivables	105	112	103
Long-term interest-bearing loans	256	252	351
Long-term interest-free loans	730	535	324
	1 091	899	778
Maturity profile			
Within one year	77	253	125
One to two years	319	265	161
Two to three years	35	41	138
Three to four years	38	34	112
Four to five years	36	36	67
More than five years	663	523	300
	1 168	1 152	903
8 Long-term prepaid expenses			
Arising on long-term contracts	120	140	30
Short-term portion (refer note 12)	(14)	(12)	–
	106	128	30
9 Long-term financial assets			
Arising on long-term financial instruments	10	7	9

Long-term financial assets include the revaluation of in-the-money long-term derivative instruments, refer pages 115 to 123.

	Note	2005 Rm	2004 Rm	2003 Rm
Investments held-for-sale	5	41	–	–
Inventories	10	9 995	8 292	8 748
Trade receivables	11	8 668	7 551	7 713
Other receivables and prepaid expenses	12	3 716	3 420	2 773
Short-term financial assets	13	178	25	12
Cash restricted for use	14	1 002	527	665
Cash	14	2 509	2 063	3 186
		26 109	21 878	23 097

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
10 Inventories			
Crude oil and other raw materials	2 388	1 629	1 768
Process material	387	361	413
Maintenance and other materials	937	913	936
Work in process	186	130	154
Manufactured products	6 013	5 226	5 435
Consignment inventory	84	33	42
	9 995	8 292	8 748
Inventories carried at net realisable value			
Crude oil and other raw materials	32	94	75
Process material	1	–	5
Maintenance and other materials	3	25	31
Manufactured products	533	470	582
	569	589	693
Write-down of inventories to net realisable value			
Crude oil and other raw materials	2	1	10
Maintenance and other materials	5	18	5
Manufactured products	40	43	31
Income statement charge (refer note 29)	47	62	46
Analysis of inventory obsolescence (deducted from the carrying value of inventory above)			
Balance at beginning of year	170	59	64
Provision raised during year	71	169	7
Provision utilised during year	(6)	(9)	(3)
Provision released during year	(42)	(43)	(8)
Translation of foreign entities	2	(6)	(1)
Balance at end of year	195	170	59
Inventories pledged as security over long-term debt, refer note 15.	–	2 807	2 819
Inventories to sale of products (refer note 26)	14,6%	14,0%	13,8%
Inventories to cost of sales and services rendered	23,6%	21,4%	22,2%

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
11 Trade receivables			
Trade receivables	8 891	7 765	7 869
Provision for doubtful debts	(223)	(214)	(156)
	8 668	7 551	7 713
Provision for doubtful debts			
Balance at beginning of year	(214)	(156)	(303)
Provision raised during year	(107)	(102)	(16)
Provision utilised during year	31	25	103
Provision released during year	71	9	47
Disposal of businesses	–	1	–
Translation of foreign entities	(4)	9	13
Balance at end of year	(223)	(214)	(156)
Trade receivables to turnover	12,5%	12,6%	11,9%
12 Other receivables and prepaid expenses			
Employee related receivables	21	17	19
Capital projects related receivables	224	119	156
Insurance related receivables	282	177	–
Duties receivable from customers	1 234	1 110	868
Related party receivables	448	306	228
third parties	182	146	114
joint ventures	266	160	114
Value added tax	681	657	518
Other receivables	611	694	747
	3 501	3 080	2 536
Prepaid expenses	121	72	112
	3 622	3 152	2 648
Short-term portion of			
post-retirement benefit assets (refer note 6)	3	3	–
long-term receivables (refer note 7)	77	253	125
long-term prepaid expenses (refer note 8)	14	12	–
	3 716	3 420	2 773
13 Short-term financial assets			
Arising on short-term financial instruments	178	25	12

Short-term financial assets include the revaluation of in-the-money derivative instruments, refer pages 115 to 123.

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
14 Cash and cash equivalents			
Cash and cash equivalents			
Cash restricted for use	1 002	527	665
Cash	2 509	2 063	3 186
Bank overdraft (including overnight borrowings)	(2 615)	(4 113)	(3 268)
Per the cash flow statement	896	(1 523)	583
Cash restricted for use			
Cash held in trust	55	69	439
Cash held as collateral	119	206	154
Other cash restricted for use	828	252	72
	1 002	527	665
Currency analysis			
Euro	9	94	593
US dollar	767	220	–
Rand	182	122	72
Other currencies	44	91	–
	1 002	527	665
Cash			
Cash on hand and in bank	2 127	1 567	2 439
Foreign currency accounts	35	52	154
Short-term deposits	347	444	593
	2 509	2 063	3 186
Currency analysis			
Euro	171	486	548
US dollar	1 225	781	948
Pound Sterling	35	24	53
Rand	793	676	1 549
Other currencies	285	96	88
	2 509	2 063	3 186
Bank overdraft	(2 615)	(4 113)	(3 268)
Currency analysis			
Euro	(256)	(18)	(52)
US dollar	(2)	(38)	(29)
Rand	(2 350)	(4 050)	(3 184)
Other currencies	(7)	(7)	(3)
	(2 615)	(4 113)	(3 268)

The cash restricted for use consists primarily of cash held in joint ventures to which the group has restricted title, cash pledged as collateral for obligations and cash in the group's cell captive insurance companies.

non-current liabilities

	Note	2005 Rm	2004 Rm	2003 Rm
Long-term debt	15	12 951	9 110	4 581
Long-term provisions	16	2 954	2 362	2 486
Post-retirement benefit obligations	17	2 970	2 724	2 589
Long-term deferred income	18	763	237	96
Deferred tax liability	19	6 286	5 768	6 113
		25 924	20 201	15 865

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
15 Long-term debt			
Total long-term debt	13 966	9 677	5 479
Short-term portion (refer note 20)	(1 015)	(567)	(898)
	12 951	9 110	4 581
Comprising			
Secured loans	5 598	4 668	3 522
Variable rate redeemable cumulative preference shares of subsidiaries	117	618	887
Finance leases	686	589	339
Unsecured loans	7 565	3 802	731
	13 966	9 677	5 479
Reconciliation			
Balance at beginning of year	9 677	5 479	6 264
Acquisition of businesses (refer note 47)	–	358	102
Loans raised	6 586	7 379	1 406
Loans repaid	(2 421)	(2 993)	(1 284)
Effect of cash flow hedge accounting	(43)	5	–
Disposal of businesses (refer note 48)	–	(33)	–
Translation of foreign entities (refer note 39)	167	(518)	(1 009)
Balance at end of year	13 966	9 677	5 479
Currency analysis			
Euro	3 415	1 189	2 222
US dollar	2 679	2 536	1 453
Rand	7 579	5 952	1 686
Other	293	–	118
	13 966	9 677	5 479
Interest-bearing status			
Interest-bearing debt	13 965	9 637	5 431
Non-interest bearing debt	1	40	48
	13 966	9 677	5 479

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
15 Long-term debt (continued)			
Maturity profile			
Within one year	1 015	567	898
One to two years	842	696	1 024
Two to three years	2 930	1 159	899
Three to four years	983	3 310	988
Four to five years	3 355	703	819
More than five years	4 841	3 242	851
	13 966	9 677	5 479
Related party long-term debt			
Third parties	109	130	84
Joint ventures	80	93	19
	189	223	103
Business segmentation			
Financing	4 790		
Gas	2 178		
Synfuels International	1 613		
Liquid Fuels Business	1 506		
Petroleum International	1 172		
Polymers	791		
Solvents	762		
Other	139		
	12 951		

In terms of Sasol Limited's Articles of Association, the group's borrowing powers are limited to twice the sum of its stated capital and reserves (2005 – R87 billion and 2004 – R70 billion).

15 Long-term debt (continued)

Terms of repayment	Security	Business	Interest rate at 30 June 2005	2005 Rm	2004 Rm	2003 Rm
Secured loans						
Repayable in semi-annual instalments ending June 2015	Secured by plant with a book value of R3 409 million (2004 – R3 343 million)	Gas (ROMPCO)	Jibar + 0,4% – 3,0%	**2 362**	1 330	–
Repayable in semi-annual instalments commencing June 2007 until December 2016	Secured by plant under construction with a book value of R2 592 million (2004 – R1 001 million)	Synfuels International (Oryx GTL)	Fixed 4,5% and Libor + 0,75%	**1 613**	1 001	246
Repayable in monthly instalments ending 2015	Secured by plant and equipment with a book value of R1 463 million (2004 – R798 million)	Petroleum International	Jibar + 1,6% – 3,0% and Euribor + 3,0%	**1 302**	798	–
Repayable in equal semi-annual instalments over 6,5 years until February 2010	Secured by a guarantee from Sasol and its joint venture partners in Malaysia	Polymers (Petlin)	2,4% – 6,8%	**128**	151	220
Repayable in quarterly instalments ending June 2009	Secured by trade receivables with a book value of R25 million	Gas (Spring Lights)	9,9% variable	**55**	75	–
Repayable in equal semi-annual instalments ending 31 March 2008	Secured by a mortgage over foreign plant with a book value of R106 million (2004 – R84 million)	Wax	4,25% – 5,0%	**50**	63	91
Repayable monthly ending May 2010	Secured by plant with a book value of R47 million	Polymers	SA prime lending rate less 1,0% – 2,0%	**39**	–	–
Repayable semi-annually ending June 2006	Secured by property, plant and equipment of R167 million	Chemie (Italy)	6,0% fixed	**18**	28	–
Repayable over 13 years ending 2018	Secured by shares in Petromoc	Liquid Fuels Business	Libor +3,5%	**13**	–	–
Other secured debt		Various	Various	**18**	–	–
Settled during the year		Chemie		**–**	1 222	2 965
				5 598	4 668	3 522

15 Long-term debt (continued)

Terms of repayment	Security	Business	Interest rate at 30 June 2005	2005 Rm	2004 Rm	2003 Rm
Variable rate redeemable cumulative preference shares of subsidiaries						
Repayable in full between January 2004 and December 2005	Secured in terms of a put option against the shareholders of National Petroleum Refiners of South Africa (Pty) Limited	Liquid Fuels Business (Natref)	6,8% – 8,8%	**117**	618	887
Finance leases						
Repayable in equal monthly instalments ending May 2009	Secured by plant and equipment with a book value of R71 million (2004 – R217 million)	Various	7,0% – 17,0%	**85**	217	289
Repayable in monthly instalments over 20 to 30 years ending 2035	Secured by plant and equipment with a book value of R590 million (2004 – R398 million)	Liquid Fuels Business	8,0% – 18,0% variable	**590**	366	42
Other smaller finance leases	Underlying assets	Various	Various	**11**	6	8
				686	589	339
Total secured debt				**6 401**	5 875	4 748

Terms of repayment	Business	Interest rate at 30 June 2005	2005 Rm	2004 Rm	2003 Rm
15 Long-term debt (continued)					
Unsecured liabilities					
Repayable on maturity in June 2010	Financing	3,375% fixed	2 407	–	–
Repayable in August 2007	Financing	10,5% fixed	1 993	1 989	–
Repayable in semi-annual instalments ending December 2013	Solvents (Acrylates)	Libor + 0,13% & Jibar + 1,15%	758	792	–
Repayable in semi-annual instalments ending December 2015	Liquid Fuels Business (Natref)	8,0% – 8,7% variable	603	165	–
Repayable in May 2015	Polymers (Arya)	2,6%	600	–	–
Repayable in June 2013	Financing	Libor + 0,13%	390	363	–
Repayable in semi-annual instalments ending January 2014	Liquid Fuels Business (Natref)	11,55% fixed	262	–	–
Repayable quarterly ending May 2008	Liquid Fuels Business	SA prime lending rate	146	–	–
Bankers acceptance with instalments every 180 days	Polymers (Petlin)	2,8% – 4,3%	133	124	–
Repayment terms not specified	Liquid Fuels Business (Natref)	8,0% fixed	63	63	48
Purchase consideration repayable in four equal annual amounts until December 2006	Wax	2,2% variable	37	54	84
Repayable December 2011	Mining	Variable	28	32	35
Other	Other	Various	145	220	564
Total unsecured debt			7 565	3 802	731
Total long-term debt			13 966	9 677	5 479
Repayable within one year included in short-term debt			(1 015)	(567)	(898)
			12 951	9 110	4 581

Banking facilities and debt arrangements at 30 June 2005

Facility	Expiry date	Currency	Rand equivalent Rm	Utilisation Rm
Sasol Financing				
Uncommitted facilities				
Commercial banking facilities	Various (short-term)	Rand	11 880	2 328
Commercial paper programme	None	Rand	6 000	1 521
Committed facility				
Revolving credit facility (syndicated)	May 2008	Euro	3 226	663
Debt arrangements				
RSA Bond	August 2007	Rand	2 000	1 993
Japan Bank for International Cooperation	June 2013	US dollar	390	390
Sasol Financing International				
Uncommitted facilities				
Commercial banking facilities	Various (short-term)	Euro	473	2
Debt arrangement				
Eurobond	June 2010	Euro	2 420	2 407
Other Sasol businesses				
Asset based finance				
Republic of Mozambique Pipeline Investments Company (Pty) Limited	December 2015	Rand	2 362	2 362
Oryx GTL Limited (QSC)	December 2015	US dollar	2 286	1 613
Sasol Petroleum Temane Limitada	June 2015	Euro and rand	1 302	1 302
Debt arrangements				
Arya Sasol Polymer Company	May 2015	Euro	1 564	728
National Petroleum Refiners of South Africa (Pty) Limited	Various	Rand	1 491	982
Sasol Dia Acrylates (South Africa) (Pty) Limited	August 2006	US dollar and rand	984	750
Property finance leases				
Liquid Fuels Business	Various	Rand	590	590
Other banking facilities and debt arrangements	Various	Various	2 329	1 235
			39 297	18 866
Comprising				
Long-term debt				12 951
Short-term debt				3 300
Bank overdraft (including overnight borrowings)				2 615
				18 866

Financial covenants

Certain of the above facilities and debt arrangements are subject to financial covenants based on key financial ratios.

No events of default have occurred in the current financial year.

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
16 Long-term provisions			
Balance at beginning of year	**3 017**	2 954	3 510
Acquisition of businesses (refer note 47)	**–**	–	12
Capitalised in property, plant and equipment (refer note 1)	**42**	77	83
Net income statement charge	**744**	511	55
increase for year	**1 127**	631	443
reversal of unutilised amounts	**(652)**	(143)	(212)
effect of change in discount rate	**92**	(137)	(227)
notional interest	**177**	160	51
Utilised during year (cash flow)	**(461)**	(359)	(430)
Disposal of businesses (refer note 48)	**–**	(17)	–
Translation of foreign entities (refer note 39)	**72**	(149)	(276)
Balance at end of year	**3 414**	3 017	2 954
Less short-term portion (refer note 22)	**(460)**	(655)	(468)
Long-term provisions	**2 954**	2 362	2 486
Comprising			
Rehabilitation and asset retirement	**2 634**	2 401	2 317
Other	**780**	616	637
	3 414	3 017	2 954
Estimated undiscounted obligation	**14 735**		
Expected timing of utilisation of provision			
Within one year	**460**	655	468
One to two years	**295**	448	393
Two to three years	**243**	173	187
Three to four years	**131**	170	158
Four to five years	**353**	98	149
More than five years	**1 932**	1 473	1 599
	3 414	3 017	2 954

In accordance with the group's published environmental policy and applicable legislation, a provision for rehabilitation is recognised when the obligation arises.

The rehabilitation obligation includes estimated costs for the rehabilitation of coal mining and petrochemical sites. The amount provided is calculated based on currently available facts and applicable legislation. 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 its financial condition, liquidity or cash flow.

The significant increase in the reversal of unutilised amounts is primarily attributable to the change in estimated useful lives of property, plant and equipment as the rehabilitation provision is estimated based on the average remaining useful lives of the related assets.

Other includes provisions in respect of personnel, rebates, discounts and bonuses.

for the year ended 30 June	Rehabili-tation 2005 Rm	Other 2005 Rm	Total 2005 Rm
16 Long-term provisions (continued)			
Balance at beginning of year	**2 401**	**616**	**3 017**
Capitalised in property, plant and equipment (refer note 1)	**41**	**1**	**42**
Net income statement charge	**350**	**394**	**744**
increase for year	**707**	**420**	**1 127**
reversal of unutilised amounts	**(626)**	**(26)**	**(652)**
effect of change in discount rate	**92**	**–**	**92**
notional interest	**177**	**–**	**177**
Utilised during year (cash flow)	**(181)**	**(280)**	**(461)**
Translation of foreign entities (refer note 39)	**23**	**49**	**72**
Balance at end of year	**2 634**	**780**	**3 414**

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
17 Post-retirement benefit obligations			
Post-retirement healthcare benefits	**1 772**	1 613	1 365
Pension benefits (foreign)	**1 239**	1 148	1 252
Total post-retirement benefit obligations	**3 011**	2 761	2 617
Less short-term portion			
post-retirement healthcare benefits (refer note 22)	**(31)**	(22)	(26)
pension benefits (foreign) (refer note 22)	**(10)**	(15)	(2)
	2 970	2 724	2 589

Post-retirement healthcare benefits

The group provides post-retirement healthcare benefits to certain of its retirees, principally in South Africa and the United States of America. The method of accounting and the frequency of valuations for determining the liability are similar to those used for defined benefit pension plans.

South Africa

The post-retirement benefit plan provides certain healthcare and life assurance benefits to South African employees hired prior to 1 January 1998, who retire and satisfy the necessary requirements of the medical fund. Generally, medical coverage provides for a specified percentage of most medical expenses, subject to preset rules and maximum amounts. The cost of providing these contributions is shared with the retirees. The plan is unfunded. The accumulated post-retirement benefit obligation is accrued over the employee's working life until full eligibility age.

United States of America

Certain other healthcare and life assurance benefits are provided for personnel employed in the United States of America. Generally, medical coverage pays a specified percentage of most medical expenses, subject to preset maximum amounts and reduced for payments made by Medicare. The cost of providing these benefits is shared with the retirees. The plan is also unfunded.

17 Post-retirement benefit obligations (continued)

	South Africa	Foreign
Last actuarial valuation	31 March 2005	30 June 2005
Full/interim valuation	Full	Full
Valuation method adopted	Projected unit	Projected unit

Principal actuarial assumptions

Weighted average assumptions used in performing actuarial valuation

	South Africa		Foreign	
	2005 %	2004 %	2005 %	2004 %
Healthcare cost inflation				
initial	6,5	7,0	9,0	9,0
ultimate	6,5	7,0	5,5	5,5
Discount rate	8,5	9,0	5,3	6,6

Change in projected benefit obligations

	South Africa		Foreign		Total	
	2005 Rm	2004 Rm	2005 Rm	2004 Rm	2005 Rm	2004 Rm
Projected benefit obligation at beginning of year	1 443	1 047	349	422	1 792	1 469
Service cost	50	43	3	6	53	49
Interest cost	128	114	22	22	150	136
Remeasurement cost	–	173	–	(4)	–	169
Actuarial (gains)/losses	(199)	99	42	–	(157)	99
Benefits paid	(35)	(33)	(29)	(25)	(64)	(58)
Foreign currency difference	–	–	28	(72)	28	(72)
Projected benefit obligation at end of year	1 387	1 443	415	349	1 802	1 792

Reconciliation of the actuarial obligations to amounts recognised in the balance sheet

	South Africa		Foreign		Total	
	2005 Rm	2004 Rm	2005 Rm	2004 Rm	2005 Rm	2004 Rm
Unfunded obligation	(1 387)	(1 443)	(415)	(349)	(1 802)	(1 792)
Unrecognised prior service cost	–	–	(17)	(21)	(17)	(21)
Unrecognised actuarial (gains)/losses	(100)	99	147	101	47	200
Liability recognised	(1 487)	(1 344)	(285)	(269)	(1 772)	(1 613)
Short-term portion	–	–	(31)	(22)	(31)	(22)
Net liability recognised	(1 487)	(1 344)	(254)	(247)	(1 741)	(1 591)

17 Post-retirement benefit obligations (continued)

Reconciliation of net liability to amounts recognised in the balance sheet

	South Africa		Foreign		Total	
	2005 Rm	2004 Rm	2005 Rm	2004 Rm	2005 Rm	2004 Rm
Net liability at beginning of year	1 344	1 047	269	318	1 613	1 365
Service cost	50	43	3	6	53	49
Interest cost	128	114	22	22	150	136
Remeasurement cost	–	173	–	–	–	173
Foreign currency difference	–	–	19	(54)	19	(54)
Recognised actuarial losses	–	–	6	8	6	8
Past service cost recognised	–	–	(5)	(6)	(5)	(6)
Benefits paid	(35)	(33)	(29)	(25)	(64)	(58)
Net liability at end of year	1 487	1 344	285	269	1 772	1 613

Net post-retirement healthcare costs recognised in the income statement

	South Africa		Foreign		Total	
	2005 Rm	2004 Rm	2005 Rm	2004 Rm	2005 Rm	2004 Rm
Service cost	50	43	3	6	53	49
Interest cost	128	114	22	22	150	136
Remeasurement cost	–	173	–	–	–	173
Past service cost	–	–	(5)	(6)	(5)	(6)
Recognised net actuarial loss	–	–	6	8	6	8
Net periodic benefit cost	178	330	26	30	204	360

The post-retirement healthcare liability is calculated, using the projected unit credit method, as the present value of the expected future contributions required to be made in respect of eligible employees once they have retired. Had this liability been calculated on the basis of the expected future benefits to be provided to the eligible employees, the provision would have been increased by R1 002 million (2004 – R681 million).

Post-retirement pension benefits

The group operates or contributes to defined benefit pension plans and defined contribution plans in the countries in which it operates.

Contributions by the group and in some cases the employees are made for funds set up in South Africa and the United States of America whilst no contributions are made for plans established in other geographic areas.

Provisions for pension obligations are established for benefits payable in the form of retirement, disability and surviving dependent pensions. The benefits offered vary according to the legal, fiscal and economic conditions of each country.

Details of the principal defined benefit funds are set out below.

The individual fund's funding details based on the latest actuarial valuations were

Pension fund	South Africa	United States of America
Last actuarial valuation	31 March 2005	30 June 2005
Full/interim valuation	Full	Full
Valuation method adopted	Projected unit	Projected unit

17 Post-retirement benefit obligations (continued)

Principal actuarial assumptions

Weighted average assumptions used in performing actuarial valuation

	South Africa 2005 %	South Africa 2004 %	United States of America 2005 %	United States of America 2004 %
Discount rate	8,5	9,0	5,3	6,3
Expected return on plan assets	8,5	9,0	8,0	8,5
Average salary increases	5,5	6,0	3,8	3,8
Average pension increases	1,9	2,5	–	–

Each of the pension fund assets are invested in a diversified range of equities, bonds, property and cash.

	South Africa 2005 %	South Africa 2004 %	Foreign 2005 %	Foreign 2004 %
Equities				
local	61	59	–	–
foreign	7	9	70	70
Fixed interest	8	11	30	30
Property	16	18	–	–
Other	8	3	–	–
Total	100	100	100	100

The investment objectives of the group's pension plans are designed to generate returns that will enable the plans to meet their future obligations. The precise amount for which these obligations will be settled depends on future events, including the life expectancy of the plan's members and salary inflation. The obligations are estimated using actuarial assumptions, based on the current economic environment.

The pension plans seek to achieve total returns both sufficient to meet expected future obligations as well as returns greater than their policy benchmark reflecting the target weights of the asset classes used in their targeted strategic asset allocation.

In evaluating the strategic asset allocation choices, an emphasis is placed on the long-term characteristics of each individual asset class, and the benefits of diversification among multiple asset classes. Consideration is also given to the proper long-term level of risk for the plan, particularly with respect to the long-term nature of the plan's liabilities, the impact of asset allocation on investment results, and the corresponding impact on the volatility and magnitude of plan contributions and expense and the impact certain actuarial techniques may have on the plan's recognition of investment experience.

The group targets the plans' asset allocation within the following ranges within each asset class

Asset classes	South Africa Minimum %	South Africa Maximum %	Foreign Minimum %	Foreign Maximum %
Equities				
local	50	60	–	–
foreign	–	15	50	75
Fixed interest	10	25	20	40
Property	10	25	–	–
Other	–	10	–	–

The group monitors 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.

17 Post-retirement benefit obligations (continued)

South African operations

Sasol contributes to a pension fund which provides defined post-retirement and death benefits based on final pensionable salary at retirement. Prior to 1 April 1994 this pension fund was open to all employees of the group in South Africa. In 1994 all members were given the choice to voluntarily transfer to a newly established defined contribution section of the pension fund and approximately 99% of contributing members chose to transfer to the defined contribution section. At that date the calculated actuarial surplus of approximately R1 250 million was apportioned to pensioners, members transferring to the defined contribution section and a R200 million balance was allocated within the pension fund to an employer's reserve.

The assets of the fund are held separately from those of the company in a trustee administered fund, registered in terms of the South African Pension Funds Act, 1956. Included in the fund assets are 2 369 708 Sasol Limited shares valued at R428 million at year end (2004 – 2 369 708 shares at R232 million) purchased in terms of an approved investment strategy.

The annual pension charge is determined in consultation with the pension fund's independent actuary and is calculated using assumptions consistent with those used at the last actuarial valuation of the pension fund. The pension fund assets have been valued at fair value.

The prepayment of R78 million (2004 – R78 million) in the balance sheet represents the accumulated excess of the actual contributions paid to the pension fund in excess of the accumulated pension liability.

In December 2001, the Pension Funds Second Amendment Act was promulgated. The Act generally provides for

- the payment of enhanced benefits to former members and minimum pension increases for pensioners; and
- the apportionment of any actuarial surplus existing in the fund, at the apportionment date, in an equitable manner between existing members including pensioners, former members and the employer in such proportions as the trustees of the fund shall determine.

The pension fund asset recognised is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. This limitation has been applied in the 2005 and 2004 financial years as a result of the effect of the Pension Funds Second Amendment Act.

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.

The group occupies certain properties owned by the Sasol Pension Fund.

Members of the defined benefit section are required to contribute to the pension fund at the rate of 7,5% of pensionable salary. Sasol meets the balance of the cost of providing benefits. Company contributions are based on the results of the actuarial valuation of the pension fund in terms of South African legislation and are agreed by Sasol Limited and the pension fund trustees.

Contributions, for the defined contributions section, are paid by the members and Sasol at fixed rates. Contributions to the defined contribution fund for the year ended 30 June 2005 amounted to R460 million (2004 – R450 million).

Foreign operations

Pension coverage for employees of the group's international operations is provided through separate plans. The company systematically provides for obligations under such plans by depositing funds with trustees for those plans operating in the United States of America or by creation of accounting obligations for other plans.

17 Post-retirement benefit obligations (continued)

Change in projected benefit obligation (funded obligation)

	South Africa 2005 Rm	Foreign 2005 Rm	Total 2005 Rm
Projected benefit obligation at beginning of year	2 328	1 036	3 364
Transfer from funded plan to unfunded plan[1]	–	(494)	(494)
Service cost	5	23	28
Interest cost	202	42	244
Member contributions	2	–	2
Actuarial losses	169	115	284
Benefits paid	(187)	(51)	(238)
Disposal of subsidiary[1]	–	(52)	(52)
Settlement gain	–	(15)	(15)
Foreign currency difference	–	80	80
Projected benefit obligation at end of year	2 519	684	3 203

Change in plan assets

	South Africa 2005 Rm	Foreign 2005 Rm	Total 2005 Rm
Fair value of plan assets at beginning of year	2 279	528	2 807
Foreign currency exchange rate changes	–	42	42
Plan participant contributions	2	–	2
Employer contributions	4	96	100
Disposal of subsidiary[1]	–	(22)	(22)
Settlements	–	(15)	(15)
Benefit payments	(187)	(51)	(238)
Actual return on plan assets	702	31	733
Transfer from defined contribution plan[2]	440	–	440
Fair value of plan assets at end of year	3 240	609	3 849

Change in projected benefit obligations (unfunded obligations)

	Foreign 2005 Rm
Projected benefit obligations at beginning of year	648
Transfer from funded plan to unfunded plan[1]	494
Service cost	39
Interest cost	62
Plan amendments	(5)
Actuarial loss	235
Benefits paid	(32)
Foreign currency difference	48
Projected benefit obligations at end of year	1 489

1 With effect from 1 March 2005, Sasol Wax restructured its operations resulting in a loss of control in Paramelt RMC BV whilst still retaining significant influence. Paramelt RMC BV has therefore been reflected as an investment in associate with effect from 1 March 2005.

As a result, the funded plan has been accounted for on the disposal line.

2 Amount represents retired employees from the defined contribution section of the plan, who, on retirement, have elected to participate in the defined benefit plan by purchasing a defined benefit pension from the fund. The related increase in the projected benefit obligation is included as part of the actuarial loss.

17 Post-retirement benefit obligations (continued)

Reconciliation of the funded status to amounts recognised in the balance sheet

	South Africa		Foreign		Total	
	2005 Rm	2004 Rm	2005 Rm	2004 Rm	2005 Rm	2004 Rm
Funded obligations	(2 519)	(2 328)	(684)	(1 036)	(3 203)	(3 364)
Plan assets	3 240	2 279	609	528	3 849	2 807
Unfunded obligations	–	–	(1 489)	(648)	(1 489)	(648)
Unrecognised actuarial net (gains)/losses	(622)	127	550	171	(72)	298
Asset not recognised due to legal limitation	(21)	–	–	–	(21)	–
Unrecognised prior service cost	–	–	–	1	–	1
Net asset/(liability) recognised	78	78	(1 014)	(984)	(936)	(906)
Comprising						
Prepaid pension asset	78	78	225	164	303	242
Accrued pension liabilities						
long-term portion	–	–	(1 229)	(1 133)	(1 229)	(1 133)
short-term portion	–	–	(10)	(15)	(10)	(15)
Net asset/(liability) recognised	78	78	(1 014)	(984)	(936)	(906)

Net periodic pension cost/(gain) recognised in the income statement

	South Africa		Foreign		Total	
	2005 Rm	2004 Rm	2005 Rm	2004 Rm	2005 Rm	2004 Rm
Service cost	5	2	62	66	67	68
Interest cost	202	231	104	86	306	317
Expected return on plan assets	(224)	(193)	(43)	(49)	(267)	(242)
Recognised actuarial losses	–	16	11	19	11	35
Plan amendments	–	–	(5)	–	(5)	–
Settlement/curtailment cost	–	–	–	37	–	37
Net pension costs	(17)	56	129	159	112	215
Actual return on plan assets	703	588	32	57	735	645

The group expects the following benefit payments to be paid out of the plans for the years indicated. The expected benefits are based on the same assumptions used to measure the group's benefit obligation as at 30 June 2005 and include estimated future employee service.

	South Africa	Foreign	Total
Within one year	208	77	285
One to two years	233	87	320
Two to three years	246	100	346
Three to four years	260	116	376
Four to five years	275	122	397
More than five years	1 648	692	2 340
	2 870	1 194	4 064

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
18 Long-term deferred income			
Total deferred income	771	252	96
Short-term portion	(8)	(15)	–
	763	237	96
Amounts received in respect of capital investment, to be recognised in income over the useful lives of the underlying assets.			
19 Deferred tax			
Reconciliation			
Balance at beginning of year	5 462	5 919	5 977
Acquisition of businesses (refer note 47)	–	162	22
Fair value adjustments (refer note 47)	(15)	–	–
Current year charge	336	(374)	297
per the income statement (refer note 34)	242	(246)	356
per the changes in equity statement	94	(128)	(59)
Disposal of businesses (refer note 48)	5	(14)	–
Translation of foreign entities (refer note 39)	89	(231)	(377)
Balance at end of year	5 877	5 462	5 919
Comprising			
Deferred tax asset	(409)	(306)	(194)
Deferred tax liability	6 286	5 768	6 113
	5 877	5 462	5 919
Deferred tax assets and liabilities are determined based on the tax paying entity.			
Arising from the following temporary differences			
Assets			
Property, plant and equipment	419	443	51
Short- and long-term provisions	(58)	(71)	(58)
Calculated tax losses	(759)	(696)	(174)
Other	(11)	18	(13)
	(409)	(306)	(194)
Liabilities			
Property, plant and equipment	7 774	7 081	7 365
Intangible assets	196	266	324
Current assets	95	(48)	74
Long-term debt	(9)	(14)	(85)
Short- and long-term provisions	(1 490)	(1 294)	(1 066)
Calculated tax losses	(564)	(228)	(422)
Other	284	5	(77)
	6 286	5 768	6 113

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
19 Deferred tax (continued)			
Attributable to the following tax jurisdictions			
South Africa	4 608	4 143	4 315
United States of America	642	747	989
Germany	451	390	474
Nigeria	194	271	281
Italy	28	(56)	(145)
Mozambique	(69)	(99)	–
Other	23	66	5
	5 877	5 462	5 919
Calculated tax losses			
Available for offset against future taxable income	6 224	4 548	2 574
Utilised to reduce the deferred tax balance	(4 643)	(3 414)	(2 196)
Not recognised as a deferred tax asset	1 581	1 134	378

Deferred tax assets have been recognised to the extent that it is probable that the entities will generate future taxable income against which these tax losses can be utilised.

A portion of the estimated tax losses available may be subject to various statutory limitations as to its usage in the event of significant changes in that entity.

Unremitted earnings of foreign subsidiaries and foreign incorporated joint ventures

No provision is made for the income tax effect that may arise on the remittance of unremitted earnings by certain foreign subsidiaries and foreign incorporated joint ventures. It is management's intention that, where there is no double taxation relief, these earnings will be permanently reinvested in these entities.

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
Unremitted earnings at end of year	1 826	1 521	1 401
Tax effect if remitted	72	46	267

Secondary Taxation on Companies (STC)

STC is a tax levied on South African companies at a rate of 12,5% on dividends distributed.

Current and deferred tax are measured at the tax rate applicable to undistributed income and therefore only take STC into account to the extent that dividends have been received or paid.

On declaration of a dividend, the company includes the tax of 12,5% on this dividend in its computation of the income tax expense in the period of such declaration.

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
Undistributed earnings subject to STC	44 949	38 239	34 138
Tax effect if distributed	4 994	4 249	3 793
Available STC credits at end of year	67	76	–

current liabilities

	Note	2005 Rm	2004 Rm	2003 Rm
Short-term debt	20	3 300	3 265	6 481
Short-term financial liabilities	21	792	1 205	654
Short-term provisions	22	1 801	1 838	1 566
Short-term portion of deferred income	18	8	15	–
Tax payable	23	614	61	571
Trade payables	24	4 733	3 886	4 060
Other payables and accrued expenses	25	4 416	3 502	3 336
Bank overdraft (including overnight borrowings)	14	2 615	4 113	3 268
		18 279	17 885	19 936

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
20 Short-term debt			
Comprising			
Commercial paper in issue	1 522	1 521	3 288
Revolving credit	663	1 023	1 184
Bank loans	77	106	995
Short-term joint venture debt	20	46	114
Other	3	2	2
Short-term external loans	2 285	2 698	5 583
Short-term portion of long-term debt (refer note 15)	1 015	567	898
	3 300	3 265	6 481
Reconciliation			
Balance at beginning of year	2 698	5 583	2 637
Acquisition of businesses (refer note 47)	–	–	16
Loans raised	496	2 787	5 185
Loans repaid	(936)	(5 403)	(2 097)
Effect of cash flow hedge accounting	–	(13)	–
Disposal of businesses (refer note 48)	–	(188)	–
Translation of foreign entities (refer note 39)	27	(68)	(158)
Balance at end of year	2 285	2 698	5 583
Currency analysis			
Euro	116	449	335
US dollar	620	673	1 286
Rand	1 542	1 567	3 954
Other currencies	7	9	8
	2 285	2 698	5 583
Interest bearing status			
Interest bearing	2 285	2 698	5 578
Non-interest bearing	–	–	5
	2 285	2 698	5 583
Security			
Secured	–	37	915
Unsecured	2 285	2 661	4 668
	2 285	2 698	5 583

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
20 Short-term debt (continued)			
Business segmentation			
Financing	2 185		
Liquid Fuels Business	294		
Gas	242		
Polymers	214		
Petroleum International	131		
Other	234		
	3 300		
21 Short-term financial liabilities			
Arising on short-term financial instruments	792	1 205	654
Short-term financial liabilities include the revaluation of out-of-the-money derivative instruments, refer pages 115 to 123.			
22 Short-term provisions			
Employee provisions	920	741	414
Other provisions	380	405	656
	1 300	1 146	1 070
Short-term portion of			
long-term provisions (refer note 16)	460	655	468
post-retirement benefit obligations (refer note 17)	41	37	28
	1 801	1 838	1 566
Reconciliation			
Balance at beginning of year	1 146	1 070	1 534
Acquisition of businesses (refer note 47)	–	2	1
Net movement (refer note 42)	138	162	(322)
income statement charge	1 278	1 293	
reversal of unutilised amounts	(49)	(43)	
provisions utilised	(1 091)	(1 088)	
Disposal of businesses (refer note 48)	(15)	(7)	–
Translation of foreign entities (refer note 39)	31	(81)	(143)
Balance at end of year	1 300	1 146	1 070

current liabilities continued

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
23 Tax paid			
Amounts unpaid at beginning of year	(61)	(571)	(2 398)
Acquisition of businesses (refer note 47)	–	(44)	–
Interest (paid)/received on tax	(3)	1	6
Income tax per income statement (refer note 34)	(4 326)	(3 421)	(3 651)
Charged directly to equity (refer note 39)	–	–	(115)
Disposal of businesses (refer note 48)	31	–	–
Translation of foreign entities (refer note 39)	(8)	11	60
	(4 367)	(4 024)	(6 098)
Tax payable per balance sheet	614	61	571
Per the cash flow statement	(3 753)	(3 963)	(5 527)
Comprising			
Normal tax	(3 374)	(3 633)	(5 154)
STC	(379)	(330)	(373)
	(3 753)	(3 963)	(5 527)
24 Trade payables			
Net trade payables	4 733	3 886	4 060
Trade payables to cost of sales and services rendered (%)	11,2%	10,0%	10,3%
25 Other payables and accrued expenses			
Accrued expenses	1 247	473	345
Capital projects related payables	805	777	612
Duties payable to revenue services	787	786	971
Employee related payables	335	381	408
Insurance related payables	139	173	2
Related party payables	278	153	14
third parties	85	26	–
joint ventures	193	127	14
Value added tax	147	200	103
Other payables	678	559	881
	4 416	3 502	3 336

sasol reaching new frontiers

results of operations

	Note	2005 Rm	2004 Rm	2003 Rm
Turnover	26	69 239	60 151	64 555
Non-trading income	27	417	343	604
Translation gains/(losses)	28	91	(1 035)	(1 708)
Operating profit	29	14 506	9 314	11 911
Auditors' remuneration	30	(80)	(51)	(58)
Dividends and interest received	31	149	190	167
Income from associates	32	184	117	60
Borrowing costs	33	(587)	(439)	(225)
Taxation	34	(4 568)	(3 175)	(4 007)
Capital items affecting earnings	35	(1 162)	38	(240)
Earnings per share (cents)	36	1 560	974	1 283

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
26 Turnover			
Sale of products	68 432	59 380	63 353
Services rendered	448	454	479
Other trading income	359	317	723
	69 239	60 151	64 555
Comprising			
Within South Africa	34 448	28 764	31 101
Exported from South Africa	8 453	7 836	7 211
Outside South Africa	26 338	23 551	26 243
	69 239	60 151	64 555
27 Non-trading income			
Total non-trading income	417	343	604
Comprising			
Insurance refund	210		
Gain on hedging activities	82		
Profit on sale of participation rights in future GTL venture	33		
Other	92		
	417		

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
28 Translation gains/(losses)			
Gains/(losses) on foreign exchange transactions	40	(878)	(1 539)
realised	(117)	(607)	(567)
unrealised	157	(271)	(972)
Gains/(losses) on translation of foreign operations	51	(157)	(169)
	91	(1 035)	(1 708)
Comprising			
Forward exchange contracts	(14)	(436)	
Trade receivables	163	(358)	
Other	(109)	(84)	
	40	(878)	
Gains/(losses) on translation of foreign operations	51	(157)	
	91	(1 035)	
29 Operating profit			
Operating profit includes			
Amortisation of			
goodwill	–	(21)	(42)
negative goodwill	–	225	301
intangible assets (refer note 3)	(418)	(502)	(314)
Depreciation of property, plant and equipment (refer note 1)	(3 591)	(4 723)	(4 468)
Effect of capital items (refer note 35)	(1 275)	(27)	(242)
Effect of crude oil swap	(1 147)	–	–
Employee costs	(8 645)	(8 731)	(9 055)
Exploration expenditure	(121)	(223)	(120)
Insurance refund (refer note 27)	210	–	–
Operating lease charges			
buildings	(193)	(139)	(115)
plant and equipment	(269)	(211)	(263)
Research and development expenditure	(227)	(395)	(376)
Restructuring costs	(69)	(112)	(90)
Technical and other fees	(294)	(264)	(257)
Write-down of inventories to net realisable value (refer note 10)	(47)	(62)	(46)
30 Auditors' remuneration			
Audit fees	38	39	44
KPMG	36	32	28
other external auditors	2	7	16
Other fees paid to auditors of group companies	36	5	5
management advisory services	1	2	1
Sarbanes-Oxley Act section 404 implementation*	22	–	–
other advisory services	13	3	4
Tax advisory fees	5	6	7
Expenses	1	1	2
	80	51	58

* KPMG's involvement in the SOX 404 implementation is more fully described in the chief financial officer's review.

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
31 Dividends and interest received			
Dividends received	28	15	12
South Africa	5	–	–
outside South Africa	23	15	12
Interest received	121	175	155
South Africa	62	127	99
outside South Africa	59	48	56
	149	190	167
32 Income from associates			
Net income before tax	224	164	82
Taxation	(40)	(47)	(22)
Income from associates	184	117	60
Dividends distributed to shareholders	20	41	17
33 Borrowing costs			
Bank overdraft	151	174	8
Borrowings	1 108	966	920
Finance leases	55	20	20
Other	133	115	79
	1 447	1 275	1 027
Finance charges	79	109	208
	1 526	1 384	1 235
Notional interest (refer note 16)	177	160	51
Total borrowing costs	1 703	1 544	1 286
Amounts capitalised (refer note 1)	(1 116)	(1 105)	(1 061)
Income statement charge	587	439	225
Per the cash flow statement	1 523	1 384	1 286
Comprising			
South Africa	1 301	1 157	819
outside South Africa	402	387	467
	1 703	1 544	1 286
Average capitalisation rate applied	9,1%	9,9%	11,2%

34 Taxation

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
South African normal tax	**3 211**	2 834	3 080
current year	**3 193**	2 881	3 307
prior years	**18**	(47)	(227)
STC	**379**	330	373
Foreign tax	**736**	257	198
Income tax (refer note 23)	**4 326**	3 421	3 651
Deferred tax (refer note 19)	**242**	(246)	356
current year	**251**	(265)	335
prior years	**11**	(97)	8
tax losses written off (previously recognised as assets)	**122**	141	–
tax rate change	**(142)**	(25)	13
	4 568	3 175	4 007

Reconciliation of effective tax rate	2005 %	2004 %	2003 %
Total income tax expense differs from the amount computed by applying the South African normal tax rate to income before tax. The reasons for these differences are			
South African normal tax rate	**29,0**	30,0	30,0
Increase in rate of tax due to			
STC	**2,7**	3,6	3,1
disallowed expenditure	**1,7**	2,6	2,9
increase in calculated tax losses	**0,8**	0,7	1,2
non-taxable goodwill and negative goodwill	**0,6**	–	–
prior year adjustments	**0,2**	–	–
write-off of deferred tax assets	**–**	1,5	–
different foreign tax rate	**–**	0,3	0,2
	35,0	38,7	37,4
Decrease in rate of tax due to			
exempt income	**(1,5)**	(1,4)	(2,0)
reduction in tax rate	**(1,0)**	–	–
different foreign tax rate	**(0,3)**	–	–
utilisation of tax losses	**(0,1)**	–	–
prior year adjustments	**–**	(1,6)	(1,8)
non-taxable goodwill and negative goodwill	**–**	(1,1)	–
Effective tax rate	**32,1**	34,6	33,6

The difference in effective tax rate between 2005 and 2004 is mainly a result of the reduction in the South African normal tax rate from 30% to 29%.

35 Capital items affecting earnings

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
Impairment of			
property, plant and equipment (refer note 1)	**(808)**	(310)	(5)
goodwill (refer note 2)	**(213)**	(70)	(73)
negative goodwill (refer note 2)	**–**	87	–
intangible assets (refer note 3)	**(13)**	(13)	(5)
investments in securities	**(2)**	(5)	–
investments in associates	**(42)**	(31)	–
Profit/(loss) on disposal of			
property, plant and equipment	**20**	106	(16)
intangible assets	**–**	52	84
investments in businesses	**31**	75	(158)
investments in securities	**9**	–	–
Profit on dilution of interest in Sasol Oil (Pty) Limited	**–**	108	–
Profit on sale of participation rights in future GTL venture (refer note 27)	**33**	–	–
Scrapping of property, plant and equipment	**(290)**	(26)	(69)
Effect on operating profit	**(1 275)**	(27)	(242)
Tax effect thereon	**113**	65	2
	(1 162)	38	(240)

for the year ended 30 June	Gross 2005 Rm	Tax 2005 Rm	Net 2005 Rm
Earnings effect of capital items			
Impairment of			
property, plant and equipment	**(808)**	**221**	**(587)**
goodwill	**(213)**	**–**	**(213)**
intangible assets	**(13)**	**–**	**(13)**
investments in securities	**(2)**	**1**	**(1)**
investments in associates	**(42)**	**–**	**(42)**
Profit on disposal of			
property, plant and equipment	**20**	**(17)**	**3**
investments in businesses	**31**	**–**	**31**
investments in securities	**9**	**–**	**9**
Profit on sale of participation rights in future GTL venture	**33**	**(4)**	**29**
Scrapping of property, plant and equipment	**(290)**	**34**	**(256)**
Sasol Italy deferred tax asset write-off	**–**	**(122)**	**(122)**
	(1 275)	**113**	**(1 162)**

Further details on capital items written off are provided in the chief financial officer's review, refer pages 7 and 8.

36 Earnings per share

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

Diluted earnings per share reflect the potential dilution that could occur if all of the group's outstanding share options were exercised. The number of shares outstanding is adjusted to show the potential dilution if employee share options are converted into ordinary shares.

No adjustments were made to reported earnings attributable to shareholders in the computation of diluted earnings per share.

for the year ended 30 June	**2005 Number of shares million**	2004 Number of shares million	2003 Number of shares million
Weighted average number of shares	**613,8**	610,0	609,3
Potential dilutive effect of outstanding share options	**10,6**	6,2	10,3
Diluted weighted average number of shares	**624,4**	616,2	619,6

for the year ended 30 June	**2005 Rm**	2004 Rm	2003 Rm
Headline earnings is determined as follows			
Earnings attributable to shareholders	**9 573**	5 940	7 817
Adjusted for			
effect of capital items (refer note 35)	**1 275**	27	242
goodwill amortised	**–**	21	42
negative goodwill amortised	**–**	(225)	(301)
tax effect thereon	**(113)**	(65)	(2)
Headline earnings	**10 735**	5 698	7 798

for the year ended 30 June	**2005 cents**	2004 cents	2003 cents
Basic earnings per share			
Attributable earnings basis	**1 560**	974	1 283
Diluted earnings basis	**1 533**	964	1 262
Effect of share repurchase programme	**139**	87	113
Headline earnings per share			
Attributable earnings basis	**1 749**	934	1 280
Diluted earnings basis	**1 719**	925	1 259
Effect of share repurchase programme	**156**	84	112

	Note
Share capital	37
The Sasol Share Incentive Scheme	38
Foreign currency translation reserve	39
Share repurchase programme	40

for the year ended 30 June	**2005 Number of shares**	2004 Number of shares	2003 Number of shares
37 Share capital			
Authorised			
Ordinary shares of no par value	**1 175 000 000**	1 175 000 000	1 175 000 000
Issued			
Shares in issue at beginning of year	**671 271 425**	668 798 425	666 868 725
Issued in terms of the Sasol Share Incentive Scheme	**5 605 700**	2 473 000	1 929 700
Shares in issue at end of year	**676 877 125**	671 271 425	668 798 425
Held in reserve			
Allocated to the Sasol Share Incentive Scheme.	**33 795 700**	39 401 400	41 874 400
Unissued shares	**464 327 175**	464 327 175	464 327 175
	498 122 875	503 728 575	506 201 575

In terms of a shareholder resolution taken at the annual general meeting of 29 November 2004, the unissued ordinary shares of the company were placed under the control of the directors until the next annual general meeting. The aggregate number of shares to be allotted and issued in terms of this resolution is limited to 5% of the number of ordinary shares in issue at 30 November 2004 (673 747 425 shares).

38 The Sasol Share Incentive Scheme

In 1988 the shareholders approved the adoption of the Sasol Share Incentive Scheme. The scheme was introduced to provide an incentive for senior employees (including executive directors) of the group who participate in management and also non-executive directors from time to time.

The objective of the Sasol Share Incentive Scheme is the retention of key employees. Allocations are linked to the performance of both the group and the individual. Options are granted for a period of nine years and vest as follows

2 years – 1st third
4 years – 2nd third
6 years – final third

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

In terms of the scheme, options to a maximum of 60 000 000 ordinary shares may be offered by the trustees to eligible group employees. Each employee is limited to holding a maximum of 1 000 000 options to acquire Sasol Limited shares.

Unless otherwise determined by the board, share options which have not yet vested will lapse on resignation, and share options which have vested may be taken up at the employee's election before their last day of service. Payment on shares forfeited will therefore not be required. On death, all options vest immediately and the deceased estate has a period of twelve months to exercise these options. On retirement, at normal retirement age, the options vest immediately and the nine year expiry period remains unchanged.

It is group policy that employees who have access to price sensitive information should not deal in Sasol Limited shares for the periods from 1 January for half-year end and 1 June for year end until two days after publication of the results.

for the year ended 30 June	2005 Number of shares	2004 Number of shares	2003 Number of shares
38 The Sasol Share Incentive Scheme (continued)			
Shares allotted	26 204 300	20 598 600	18 125 600
Share options granted	24 975 700	27 097 900	26 495 200
Available for allocation	8 820 000	12 303 500	15 379 200
	60 000 000	60 000 000	60 000 000
Movements in the number of options granted			
Balance at beginning of year	27 097 900	26 495 200	24 067 000
Options granted	4 208 800	3 950 700	4 942 300
Options converted to shares	(5 605 700)	(2 473 000)	(1 929 700)
Options forfeited	(43 700)	(63 100)	(44 000)
Options expired	(681 600)	(811 900)	(540 400)
Balance at end of year	24 975 700	27 097 900	26 495 200
Vesting periods of options granted			
Already vested	5 034 700	5 567 000	2 829 700
Within one year	5 826 000	5 165 200	5 518 400
One to two years	5 522 300	5 765 000	4 847 200
Two to three years	3 206 100	4 435 500	4 736 700
Three to four years	2 797 700	3 391 100	4 736 400
Four to five years	1 218 200	1 496 700	2 231 600
More than five years	1 370 700	1 277 400	1 595 200
	24 975 700	27 097 900	26 495 200

for the year ended 30 June	2005 Rand	2004 Rand	2003 Rand
Average price at which share options were granted during year	120,34	90,99	107,76
Average market price of options traded during year	138,73	94,78	107,87

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
Compensation expense (not recognised)	137	146	144
Being the compensation expense that would have been recognised had a fair value model been applied, calculated using the Black Scholes model based on the following assumptions			
risk free interest rate	9,25%	10,75%	11,75%
volatility	34%	37%	45%
dividend yield	4,3%	4,3%	4,0%
vesting period	2, 4, 6 years	2, 4, 6 years	2, 4, 6 years
Weighted average value of options issued during year (rand)	33,44	28,40	39,70

at 30 June 2005	Number of shares	Weighted average option price Rand	Weighted average remaining life years
38 The Sasol Share Incentive Scheme (continued)			
Range of exercise prices			
Details of unimplemented share options granted up to 30 June 2005			
R20,01 – R30,00	1 431 100	24,94	1,95
R30,01 – R40,00	974 900	37,62	3,69
R40,01 – R50,00	2 267 700	42,49	3,37
R50,01 – R60,00	3 055 400	54,50	3,61
R60,01 – R70,00	555 400	69,02	4,91
R70,01 – R80,00	3 221 300	78,64	5,07
R80,01 – R90,00	3 866 100	88,11	6,92
R90,01 – R100,00	802 700	96,87	7,74
R100,01 – R110,00	1 046 500	105,02	7,08
R110,01 – R120,00	6 466 300	114,20	6,87
R120,01 – R130,00	384 600	125,73	8,31
R130,01 – R140,00	156 500	132,57	6,13
R140,01 – R150,00	266 400	144,21	9,00
R150,01 – R160,00	396 700	156,30	9,00
R160,01 – R170,00	–	–	–
R170,01 – R180,00	84 100	170,20	9,00
	24 975 700	83,18	
Details of unimplemented options vested at 30 June 2005			
R20,01 – R30,00	387 400	24,95	
R30,01 – R40,00	362 400	37,77	
R40,01 – R50,00	637 600	42,07	
R50,01 – R60,00	1 155 500	54,23	
R60,01 – R70,00	139 900	69,30	
R70,01 – R80,00	762 900	78,46	
R80,01 – R90,00	324 800	89,23	
R90,01 – R100,00	44 100	93,71	
R100,01 – R110,00	113 800	106,81	
R110,01 – R120,00	1 064 800	115,88	
R120,01 – R130,00	–	–	
R130,01 – R140,00	41 500	132,40	
	5 034 700	70,82	

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
39 Foreign currency translation reserve			
Translation of foreign entities			
Property, plant and equipment (refer note 1)			
cost	**1 678**	(3 837)	(5 993)
accumulated depreciation	**(882)**	2 010	3 203
Goodwill (refer note 2)	**31**	(37)	(103)
Negative goodwill (refer note 2)	**–**	53	122
Intangible assets (refer note 3)			
cost	**48**	(99)	(195)
accumulated amortisation	**(25)**	54	87
Investments in securities	**14**	(21)	(24)
Investments in associates	**36**	(82)	(39)
Post-retirement benefit assets	**22**	(52)	(83)
Long-term receivables	**32**	(107)	(240)
Long-term financial assets	**1**	(2)	(2)
Inventories	**275**	(549)	(861)
Trade receivables	**233**	(471)	(744)
Other receivables and prepaid expenses	**53**	(92)	(100)
Short-term financial assets	**–**	(1)	(1)
Cash and cash equivalents	**(175)**	(251)	(255)
Minority interest	**(11)**	21	16
Long-term debt (refer note 15)	**(167)**	518	1 009
Long-term provisions (refer note 16)	**(72)**	149	276
Post-retirement benefit obligations	**(96)**	217	339
Long-term deferred income	**(53)**	35	20
Deferred tax (refer note 19)	**(89)**	231	377
Short-term debt (refer note 20)	**(27)**	68	158
Short-term financial liabilities	**(1)**	–	1
Short-term provisions (refer note 22)	**(31)**	81	143
Tax payable (refer note 23)	**(8)**	11	60
Trade payables	**(154)**	315	526
Other payables and accrued expenses	**(505)**	915	(324)
	127	(923)	(2 627)
Arising from net investment in foreign entities	**211**	(541)	140
Less tax effect thereon			
normal	**–**	–	(115)
deferred	**–**	5	32
Movement for year	**338**	(1 459)	(2 570)
Transfer from cash flow hedge accounting reserve	**–**	199	–
Effect of negative goodwill written off	**(80)**	–	–
Disposal of businesses	**(25)**	43	–
Balance at beginning of year	**(1 569)**	(352)	2 218
Balance at end of year	**(1 336)**	(1 569)	(352)

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
39 Foreign currency translation reserve (continued)			
Business segmentation			
Synfuels International	**(856)**	(689)	(462)
Polymers	**(196)**	(237)	(169)
Olefins & Surfactants	**(164)**	(226)	(16)
Petroleum International	**(97)**	(132)	(148)
Financing	**(67)**	(278)	296
Wax	**(60)**	(62)	(103)
Solvents	**60**	14	70
Merisol	**23**	19	39
Other	**21**	22	141
	(1 336)	(1 569)	(352)

for the year ended 30 June	2005 Number of shares	2004 Number of shares	2003 Number of shares
40 Share repurchase programme			
Held by the wholly owned subsidiary, Sasol Investment Company (Pty) Limited			
Balance at beginning of year	**60 111 477**	59 741 477	57 857 149
Repurchased during year	**–**	370 000	1 884 328
Balance at end of year	**60 111 477**	60 111 477	59 741 477
Percentage of issued share capital	**8,88%**	8,95%	8,93%

for the year ended 30 June	2005 Rand	2004 Rand	2003 Rand
Average cumulative purchase price	**60,67**	60,67	60,49
Average purchase price during year	**–**	88,85	97,84

At each annual general meeting since 25 October 1999 the shareholders have authorised the directors to approve the repurchase, by Sasol Limited or any of its subsidiaries, of Sasol Limited shares, subject to the provisions of the South African Companies Act and the requirements of the JSE Limited.

	Note	2005 Rm	2004 Rm	2003 Rm
Cash generated by operating activities	41	18 812	15 151	15 997
Cash flow from operations	42	20 993	14 859	15 986
Movement in working capital	43	(2 181)	292	11
Investment income	44	169	230	178
Dividends paid	45	(2 856)	(2 745)	(2 835)
Non-current assets sold	46	478	746	504
Acquisition of businesses	47	–	(555)	(155)
Disposal of businesses	48	36	283	–

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
41 Cash generated by operating activities			
Cash flow from operations (refer note 42)	20 993	14 859	15 986
Movement in working capital (refer note 43)	(2 181)	292	11
	18 812	15 151	15 997
42 Cash flow from operations			
Operating profit	14 506	9 314	11 911
Adjusted for			
amortisation of			
goodwill	–	21	42
negative goodwill	–	(225)	(301)
intangible assets	418	502	314
capitalised exploration expenditure written off	33	153	–
deferred income	466	191	51
depreciation of property, plant and equipment	3 591	4 723	4 468
effect of cash flow hedge accounting	23	33	(46)
impairment of			
property, plant and equipment	808	310	5
goodwill	213	70	73
negative goodwill	–	(87)	–
intangible assets	13	13	5
investments in securities	2	5	–
investments in associates	42	31	–
(profit)/loss on disposal of			
property, plant and equipment	(20)	(106)	16
intangible assets	–	(52)	(84)
investments in businesses	(31)	(75)	158
investments in securities	(9)	–	–
movement in provision for doubtful debts	9	58	(147)
movement in long-term prepaid expenses	22	–	–
movement in long-term provisions			
income statement charge	567	351	55
utilisation	(461)	(359)	(430)
movement in short-term provisions	138	162	(322)
movement in post-retirement benefit			
assets	(39)	–	(37)
obligations	154	387	140
profit on dilution of interest in Sasol Oil (Pty) Limited	–	(108)	–
scrapping of property, plant and equipment	290	26	69
translation of net investment in foreign entities	211	(541)	–
write-down of inventories to net realisable value	47	62	46
	20 993	14 859	15 986

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
43 Movement in working capital			
Movement in inventories			
Per the balance sheet	(1 703)	456	265
Acquisition of businesses (refer note 47)	–	8	142
Write-down of inventories to net realisable value	(47)	(62)	(46)
Disposal of businesses (refer note 48)	(68)	(122)	–
Translation of foreign entities (refer note 39)	275	(549)	(861)
	(1 543)	(269)	(500)
Movement in trade receivables			
Per the balance sheet	(1 117)	162	1 281
Acquisition of businesses (refer note 47)	–	333	325
Movement in provision for doubtful debts	(9)	(58)	147
Disposal of businesses (refer note 48)	(83)	(165)	–
Translation of foreign entities (refer note 39)	233	(471)	(744)
	(976)	(199)	1 009
Movement in other receivables and prepaid expenses			
Per the balance sheet	(296)	(647)	(1 252)
Movement in short-term portion of long-term receivables	(188)	143	–
Acquisition of businesses (refer note 47)	–	2	31
Disposal of businesses (refer note 48)	(13)	(13)	–
Translation of foreign entities (refer note 39)	53	(92)	(100)
	(444)	(607)	(1 321)
Movement in trade payables			
Per the balance sheet	847	(174)	(166)
Acquisition of businesses (refer note 47)	–	(514)	(91)
Disposal of businesses (refer note 48)	39	117	–
Translation of foreign entities (refer note 39)	(154)	315	526
	732	(256)	269
Movement in other payables and accrued expenses			
Per the balance sheet	914	166	838
Acquisition of businesses (refer note 47)	–	(3)	(372)
Effect of cash flow hedge accounting	–	(9)	–
Disposal of businesses (refer note 48)	45	24	–
Translation of foreign entities (refer note 39)	(505)	915	(324)
	454	1 093	142
Movement in financial assets and liabilities			
Long-term financial assets	(2)	–	(2)
Short-term financial assets	15	(12)	219
Short-term financial liabilities	(417)	542	195
	(404)	530	412
Movement in working capital	(2 181)	292	11

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
44 Investment income			
Interest received (refer note 31)	**121**	175	155
Interest received on tax (refer note 23)	**–**	(1)	(6)
Dividends received			
investments (refer note 31)	**28**	15	12
associates (refer note 32)	**20**	41	17
	169	230	178
45 Dividends paid			
Final dividend – prior year	**(1 440)**	(1 432)	(1 524)
Interim dividend – current year	**(1 416)**	(1 313)	(1 311)
	(2 856)	(2 745)	(2 835)
Forecast cash flow on final dividend – current year	**(1 912)**		
Forecast STC charge on final dividend – current year	**(239)**		

The forecast cash flow on the final dividend is calculated based on the net number of shares in issue at 30 June 2005 of 616,8 million. The actual dividend payment will be determined on the last day to trade cum dividend of 7 October 2005.

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
46 Non-current assets sold			
Property, plant and equipment	**438**	655	398
Intangible assets	**31**	91	106
Investments in securities	**9**	–	–
	478	746	504

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
47 Acquisition of businesses			
Property, plant and equipment	**–**	(490)	(174)
Intangible assets	**–**	(566)	–
Investments in securities	**–**	(43)	(50)
Long-term receivables	**–**	(15)	–
Inventories	**–**	(8)	(142)
Trade receivables	**–**	(333)	(325)
Other receivables and prepaid expenses	**–**	(2)	(31)
Cash	**–**	(163)	(119)
Long-term debt	**–**	358	102
Long-term provisions	**–**	–	12
Post-retirement benefit obligations	**–**	–	1
Deferred tax	**–**	162	22
Short-term debt	**–**	–	16
Short-term provisions	**–**	2	1
Tax payable	**–**	44	–
Trade payables	**–**	514	91
Other payables and accrued expenses	**–**	3	372
	–	(537)	(224)
Minority interest	**–**	(17)	20
	–	(554)	(204)
Goodwill	**–**	(147)	–
Negative goodwill	**–**	–	49
Total consideration	**–**	(701)	(155)
Less amount settled by issue of shares	**–**	146	–
Per the cash flow statement	**–**	(555)	(155)
Comprising			
Olefins & Surfactants and Solvents	**–**	(298)	(155)
Liquid Fuels Business	**–**	(369)	–
Other	**–**	(34)	–
Total consideration	**–**	(701)	(155)
Fair value adjustments			
Recognition in 2005 of previously unrecognised deferred tax asset on acquisition of Sasol Nanjing.			
Investments in associates	**–**	–	48
Deferred tax	**(15)**	–	–
Goodwill	**15**	–	(48)
Purchase price amendment	**–**	–	–

liquidity and capital resources continued

for the year ended 30 June	2005 Rm	2004 Rm
48 Disposal of businesses		
Property, plant and equipment		
cost	334	832
accumulated depreciation	(196)	(536)
Goodwill	(4)	20
Negative goodwill	–	(42)
Intangible assets		
cost	5	16
accumulated amortisation	–	(10)
Investments in securities	1	–
Investments in associates	(69)	48
Long-term receivables	1	–
Inventories	68	122
Trade receivables	83	165
Other receivables and prepaid expenses	13	13
Cash	94	2
Long-term debt	–	(33)
Long-term provisions	–	(17)
Post-retirement benefit obligations	–	(26)
Deferred tax	5	(14)
Short-term debt	–	(188)
Short-term provisions	(15)	(7)
Tax payable	(31)	–
Trade payables	(39)	(117)
Other payables and accrued expenses	(45)	(24)
	205	204
Minority interest	(175)	(32)
	30	172
Realisation of accumulated translation effects	(25)	43
Hedge accounting reserve	–	(7)
Profit on disposal of businesses	31	75
Total consideration	36	283
Comprising		
Olefins & Surfactants	(11)	242
Nitro	20	52
Wax	–	(11)
Other	27	–
Total consideration	36	283

With effect from 1 March 2005 Sasol Wax restructured its business which resulted in the company losing effective control over its Paramelt operations but retaining significant influence. The effect is reflected as a disposal of business with a corresponding amount of R72 million being included in investments in associates.

other disclosures

	Guarantee 2005 Rm	Liability included on balance sheet 2005 Rm
49 Guarantees and contingent liabilities		
Guarantees		
In respect of GTL ventures	7 839	–
Commercial paper holders	6 000	1 522
In respect of natural gas project	4 732	2 204
Subsidiaries' financial obligations	3 365	663
SA Commercial Bond	2 000	1 993
Eurobond	2 420	2 407
In respect of joint venture commitments	2 131	1 331
In respect of development of filling stations	1 500	590
In respect of Natref debt	1 309	444
To RWE-DEA AG	241	–
Customs and excise	164	–
Performance guarantees	531	–
Guarantees issued in respect of letters of credit	698	–
Other guarantees and claims	192	76
	33 122	11 230

Subsidiaries

Sasol Limited has guaranteed the fulfilment of various subsidiaries' obligations in terms of contractual agreements.

Sasol Limited has guaranteed the borrowing facilities of certain of its subsidiaries. Further details of major banking facilities and debt arrangements at 30 June 2005 are provided on page 79.

Pension fund asset

The Pension Funds Second Amendment Act (South Africa) requires that approval be obtained from the Financial Services Board for a surplus to be allocated to an employer. A pension fund asset has been recognised on the basis that a portion of the surplus will be allocated to Sasol. Further detail is provided in note 17.

Mineral rights

As a result of the promulgation of recent legislation in South Africa, the common law rights (mineral rights) and associated statutory competencies of Sasol Mining have been converted to interim statutory rights (Old Order Rights). Sasol Mining is entitled to convert these Old Order Rights to permanent statutory mining and prospecting rights (New Order Rights) after complying with certain statutory requirements. Certain of the Old Order Rights not currently being mined may not be renewed. No value has been attributed to these rights in the financial statements.

49 Guarantees and contingent liabilities *(continued)*

Litigation

EDC pipeline litigation

Sasol North America Inc had numerous separate pending cases which originated as a result of a 1994 rupture of the Conoco Ethylene Dichloride (EDC) pipeline connecting Conoco's dock to Sasol North America's vinyl chloride monomer plant in the United States of America. Plaintiffs sought compensatory and punitive damages as a result of alleged exposure to EDC while employed as contractors, hired by Conoco, to clean up the EDC. As of 30 June 2005 there is a class action and 13 lawsuits brought by approximately 500 plaintiffs pending. Sasol North America has successfully obtained a substantial amount of insurance coverage from costs incurred in connection with this litigation but is not seeking additional coverage.

Under the Asset and Share purchase agreement with RWE-DEA for the acquisition of Condea, the costs in respect of the EDC pipeline cases are reimbursable by RWE-DEA less insurance and tax benefits.

Sulphur dioxide release

During January 2003 Sasol North America Inc and the ConocoPhillips refinery released a quantity of sulphur dioxide to the environment as a result of a power outage in the ConocoPhillips Lake Charles refinery. Lawsuits were filed against ConocoPhillips and Sasol North America has since been added as a defendant. At 30 June 2005 more than 600 lawsuits have been filed on behalf of more than 20 000 plaintiffs. ConocoPhillips and Sasol North America are jointly defending the lawsuits and Sasol's liability for defence and settlement costs has been limited to an amount that is not material for group purposes.

Alumina supply contract

A plaintiff has filed a suit against Sasol Olefins & Surfactants Germany and Sasol North America in March 2005 alleging breach of a 2001 alumina supply contract as well as monopolisation and price discrimination in the high purity alumina market resulting in damages totalling US$60 million. On 8 September 2005, the plaintiff dismissed its suit without prejudice.

Yellow Rock litigation

In July 2005 Sasol North America received notice of suit by Yellow Rock LLC alleging over US$1 million in damages and seeking an injunction that would require Sasol North America to remove its ethylene from Salt Storage Dome 1-A in Sulphur, Louisiana. The suit alleges that in winter 2004 Dome 1-A was leaking ethylene and caused the 'blow out' of an oil and gas exploration well being drilled by Yellow Rock. A well integrity assessment performed by an independent consultant in early 2005 had concluded that the Dome 1-A was not leaking. These results were conveyed to Yellow Rock and were signed off by the Louisiana Department of Natural Resources, but did not deter the filing of suit.

Fly ash plant

Sasol Synfuels (Pty) Limited is in legal proceedings with regard to its alleged obligations in respect of the operation of the fly ash plant in Secunda. The plaintiff has claimed damages of R313 million relating to their inability to develop their fly ash business and a projected loss of future cash flows. The trial is in progress.

Retail filling station guidelines

The Gauteng Department of Agriculture Conservation Environment and Land Affairs (DACE) has developed guidelines relating to the development and upgrading of filling stations within the Gauteng region in South Africa which constrain the development of service stations. A number of applications for authorisation of filling stations in which Sasol Oil (Pty) Limited has an interest have been rejected. A number of appeals were lodged, one of which was taken on review to the High Court. Sasol was successful insofar as the court found that DACE had relied on inappropriate and irrelevant considerations in coming to its decision. The State took the matter on appeal to the Supreme Court of Appeal and the appeal was successful.

Joel Nagashigo and others

A class action in a New York District Court by an undisclosed number of plaintiffs (represented by attorney Edward Fagan) are each claiming US$1 million plus punitive damages of US$5 million in respect of each claim based on negligence, product liability, failure to warn of dangers and emotional distress together with actual damages for past and future medical expenses. Sasol Limited and National Petroleum Refiners of South Africa (Pty) Limited and other non-Sasol companies are cited as defendants. During December 2004, the court dismissed the complaint for lack of personal jurisdiction and on the basis of inconvenient forum.

49 Guarantees and contingent liabilities *(continued)*

Dorothy Molefi and others

Certain plaintiffs have sued Sasol Limited and National Petroleum Refiners of South Africa (Pty) Limited and various other defendants in two claims in a United States District Court. The plaintiffs are represented by attorney Edward Fagan. These claims are similar to many already served against a large number of multi-national corporations worldwide. The claims against Sasol were consolidated with other related claims against many other multi-national corporations before the Federal Court of New York. In November 2004 the plaintiffs' claims in the related cases were dismissed.

Competition matters

Nationwide Poles

The Competition Commission received a complaint against Sasol Oil (CarboTar division) in April 2003. The complaint was referred by the plaintiff to the Competition Tribunal. The Competition Tribunal found against Sasol that during the period of the complaint Sasol was a dominant firm whose conduct met the test required in establishing prohibited price discrimination. The company filed a notice of appeal and the appeal was heard by the Competition Appeal Court during September 2005. We are currently awaiting the outcome of the appeal.

Fertiliser competition matters

The Competition Commission alleges that Sasol, Omnia and Kynoch have engaged in price fixing or market sharing agreements and has decided to refer its findings to the Competition Tribunal. The Commission has recommended the imposition of an administrative penalty of 10% on turnover. Should a maximum fine be imposed on the basis of the fertiliser and ammonia turnover of Sasol Nitro, the fine would be of the order of R320 million. Sasol has applied to the Competition Appeal Court to have the referral set aside on the basis that a substantially similar complaint was previously rejected by the Commission and Sasol believes the Commission did not comply with certain requirements of the Competition Act in carrying out its investigation. The application was heard during September 2005. We are currently awaiting the outcome of the appeal.

Wax competition matters

During April 2005 the European Commission conducted an investigation at the offices of Sasol Wax International AG and its subsidiary Sasol Wax GmbH, both located in Hamburg, Germany. A parallel investigation is being conducted by the US Department of Justice in the USA. The investigations in the US and European Union arise from alleged anticompetitive behaviour among industry members in the paraffin wax industry. Sasol is cooperating with the competition authorities in Europe and the US in order to clarify this issue.

Nitro competition matters

A plaintiff filed a complaint against Sasol Nitro alleging that Sasol was engaged in an exclusionary act by refusing to supply goods to the plaintiff. Submissions were made to the Competition Commission to the effect that during 2002, Sasol was unable to supply the product to the plaintiff due to product shortages, that it is not dominant in the supply of that product and that it had not engaged in price discrimination.

Other litigation

From time to time Sasol companies are involved in litigation in the normal course of business. 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 company's financial results.

Environmental orders

The group is subject to numerous national and local laws and regulations that regulate the discharge of materials into the environment or that otherwise relate to the protection of human health and the environment in all locations in which it operates. As with the oil and gas and chemical industries generally, compliance with existing and anticipated environmental, health, safety and process safety laws and regulations increases the overall cost of business, including capital costs to construct, maintain, and upgrade equipment and facilities. These laws and regulations have required, and are expected to continue to require, the group to incur significant expenditures of both a capital and expense nature.

50 Commitments under leases

Operating leases

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

	2005 Rm	2004 Rm	2003 Rm
Minimum future lease payments – operating leases			
Buildings and offices			
Within one year	**127**	104	99
One to two years	**119**	101	96
Two to three years	**111**	93	91
Three to four years	**105**	87	72
Four to five years	**96**	82	61
More than five years	**563**	644	254
	1 121	1 111	673
Equipment			
Within one year	**210**	152	194
One to two years	**148**	116	98
Two to three years	**121**	80	61
Three to four years	**106**	59	44
Four to five years	**78**	77	34
More than five years	**75**	7	71
	738	491	502
Minimum future lease payments – finance leases			
Within one year	**111**	181	133
One to two years	**52**	129	112
Two to three years	**38**	66	66
Three to four years	**39**	49	8
Four to five years	**42**	47	1
More than five years	**413**	140	126
Less amounts representing finance charges	**(9)**	(26)	(14)
	686	586	432

Contingent rentals

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

51 Related party transactions

During the year, group companies, in the ordinary course of business, entered into various purchase and sale transactions with associates and joint ventures. The effect of these transactions is included in the financial performance and results of the group. Terms and conditions are determined on an arm's length basis.

Disclosure in respect of joint ventures is provided on page 114 and of associates in note 5.

Material related party transactions were as follows

	2005 Rm	2004 Rm	2003 Rm
Sales and services rendered to related parties			
third parties	**204**	60	–
joint ventures	**1 067**	419	66
associates	**379**	453	1 844
	1 650	932	1 910
Purchases from related parties			
third parties	**282**	266	92
joint ventures	**240**	137	42
associates	**530**	752	39
	1 052	1 155	173

Amounts due to and from related parties are disclosed in the respective notes to the financial statements for those balance sheet items.

Included in the above amounts are a number of transactions with related parties which are individually insignificant.

Identity of related parties with whom material transactions have occurred

Except for the group's interests in joint ventures and associates, there are no other related parties with whom material individual transactions have taken place.

Directors

Details of directors' remuneration and shareholding in Sasol Limited are disclosed in the directors' remuneration report.

Shareholders

An analysis of major shareholders is provided on pages 19 and 20.

	2005 %	2004 %	2003 %
52 Inflation reporting			
The financial statements have not been restated to a current cost basis as the group does not operate in a hyperinflationary economy.			
Producer price index – South Africa	**1,7**	(0,6)	9,4

53 Post balance sheet events

The following events occurred subsequent to 30 June 2005. These are more fully described in the directors' report, refer page 26.

- Potential formation of joint venture with Petronas;
- Sale of 25% of shareholding in Mozambican pipeline; and
- Announcement of intent to offer Olefins & Surfactants business for sale.

interest in joint ventures

Additional disclosure provided for information purposes. In accordance with the group's accounting policy, the results of joint ventures are proportionately consolidated on a line by line basis and include intercompany transactions and balances.

	Sasol GTL Rm	Merisol Rm	Spring Lights Gas Rm	Polymers joint ventures* Rm	Dia Acrylates Rm	Other** Rm	**2005 Total Rm**	2004 Total Rm	2003 Total Rm
Balance sheet									
Property, plant and equipment	3 954	298	–	1 716	1 449	143	**7 560**	4 878	1 379
Other non-current assets	8	7	61	269	130	21	**496**	(267)	168
Current assets	1 001	263	18	366	614	104	**2 366**	1 271	627
Total assets	4 963	568	79	2 351	2 193	268	**10 422**	5 882	2 174
Shareholders' equity	1 600	327	10	869	1 029	125	**3 960**	2 061	963
Long-term debt (interest-bearing)	1 621	48	54	928	754	54	**3 459**	2 417	433
Long-term provisions	–	29	–	74	–	–	**103**	20	44
Other non-current liabilities	918	27	–	–	–	2	**947**	455	392
Interest-bearing current liabilities	5	47	6	242	4	28	**332**	242	–
Non-interest bearing current liabilities	819	90	9	238	406	59	**1 621**	687	342
Total equity and liabilities	4 963	568	79	2 351	2 193	268	**10 422**	5 882	2 174
Income statement									
Turnover	–	528	62	977	1 127	349	**3 043**	1 990	945
Operating profit/(loss)	(64)	28	27	20	161	82	**254**	(83)	(35)
Other charges	(2)	(3)	(7)	(19)	(70)	(3)	**(104)**	(60)	(1)
Net income before tax	(66)	25	20	1	91	79	**150**	(143)	(36)
Taxation	(2)	(16)	(7)	(3)	111	(17)	**66**	(29)	(37)
Attributable earnings/(loss)	(68)	9	13	(2)	202	62	**216**	(172)	(73)
Cash flow statement									
Cash flow from operations	430	28	31	53	242	91	**875**	(253)	134
Movement in working capital	429	28	–	(13)	(88)	3	**359**	(370)	14
Taxation (paid)/received	(93)	(5)	(2)	(12)	–	–	**(112)**	(29)	289
Other charges	(47)	(5)	(7)	(37)	(74)	(3)	**(173)**	(82)	(54)
Cash available from operations	719	46	22	(9)	80	91	**949**	(734)	383
Dividends paid	–	–	–	–	–	(2)	**(2)**	(3)	(46)
Cash retained from operations	719	46	22	(9)	80	89	**947**	(737)	337
Cash flow from investing activities	(1 475)	(115)	–	(584)	(33)	(6)	**(2 213)**	(2 918)	(1 335)
Cash flow from financing activities	1 270	16	(19)	577	(33)	(78)	**1 733**	3 720	1 098
Decrease/(increase) in cash and cash equivalents	514	(53)	3	(16)	14	5	**467**	65	100

* Comprising Arya Sasol Polymers, Petlin and DPI Plastics.

** Includes Sasol Huntsman, African Amines, Sasol Oil Petromoc, Sasol Lurgi, Macadam Franchise Company and Sasol Fibres.

At 30 June 2005, the group's share of the total capital commitments of joint ventures amounted to R8 454 million (2004 – R8 461 million; 2003 – R8 339 million).

The GTL businesses' costs are associated with the advancing GTL projects in Qatar and Nigeria and evaluation of other projects in accordance with the group's strategy.

sasol reaching new frontiers

financial risk management and financial instruments

Introduction

The Sasol group has a risk management and central treasury function that manages the financial risks relating to the group's operations. The group's liquidity, credit, foreign currency, interest rate and commodity price risks are continuously monitored. The group has developed a comprehensive risk management process to monitor and control these risks. The group risk management committee and senior management meet regularly to review and, if appropriate, approve the implementation of optimal strategies for the effective management of financial risk.

Risk profile

In the course of the group's business operations it is exposed to financial risks relating to liquidity, credit, foreign currency, interest rate and commodity price risk. Risk management relating to each of these risks is discussed under the headings below. The group's objective in using derivative instruments for hedging purposes is to reduce the uncertainty over future cash flows arising from foreign currency, interest rate and commodity price risk exposures.

Liquidity risk

The group manages liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The group finances its operations through a mixture of retained earnings, short-and long-term bank funding, a commercial paper programme and corporate bond issues. Adequate banking facilities and reserve borrowing capacities are maintained (refer page 79). The group has sufficient undrawn call/demand borrowing facilities, which could be utilised to fund any potential shortfall in cash resources.

Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Where appropriate, the group obtains appropriate collateral to mitigate risk. Counterparty credit limits are in place and are reviewed and approved by the respective subsidiary boards.

Trade receivables consist of a large number of customers spread across diverse industries and geographical areas. Adequate provision is made for doubtful debts. No single customer represents more than 10% of the group's total turnover or total trade receivables for the years ended 30 June 2005 and 30 June 2004.

Treasury counterparties consist of a diversified group of prime financial institutions. The group does not expect any treasury counterparties to fail to meet their obligations, given their high credit ratings.

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

By business segment	**2005 Rm**	**2005 %**	2004 Rm	2004 %
Mining	**139**	**2**	66	1
Synfuels	**112**	**1**	120	2
Liquid Fuels Business	**1 976**	**23**	1 894	25
Gas	**146**	**2**	156	2
Olefins & Surfactants	**2 955**	**34**	2 487	33
Polymers	**878**	**10**	847	11
Solvents	**1 302**	**15**	1 041	14
Other businesses	**1 160**	**13**	940	12
	8 668	**100**	7 551	100

By geographic location	2005 Rm	2005 %	2004 Rm	2004 %
South Africa	3 362	39	3 209	42
Rest of Africa	372	4	220	3
Europe	2 860	33	2 445	32
Germany	610	7	629	8
Italy	827	10	466	6
The Netherlands	142	2	188	2
Rest of Europe	1 281	14	1 162	16
Middle East and India	233	3	230	3
Far East	374	4	349	5
North America	973	11	790	11
South America	243	3	155	2
South-East Asia and Australasia	251	3	153	2
	8 668	100	7 551	100

Foreign exchange risk

The group's operations have various foreign currencies as their measurement currencies and, consequently, are exposed to exchange rate fluctuations that have an impact on cash flows and financing activities. Foreign exchange risks are managed through the group's financing policies and the selective use of forward exchange contracts, cross currency swaps and cross currency options. Foreign exchange contracts are utilised to reduce foreign currency exposures arising from imports into South Africa.

All foreign exchange derivative contracts are supported by underlying commitments or receivables.

The fair value gain/(loss) calculated below was determined by recalculating the daily forward rates for each currency using a forward rate interpolator model. The net market value of all forward exchange contracts at year end was then calculated by comparing the forward exchange contracted rates to the equivalent year end market foreign exchange rates. The present value of these net market values were then calculated using the appropriate currency specific discount curve.

The following forward exchange contracts and cross currency swaps were held at 30 June 2005

	Contract foreign currency amount million	Contract amount – rand equivalent Rm	Average rate of exchange (calculated)	Estimated fair value gain/(loss) Rm
Forward exchange contracts				
Related to transactions which have already occurred				
Imports – capital				
US dollar	6	43	6,94	(2)
Euro	5	41	8,75	(3)
		84		(5)
Imports – goods				
US dollar	107	717	6,68	–
Euro	1	10	8,23	–
Other currencies – US$ equivalent	5	36	7,03	(2)
		763		(2)
Exports				
US dollar	78	505	6,47	(40)
Euro	4	30	8,04	–
Pound Sterling	7	78	11,77	(1)
Other currencies – US$ equivalent	11	75	6,63	(1)
		688		(42)
Other payables (liabilities)				
US dollar	49	332	6,73	3
Euro	–	4	8,13	–
Pound Sterling	2	24	12,03	–
Other currencies – US$ equivalent	1	9	6,67	(1)
		369		2
Other receivables (assets)				
US dollar	228	1 482	6,49	(24)
Euro	–	–		2
		1 482		(22)

	Contract foreign currency amount million	Contract amount – rand equivalent Rm	Average rate of exchange (calculated)	Estimated fair value gain/(loss) Rm
Forward exchange contracts				
Related to future commitments				
Imports				
US dollar	61	422	6,86	(39)
Euro	46	383	8,33	(13)
Pound Sterling	–	4	12,37	–
Other currencies – US$ equivalent	1	9	6,68	–
		818		(52)
Other payables (liabilities)				
US dollar	147	886	6,03	98
Euro	4	30	8,25	–
Pound Sterling	–	1	12,52	–
		917		98
Cross currency swaps				
Euro to US dollar	673	5 219	7,75	(609)
Other	488	3 234	6,63	8
		8 453		(601)

Interest rate risk

Exposure to interest rate risk on financial assets and liabilities is monitored on a continuous and proactive basis. The debt of the group is structured on a combination of floating and fixed interest rates. The benefits of fixing or capping interest rates on the group's various financing activities are considered on a case-by-case and project-by-project basis, taking the specific and overall risk profile into consideration. For further details on long-term debt refer note 15.

The following interest rate derivative contracts were in place at 30 June 2005

	Contract foreign currency amount million	Contract amount – rand equivalent Rm	Average fixed rate %	Expiry	Estimated fair value gain/(loss) Rm
Interest rate derivatives					
Pay fixed rate receive floating rate					
US dollar	98	653	3,8	15 Jan 2008	10
Rand		500	9,7	30 June 2008	(30)
		1 153			(20)
Interest rate cap or collar					
(relating to long-term debt)					
Rand – cap		227	11,0	1 June 2009	1
Rand – cap		500	9,4	29 June 2007	(9)
Rand – collar		500			(9)
cap			11,0	30 June 2006	
floor			9,0	30 June 2006	
		1 227			(17)

Commodity price risk

The group makes limited use of derivative instruments, including commodity swaps, options and futures contracts of short duration as a means of mitigating price and timing risks on crude oil and other energy related product purchases and sales. In effecting these transactions, the companies concerned operate within procedures and policies designed to ensure that risks, including those relating to the default of counterparties, are minimised.

The following commodity derivative contracts were in place at 30 June 2005.

	Contract foreign currency amount million	Contract amount – rand equivalent Rm	Average price US$	Estimated fair value gain/(loss) Rm
Commodity derivatives				
Futures				
Crude oil (US$)	39	260	55,95	**(2)**
Gas (US$)	–	1	3,45	**1**
Swaps				
Fuel Oil (US$)	10	70	207,25	**22**
Zero cost collar				
Call options sold (US$)	393	2 622	82,61	**–**
Put options bought (US$)	216	1 440	45,00	**11**
Options sold				
Call options sold (US$)	43	289	93,62	**(2)**
Put options sold (US$)	239	1 593	32,66	**8**

Fair value of financial instruments

The group's financial instruments consist mainly of cash and cash equivalents, trade accounts receivable, other receivables, certain investments, other non-current assets, trade payables, other payables and accrued expenses, long and short-term debts and derivative instruments.

Financial instruments held to maturity in the normal course of business are recorded at cost or redemption amount as appropriate. The recorded amount is described below as the carrying amount, otherwise known as book value.

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's-length transaction, other than in a forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments

(i) Cash and cash equivalents, investments and other non-current assets

Cash and cash equivalents

The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets.

Investments

The fair value of debt securities is determined using a discounted cash flow method. It is not practical to determine the fair value of unlisted equity investments. These investments are carried at their original cost in the balance sheet. The fair values of publicly traded instruments are estimated based on quoted market prices for those or similar investments where there are no quoted market prices available.

Long-term receivables

The fair value of long-term receivables approximates the carrying value as market related rates of interest are charged on these outstanding amounts.

Other

For all other instruments for which there are no quoted market prices, a reasonable estimate of fair value has been calculated based on the expected cash flows or the underlying net asset base for each investment.

(ii) Short-term debt

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

(iii) Long-term debt

The fair value of long-term debt is based on the quoted market price for the same or similar issues or on the current rates available for debt with the same maturity profile and effective interest rate with similar cash flows. The fair value of non-current loans, borrowings and other payables with variable interest rates approximates their carrying amounts.

(iv) Derivatives

The fair value of derivatives is based upon marked to market valuations.

Forward exchange contracts and cross currency swaps and options

The fair value gains/(losses) calculated are determined by recalculating the daily forward rates for each currency using a forward rate interpolator model. The net market value of all forward exchange contracts at year end was then calculated by comparing the forward exchange contracted rates to the equivalent year end market foreign exchange rates. The present value of these net market values were then determined using the appropriate currency specific discount curve.

Interest rate swaps and oil futures

The fair value of interest rate swaps and oil futures is determined by reference to quoted market prices for similar instruments.

The fair value of financial instruments were as follows

	Note	2005 carrying value Rm	2005 fair value Rm
Financial assets			
Investments in securities	4		
practical to estimate fair value		203	203
impractical to estimate fair value		194	
Investments held-for-sale	5	41	
Long-term receivables	7	1 091	1 091
Long-term financial assets	9	10	10
Trade receivables	11	8 668	8 668
Other receivables	12	2 914	2 914
Short-term financial assets	13	178	178
Cash restricted for use	14	1 002	1 002
Cash	14	2 509	2 509
Financial liabilities			
Long-term debt	15	12 951	12 951
Short-term debt	20	3 300	3 300
Short-term financial liabilities	21	792	792
Trade payables	24	4 733	4 733
Other payables and accrued expenses	25	4 269	4 269
Bank overdraft	14	2 615	2 615

Maturity profile of financial instruments

The maturity profile of financial assets and liabilities at 30 June 2005 were as follows

	Note	Carrying value Rm	within one year Rm	one to two years Rm	two to three years Rm	three to four years Rm	four to five years Rm	more than five years Rm
Financial assets								
Investments in securities	4	397	–	–	–	–	–	397
Investments held-for-sale	5	41	41	–	–	–	–	–
Long-term receivables	7	1 091	–	319	35	38	36	663
Long-term financial assets	9	10	–	10	–	–	–	–
Trade receivables	11	8 668	8 668	–	–	–	–	–
Other receivables	12	2 914	2 914	–	–	–	–	–
Short-term financial assets	13	178	178	–	–	–	–	–
Cash restricted for use	14	1 002	1 002	–	–	–	–	–
Cash	14	2 509	2 509	–	–	–	–	–
		16 810	15 312	329	35	38	36	1 060
Financial liabilities								
Long-term debt	15	12 951	–	842	2 930	983	3 355	4 841
Short-term debt	20	3 300	3 300	–	–	–	–	–
Short-term financial liabilities	21	792	792	–	–	–	–	–
Trade payables	24	4 733	4 733	–	–	–	–	–
Other payables and accrued expenses	25	4 269	4 269	–	–	–	–	–
Bank overdraft	14	2 615	2 615	–	–	–	–	–
		28 660	15 709	842	2 930	983	3 355	4 841

financial risk management and financial instruments continued

	Contract amount Rm	within one year Rm	one to two years Rm	two to three years Rm
Forward exchange contracts				
Transactions which have already occurred				
Imports – capital				
US dollar	43	43	–	–
Euro	41	41	–	–
	84	84	–	–
Imports – goods				
US dollar	717	717	–	–
Euro	10	10	–	–
Other currencies	36	33	3	–
	763	760	3	–
Exports				
US dollar	505	505	–	–
Euro	30	30	–	–
Pound Sterling	78	78	–	–
Other currencies	75	75	–	–
	688	688	–	–
Other payables (liabilities)				
US dollar	332	332	–	–
Euro	4	4	–	–
Pound Sterling	24	24	–	–
Other currencies	9	4	4	1
	369	364	4	1
Other receivables (assets)				
US dollar	1 482	1 482	–	–

	Contract amount Rm	within one year Rm	one to two years Rm	two to four years Rm	more than four years Rm
Related to future commitments					
Imports					
US dollar	422	413	9	–	–
Euro	383	383	–	–	–
Pound Sterling	4	4	–	–	–
Other currencies	9	9	–	–	–
	818	809	9	–	–
Other payables (liabilities)					
US dollar	886	886	–	–	–
Euro	1	1	–	–	–
Pound Sterling	30	30	–	–	–
	917	917	–	–	–
Cross currency swaps					
Euro to US dollar	5 219	5 219	–	–	–
Other	3 234	1 201	–	106	1 927
	8 453	6 420	–	106	1 927
Interest rate derivatives					
Pay fixed rate receive floating rate					
US dollar	653	65	136	300	152
Rand	500	–	–	500	–
	1 153	65	136	800	152
Interest rate cap or collar					
Rand	1 227	500	500	38	189
Commodity derivatives					
Futures					
Crude oil	260	260	–	–	–
Gas	1	1	–	–	–
	261	261	–	–	–
Swaps					
Fuel oil	70	70	–	–	–
Zero cost collar					
Call options sold (US$)	2 622	2 622	–	–	–
Put options bought (US$)	1 440	1 440	–	–	–
	4 062	4 062	–	–	–
Options sold	1 882	1 431	451	–	–

sasol limited company
balance sheet

at 30 June	Note	2005 Rm	2004 Rm	2003 Rm
Assets				
Investment in securities	1	2	2	3
Investments in subsidiaries	2	28 629	25 598	23 858
Deferred tax asset	3	14	11	–
Non-current assets		28 645	25 611	23 861
Tax receivable		5	–	2
Trade and other receivables		481	966	2 436
Cash	10	19	10	52
Current assets		505	976	2 490
Total assets		29 150	26 587	26 351
Equity and liabilities				
Shareholders' equity		27 961	25 308	25 096
Long-term debt	4	1 057	1 119	1 119
Tax payable		–	13	–
Trade and other payables		132	147	136
Current liabilities		132	160	136
Total equity and liabilities		29 150	26 587	26 351

sasol limited company
income statement

for the year ended 30 June	Note	2005 Rm	2004 Rm	2003 Rm
Operating (loss)/profit	5	(82)	5	(62)
Dividends and interest received	6	5 556	3 123	8 962
Net income before tax		5 474	3 128	8 900
Taxation	7	2	(8)	(11)
Attributable earnings		5 476	3 120	8 889

sasol limited company
changes in equity statement

for the year ended 30 June	Note	2005 Rm	2004 Rm	2003 Rm
Share capital	8			
Balance at beginning of year		2 892	2 783	2 706
Issued during year		311	109	77
Balance at end of year		3 203	2 892	2 783
Accumulated profit				
Balance at beginning of year		22 413	22 307	16 525
Attributable earnings		5 476	3 120	8 889
Dividends paid		(3 135)	(3 014)	(3 107)
Balance at end of year		24 754	22 413	22 307
Foreign currency translation reserve				
Balance at beginning of year		2	4	7
Movement during year		1	(2)	(3)
Balance at end of year		3	2	4
Investment fair value reserve		1	1	2
Shareholders' equity		27 961	25 308	25 096

sasol limited company
cash flow statement

for the year ended 30 June	Note	2005 Rm	2004 Rm	2003 Rm
Cash flow from operations		(82)	5	(62)
Movement in working capital		470	1 481	(2 317)
Investment income		5 556	3 123	8 962
Cash generated by operations		5 944	4 609	6 583
Dividends paid	9	(3 135)	(3 014)	(3 107)
Tax paid		(19)	(4)	(44)
Cash available from operating activities		2 790	1 591	3 432
Investment in subsidiaries		(3 092)	(1 742)	(3 461)
Share capital issued		311	109	77
Increase/(decrease) in cash		9	(42)	48
Cash	10			
at end of year		19	10	52
at beginning of year		(10)	(52)	(4)
Increase/(decrease) in cash		9	(42)	48

notes to the financial statements

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
1 Investment in securities			
Unlisted shares (available-for-sale)			
Carried at fair value	2	2	3
2 Investments in subsidiaries			
Reflected as non-current assets			
Shares at cost	1 304	1 289	1 206
Long-term loans to subsidiaries	27 325	24 309	22 652
	28 629	25 598	23 858
Reflected as current assets			
Short-term loans to subsidiaries	465	944	574
Reflected as long-term debt			
Long-term loans from subsidiaries	(1 057)	(1 119)	(1 119)
Reflected as current liabilities			
Short-term loans from subsidiaries	(36)	(57)	(39)
Net investments in subsidiaries	28 001	25 366	23 274

Investments in subsidiaries are accounted for at cost.

For further details of interest in significant subsidiaries, refer page 129.

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
3 Deferred tax asset			
Balance at end of year	14	11	–

The deferred tax asset arising on temporary differences relating to provisions has been recognised to the extent that the company will generate future taxable income against which the deferred tax asset can be utilised.

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
4 Long-term debt			
Total long-term loans	1 057	1 119	1 119

The unsecured long-term debt comprises interest free loans from subsidiaries for which there are no fixed terms of repayment.

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
5 Operating (loss)/profit			
Operating (loss)/profit includes			
Auditors' remuneration			
audit fees	(5)	(6)	(16)
other services	(24)	–	–
Directors' emoluments	(8)	(7)	(11)
total remuneration (refer page 29)	(26)	(22)	(29)
paid by subsidiaries	18	15	18
Donations and sponsorships	(47)	(42)	(44)
Employee costs	(209)	(183)	(172)
Income from subsidiaries	544	507	404
Loss on disposal of investment in subsidiary	(6)	–	–
Operating lease charges			
buildings	(23)	(19)	(28)
6 Dividends and interest received			
Dividends received			
subsidiaries	5 553	3 119	8 959
Interest received	3	4	3
	5 556	3 123	8 962
7 Taxation			
South African normal tax	(1)	(19)	(11)
current year	(4)	(23)	(11)
prior years	3	4	–
Deferred tax	3	11	–
current year	3	3	–
prior years	–	8	–
	2	(8)	(11)
Reconciliation of tax rate	%	%	%
South African normal tax rate	29,0	30,0	30,0
Increase in effective tax rate due to			
disallowed expenditure	0,4	0,6	0,3
	29,4	30,6	30,3
Decrease in effective tax rate due to			
prior year adjustments	–	(0,4)	–
exempt income	(29,4)	(29,9)	(30,2)
Effective tax rate	–	0,3	0,1
Available STC credits at year end (Rm)	1	74	–

notes to the financial statements *continued*

for the year ended 30 June	2005 Number of shares	2004 Number of shares	2003 Number of shares
8 Share capital			
Authorised			
Ordinary shares of no par value	**1 175 000 000**	1 175 000 000	1 175 000 000
Issued			
Ordinary shares of no par value	**676 877 125**	671 271 425	668 798 425

For further details of share capital, refer note 37 in the group annual financial statements.

for the year ended 30 June	2005 Rm	2004 Rm	2003 Rm
9 Dividends paid			
Final dividend – prior year			
external shareholders	**(1 440)**	(1 432)	(1 524)
subsidiary company	**(141)**	(140)	(146)
Interim dividend – current year			
external shareholders	**(1 416)**	(1 313)	(1 311)
subsidiary company	**(138)**	(129)	(126)
	(3 135)	(3 014)	(3 107)
Expected cashflow on final dividend – current year			
external shareholders	**(1 912)**		
subsidiary company	**(186)**		
10 Cash			
Cash and bank balance	**19**	10	52
11 Guarantees and contingent liabilities			
Guarantees and claims	**29 808**	22 693	10 054
Unutilised borrowing facilities guaranteed	**12 450**	15 721	14 774
The company has guaranteed the fulfilment of various subsidiaries' obligations in terms of contractual agreements.			
12 Commitments under operating leases			
The company rents buildings and equipment under long-term non-cancellable operating leases.			
Maturity profile			
Within one year	**32**	18	21
One to two years	**33**	20	22
Two to three years	**34**	22	24
Three to four years	**40**	24	26
Four to five years	**45**	27	28
More than five years	**305**	285	332
	489	396	453

Interest in significant operating subsidiaries and incorporated joint ventures

Name	Nature of business		Nominal issued share capital	Interest %	Investment at cost 2005 Rm	Investment at cost 2004 Rm	Loans to/(from) subsidiaries 2005 Rm	Loans to/(from) subsidiaries 2004 Rm
Operating subsidiaries								
Direct								
Sasol Mining (Pty) Limited	Coal mining activities	Rm	215	100	**456**	456	**31**	31
Sasol Synfuels (Pty) Limited	Production of liquid fuels, gases and chemical products	Rm	100	100	**676**	676	**518**	518
Sasol Technology (Pty) Limited	Engineering services, research and development and technology transfer	Rm	1	100	**1**	1	**176**	(62)
Sasol Financing (Pty) Limited	Management of cash resources, investment and procurement of loans for South African operations	R	200	100	**–**	–	**4 041**	4 535
Sasol Investment Company (Pty) Limited	Holding company of the group's foreign investments and investment in movable and immovable property	R	200	100	**–**	–	**13 597**	11 413
Sasol Chemical Industries Limited	Production and marketing of mining explosives, gases, petrochemicals, fertilisers and refining of tar acids	R	152	100	**–**	–	**3 829**	2 396
Sasol Gas Holdings (Pty) Limited	Holding company of the group's gas interests	R	100	100	**–**	–	**1 209**	1 957
Sasol Oil (Pty) Limited	Marketing of fuels and lubricants	R	1 077	98	**83**	83	**275**	374
Indirect								
ChemCity (Pty) Limited	Supporting empowered small, micro and medium enterprises' requirements in order to enable them to thrive in the chemical industry	R	477	100				
Republic of Mozambique Pipeline Investments Company (Pty) Limited	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	Rm	10	100				
Sasol Chemical Holdings International (Pty) Limited	Investment in the Sasol Chemie group	R	370	100				
Sasol Chemicals Europe Limited [a]	Marketing and distribution of chemical products	GBP	20 000	100				
Sasol Chemicals Pacific Limited [b]	Marketing and distribution of chemical products	HKD	10 000	100				
Sasol-Chem Inc [c]	Marketing and distribution of chemical products	US$	85	100				

Interest in significant operating subsidiaries and incorporated joint ventures *continued*

Name	Nature of business		Nominal issued share capital	Interest %
Operating subsidiaries (continued)				
Indirect				
Sasol Financing International plc [d]	Management of cash resources, investment and procurement of loans for operations outside South Africa	US$	1 001	100
Sasol Gas Limited	Marketing, distribution and transportation of pipeline gas and the maintenance and operation of pipelines used for the transportation of various types of gas	R	1 000	100
Sasol Germany GmbH [e]	Production, marketing and distribution of waxes and wax related products	Euro m	70	100
Sasol Italy SpA [f]	Trading and transportation of oil products, petrochemicals and chemical products and their derivatives	Euro m	23	100
Sasol North America Inc [c]	Manufacturing of commodity and special chemicals	US$m	318	100
Sasol Oil International Limited [d]	Buying and selling of crude oil	US$	1	100
Sasol Petroleum International (Pty) Limited	Exploration, production, marketing and distribution of petroleum and natural gas	R	100	100
Sasol Polymers International Investments (Pty) Limited	Holding company of Sasol Polymers foreign investments	R	100	100
Sasol Synfuels International (Pty) Limited	Conversion and marketing of liquid fuels and chemical products	R	100	100
Sasol Wax International Aktiengesellschaft [e]	Holding company of the Sasol Wax operations	Euro m	33	100
Sasol Wax (SA) (Pty) Limited	Production, marketing and distribution of paraffin waxes	R	100 000	100
Tosas Beherend (Pty) Limited	Investment	R	100	70
National Petroleum Refiners of South Africa (Pty) Limited	Refining of crude oil	Rm	128	64

Name	Nature of business		Nominal issued share capital	Interest %
Incorporated joint ventures				
Indirect				
Sasol Dia Acrylates (South Africa) (Pty) Limited	Production of acrylic acid and acrylates	R'000	1 002	75
Sasol Dia Acrylates (Pty) Limited	Marketing of acrylic acid and acrylates	R'000	1 002	50
Arya Sasol Polymer Company [g]	Production of polyethylene	Rial m	800	50
DPI Holdings (Pty) Limited	Holding company of DPI group which manufactures and markets plastic piping systems	R	2 000	50
Merisol LP [c]	Production, marketing and distribution of phenolics	US$m	71	50
Sasol Chevron Holdings Limited [h]	Management of the group's joint venture interests with Chevron corporation	US$	12 000	50
Sasol-Huntsman GmbH & Co KG [e]	Production and marketing of maleic anhydride	Euro m	20	50
Namibia Liquid Fuel (Pty) Limited [i]	Marketing and distribution of petroleum products	N$	100	49
Oryx GTL Limited (QSC) [j]	Manufacturing and marketing of synthetic fuels from gas	US$m	242	49
Spring Lights Gas (Pty) Limited	Marketing of pipeline gas in the Durban South area	R	1 000	49
Petlin (Malaysia) Sdn Bhd [k]	Manufacturing and marketing of low-density polyethylene pellets	RM m	52	40

Except as indicated below, all companies are registered in the Republic of South Africa.

Foreign registered companies

(a) Registered in the United Kingdom. Share capital stated in Pound Sterling.
(b) Registered in Hong Kong. Share capital stated in Hong Kong dollars.
(c) Registered in the United States of America. Share capital stated in United States dollars.
(d) Registered in the Isle of Man. Share capital stated in United States dollars.
(e) Registered in Germany. Share capital stated in Euro.
(f) Registered in Italy. Share capital stated in Euro.
(g) Registered in Iran. Share capital stated in Rials.
(h) Registered in Bermuda. Share capital stated in United States dollars.
(i) Registered in Namibia. Share capital stated in Namibian dollars.
(j) Registered in Qatar. Share capital stated in United States dollars.
(k) Registered in Malaysia. Share capital stated in Malaysian ringgets.

The company's interest in the aggregate profits and losses of subsidiaries amounts to R10 847 million (2004 – R7 198 million) profits and R1 197 million (2004 – R1 259 million) losses.

The group maintains a register of all subsidiaries and incorporated joint ventures, available for inspection at the registered office of Sasol Limited.

contact information

Shareholder information helpline

We have reserved 0800 202 361 as the South African toll-free number and +27 (0) 11 870 8222 for shareholders calling from outside South Africa.

The toll-free inbound telephone helpline will enable shareholders to obtain information regarding the resolutions and to provide assistance for completing proxy forms.

Depositary Bank

The Bank of New York
Depositary Receipts Division
101 Barclay Street
New York 10286, New York

The Bank of New York maintains a sponsored dividend reinvestment and direct purchase programme for Sasol's Depositary Receipts. As a participant in Global BuyDIRECT[SM], investors benefit from the direct ownership of their Depositary Receipts, the efficiency of receiving corporate communications directly from the Depositary Receipts issuer, and the savings resulting from the reduced brokerage and transaction costs. Additional information is available at www.globalbuydirect.com

Questions or correspondence about Global BuyDIRECT should be addressed to:

The Bank of New York
Investor Relations
PO Box 11258
Church Street Station
New York, New York 10286-1258

Toll-free telephone for US Global BuyDIRECT participants:
1-888-BNY-ADRS
Telephone for international callers: 212-815-3700

E-mail: shareowners@bankofny.com

Company registration number

1979/003231/06

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Sasol group corporate affairs department

Telephone: +27 (0) 11 441-3249
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This annual report must be read in conjunction with our annual report under the Securities Exchange Act of 1934 on Form 20-F to be filed with the United States Securities and Exchange Commission during October 2005. The Form 20-F is available on our website at www.sasol.com.

Note on measurement: Besides applying barrels (b) and cubic feet (cf) for reporting on oil and gas reserves and production, Sasol applies Système International (SI) metric measures for all global operations. A ton (also spelt as tonne) denotes one metric ton equivalent to 1 000 kilograms (kg) or about 2 200 imperial pounds. Sasol's reference to a metric ton should not be confused with an imperial ton equivalent to 2 240 pounds (or about 1 016 kg). In addition, in line with a particular South African distinction under the auspices of the South African Bureau of Standards (SABS), all Sasol global reporting emanating from South Africa uses the decimal comma (eg 3,5) instead of the more familiar decimal point (eg 3.5) used in the UK, USA and elsewhere. Similarly, a hard space is used to distinguish thousands in numeric figures (eg 2 500) instead of a comma (eg 2,500).
A billion is defined as 1 000 million.