SASOL LIMITED

Annual Financial Statements

30 June 2016

Contents

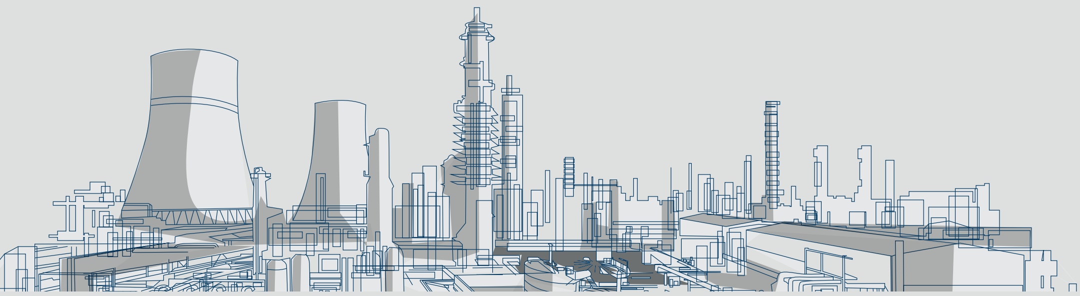
01 FINANCIAL OVERVIEW

02 CONSOLIDATED FINANCIAL STATEMENTS

03 NOTES TO THE FINANCIAL STATEMENTS

04 SASOL LIMITED COMPANY

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



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

IR Annual Integrated Report

Our primary annual report to stakeholders. Contains succinct material information and conforms to local and international statutory reporting frameworks.

20-F Form 20-F

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

SR Sustainability Reporting

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

OUR TRANSITION TO THE FUTURE

Sasol has delivered a solid set of results for the 2016 financial year despite a continued challenging macro-economic environment. Our operations in Secunda have produced record volumes, and we continued to drive our costs down through our cost containment and cash conservation initiatives which exceeded their targets. This has placed the group on a solid footing as we continue to progress with our growth strategy in Southern Africa and North America.

The group's solid balance sheet is able to support our growth plans, despite the increased capital cost of our Lake Charles Chemicals Project expansion in the US. As the balance sheet gears up over the next few years, we plan to remain within our self-imposed limit of a maximum 44% net debt to equity, while still continuing to return value to our shareholders in line with our 2,2 to 2,8 times dividend cover policy.

The proactive implementation of the Business Performance Enhancement Programme in 2012, followed by the low oil price Response Plan, together with our diversified portfolio of chemicals and energy assets, provide us with resilience and the ability to respond decisively to the volatile and uncertain macro-economic environment.

Paul Victor
Chief Financial Officer

Chief Financial Officer's review

Transitioning through uncertain global markets

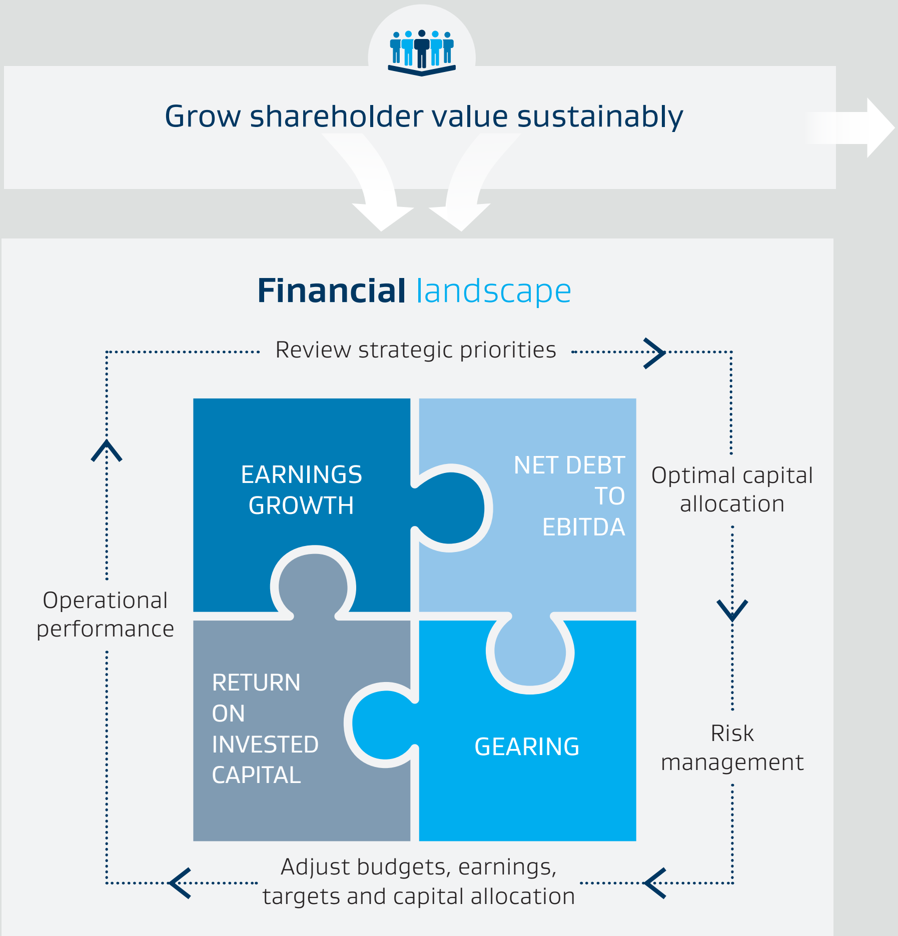
Paul Victor, *Chief Financial Officer*

KEY MESSAGES:

- Key financial risks
- Financial performance
- Operational performance
- Funding plan and Solvency & Liquidity
- Our outlook for 2017

Overview

Financial year 2016 proved to be yet another challenging year for Sasol as management continued to implement and intensify a range of initiatives to sustainably reduce operating costs, rebalance the capital portfolio, effectively manage our balance sheet, and most importantly continue to deliver shareholder value sustainably.



How we measure

Earnings growth
Target: 8% US dollar EBIT growth

Net debt to EBITDA
Target: Net debt-to-EBITDA ratio of <2,0 times (Temporarily lifted until the end of 2018)

Gearing
Target: Achieve a gearing level of 20% – 40% (Temporarily lifted to 44% until the end of 2018)

Return on invested capital
Target: Capital portfolio to deliver return on capital invested of 18,3%

Global economic uncertainty, heightened exchange rate volatility and lower oil and commodity chemical prices continued to affect our profitability. Oil prices have remained low, falling by more than 50% as our industry found itself in a position not seen for many years. The sustained low price, driven mostly by a continued global over supply, is expected to start rebalancing by the end of the 2016 calendar year. Our work in repositioning Sasol through our Business Performance Enhancement Programme (BPEP), initiated in 2012, as well as our low oil Response Plan (RP) enabled us to pro-actively manage the business during this uncertain and volatile period.

Against the strong headwinds of a 41% lower average Brent crude oil price and a 27% weaker rand/US dollar exchange rate, Sasol's headline earnings per share (HEPS) declined by 17% to R41,40 per share and earnings per share (EPS) declined by 56% to R21,66. EPS was mainly negatively impacted by lower oil prices as well as the impairment of R9,9 billion (CAD880 million) of our Canadian shale gas assets on the back of declining North American gas prices.

We continued to focus on the factors within our control, namely, volume growth through safe and sustainable operations, cost containment to below inflation and pro-actively managing our balance sheet within our gearing and liquidity risk parameters.

Overall, the group delivered a strong operational performance across most of the value chain. This was driven by a 1% (97 000 tons) increase in Secunda Synfuels' production volumes to a record 7,8 million tons (mt), a 1% increase in Natref production and a 4% increase in production volumes at our Eurasian Operations.

Despite the turbulent macro-economic environment, sales volumes from our Performance Chemicals business, normalised for the planned shutdown at our Sasolburg facilities and ethylene plant in North America, increased by 1,8% and reported resilient average gross margins due to the business's diverse product portfolio. Base Chemicals reported an 8% decline in sales volumes as a result of a planned extended shutdown to enable the commissioning activities of the C3 expansion project, subdued demand for explosives and fertilizers as well as a planned stock build. Normalised sales volumes decreased by 2,6%.

Without compromising on the safety, reliability and sustainability of our operations, we accelerated our cost containment and cash conservation initiatives. This resulted in an 8,1% decline in normalised cash fixed costs, in real terms, compared to the prior year. We updated our BPEP targets and now plan to deliver R5,4 billion in sustainable annual cash cost savings by the end of financial year 2018. We further intensified and extended our RP to run over a 42-month period to end financial year 2018 and increased our cash conservation and savings targets to achieve between R65 billion and R75 billion. The contribution of these projects, supported by our fit-for-purpose operating model and our diversified asset base, enables Sasol to operate profitably at oil prices of US$40/bbl.

Our near-to-medium term growth strategy focuses on two regions: Southern Africa and North America. Therefore, we are paying particular attention to the execution of our world-scale ethane cracker and derivatives complex – the Lake Charles Chemicals Project (LCCP) – in the United States (US) as well as further developing our footprint in Mozambique.

A detailed review on the LCCP confirmed that the total cost for the project is expected to be US$11 billion, an increase of US$2,1 billion from the estimate at the time of final investment decision (FID) in October 2014. This includes a sufficient contingency to effectively manage the project to beneficial operations (BO). The increase was mainly the result of:

- higher site and civil costs as more ground works were required to establish the site than previously estimated;
- an increase in the home office and construction costs of the engineering, construction and procurement management contractor; and
- higher labour costs.

Acknowledging the extent of this increase, we are intensifying our focus to manage these costs lower. On an unlevered basis, the returns from LCCP are expected to be slightly above the company's US dollar weighted average cost of capital of 8%, although below the returns expected at the time of FID. We still consider the LCCP to be a sound strategic investment that will return value to our shareholders for many years. It is an ideal opportunity to build a world-scale chemicals facility that will be placed in the bottom quartile of the cost curve, with availability of large quantities of attractively priced feedstock and easy access to domestic and export markets, comparatively superior infrastructure and in a location with low political and other investment risks.

In Mozambique, we obtained approval from the Mozambique Council of Ministers in January 2016, for a field development plan that will see further hydrocarbon resources developed to support our Southern Africa growth drivers. The first phase of the Production Sharing Agreement (PSA) licence area development proposes an integrated oil, liquefied petroleum gas (LPG) and gas project adjacent to the Petroleum Production Agreement area. We also received approval from the Government of Mozambique, in January 2016, to develop a fifth train at the Central Processing Facility to process additional gas from the PSA licence area. The total project cost for tranche one of the first phase of the PSA licence area and the fifth train is estimated at US$1,4 billion. The project is in its early stages of execution with the drill rig proceeding with the 13 well drilling programme.

Given our growth initiatives, in the year our capital expenditure (including capital accruals) was R70,4 billion. This is below our earlier guidance to the market of R74 billion largely the result of our cash conservation initiatives and our active management of the capital portfolio. As part of our intensified RP, we further had to de-risk and re-phase certain projects, while prioritising capital for our Southern African and US growth projects.

Strong cash flows from our various diversified businesses coupled with the delivery of RP actions resulted in a year-end gearing of 14,6%. Despite the higher LCCP capital cost estimate, we are still of the view that we can fully fund the project, remain below our self-imposed gearing limit of 44% until 2018 (thereafter 40%) as well as continue to declare dividends in line with our dividend policy of 2,2 to 2,8 times headline earnings cover range.

Key financial risks and uncertainties affecting our performance

In order to appreciate the impact of the operating environment on our business, it is important to understand those factors that affect our delivery against key performance indicators (KPIs), and ultimately the achievement of our definition of victory in delivering sustainable value to our shareholders and ultimately our stakeholders.

Our risk management process is continuous. Our internal audit function evaluates the design and effectiveness of our internal controls and key risks are reported regularly to the Audit Committee. We closely monitor the progress of our strategic objectives by considering and planning for various likely financial scenarios in determining whether the risk is within the limits of our risk tolerance and risk appetite as well as testing the robustness of our mitigation actions. Any indication of breaches of the risk tolerance threshold triggers intensified management interventions to ensure that the risks remain within appetite levels.

a. Current economic climate and its impact on Sasol

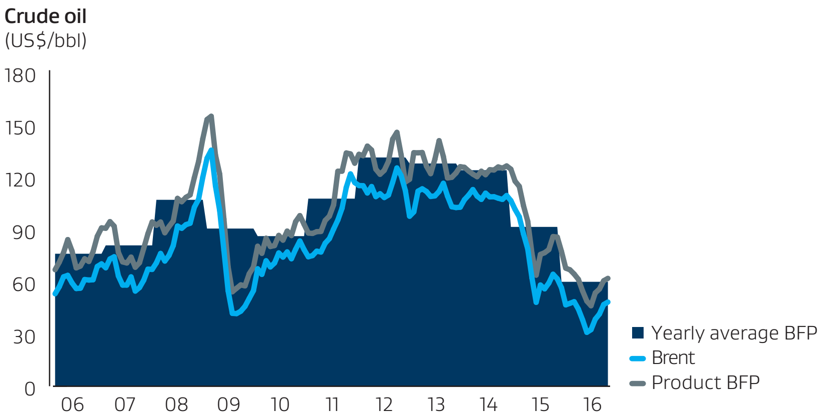
The International Monetary Fund (IMF) estimates that global growth slowed to 3,2% in 2016 amid increasing financial turbulence. Financial and commodity market volatility is likely to persist, with growth in advanced economies remaining moderate. Recent concerns over Chinese economic growth and fears over a US recession have subsided, while commodity prices have ticked higher. These concerns are expected to resurface from time to time as Chinese policymakers push ahead with efforts to rebalance the economy towards a more consumption-driven model and markets contemplate the path of US interest rates. The US recovery is expected to remain moderate, while the ability of the European Union (EU) to manage the refugee crisis and lingering debt concerns in some peripheral European nations weigh the region's growth prospects. The exit of the United Kingdom (UK) from the EU poses a downside risk to both the UK and EU economies. In the emerging world, the Chinese economic rebalancing process, ongoing recession challenges in Brazil and Russia, possible drought conditions in India and the impact of still relatively low commodity prices on commodity exporters, all pose risks to the economic outlook.

The ongoing turbulent macro-economic environment impacts our ability to deliver sustainable value to stakeholders. In order to address the challenges that the global economic climate is presenting, we continue to focus firmly on those factors that remain within our control.

b. Crude oil prices

We are exposed to the volatility associated with the selling price of fuel marketed by our Energy business. This selling price is guided by the basic fuel price (BFP), as determined in the regulated petrol pump price by the South African government. The key factors influencing the BFP include the crude oil price, the rand/US dollar exchange rate and refining margins.

The crude oil price averaged US$43,37 per barrel (/bbl) for the 2016 financial year, reaching a high of US$61,67/bbl, a low of US$25,99/bbl, and closing at US$48,44/bbl on 30 June 2016. This compares to an average of US$73,46/bbl for 2015.



In order to protect the group against the adverse effects of short-term oil price volatility and fluctuations in the rand/US dollar exchange rate on the purchase cost of crude oil (approximately 60 000 barrels/day used in our Natref joint venture refinery), we use a combination of forward exchange contracts and crude oil futures. In 2016, the hedge was highly effective and resulted in a gain of R330 million being recognised in the income statement. However, this hedging mechanism does not protect the group against longer-term trends in crude oil prices.

Should attractive hedges be available in the market, we hedge against the downside risk in the crude oil price to increase the stability and predictability of our cash flows, considering the group's substantial capital investment programme and our sensitivity to oil price volatility and currency fluctuations.

In determining the crude oil price for budgeting and planning purposes, we review global growth trends in the demand and consumption for oil, global production and supply as well as the marginal cost of production.

Recently, growth in oil supply started to weaken in the US and other non-OPEC (Organisation of the Petroleum Exporting Countries) countries. Low oil prices are, however, placing increasing financial pressure on OPEC countries and the risk of geopolitical-related supply outages, evident in Nigeria, are on the increase. We continue to remain cautious on the short-term outlook, but expect the supply/demand balance to start to tighten towards the end of calendar 2016 and into the first half of calendar 2017.

For forecasting purposes, we estimate that for every US$1/bbl increase in the annual average crude oil price, operating profit will increase by approximately R820 million (US$57 million) in 2017. It should be noted that in the current volatile environment, these sensitivities could be materially different, depending on the crude oil price, exchange rates, product prices and volumes.

c. Exchange rates

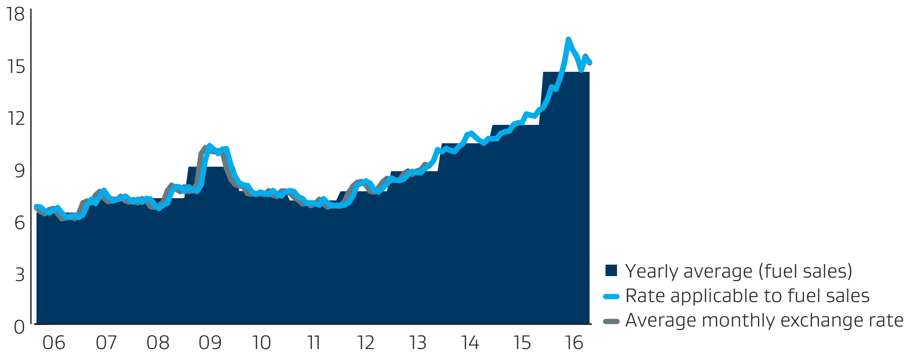
A large portion of our turnover and capital investments are significantly impacted by the rand/US dollar exchange rate. Some of our fuel products are governed by the BFP, of which a significant variable is the rand/US dollar exchange rate. Our chemical products are mostly commodity products whose prices are largely based on global commodity and benchmark prices quoted in US dollars.

As a result, the average exchange rate for the year has a significant impact on our turnover and operating profit. In order to protect our South African operations from the effects of exchange rate volatility, taking into account the weakening rand over the long term, we hedge both our capital investments and foreign currency-denominated imports by way of forward exchange contracts.

Our Group Executive Committee sets broad guidelines in terms of tenor and hedge cover ratios to specifically assess large forward cover amounts for long periods into the future, which have the potential to materially affect our financial position. We review these guidelines and our hedging policy annually. This approach enables us to better predict cash flows and thus manage our working capital and debt more effectively. We do not hedge foreign currency receipts.

During 2016, the average rand/US dollar exchange rate weakened 27% to R14,52/US$. In the long term, we expect the rand/US dollar exchange rate to remain volatile. This is due to policy uncertainty; socio-political developments; speculation around possible sovereign ratings action during calendar 2016; lingering uncertainty on US interest rate developments; the effect of "Brexit", weak export commodity prices; challenging domestic economic growth prospects; and general emerging market risk trends.

Rand/US dollar exchange rate
(US$1=R)



For forecasting purposes, we estimate that a 10c change in the annual average rand/US dollar exchange rate will impact our operating profit by approximately R650 million (US$40 million) in 2017. It should be noted that in the current volatile environment, these sensitivities could be materially different, depending on the crude oil price, exchange rates, product prices and volumes.

d. Gas prices

Natural gas is an attractive fuel alternative in the industrial and electricity generation sectors because of its lower carbon intensity compared to coal and oil.

Our investment in the Canadian shale gas assets, situated in the Montney Basin, supports our strategy to access low cost feedstock. To create flexibility in managing the asset in a low gas price environment, we entered into an agreement with our partner, Progress Energy, to settle the remaining funding commitment of R4,2 billion (CAD380 million). We further agreed with our partner to reduce future drilling activities and capital expenditure in Canada until such time that we see a sustainable recovery in North American gas prices.

In 2016, average annual US benchmark gas (Henry Hub) spot prices fell to their lowest level since 1999 of US$2,26/million metric British thermal units (MMBtu). Gas prices in North America remain depressed. At 30 June 2016, the spot Henry Hub was at US$2,94/MMBtu compared to US$2,80/MMBtu at 30 June 2015.

e. **Chemical prices**

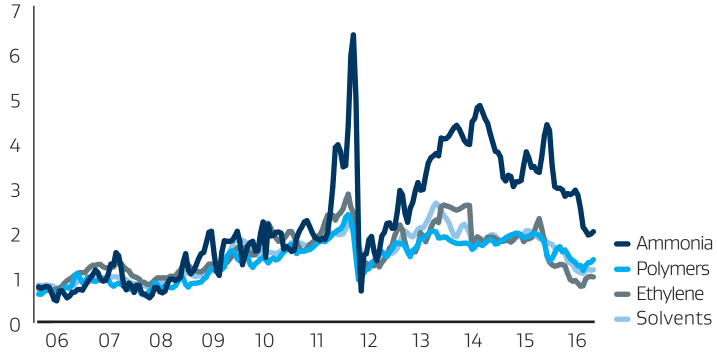
Our chemical products follow a typical demand cycle. Higher demand results in higher prices until new production capacity is introduced, at which point prices decrease. Over the longer term, most commodity chemical prices tend to track crude oil-based feedstock prices.

The approach of our commodity chemicals business is therefore to have a diverse portfolio of robust assets and, wherever possible, to invest in the value chain from raw materials to final products. This aims to ensure resilience under a number of different oil price scenarios and industry cycles.

However, our European and US operations are not fully integrated across the value chain and as a result, these businesses are exposed to changes in underlying feedstock prices. Increases in feedstock costs are reflected in our selling prices to the extent that we are able to pass these costs on. Increased competition from alternative feedstocks may impact the margins earned for these businesses.

The following graph illustrates the changes in chemical prices off a 1997 base:

Chemical prices
(expressed as a percentage of July 1997)



The fall in oil prices in the year meant lower cost feedstocks for most of the chemical value chain and lower corresponding sales prices. For the product and markets on which pricing is primarily cost-based, margins remained largely stable. However, continuing strong demand supported increased margins, specifically for our surfactants and alcohols products in Europe.

Commodity chemicals prices showed continued resilience when compared to the decline in average crude oil prices. Global demand/supply dynamics, as well as the competitive forces at play in markets within which we sell our Base Chemical products, provided support for the overall sales price levels achieved against the backdrop of significant economic volatility.

While margins for our Performance Chemicals business in Europe were largely unaffected by the fall in the oil price, margins on US ethylene were significantly lower.

The LCCP, consists of a world-scale 1,5 million ton per year ethane cracker, and six downstream chemical projects – two large polymers plants (low-density and linear low-density polyethylene) and an ethylene oxide/ethylene glycol plant, which together will consume around two-thirds of the ethylene produced by the cracker. There are also three smaller, higher-value derivative plants, which will produce speciality alcohols, ethoxylates and other products.

At 30 June 2016, the overall project was around 50% complete. Due to a number of factors, including the RP, we delayed the beneficial operation date of the cracker to the second half of calendar 2018, which will enable facilities representing around 80% of the total output from the LCCP to start producing by early calendar 2019. The remaining volumes from the other derivative units will reach beneficial operation by the second half of 2019.

Following commissioning of the facility, Sasol's US chemical production capacity will triple. With a significant portion of the polyethylene being produced by the LCCP targeted for the export market, Sasol's role in the growing global chemicals markets will be substantively increased.

Construction of Sasol's joint venture high-density polyethylene (HDPE) plant in LaPorte, Texas is nearing completion. The plant, being built in partnership with INEOS, is expected to reach completion early in the 2017 calender year. Feedstock for Sasol's share of the plant output will initially be a combination of ethylene from Sasol's existing Lake Charles cracker and purchased ethylene, but will become 100% supplied from Lake Charles production upon the start-up of the LCCP.

f. Our cost base

To ensure that Sasol is structured in the most efficient and effective way, in 2012 we implemented the BPEP, with one of the key objectives being to reduce our cost base sustainably.

In 2016, we delivered actual sustainable cost savings of R4,5 billion, exceeding our exit run rate target of R4,3 billion. Cost trends are still forecasted to track South African producers' price index (SA PPI) from the 2017 financial year. Given the 'lower-for-much-longer' oil price environment, we have increased the targeted exit run rate to R5,4 billion by the end of the 2018 financial year.

Our comprehensive RP, focusing on cash conservation in reaction to the lower for much longer oil price environment, has continued to yield positive cash savings in line with our 2016 financial year targets, despite margin contraction and difficulties experienced in placing product. The RP realised R28 billion of cash savings for the year and we exceeded the upper end of our 2016 financial target of sustainable cash cost savings of R16 billion by R12 billion. The RP places the group in a strong position to operate profitably within a US$40-50/bbl oil price environment. During the year, we updated and extended the scope of the RP to at least the 2018 financial year, to ensure continued balance sheet strength and earnings resilience at notably lower oil price scenarios. We also increased the target from R30 billion to R50 billion to between R65 billion and R75 billion. Most of the savings will be delivered from the current RP work streams. We expect our sustainable cash cost savings will increase to R2,5 billion by the 2019 financial year, up R1 billion from the previous market guidance provided of R1,5 billion.

Cost reduction is a target of our Short-Term Incentive scheme with the objective of reducing cost increases to the rate of inflation, or 2% below inflation as a stretch target.

The risk of inflationary increases in the countries in which we operate could pressure our cost base. Generally, we have seen relatively low inflation in most major countries in recent years. The South African, producers price index (PPI) slowed from its highs of 11,5% in 2008 to 5,6% in 2016.

The weakening rand/US dollar exchange rate, labour cost increases and high electricity costs are key drivers impacting South African inflation. In South Africa, we have concluded wage negotiations within the Petroleum and Industrial Chemical sectors. Negotiations with the Mining sector were successfully concluded with four of the five unions. Negotiations with the Association of Mineworkers and Construction Union (AMCU) are continuing.

In recent years, we increased our electricity-generating capacity to about 71% of our requirements. We negotiated competitive short-term power purchase agreements with Eskom and are well positioned to manage the risk of future electricity price increases by being more self-sufficient with regards to our electricity requirements.

g. Tax risk

We focus on minimising our tax risk in order to deliver sustainable value to our shareholders, and in turn, to all of our stakeholders. Our tax approach outlines the framework by which we meet our tax obligations from an operational and risk management perspective. Our overarching risk philosophy in relation to tax matters aims to mitigate any adverse or unexpected financial consequences and protect our reputation.

The group has various processes and policies in place to ensure tax compliance and manage tax risk appropriately. The Sasol Limited Board and the Audit Committee remain closely involved in tax matters and support the group tax strategy that outlines our approach to tax.

In our dealings with tax authorities, we are committed to fostering transparent and constructive relationships to ensure accurate, transparent and timely compliance with tax laws.

Sasol remains one of the largest corporate taxpayers in South Africa, contributing significantly to the country's economy. In 2016, we paid R36,8 billion in direct and indirect taxes to the South African government.

We also collect other taxes, which include withholding taxes, on behalf of revenue authorities and assist tax authorities with their tax administration and collection processes. We support the development of tax policy and are involved in industry forum meetings with revenue authorities globally to ensure that they achieve their tax policy objectives.

We are actively focusing on the following key tax areas to ensure no undue risk for our business:

Key focus area	Our approach
Complying with global tax laws	Amid a marked acceleration in the number of queries on tax returns and application of the tax law in South Africa, we remain focused on ensuring tax compliance and transparency.
Changes in tax legislation and tax rates	We deal with large volumes of global tax policy and tax administration changes as countries develop laws and processes to secure increased levels of tax revenues. We focus on keeping abreast of the changes and responding proactively, while always considering the impact on the group.
Transfer pricing	Transfer pricing is a complex mechanism that is attracting substantial attention. Revenue authorities in most jurisdictions are increasing their vigilance in this area by introducing new legislation and employing officials to monitor the implementation of legislation. We evaluate our strategy, tax policy and approach in managing transfer pricing risk on our business to appropriate levels.
Withholding tax	Tax authorities globally are focusing on withholding taxes especially on interest, services and dividends. Difficulties are especially evident in Africa, arising from interpretational challenges. We evaluate all transactions which are subject to withholding tax to ensure that we comply with the relevant tax legislation.
US tax risks	The complexity of US tax legislation and imminent political changes may give rise to a challenging fiscal environment. This includes sales and use taxes, property taxes and state taxes.
US project tax risks	There is a risk that tax laws are amended, resulting in reduced property tax exemptions for the LCCP. Recently announced increases in state taxes are adding to project costs. The risk exists that future investment tax credits will be reduced due to budgetary pressures.

h. Impairments

The global economic environment and its impact on the rand exchange rate and crude oil prices are key drivers in impairment tests. In 2016, the steep decline in oil prices and low gas prices in North America as well as the increase in the South African weighted average cost of capital (WACC) rate triggered a number of impairment tests to determine whether the carrying value of our assets is recoverable. As a result, we recognised impairments of R12,3 billion for the year ended 30 June 2016.

The most significant impairments include:

- Canadian shale gas assets – R9 882 million (CAD880 million). Our shale gas assets in Canada continue to remain under pressure due to poor market conditions in North America. This impairment is in addition to the impairment of R1 296 million recognised in 2015. The value in use calculation is particularly sensitive to changes in the gas price, the estimated ultimate recovery factor, as well as changes in drilling and completion costs. These variables are interdependent, and accordingly, a 5% change in any of these variables could change the recoverable amount by R956 million – R1 695 million (CAD84 million – CAD149 million). Some of these factors are within the control of management and are monitored closely to minimise the impact of potential impairments. However, the gas price is a market price, driven by supply and demand in North America. We continue to monitor this asset for further impairments or signs of recovery which could indicate a reversal of impairment.
- Lake Charles Chemicals Project – The Low Density Polyethylene cash generating unit (CGU) was impaired by R956 million (US$65 million) during 2016. The impairment was driven by an increase in capital costs and lower margins, which were identified as impairment indicators for all CGUs linked to the crackers in the LCCP complex. Impairment tests were performed, utilising price forecasts and macro-economic assumptions at 30 June 2016.

i. Executing on capital projects

Delivering shareholder value sustainably depends on the successful execution of our growth and sustenance projects. We aim to have the most effective and optimum allocation of capital, to deliver returns on invested capital consistently above our WACC as well as our internal hurdle rates. To ensure that we capitalise on the right opportunities, it is imperative that we focus on opportunities in the best geographic regions and deliver on those projects within planned timelines.

As our integrated operations are highly dependent on the development and use of advanced technologies, decisions affecting our business are made with a long-term view and span multiple and diverse business cycles.

To ensure that we capitalise on the right opportunities, it is imperative that we focus on those opportunities in the best geographic regions and deliver on those projects within planned timelines. A number of our expansion projects, such as the development of our North American operations, are integrated across a number of our businesses and span a number of our chemical and international energy businesses.

We also need to ensure the stability and reliability of our foundation businesses as they are critical in delivering sufficient future cash flows to fund our growth projects, service our financial obligations and return dividends to our shareholders. We strive for operational excellence throughout the world. This requires capital investments to sustain operations.

We monitor our capital investment programme continuously to ensure that capital is employed effectively from the translation of our strategy into portfolios of delivered projects that are beneficial to the long-term growth of the group. Not only do we test our planned capital investments in a range of economic scenarios to ensure that risks are appropriately identified, evaluated and managed, but we also follow rigorous investment assurance and capital governance processes prior to each decision point. We emphasise the selection of effective projects whose execution will deliver maximum return and asset value for our shareholders on the back of the most effective risk management process.

As part of the review of the LCCP project's capital expenditure estimate, several changes have been, or are in the process of being, implemented to ensure that capital projects are managed and executed effectively. This includes, *inter alia*, the oversight by the Board's Capital Investment Committee, improvement of change management processes and improvement in the managing work packages on capital projects.

Simultaneously, we are improving our combined assurance plan to effectively manage the control environment in the LCCP and address the key areas of concern. We remain committed to ensuring that the project is delivered within cost and schedule.

In selecting new growth projects, reference is made to our hurdle rate, being 1,3 times Sasol's WACC rate. In determining our WACC rate, the methodology applied is consistent with global best practice and includes adjustments to take country specific risk into account.

Refer to page 19 of this report for details on our capital allocation.

j. Credit market risk and its impact on our debt profile

Global financial markets remain volatile, with the economies of both Europe and the US in the spotlight, as well as the developments in the oil markets, negative interest rates becoming more than just an isolated incident and the impact of "Brexit". The markets anticipated an interest rate increase in the US for the greater part of calendar 2016, however, the key 10-year US treasury rate reduced from 2,4% at the end of June 2015 to 1,6% in June 2016.

Refer to page 21 of this report for details on the credit rating review.

Despite the volatility, markets have remained open, with liquidity available to quality borrowers. Market volatility has a more pronounced impact on the availability of liquidity to sub-investment grade borrowers than on investment grade borrowers.

In anticipation of the planned capital investments in our project pipeline, we monitor our funding requirements on a continuous basis. This is part of our enterprise risk management activities to ensure that we maintain appropriate levels of liquidity to minimise any adverse impact on our investment rating.

We are using our US$4 billion committed term loan facility, secured against the assets of Sasol Chemicals (USA) LLC, to fund the capital expenditure of the LCCP. This term loan provides long-term funding to balance the abundant short-term liquidity available to the group.

We also have access to the US$1 billion corporate bond issued in November 2012, our R8 billion commercial paper programme, a US$1,5 billion revolving credit facility and committed bank credit lines. Appropriate liquidity and committed funding facilities are also an essential part of retaining Sasol's investment grade rating.

Financial performance

Earnings attributable to shareholders for the year ended 30 June 2016 decreased by 55% to R13,2 billion from R29,7 billion in the prior year. Headline earnings per share (HEPS) decreased by 17% to R41,40 and earnings per share (EPS) decreased by 56% to R21,66 compared to the prior year.

Operating profit of R24,2 billion decreased by 48% compared to the prior year on the back of a challenging and highly volatile global market. Average Brent crude oil prices moved dramatically lower by 41% compared to the prior year (average dated Brent was US$43/bbl for the year ended 30 June 2016 compared with US$73/bbl in the prior year). Although commodity chemical prices were lower due to depressed oil prices, there was still strong demand and robust margins in certain key markets. The average basket of commodity chemical prices decreased by 22% compared to a 41% decrease in oil prices. However, the average margin for our speciality chemicals business remained resilient compared to the prior year. The effect of lower oil and commodity chemical prices was partly offset by a 27% weaker average rand/US dollar exchange rate (R14,52/US$ for the year ended 30 June 2016 compared with R11,45/US$ in the prior year). On average the rand/bbl oil price of R630 was 25% lower compared to the prior year.

In addition, Sasol's profitability was further impacted by the following notable once-off and significant items:

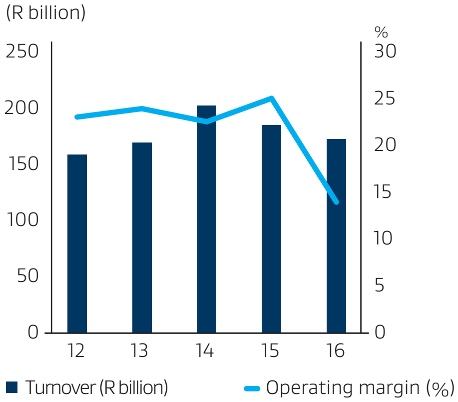
- a net remeasurement items expense of R12,9 billion compared to a R0,8 billion expense in the prior year. These items relate mainly to a partial impairment of our share in the Montney shale gas asset of R9,9 billion (CAD880 million);
- a cash-settled share-based payment charge to the income statement of R371 million compared to a credit of R1,4 billion in the prior year. The credit in the prior year was largely due to a 29% decrease in the share price in financial year 2015; and
- the reversal of a provision of R2,3 billion (US$166 million) based on a favourable ruling received from the Tax Appeal Tribunal in Nigeria relating to the Escravos Gas-to-Liquids (EGTL) project.

The increase in the effective corporate tax rate from 31,7% to 36,6% was mainly as a result of the R9,9 billion partial impairment of our Canadian shale gas assets which was partially offset by the recognition of a previously unrecognised deferred tax asset on the Production Sharing Agreement (PSA) in Mozambique of R945 million. The normalised effective tax rate, excluding equity accounted investments, remeasurement items and, in 2016, the reversal of EGTL provision, was 28,2% compared to 33,0% in the prior year.

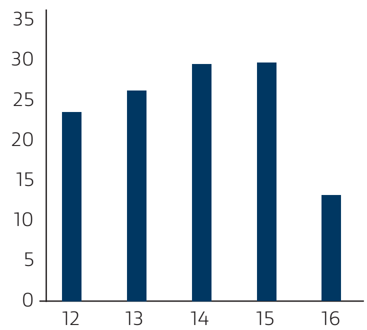
Cash generated by operating activities decreased by 12% to R54,7 billion compared with R61,8 billion in the prior year. Our net cash position remained favourable and decreased marginally by 2%, from R53 billion in June 2015 to R52 billion as at 30 June 2016, driven largely by our cash conservation initiatives and the impact of the favourable rand/US dollar translation effects.

We measure our financial performance in terms of various financial ratios. These ratios relate to a number of performance areas, including managing our margins, cash, gearing and return on equity:

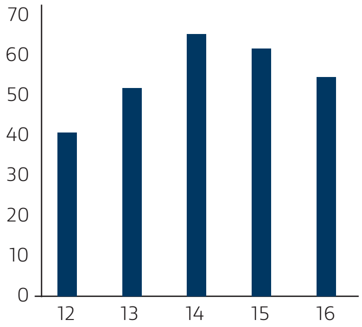
Turnover and operating margin
(R billion)



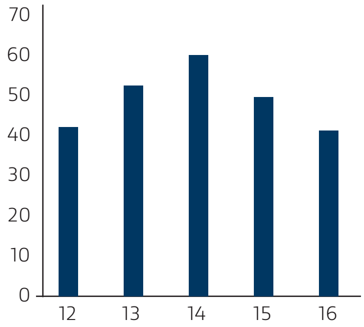
Profit attributable to shareholders
(R billion)



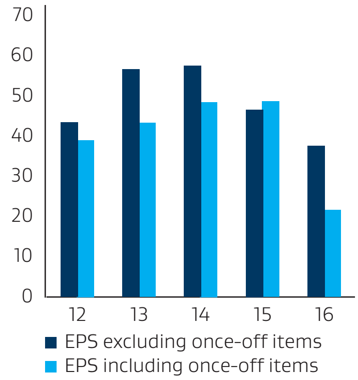
Cash generated by operating activities
(R billion)



Headline earnings per share
(Rand per share)



Earnings per share (EPS) including and excluding once-off items
(Rand per share)



Key drivers impacting operating profit

The key indicators of our operating performance during the year were as follows:

		2016 Rm	% change	2015 Rm	% change	2014 Rm
Turnover		**172 942**	**(7)**	185 266	(9)	202 683
Variable gross margin		**96 301**	**(5)**	101 428	(7)	108 983
Non-cash costs		**14 791**		(548)		14 354
Operating profit margin	%	**14**		24		23
Operating profit		**24 239**	**(48)**	46 549	2	45 818
Earnings attributable to shareholders		**13 225**	**(55)**	29 716	–	29 580
Earnings per share	Rand	**21,66**	**(56)**	48,71	–	48,57
Headline earnings per share	Rand	**41,40**	**(17)**	49,76	(17)	60,16

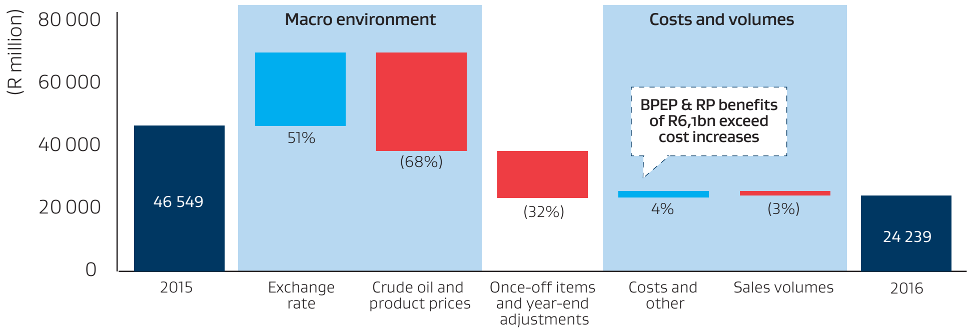
Operating profit decreased by 48% (R22 310 million) in 2016 compared to a 2% increase (R731 million) in 2015. The movement in the reported operating profit is due to the following primary drivers:

	2016 Rm	%*	2015 Rm	%*
Foreign currency effects	**23 510**	**51**	6 486	15
Crude oil and product prices	**(31 505)**	**(68)**	(21 008)	(46)
Once-off items and year-end adjustments**	**(14 969)**	**(32)**	14 710	32
Depreciation	**(1 918)**	**(4)**	(1 426)	(3)
Costs	**3 956**	**8**	(381)	(1)
Sales volumes	**(1 384)**	**(3)**	2 350	5
(Decrease)/increase	**(22 310)**	**(48)**	731	2

* Reported as a percentage of operating profit of the prior year.
** Represents movement in relation to the prior year.

The decrease in operating profit over the last year can be graphically depicted as follows:

Operating profit – impacted by volatile macro environment and once-off items

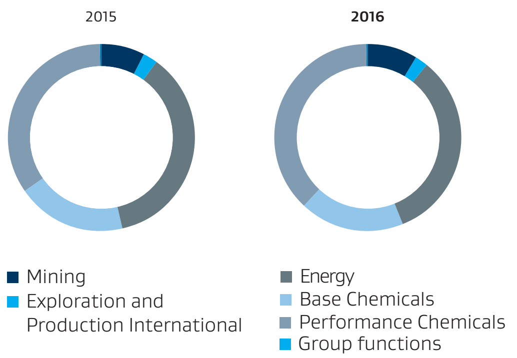


Focusing on operational performance

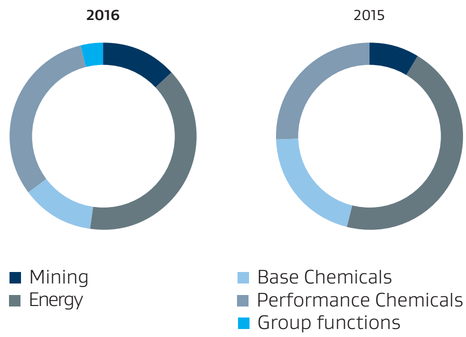
Notwithstanding a tough macro-economic environment, we maintained a strong operational performance across our global integrated value chain over the year. Our Energy business liquid fuels production increased by 1% compared to the prior year due to record production volumes by Secunda Synfuels Operations and continued stable operations at the Natref Operations.

The composition of turnover and operating profit by segment is set out below:

Contribution to group turnover (%)



Contribution to operating profit (%)



Operating Business Units

Mining's operating profit increased by 9% to R4 739 million mainly as a result of meaningful contributions from the BPEP and RP levers. Normalised unit costs of production were contained to 5% below inflation for the second consecutive year. Our Syferfontein colliery produced a South African record of 11 million tons of production by an underground mine in a financial year. Export coal volumes decreased by 6% to 3,2 million tons and continued to benefit from the weaker rand/US dollar exchange rate.

Exploration and Production International (E&PI) recorded an operating loss of R11 714 million compared to an operating loss of R3 170 million in the prior year. Excluding the partial impairment of our Canadian shale gas operations of R9 882 million (CAD880 million), our E&PI businesses recorded a loss of R1 832 million.

Our Mozambican operations recorded a profit of R1 128 million compared to a profit R1 847 million in the prior year. The decrease was mainly due to translation losses of R673 million. Production volumes increased by 5% as a result of our efforts to debottleneck the production facility, coupled with the increase in gas transportation capacity to 169 bscf and a full volume offtake by our joint electricity operations in Mozambique.

The lower oil price had a significant impact on our Gabon assets resulting in a loss of R994 million compared to a R1 124 million loss in the prior year, which included the partial impairment of the asset of R1 331 million. The new development wells brought on line during the financial year resulted in a 16% higher average of 18 824 barrels of oil production per day (on a gross basis) when compared to 16 284 barrels in the prior year.

Our Canadian shale gas asset in Montney generated an operating loss of R10 957 million, including a partial impairment of R9 882 million. Excluding the effect of the partial impairment, the loss decreased to R1 075 million compared to R1 153 million in the prior year, mainly due to a lower depreciation rate. Our Canadian gas production volumes were 5% lower compared to the prior year due to reduced development activities, driven by lower oil and gas prices. In order to manage the shale gas asset through the low gas price environment, we concluded an agreement with our partner, Progress Energy, to settle the outstanding funding commitment of R4 160 million (CAD380 million) and reduce the pace of appraisal, development and drilling activities. An 18-month reduced work programme was approved in June 2016.

Despite the impact of lower gas prices and weaker oil prices affecting the profitability of the business, E&PI contributed R5,1 billion to Sasol's cash conservation initiatives during the year through reduced capital cash flow and exploration spend and cash fixed cost savings.

Strategic Business Units

Energy's operating profit of R14 069 million decreased by R8 457 million or 38% compared to the prior year, compared to a 41% reduction in crude oil prices. Operating margins held firm at 22%, mainly as a result of record production volumes, higher liquid fuels sales through higher yielding marketing channels, the weaker rand/US dollar exchange rate and contributions from the BPEP and RP initiatives. Normalised cash fixed costs remained flat in nominal terms.

The total production of liquid fuels increased by 1%. Sales volumes, however, remained flat on the back of challenging market and trading conditions experienced during the first half of the financial year, driven by lower demand for liquid fuels in Southern Africa, specifically in the agricultural, mining and manufacturing sectors. Gas sales volumes were 1% higher compared to the prior year, mainly due to higher methane-rich gas sales to commercial customers. Our share of the Central Térmica de Ressano Garcia (CTRG) joint operation in Mozambique delivered 653 gigawatt-hours of electricity.

Internationally, our share of losses from equity accounted investments of R19 million, was R1 442 million lower compared to prior year, primarily due to lower global oil prices. The ORYX GTL facility achieved an average utilisation rate of 81%, while maintaining a world class safety recordable case rate of 0,0. In Nigeria, the EGTL plant is still in its ramp-up phase and working towards stable operation to maximise diesel and naphtha production. A ramp-up in production volumes is expected following the planned shutdown that will occur during the first half of 2017.

During February 2016, in light of the current economic environment, we decided to review our long-term strategic interest in the Uzbekistan Gas-to-Liquids (GTL) investment. As a result, in April 2016, we decided to withdraw from our equity participation in the project. This resulted in a net loss of R563 million.

Base Chemicals reported a 56% decrease in operating profit to R4 486 million compared to the prior year, and the operating margin decreased from 26% in the prior year to 13%. Excluding the partial impairment of our low density polyethylene cash generating unit in the US of R956 million (US$65 million) and R537 million impairment of our methyl isobutyl ketone business in Sasolburg, and other once-off items, operating profit decreased by 33% to R5 979 million compared to the prior year.

Sales volumes were down by 8% as a result of a planned extended shutdown to enable commissioning activities associated with the C3 expansion project, subdued demand for explosives and fertilizers and a planned stock build. Normalised sales volumes were down by 2,6%, of which 1% relates to the planned stock build. A 22% decrease in our basket of commodity chemical prices was partly negated by the weaker rand/US dollar exchange rate. In nominal terms, our cash fixed costs reduced by 1,5% compared to the prior year, mainly as a result of benefits achieved from the BPEP and RP initiatives and a refinement of our cost transfer allocation methodology between strategic business units.

Performance Chemicals continued to deliver a solid performance. Operating profit of R11 276 million decreased by 11% compared to the prior year mainly as a result of the R2 021 million impairment reversal on the FT wax expansion project (FTWEP) in the prior year. Normalising for this impact, operating profit increased by 5%.

Our operating margin reflects the full annual depreciation charge being recognised on FTWEP, while the project is still ramping up to full production. This increase was largely as a result of the resilience of the margins achieved by our European surfactants and alcohols businesses, negated by lower ethylene prices which negatively impacted the margins of our assets in the US. Production volumes in our Eurasian Operations increased by 4%, while production volumes at our US Operations remained flat compared to the prior year.

Total sales volumes decreased marginally by 1% compared to the prior year, as a result of planned shutdowns at our ethylene plant in North America and our production facilities in Sasolburg reduced demand for oil field chemicals. The decrease in wax and ammonia sales volumes was offset by a 4% increase in organic sales volumes. Normalised sales volumes were up by 1,8%. Normalised cash fixed costs decreased by 5,2%, in nominal terms, mainly as a result of BPEP and RP initiatives.

Managing cash fixed costs

Being primarily a commodity business, we aim to control and maintain increases in our cash fixed costs to within inflation on a year-on-year basis.

In 2016, the indicative average South African PPI inflation rate was 5,6% (2015 – 5,0%) and the average South African CPI inflation rate was 5,6% (2015 – 5,1%).

We continued to drive our cost containment programme and held cash fixed costs flat in nominal terms compared to the prior year. Excluding the impact of inflation, exchange rates and once-off costs, our cash fixed costs reduced by 8,1% compared to the prior year. The strong cost performance was achieved by an accelerated sustainable delivery of our BPEP and RP.

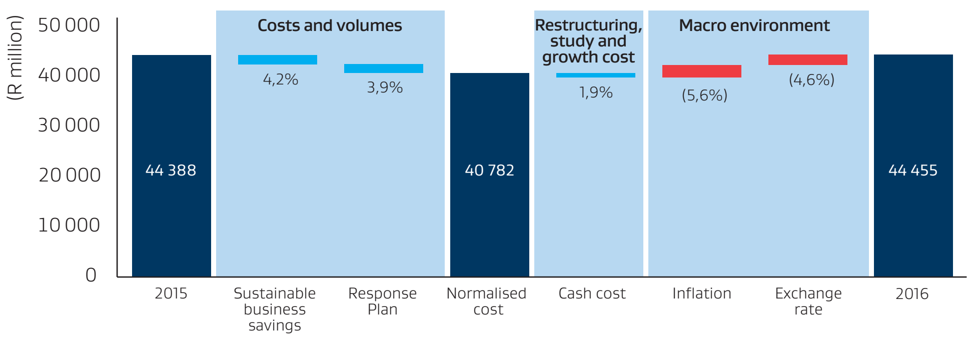
The factors affecting an increase in our cash fixed costs over 2016 were as follows:

	2016 Rm	2015 Rm	%*
Cash fixed costs	**44 455**	44 388	0,2
Less exchange rates	**(2 064)**		
Total cash fixed costs excluding currency effects	**42 391**	44 388	(4,5)

* Reported as a percentage of operating profit of the prior year.

The year-on-year increase in cash fixed costs can be graphically depicted as follows:

Cash fixed cost – proactive cash and cost savings initiatives drive costs down



Going forward, our objective to keep our costs in line with inflation may be negatively impacted by:

- expenditure to ensure continued plant stability and reliability;
- labour and electricity costs which escalate above inflation;
- costs incurred on growth initiatives and new projects; and
- currency effects.

To mitigate these risks, our BPEP identified key drivers for cost optimisation. These are aimed at extracting efficiencies from the new operating model, improving operational productivity, establishing fit-for-purpose functions, and driving inbound supply chain cost reductions. We expect to achieve sustainable savings at an exit run rate of R5,4 billion by the end of the 2018 financial year. We forecast that cost trends will track South African PPI from the 2017 financial year. As part of our low oil price RP, we are currently working to deliver further sustainable cash cost savings of R2,5 billion annually by the 2019 financial year. In addition, our strategic imperatives such as the operations excellence programme, business improvement plans and the increase in self-generated electricity, are all geared to reduce cost on a sustainable basis.

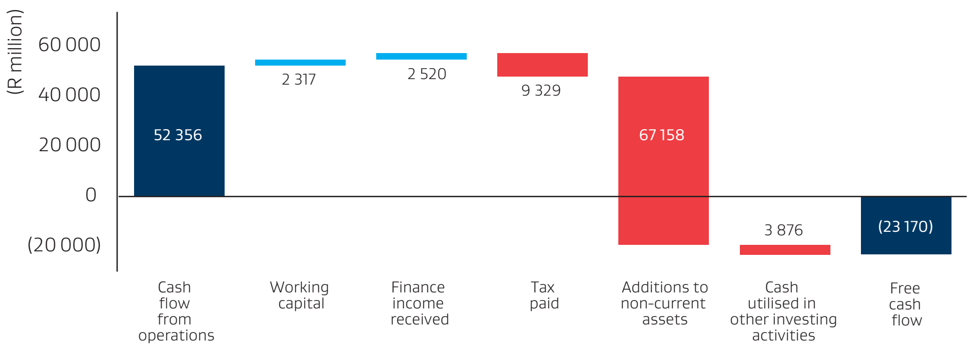
In addition, we have installed power-generation facilities at our Italian operations and hold a 49% interest in a 175 megawatt gas-fired power generation plant at Ressano Garcia in Mozambique, in partnership with the country's state – owned power utility, Electricidade de Moçambique. We continue to investigate further gas-to-power opportunities.

Our cash flow generation and utilisation

	2016 Rm	2015 Rm	% change	2014 Rm	% change
Cash generated by operating activities	**54 673**	61 783	(12)	65 449	(6)
Additions to non-current assets[1]	**70 409**	45 106	56	38 779	16
Increase in debt	**30 420**	13 286		905	
Free cash flow	**(23 170)**	13 687	(269)	19 909	(31)

1 Includes accruals on capital projects

Free cash flow waterfall analysis



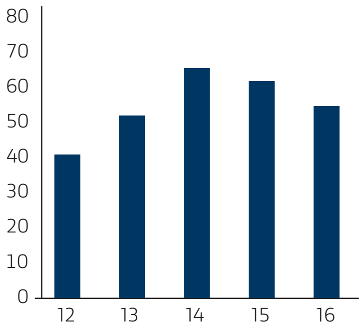
We had negative free cash flow of R23,2 billion in the year (2015 – R13,7 billion positive free cash flow) mainly due to the significant capital expenditure in the year of R70,4 billion. Free cash flow generation is one of the most important drivers of sustaining and increasing shareholder value. We define free cash flow as consisting of both operating components (operating profit, change in operating working capital and capital investment) as well as non-operating components, including financial income and taxes. We seek to maximise our free cash flow generation across our global and diversified group. Business unit management is required to continuously improve operating profits as well as optimise working capital and our capital investment programme. Financial expenses and taxes are managed centrally to a large degree by our central treasury and tax functions, respectively. Our strategic objective to deliver value to our stakeholders underpins all these efforts.

We apply cash generated from operating activities to repay our debt and tax commitments and then provide a return to our shareholders in the form of dividends. Remaining cash is used to fund our capital investment programme. Any shortfall in the funding of our capital investment programme will be funded from borrowings. As a result, this will impact our gearing ratio.

a. Cash generated by operating activities

We generated R54,7 billion cash from operating activities in 2016. Over the last three years, we generated an average of R60,6 billion cash a year from operating activities.

Cash generated by operating activities
(R billion)

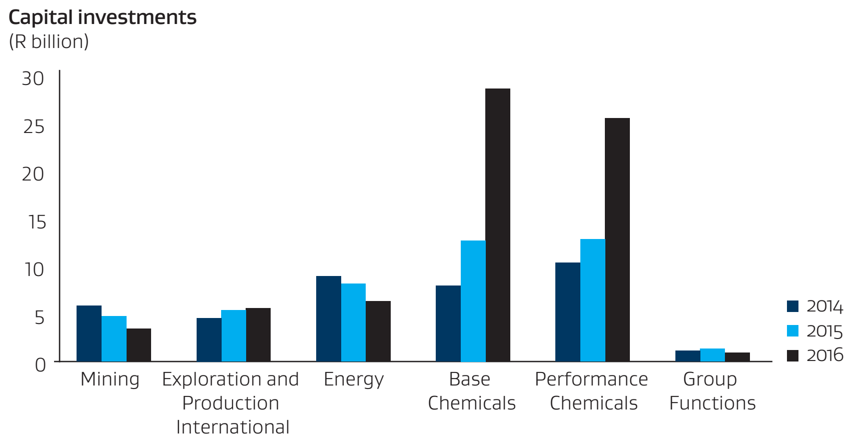


The current year has again seen all our businesses generate positive cash flow from operations with the most significant contributor being Energy. The Energy business contributed R17,7 billion to cash flow from operations, which was underpinned by increased liquid fuels sales volumes.

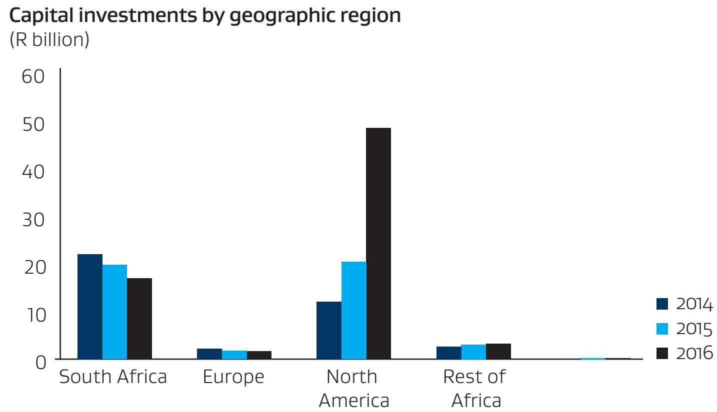
Our working capital decreased by R2,3 billion during the 2016 financial year compared with the previous year. Trade and other receivables decreased by R3 billion in line with the decrease in turnover whilst inventory decreased by R1,1 billion mainly due to lower prices and better working capital management. Our working capital ratio for 2016 was 10,5% compared with 11,7% of the previous year. Our target working capital ratio of 16% remains in place for 2017. The RP, which we entered into in 2015, to better position the group in tough credit markets, continues to result in strong cash resources being available to the group. Our focus remains on strengthening our working capital management and credit exposure, and cash fixed cost containment continues.

b. Capital investments

Our central treasury funds all the group's capital investments that are then executed by wholly-owned subsidiaries. The central treasury in turn is funded by means of a group cash pooling system. The net funding requirement is raised from the local and international debt markets and takes into account our self-imposed targeted gearing range, which is between 20% and 40% (temporarily lifted to 44% until 2018). Over the last three years, we have made capital investments of R154 billion, of which R70,4 billion was invested in 2016. This relates primarily to the US ethane cracker and downstream derivatives project, Secunda Synfuels Operations planned maintenance outage, the extension of our reserves at Mining, the construction of the wax production facility in Sasolburg, South Africa, and the development of our Canadian shale gas assets, as well as various other small projects.



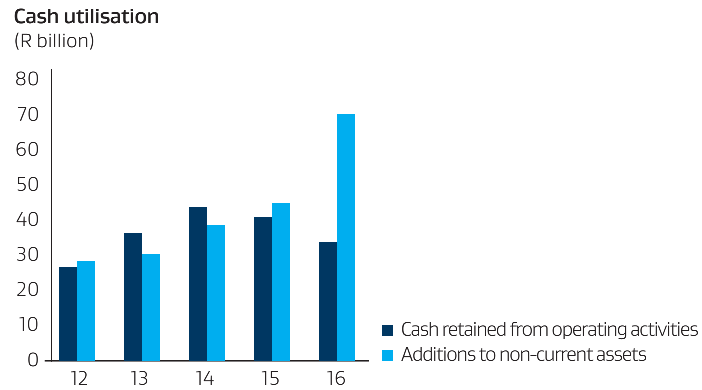
In the last three years. we have focused our investment mainly in projects in South Africa and the United States, with some investments in Canada, Mozambique, Germany and Qatar.



Our capital investment in South Africa was R17 billion in 2016, which is approximately 23% of the total capital investment for the year.

Further details of additions to our non-current assets is provided in notes 17 and 18 to our Annual Financial Statements.

c. Cash utilisation



In 2016, the cash outflow of our capital investment programme exceeded the cash retained from operating activities by R37 billion.

Managing our funding strategy

Managing our funding strategy

Delivering shareholder value depends on the successful execution of our growth projects both locally and internationally. We strive to deliver returns on invested capital above our WACC, as well as our internal hurdle rates.

a. Allocating capital optimally

We have a solid process in place to ensure that we allocate capital optimally. Various governance structures, which support the Investment Committee, the Group Executive Committee and the Sasol Limited Board, rigorously screen all capital investment projects.

We have optimised our investment assurance process and resource structure to ensure independent, integrated and fit-for-purpose investment assurance on all capital projects presented to these committees.

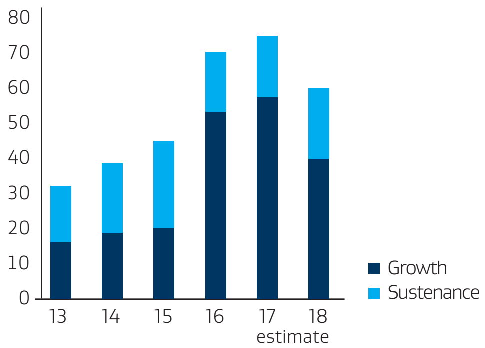
We evaluate projects against prioritisation criteria and rank them with a focus on risks and returns. The prioritisation criteria include strategic alignment, competitive advantage, business robustness, financial returns, project risk and execution capability, project maturity and markets.

Notwithstanding our cash conservation achievements, we maintain a balance to ensure that appropriate business development activities continue to fill the project pipeline and in so doing enable the fulfilment of our strategic objectives beyond the RP period.

Due to the impact of the weakening of the rand/US dollar exchange rate and the revised cost estimate on the LCCP, we increased our capital expenditure forecast to R75 billion for 2017 and R60 billion for 2018.

The trend analysis for capital investments is illustrated below:

Additions to non-current assets (including capital accruals)
(R billion)



b. Meeting our hurdle rates

In general, approximately 80% of all new growth capital investment projects are required to provide a targeted return of at least 1,3 times our WACC rate, which is currently 14,05% in South African rand terms and 8,00% in US dollar terms. This rate of return does not apply to sustenance capital expenditure on existing operations, in particular environmental projects where it is typically difficult to demonstrate economic viability.

c. Financing our capital projects

We actively consider all alternatives to fund our capital investments. We generally prefer internal funding options – such as the phasing or reduction of capital expenditure, enhancing project economics, as well as cost optimisation – to more expensive debt and equity funding. However, these internal alternatives include an element of risk and associated costs.

Given the scale of the capital requirements for our growth initiatives and their potential impact on the group's gearing and credit rating, we consider various funding alternatives. Where projects are executed in partnerships and in foreign jurisdictions, particularly those where an element of political risk exists, we use project finance as a development tool to mitigate such risk as well as geographic and concentration risk, and to some extent, liquidity risk.

We have prioritised our growth aspirations as we steadily advance our growth strategy, particularly in Southern Africa and North America. Capital investments in these regions will constitute a significant portion of our total capital expenditure over the next 10 years. Our gearing remains low, and we have sufficient headroom in our balance sheet to fund these opportunities, and provide a buffer against volatilities.

Given our standing in global credit markets, we are acutely aware that we need to manage our gearing within our long-term targeted range. We recognise the importance of lenders and bondholders as stakeholders. We expect that our gearing is likely to reach our targeted gearing range of 20% – 44% in the near-term.

The successful issue of our US dollar bond in 2012 makes us an active participant in the global capital markets and provides a benchmark for our credit. We maintain a flexible funding approach to our capital expenditure programme, taking into account all available options and ensuring that our pipeline of growth projects is not affected, and that our capital investments continue to provide a foundation for our long-term shareholder value proposition.

d. Solvency and Liquidity

We manage our solvency and liquidity risk by adhering to our defined risk appetite and tolerance measures. Factors which influence solvency and liquidity include the ability of our business to generate positive equity driven by profit, the effect of macro-economic factors and foreign exchange movements on earnings and changes in capital requirements. The group monitors liquidity risk by effectively managing its working capital, capital expenditure and cash flows by making use of a central treasury function to manage pooled business unit cash investments and borrowing requirements. We finance our capital expenditure from funds generated out of our business operations, existing borrowing facilities and, in some cases, additional borrowings to fund specific projects.

We have a dynamic funding plan that is updated on a regular basis, and presented to the Sasol Limited Board quarterly, which takes into account the risk metrics to ensure that we are solvent and liquid for the year ahead. Capital and dividends decisions are modelled against the defined risk appetite and tolerance measures and stress tested against many scenarios to ensure that the group remains resilient. The solvency and liquidity test is then further stress tested to establish debt tolerance.

Currently the group is maintaining a positive cash position, conserving the group's cash resources through a renewed focus on working capital improvement and capital reprioritisation. The group meets its financing requirements through a mixture of cash generated from its operations and, short- and long-term borrowings. Adequate banking facilities and reserve borrowing capacities are maintained. The Sasol group is in compliance with all of the financial covenants per its loan agreements, none of which is expected to present a material restriction on funding or its investment policy in the near future.

We believe that cash on hand and funds from operations, together with our existing borrowing facilities, will be sufficient to cover our working capital and debt service requirements in the year ahead.

Managing our debt profile

Our debt profile has a longer-term bias, which reflects both our capital investment programme and the overall positive results generated by our operating activities over the last three years.

Our debt is made up as follows:

	2016 Rm	2015 Rm	2014 Rm
Long-term debt	**79 877**	42 066	25 921
Short-term debt	**138**	534	135
Bank overdraft	**136**	319	379
Total debt	**80 151**	42 919	26 435
Less cash (excluding cash restricted for use)	**49 985**	48 329	37 155
Net debt/(cash)	**30 166**	(5 410)	(10 720)
Increase in funding (proceeds minus repayments of debt)	**30 420**	13 286	905

The ratio of long-term debt to short-term debt remained unchanged when compared to 2015. The average tenure of our debt portfolio is eight years. The movement in long-term debt comprises mainly of proceeds of new debt raised of R36 909 million, offset by payments of debt totalling R6 489 million for the year. The new debt relates mainly to the funding of the LCCP.

a. Debt profile

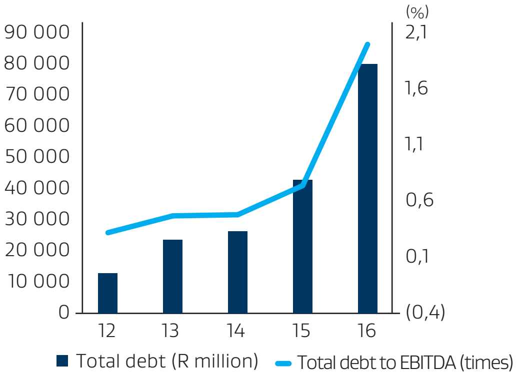
Our long-term capital expansion projects are financed by a combination of floating and fixed rate long-term debt, as well as internally generated funds. We endeavour to match debt to the currency of the underlying revenue generation.

Our debt profile at 30 June analysed by currency was:

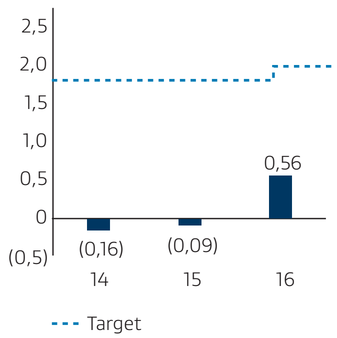
	2016 Rm	2016 %	2015 Rm	2015 %	2014 Rm	2014 %
Rand	**20 138**	**25**	18 866	44	14 575	55
US dollar	**58 686**	**73**	23 332	54	10 890	41
Euro	**473**	**1**	721	2	780	3
Other	**854**	**1**	–	–	190	1
Total debt	**80 151**	**100**	42 919	100	26 435	100

As we execute our growth initiatives in the US, we expect that our debt exposure will be biased towards the US dollar, matching the currency in which marginal revenues will be earned.

Total debt to EBITDA
(R million)



Net debt: EBITDA
(times)



b. Credit ratings

Our credit rating is influenced by some of our more significant risks. These include crude oil price volatility; movements in the sovereign credit rating of the Republic of South Africa; our investments in developing countries and their particular associated economic risks; the potential for significant debt increase and the execution challenges associated with a number of our planned growth projects if they materialise simultaneously; and the risks arising from potential increases in capital costs associated with these projects.

Our foreign currency credit rating according to Moody's is Baa2/negative outlook P-1 and our national scale issuer rating is Aa1.za/P-1.za. Standard and Poor's (S&P) current outlook on Sasol is stable. The foreign currency credit rating by S&P is BBB/Stable/A-2.

c. Strategy for mitigation of interest rate risk

Our debt is comprised of different instruments, which by their nature either bear interest at a floating or a fixed rate. We monitor the ratio of floating and fixed interest in our loan portfolio and manage this ratio by electing to incur either bank loans, bearing a floating interest rate, or bonds, which bear a fixed interest rate.

We also use interest rate swaps, where appropriate, to convert some of our debt into either floating or fixed rate debt to manage the composition of our portfolio.

In July 2015, we entered into an interest rate swap to convert 50% of the US$4 billion term loan facility incurred by Sasol Chemicals (USA) LLC (to part fund the capital expenditure of the LCCP) from a variable to a fixed rate.

Our debt exposure, after taking into account the interest rate swaps, to fixed and variable rates is as follows:

	2016 Rm	%	2015 Rm	%
Fixed interest rates	**29 045**	**36**	16 719	39
Variable interest rates	**50 065**	**63**	25 468	59
Non-interest bearing	**1 041**	**1**	732	2
Total debt	**80 151**	**100**	42 919	100

To limit the group's total exposure to interest rate risk (fixed and variable), we have adopted a gearing policy that requires us to manage our gearing within a targeted range.

Analysing our shareholding and equity

a. Shareholding

Sasol's shareholder base consists primarily of large institutional shareholders, as well as a significant number of value investors. The top 20 shareholders collectively own more than 60% of Sasol's outstanding shares. Approximately two-thirds of our shareholder base is in South Africa, with the rest outside South Africa.

b. Total shareholder return

We return value to our shareholders by way of both dividends and share price appreciation.

Over the past five years, the price of Sasol's ordinary shares has been volatile. A shareholder who purchased a Sasol share on 30 June 2011 at R355,98 would have received R92,10 in cumulative dividends. Based on a closing share price of R397,17 on 30 June 2016, the share price has appreciated by R41,19 in capital over the same period.

The performance of the share price over this period was influenced by a combination of factors which we could control (directly related to improved operational efficiency and various cost-containment initiatives) and to factors beyond our control such as market sentiment and the partial recovery of the global economy following the 2008 economic crisis and continuous macro-economic uncertainties. The volatility of the Brent crude oil price, coupled with the rand/US dollar exchange rate, has further contributed to the lower share price performance, especially during 2016.

Total shareholder return (TSR) is a measure of the performance of the company's shares over time, and combines both share price appreciation and dividends paid to indicate the total return to a shareholder over the period. One of the benefits of TSR is that it allows the performance of companies to be compared, irrespective of the dividend policy followed. It is determined by calculating the growth in capital from purchasing a share to the end date, assuming that the dividends are re-invested each time they are paid. Sasol's TSR for the five-year period ending 30 June 2016 was 38%, expressed in rand terms and negative 37% in US dollar terms, which is in the mid-range of peers.

c. Dividends

Sasol's dividend policy is to pay dividends within a dividend cover range based on headline earnings per share, which takes into consideration various factors, including overall market and economic conditions, Sasol's financial position, capital investment plans as well as earnings growth. The dividend policy provides flexibility for the group to manage our balance sheet. This will also allow us to execute our growth programme while continuing to return value to shareholders through dividend payments.

Our policy is to pay a dividend to shareholders on a bi-annual basis (interim and final). In determining the dividend, we take cognisance of the prevailing circumstances of the group, future re-investment opportunities, financial performance, as well as trading and significant changes in the external economic environment during the period.

At 30 June 2016, the dividend cover was 2,8 times (30 June 2015 – 2,7 times). The Sasol Limited Board of Directors declared a final gross dividend of R9,10 per share (21% lower than the prior year). The dividend demonstrates our commitment to return value to shareholders through dividend payments.

Outlook for 2017

The significant change programme, launched in 2012, has placed the group in the strongest position possible to respond to the volatile macro-economic environment. Our BPEP and RP targets have been intensified to prepare the group for a lower for much longer oil price. The year ahead is likely to present a demanding operating environment marked by lower oil and commodity prices with a volatile exchange rate. However, the group's strategic positioning, flexible balance sheet, and committed employees will enable us to withstand the macro-economic uncertainties and volatile markets for the sustained benefit of our shareholders.

While the outcome of the UK referendum adds a further element of uncertainty and downside risk to the global economic outlook, we expect moderate global growth to be maintained, with advanced economies generally performing better than commodity- and oil-exporting nations. In the short-term, high oil inventory levels are expected to continue weighing on the market, but as more evidence emerges of lower non-OPEC production, the oil price cycle is likely to turn higher. The extent and timing of this upturn remains difficult to predict. Although the rand showed some resilience in recent months, we believe that the currency still faces a number of near-term depreciation risks as the potential for a sovereign credit downgrade has not been eliminated, domestic growth prospects remain challenging, and emerging market sentiment is still fragile. As oil price and foreign exchange movements are outside our control, our focus remains firmly on managing factors within our control, including volume growth, cost optimisation, project execution, effective capital allocation and cash conservation.

We expect an overall strong production performance for the 2017 financial year, with:

- Liquid fuels sales volumes for the Energy business in Southern Africa to be approximately 61 million barrels;
- Base Chemicals and Performance Chemicals sales volumes to be higher than the prior year;
- A higher average utilisation rate at ORYX GTL in Qatar of approximately 90%;
- Improved utilisation rate at EGTL in Nigeria due to a steady ramp-up;
- Normalised cash fixed costs to remain in line with SA PPI;
- The RP cash flow contribution to range between R15 billion and R20 billion;
- BPEP cash cost savings to achieve an annual run rate of R5,4 billion by financial year 2018;
- Capital expenditure, including capital accruals, of R75 billion for 2017 and R60 billion in 2018 as we progress with the execution of our growth plan and strategy. The LCCP capital spend guidance has been provided in the Investor Fact Sheet available on our website at www.sasol.com. Capital estimates may change as a result of exchange rate volatility;
- Our balance sheet gearing up to a level of between 25% and 35%;
- Average Brent crude oil prices to remain between US$40 and US$50; and
- Ongoing rand/US dollar volatility due to various factors, including the pending outcome of the next review of the South African sovereign credit rating and increased capital inflows resulting from investors seeking higher yields globally, including South Africa.

Our balance sheet remains strong and is again testament to our commitment to deliver value. We will continue to diligently manage each of our value drivers, to create value for our shareholders on a sustainable basis.

Paul Victor
Chief Financial Officer

9 September 2016

Report of the Audit Committee

Colin Beggs, *Chairman of the Audit Committee*

The Audit Committee continued to play a strategic role in overseeing Sasol's financial reporting, internal controls, risk management systems and internal and external audit functions.

Dear shareholder,

The Audit Committee (the Committee) presents this report in respect of the 2016 financial year.

This report has been prepared based on the requirements of the South African Companies Act, 71 of 2008 as amended (the Companies Act), the King Code of Governance Principles for South Africa 2009 (King III), the Johannesburg Stock Exchange (JSE) Listings Requirements and other applicable regulatory requirements.

Composition and meetings

In compliance with listings requirements, applicable United States (US) Securities and Exchange Commission (SEC) rules and South African legislation, all members of the Audit Committee are independent Non-executive Directors. They are financially literate and most have extensive audit committee experience. None of the members serve on the audit committees of more than three listed public companies.

Mr C Beggs has been designated as the Audit Committee financial expert in accordance with the SEC rules. The Chairman of the Board, the Joint Presidents and Chief Executive Officers, the Chief Financial Officer, the Chief Assurance Officer, the Senior Vice President responsible for Risk, Safety and the Environment, the Senior Vice President responsible for Information Management and the external auditors attend Audit Committee meetings by invitation.

The Committee is required to meet at least three times a year. The Committee met four times during the financial year. Attendance was as follows:

Member	3 September 2015	9 October 2015	3 March 2016	30 May 2016
C Beggs (Chairman)	✓	✓	✓	✓
MNA Matyumza	✓	✓	✓	✓
IN Mkhize	✓	✓	✓	✓
MJN Njeke	✓	✓	✓	✓
S Westwell	✓	✓	✓	✓

✓ Attendance

Statutory duties and functions

The Committee is constituted as a statutory committee of Sasol Limited in line with the Companies Act and accountable in this regard to both the Board and Sasol's shareholders. It is a committee of the Board in respect of all other duties the Board and US legislation assigns to it and has been delegated extensive powers to perform its functions in accordance with the Companies Act and US corporate governance requirements.

The Committee fulfilled all its statutory duties as required by section 94(7) of the Companies Act. The Committee also acts as the audit committee for all South African companies within the Sasol group.

The Board annually reviews and approves the Committee's terms of reference in terms of which responsibilities of the Committee include assisting the Board in overseeing the:

1. Quality and integrity of the company's integrated reporting, including its financial statements and public announcements in respect of the financial results;
2. Qualification and independence of the external auditors and the scope and effectiveness of the external audit function;
3. Effectiveness of the group's internal controls and internal audit function; and
4. Compliance with legal and regulatory requirements to the extent that it might have an impact on financial statements.

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

Executing on our statutory duties and other areas of responsibilities

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

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

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

- The Committee guides the integrated reporting process, which includes reporting on sustainability matters, having regard to all factors and risks, including any significant legal and tax matters and any concerns identified that may impact on the integrity of the integrated report or could have a material impact on the financial statements. We also considered findings and recommendations from other Board committees insofar as they are relevant to the functions of the Audit Committee.
- The external auditor's report was considered and the Committee was assured by them that adequate accounting records were being maintained. We also considered whether any reportable irregularities were identified and reported by the external auditors in terms of the Auditing Profession Act, 2005, and determined that there were none.
- The Committee approved the appointment of PricewaterhouseCoopers Inc. (PwC) to provide limited assurance for selected sustainability development indicators, supported by the internal audit function. We considered the findings, made appropriate enquiries and, through this process, received the necessary assurances that material disclosures are reliable and do not conflict with financial information.
- The Committee considered accounting treatments, significant unusual transactions and accounting judgements. We reviewed the accounting policies, practices and the internal controls of the company and considered the effectiveness of the group's disclosure controls and procedures. The Committee is satisfied that they are appropriate, adequate and comply in all respects with the relevant provisions of the Companies Act and IFRS and Interpretations of those standards as issued by the International Accounting Standards Board.

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

The Committee is satisfied with the process and confirms that no significant concerns or complaints were raised during the financial year under review.

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

- Taking into account, to the extent deemed necessary, the views of internal and/or external counsel, the Committee, together with management, considered legal matters that could have a material impact on the group.
- The Committee reviewed, with Sasol's internal counsel, the adequacy and effectiveness of the group's procedures to ensure compliance with financial, legal and regulatory responsibilities.

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

- The Committee nominated PwC as the external auditor for the company and the group for the financial year ended 30 June 2016 and their appointment complies with the Companies Act, JSE Listings Requirements and all other applicable legal and regulatory requirements.
- Taking into consideration the criteria specified for independence by the Independent Regulatory Board for Auditors and international regulatory bodies, PwC confirmed in an annual written statement that their independence has not been impaired.
  - The Committee was assured that no member of the external audit team was hired by the company or any other company within the group in a financial reporting oversight role during the year under review.
  - The auditor's independence was not impaired by any consultancy, advisory or other work undertaken by them for the company or any previous appointment as auditor of the company or any other company within the group.
  - The auditor does not, except as external auditor, or in rendering of permitted non-audit services, receive any direct or indirect remuneration or other benefit from the company or any other company within the group.
- The Committee satisfied itself that PwC, as well as the individual auditor determined by PwC to be responsible for performing the functions of auditor, were duly accredited as such on the JSE's list of auditors.
- The Committee reviewed and approved the external audit plan, the budgeted and final fee for the reporting period and the terms of engagement of the external auditors. The Committee pre-approved all audit and permissible non-audit services that PwC provides.
- The quality of the external audit process was reviewed and the Committee concluded it to be satisfactory.

It was confirmed that no unresolved issues of concern exist between the group and the external auditors.

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

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

The Committee is of the opinion that there were no material breakdowns in internal control during the 2016 financial year

- Sasol has designed such internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting practices.
- Together with the Risk and SHE Committee, the Committee also considered fraud and information technology risks and controls. We considered the performance of information management, which includes IT, against an approved governance framework and are comfortable that IT controls are in place and effective and that the return on major IT investments, aligned to Sasol's strategy, is being monitored.
- The Committee considered the reports of the internal and external auditors on the group's systems of internal control, including financial controls, enterprise risk management and maintenance of effective internal control systems. Significant issues raised and the adequacy of corrective action in response thereto, was reviewed.
- The Committee reviewed the plans and outputs of the external and internal auditors and concluded that these were adequate to address all significant financial risks facing the business.
- The Committee is satisfied that there is adequate segregation between the external and internal audit functions and that the independence of the internal and external auditors is not in any way impaired or compromised.

In regard to the increase in the capital cost estimate of the Lake Charles Chemicals Project (LCCP), the Committee

- Reviewed the adequacy and effectiveness of internal controls, including the proposed control improvements, over financial reporting and concluded it to be satisfactory.
- Has increased its focus on project execution controls in conjunction with the Board Capital Investment Committee, supporting management's effort in delivering of the LCCP within the revised time and cost budgets.
- Is overseeing the improvement of the combined assurance plan to ensure that key areas of concern are addressed.

The Committee is satisfied with the appropriateness of the expertise and experience of the Chief Financial Officer and the expertise, resources, successions and experience of Sasol's finance functions

Conclusion

The Committee is satisfied that it has complied with all its statutory and other responsibilities.

Having had regard to all material risks and factors that may impact on the integrity of the Integrated Report and the Annual Financial Statements and following appropriate review, the Committee recommended the Annual Financial Statements of Sasol Limited for the year ended 30 June 2016 for approval to the Board.

On behalf of the Audit Committee

Colin Beggs
Chairman of the Audit Committee
8 September 2016

Approval of the financial statements

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

The Annual Financial Statements are prepared in accordance with IFRS as issued by the International Accounting Standards Board and applicable legislation and incorporate disclosure in line with the accounting policies of the Group. The Annual Financial Statements are based upon appropriate accounting policies consistently applied throughout the Group and supported by reasonable and prudent judgements and estimates. The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment.

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

The directors are of the opinion, based on the information and explanations given by management and the internal auditors, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated Annual Financial Statements and the Annual Financial Statements of the company. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The directors have reviewed the Group's forecast financial performance for the year to 30 June 2017 as well as the longer-term budget and, in the light of this review and the current financial position, they are satisfied that the Group and the company have access to adequate resources to continue as a going concern for the ensuing year.

The consolidated Annual Financial Statements, set out on pages 33 to 150, and the company's Annual Financial Statements, set out on pages 151 to 167, which have been prepared on the going concern basis, were approved by the Board of Directors on 9 September 2016 and were signed on their behalf by:

Mandla SV Gantsho	**Bongani Nqwababa**	**Stephen R Cornell**	**Paul Victor**
Chairman	*Joint President and Chief Executive Officer*	*Joint President and Chief Executive Officer*	*Chief Financial Officer*

9 September 2016

The Company Secretary

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

Having considered his competence, qualifications and experience at its meeting held on 9 September 2016, the Board is satisfied that he is competent and has the appropriate qualifications and experience to serve as the Company Secretary. Mr Kahla holds BA and LLB degrees and has a 17-year track record as a legal advisor and governance practitioner in both the private and public sectors.

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

Certificate of the Company Secretary

In my capacity as the Company Secretary, I hereby confirm, in terms of the Companies Act 71 of 2008, that for the year ended 30 June 2016, Sasol Limited has lodged with the Companies and Intellectual Property Commission, all such returns and notices as are required of a public company in terms of the Companies Act 71 of 2008, and that all such returns and notices are, to the best of my knowledge and belief, true, correct and up-to-date.

Vuyo Kahla

9 September 2016

Independent auditor's report

To the shareholders of Sasol Limited

Report on the Financial Statements

We have audited the consolidated and separate financial statements of Sasol Limited set out on pages 35 to 167, which comprise the statements of financial position as at 30 June 2016, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Sasol Limited as at 30 June 2016, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 30 June 2016, we have read the Directors' report, the Audit Committee's report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Report on Other Legal and Regulatory Requirements

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

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: PC Hough
Registered Auditor

Sunninghill

9 September 2016

Shareholders' information

Shareholders' diary

Financial year-end	30 June 2016
Annual general meeting	25 November 2016

Dividends

Interim dividend

– rand per share	5,70
– paid	11 April 2016

Final dividend

– rand per share	9,10
– date declared	12 September 2016
– last date to trade cum dividend	27 September 2016
– payable	3 October 2016

Share ownership

at 30 June 2016

Public and non-public shareholding of Sasol ordinary shares	Number of shareholders	% of shareholders	Number of shares	% of ordinary shares
Public	92 745	99,98	604 557 758	92,81
Non-public	23	0,02	46 831 758	7,19
– Directors and their associates	1		1 500	
– Directors of subsidiary companies	16		155 861	
– Sasol Investment Company (Pty) Ltd	1		8 809 886	
– The Sasol Inzalo Employee Trust	1		23 339 310	
– The Sasol Inzalo Management Trust	1		1 892 376	
– The Sasol Inzalo Foundation	1		9 461 882	
– Sasol Employee Share Savings Trust	1		917 835	
– Sasol Pension Fund	1		2 253 108	
	92 768	100	651 389 516	100

Public and non-public shareholding of Sasol BEE ordinary shares*	Number of shareholders	% of shareholders	Number of shares	% of Sasol BEE ordinary shares
Public	55 354	100	2 835 483	99,89
Non-public	2	–	3 082	0,11
– Directors and their associates	2		3 082	
	55 356	100	2 838 565	100

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

Major categories of shareholders	Number of shares	% of ordinary shares	% of total issued securities
Category			
Pension and provident funds	178 245 995	27,4	26,2
Unit trusts	162 209 410	24,9	23,9
Other managed funds	51 040 781	7,8	7,5
American depositary shares*	41 530 852	6,4	6,1
Sovereign wealth funds	34 404 040	5,3	5,1
Employees	34 761 270	5,3	5,1
Insurance companies	25 267 628	3,9	3,7
Black public (Sasol Inzalo BEE transaction)	18 920 682	2,9	2,8

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

Major shareholders

Pursuant to Section 56(7) of the South African Companies Act, 2008, the following beneficial shareholdings equal to or exceeding 5% as at 30 June 2016 were disclosed or established from enquiries:

	Number of shares	% of ordinary shares	% of total issued securities
Government Employees Pension Fund	84 121 005	12,9	12,4
Industrial Development Corporation of South Africa Limited	53 266 887	8,2	7,8

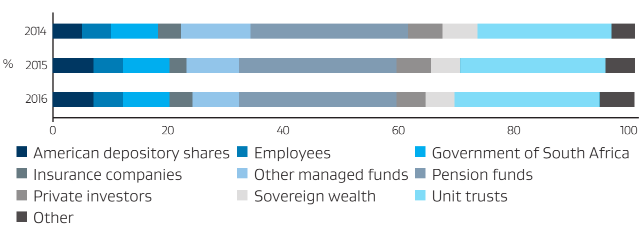
No individual shareholder's beneficial shareholding in the Sasol BEE ordinary shares is equal to or exceeds 5%. All the issued Sasol preferred ordinary shares are held by entities created for the purposes of the Sasol Inzalo BEE transaction.

Furthermore, the directors have ascertained that some of the shares registered in the names of nominee holders are managed by various fund managers and that, at 30 June 2016, the following fund managers were responsible for managing investments of 2% or more of the share capital of Sasol Limited.

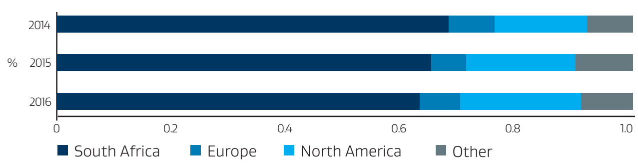
Fund Manager	Number of shares	% of ordinary shares	% of total issued securities
PIC Equities**	78 745 570	12,1	11,6
Allan Gray Investment Counsel	52 950 786	8,1	7,8
Old Mutual Asset Managers	20 986 728	3,2	3,1
Black Rock Incorporated	19 015 271	2,9	2,8
The Vanguard Group Incorporated	18 003 377	2,8	2,6
Sanlam Investment Management	17 786 564	2,7	2,6
Prudential Investment Managers	15 338 466	2,4	2,3
Dimensional Fund Advisors	15 076 157	2,3	2,2
Investec Asset Management	15 003 730	2,3	2,2
Harding Loevner LLC	13 636 487	2,1	2,0

** Included in this portfolio are 74,6 million shares managed on behalf of the Government Employees Pension Fund.

Beneficial ownership by fund type



Beneficial ownership by geographic region



Directors' report

(Company registration number 1979/003231/06)

Dear stakeholder,

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

Nature of business

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

Sasol is an international integrated chemicals and energy company that leverages technologies and expertise of our 30 100 people working in 33 countries. We develop and commercialise technologies, and build and operate world-scale facilities to produce a range of high-value product streams, including liquid fuels, chemicals and low-carbon electricity.

More detail on the nature of our business and the businesses of our significant operating subsidiaries and incorporated joint arrangements (set out on pages 108 to 111) can be found in our Integrated Report.

Financial results

Earnings attributable to shareholders for the year ended 30 June 2016 decreased by 55% to R13,2 billion from R29,7 billion in the prior year. Headline earnings per share (HEPS) decreased by 17% to R41,40 and earnings per share (EPS) decreased by 56% to R21,66 compared to the prior year.

Operating profit of R24,2 billion decreased by 48% compared to the prior year on the back of challenging and highly volatile global markets. Average Brent crude oil prices moved dramatically lower by 41% compared to the prior year (average dated Brent was US$43/bbl for the year ended 30 June 2016 compared with US$73/bbl in the prior year). Although commodity chemical prices were lower due to depressed oil prices, there was still strong demand and robust margins in certain key markets. The average basket of commodity chemical prices decreased by 22% compared to a 41% decrease in oil. However, the average margin for our speciality chemicals business remained resilient compared to the prior year. The effect of lower oil and commodity chemical prices was partly offset by a 27% weaker average rand/US dollar exchange rate (R14,52/US$ for the year ended 30 June 2016 compared with R11,45/US$ in the prior year). On average, the rand/bbl oil price of R630 was 25% lower compared to the prior year.

Disposals

During February 2016, in light of the current economic environment, we decided to review our long-term strategic interest in the Uzbekistan Gas-to-Liquids (GTL) investment. As a result, in April 2016, we decided to withdraw from our equity participation in the project. This resulted in a net loss of R563 million for the financial year.

Share capital

Sasol BEE ordinary shares

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

Share repurchase programme

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

At the Annual General Meeting of 4 December 2015, shareholders granted the authority to the Sasol directors to authorise a repurchase of up to 10% of Sasol's ordinary issued shares and/or Sasol BEE ordinary shares. No shares were repurchased during the year.

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

Shares held in reserve

The 495 224 838 authorised but unissued ordinary shares of the company are held in reserve.

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

American depositary shares

At 30 June 2016, the company had an issue through The Bank of New York Mellon as depositary bank, and listed on the NYSE, 41 530 852 (2015 – 44 626 471) American depositary shares (ADS). Each ADS represents one ordinary share.

Note 35 and 36 provides detail on the various share-based payment schemes in place, including the Sasol Share Incentive schemes, Sasol Inzalo schemes and various cash settled share-based payment arrangements.

Details on the material shareholdings for the group, including any shareholdings of directors, are provided under shareholder's information on page 31 to 32.

Dividends

An interim dividend of R5,70 per ordinary share (2015 – R7,00 per ordinary share) was paid on 11 April 2016. A final dividend in respect of the year ended 30 June 2016 of R9,10 per ordinary share (2015 – R11,50 per ordinary share) was declared on 12 September 2016.

The total dividend for the year amounted to R14,80 per ordinary share (2015 – R18,50 per ordinary share).

The estimated total cash flow of the final dividend of R9,10 per share, payable on 3 October 2016 is R5 650 million.

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

Directors

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

The Board appointed Mr M J Cuambe as Non-executive Director on 1 June 2016. On 12 September 2016, the Company announced that Ms V N Fakude will resign as Executive Director and Executive Vice President, Strategy and Sustainability with effect from 31 December 2016.

The remuneration and fees of Sasol Limited's directors are set out on pages 35 to 55 of this report.

Auditors

PricewaterhouseCoopers Inc. (PwC) was the external auditor of Sasol Limited and its significant subsidiaries for the financial year ended 30 June 2016.

At the annual general meeting of 25 November 2016, shareholders will be requested to reappoint PwC as auditor of Sasol Limited and to note that Mr P Hough will be the individual responsible for performing the functions of the auditor, following the Audit Committee's decision to nominate the firm PwC as its independent auditor for the financial year commencing 1 July 2016.

Subsequent events

In August 2016, Sasol completed its detailed review of the Lake Charles Chemicals Project (LCCP) in the United States, and has confirmed that a high degree of certainty exists over the capital cost estimated at US$11 billion. The LCCP is more than 50% complete, and after the implementation of improved change management practices and key project leadership personnel changes, management remains confident that the project is a sound strategic investment that will return value to our shareholders.

Company Secretary

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

Report of the Remuneration Committee

Henk Dijkgraaf, *Chairman of the Remuneration Committee*

The Remuneration Committee's main focus is to approve and oversee the implementation of a remuneration policy that will enable the achievement of Sasol's strategic objectives.

Dear shareholder,

I am pleased to present the Sasol 2016 Remuneration report on behalf of the Remuneration Committee (the Committee). The following Non-executive Directors were members of the Committee over the past financial year:

Mandla Gantsho
Imogen Mkhize
Jürgen Schrempp (retired 4 December 2015)
Peter Robertson
Nomgando Matyumza (appointed 4 March 2016)

The remuneration policy is a crucial enabler of Sasol's business strategy, encouraging sustainable performance based on a values-driven organisational culture, and aligning behaviour with the company's approach to risk management. The Committee is tasked by the Sasol Limited Board to approve and oversee the implementation of a remuneration policy (policy) that will enable the achievement of the business objectives, translate into market related yet affordable performance-linked rewards, and ensure transparent and balanced reward outcomes that align with shareholder interests over the short and long term. Ultimately, our policy should enable the attraction and retention of valuable talent.

I had the pleasure over the past four years, to engage with our largest shareholders on the policy. Feedback from these engagements was continuously incorporated into our policy that has been transformed since 2011. During the past year, we again introduced policy enhancements which include a holding period of two years on the long-term incentive awards offered to top management as well as the termination of the accelerated vesting period in respect of long-term incentives awarded to 'good leavers'.

The 2016 financial year (FY16) was severely impacted by the volatile macro-economic environment including the weakening rand against hard currencies and the significant drop in the crude oil price. However, strong operational performance was supported by delivering on our cash fixed cost and volume targets which were included in our Short-Term Incentive plan. The Committee is pleased with the performance of the group against the short-term incentive target for Fires, Explosives and Releases (FERs), the first time we included this measure in our efforts towards including more environmental measures in our incentive plans. The inability to achieve the headline earnings target again negatively influenced the percentage pay-out under the Short-Term Incentive plan. In support of the proactive cost conservation measures identified under the Business Performance Enhancement Plan (BPEP), no salary increases were awarded to employees in executive, management and specialist positions and below inflation increases were granted to lower level employees falling outside the collective bargaining units.

This decision assisted the group greatly in meeting the cost savings target. The Committee further decided to use its discretion and reduce the short-term incentive payments for members of the Group Executive Committee, given the LCCP cost escalation of US$2,1 billion. No fee increases will be tabled for Non-executive Directors for the next financial year.

The long-term incentives (LTIs) that were issued in September 2013 with corporate performance targets, will vest at 93% in September 2016.

Some remuneration policy changes were also agreed to by the Committee, which will take effect from the next financial year. The Board appointed two Joint Presidents and CEOs to take over from David E Constable who stepped down from his position for personal reasons on 30 June 2016. In both cases, remuneration packages that are within the confines of our policy yet commensurate with the responsibilities taken on, were offered and accepted and the minimum share ownership requirements for these positions as well as for the Executive Directors, were increased by 50%. The Committee will table an equity-settled long-term incentive plan to shareholders for approval at the 2016 Annual General Meeting.

For the first time, the Committee also approved the inclusion of a Return on Invested Capital target to replace the Attributable Headline Earnings target, in the Long-Term Incentive plan. In addition, an Energy Efficiency target at group level, will be included in the Short-Term Incentive plan. This target aims at stimulating both reductions in carbon dioxide emissions and improving operational efficiency and effectiveness. Twenty percent of our STI scorecard is now dedicated to environmental, social and governance related matters.

In this report, we present you with our policy that resulted in the remuneration outcomes separately detailed in the remuneration tables. We much appreciate your ongoing support.

Henk Dijkraaf
Chairman of the Remuneration Committee

Section 1: Remuneration governance

1.1 Overview

The Committee is mandated by the Board to oversee all aspects of remuneration in accordance with the approved terms of reference. The terms of reference of the Committee are reviewed annually by the Board and are available on the company's website at www.sasol.com. Feedback reports on the decisions taken at Committee meetings are presented to the Board. Annually, a self-assessment of the effectiveness of the Committee and the Committee Chairman is undertaken.

The Committee met four times during the year. Attendance is reported in the Corporate Governance framework contained in the Integrated Report.

Sasol complies with the relevant remuneration governance codes and statutes that apply in the various jurisdictions within which it operates. As in previous years, all remuneration principles and practices stated in the King Code of Governance Principles for South Africa 2009 (King III Code) are applied, with the exception of one practice relating to the Non-executive Directors' fee structure, which is explained on page 48.

1.2 Independent external advisors

The Committee again appointed New Bridge Street (a UK based firm) to act as independent external advisors to the Committee. New Bridge Street is a signatory to the UK Remuneration Consultants' Code of Conduct.

1.3 Key definitions

For clarity, the following terms are used in this report in respect of the FY16 organisational structure:

- The term Group Executive Committee (GEC) refers to the members of the executive committee, who are responsible for the design and execution of the organisation's strategy and business plans. All members of the GEC report to the President and CEO and are viewed as prescribed officers within the meaning of the Companies Act, no 71 of 2008, as amended (the Act). Members of the GEC are also referred to as Executive Vice Presidents (EVPs) and include the Executive Directors as well as the President and Chief Executive Officer (currently, the GEC comprises 10 members);
- *Group Leadership* is defined as the level below the GEC (Senior Vice Presidents or SVPs) (33);
- *Top management* refers to members of the GEC as well as the Group Leadership (43);
- *Leadership* is defined as the level below Group Leadership (Vice Presidents or VPs) (190); and
- *Senior management* is defined as the level below Leadership (990).

1.4 Executive service contracts

The President and CEO of the past five years, David E Constable, decided to step down on 30 June 2016, for personal reasons. David Constable has been replaced with effect from 1 July 2016 by two joint Presidents and CEOs namely Stephen R Cornell (EVP: International Operations until 30 June 2016) and Bongani Nqwababa (Chief Financial Officer until 30 June 2016). Stephen R Cornell is employed on a five -year contract; Bongani Nqwababa is employed on a standard permanent contract.

The term of office of the President and CEO is not specified in the company's memorandum of incorporation. Prescribed officers have permanent employment contracts with notice periods of three months. The contracts provide for salary and benefits to be offered to the executives as well as participation in incentive plans on the basis of group and individual performance and as approved by the Board. GEC members and directors are required to retire from the group and as directors from the Board at the age of 60, unless requested by the Board to extend their term.

Termination arrangements for executives are provided on page 47.

1.5 Risk management

The following list of principles, intended to mitigate against risks which may unintentionally emanate from the remuneration policy, have been agreed to by the Committee:

a) The remuneration policy sets the tone for the alignment between the policy itself, the company's risk approach, the business strategy, values and objectives as well as shareholder interests.
b) No part of the remuneration policy and any of the plans approved under the policy encourages excessive risk-taking.
c) Any change to the remuneration policy has to be approved by the Committee.
d) The remuneration policy is transparent internally and externally.
e) Executive remuneration awards are aligned with the policy and are disclosed in detail.
f) Executive awards are made in terms of performance at group, portfolio and individual level.
g) All incentive plans and targets are reviewed annually.
h) The remuneration mix including the ratio between fixed and variable remuneration, is reviewed by the Committee annually.

1.6 Sasol clawback policy

Clawbacks may be implemented by the Board for:

- any material misstatement of financial statements or where performance related to non-financial targets has been misrepresented and such misstatement has led to the overpayment of incentives to executives;
- errors made in the calculation of any performance condition whether financial or non-financial and which resulted in an overpayment; and
- gross misconduct on the part of the employee leading to dismissal (where, had the gross misconduct been known prior to the incentive/incentive gains being paid, it would have resulted in the payment not being made).

Clawbacks may be implemented from all gains derived from any short-term or long-term incentive award, excluding the Sasol Inzalo (BEE) plans. The clawback recovery may take the form of the following options, to be determined by the Committee:

- by a reduction in the value of the future short-term incentive award(s) or unvested long-term incentive award(s), i.e. the deduction is made from the gross value prior to payment; and/or
- from the gains derived from any outstanding (including unexercised) long-term incentives; and/or
- other than for Executive Directors, a repayment plan over a period of up to 12 months at the official date of interest, for fringe benefit tax purposes, could be agreed with the executive, whereby monthly repayments would be made through a salary deduction arrangement; and/or
- the employee repays the amount as a lump sum payment from his/her own resources.

In the event that an employee has left the services of the company, or there is limited possibility of recovering amounts from future incentive awards, the company may institute proceedings to recover such amounts.

Section 2: Remuneration policy

2.1 Key components of Sasol's remuneration policy

The key components of Sasol's remuneration structure and incentive targets are set out in the table below:

Remuneration component	Policy principles and application	Performance targets and pay-out details
Total Guaranteed Package (TGP)/base salary	■ Broad pay bands are set around location and sector-specific median benchmark points. ■ The total cost of annual increases is approved by the Committee and set in accordance with market movement, affordability and forecasted inflation. ■ Distribution of increases to employees outside the bargaining forums is done with reference to individual performance, internal equity, competence and potential. Effective date: 1 October. ■ Performance-based increases are not applied for the bargaining sector. Effective date: 1 July.	■ Salaries are paid monthly to all employees except for employees in the United States and Canada who receive salary payments on a bi-weekly basis in line with local market practice. ■ Employees who are promoted are considered for adjustments if justified.
Benefits and allowances	■ Benefits include but are not limited to membership of a retirement plan and health insurance, disability and death cover to which contributions are made by both the company and the employee. ■ Allowances are paid in terms of statutory compliance.	■ Benefits are offered on retirement, or for reasons of sickness, disability or death. ■ Allowances are linked to roles within specific locations and paid together with salaries. ■ A number of special allowances including *inter alia* housing, home leave and child education are included in the company's expatriate remuneration policy.

Remuneration component	Policy principles and application	Performance targets and pay-out details
Short-Term Incentive (STI) plan	■ A single structure is applicable to all employees globally excluding certain employees who are aligned with Mining production or sales commission arrangements. ■ Target incentive percentages are set in accordance with median benchmarks. ■ The STI structure consists of group, entity and individual performance targets set in advance of every financial year.	■ Group targets for FY16: ■ Growth in headline earnings ■ Growth in volumes ■ Business Performance Enhancement Plan and Response Plan cost savings targets ■ Improvement in working capital and gross margin ■ B-BBEE targets (for SA entities) in respect of preferential procurement and employment equity; and ■ Safety targets – Recordable Case Rate (RCR) and Fires, Explosives and Releases (FERs) ■ Entity targets are set in line with business plans approved by the responsible EVP. Sustainability and safety targets are also set at entity level. ■ Individual targets are included in the performance agreement and refer to the requirements of the role. These include major project milestones where relevant.
Long-Term Incentive plan (LTI)	■ The LTI structure consists of future cash incentive payments calculated with reference to the market value of a Sasol ordinary share (or American Depository Receipt (ADR) for international participants), subject to the vesting conditions. ■ The Committee is responsible for governing all LTI awards and considers these in respect of: ■ Internal and external promotions to qualifying roles; ■ Annual awards to eligible employees; and ■ Discretionary awards for purposes of retention. ■ Awards are directly linked to the role and individual performance, and vesting is subject to service and performance targets. ■ Vesting period is three years, with a further holding period of two years for SVPs and EVPs in respect of 50% of the award.	■ Of the total award, the following portion is linked to corporate performance targets (CPTs): ■ GEC: 100% ■ Other participants: 60% ■ Corporate performance targets include: ■ Total shareholders' return vs. two indices namely the MSCI World Energy Index and the MSCI World Chemicals Index; ■ Efficiencies measuring increase in tons produced over staff headcount growth; and ■ Compound attributable earnings vs. CPI (to be replaced by ROIC in FY17)

The following table sets out the targets and weightings approved for the Short-Term Incentive plan, for periods FY15 and FY16:

2015 targets	**Weight**	**2016 targets**	**Weight**
Year-on-year growth in headline earnings	35%	Year-on-year growth in headline earnings	30%
Year-on-year growth in cash fixed costs	15%	Year-on-year growth in cash fixed costs including BPEP	20%
Volume growth (fuel equivalent tons)	20%	Volume growth (fuel equivalent tons)	20%
Employment equity	10%	Preferential procurement (5%) and employment equity (5%)	10%
Safety	10%	Safety FERs (5%) and RCR (5%)	10%
Key milestones in Business Performance Enhancement Programme (BPEP)	10%	Working capital and gross margin	10%

Changes to targets are in direct response to our strategy and business plan and the key focus areas that we need our employees to focus on. The reduction in weighting allocated towards headline earnings, was specifically in response to feedback from our shareholders. However, the Committee has agreed not to reduce the weighting of this target any further. Achievement against the FY16 targets is included on page 43.

The following table sets out the targets approved for the long term incentives awarded during FY15 and FY16:

2015 targets	**Weight**	**2016 targets**	**Weight**
Increase in tons produced per head	25%	Increase in tons produced per head	25%
Compound growth in attributable earnings	25%	Compound growth in attributable earnings	25%
TSR – MSCI World Energy index	35%	TSR – MSCI World Energy index	25%
TSR – JSE Resources 10 index (excl Sasol)	15%	TSR – MSCI World Chemicals index	25%

As indicated, the only change over the period FY15/FY16 relates to the exclusion of the JSE Resources 10 Index in favour of the MSCI World Chemicals Index which better reflects the Sasol business model and is also a more stable index used for comparative purposes.

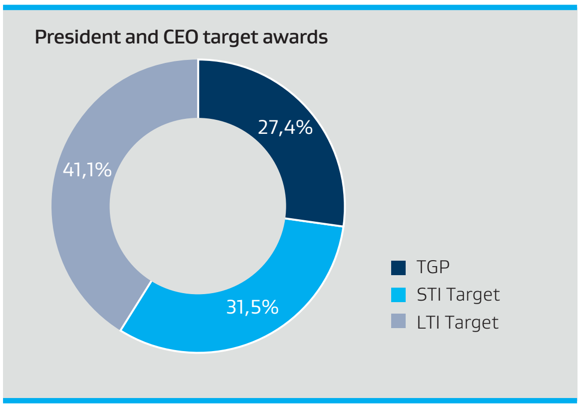
Achievement against the targets in respect of LTIs that have vested during FY16, is included on page 45.

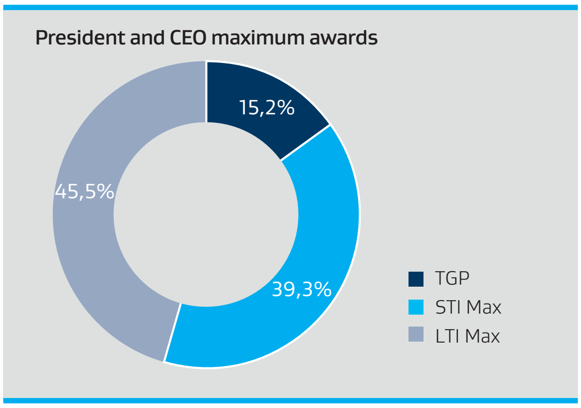
2.2 Total remuneration

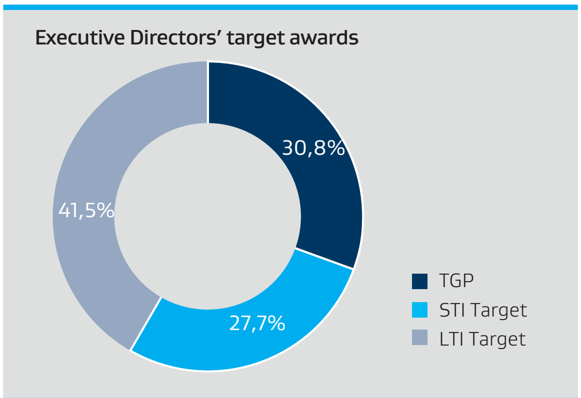
2.2.1 Benchmarking

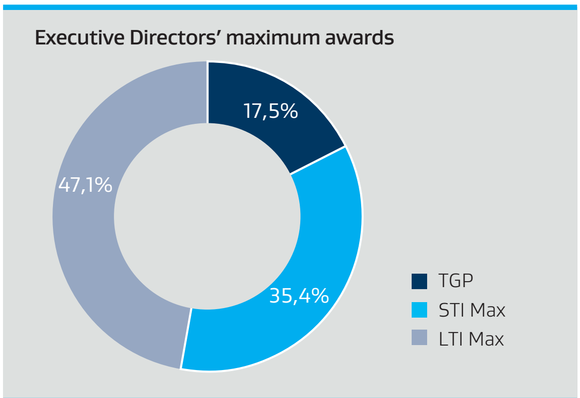
Executive remuneration is benchmarked against data provided in national executive remuneration surveys, as well as against information disclosed in the remuneration reports of organisations included in the executive remuneration benchmarking group. One of the Committee's key tasks is to preserve the relevance, integrity and consistency of this benchmarking exercise. For positions below the GEC, survey reports from PwC Remchannel and Mercer Global Remuneration Solutions are used for benchmarking of South African remuneration levels; survey data from the Hay Group, ECA, Mercer and Towers Watson are used in different locations in the international environment.

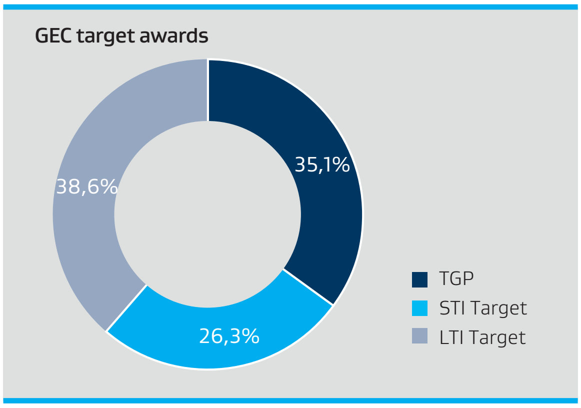
The ratios within the remuneration mix are structured for different structural layers within the organisation and geographic locations. The relative proportion of the remuneration components of the GEC within the approved remuneration mix (at target and maximum) is set out in the following charts:

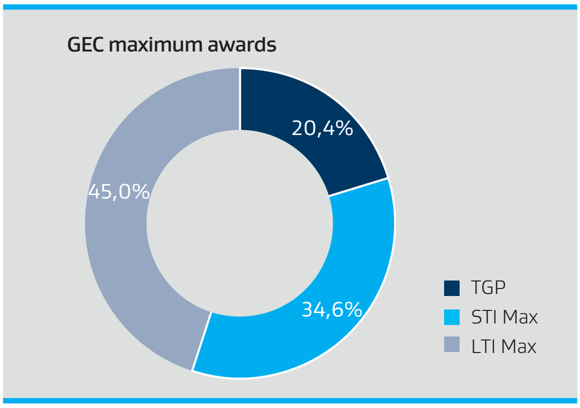












The charts indicate a balanced portfolio of rewards allocated in terms of base salary/TGP, short-term and long-term incentives, tied to the achievement of group and individual targets set over the short and long-term to ensure sustainable focus on the group's strategic objectives. Maximum awards on the short term incentive can only be achieved if the group and the individual achieve 150% against the targets set.

2.2.2 Total guaranteed package (TGP)/base salary and benefits

South African employees who are not covered by collective bargaining agreements, receive a TGP which includes employer contributions towards retirement, risk, death and health care benefits. The concept of TGP was introduced in 2008 for supervisory levels and above and, in terms of this model, all changes to benefit contribution levels are cost neutral to the employer. All increases in the benefit pricing of employee and employer contributions reduce the net cash salary of employees.

A partial salary freeze on annual TGP/base salary was implemented for FY16. Employees in executive, management, supervisory and specialist roles did not receive an annual increase. The total cost of increases granted to employees below these levels, amounted to 2,2% of the salary bill of employees falling outside the collective bargaining units and was distributed in relation to individual merit.

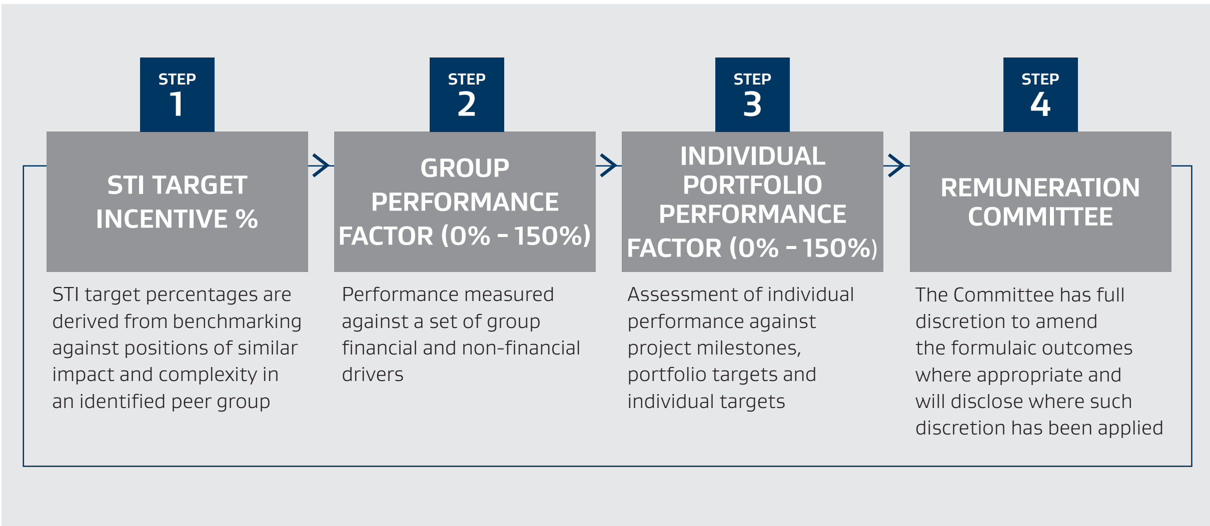
Unionised employees have received higher increases than what has been granted to non-collective bargaining employees for seven consecutive years. Increases varied between 6,0% and 6,75% which were implemented 1 July 2015.

2.2.3 Short-Term Incentive (STI) Plan

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

STI – members of the GEC

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



STI target awards remained unchanged, namely:

Role	Target incentive %	Potential maximum incentive %
President and Chief Executive Officer	115%	259%
Executive Directors	90%	203%
Group Executives	75%	169%

The targets set for the incentive plans, and their link to the business plan, have been set out earlier in this report. The group targets applicable to the GEC, their weights and the resultant outcome of the group performance factor multiplier for FY16 are indicated in the following table:

Key Performance Indicator (group targets)	Weigh-ting	Threshold (0%)	Target (100%)	Stretch target (150%)	Achieve-ment	Weighted achieve-ment
Year-on-year growth in headline earnings	30%	FY15 + CPI (measured over the fiscal year)	FY15 +CPI (measured over the fiscal year) +2%	FY15 +CPI (measured over the fiscal year) +8%	Below threshold	0%
Year-on-year growth in volumes	20%	FY15 Volumes	FY15 Volumes +1,5%	FY15 Volumes +2%	1,25% growth	16,67%
Year-on-year growth in Cash Fixed Costs (CFC) less PPI	20%	Approved group FY16 CFC budget including BPEP savings of R3,5bn	Approved group FY16 CFC budget including BPEP savings of R4,5bn	Approved group FY16 CFC budget including BPEP savings of R6,5bn	Exceed stretch target	30,00%
Working Capital and Gross Margin	10%	15% below, FY16 Gross margin and working capital budget	100% of FY16 Gross margin and working capital budget	15% better than FY16 Gross margin and working capital budget	99,7% of target	9,82%
Broad-Based Black Economic Empowerment B-BBEE – Preferential Procurement	5%	0% improvement on 51% Black owned spend in South Africa of R2,3bn	51% Black owned spend in South Africa of R3,2bn	51% Black owned spend in South Africa of R3,6bn	Exceed stretch target	7,50%
Employment Equity	5%	30% of all opportunities used to appoint African or Coloured employees	60% of all opportunities used to appoint African or Coloured employees	75% of all opportunities used to appoint African or Coloured employees	77% of senior external appointments African and Coloured	7,50%
Safety Indicators (FERs)	5%	No improvement on FY15 actual number of FERs	5% improvement on FY15 actual number of FERs	10% improvement on FY15 actual number of FERs	Exceed stretch target	7,50%
(RCR excluding illnesses) modified for fatalities	5%	RCR of 0,38	RCR of 0,31	RCR of 0,29	RCR of 0,29 modified for fatalities	3,00%
Total						**81,99%**

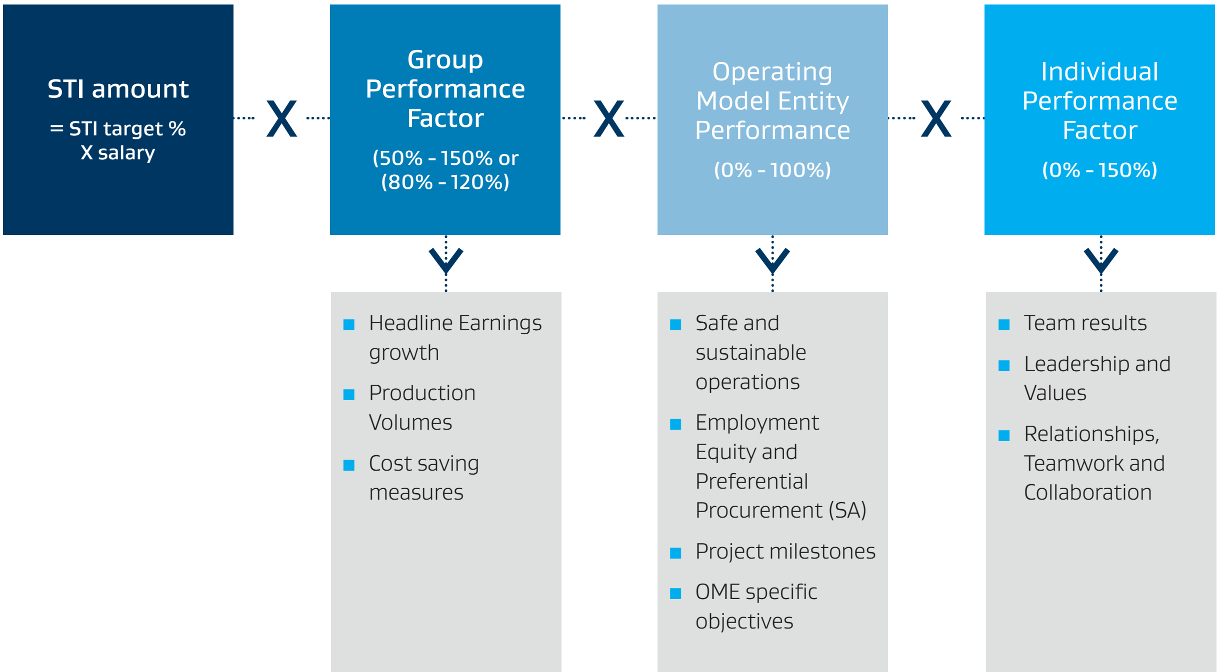
The STI group performance achievement of 81,99%, compares to 82,20% achieved in FY15.

The President and CEO's performance is assessed by the Board, on recommendation of the Committee and the Chairman of the Board. Their performance is measured against a predetermined set of objectives that include *inter alia* strategic leadership, business results, project progress and stakeholder relations as reflected in their performance scorecard.

The portfolios of GEC members cover a number of business units or group functions, and large-scale projects, therefore a weighted combination of the relevant scores is included in the individual performance score for each GEC member. The measures that are assessed for the individual performance factors for members of the GEC include a combination of portfolio specific targets.

STI – the four levels below GEC

The following formula is used to calculate these STI amounts:



Each Operating Model Entity's final STI score is verified by internal audit and approved by the Committee for payment.

2.3 Long-Term incentive (LTI) plans

LTI awards give participating employees the opportunity, subject to the vesting conditions, to receive a future cash incentive payment calculated with reference to the market value of a Sasol ordinary share (or ADR for international employees), subject to the vesting conditions. The plan does not confer any right to acquire shares in Sasol Limited. Cash amounts equal to the dividends (dividend equivalents) that would have been earned on a Sasol ordinary share or ADR, are payable on vested units.

The accelerated vesting principles previously used in cases of termination for 'good leavers', will no longer apply to top management. A service penalty will apply in cases of service termination as 'good leavers' but the standard vesting period will remain intact.

A two-year post-vesting holding period has been introduced for top management to further align with shareholder interests as well as the long project development cycles. When LTIs vest at the end of the three-year performance period, only 50% of the gains are settled with the remaining 50% being subject to the two-year holding period. Dividend equivalents continue to accrue on vested units during the holding period. An equity settled plan will be introduced in FY17, subject to shareholder approval.

The following table sets out the target values of annual LTI for prescribed officers as a percentage of actual base salary/ TGP. Actual awards may vary in terms of performance or other relevant factors.

Role	Multiple of salary/TGP
President and Chief Executive Officer	150%
Executive Directors	135%
Group Executives	110%

The next table summarises the weightings and corporate performance targets (CPTs) under which the FY16 LTI awards were granted. Vesting is considered in terms of the weighted performance measured against four targets. There is no opportunity for retesting of targets.

Measures[1]	**Weight** (of the portion linked to the CPTs)	**Threshold**	**Target** (at which 100% of the awards vest)	**Stretch** (at which 200% of the awards vest)
Increase in tons produced per head	25%	0% improvement on FY15 base target	1% improvement on FY15 base target	2% improvement on FY15 base target
Growth in attributable earnings[3]	25%	80% of average compound CPI for three financial years	>100% to 120% of average compound CPI for three financial years	>120% of average compound CPI for three financial years
TSR[2] – MSCI World Energy Index	25%	40th percentile	60th percentile	75th percentile
TSR[2] – MSCI World Chemicals Index	25%	40th percentile	60th percentile	75th percentile

1 Vesting on a ranked relative basis between threshold and target and between target and maximum
2 TSR = Total Shareholders' Return
3 To be replaced with a ROIC target from FY17

A summary of outstanding LTI awards and vesting percentages is presented in the following table:

			Weighting of performance targets						
Financial year of allocation	**Vesting year (FY)**	**Vesting range**	Growth in attributable earnings	Production volume growth	Increase in tons produced/ head	TSR vs. MSCI Chemicals index	TSR vs. JSE RESI 10	TSR vs. MSCI energy index	**Vesting results**
2013	2016	40% to 160%	25%	–	25%	–	25%	25%	156%
2014	2017	30% to 170%[1] 40% to 160%[2]	25%	–	25%	–	25%	25%	93,4% 94,3%
2015	2018	0% to 200%[1] 40% to 160%[2]	25%	–	25%	–	15%	35%	Unvested
2016	**2019**	**0% to 200%[1] 40% to 160%[2]**	**25%**	**–**	**25%**	**25%**	**–**	**25%**	**Unvested**

1 Top management
2 All other participants

Of the long-term incentives issued to top management during FY14 (September 2013), 70% were linked to corporate performance targets. The vesting percentage of LTIs issued in FY14, which will vest early in FY17, is 93%; largely as a result of the performance of the total shareholders' return target compared to the JSE RESI 10 and MSCI Energy indices respectively, as well as record levels of production volumes achieved over the vesting period. A 5% compound growth in volumes per head was achieved over the period. Unfortunately, growth in attributable earnings missed the threshold target.

Share appreciation rights (SARs) (no awards made to executives since FY13)

SARs gave participating employees the opportunity, subject to the vesting conditions, to receive a future cash incentive payment calculated with reference to the increase in the market value of a Sasol ordinary share from the date of grant, after the three, four and five year vesting periods respectively (up to FY12; over two, four and six years). The plan does not confer any rights to acquire shares in Sasol Limited and employees are not entitled to dividends (or dividend equivalents). The maximum period for exercising SARs is nine years from the date of the grant after which they lapse.

A summary of outstanding SAR allocations' vesting percentages are presented in the table below:

			Weighting of performance targets						
Financial year of allocation	**Vesting year (FY)**	**Vesting range**	Attributable earnings growth	Production volume growth	Production volume/ headcount growth	Share price vs. ALSI 40	TSR vs. JSE RESI 10	TSR vs. MSCI energy index	**Vesting results (FY)**
2010	2012, 2014 & 2016	75% to 125%	25%	25%	–	50%	–	–	2012 = 106,25% 2014 = 112,50% 2016 = 100%
2011	2013, 2015 & 2017	75% to 125%	25%	25%	–	50%	–	–	2013 = 112,50% 2015 = 100% 2017 = 87%
2012	2014, 2016 & 2018	75% to 125%	25%	25%	–	50%	–	–	2014 = 112,50% 2016 = 100% 2018 = unvested
2013	2016, 2017 & 2018	40% to 160%	25%	–	25%	–	25%	25%	2016 = 156% 2017 = 108% 2018 = unvested

No changes to formulaic results were made by the Committee.

2.4 Sasol Inzalo Management Scheme

Sasol implemented the Sasol Inzalo black economic empowerment (BEE) transaction in 2008. As part of this transaction, senior black management (black managers), including black Executive Directors and members of the GEC, participated in the Sasol Inzalo Management Scheme and were awarded rights to Sasol ordinary shares. The rights entitle the employees from the inception of the scheme to receive dividends bi-annually and Sasol ordinary shares at the end of ten years, being the tenure of the transaction, subject to Sasol's right to repurchase some of the shares issued to The Sasol Inzalo Management Trust (Management Trust) in accordance with a predetermined repurchase formula. The formula takes into account the underlying value of the shares on 18 March 2008, the dividends not received by the Management Trust as a result of the pre-conditions attached to those shares and the price of Sasol ordinary shares at the end of the ten year period.

On retirement at normal retirement age, early retirement, retrenchment due to operational requirements or on leaving the employ of Sasol due to ill health during the tenure of the Sasol Inzalo transaction, the black managers (as defined in the Deed of Trust for The Sasol Inzalo Management Trust) will retain their entire allocation of rights until the end of the ten year period, subject to Sasol's repurchase right referred to above. The nominated beneficiaries or heirs of those black managers, who die at any time during the transaction period, will succeed to their entire allocation of rights. On resignation within the first three years of having been granted these rights, all rights were forfeited. On resignation, after three years or more from being granted the rights, the black managers forfeit 10% of their rights for each full year or part thereof remaining from the date of resignation until the end of the transaction period. Black managers leaving the employment of Sasol during the 10-year period by reason of dismissal, or for reasons other than operational requirements, will forfeit their rights to Sasol ordinary shares.

See note 36 of the Annual Financial Statements for the outstanding rights under the Sasol Share Inzalo Management Scheme.

2.5 Share ownership guideline

The share ownership guideline which became effective on 1 July 2014 has been increased as follows and will be effective from 1 July 2016:

President and Chief Executive Officer: 300% of annual pensionable remuneration

Chief Financial Officer and other Executive Directors: 200% of annual pensionable remuneration

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

2.6 Retention and sign-on payments

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

2.7 Summary of termination arrangements applicable to executive service agreements

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

- In cases of executives being *dismissed*, the salary and contributions towards benefit plans will be paid up to the last date of service, but there will be no entitlement to unvested long-term incentive awards, or a *pro rata* short-term incentive.
- In cases of *separation by mutual agreement*, the salary and contributions towards benefit plans will be paid up to the last date of service and a mutual separation amount or a retainer may be offered subject to Board approval.
- In the event of a *takeover or merger* of the company, the rights issued under the long-term incentive plan will vest immediately subject to the latest estimated performance achievement against the corporate performance targets, as approved by the Board.
- There are no arrangements for 'golden' parachutes or any other incentivised terminations other than what is payable under the Retrenchment policy.
- Prescribed officers and participants of the LTI plans may not trade any Sasol shares or LTIs during a closed period.
- The Committee has the discretion to vary cessation conditions.

2.8 Non-executive Director fees

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

As an exception to the recommended remuneration practice of the King III Code, and as in previous years, the fee structure for Non-executive Directors is not split between a base fee and an attendance fee. Non-executive Directors are paid a fixed annual fee in respect of their Board membership, as well as supplementary fees for committee membership and an additional committee fee for formally scheduled board and committee meetings which do not form part of the annual calendar of meetings. Non-executive Directors receive fixed fees for services, on boards and board committees. Actual fees and the fee structure are reviewed annually. The peer group used for benchmarking of fees is the same as for executive remuneration benchmarking. The Board recommends the fees payable to the Chairman and Non-executive Directors for approval by the shareholders.

Annual Non-executive Directors' fees are as follows for the two past financial years:

	2016		2015	
	Member	**Chairman**	**Member**	**Chairman**
Chairman of the Board, inclusive of fees payable for attendance or membership of board committees and directorship of the company		**R4 900 000**		R4 900 000
Resident fees				
Non-executive Directors	**R660 000**		R530 000	
Audit Committee	**R199 000**	**R398 000**	R199 000	R398 000
Remuneration Committee	**R136 000**	**R272 000**	R136 000	R272 000
Capital Investment Committee	**R117 000**	**R234 000**	n/a	n/a
Risk and Safety, Health and Environment Committee	**R117 000**	**R234 000**	R117 000	R234 000
Nomination and Governance Committee	**R117 000**	**R234 000**	R117 000	R234 000
Share Incentive Plan Trustees (resident and non-resident)	**R67 000**	**R134 000**	R67 000	R134 000
Lead Independent Director (additional fee)	**R170 000**		R170 000	
Attendance of formally scheduled ad hoc board and committee meetings (per meeting)	**R21 000**		R21 000	
Non-resident fees				
Non-executive Directors	**US$147 000**		US$147 000	
Audit Committee	**US$27 000**	**US$54 000**	US$27 000	US$54 000
Remuneration Committee	**US$20 500**	**US$41 000**	US$20 500	US$41 000
Capital Investment Committee	**US$18 500**	**US$37 000**	n/a	n/a
Risk and Safety, Health and Environment Committee	**US$18 500**	**US$37 000**	US$18 500	US$37 000
Nomination and Governance Committee	**US$18 500**	**US$37 000**	US$18 500	US$37 000
Lead Independent Director (additional fee)	**US$51 000**		US$51 000	

Executive Directors do not receive directors' fees.

A Non-executive Director is required to retire at the end of the calendar year in which the director turns 70, unless the Board, subject to the memorandum of incorporation 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.

Section 3: Remuneration in 2016

The appointment and re-election dates of executive directors in office during the financial year are outlined below:

Executive Directors	Employment date in the group of companies	Date first appointed to the board	Date last re-elected as a director	Date due for re-election[1]
DE Constable	1 June 2011	1 July 2011	21 November 2014	N/A[2]
VN Fakude	1 October 2005	1 October 2005	4 December 2015	17 November 2017
B Nqwababa	1 March 2015	1 March 2015	21 November 2014	25 November 2016

1 Projected date of retirement by rotation based on 13 directors in office on 30 June 2016.
2 Mr DE Constable stepped down on 30 June 2016.

President and Chief Executive Officer and Executive Directors' remuneration

The President and Chief Executive Officer's salary and short-term incentive is paid to him on a net of tax basis in US dollars in terms of the company's expatriate remuneration policy.

The required rand-based disclosure is impacted by the rand/US dollar exchange rate. In the past financial year, the rate has fluctuated between R12,25 and R16,88 which distorts the actual remuneration received when disclosed in rand. Therefore, to facilitate comprehensive remuneration disclosure, the table below provides the actual year-on-year increase in net base salary and STI in US dollars since 2012.

DE Constable	FY12 US$	FY13 US$	FY14 US$	FY15 US$	FY16 US$	% change (FY15/16)
Net base salary	827 782	865 032	899 633	935 618	935 618	0%
Net STI	839 803	1 320 231	1 717 770	1 034 794	524 015	(49%)

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

In response to the LCCP overruns, the Board agreed to reduce the short-term incentives of GEC members through a negative modifier, to the extent that they were directly or indirectly responsible for project execution.

Executive Directors	TGP/Base salary as at 30 June 2016 A	Target % B	Group factor % C	Individual Performance factor % range[2] D	Board approved Modifier (LCCP) % E	FY16 STI value F = AxBxCxDxE
DE Constable[1]	US$935 618	115	81,99	90 – 100	(40)	US$524 015
VN Fakude	R8 049 146	90	81,99	90 – 100	(15)	R5 048 613
B Nqwababa	R6 700 000	90	81,99	95 – 105	(15)	R4 412 517

1 Net USD salary used to calculate net USD short-term incentive.
2 Actual score determined by performance against individual scorecard, in a range of 0% – 150%.

Remuneration and benefits paid (disclosed in rands) and approved in respect of 2016 for Executive Directors were as follows:

Executive Directors	DE Constable[3]			B Nqwababa[5]			VN Fakude[6]			P Victor[7]		
R'000	**2016**	2015	% change	**2016**	2015	% change	**2016**	2015	% change	**2016**	2015	% change
Salary	**22 769**	17 722		**5 987**	1 960		**6 181**	6 067		**–**	1 999	
Retirement funding	**223**	234		**636**	249		**1 765**	1 732		**–**	300	
Vehicle benefits	**–**	–		**–**	–		**60**	60		**–**	67	
Medical benefits	**371**	381		**81**	24		**46**	42		**–**	–	
Vehicle insurance fringe benefits	**6**	6		**6**	2		**6**	6		**–**	4	
Security benefits	**868**	1 028		**446**	112		**393**	544		**–**	–	
Other benefits	**5 363**[4]	4 062		**1 750**	444		**185**	–		**–**	208	
Total salary and benefits	**29 600**	**23 433**	**26**	**8 906**	**2 791**	**219**	**8 636**	**8 451**	**2**	**–**	**2 578**	
Annual Short-Term Incentive[1]	**12 437**	23 578		**4 413**	1 652		**5 049**	6 431		**–**	2 269	
Long-Term Incentive gains[8]	**14 352**	13 196		**–**	–		**10 320**	13 523		**–**	–	
Total annual remuneration[2]	**56 389**	**60 207**	**(6)**	**13 319**	**4 443**	**200**	**24 005**	**28 405**	**(15)**	**–**	**4 847**	

1 Incentives approved on the group results for the 2016 financial year and payable in the following year. Incentives are calculated as a percentage of total guaranteed package/net base salary as at 30 June 2016. The difference between the amount approved as at 9 September 2016 and the total amount accrued as at 30 June 2016 represents an over provision of R19,3 million. The over provision of R14,2 million for 2015 was reversed in 2016.

2 Total annual remuneration includes gains derived from the long-term incentive plan vesting during the year under review.

3 Salary and short-term incentive paid in US dollars, reflected at the exchange rate of the month of payment for the salaries, and on 9 September 2016 for the incentive being the date of approval of the Annual Financial Statements. Change in rand values are as a result of exchange rate fluctuations.

4 Other benefits for Mr DE Constable include the cost of grossing up additional benefits offered under the expatriation policy for tax purposes. Security (R603 500), medical aid (R258 125), housing including gross-up (R2 274 411), vehicle insurance (R3 975), home leave allowance including gross-up (R700 737), risk and personal cover (R 154 693) and leave encashment including gross-up (R1 367 188). Medical benefits include international cover for dependents.

5 B Nqwababa was appointed as Chief Financial Officer on 1 March 2015, and amounts reflect *pro rata* period for 2015. A sign on payment totalling R9 000 000 and payable over three years was concluded with Mr B Nqwababa as part of his employment contract compensating partially for incentives and benefits forfeited when he resigned from his previous employer. This amount reflects the first and second tranche, apportioned for his period of service within the 2016 financial year. The remaining balance will be paid in FY17.

6 Other benefits include a 10 year long-service award and Inzalo dividends earned during the financial year.

7 Pro rata remuneration received by Mr P Victor as acting Chief Financial Officer during the 2015 financial year. Other benefits include a retention payment of R1 500 000 in October 2014. Mr P Victor stood down as acting Chief Financial Officer with effect from 28 February 2015 and as such there were no LTIs which vested at 30 June 2015.

8 Long-term incentives for the 2016 financial year represent the number of units x corporate performance target achieved (2016) x closing share price on 8 September 2016. Actual vesting date is 26 September 2016. Financial year 2015 long-term incentive gains reflect LTI units vested in September 2015. We have amended our 2015 comparatives to align to this principle. The gains from SARs exercised during 2016 are disclosed on page 54.

Prescribed Officers

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

Prescribed Officers	TGP/Base salary as at 30 June 2016 A	Target % B	Group factor % C	Individual performance factor % range[1] D	Committee approved modifier (LCCP)% E	FY16 STI value F = AxBxCxDxE
SR Cornell	US$669 500	75	81,99	65 – 75	(25)	US$231 577
FR Grobler	R4 631 949	75	81,99	95 – 105	(15)	R2 542 109
VD Kahla	R5 469 952	75	81,99	95 – 105	(15)	R3 002 022
BE Klingenberg	R6 316 568	75	81,99	100 – 110	(15)	R3 631 742
M Radebe	R4 868 500	75	81,99	95 – 105	(15)	R2 671 933
CF Rademan	R5 938 650	75	81,99	100 – 110	(15)	R3 414 456
SJ Schoeman	R5 300 000	75	81,99	90 – 100	(15)	R2 770 237

1 Actual score determined by performance against individual scorecard, in a range of 0% – 150%.

Remuneration and benefits paid (disclosed in rands) and approved in respect of 2016 for Prescribed Officers were as follows:

Prescribed Officers	SR Cornell[3]			FR Grobler			VD Kahla			BE Klingenberg		
R'000	2016	2015	% change	2016	2015	% change	2016	2015	% change	2016	2015	% change
Salary	9 827	7 753		3 035	3 012		4 765	4 690		4 527	4 514	
Retirement funding	268	208		1 408	1 316		629	618		1 501	1 421	
Vehicle benefits	–	–		117	166		–	–		212	213	
Medical benefits	293	209		77	68		81	72		81	72	
Vehicle insurance fringe benefits	–	–		6	6		6	6		6	6	
Security benefits	–	–		10	39		392	363		304	115	
Other benefits	5 678	4 412		–	–		–	–		–	–	
Total salary and benefits	**16 066**	**12 582**	**28**	**4 653**	**4 607**	**1**	**5 873**	**5 749**	**2**	**6 631**	**6 341**	**5**
Annual Short-Term Incentive[1]	3 243	6 489		2 542	3 141		3 002	3 642		3 632	4 362	
Long-Term Incentive gains[2, 8]	12 736	–		6 825	4 355		4 233	5 418		6 023	7 767	
Total annual remuneration	**32 045**	**19 071**	**68**	**14 020**	**12 103**	**16**	**13 108**	**14 809**	**(11)**	**16 286**	**18 470**	**(12)**

Prescribed Officers R'000	E Oberholster[4] 2016	2015	% change	M Radebe[5] 2016	2015	% change	CF Rademan[6] 2016	2015	% change	SJ Schoeman[7] 2016	2015	% change
Salary	**–**	2 355		**3 840**	3 771		**3 983**	3 674		**4 098**	3 821	
Retirement funding	**–**	1 051		**688**	682		**1 569**	1 772		**446**	417	
Vehicle benefits	**–**	–		**264**	264		**320**	320		**200**	200	
Medical benefits	**–**	51		**81**	72		**71**	63		**81**	72	
Vehicle insurance fringe benefits	**–**	5		**6**	6		**6**	6		**6**	6	
Security benefits	**–**	7		**16**	23		**33**	34		**38**	2	
Other benefits	**–**	–		**110**	–		**9**	–		**–**	–	
Total salary and benefits	**–**	**3 469**		**5 005**	**4 818**	**4**	**5 991**	**5 869**	**2**	**4 869**	**4 518**	**8**
Annual Short-Term Incentive[1]	**–**	2 063		**2 672**	3 002		**3 414**	4 210		**2 770**	3 049	
Long-Term Incentive gains[2, 8]	**–**	–		**4 233**	5 418		**5 019**	7 767		**6 825**	4 355	
Total annual remuneration	**–**	**5 532**		**11 910**	**13 238**	**(10)**	**14 424**	**17 846**	**(19)**	**14 464**	**11 922**	**21**

1 Incentives approved on the group results for the 2016 financial year and payable in the following year. Incentives are calculated as a percentage of total guaranteed package/net base salary as at 30 June 2016. The difference between the amount approved as at 9 September 2016 and the total amount accrued as at 30 June 2016 represents an over provision of R9,6 million. The over provision of R6,0 million for 2015 was reversed in 2016.

2 Total Annual remuneration includes gains derived from the long-term incentive award vesting on the performance of the financial year under review.

3 Mr SR Cornell is paid in US dollars and the increase in salary and benefits reflect impact of the rand/US$ exchange rate. Mr SR Cornell received a payment of US$100 000 linked to a deferred sign on agreement which is part of his employment contract. Other benefits include a sign on payment of US$750 000 linked to a retention period of 36 months. This amount reflects the portion related to his period in service for the financial year (US$750 000 x 12/36).

4 Mr E Oberholster retired from the group with effect from 31 March 2015.

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

6 Other benefits include a 35 year long-service award.

7 Mr SJ Schoeman received a salary/TGP increase in March 2016 upon his appointment to the US Mega project team.

8 Long-term incentives for the 2016 financial year represent the number of units x corporate performance target achieved (2016) x closing share price on 8 September 2016. The actual vesting date for the annual awards made on 12 September 2013, is 26 September 2016. Included in the 2016 long-term incentive gains, are gains for awards allocated on appointment to Sasol. The actual vesting date for these awards are 13 March 2017 for Mr SJ Cornell (R12 736 297), 20 November 2016 for Mr FR Grobler (R3 389 579), and 5 June 2017 for Mr SJ Schoeman (R3 389 579). Financial year 2015 long-term incentive gains reflect LTI units vested in September 2015. We have amended our 2015 comparatives to align to this principle. The gains from SARs exercised during 2016 are disclosed on page 54.

Non-executive Directors

Details of the appointments of Non-executive Directors in office during the financial year are listed below:

Non-executive Directors	**Date first appointed to the board**	**Date last re-elected as a director**	**Date due for re-election**
MSV Gantsho (Chairman)	1 June 2003	4 December 2015	17 November 2017
JE Schrempp (Lead Independent Director)	21 November 1997	Retired 4 December 2015	N/A
C Beggs	8 July 2009	21 November 2014	25 November 2016
MJ Cuambe	1 June 2016	N/A	25 November 2016
HG Dijkgraaf (Lead Independent Director)[1]	16 October 2006	21 November 2014	25 November 2016
NNA Matyumza	8 September 2014	21 November 2014	17 November 2017
IN Mkhize	1 January 2005	4 December 2015	November 2018[2]
ZM Mkhize	29 November 2011	21 November 2014	17 November 2017
MJN Njeke	4 February 2009	22 November 2013	25 November 2016
PJ Robertson	1 July 2012	21 November 2014	25 November 2016
S Westwell	1 June 2012	4 December 2015	17 November 2017

1 Appointed as Lead Independent Director on 4 December 2015.

2 Date of meeting not yet determined.

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

Non-executive Directors	Board meeting fees R'000	Lead Independent Director fees R'000	Committee fees R'000	Share Incentive Trust fees R'000	Ad hoc or special meeting R'000	Total 2016 R'000	Total 2015 R'000
MSV Gantsho (Chairman)	4 900	–	–	–	–	**4 900**	4 900
JE Schrempp[1, 2] (Lead Independent)	1 050	305	279	34	63	**1 731**	2 909
HG Dijkgraaf[1,5] (Lead Independent)	2 183	452	1 158	67	95	**3 955**	2 788
C Beggs	660	–	515	–	21	**1 196**	1 129
MJ Cuambe[1, 3]	186	–	–	–	–	**186**	–
NNA Matyumza	660	–	350	–	–	**1 010**	610
IN Mkhize	660	–	569	134	21	**1 384**	1 317
ZM Mkhize	660	–	117	–	42	**819**	689
MJN Njeke	660	–	228	–	–	**888**	792
B Nqwababa[4]	–	–	–	–	–	**–**	171
PJ Robertson[1]	2 183	–	1 129	67	32	**3 411**	2 276
S Westwell[1]	2 183	–	950	–	32	**3 165**	2 357
Total	**15 985**	**757**	**5 295**	**302**	**306**	**22 645**	**19 938**

1 Board and committee fees paid in US dollars.
2 Prof JE Schrempp retired from the board effective 4 December 2015.
3 Appointed as Non-executive Director effective 1 June 2016.
4 Mr B Nqwababa resigned as Non-executive Director effective 26 September 2014 and was re-appointed as Executive Director with effect from 1 March 2015.
5 Appointed as Lead Independent Director on 4 December 2015.

LTIs previously granted, exercised, implemented, settled and/or vested

The interests of the Directors in the form of LTIs are shown in the tables below. During the year to 30 June 2016, the highest and lowest closing market prices for the company's shares were R492,50 on 8 March 2016 and R358,79 on 8 December 2015 and the closing market price on 30 June 2016 was R397,17. Refer to note 35 of the Annual Financial Statements for further details of the incentive plans.

LTI holdings (unvested)

Executive Directors	Balance at beginning of year (number)	Granted (number)	Grant date	Effect of corporate performance targets (number)	Long-term incentive rights settled (number)	Balance at end of year (number)
DE Constable	95 356	81 000	21-Sep-15	7 145	(19 807)	**163 694**
B Nqwababa	30 000	20 000	21-Sep-15	–	–	**50 000**
VN Fakude	69 686	27 500	21-Sep-15	11 985	(33 225)	**75 946**
Total	**195 042**	**128 500**		**19 130**	**(53 032)**	**289 640**

SAR holdings – outstanding (vested and unvested)

Executive Directors	Balance at beginning of year (number)	Effect of corporate performance targets (number)	SARs exercised	Balance at end of year (number)
DE Constable	375 787	–	–	**375 787**
VN Fakude	166 949	8 013	(32 862)	**142 100**
	542 736	**8 013**	**(32 862)**	**517 887**

Sasol Share Incentive Scheme

Executive Directors do not have any outstanding share options previously awarded under the Sasol Share Incentive Scheme and accordingly did not exercise any options during the course of the financial year. During the year, Prescribed Officer FR Grobler exercised 1 300 share options with a strike price of R232,38 and a market price of R464,29 per share on the exercise date. This resulted in a gain on exercise of R301 483. His remaining 2 700 options lapsed on expiry of the scheme.

LTI holdings (unvested)

Prescribed Officers	Balance at beginning of year (number)	Granted (number)	Grant date	Effect of corporate performance targets (number)	Long-term incentives settled (number)	Balance at end of year (number)
SR Cornell	42 100	23 000	21-Sep-15	–	–	**65 100**
FR Grobler	34 477	13 500	21-Sep-15	3 860	(10 701)	**41 136**
VD Kahla	29 999	16 000	21-Sep-15	4 802	(13 312)	**37 489**
BE Klingenberg	38 969	18 500	21-Sep-15	6 884	(19 084)	**45 269**
M Radebe	29 999	14 000	21-Sep-15	4 802	(13 312)	**35 489**
CF Rademan	38 008	20 000	21-Sep-15	6 884	(19 084)	**45 808**
SJ Schoeman	34 477	23 500	7-Jun-16	3 860	(10 701)	**51 136**
Total	**248 029**	**128 500**		**31 092**	**(86 194)**	**321 427**

SAR holdings (vested and unvested)

Prescribed Officers	Balance at beginning of year (number)	Effect of corporate performance targets (number)	SARs exercised	Balance at end of year (number)
FR Grobler	63 555	2 595	–	**66 150**
VD Kahla	68 500	3 216	(26 216)	**45 500**
BE Klingenberg	167 543	4 570	–	**172 113**
M Radebe	129 637	3 216	(4 100)	**128 753**
CF Rademan	91 862	4 570	–	**96 432**
SJ Schoeman	61 280	2 595	–	**63 875**
Total	**582 377**	**20 762**	**(30 316)**	**572 823**

Share Appreciation Rights Exercised

	Exercise dates	SARs exercised (number)	Market price per share (Rand)	Offer price per share (Rand)	Gain on exercise of share appreciation rights 2016[1] R'000s
Executive Directors					
VN Fakude		32 862			**6 033**
	9-Mar-16	7 400	492,50	352,10	**1 039**
	9-Mar-16	6 700	492,50	289,99	**1 357**
	9-Mar-16	18 762	492,50	298,65	**3 637**
Prescribed Officers					
VD Kahla		26 216			**3 087**
	9-Mar-16	6 000	492,50	372,00	**723**
	9-Mar-16	8 916	492,50	376,46	**1 035**
	9-Mar-16	5 300	492,50	334,53	**837**
	29-Mar-16	6 000	454,00	372,00	**492**
M Radebe	9-Mar-16	4 100	492,50	294,50	**812**
Total		**63 178**			**9 932**

1 No share appreciation rights were exercised in 2015.

Sasol Inzalo Management Scheme rights

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

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

	Balance at beginning of year (number)	Rights granted (number)	Value of underlying share (Rand)	Grant date	**Balance at end of year (number)**
Executive Directors					
VN Fakude	25 000	–	–	–	**25 000**
Prescribed Officers					
M Radebe	15 000	–	–	–	**15 000**
Total	**40 000**	**–**	**–**		**40 000**

Beneficial shareholding

The aggregate beneficial shareholding at 30 June 2016 of the directors of the company and the prescribed officers and their associates (none of whom have a holding greater than 1%) in the issued ordinary share capital of the company are detailed in the following tables.

Sasol Inzalo Public Limited RF (Sasol Inzalo) indirectly held 2 838 565 of the total issued capital of Sasol on 30 June 2016 in the form of unlisted Sasol preferred ordinary shares. The Sasol Inzalo ordinary shares have limited trading rights until 7 September 2018. Refer to note 36 of the Annual Financial Statements for details of the Sasol Inzalo share transaction.

	2016			2015		
Beneficial shareholdings[1]	**Direct beneficial**	**Indirect beneficial**[2]	**Total beneficial shareholding**	Direct beneficial	Indirect beneficial[2]	Total beneficial shareholding
Executive Directors						
VN Fakude	**4 269**	**–**	**4 269**	4 269	–	4 269
Non-executive Directors						
IN Mkhize	**–**	**18 435**	**18 435**	313	18 626	18 939
Total	**4 269**	**18 435**	**22 704**	4 582	18 626	23 208

1 There was no change in the above shareholding between the end of the financial year and the date of approval of the Annual Financial Statements.

2 Sasol Inzalo Public Limited (RF) shares.

	2016			2015		
Prescribed Officers	**Direct beneficial**	**Indirect beneficial**[1]	**Total beneficial shareholding**	Direct beneficial	Indirect beneficial[1]	Total beneficial shareholding
FR Grobler	**13 500**	**–**	**13 500**	13 500	–	13 500
CF Rademan	**600**	**–**	**600**	2 500	–	2 500
M Radebe	**–**	**3 357**	**3 357**	–	3 357	3 357
Total	**14 100**	**3 357**	**17 457**	16 000	3 357	19 357

1 Share units in Sasol Employee Share Savings Trust not included.

Income statement
for the year ended 30 June

2014* US$m	2015* US$m	**2016* US$m**		Note	**2016 Rm**	2015 Rm	2014 Rm
19 508	16 181	**11 911**	**Turnover**	1	**172 942**	185 266	202 683
(8 587)	(7 002)	**(4 912)**	Materials, energy and consumables used	2	**(71 320)**	(80 169)	(89 224)
(555)	(528)	**(476)**	Selling and distribution costs		**(6 914)**	(6 041)	(5 762)
(798)	(666)	**(582)**	Maintenance expenditure		**(8 453)**	(7 628)	(8 290)
(2 750)	(1 930)	**(1 647)**	Employee-related expenditure	3	**(23 911)**	(22 096)	(28 569)
(58)	(48)	**(20)**	Exploration expenditure and feasibility costs		**(282)**	(554)	(604)
(1 301)	(1 185)	**(1 127)**	Depreciation and amortisation		**(16 367)**	(13 567)	(13 516)
(714)	(866)	**(625)**	Other expenses and income		**(9 073)**	(9 912)	(7 415)
77	(97)	**74**	Translation gains/(losses)	4	**1 070**	(1 115)	798
(791)	(769)	**(699)**	Other operating expenses and income	5	**(10 143)**	(8 797)	(8 213)
(734)	(70)	**(888)**	Remeasurement items	8	**(12 892)**	(807)	(7 629)
399	179	**35**	Equity accounted profits, net of tax	21	**509**	2 057	4 144
4 410	4 065	**1 669**	**Operating profit**		**24 239**	46 549	45 818
117	112	**125**	Finance income	6	**1 819**	1 274	1 220
(185)	(195)	**(161)**	Finance costs	6	**(2 340)**	(2 230)	(1 925)
4 342	3 982	**1 633**	**Profit before tax**		**23 718**	45 593	45 113
(1 414)	(1 260)	**(598)**	Taxation	12	**(8 691)**	(14 431)	(14 696)
2 928	2 722	**1 035**	**Profit for the year**		**15 027**	31 162	30 417
			Attributable to				
2 847	2 595	**911**	Owners of Sasol Limited		**13 225**	29 716	29 580
81	127	**124**	Non-controlling interests in subsidiaries		**1 802**	1 446	837
2 928	2 722	**1 035**			**15 027**	31 162	30 417
US$	US$	**US$**			**Rand**	Rand	Rand
			Per share information				
4,67	4,25	**1,49**	Basic earnings per share	7	**21,66**	48,71	48,57
4,65	4,25	**1,49**	Diluted earnings per share	7	**21,66**	48,70	48,27

* Supplementary non-IFRS information. US dollar convenience translation, converted at average exchange rate of R14,52/US$1 (2015 – R11,45/US$1; 2014 – R10,39/US$1).

Statement of comprehensive income
for the year ended 30 June

	2016 Rm	2015 Rm	2014 Rm
Profit for the year	**15 027**	31 162	30 417
Other comprehensive income, net of tax			
Items that can be subsequently reclassified to the income statement	**13 253**	3 604	4 460
Effect of translation of foreign operations**	**15 112**	3 590	4 477
Effect of cash flow hedges**	**(2 855)**	–	(66)
Fair value of investments available-for-sale	**(7)**	16	34
Tax on items that can be subsequently reclassified to the income statement	**1 003**	(2)	15
Items that cannot be subsequently reclassified to the income statement	**(546)**	(593)	(22)
Remeasurements on post-retirement benefit obligations***	**(877)**	(847)	(80)
Tax on items that cannot be subsequently reclassified to the income statement	**331**	254	58
Total comprehensive income for the year	**27 734**	34 173	34 855
Attributable to			
Owners of Sasol Limited	**25 890**	32 727	34 002
Non-controlling interests in subsidiaries	**1 844**	1 446	853
	27 734	34 173	34 855

** These figures include the effect of a loss of R97 million (2015 – Rnil; 2014 – Rnil) on reclassification from the cash flow hedge reserve and a (gain)/loss of (R840 million) (2015 – (R893 million); 2014 – R326 million) on reclassification from the foreign currency translation reserve, respectively, to profit and loss.

*** Includes the effect of a loss/(gain) of R749 million (2015 – R590 million; 2014 – (R1 062 million)) relating to the movement in the asset limitation, as well as a (gain)/loss of (R63 million) (2015 – R46 million; 2014 – R38 million) on reimbursive rights related to post-retirement benefits, recognised in long-term receivables.

The notes on pages 61 to 150 are an integral part of these Consolidated Financial Statements.

Statement of financial position
at 30 June

2015* US$m	2016* US$m		Note	2016 Rm	2015 Rm
		Assets			
11 160	**10 541**	Property, plant and equipment	17	**155 054**	135 822
5 093	**7 071**	Assets under construction	18	**104 011**	61 977
189	**182**	Goodwill and other intangible assets	19	**2 680**	2 293
975	**892**	Equity accounted investments	21	**13 118**	11 870
68	**64**	Other long-term investments		**943**	826
48	**42**	Post-retirement benefit assets	34	**614**	590
147	**188**	Long-term receivables and prepaid expenses	20	**2 772**	1 791
144	**230**	Deferred tax assets	13	**3 389**	1 752
17 824	**19 210**	**Non-current assets**		**282 581**	216 921
7	**72**	Assets in disposal groups held for sale	11	**1 064**	89
1 902	**1 618**	Inventories	24	**23 798**	23 141
128	**169**	Tax receivable	14	**2 487**	1 563
2 335	**1 933**	Trade and other receivables	25	**28 426**	28 410
10	**3**	Short-term financial assets		**42**	124
413	**158**	Cash restricted for use	28	**2 331**	5 022
3 971	**3 398**	Cash	28	**49 985**	48 329
8 766	**7 351**	**Current assets**		**108 133**	106 678
26 590	**26 561**	**Total assets**		**390 714**	323 599
		Equity and liabilities			
15 745	**14 072**	Shareholders' equity		**206 997**	191 610
400	**368**	Non-controlling interests		**5 421**	4 873
16 145	**14 440**	**Total equity**		**212 418**	196 483
3 227	**5 303**	Long-term debt	16	**78 015**	39 269
1 104	**1 279**	Long-term provisions	32	**18 810**	13 431
827	**864**	Post-retirement benefit obligations	34	**12 703**	10 071
35	**43**	Long-term deferred income		**631**	425
1	**193**	Long-term financial liabilities		**2 844**	8
1 854	**1 611**	Deferred tax liabilities	13	**23 691**	22 570
7 048	**9 293**	**Non-current liabilities**		**136 694**	85 774
1	**–**	Liabilities in disposal groups held for sale	11	**–**	15
274	**136**	Short-term debt		**2 000**	3 331
519	**289**	Short-term provisions	33	**4 246**	6 322
74	**60**	Tax payable	14	**878**	905
2 454	**2 265**	Trade and other payables	26	**33 317**	29 855
33	**11**	Short-term deferred income		**170**	397
16	**58**	Short-term financial liabilities		**855**	198
26	**9**	Bank overdraft	28	**136**	319
3 397	**2 828**	**Current liabilities**		**41 602**	41 342
26 590	**26 561**	**Total equity and liabilities**		**390 714**	323 599

The notes on pages 61 to 150 are an integral part of these Consolidated Financial Statements.

* Supplementary non-IFRS information. US dollar convenience translation, converted at a closing rate of R14,71/US$1 (2015 – R12,17/US$1).

Statement of changes in equity
for the year ended 30 June

	Share capital Note 15 Rm	Share repurchase programme Note 15 Rm	Share-based payment reserve Note 36 Rm	Investment fair value reserve Rm
Balance at 30 June 2013	**28 711**	**(2 641)**	**(13 171)**	**(3)**
Shares issued on implementation of share options	373	–	–	–
Share-based payment expense	–	–	267	–
Transactions with non-controlling shareholders in subsidiaries	–	–	–	–
Settlement of post-retirement benefit obligations	–	–	–	–
Total comprehensive income for the year	–	–	–	31
profit	–	–	–	–
other comprehensive income for the year	–	–	–	31
Dividends paid	–	–	–	–
Balance at 30 June 2014	**29 084**	**(2 641)**	**(12 904)**	**28**
Shares issued on implementation of share options	144	–	–	–
Share-based payment expense	–	–	501	–
Settlement of post-retirement benefit obligations	–	–	–	–
Total comprehensive income for the year	–	–	–	14
profit	–	–	–	–
other comprehensive income for the year	–	–	–	14
Dividends paid	–	–	–	–
Balance at 30 June 2015	**29 228**	**(2 641)**	**(12 403)**	**42**
Shares issued on implementation of share options	**54**	**–**	**–**	**–**
Share-based payment expense	**–**	**–**	**123**	**–**
Expiry of Sasol share incentive scheme	**–**	**–**	**(1 302)**	**–**
Settlement of post-retirement benefit obligations	**–**	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**–**	**(16)**
profit	**–**	**–**	**–**	**–**
other comprehensive income for the year	**–**	**–**	**–**	**(16)**
Dividends paid	**–**	**–**	**–**	**–**
Balance at 30 June 2016	**29 282**	**(2 641)**	**(13 582)**	**26**

The notes on pages 61 to 150 are an integral part of these Consolidated Financial Statements.

Foreign currency translation reserve Rm	Cash flow hedge accounting reserve Rm	Remeasurements on post-retirement benefits Rm	Retained earnings Rm	**Shareholders' equity Rm**	Non-controlling interests Rm	**Total equity Rm**
10 235	**41**	**(1 585)**	**127 996**	**149 583**	**3 310**	**152 893**
–	–	–	–	**373**	–	**373**
–	–	–	–	**267**	–	**267**
–	–	–	–	**–**	1	**1**
–	–	202	(202)	**–**	–	**–**
4 469	(48)	(30)	29 580	**34 002**	853	**34 855**
–	–	–	29 580	**29 580**	837	**30 417**
4 469	(48)	(30)	–	**4 422**	16	**4 438**
–	–	–	(13 248)	**(13 248)**	(372)	**(13 620)**
14 704	**(7)**	**(1 413)**	**144 126**	170 977	**3 792**	174 769
–	–	–	–	**144**	–	**144**
–	–	–	–	**501**	–	**501**
–	–	25	(25)	**–**	–	**–**
3 585	–	(588)	29 716	**32 727**	1 446	**34 173**
–	–	–	29 716	**29 716**	1 446	**31 162**
3 585	–	(588)	–	**3 011**	–	**3 011**
–	–	–	(12 739)	**(12 739)**	(365)	**(13 104)**
18 289	**(7)**	**(1 976)**	**161 078**	**191 610**	**4 873**	**196 483**
–	**–**	**–**	**–**	**54**	**–**	**54**
–	**–**	**–**	**–**	**123**	**–**	**123**
–	**–**	**–**	**1 302**	**–**	**–**	**–**
–	**–**	**8**	**(8)**	**–**	**–**	**–**
15 027	**(1 781)**	**(565)**	**13 225**	**25 890**	**1 844**	**27 734**
–	**–**	**–**	**13 225**	**13 225**	**1 802**	**15 027**
15 027	**(1 781)**	**(565)**	**–**	**12 665**	**42**	**12 707**
–	**–**	**–**	**(10 680)**	**(10 680)**	**(1 296)**	**(11 976)**
33 316	**(1 788)**	**(2 533)**	**164 917**	**206 997**	**5 421**	**212 418**

Statement of cash flows
for the year ended 30 June

	Note	2016 Rm	2015 Rm	2014 Rm
Cash receipts from customers		**175 994**	186 839	203 549
Cash paid to suppliers and employees		**(121 321)**	(125 056)	(138 100)
Cash generated by operating activities	29	**54 673**	61 783	65 449
Dividends received from equity accounted investments	21	**887**	2 812	4 717
Finance income received	6	**1 633**	1 234	1 203
Finance costs paid	6	**(3 249)**	(2 097)	(499)
Tax paid	14	**(9 329)**	(10 057)	(13 647)
Cash available from operating activities		**44 615**	53 675	57 223
Dividends paid	31	**(10 680)**	(12 739)	(13 248)
Cash retained from operating activities		**33 935**	40 936	43 975
Additions to non-current assets[1]		**(67 158)**	(42 645)	(38 779)
additions to property, plant and equipment	17	**(965)**	(1 273)	(4 327)
additions to assets under construction	18	**(69 422)**	(43 754)	(34 371)
additions to other intangible assets		**(22)**	(79)	(81)
increase in capital project related payables		**3 251**	2 461	–
Settlement of funding commitment on Canadian assets	17	**(3 339)**	–	–
Acquisition of interests in equity accounted investments	9	**–**	–	(519)
Cash acquired on acquisition of equity accounted investments	9	**–**	–	527
Additional investments in equity accounted investments		**(548)**	(588)	(16)
Proceeds on disposals	10	**569**	1 210	1 538
Net cash disposed of on disposal of businesses	10	**–**	(105)	–
Purchase of investments		**(223)**	(224)	(281)
Proceeds from sale of investments		**171**	264	237
(Increase)/decrease in long-term receivables		**(506)**	3	(520)
Cash used in investing activities		**(71 034)**	(42 085)	(37 813)
Share capital issued on implementation of share options		**54**	144	373
Contributions from non-controlling shareholders in subsidiaries		**–**	–	3
Dividends paid to non-controlling shareholders in subsidiaries		**(1 296)**	(365)	(372)
Proceeds from long-term debt	16	**34 008**	14 543	3 263
Repayments of long-term debt	16	**(3 120)**	(1 663)	(2 207)
Proceeds from short-term debt		**2 901**	2 686	2 346
Repayments of short-term debt		**(3 369)**	(2 280)	(2 497)
Cash generated by financing activities		**29 178**	13 065	909
Translation effects on cash and cash equivalents		**7 069**	3 095	455
(Decrease)/increase in cash and cash equivalents		**(852)**	15 011	7 526
Cash and cash equivalents at beginning of year		**53 032**	38 021	30 555
Reclassification to held for sale		**–**	–	(60)
Cash and cash equivalents at end of year	28	**52 180**	53 032	38 021

1 Additions to non-current assets, including capital accruals, amounts to R70 409 million (2015 – R45 106 million; 2014 – R38 779 million).

The notes on pages 61 to 150 are an integral part of these Consolidated Financial Statements.

Notes to the financial statements

Since the implementation of our new operating model in 2014, we have optimised and integrated our operations along a single value chain and streamlined our processes and ways of working. To reflect the new operating model and bring greater focus and increased simplicity to how Sasol is organised and managed, we have restructured our Annual Financial Statements (AFS) to better reflect the way the business is managed and improve shareholder accessibility and understanding of our financial results. We have also purposefully focused on the disclosure of material items to assist with clarity, as well as removing duplicate disclosures.

The new structure of the AFS outlined below together with the Report of the Group Chief Financial Officer, provides a full overview of the results, in the context of our business strategy, while enabling more effective analysis of the group's performance.

SEGMENT INFORMATION

EARNINGS

Operating activities

Once-off items

Taxation

SOURCES OF CAPITAL

Equity

Funding activities and facilities

CAPITAL ALLOCATION AND UTILISATION

Investing activities

Working capital

Cash management

PROVISIONS AND RESERVES

Provisions

Reserves

OTHER DISCLOSURES

Segment information

	Mining		Exploration and Production International		Energy		Base Chemicals		Performance Chemicals	
	2016 Rm	2015 Rm	**2016 Rm**	2015 Rm	**2016 Rm**	2015 Rm	**2016 Rm**	2015 Rm	**2016 Rm**	2015 Rm
Statement of financial position										
Non-current assets	**22 685**	20 893	**20 077**	19 226	**61 884**	57 459	**84 854**	55 205	**84 284**	56 980
Current assets	**1 818**	1 501	**2 923**	3 692	**16 615**	16 270	**14 337**	15 586	**25 525**	25 261
Non-current liabilities	**3 358**	3 641	**8 948**	5 136	**9 726**	5 818	**29 691**	10 087	**31 484**	11 827
Current liabilities	**2 430**	2 751	**1 961**	1 513	**9 571**	14 526	**8 163**	5 290	**12 442**	9 890

	Mining			Exploration and Production International			Energy		
	2016 Rm	2015 Rm	2014 Rm	**2016 Rm**	2015 Rm	2014 Rm	**2016 Rm**	2015 Rm	2014 Rm
Income statement									
External turnover	**2 360**	2 215	2 154	**1 706**	2 043	2 990	**63 818**	75 264	84 632
Total turnover	**16 975**	15 687	14 134	**4 211**	5 172	5 208	**64 341**	75 800	86 052
Intersegmental turnover	**(14 615)**	(13 472)	(11 980)	**(2 505)**	(3 129)	(2 218)	**(523)**	(536)	(1 420)
Operating profit/(loss)*	**4 739**	4 343	2 453	**(11 714)**	(3 170)	(5 980)	**14 069**	22 526	31 423
Attributable to owners of Sasol Limited	**3 000**	2 762	1 593	**(10 972)**	(3 698)	(6 892)	**9 112**	15 645	22 516
Effect of remeasurement items**	**31**	31	7	**9 963**	3 126	5 472	**1 267**	(104)	47
Depreciation and amortisation	**1 673**	1 377	1 211	**3 042**	2 476	2 677	**4 194**	3 465	3 201
Statement of cash flows									
Cash flow from operations	**6 786**	5 784	3 921	**2 437**	3 301	2 659	**17 686**	22 991	31 348
Additions to non-current assets***	**3 459**	4 737	5 837	**5 599**	5 372	4 564	**6 348**	8 165	8 946
Other disclosures									
Capital commitments**	**3 563**	3 837	7 532	**23 648**	5 264	6 639	**9 588**	8 949	18 841

* Includes equity accounted profits/(losses), net of tax

** Excludes equity accounted investments

*** Includes capital accruals

Group Functions		Total		Deferred tax assets and liabilities		Tax receivable and payable		Post-retirement benefit assets		Total per statement of financial position	
2016 Rm	2015 Rm	**2016 Rm**	2015 Rm	**2016 Rm**	2015 Rm	**2016 Rm**	2015 Rm	**2016 Rm**	2015 Rm	**2016 Rm**	2015 Rm
4 794	4 816	**278 578**	214 579	**3 389**	1 752	**–**	–	**614**	590	**282 581**	216 921
44 428	42 805	**105 646**	105 115	**–**	–	**2 487**	1 563	**–**	–	**108 133**	106 678
29 796	26 695	**113 003**	63 204	**23 691**	22 570	**–**	–	**–**	–	**136 694**	85 774
6 157	6 467	**40 724**	40 437	**–**	–	**878**	905	**–**	–	**41 602**	41 342

Base Chemicals			Performance Chemicals			Group Functions			Total		
2016 Rm	2015 Rm	2014 Rm	**2016 Rm**	2015 Rm	2014 Rm	**2016 Rm**	2015 Rm	2014 Rm	**2016 Rm**	2015 Rm	2014 Rm
33 696	36 838	42 262	**71 254**	68 874	70 592	**108**	32	53	**172 942**	185 266	202 683
35 067	39 728	45 040	**73 634**	71 784	73 574	**108**	221	53	**194 336**	208 392	224 061
(1 371)	(2 890)	(2 778)	**(2 380)**	(2 910)	(2 982)	**–**	(189)	–	**(21 394)**	(23 126)	(21 378)
4 486	10 208	6 742	**11 276**	12 714	11 848	**1 383**	(72)	(668)	**24 239**	46 549	45 818
4 067	7 341	4 578	**8 229**	9 321	9 202	**(211)**	(1 655)	(1 417)	**13 225**	29 716	29 580
1 723	93	1 765	**55**	(1 804)	254	**(147)**	(535)	84	**12 892**	807	7 629
3 159	2 806	3 307	**3 678**	2 892	2 588	**621**	551	532	**16 367**	13 567	13 516
8 334	11 312	13 021	**15 517**	13 453	14 921	**1 596**	(419)	3 304	**52 356**	56 422	69 174
28 569	12 680	7 940	**25 494**	12 828	10 358	**940**	1 324	1 134	**70 409**	45 106	38 779
51 449	51 123	10 271	**48 422**	46 212	15 272	**616**	851	503	**137 286**	116 236	59 058

Reporting segments

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

The operating model structure reflects how the results are reported to the Chief Operating Decision Maker (CODM). The CODM for Sasol is the President and Chief Executive Officer.

Operating business units

Mining

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

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

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

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

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

Exploration and Production International

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

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

Strategic Business Units

Performance Chemicals

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

Base Chemicals

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

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

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

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

Energy

Energy is responsible for the sales and marketing of liquid fuels, pipeline gas and electricity. In South Africa, Energy sells approximately nine billion litres of liquid fuels annually, blended from fuel components produced by the Secunda Synfuels operations, crude oil refined at Natref, as well as some products purchased from other refiners. Energy markets approximately 55bscf of natural and methane-rich gas a year. Sasol has concluded power purchase agreements in South Africa with Eskom for up to 440 megawatts, and sells electricity to the national grid in Mozambique.

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

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

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

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

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

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

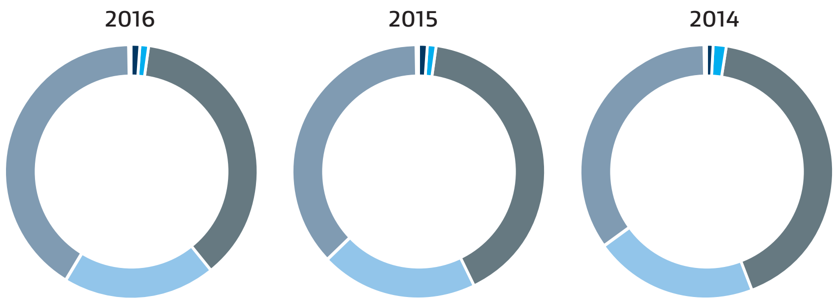
Turnover is derived from the sale of goods produced by the operating facilities and is recognised when, in accordance with the related contract terms, the title and risks and rewards of ownership pass to the customer. Prices are fixed or determinable and collectability is reasonably assured. Shipping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

EARNINGS

Generated from operations

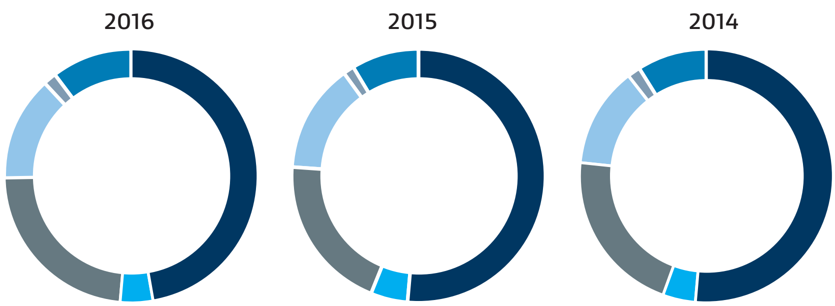
Operating activities

for the year ended 30 June	2016 Rm	2015 Rm	2014 Rm
1 Turnover			
Sale of products	**170 830**	183 935	200 960
Services rendered	**1 695**	998	1 082
Other trading income	**417**	333	641
	172 942	185 266	202 683
Business segmentation			
Mining	**2 360**	2 215	2 154
Exploration and Production International	**1 706**	2 043	2 990
Energy	**63 818**	75 264	84 632
Base Chemicals	**33 696**	36 838	42 262
Performance Chemicals	**71 254**	68 874	70 592
Group Functions	**108**	32	53
Total operations	**172 942**	185 266	202 683



for the year ended 30 June	2016 Rm	2015 Rm	2014 Rm
Geographic segmentation*			
South Africa	**81 748**	95 218	104 671
Rest of Africa	**7 576**	9 170	8 458
Europe	**39 933**	36 845	42 565
North America	**23 403**	25 520	25 803
South America	**2 532**	2 640	3 191
Asia, Australasia and Middle East	**17 750**	15 873	17 995
Total operations	**172 942**	185 266	202 683

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



1 **Turnover** continued

Accounting policies:

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

Revenue is recognised when the following criteria are met:

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

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

- the sale of products is recognised when the group has substantially transferred all the risks and rewards of ownership and no longer retains continuing managerial involvement associated with ownership or effective control;
- services rendered is based on the stage of completion of the transaction, based on the proportion that costs incurred to date bear to the total cost of the project; and
- licence fees and royalties are recognised on an accrual basis.

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

For further information on revenue recognition, refer to Segment information on pages 64 to 65.

for the year ended 30 June	**2016 Rm**	2015 Rm	2014 Rm
2 Materials, energy and consumables used			
Cost of raw materials	**63 781**	72 962	80 591
Cost of electricity and other consumables used in production process	**7 539**	7 207	8 633
	71 320	80 169	89 224

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

for the year ended 30 June	Note	2016 Rm	2015 Rm	2014 Rm
3 Employee-related expenditure				
Analysis of employee costs				
Labour		**25 878**	25 531	25 095
salaries, wages and other employee related expenditure		**23 996**	23 921	23 286
post-employment benefits		**1 882**	1 610	1 809
Share-based payment expenses*		**494**	(1 161)	5 652
equity-settled	36	**123**	221	267
cash-settled	35	**371**	(1 382)	5 385
Total employee-related expenditure		**26 372**	24 370	30 747
Costs capitalised to projects		**(2 461)**	(2 274)	(2 178)
Per income statement		**23 911**	22 096	28 569

* 2015 excludes the Sasol Inzalo refinancing share-based payment expense of R280 million, which has been disclosed as other operating expenses. Refer to note 36.

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

	2016 Number	2015 Number	2014 Number
Permanent employees	**29 726**	30 257	32 533
Non-permanent employees	**374**	662	867
	30 100	30 919	33 400

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

	2016 Number	2015 Number	2014 Number
Business segmentation			
■ Mining	**7 263**	7 908	8 435
■ Exploration and Production International	**413**	494	527
■ Energy	**4 820**	4 799	5 219
■ Base Chemicals	**6 122**	5 983	6 220
■ Performance Chemicals	**6 365**	6 326	6 112
■ Group Functions	**5 117**	5 409	6 887
Total operations	**30 100**	30 919	33 400

Accounting policies:
Remuneration of employees is charged to the income statement, except where it is capitalised to projects in line with the accounting policy for assets under construction. Short-term employee benefits are those that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the services have been rendered. Short-term employee benefit obligations are measured on an undiscounted basis and are charged to the income statement as the related service is provided. Long-term employee benefits are those benefits that are expected to be wholly settled more than 12 months after the end of the annual reporting period, in which the services have been rendered and are discounted to their present value. An accrual is recognised for accumulated leave, incentive bonuses and other employee benefits when the group has a present legal or constructive obligation as a result of past service provided by the employee, and a reliable estimate of the amount can be made.

for the year ended 30 June	2016 Rm	2015 Rm	2014 Rm
4 Translation gains/(losses)			
Arising from			
Forward exchange contracts	**920**	(156)	662
Trade and other receivables	**1 431**	1 370	542
Trade and other payables	**(142)**	(339)	(183)
Foreign currency loans	**(1 475)**	(865)	(1 742)
Other	**336**	(1 125)	1 519
	1 070	(1 115)	798
Business segmentation			
Mining	**12**	14	(3)
Exploration and Production International	**(694)**	(380)	(130)
Energy	**136**	(62)	(179)
Base Chemicals	**373**	202	255
Performance Chemicals	**483**	135	27
Group Functions	**760**	(1 024)	828
Total operations	**1 070**	(1 115)	798

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

for the year ended 30 June	2016 Rm	2015 Rm	2014 Rm
5 Other operating expenses and income			
Rentals	**1 243**	1 114	1 141
Insurance	**457**	542	649
Computer costs	**1 832**	1 614	1 568
Hired labour	**893**	804	771
Audit remuneration	**85**	87	86
Restructuring costs related to our Business Performance Enhancement Programme[1]	**235**	1 525	714
retrenchment packages provided for	**–**	165	269
retrenchment packages settled during the year	**45**	1 002	60
consultancy costs	**65**	328	320
system implementation costs	**125**	30	65
Commodity derivative (gains)/losses	**(330)**	(473)	253
Professional fees	**1 202**	1 227	1 415
Changes in rehabilitation provisions	**1 946**	(1 722)	86
Reversal of EGTL provision	**(2 296)**	–	–
Sasol Polymers Competition Commission administrative penalty	**–**	(534)	534
Partial refinancing of the Sasol Inzalo transaction	**–**	280	–
Other expenses	**6 368**	5 700	5 305
Other operating income[2]	**(1 492)**	(1 367)	(4 309)
	10 143	8 797	8 213

1 In addition to these costs, accelerated share-based payment expenses of Rnil (2015 – R157 million; 2014 – R417 million) and an additional R43 million (2015 – R224 million; 2014 – R148 million) of internal resources was allocated to the project, bringing the total spend for the year to R278 million (2015 – 1 906 million; 2014 – R1 279 million).

2 Included in other operating income in 2014 is the impact of the EUR 168,22 million (R2 449 million) European General Court's reduction of the Performance Chemicals (Wax) fine imposed in 2009.

for the year ended 30 June	Note	2016 Rm	2015 Rm	2014 Rm
6 Net finance costs				
Finance income				
Dividends received from investments		**23**	46	38
Notional interest received		**114**	39	12
Interest received on		**1 682**	1 189	1 170
other long-term investments		**30**	20	28
loans and receivables		**316**	216	359
cash and cash equivalents		**1 336**	953	783
Per income statement		**1 819**	1 274	1 220
Notional interest		**(114)**	(39)	(12)
Interest received on tax		**(72)**	(1)	(5)
Per the statement of cash flows		**1 633**	1 234	1 203
Finance costs				
Debt		**2 696**	1 351	839
debt		**2 599**	1 351	839
interest rate swap – net settlements		**97**	–	–
Preference share dividends		**981**	1 034	793
Finance leases		**76**	93	64
Other		**26**	32	84
		3 779	2 510	1 780
Amortisation of loan costs	16	**157**	113	59
Notional interest	32	**657**	725	616
Total finance costs		**4 593**	3 348	2 455
Amounts capitalised to assets under construction	18	**(2 253)**	(1 118)	(530)
Per income statement		**2 340**	2 230	1 925
Total finance costs before amortisation of loan costs and notional interest		**3 779**	2 510	1 780
Less interest accrued on long-term debt	16	**(530)**	(408)	(1 276)
Less interest paid on tax payable		**–**	(5)	(5)
Per the statement of cash flows		**3 249**	2 097	499

for the year ended 30 June		2016 Rand	2015 Rand	2014 Rand
7	**Earnings and dividends per share**			
	Attributable to owners of Sasol Limited			
	Basic earnings per share	**21,66**	48,71	48,57
	Headline earnings per share	**41,40**	49,76	60,16
	Diluted earnings per share	**21,66**	48,70	48,27
	Diluted headline earnings per share	**41,40**	49,75	59,64
	Dividends per share	**14,80**	18,50	21,50
	interim	**5,70**	7,00	8,00
	final	**9,10**	11,50	13,50

Earnings per share (EPS)

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

	Number of shares		
for the year ended 30 June	2016 million	2015 million	2014 million
Weighted average number of shares	**610,7**	610,1	609,0

	2016 Rm	2015 Rm	2014 Rm
Earnings attributable to owners of Sasol Limited	**13 225**	29 716	29 580

	2016 Rand	2015 Rand	2014 Rand
Earnings attributable to owners of Sasol Limited			
Basic earnings per share	**21,66**	48,71	48,57

Headline earnings per share (HEPS)

	Number of shares		
for the year ended 30 June	2016 million	2015 million	2014 million
Weighted average number of shares	**610,7**	610,1	609,0

	Note	2016 Rm	2015 Rm	2014 Rm
Headline earnings is determined as follows:				
Earnings attributable to owners of Sasol Limited		**13 225**	29 716	29 580
Adjusted for:				
Effect of remeasurement items for subsidiaries and joint operations	8	**12 046**	642	7 047
gross remeasurement items		**12 892**	807	7 629
tax effects and non-controlling interests		**(846)**	(165)	(582)
Effect of remeasurement items for equity accounted investments	8	**13**	(1)	13
Headline earnings		**25 284**	30 357	36 640

	2016 Rand	2015 Rand	2014 Rand
Headline earnings attributable to owners of Sasol Limited			
Headline earnings per share	**41,40**	49,76	60,16

Diluted earnings per share (DEPS)

Diluted earnings per share (DEPS) reflect the potential dilution that could occur if all of the group's outstanding share options were exercised and the effects of all dilutive potential ordinary shares resulting from the Sasol Inzalo share transaction. The number of shares outstanding is adjusted to show the potential dilution if employee share options and Sasol Inzalo share rights are converted into ordinary shares and the ordinary shares that will be issued to settle the A and B preference shares in the Sasol Inzalo share transaction.

	Number of shares		
for the year ended 30 June	**2016 million**	2015 million	2014 million
Weighted average number of shares	**610,7**	610,1	609,0
Potential dilutive effect of outstanding share options*	**–**	0,1	0,4
Potential dilutive effect of Sasol Inzalo transaction**	**–**	–	11,4
Diluted weighted average number of shares for DEPS	**610,7**	610,2	620,8

* The share option scheme expired in December 2015.

	2016 Rm	2015 Rm	2014 Rm
Diluted earnings is determined as follows:			
Earnings attributable to owners of Sasol Limited	**13 225**	29 716	29 580
Finance costs on potentially dilutive shares relating to the Sasol Inzalo share transaction**	**–**	–	386
Diluted earnings	**13 225**	29 716	29 966

	2016 Rand	2015 Rand	2014 Rand
Diluted earnings attributable to owners of Sasol Limited			
Diluted earnings per share	**21,66**	48,70	48,27

Diluted headline earnings per share (DHEPS)	Number of shares		
for the year ended 30 June	**2016 million**	2015 million	2014 million
Diluted weighted average number of shares for DEPS	**610,7**	610,2	620,8
Potential dilutive effect of Sasol Inzalo transaction**	**–**	–	–
Diluted weighted average number of shares for diluted HEPS	**610,7**	610,2	620,8

** The Sasol Inzalo transaction is anti-dilutive for EPS and HEPS in 2016 and 2015.

	2016 Rm	2015 Rm	2014 Rm
7 Earnings and dividends per share continued			
Diluted headline earnings is determined as follows:			
Headline earnings attributable to owners of Sasol Limited	**25 284**	30 357	36 640
Finance costs on potentially dilutive shares relating to the Sasol Inzalo share transaction*	**–**	–	386
Diluted headline earnings	**25 284**	30 357	37 026

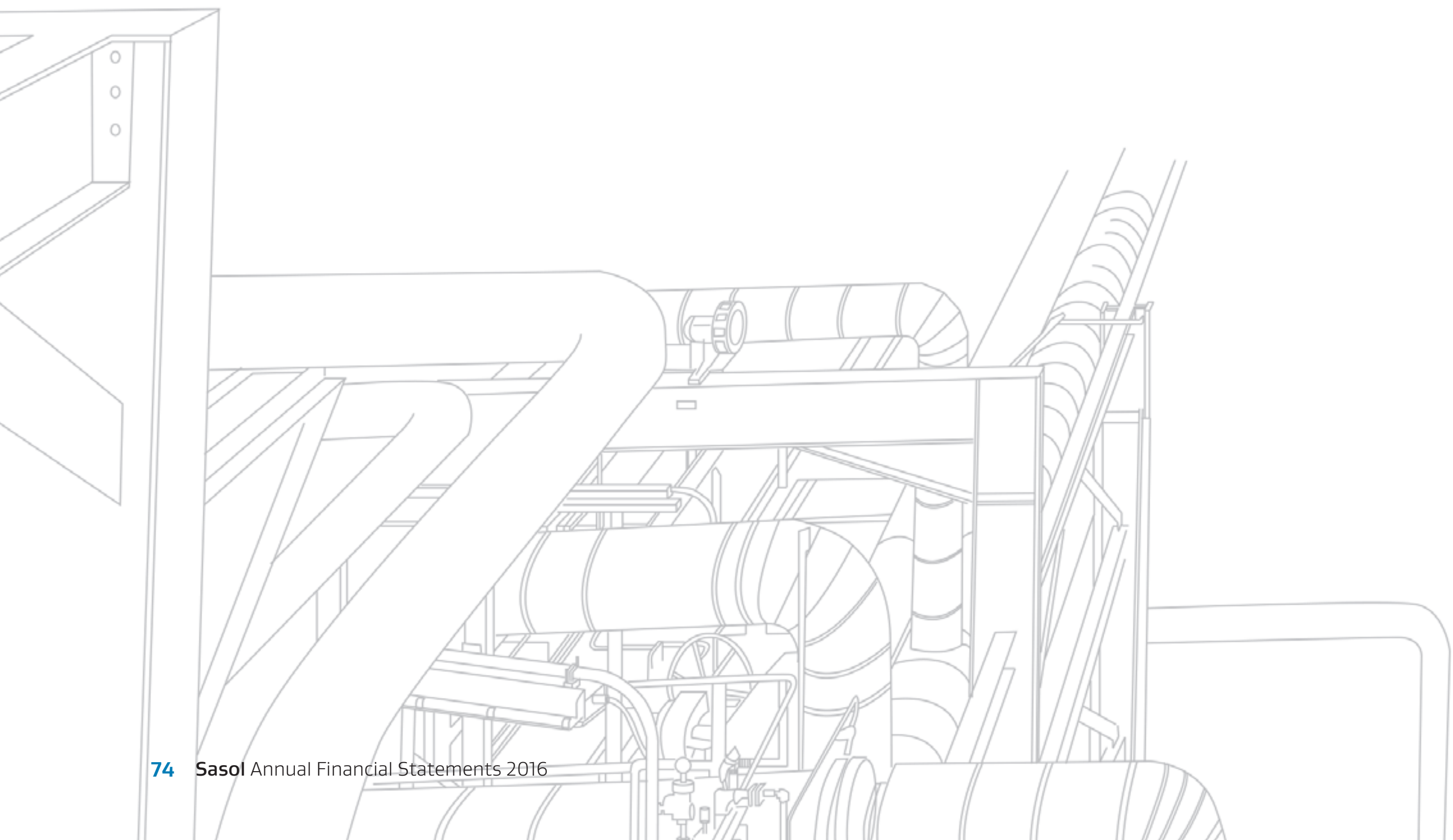
* The Sasol Inzalo transaction is anti-dilutive for EPS and HEPS in 2016 and 2015.

	2016 Rand	2015 Rand	2014 Rand
Diluted headline earnings attributable to owners of Sasol Limited			
Diluted headline earnings per share	**41,40**	49,75	59,64

Dividends per share

	2016 Rand	2015 Rand	2014 Rand
Ordinary shares of no par value			
interim	**5,70**	7,00	8,00
final**	**9,10**	11,50	13,50
	14,80	18,50	21,50

** Declared subsequent to 30 June 2016 and has been presented for information purposes only. No accrual regarding the final dividend has been recognised.



Once-off items

for the year ended 30 June	Note	2016 Rm	2015 Rm	2014 Rm
8 Remeasurement items affecting operating profit				
Effect of remeasurement items for subsidiaries and joint operations				
Impairment of		**12 320**	2 853	6 271
property, plant and equipment	17	**8 424**	294	3 289
assets under construction	18	**3 586**	2 555	2 625
goodwill and other intangible assets		**310**	3	79
equity accounted investment		**–**	–	275
other assets		**–**	1	3
Reversal of impairment of		**–**	(2 036)	(1)
property, plant and equipment	17	**–**	(294)	–
assets under construction	18	**–**	(1 727)	–
goodwill and other intangible assets		**–**	(15)	–
other assets		**–**	–	(1)
Loss/(profit) on	10	**936**	866	1 426
disposal of property, plant and equipment		**(412)**	(257)	(12)
disposal of goodwill and other intangible assets		**24**	164	26
disposal of other assets		**(1)**	–	31
disposal of investments in businesses		**226**	410	747
scrapping of property, plant and equipment		**266**	174	260
disposal and scrapping of assets under construction		**833**	375	374
Fair value gain on acquisition of business		**–**	–	(110)
Write-off of unsuccessful exploration wells	18	**(3)**	–	43
Realisation of foreign currency translation reserve		**(361)**	(876)	–
Remeasurement items per income statement		**12 892**	807	7 629
Tax effect		**(829)**	(186)	(582)
Non-controlling interest effect		**(17)**	21	–
Total remeasurement items for subsidiaries and joint operations, net of tax		**12 046**	642	7 047
Effect of remeasurement items for equity accounted investments		**13**	(1)	13
Total remeasurement items for the group, net of tax		**12 059**	641	7 060

8 Remeasurement items affecting operating profit continued

Impairment/reversal of impairments

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

Value-in-use calculations

The recoverable amount of the assets reviewed for impairment is determined based on value-in-use calculations. Key assumptions relating to this valuation include the discount rate and cash flows used to determine the value-in-use. Future cash flows are estimated based on financial budgets approved by management covering a three, five and ten-year period and are extrapolated over the useful life of the assets to reflect the long-term plans for the group using the estimated growth rate for the specific business or project. The estimated future cash flows and discount rates used are post-tax, based on an assessment of the current risks applicable to the specific entity and country in which it operates. Discounting post-tax cash flows at a post-tax discount rate yields the same result as discounting pre-tax cash flows at a pre-tax discount rate, assuming there are no significant temporary tax differences.

Main assumptions used for value-in-use calculations

		2016	2015	2014
Long-term average crude oil price (Brent) (nominal)*	US$/bbl	**85,37**	94,57	109,40
Long-term average gas price (Henry Hub), excluding margins (real)*	US$/mmbtu	**3,73**	4,40	5,49
Long-term ethane price (nominal)*	c/gal	**62,49**	78,12	89,88
Long-term average exchange rate*	Rand/US$	**14,95**	13,26	10,39

*Assumptions are provided on a long-term average basis, from the year ended 30 June 2017. Oil price and exchange rate assumptions are calculated based on a 10 year period, while ethane and Henry Hub gas prices are calculated until 2035 and 2041, respectively.

		South Africa %	United States of America %	Europe %	Canada %
Growth rate – long-term Producer Price Index	**2016**	**6,02**	**2,52**	**1,80**	**2,00**
Weighted average cost of capital	**2016**	**14,05**	**8,00**	**8,00 – 9,35**	**8,00**
Discount rate – risk adjusted	**2016**	**14,05**	**8,00**	**8,00 – 9,35**	**9,50 – 9,80**
Growth rate – long-term Producer Price Index	2015	5,70	1,40	1,40	1,40
Weighted average cost of capital	2015	12,95	8,00	8,00 – 9,35	8,00
Discount rate – risk adjusted	2015	12,95	8,00	8,00 – 9,35	9,50 – 9,80
Growth rate – long-term Producer Price Index	2014	6,00	1,60	0,90	1,60
Weighted average cost of capital	2014	12,95	8,00	8,00 – 11,20	8,00
Discount rate – risk adjusted	2014	12,95	8,00	8,00 – 11,20	8,00

Areas of judgement:

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

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

Significant impairments of assets in 2016

Shale gas assets - Canada

Our shale gas assets in Canada were impaired by R9,9 billion (CAD880 million) during 2016 to a carrying value for property, plant and equipment and assets under construction of R9,1 billion (CAD800 million). This significant impairment was largely driven by the depressed gas market, resulting in a further decline in long term gas prices. Variability in economic factors and project risk were adjusted for in the discount rate, and accordingly a risk adjusted discount rate range of 9,5% – 9,8% was used. These assets were impaired in previous periods (2015 – R1,3 billion (CAD133 million); 2014 – R5,3 billion (CAD540 million)), mainly due to the declining gas prices, and in 2014, recent market transactions for similar assets in the Montney region. In order to manage the shale gas asset through the low gas price environment, we concluded an agreement with our partner, Progress Energy to settle the outstanding funding commitment. Refer to note 17.

Base Chemicals - Lake Charles Chemicals Project

The Low Density Polyethylene cash generating unit (CGU) was impaired by R956 million (US$65 million) during 2016 to a carrying value of R15,7 billion (US$1 071 million). The impairment was driven by an increase in capital costs and lower margins, which were identified as impairment indicators for all the CGUs linked to the crackers in the LCCP complex. Impairment tests were performed, utilising price forecasts and macro-economic assumptions at 30 June 2016.

Significant impairments of assets in prior periods

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

Cash generating unit (CGU)	Business segmentation	Property, plant and equipment 2016 Rm	Assets under construction 2016 Rm	Goodwill and other intangible assets 2016 Rm	**Total 2016 Rm**
Shale gas assets in Canada	Exploration and Production International	**7 767**	**2 115**	**–**	**9 882**
Lake Charles Chemicals Project – LDPE	Base Chemicals	**–**	**956**	**–**	**956**
Beetaloo exploration permit – Australia	Exploration and Production International	**–**	**417**	**–**	**417**
Methyl Isobutyl Ketone (MIBK) plant	Base Chemicals	**521**	**16**	**–**	**537**
Other	Various	**136**	**82**	**310**	**528**
		8 424	**3 586**	**310**	**12 320**

Sensitivity to changes in assumptions

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

Sasol Canada – Shale gas assets

With regards to the impairment recognised in respect of the Sasol Canada shale gas assets, the value-in-use calculation is particularly sensitive to changes in the gas price, estimated ultimate recovery factor as well as changes in drilling and completion costs. These variables are interdependent and accordingly a 5% change in any of these variables could change the recoverable amount by R956 million – R1 695 million (CAD84 million – CAD149 million). Some of these factors are within the control of management and are monitored closely to minimise the impact of potential impairments. The gas price, however, is driven by global macro-economics, and hence cannot be controlled by management. We continue to monitor this asset for further impairments or signs of recovery indicating a reversal of impairment.

Base Chemicals – Lake Charles Chemicals Project

The Low Density Polyethylene (LDPE) derivative unit is particularly sensitive to changes in assumptions. An increase in project cost of US$500 million will result in an additional impairment of approximately US$100 million on the LDPE CGU. A 5% change in the ethane price assumption could change the recoverable amount by approximately R1 324 million (US$90 million). The pricing factors are outside of the control of management. We continue to monitor these assets, as well as the other derivative units within the LCCP complex for further impairments.

8 Remeasurement items affecting operating profit continued

Accounting policies:

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

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

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

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

In Southern Africa, the coal value chain originates with feedstock mined in Secunda and Sasolburg and continues along the integrated processes of the operating business units, ultimately resulting in fuels and chemicals-based product lines. Similarly, the gas value chain starts with the feedstock obtained in Mozambique and continues along the refinement processes in Secunda and Sasolburg, ultimately resulting in fuels and chemicals-based product lines. The assets which support the different product lines, including corporate asset allocations, are considered to be separate cash generating units.

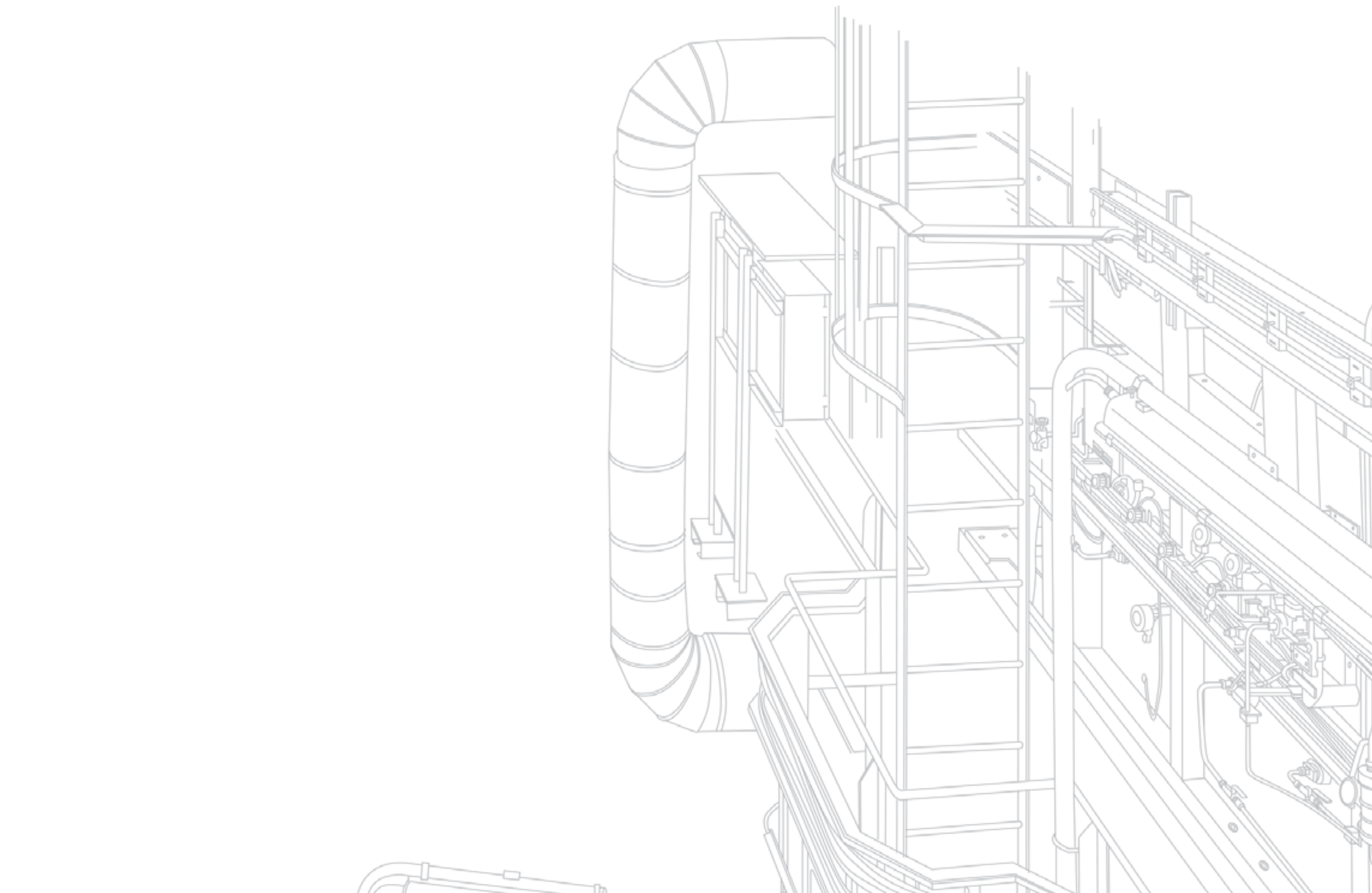
In the US, the ethylene value chain results in various chemicals-based product lines, sold into active markets. The assets which support the different chemicals-based product lines, including corporate asset allocations, are considered to be separate cash generating units.

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

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

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

for the year ended 30 June	2016 Rm	2015 Rm	2014 Rm
9 Acquisitions			
Property, plant and equipment	**–**	–	159
Goodwill and other intangible assets	**–**	–	219
Long-term prepaid expenses	**–**	–	9
Inventories	**–**	–	287
Trade and other receivables	**–**	–	193
Cash and cash equivalents	**–**	–	527
Long-term debt	**–**	–	(20)
Long-term provisions	**–**	–	(61)
Deferred tax liabilities	**–**	–	(46)
Tax payable	**–**	–	(10)
Trade and other payables	**–**	–	(418)
Total fair value of assets and liabilities	**–**	–	839
Fair value of pre-existing interest in associate retained	**–**	–	(336)
Goodwill	**–**	–	16
Total consideration per the statement of cash flows	**–**	–	519
Comprising			
Base Chemicals – Wesco China Limited associate	**–**	–	519
Total consideration	**–**	–	519



10 Disposals and scrapping

for the year ended 30 June	Note	2016 Rm	2015 Rm	2014 Rm
10 Disposals and scrapping				
Property, plant and equipment	17	**348**	298	294
cost		**5 099**	3 977	5 502
accumulated depreciation and impairment		**(4 751)**	(3 679)	(5 208)
Assets under construction	18	**963**	841	428
Goodwill and other intangible assets		**107**	239	160
cost		**392**	352	436
accumulated amortisation and impairment		**(285)**	(113)	(276)
Other long-term investments		**–**	–	23
Equity accounted investments – Uzbekistan GTL LLC		**1 042**	(21)	–
Long-term receivables and prepaid expenses		**–**	–	48
Assets in disposal group held for sale		**126**	796	2 254
Inventories		**–**	–	520
Trade and other receivables		**–**	–	773
Cash and cash equivalents		**–**	105	–
Long-term provisions	32	**(356)**	–	(166)
Post-retirement benefit obligations		**–**	–	(711)
Long-term deferred income		**–**	11	(44)
Liabilities in disposal groups held for sale		**(43)**	(201)	–
Short-term provisions		**–**	6	(11)
Tax payable		**–**	–	27
Trade and other payables		**–**	19	(543)
		2 187	2 093	3 052
Total consideration		**772**	1 210	1 952
consideration received		**569**	1 210	1 538
consideration still payable		**–**	–	(66)
consideration received in advance		**–**	–	480
consideration still receivable		**203**	–	–
		(1 415)	(883)	(1 100)
Realisation of accumulated translation effects		**479**	17	(326)
Net loss on disposal		**(936)**	(866)	(1 426)
Total consideration comprising				
Base Chemicals – Investment in ASPC joint venture		**–**	–	2 325
Base Chemicals – Solvents Germany		**–**	–	(1 032)
Exploration and Production International – Farm down of Area A		**464**	–	–
Performance Chemicals – Sale of Baltimore land		**92**	–	–
Other		**216**	1 210	659
Total consideration		**772**	1 210	1 952

Significant disposal in 2016

Energy – Investment in Uzbekistan GTL joint venture

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

Significant disposals in prior periods

Exploration and Production International – Exploration licences

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

Base Chemicals – Sasol Solvents Germany

In 2014, the Solvents Germany GmbH assets were disposed of, resulting in a loss on disposal of R966 million (EUR67 million).

Base Chemicals – Investment in ASPC joint venture

In 2014, our 50% interest in ASPC was disposed of for a total purchase consideration of R3 606 million (US$365 million), incurring a loss of R198 million.

for the year ended 30 June	2016 Rm	2015 Rm
11 Disposal groups held for sale		
Assets in disposal groups held for sale		
Energy – Land in Canada	**569**	–
Energy – Property and mineral rights in Lake DeSmet	**264**	–
Energy – Investment in Naledi Petroleum Holdings (Pty) Ltd	**–**	49
Group Functions – Investment in Oxis Energy Limited	**212**	–
Other	**19**	40
	1 064	89
Liabilities in disposal groups held for sale		
Energy – Investment in Naledi Petroleum Holdings (Pty) Ltd	**–**	(15)
	–	(15)
Business segmentation		
Mining	**16**	–
Energy	**836**	34
Performance Chemicals	**–**	40
Group Functions	**212**	–
Total operations	**1 064**	74

Accounting policies:

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

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

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

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

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

Taxation

for the year ended 30 June	Note	2016 Rm	2015 Rm	2014 Rm
12 Taxation				
South African normal tax		**5 826**	5 673	10 717
current year		**6 084**	6 036	10 756
prior years		**(258)**	(363)	(39)
Dividend withholding tax		**86**	80	82
Foreign tax		**2 420**	3 077	2 130
current year		**2 704**	3 101	2 184
prior years		**(284)**	(24)	(54)
Income tax		**8 332**	8 830	12 929
Deferred tax – South Africa	13	**1 894**	5 425	1 256
current year		**1 878**	5 521	1 248
prior years		**16**	(96)	8
Deferred tax – foreign	13	**(1 535)**	176	511
current year		**(734)**	152	532
prior years		**81**	28	(10)
recognition of previously unrecognised deferred tax assets*		**(945)**	–	(14)
tax rate change		**63**	(4)	3
		8 691	14 431	14 696

* Included in the charge per the income statement is the recognition of deferred tax assets not previously recognised, due to the uncertainty previously surrounding the utilisation thereof. In 2016, a deferred tax asset was recognised for the first time upon approval of the Production Sharing Agreement (PSA) licence area's Field Development Plan (FDP) in Mozambique.

Regional analysis	2016 Rm	2015 Rm	2014 Rm
South Africa	**7 806**	11 178	12 055
Rest of Africa	**(526)**	472	956
Europe	**1 137**	1 280	57
United States of America	**183**	1 402	1 547
Other	**91**	99	81
Total operations	**8 691**	14 431	14 696

Reconciliation of effective tax rate	2016 %	2015 %	2014 %
The table below shows the difference between the South African enacted tax rate (28%) compared to the tax rate in the income statement.			
Total income tax expense differs from the amount computed by applying the South African normal tax rate to profit before tax. The reasons for these differences are:			
South African normal tax rate	**28,0**	28,0	28,0
Increase in rate of tax due to			
disallowed preference share dividend	**1,2**	0,5	0,5
disallowed expenditure[1]	**4,3**	1,6	3,2
disallowed share-based payment expenses	**0,2**	0,1	0,2
translation differences	**1,1**	–	–
different tax rates	**1,0**	2,0	1,9
tax losses not recognised[2]	**13,1**	3,4	4,0
other adjustments	**1,2**	0,2	0,7
	50,1	35,8	38,5
Decrease in rate of tax due to			
exempt income[3]	**(0,8)**	(1,2)	(2,2)
share of profits of equity accounted investments	**(0,6)**	(1,3)	(2,8)
exempt income on reversal of EGTL provision	**(2,7)**	–	–
recognition of previously unrecognised deferred tax assets	**(4,0)**	–	–
utilisation of tax losses	**(0,7)**	–	(0,1)
investment incentive allowances	**(2,4)**	(0,6)	(0,3)
prior year adjustments	**(1,9)**	(1,0)	(0,2)
other adjustments	**(0,4)**	–	(0,3)
Effective tax rate	**36,6**	31,7	32,6
Adjusted effective tax rate[4]	**28,2**	33,0	31,4

1 2016 includes the loss on disposal of investment in Uzbekistan GTL joint venture of R563 million (refer to note 10) and other non-deductible expenses incurred not deemed to be in the production of taxable income.
2 The increase in tax losses not recognised in 2016 results mainly from the R9,9 billion impairment of the Canadian shale gas asset in the current year for which no deferred tax asset was raised. Refer note 8.
3 The increase in exempt income during 2014 relates to the reduction of the fine imposed on Performance Chemicals (Wax) by the European Union in 2008.
4 Effective tax rate adjusted for equity accounted investments, remeasurement items and, in 2016, the reversal of EGTL provision.

for the year ended 30 June	Note	2016 Rm	2015 Rm

13 Deferred tax

	Note	2016 Rm	2015 Rm
Reconciliation			
Balance at beginning of year		**20 818**	15 103
Current year charge		**(975)**	5 349
per the income statement	12	**359**	5 601
per the statement of comprehensive income		**(1 334)**	(252)
Foreign exchange differences recognised in income statement		**487**	225
Translation of foreign operations		**(28)**	141
Balance at end of year		**20 302**	20 818
Comprising			
Deferred tax assets		**(3 389)**	(1 752)
Deferred tax liabilities		**23 691**	22 570
		20 302	20 818

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

for the year ended 30 June	2016 Rm	2015 Rm
13 Deferred tax continued		
Attributable to the following tax jurisdictions		
South Africa	**20 843**	18 756
United States of America	**104**	1 149
Germany	**(758)**	(312)
Italy	**(498)**	(469)
Mozambique	**1 372**	1 842
Gabon	**(640)**	(128)
Other	**(121)**	(20)
	20 302	20 818
Deferred tax is attributable to temporary differences on the following		
Net deferred tax assets:		
Property, plant and equipment	**1 014**	627
Short- and long-term provisions	**(3 010)**	(1 288)
Calculated tax losses	**(1 843)**	(873)
Other	**450**	(218)
	(3 389)	(1 752)
Net deferred tax liabilities:		
Property, plant and equipment	**30 199**	28 034
Current assets	**(848)**	(407)
Short- and long-term provisions	**(3 974)**	(4 753)
Calculated tax losses	**(174)**	(321)
Financial liabilities	**(1 236)**	2
Other	**(276)**	15
	23 691	22 570

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

Calculated tax losses	2016 Rm	2015 Rm
(before applying the applicable tax rate)		
Available for offset against future taxable income	**28 085**	25 758
Utilised against the deferred tax balance	**(6 985)**	(4 057)
Not recognised as a deferred tax asset	**21 100**	21 701
Deferred tax assets not recognised on tax losses mainly relate to Sasol's exploration and development entities, where future taxable income is uncertain.		
Calculated tax losses carried forward that have not been recognised		
Expiry between one and five years	**7**	95
Expiry thereafter	**18 395**	19 660
Indefinite life	**2 698**	1 946
	21 100	21 701

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

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

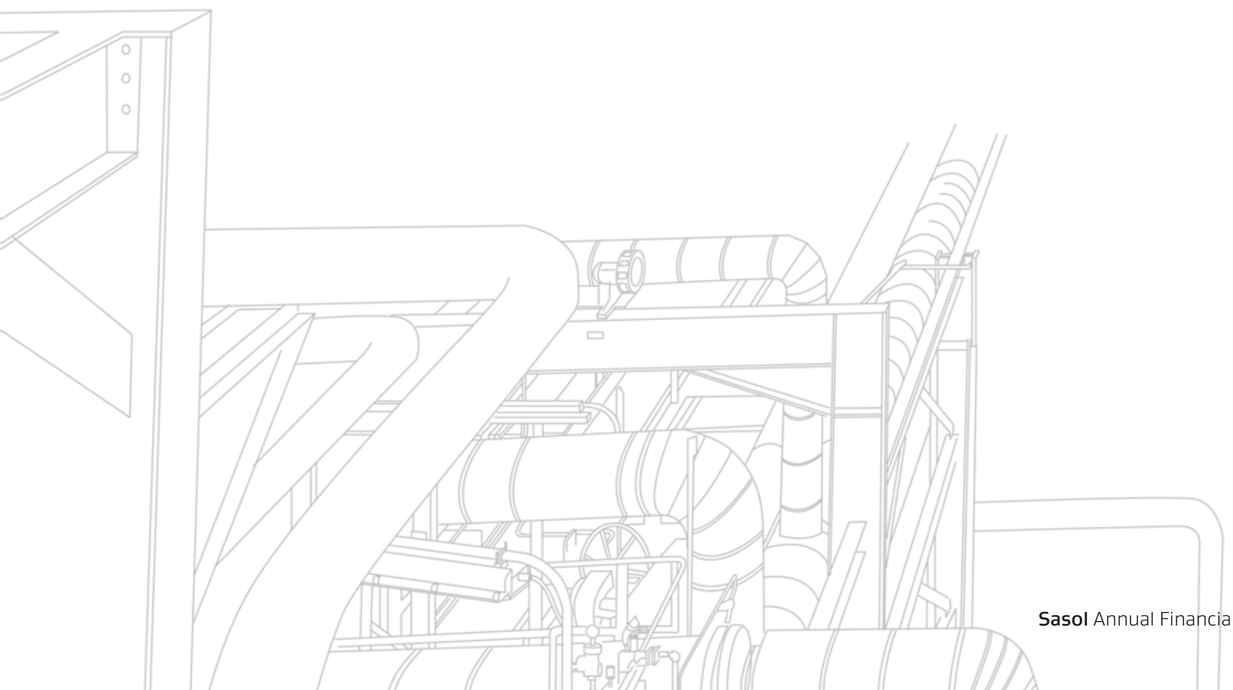
	2016 Rm	2015 Rm
Unremitted earnings at end of year that would be subject to dividend withholding tax	**33 865**	25 397
Europe	**10 269**	8 702
Rest of Africa	**4 461**	3 002
United States of America	**17 796**	12 630
Other	**1 339**	1 063
Tax effect if remitted	**2 359**	1 927
Europe	**1 084**	995
Rest of Africa	**353**	246
United States of America	**890**	631
Other	**32**	55

Dividend withholding tax

Dividend withholding tax is payable at a rate of 15% on dividends distributed to shareholders. Dividends paid to companies and certain other institutions and certain individuals are not subject to this withholding tax. This tax is not attributable to the company paying the dividend but is collected by the company and paid to the tax authorities on behalf of the shareholder.

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

	2016 Rm	2015 Rm
Undistributed earnings at end of year that would be subject to dividend withholding tax withheld by the company on behalf of shareholders	**162 558**	159 151
Maximum withholding tax payable by shareholders if distributed to individuals	**24 384**	23 873



for the year ended 30 June	Note	2016 Rm	2015 Rm	2014 Rm
14 Tax paid				
Net amounts (receivable)/unpaid at beginning of year		**(658)**	547	1 222
Acquisition of businesses		**–**	–	10
Net interest on tax		**(72)**	3	3
Income tax per income statement	12	**8 332**	8 830	12 929
Reclassification to/(from) held for sale		**–**	2	(4)
Foreign exchange differences recognised in income statement		**66**	37	18
Translation of foreign operations		**52**	(20)	16
		7 720	9 399	14 194
Net tax receivable/(payable) per statement of financial position		**1 609**	658	(547)
tax payable		**(878)**	(905)	(1 097)
tax receivable		**2 487**	1 563	550
Per the statement of cash flows		**9 329**	10 057	13 647
Comprising				
Normal tax				
South Africa		**6 321**	7 249	10 721
Foreign		**2 922**	2 728	2 843
Dividend withholding tax		**86**	80	83
		9 329	10 057	13 647

Accounting policies:

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

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

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

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

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

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

Areas of judgement:

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilised. The provision of deferred tax assets and liabilities reflects the tax consequences that would follow from the expected recovery or settlement of the carrying amount of its assets and liabilities.

SOURCES OF CAPITAL

Generated from operations

Equity

for the year ended 30 June	2016 Rm	2015 Rm	2014 Rm
15 Share capital			
Issued share capital (as per statement of changes in equity)*	**29 282**	29 228	29 084

* As at 30 June 2016, a total of R2 641 million represented by 8 809 886 Sasol ordinary shares (30 June 2015 – 8 809 886; 2014 – 8 809 886), representing 1,43% (30 June 2015 – 1,43%; 2014 – 1,43%) of the issued share capital of the company, excluding the Sasol Inzalo share transaction, is held by its subsidiary, Sasol Investment Company (Pty) Ltd. These shares are held as treasury shares and do not carry any voting rights. No shares were repurchased in 2016 (2015 – nil; 2014 – nil).

	Number of shares		
	2016	2015	2014
Authorised			
Sasol ordinary shares of no par value	**1 127 690 590**	1 127 690 590	1 127 690 590
Sasol preferred ordinary shares of no par value	**28 385 646**	28 385 646	28 385 646
Sasol BEE ordinary shares of no par value	**18 923 764**	18 923 764	18 923 764
	1 175 000 000	1 175 000 000	1 175 000 000
Issued			
Shares issued at beginning of year	**679 480 362**	678 935 812	677 186 362
Issued in terms of the Sasol Share Incentive Scheme	**294 800**	544 550	1 749 450
Shares issued at end of year	**679 775 162**	679 480 362	678 935 812
Comprising			
Sasol ordinary shares of no par value	**651 389 516**	651 094 716	650 550 166
Sasol preferred ordinary shares of no par value	**25 547 081**	25 547 081	25 547 081
Sasol BEE ordinary shares of no par value	**2 838 565**	2 838 565	2 838 565
	679 775 162	679 480 362	678 935 812
Held in reserve			
Allocated to the Sasol Share Incentive Scheme	**–**	306 900	858 950
Unissued shares	**495 224 838**	495 212 738	495 205 238
Sasol ordinary shares of no par value	**476 301 074**	476 288 974	476 281 474
Sasol preferred ordinary shares of no par value	**2 838 565**	2 838 565	2 838 565
Sasol BEE ordinary shares of no par value	**16 085 199**	16 085 199	16 085 199
	495 224 838	495 519 638	496 064 188

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

The BEE ordinary shares rank *parri passu* with the Sasol Limited ordinary shares, and differ only in the fact that they are listed on the BEE segment of the JSE main board, and trading is restricted. Refer to note 36.2 for detail on the BEE shares.

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

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

Accounting policies:
When Sasol Limited's shares are repurchased by a subsidiary, the amount of consideration paid, including directly attributable costs, is recognised as a deduction from shareholders' equity. Repurchased shares are classified as treasury shares and are disclosed as a deduction from total equity. Where such shares are subsequently reissued, any consideration received is included in the statement of changes in equity. The resulting gain or loss on the transaction is transferred to or from retained earnings.

Funding activities and facilities

for the year ended 30 June	Note	2016 Rm	2015 Rm
16 Long-term debt			
Total long-term debt		**79 877**	42 066
Short-term portion		**(1 862)**	(2 797)
		78 015	39 269
Analysis of long-term debt			
At amortised cost			
Secured debt		**47 899**	11 034
Preference shares		**11 972**	12 113
Finance leases		**1 606**	1 532
Unsecured debt		**19 588**	17 774
Unamortised loan costs		**(1 188)**	(387)
		79 877	42 066
Reconciliation			
Balance at beginning of year		**42 066**	25 921
Loans raised		**34 967**	15 115
proceeds from new loans		**34 008**	14 543
settlement of funding commitment on Canadian assets		**821**	–
finance leases acquired		**138**	572
Loans repaid		**(3 120)**	(1 663)
Interest accrued	6	**530**	408
Amortisation of loan costs	6	**157**	113
Translation effect of foreign currency loans		**36**	416
Translation of foreign operations		**5 241**	1 756
Balance at end of year		**79 877**	42 066
Interest-bearing status			
Interest-bearing debt		**78 941**	41 400
Non-interest-bearing debt		**936**	666
		79 877	42 066
Maturity profile			
Within one year		**1 862**	2 797
One to five years		**24 669**	15 946
More than five years		**53 346**	23 323
		79 877	42 066
Business segmentation			
Mining		**2 043**	2 884
Exploration and Production International		**853**	–
Energy		**6 062**	3 888
Base Chemicals		**24 483**	6 971
Performance Chemicals		**20 087**	4 637
Group Functions		**26 349**	23 686
Total operations		**79 877**	42 066

Fair value of long-term debt

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

	2016 Rm	2015 Rm
Total long-term debt (before unamortised loan costs)*	**81 027**	42 866

*The difference in the fair value of long-term debt in 2016 compared to the carrying value is mainly due to the prevailing market price of the debt instruments in the US and Inzalo preference shares debt at 30 June 2016.

16 **Long-term debt** continued

In terms of Sasol Limited's memorandum of incorporation, the group's borrowing powers are limited to twice the sum of its share capital and reserves (2016 – R414 billion; 2015 – R383 billion).

Terms of repayment	Security	Business	Currency	Interest rate at 30 June 2016	2016 Rm	2015 Rm
Secured debt						
Repayable in bi-annual instalments ending December 2021	Secured by assets under construction with a carrying value of R73 040 million (2015 – R24 099 million) and other assets with a carrying value of R18 608 million (2015 – R15 580 million)	Base and Performance Chemicals (US Operations)	US dollar	**Libor +2,25%[1]**	**41 381**	8 241
Repayable in quarterly instalments ending April 2021	Secured by assets under construction with a carrying value of R3 323 million (2015 – R1 107 million) and other assets with a carrying value of R571 million (2015 – R2 003 million)	Base Chemicals	US dollar	**Libor +3,75%**	**3 058**	2 557
Repayable in bi-annual instalments ending June 2022	Secured by property, plant and equipment with a carrying value of R4 481 million (2015 – Rnil)	Energy (Rompco)	Rand	**Jibar +1,75%**	**3 274**	–
Other secured debt		Various	Various	**Various**	**186**	236
					47 899	11 034
Preference shares						
A preference shares repayable in semi-annual instalments between June 2008 and October 2018[2]	Secured by Sasol preferred ordinary shares held by the company	Group Functions (Inzalo)	Rand	**Fixed 11,1% to 12,3%**	**1 636**	1 801
B preference shares repayable between June 2008 and October 2018[2]	Secured by Sasol preferred ordinary shares held by the company	Group Functions (Inzalo)	Rand	**Fixed 13,3% to 14,7%**	**1 163**	1 163
C preference shares repayable October 2018[2,3]	Secured by guarantee from Sasol Limited	Group Functions (Inzalo)	Rand	**Variable 68% of prime**	**8 901**	8 608
A preference shares repayable between March 2013 and October 2018[4]	Secured by preference shares held in Sasol Mining (Pty) Ltd	Mining (Ixia)	Rand	**Fixed 10,0%**	**272**	541
					11 972	12 113

1 The Libor exposure for 50% of the debt profile is hedged using an interest rate swap, under which the variable rate is swapped for a fixed rate. Refer to note 41.

2 A, B and C preference share debt was raised in 2008 within structured entities as part of the Sasol Inzalo share transaction (refer to note 36.2). Dividends on the A and B preference shares are payable in semi-annual instalments ending October 2018. Dividends on the C preference shares are payable on maturity in October 2018. It is required that 50% of the principal amount of the A preference shares is repaid between October 2008 and October 2018, with the balance of the debt repayable at the end date. The B and C preference share principals are repayable in October 2018, on maturity. The A Preference shares are secured by a first right over the Sasol preferred ordinary shares held by the structured entities, the B preference shares are secured by a second right over the Sasol preferred ordinary shares held by the structured entities. There is no direct recourse to Sasol Limited for the A and B preference shares. The Sasol preferred ordinary shares held may not be disposed of or encumbered in any way. The C preference shares are secured by a guarantee from Sasol Limited.

3 Additional C preference shares were issued in 2015 as part of the refinancing of the Sasol Inzalo transaction. The proceeds from the issue of preference shares was used by Sasol Inzalo to redeem the D preference shares held by Sasol Limited company, which was eliminated on consolidation. The refinancing of the C preference shares resulted in a reduction of the interest rate for the Inzalo group from 80% of prime to 68% of prime.

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

Terms of repayment	Security	Business	Currency	Interest rate at 30 June 2016	2016 Rm	2015 Rm
Finance leases						
Repayable in monthly instalments over 10 to 30 years ending May 2041	Secured by plant and equipment with a carrying value of R1 738 million (2015 – R1 312 million)	Energy, Base and Performance Chemicals	Various	**Fixed 4,0% to 16,6% and variable 8,2% to 13,3%**	**1 523**	1 280
Other finance leases	Underlying assets	Various	Various	**Various**	**83**	252
					1 606	1 532
Total secured debt					**61 477**	24 679

Terms of repayment	Business	Currency	Interest rate at 30 June 2016	2016 Rm	2015 Rm
Unsecured debt					
Various repayment terms from December 2017 to January 2026	Various	Various	**Various**	**1 809**	1 445
Repayable in July 2018	Exploration and Production International	Canadian dollar	**–**	**853**	–
No fixed repayment terms	Energy	Rand	**Fixed 8,0%**	**360**	373
Repayable in November 2022[5]	Group Functions (Sasol Financing)	US dollar	**Fixed 4,5%**	**14 791**	12 241
Repayable in bi-annual instalments ending December 2018	Mining	Rand	**Jibar +1,25%**	**1 775**	2 350
Settled during the year				**–**	1 365
Total unsecured debt				**19 588**	17 774
Total long-term debt				**81 065**	42 453
Unamortised loan costs (amortised over period of debt using effective interest method)				**(1 188)**	(387)
				79 877	42 066
Short-term portion of long-term debt				**(1 862)**	(2 797)
				78 015	39 269

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

at 30 June 2016	Total facilities US$m	Utilised US$m	Remaining US$m	Rand equivalent
Lake Charles Chemicals Project funding profile				
Term loan	3 995	2 810	1 185	**17 425**
Available cash, cash flow from operations and general borrowings	7 005	1 427	5 578	**82 024**
Total funding requirement	11 000	4 237	6 763	**99 449**

16 Long-term debt continued

	Expiry date	Currency	Contract amount million	Rand equivalent Rm	Utilisation including accrued interest Rm
2016					
Banking facilities and debt arrangements					
Sasol Financing					
Uncommitted facilities					
Commercial banking facilities	Various	Rand	250	250	–
Commercial banking facilities	Various	US dollar	60	882	–
Commercial paper	None	Rand	8 000	8 000	–
Committed facility					
Commercial banking facilities	Various	Rand	3 000	3 000	–
Sasol Financing International Limited					
Committed facilities					
Revolving credit facility	None	US dollar	1 500	22 058	–
Debt arrangements					
US Dollar Bond	November 2022	US dollar	1 000	14 705	14 791
Other Sasol businesses					
Specific project asset finance					
US Operations (funding of Lake Charles Chemicals Project)	December 2021	US dollar	3 995	58 746	41 381
Energy – Republic of Mozambique Pipeline Investments Company (Rompco)	June 2022	Rand	2 960	2 960	2 973
Energy – Republic of Mozambique Pipeline Investments Company (Rompco)	June 2022	Rand	2 700	2 700	301
Base Chemicals – High-density polyethylene plant	April 2021	US dollar	205	3 015	3 058
Mining – Mine replacement programme	December 2018	Rand	1 775	1 775	1 775
Energy – Clean Fuels II (Natref)	Various	Rand	622	622	622
Debt arrangements					
Sasol Inzalo (preference shares)	October 2018	Rand	9 493	9 493	11 700
Mining (preference shares)	October 2018	Rand	265	265	272
Finance leases					
Sasol Oil (Pty) Ltd	Various	Rand	804	804	804
Other debt arrangements		Various	3 662	3 662	3 662
				132 937	81 339
Unamortised loan costs					(1 188)
					80 151
Comprising					
Long-term debt					79 877
Short-term debt					138
Bank overdraft					136
					80 151

Financial covenants

Certain of the above facilities and debt arrangements are subject to financial covenants based on key financial ratios. No events of default occurred during the year.

Accounting policies:

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

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

CAPITAL ALLOCATION AND UTILISATION

Effective capital management fuelling growth

Investing activities

Geographic segmentation

Total consolidated assets

for the year ended 30 June	2016 Rm	2015 Rm	2014 Rm
South Africa	**185 438**	178 615	159 741
Rest of Africa	**22 434**	18 125	14 986
Europe	**45 309**	42 256	47 058
North America	**113 822**	64 726	39 222
South America	**280**	389	587
Asia, Australasia and Middle East	**16 941**	15 583	14 490
Total operations	**384 224**	319 694	276 084
Deferred tax	**3 389**	1 752	3 143
Tax receivable	**2 487**	1 563	550
Post-retirement benefit assets	**614**	590	487
Total consolidated assets	**390 714**	323 599	280 264

for the year ended 30 June	Land Rm	Buildings and improvements Rm	Plant, equipment and vehicles Rm	Mineral assets Rm	Total Rm
17 Property, plant and equipment					
Carrying amount at 30 June 2015	1 758	5 930	105 393	22 741	**135 822**
Additions	6	166	1 182	1 031	**2 385**
to sustain existing operations	6	34	849	1 031	**1 920**
to expand operations	–	132	333	–	**465**
Settlement of funding commitment on Canadian assets	–	–	–	4 160	**4 160**
Net reclassification from/(to) other assets	–	36	(49)	14	**1**
Reduction in rehabilitation provisions capitalised	–	–	(1)	(93)	**(94)**
Projects capitalised	128	719	16 602	15 563	**33 012**
Reclassification to held for sale	(697)	(2)	–	–	**(699)**
Translation of foreign operations	159	243	3 352	1 398	**5 152**
Reversal of rehabilitation provisions capitalised	–	–	–	49	**49**
Disposals and scrapping	(2)	(23)	(280)	(43)	**(348)**
Current year depreciation charge	–	(496)	(10 908)	(4 558)	**(15 962)**
Impairment of property, plant and equipment	(23)	(51)	(2 017)	(6 333)	**(8 424)**
Carrying amount at 30 June 2016	**1 329**	**6 522**	**113 274**	**33 929**	**155 054**

for the year ended 30 June	Land Rm	Buildings and improvements Rm	Plant, equipment and vehicles Rm	Mineral assets Rm	Total Rm
Carrying amount at 30 June 2014	2 397	5 569	84 114	19 369	111 449
Additions	10	286	1 650	1 107	3 053
to sustain existing operations	–	158	1 519	1 107	2 784
to expand operations	10	128	131	–	269
Reclassification of property, plant and equipment	–	(212)	214	(2)	–
Reclassification to assets under construction	(693)	–	–	(4)	(697)
Reduction in rehabilitation provisions capitalised	–	–	(134)	(63)	(197)
Projects capitalised	12	803	28 107	6 385	35 307
Net reclassification to inventories	–	–	(86)	–	(86)
Reclassification from held for sale	–	–	2	–	2
Translation of foreign operations	32	20	484	(65)	471
Disposals and scrapping	–	(100)	(192)	(6)	(298)
Current year depreciation charge	–	(433)	(9 007)	(3 742)	(13 182)
Net impairment of property, plant and equipment	–	(3)	241	(238)	–
Carrying amount at 30 June 2015	1 758	5 930	105 393	22 741	135 822
2016					
Cost	**1 559**	**12 846**	**207 102**	**70 143**	**291 650**
Accumulated depreciation and impairment	**(230)**	**(6 324)**	**(93 828)**	**(36 214)**	**(136 596)**
	1 329	**6 522**	**113 274**	**33 929**	**155 054**
2015					
Cost	1 931	11 252	184 357	45 927	243 467
Accumulated depreciation and impairment	(173)	(5 322)	(78 964)	(23 186)	(107 645)
	1 758	5 930	105 393	22 741	135 822
2014					
Cost	2 671	10 687	157 655	38 923	209 936
Accumulated depreciation and impairment	(274)	(5 118)	(73 541)	(19 554)	(98 487)
	2 397	5 569	84 114	19 369	111 449

	2016 Rm	2015 Rm
Business segmentation		
Mining	**20 654**	11 694
Exploration and Production International	**14 780**	12 731
Energy	**39 891**	37 077
Base Chemicals	**36 457**	34 109
Performance Chemicals	**40 389**	37 461
Group Functions	**2 883**	2 750
Total operations	**155 054**	135 822

17 Property, plant and equipment continued

for the year ended 30 June	2016 Rm	2015 Rm	2014 Rm
Additions to property, plant and equipment (cash flow)			
Current year additions	**2 385**	3 053	4 977
Adjustments for non-cash items	**(1 420)**	(1 780)	(650)
movement in environmental provisions capitalised	**(1 282)**	(1 090)	(589)
other non-cash movements*	**(138)**	(690)	(61)
Per the statement of cash flows	**965**	1 273	4 327

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

	2016 Rm	2015 Rm	2014 Rm
Settlement of funding commitments on Canadian assets			
Current year additions	**4 160**	–	–
Adjustments for non-cash items			
long-term debt – payment due in July 2018	**(821)**	–	–
Per the statement of cash flows	**3 339**	–	–

In order to manage the Canadian shale gas assets through the low gas price environment, we concluded an agreement with our partner, Progress Energy to settle the outstanding funding commitment. The partnership agreed to slow down the pace of the appraisal and development and significantly reduce activities with a reduction in drilling activity to a one rig profile for the eighteen month period until December 2017.

at 30 June	2016 Rm	2015 Rm
Leased assets		
Carrying value of capitalised leased assets (included in plant, equipment and vehicles)	**1 774**	1 834
cost	**2 782**	2 706
accumulated depreciation	**(1 008)**	(872)
Capital commitments (excluding equity accounted investments)		
Capital commitments, excluding capitalised interest, include all projects for which specific board approval has been obtained. Projects still under investigation for which specific board approvals have not yet been obtained are excluded from the following:		
Authorised and contracted for	**143 380**	109 448
Authorised but not yet contracted for	**95 590**	66 266
Less expenditure to the end of year	**(101 684)**	(59 478)
	137 286	116 236
to sustain existing operations	**19 327**	18 474
to expand operations	**117 959**	97 762
Estimated expenditure		
Within one year	**75 134**	67 130
One to five years	**62 152**	49 106
	137 286	116 236
Business segmentation		
Mining	**3 563**	3 837
Exploration and Production International	**23 648**	5 264
Energy	**9 588**	8 949
Base Chemicals	**51 449**	51 123
Performance Chemicals	**48 422**	46 212
Group Functions	**616**	851
Total operations	**137 286**	116 236

Significant capital commitments at 30 June comprise of:

Project	Project location	Business segment	2016 Rm	2015 Rm
Lake Charles Chemicals Project	United States	Base and Performance Chemicals	**88 683**	84 989
Mozambique exploration and development	Mozambique	Exploration and Production International	**19 329**	1 837
Shutdown and major statutory maintenance	Secunda	Energy, Base and Performance Chemicals	**4 015**	3 749
Air Liquide - air separation unit	Secunda	Energy, Base and Performance Chemicals	**2 018**	–
Loop Line 2 project	Mozambique	Energy	**1 721**	470
High-density polyethylene plant	United States	Base Chemicals	**1 115**	2 314
Shondoni colliery to maintain Middelbult colliery operation	Secunda	Mining	**1 041**	1 398
Fischer-Tropsch wax expansion project	Sasolburg	Performance Chemicals	**950**	2 059
Canadian shale gas asset	Canada	Exploration and Production International	**692**	2 511
Coal tar filtration east project	Secunda	Energy, Base and Performance Chemicals	**379**	1 231
Other capital commitments	Various	Various	**17 343**	15 678
			137 286	116 236

Accounting policies:

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

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

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

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

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

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

Areas of judgement:

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

The following depreciation rates apply in the group:

Buildings and improvements	2 – 5	%
Retail convenience centres	3 – 5	%
Plant	4 – 5	%
Equipment	10 – 33	%
Vehicles	10 – 33	%
Mineral assets	Units of production over life of related reserve base	units
Life-of-mine coal assets	Units of production	units

18 Assets under construction

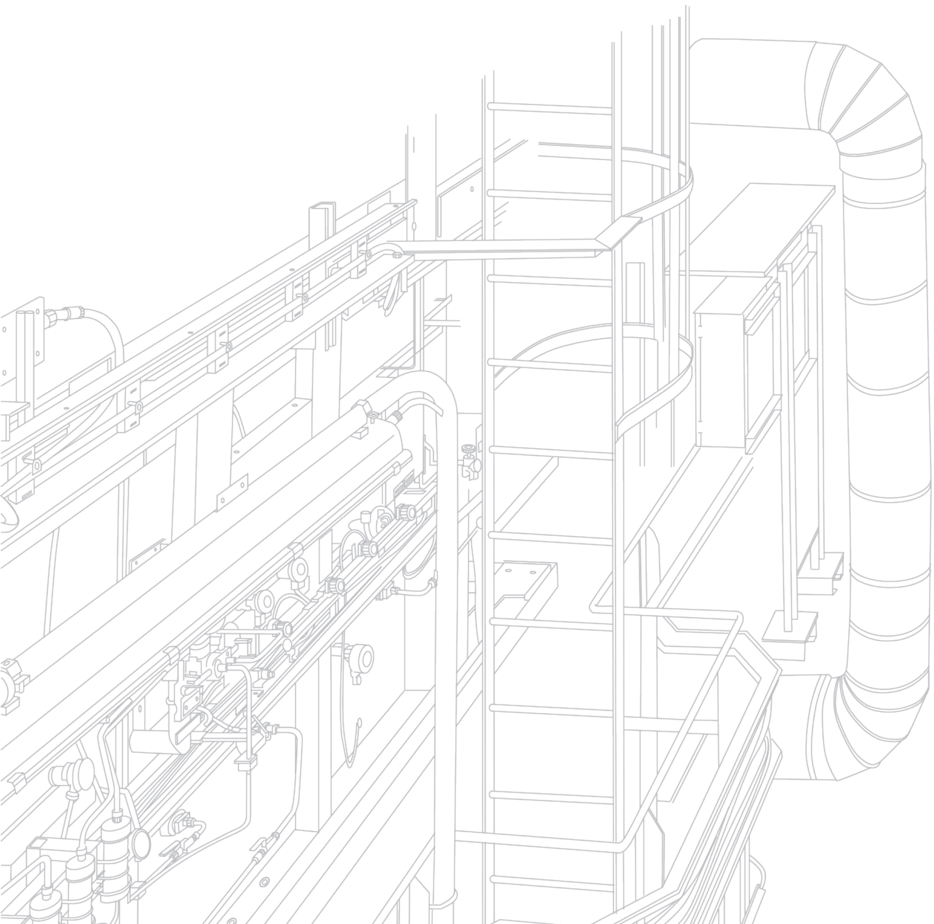
for the year ended 30 June	Property, plant and equipment under construction Rm	Other intangible assets under development Rm	Exploration and evaluation assets Rm	**Total Rm**
Balance at 30 June 2015	57 001	1 721	3 255	**61 977**
Additions	68 766	499	1 584	**70 849**
to sustain existing operations	16 028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

for the year ended 30 June	Property, plant and equipment under construction Rm	Other intangible assets under development Rm	Exploration and evaluation assets Rm	**Total Rm**
Balance at 30 June 2014	45 255	559	5 506	51 320
Additions	42 267	731	775	43 773
to sustain existing operations	18 300	729	–	19 029
to expand operations	23 967	2	775	24 744
Reclassification of assets under construction	(623)	623	–	–
Finance costs capitalised	1 118	–	–	1 118
Net impairment of assets under construction	462	–	(1 290)	(828)
Reduction in rehabilitation provisions capitalised	–	–	(80)	(80)
Reclassification from property, plant and equipment	694	3	–	697
Reclassification to inventories	(56)	–	–	(56)
Projects capitalised	(34 167)	(266)	(1 140)	(35 573)
Translation of foreign operations	2 439	74	(66)	2 447
Disposals and scrapping	(388)	(3)	(450)	(841)
Balance at 30 June 2015	57 001	1 721	3 255	61 977

for the year ended 30 June	2016 Rm	2015 Rm
Business segmentation		
Mining	**1 446**	8 673
Exploration and Production International	**5 165**	6 426
Energy	**11 197**	10 431
Base Chemicals	**44 414**	17 984
Performance Chemicals	**41 044**	17 123
Group Functions	**745**	1 340
Total operations	**104 011**	61 977

Additions to assets under construction (cash flow)	2016 Rm	2015 Rm	2014 Rm
Current year additions	**70 849**	43 773	34 341
Adjustments for non-cash items	**(1 427)**	(19)	30
cash flow hedge accounting	**(2)**	(5)	40
movement in environmental provisions capitalised	**(1 425)**	(14)	(10)
Per the statement of cash flows	**69 422**	43 754	34 371

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



18 Assets under construction continued

Capital expenditure (cash flow)

As part of the normal plant operations, the group incurs capital expenditure to replace or modify significant components of the plant to maintain the useful lives of the plant operations and improve plant efficiencies.

			2016 Rm	2015 Rm
Projects to sustain operations	**Project location**	**Business segment**		
Shutdown and major statutory maintenance	Secunda	Energy, Base and Performance Chemicals	**3 285**	3 219
Coal tar filtration east project	Secunda	Energy, Base and Performance Chemicals	**852**	585
Shondoni colliery to maintain Middelbult colliery operation	Secunda	Mining	**842**	1 226
Volatile organic compounds abatement programme	Secunda	Energy, Base and Performance Chemicals	**669**	627
Refurbishment of equipment	Secunda and Sasolburg	Mining	**576**	556
Impumelelo colliery to maintain Brandspruit colliery operation	Secunda	Mining	**385**	1 070
Gabon exploration and development	Gabon	Exploration and Production International	**382**	856
Replacement of tar tanks and separators	Secunda	Energy, Base and Performance Chemicals	**311**	589
Expenditure related to environmental obligations	Various	Various	**474**	563
Expenditure incurred relating to safety regulations	Various	Various	**917**	537
Other projects to sustain existing operations (less than R500 million)	Various	Various	**7 654**	9 113
			16 347	18 941
Projects to expand operations	**Project location**	**Business segment**		
Lake Charles Chemicals Project	United States	Base and Performance Chemicals	**42 375**	13 977
Canadian shale gas asset	Canada	Exploration and Production International	**3 286**	2 924
High-density polyethylene plant	United States	Base Chemicals	**1 832**	620
Loop Line 2 project	Mozambique	Energy	**1 149**	490
Fischer-Tropsch wax expansion project	Sasolburg	Performance Chemicals	**1 109**	1 804
Mozambique exploration and development	Mozambique	Exploration and Production International	**1 025**	571
C3 Expansion project	Secunda	Base Chemicals	**551**	405
Gas-to-liquids project in North America	United States	Energy and Performance Chemicals	**154**	1 464
Other projects to expand operations (less than R500 million)	Various	Various	**1 594**	2 558
			53 075	24 813
Per the statement of cash flows			**69 422**	43 754

Project-related performance guarantees

Project	Description	Guarantor	Maximum guaranteed amount Rm	Liability recognised Rm
Lake Charles Chemicals Project	Completion guarantees and sureties issued in respect of the Lake Charles Chemicals Project. This includes a loan facility of US$3 995 million, of which US$2 814 million has been recognised (including accrued interest).	Sasol Limited/ Sasol Financing	**58 746**	**41 381**
Ineos joint venture - Gemini	Completion guarantee issued in respect of the Gemini joint arrangement US$420 million loan, in which Sasol has a 50% share (US$210 million). Repayments are made quarterly, and the current balance on the loan is US$208 million, representing the maximum exposure to the group.	Sasol Financing	**3 058**	**3 058**
Mining Replacement Programme	Guarantees in respect of mine replacement programme.	Sasol Limited	**1 775**	**1 775**
Loop Line 2 Project	Guarantees issued in respect of the Loop Line 2 development.	Sasol Financing	**2 700**	**301**

Accounting policies:
Assets under construction

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

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

Where funds are made available from general borrowings and used for the purpose of acquiring or constructing qualifying assets, the amount of finance expenses eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on these assets. The capitalisation rate is the weighted average of the interest rates applicable to the borrowings of the group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining qualifying assets. The amount of finance expenses capitalised will not exceed the amount of borrowing costs incurred.

18 Assets under construction continued

Exploration assets

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

Oil and gas

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

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

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

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

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

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

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

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

Expenditures relating to dry exploratory wells are charged to the income statement when the well is identified as being dry and the costs of carrying and retaining undeveloped properties are charged to the income statement as incurred. At each reporting date, exploration and evaluation assets are assessed for impairment.

Coal mining

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

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

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

		2016 Rm	2015 Rm
19	**Goodwill and other intangible assets**		
	Comprising		
	Goodwill	**469**	590
	Software	**1 258**	747
	Patents and trademarks	**127**	129
	Emission rights	**132**	183
	Other	**694**	644
	Carrying value	**2 680**	2 293
	Cost	**9 336**	7 187
	Accumulated depreciation and impairment	**(6 656)**	(4 894)
		2 680	2 293

Accounting policies:

Intangible assets with finite useful lives (software, patents etc.) are amortised on a straight-line basis over their estimated useful lives.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Research expenditure relating to gaining new technical knowledge and understanding is charged to the income statement when incurred.

Development expenditure relating to the production of new or substantially improved products or processes is capitalised if the costs can be measured reliably, the products or processes are technically and commercially feasible, future economic benefits are probable, and the group intends to and has sufficient resources to complete development and to use or sell the asset. All remaining development expenditure is charged to the income statement.

Cost includes expenditure on materials, direct labour and an allocated proportion of project overheads. 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 on purchased patents and trademarks is capitalised. Expenditure incurred to extend the term of the patents or trademarks is capitalised.

Areas of judgement:

The amortisation methods and estimated remaining useful lives are reviewed at least annually. The estimation of the useful lives of other intangible assets is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement to be applied by management. Intangible assets with indefinite useful lives are not amortised but are tested at each reporting date for impairment. The assessment that the estimated useful lives of these assets are indefinite is reviewed at least annually.

The following amortisation rates, based on the estimated useful lives of the respective assets were applied:

Software	17 – 33	%
Patents and trademarks	20	%
Other intangible assets	6 – 33	%

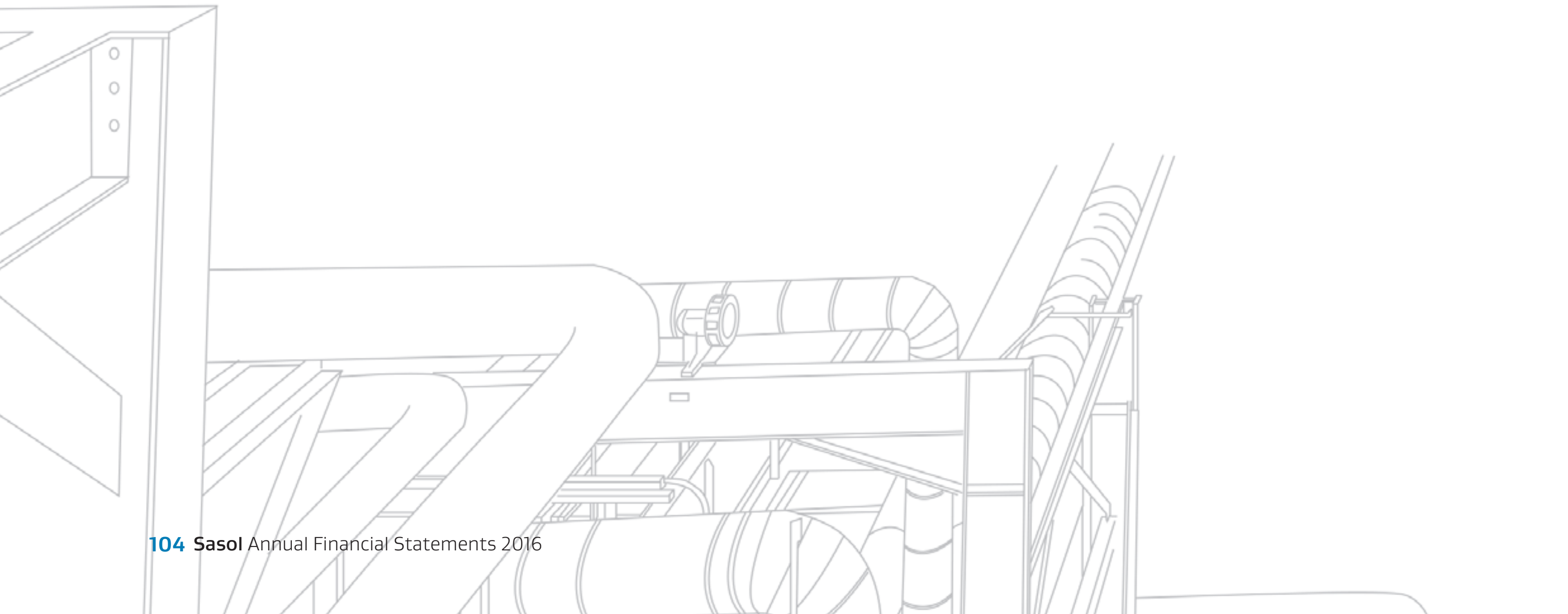
for the year ended 30 June		2016 Rm	2015 Rm
20	**Long-term receivables and prepaid expenses**		
	Total long-term receivables	**3 777**	2 957
	Short-term portion	**(1 738)**	(1 405)
		2 039	1 552
	Long-term prepaid expenses	**733**	239
		2 772	1 791
	Comprising:		
	Long-term joint operations receivables (interest bearing)	**667**	628
	Long-term loans	**1 372**	924
		2 039	1 552

Impairment of long-term loans and receivables

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

for the year ended 30 June		2016 Rm	2015 Rm
21	**Equity accounted investments**		
	Amounts recognised in the statement of financial position:		
	Investments in joint ventures and associates	**13 118**	11 870

	2016 Rm	2015 Rm	2014 Rm
Amounts recognised in the income statement:			
Share of profits of equity accounted investments, net of tax	**509**	2 057	4 144
share of profits	**522**	2 056	4 157
remeasurement items	**(13)**	1	(13)
Amounts recognised in the statement of cash flows:			
Dividends received from equity accounted investments	**887**	2 812	4 717



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

Name	Country of incorporation	Nature of activities	Interest %	2016 Rm	2015 Rm
Joint ventures					
ORYX GTL Limited	Qatar	GTL plant	49	8 622	7 201
Sasol Huntsman GmbH & co KG	Germany	Manufacturing of chemical products	50	974	827
Petronas Chemicals LDPE Sdn Bhd	Malaysia	Manufacturing and marketing of low-density polyethylene pellets	40	671	632
Uzbekistan GTL LLC[1]	Uzbekistan	GTL plant	–	–	815
Sasol Dyno Nobel (Pty) Ltd	South Africa	Manufacturing and distribution of explosives	50	249	245
Sasol Chevron Holdings Limited	Bermuda	Marketing of Escravos GTL products	50	302	212
Associates					
Petronas Chemicals Olefins Sdn Bhd*	Malaysia	Ethane and propane gas cracker	12	1 341	939
Escravos GTL (EGTL)**	Nigeria	GTL plant	10	850	763
Other equity accounted investments			Various	109	236
Carrying value of investments				13 118	11 870

1 On 8 April 2016, we exercised our put option to exit the project for US$1. Accordingly, the disposal was accounted for on the date of exercise of the put option resulting in a net loss of R563 million, including the impact of the foreign currency translation reserve (FCTR) relating to the equity accounted investment which was reclassified from equity to profit and loss on the same date.

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

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

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

for the year ended 30 June	2016 Rm	2015 Rm
Operating profit	285	406
Profit before tax	259	434
Taxation	(213)	(235)
Profit and total comprehensive income for the year	46	199

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

Capital commitments relating to equity accounted investments	2016 Rm	2015 Rm
Capital commitments, excluding capitalised interest, include all projects for which specific board approval has been obtained up to the reporting date. Projects still under investigation for which specific board approvals have not yet been obtained are excluded from the following:		
Authorised and contracted for	175	716
Authorised but not yet contracted for	756	691
Less expenditure to the end of year	(323)	(759)
	608	648

21 Equity accounted investments continued

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

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

	Joint venture	
	ORYX GTL Limited	
for the year ended 30 June	**2016 Rm**	2015 Rm
Summarised statement of financial position		
Non-current assets	**15 311**	12 150
property, plant and equipment	**14 416**	10 407
assets under construction	**630**	1 508
other non-current assets	**265**	235
Current assets	**5 713**	4 492
cash and cash equivalents	**1 838**	705
other current assets	**3 875**	3 787
Total assets	**21 024**	16 642
Non-current liabilities	**446**	960
long-term debt	**265**	222
long-term provisions	**107**	87
other non-current liabilities	**74**	651
Current liabilities	**2 982**	985
Total liabilities	**3 428**	1 945
Net assets	**17 596**	14 697
Summarised income statement		
Turnover	**6 697**	10 205
Depreciation and amortisation	**(1 215)**	(1 166)
Other operating expenses	**(5 240)**	(5 172)
Operating profit	**242**	3 867
Finance income	**9**	10
Finance expense	**(10)**	(2)
Net profit before tax	**241**	3 875
Taxation	**703**	(83)
Profit and total comprehensive income for the year	**944**	3 792
The group's share of profits of equity accounted investment	**463**	1 858
Reconciliation of summarised financial information		
Net assets at the beginning of the year	**14 697**	13 345
Profit for the year	**944**	3 792
Foreign translation differences	**3 022**	2 163
Dividends paid	**(1 067)**	(4 603)
Net assets at the end of the year	**17 596**	14 697
Carrying value of equity accounted investment	**8 622**	7 201

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

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

There were no contingent liabilities at 30 June 2016 relating to joint ventures or associates.

The following performance guarantees are in place relating to the group's investment in equity accounted investments:

Investment	Description	Guarantor	Maximum guaranteed amount Rm	Liability recognised Rm
EGTL	Sasol Limited has issued a performance guarantee for the obligations of its associate Escravos GTL in Nigeria, for the duration of the investment in the associate to an amount of US$250 million (R 3 677 million). In addition, Sasol Limited issued a performance guarantee for the obligations of its subsidiaries in respect of and for the duration of the investment in Sasol Chevron Holdings Limited, limited to US$60 million (R882 million). Sasol Chevron Holdings Limited is a joint venture between a wholly owned subsidiary of Sasol Limited and Chevron Corporation.	Sasol Limited	**4 559**	–
ORYX GTL	Sasol Limited has issued a guarantee for obligations in respect of the ORYX GTL Limited in Qatar. This includes a guarantee for the take-or-pay obligations of a wholly owned subsidiary under the gas sale and purchase agreement (GSPA) entered into between ORYX GTL Limited, Qatar Petroleum and ExxonMobil Middle East Gas Marketing Limited, by virtue of this subsidiary's 49% shareholding in ORYX GTL Limited. Sasol's exposure is limited to US$180 million (R2 639 million). In terms of the GSPA, ORYX GTL Limited is contractually committed to purchase minimum volumes of gas from Qatar Petroleum and ExxonMobil Middle East Gas Marketing Limited on a take-or-pay basis. Should ORYX GTL terminate the GSPA prematurely, Sasol Limited's wholly owned subsidiary will be obliged to take or pay for its 49% share of the contracted gas requirements. The term of the GSPA is 25 years from the date of commencement of operations. The project was commissioned in April 2007.	Sasol Limited	**2 639**	–

21 Equity accounted investments continued

Impairment testing of equity accounted investments

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

for the year ended 30 June	2016 Rm	2015 Rm
Business segmentation		
Mining	**4**	–
Energy	**9 879**	9 097
Base Chemicals	**3 235**	2 643
Group Functions	**–**	130
Total carrying value of equity accounted investments	**13 118**	11 870

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

Accounting policies:

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

Areas of judgement:

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

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

22 Interest in joint operations

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

			% of equity owned	
Name	Country of incorporation	Nature of activities	2016	2015
Sasol Canada	Canada	Development of shale gas reserves and production and marketing of shale gas	**50**	50
Natref	South Africa	Refining of crude oil	**64**	64

The information provided is Sasol's share of the joint operations and includes intercompany transactions and balances.

for the year ended 30 June	Sasol Canada Rm	Natref Rm	Other* Rm	**Total 2016 Rm**	Total 2015 Rm
Statement of financial position					
External non-current assets	9 108	2 632	5 294	**17 034**	16 624
property, plant and equipment[1]	8 662	1 944	1 914	**12 520**	12 527
assets under construction	446	682	3 323	**4 451**	4 041
other non-current assets	–	6	57	**63**	56
External current assets	1 758	324	1 239	**3 321**	5 064
Intercompany current assets	–	326	63	**389**	413
Total assets	10 866	3 282	6 596	**20 744**	22 101
Shareholders' equity	8 629	265	1 168	**10 062**	13 471
Long-term debt (interest bearing)	853	1 427	3 240	**5 520**	4 062
Intercompany long-term debt	–	653	285	**938**	921
Long-term provisions	943	83	–	**1 026**	558
Other non-current liabilities	–	415	–	**415**	503
Interest-bearing current liabilities	–	278	121	**399**	393
Non-interest-bearing current liabilities	441	134	283	**858**	996
Intercompany current liabilities	–	27	1 499	**1 526**	1 197
Total equity and liabilities	10 866	3 282	6 596	**20 744**	22 101
Income statement					
Turnover	466	1 800	1 451	**3 717**	3 114
Operating (loss)/profit[2]	(10 957)	374	88	**(10 495)**	(2 067)
Other expenses	(12)	(194)	(171)	**(377)**	(218)
Net (loss)/profit before tax	(10 969)	180	(83)	**(10 872)**	(2 285)
Taxation	–	(10)	–	**(10)**	(50)
Attributable (loss)/profit	(10 969)	170	(83)	**(10 882)**	(2 335)
Statement of cash flows					
Cash flow from operations	373	749	263	**1 385**	1 240
Movement in working capital	(155)	–	(327)	**(482)**	(70)
Taxation paid	–	(96)	(5)	**(101)**	(37)
Other expenses	–	(195)	(328)	**(523)**	(389)
Cash available from operations	218	458	(397)	**279**	744
Dividends paid	–	(139)	–	**(139)**	(127)
Cash retained from operations	218	319	(397)	**140**	617
Cash flow from investing activities[1]	(7 449)	(284)	(1 815)	**(9 548)**	(4 247)
Cash flow from financing activities	6 024	(2)	193	**6 215**	5 180
(Increase)/decrease in cash requirements	(1 207)	33	(2 019)	**(3 193)**	1 550

* Includes our high-density polyethylene (HDPE) plant in North America, Central Térmica de Ressano Garcia (CTRG) and Sasol Yihai.
1 Includes the impact of settlement of funding commitments on the Canadian asset.
2 Includes impairment of our Canadian shale gas assets of R9,9 billion (CAD880 million) due to lower gas prices in North America.

At 30 June 2016, the group's share of the total capital commitments of joint operations amounted to R2 066 million (2015 – R5 401 million).

The Sasol Canada businesses results are associated with the shale gas assets in Canada in accordance with the group's strategy to grow Sasol's upstream asset base.

23 Interest in significant operating subsidiaries

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

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

			% of equity owned		Investment at cost[1]	
Name	Country of incorporation	Nature of activities	**2016**	2015	**2016**	2015
Significant operating subsidiaries						
Direct						
Sasol Mining Holdings (Pty) Ltd	Republic of South Africa	Holding company of the group's mining interests	**100**	100	**8 636**	8 499
Sasol Technology (Pty) Ltd	Republic of South Africa	Engineering services, research and development and technology transfer	**100**	100	**1 552**	1 542
Sasol Financing (Pty) Ltd	Republic of South Africa	Management of cash resources, investment and procurement of loans (for South African operations)	**100**	100	*****	*
Sasol Investment Company (Pty) Ltd	Republic of South Africa	Holding company for foreign investments	**100**	100	**51 185**	51 185
Sasol South Africa (Pty) Ltd[2]	Republic of South Africa	Integrated petrochemicals and energy company	**100**	100	**19 043**	18 958
Sasol Gas (Pty) Ltd[3]	Republic of South Africa	Marketing, distribution and transportation of pipeline gas and the maintenance of pipelines used to transport gas	**100**	–	**48**	–
Sasol Oil (Pty) Ltd	Republic of South Africa	Marketing of fuels and lubricants	**75**	75	**617**	609
Sasol New Energy Holdings (Pty) Ltd	Republic of South Africa	Developing lower-carbon energy solutions	**100**	100	**1 545**	1 545

* Nominal amount.
1 The cost of these investments represents the holding company's investment in the subsidiaries, which eliminate on consolidation.
2 Sasol Limited holds 97% interest in Sasol South Africa (Pty) Ltd. The remaining 3% interest is held by other subsidiaries in the group.
3 This investment was previously an indirect subsidiary of Sasol Limited.

Name	Country of incorporation	Nature of activities	% of equity owned 2016	2015
Significant operating subsidiaries continued				
Indirect				
The Republic of Mozambique Pipeline Investment Company (Pty) Ltd*	Republic of South Africa	Owning and operating of the natural gas transmission pipeline between Temane in Mozambique and Secunda in South Africa for the transportation of natural gas produced in Mozambique to markets in Mozambique and South Africa	**50**	50
Sasol Financing International Limited	Republic of South Africa	Management of cash resources, investment and procurement of loans (for our foreign operations)	**100**	100
Sasol Gas (Pty) Ltd[1]	Republic of South Africa	Marketing, distribution and transportation of pipeline gas and the maintenance of pipelines used to transport gas	**–**	100
Sasol Germany GmbH	Germany	Production, marketing and distribution of chemical products	**100**	100
Sasol Italy SpA	Italy	Trading and transportation of oil products, petrochemicals and chemical products and derivatives	**100**	100
Sasol Mining (Pty) Ltd	Republic of South Africa	Coal mining activities	**90**	90
Sasol Africa (Pty) Ltd	Republic of South Africa	Exploration, development, production, marketing and distribution of natural oil and gas and associated products	**100**	100
Sasol Canada Holdings Limited	Canada	Exploration, development, production, marketing and distribution of natural oil and gas and associated products in Canada	**100**	100
Sasol Chemicals (USA) LLC	United States of America	Production, marketing and distribution of chemical products	**100**	100

Our other interests in subsidiaries are not considered significant.

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

1 This investment is now a direct subsidiary of Sasol Limited with effect from 21 June 2016.

Non-controlling interests

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

Contingent liabilities

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

Areas of judgement:

Subsidiaries are considered for materiality based on the contribution to turnover, assets of the group, and the way the business is managed and reported on.

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

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

Working capital

for the year ended 30 June	2016 Rm	2015 Rm
24 Inventories		
Carrying value		
Crude oil and other raw materials	**3 699**	4 199
Process material	**1 459**	1 569
Maintenance materials	**4 907**	4 493
Work in process	**2 140**	2 315
Manufactured products	**11 260**	10 273
Consignment inventory	**333**	292
	23 798	23 141
Business segmentation		
■ Mining	**1 387**	1 268
■ Exploration and Production International	**202**	169
■ Energy	**5 947**	6 781
■ Base Chemicals	**5 628**	4 436
■ Performance Chemicals	**10 579**	10 438
■ Group Functions	**55**	49
Total operations	**23 798**	23 141

The impact of lower crude oil and chemical product prices has resulted in a net realisable value write-down of R344 million in 2016 (2015 – R249 million).

Inventories with a carrying value of R3 181 million (2015 – R2 409 million) are encumbered. Inventory of R1 233 million is held at net realisable value.

Accounting policies:

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

By-products are incidental to the manufacturing processes and are usually produced as a consequence of the main product stream. The feedstock for these by-products is generally environmentally damaging or harmful as a result of the main process. The net realisable value of by-products transferred along the integrated value chain for further processing is set off against the cost of the main product. Where by-products are sold to the external market, the proceeds thereof are recognised as turnover.

Cost is determined as follows:

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

for the year ended 30 June	2016 Rm	2015 Rm
25 Trade and other receivables		
Trade receivables	**20 752**	21 672
Other receivables*	**4 262**	2 886
Related party receivables – equity accounted investments	**1 009**	469
Impairment of trade receivables	**(183)**	(478)
Trade and other receivables	**25 840**	24 549
Duties recoverable from customers	**554**	372
Prepaid expenses	**702**	1 461
Value added tax	**1 330**	2 028
	28 426	28 410

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

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

	Carrying value 2016 Rm	Impairment 2016 Rm	Carrying value 2015 Rm	Impairment 2015 Rm
Age analysis of trade receivables				
Not past due date	**19 428**	**–**	20 062	1
Past due 0 – 30 days	**794**	**4**	915	12
Past due 31 – 150 days	**283**	**16**	189	26
Past due 151 days – one year	**83**	**22**	39	24
More than one year**	**164**	**141**	467	415
	20 752	**183**	21 672	478

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

Impairment of trade receivables

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

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

Fair value of trade receivables

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

Collateral

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

	2016 Rm	2015 Rm
Business segmentation		
Mining	**308**	182
Exploration and Production International	**762**	700
Energy	**8 212**	8 491
Base Chemicals	**5 817**	6 991
Performance Chemicals	**9 945**	9 740
Group Functions	**3 382**	2 306
Total operations	**28 426**	28 410

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

for the year ended 30 June	**2016 Rm**	2015 Rm
26 Trade and other payables		
Trade payables	**12 178**	12 888
Capital project related payables*	**9 482**	5 344
Accrued expenses	**1 899**	1 901
Related party payables	**133**	145
third parties	**51**	74
equity accounted investments	**82**	71
Trade payables	**23 692**	20 278
Other payables**	**6 054**	5 591
Duties payable to revenue authorities	**3 264**	3 636
Value added tax	**307**	350
	33 317	29 855

* The increase in capital project related payables relate mainly to the Lake Charles Chemicals Project.
** Other payables includes *inter alia* employee-related payables.

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

Fair value of trade and other payables

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

Accounting policies:

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

	2016 Rm	2015 Rm	2014 Rm
27 Decrease/(increase) in working capital			
Decrease/(increase) in inventories	**1 125**	3 764	(3 761)
Decrease/(increase) in trade and other receivables	**3 052**	2 770	(1 041)
(Decrease)/increase in trade and other payables	**(1 860)**	(1 173)	1 077
Decrease/(increase) in working capital	**2 317**	5 361	(3 725)

Cash management

for the year ended 30 June	Note	2016 Rm	2015 Rm
28 Cash and cash equivalents			
Cash restricted for use		**2 331**	5 022
Cash		**49 985**	48 329
Cash and cash equivalents		**52 316**	53 351
Bank overdraft		**(136)**	(319)
Per the statement of cash flows		**52 180**	53 032
Cash restricted for use			
In trust	28.1	**331**	324
In respect of joint operations	28.2	**1 538**	4 431
Other	28.3	**462**	267
		2 331	5 022

Included in cash restricted for use:

28.1 Cash held in trust is restricted for use and held in escrow. Includes funds of R315 million (2015 – R324 million) for the rehabilitation of various sites.

28.2 Cash in respect of joint operations can only be utilised for the business activities of the joint operations. This includes Sasol's interests in the high-density polyethylene (HDPE) plant in North America (R565 million) and in the Canadian shale gas asset (R545 million). The decrease from prior year relates mainly to progress made on the construction of the HDPE plant, as well as the reduction of activities for the Canadian shale gas asset.

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

Fair value of cash and cash equivalents

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

Accounting policies:

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

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

for the year ended 30 June		Note	2016 Rm	2015 Rm	2014 Rm
29	**Cash generated by operating activities**				
	Cash flow from operations	30	**52 356**	56 422	69 174
	Decrease/(increase) in working capital	27	**2 317**	5 361	(3 725)
			54 673	61 783	65 449
30	**Cash flow from operations**				
	Operating profit		**24 239**	46 549	45 818
	Adjusted for				
	share of profits of equity accounted investments	21	**(509)**	(2 057)	(4 144)
	equity-settled share-based payment expense	36	**123**	501	267
	depreciation and amortisation		**16 367**	13 567	13 516
	effect of remeasurement items	8	**12 892**	807	7 629
	movement in long-term provisions				
	income statement charge	32	**2 687**	(2 239)	5 608
	utilisation	32	**(1 754)**	(1 545)	(2 120)
	movement in short-term provisions		**(2 378)**	(716)	269
	movement in post-retirement benefits		**402**	129	397
	translation effects		**121**	1 012	611
	write-down of inventories to net realisable value		**344**	249	459
	other non-cash movements		**(178)**	165	864
			52 356	56 422	69 174
	Business segmentation				
	Mining		**6 786**	5 784	3 921
	Exploration and Production International		**2 437**	3 301	2 659
	Energy		**17 686**	22 991	31 348
	Base Chemicals		**8 334**	11 312	13 021
	Performance Chemicals		**15 517**	13 453	14 921
	Group Functions		**1 596**	(419)	3 304
	Total operations		**52 356**	56 422	69 174
31	**Dividends paid**				
	Final dividend – prior year		**7 140**	8 376	8 357
	Interim dividend – current year		**3 540**	4 363	4 891
			10 680	12 739	13 248
	Forecast cash flow on final dividend – current year		**5 650**	7 135	8 365

The forecast cash flow on the final dividend is calculated based on the net number of Sasol ordinary shares in issue at 30 June 2016 of 651,4 million. The actual dividend payment will be determined on the record date of 30 September 2016.

PROVISIONS AND RESERVES

Provisions

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

for the year ended 30 June	Environ-mental Rm	Share-based payments* Rm	Other Rm	Total Rm
2015				
Balance at beginning of year	11 013	6 108	1 012	18 133
Capitalised in property, plant and equipment and assets under construction	1 104	–	–	1 104
Reduction in capitalised rehabilitation provision	(277)	–	–	(277)
Per the income statement	(1 722)	(1 382)	865	(2 239)
additional provisions and changes to existing provisions	62	(1 382)	872	(448)
reversal of unutilised amounts	(1 693)	–	(7)	(1 700)
effect of change in discount rate	(91)	–	–	(91)
Notional interest	713	–	12	725
Utilised during year (cash flow)	(252)	(1 197)	(96)	(1 545)
Foreign exchange differences recognised in income statement	395	–	31	426
Translation of foreign operations	48	–	49	97
Balance at end of year	11 022	3 529	1 873	16 424

* Refer note 35 for accounting policies and areas of judgement used in calculating the share-based payment provision (cash settled).

for the year ended 30 June	Note	2016 Rm	2015 Rm
Expected timing of future cash flows			
Within one year		**3 063**	2 993
One to five years		**3 993**	3 922
More than five years		**14 817**	9 509
		21 873	16 424
Short-term portion	33	**(3 063)**	(2 993)
Long-term provisions		**18 810**	13 431
Estimated undiscounted obligation*		**119 366**	108 338

*The increase in the estimated undiscounted obligation is primarily due to an increase in development activities after approval of the Production Sharing Agreement in Mozambique.

	2016 Rm	2015 Rm
Business segmentation		
Mining	**1 695**	1 193
Exploration and Production International	**8 083**	5 118
Energy	**3 949**	2 917
Base Chemicals	**2 379**	1 813
Performance Chemicals	**2 185**	1 792
Group Functions	**519**	598
Total operations	**18 810**	13 431

Environmental provisions

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

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

The total environmental provision at 30 June 2016 amounted to R17 128 million (2015 – R11 022 million). In line with the requirements of the Department of Mineral Resources, certain assets are ring-fenced for mining rehabilitation purposes. These investments amounted to R543 million (2015 – R506 million). In addition, guarantees of R497 million (2015 – R497 million) and indemnities of R541 million (2015 – R896 million) are in place from Sasol Financing and other financial institutions. Restricted cash of R315 million (2015 – R324 million) is held in escrow, primarily for the purpose of rehabilitation.

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

	2016 %	2015 %
South Africa	**7,7 to 8,8**	6,7 to 8,7
Europe	**0,0 to 0,8**	0,1 to 1,8
United States of America	**0,7 to 1,9**	0,5 to 3,0
Canada	**0,9 to 1,9**	0,9 to 2,9

	2016 Rm	2015 Rm
A 1% point change in the discount rate would have the following effect on the long-term provisions recognised		
Increase in the discount rate	**(3 460)**	(1 758)
amount capitalised to property, plant and equipment	**(2 059)**	(857)
income recognised in income statement	**(1 401)**	(901)
Decrease in the discount rate	**4 723**	2 351
amount capitalised to property, plant and equipment	**2 757**	1 064
expense recognised in income statement	**1 966**	1 287

for the year ended 30 June	Note	2016 Rm	2015 Rm
33 Short-term provisions			
Provision in respect of EGTL[1]		**–**	2 017
Other provisions		**825**	1 014
		825	3 031
Short-term portion of			
long-term provisions	32	**3 063**	2 993
post-retirement benefit obligations		**358**	298
		4 246	6 322

1 A provision in respect of the fiscal arrangements relating to the Escravos GTL project amounting to US$166 million (R2 017 million) was recognised at 30 June 2015. The provision was reversed in 2016, after a favourable decision at the Tax Appeal Tribunal.

Accounting policies:

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

Estimated long-term environmental provisions, comprising pollution control, rehabilitation and mine closure, are based on the group's environmental policy taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the construction of an asset, they are capitalised as part of the cost of those assets. The effect of subsequent changes to assumptions in estimating an obligation for which the provision was recognised as part of the cost of the asset is adjusted against the asset. Any subsequent changes to an obligation which did not relate to the initial construction of a related asset are charged to the income statement. The estimated present value of future decommissioning costs, taking into account current environmental and regulatory requirements, is capitalised as part of property, plant and equipment, to the extent that they relate to the construction of the asset, and the related provisions are raised. These estimates are reviewed at least annually.

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

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

Areas of judgement:

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

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

for the year ended 30 June	Note	2016 Rm	2015 Rm
34 Post-retirement benefit obligations			
Post-retirement healthcare benefits	34.1		
South Africa		**3 690**	4 054
United States of America		**304**	249
		3 994	4 303
Net pension benefits	34.2		
South Africa – post-retirement benefit asset		**(614)**	(590)
Foreign – post-retirement benefit obligation		**9 067**	6 066
		8 453	5 476
Total post-retirement benefit assets		**(614)**	(590)
Total post-retirement benefit obligations		**13 061**	10 369
Less short-term portion			
post-retirement healthcare benefits		**(166)**	(153)
pension benefits		**(192)**	(145)
Total long-term post-retirement benefit obligations		**12 703**	10 071

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

Accounting policies:

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

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

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

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

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

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

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

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

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

Surpluses and deficits in the various plans are not offset.

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

34 Post-retirement benefit obligations continued

	Healthcare benefits	Pension benefits
Last actuarial valuation – South Africa	**31 March 2016**	**31 March 2016**
Last actuarial valuation – United States of America	**30 April 2016**	**30 April 2016**
Last actuarial valuation – Europe	**n/a**	**30 April 2016**
Full/interim valuation	**Full**	**Full**
Valuation method adopted	**Projected unit credit**	**Projected unit credit**

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

Principal actuarial assumptions

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

	South Africa		United States of America		Europe	
at valuation date	**2016 %**	2015 %	**2016 %**	2015 %	**2016 %**	2015 %
Healthcare cost inflation						
initial	**7,5**	7,5	**7,0***	7,0*	**n/a**	n/a
ultimate	**7,5**	7,5	**5,5***	5,5*	**n/a**	n/a
Discount rate – post-retirement medical benefits	**9,9**	8,9	**3,2**	3,7	**n/a**	n/a
Discount rate – pension benefits	**9,8**	8,6	**2,5**	3,3	**1,7**	2,3
Pension increase assumption	**4,9**	4,3	**n/a****	n/a**	**1,8**	2,1
Average salary increases	**5,5#**	7,0	**4,2**	4,2	**2,8**	2,3
Weighted average duration of the obligation – post-retirement medical obligation	**17 years**	17 years	**9 years**	9 years	**n/a**	n/a
Weighted average duration of the obligation – pension obligation	**14 years**	15 years	**15 years**	15 years	**19 years**	20 years

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

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

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

In line with our low oil price Response Plan and cost containment initiative, we are forecasting salary increases linked to inflation.

34.1 Post-retirement healthcare benefits

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

	South Africa		United States of America		Total	
for the year ended 30 June	**2016 Rm**	2015 Rm	**2016 Rm**	2015 Rm	**2016 Rm**	2015 Rm
Projected benefit obligation	**3 690**	4 054	**304**	249	**3 994**	4 303
Less short-term portion	**(144)**	(132)	**(22)**	(21)	**(166)**	(153)
Non-current post-retirement healthcare obligation	**3 546**	3 922	**282**	228	**3 828**	4 150

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

	South Africa		United States of America		Total	
for the year ended 30 June	**2016 Rm**	2015 Rm	**2016 Rm**	2015 Rm	**2016 Rm**	2015 Rm
Total post-retirement healthcare obligation at beginning of year	**4 054**	3 410	**249**	220	**4 303**	3 630
Movements recognised in the income statement:	**405**	317	**20**	25	**425**	342
current service cost	**77**	60	**10**	7	**87**	67
interest cost	**354**	247	**10**	8	**364**	255
curtailments and settlements[1]	**(26)**	10	**–**	–	**(26)**	10
plan amendments	**–**	–	**–**	10	**–**	10
Actuarial (gains)/losses recognised in other comprehensive income:	**(632)**	415	**4**	(8)	**(628)**	407
arising from changes in financial assumptions	**(483)**	421	**14**	(4)	**(469)**	417
arising from changes in demographic assumptions	**–**	–	**2**	(3)	**2**	(3)
arising from change in actuarial experience	**(149)**	(6)	**(12)**	(1)	**(161)**	(7)
Benefits paid	**(137)**	(88)	**(25)**	(19)	**(162)**	(107)
Translation of foreign operations	**–**	–	**56**	31	**56**	31
Total post-retirement healthcare obligation at end of year	**3 690**	4 054	**304**	249	**3 994**	4 303

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

Sensitivity analysis

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

	South Africa		United States of America	
for the year ended 30 June	**2016 Rm**	2015 Rm	**2016 Rm**	2015 Rm
1% point change in actuarial assumptions:				
Increase in the healthcare cost inflation	**571**	651	**–***	–*
Decrease in the healthcare cost inflation	**(467)**	(586)	**–***	–*
Increase in the discount rate	**(453)**	(574)	**(25)**	(19)
Decrease in the discount rate	**561**	646	**30**	23
Increase in the pension increase assumption	**138**	151	**–***	–*
Decrease in the pension increase assumption	**(174)**	(258)	**–***	–*

*A change in the healthcare cost inflation for the United States of America will not have an effect on the above components or the obligation as the employer's cost is capped and all future increases due to the healthcare cost inflation are borne by the participants.

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

34 Post-retirement benefit obligations continued

34.1 Post-retirement healthcare benefits continued

Pension increase risk

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

Healthcare cost inflation risk

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

Discount rate risk

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

Other

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

34.2 Pension benefits

South African operations

Background

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

Defined benefit option for defined contribution members

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

Fund assets

The assets of the fund are held separately from those of the company in a trustee administered fund, registered in terms of the South African Pension Funds Act, 1956. Included in the fund assets are 2 253 108 Sasol ordinary shares valued at R895 million at year-end (2015 – 2 157 108 Sasol ordinary shares valued at R971 million) purchased under terms of an approved investment strategy.

Membership

A significant number of employees are covered by union sponsored, collectively bargained, and in some cases, multi employer defined contribution pension plans. Information from the administrators of these plans offering defined benefits is not sufficient to permit the company to determine its share, if any, of any unfunded vested benefits.

Pension fund assets

The assets of the pension funds are invested as follows:

	South Africa		United States of America	
at 30 June	**2016 %**	2015 %	**2016 %**	2015 %
Equities	**55**	54	**43**	43
resources	**5**	8	**8**	7
industrials	**3**	2	**5**	5
consumer discretionary	**12**	12	**5**	5
consumer staples	**15**	12	**4**	4
healthcare	**5**	4	**5**	7
information technologies	**3**	2	**6**	7
telecommunications	**2**	3	**1**	1
financials (ex real estate)	**10**	11	**9**	7
Fixed interest	**10**	10	**45**	46
Direct property	**14**	13	**7**	6
Listed property	**8**	8	**–**	–
Cash and cash equivalents	**2**	2	**–**	–
Third party managed assets	**11**	12	**–**	–
Other	**–**	1	**5**	5
Total	**100**	100	**100**	100

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

Investment strategy

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

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

	South Africa[1]		United States of America	
Asset classes	**Minimum %**	**Maximum %**	**Minimum %**	**Maximum %**
Equities				
local	40	55	25	65
foreign	5	25	–	25
Fixed interest	6	20	20	65
Property	10	25	–	20
Other	–	20	–	20

1 Members of the scheme have a choice of four investment portfolios. The targeted allocation disclosed represents the moderate balanced investment portfolio which the majority of the members of the scheme have adopted. The total assets of the fund under these investment portfolios are R85 million, R45 755 million, R776 million and R202 million for the low risk portfolio, moderate balanced portfolio, aggressive balanced portfolio and money market portfolio, respectively. Defined benefit members' funds are invested in the moderate balanced portfolio. The money market portfolio is restricted to active members from age 55.

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

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

	South Africa		Foreign		Total	
for the year ended 30 June	**2016 Rm**	2015 Rm	**2016 Rm**	2015 Rm	**2016 Rm**	2015 Rm
Projected benefit obligation (funded)	**44 823**	42 473	**3 208**	2 446	**48 031**	44 919
defined benefit portion	**18 290**	15 204	**3 208**	2 446	**21 498**	17 650
defined benefit option for defined contribution members	**26 533**	27 269	**–**	–	**26 533**	27 269
Plan assets	**(46 752)**	(43 629)	**(2 439)**	(2 076)	**(49 191)**	(45 705)
defined benefit portion	**(20 691)**	(17 747)	**(2 439)**	(2 076)	**(23 130)**	(19 823)
defined benefit option for defined contribution members	**(26 061)**	(25 882)	**–**	–	**(26 061)**	(25 882)
Projected benefit obligation (unfunded)	**–**	–	**8 298**	5 696	**8 298**	5 696
Asset not recognised due to asset limitation	**1 315**	566	**–**	–	**1 315**	566
Net liability/(asset) recognised	**(614)**	(590)	**9 067**	6 066	**8 453**	5 476

The increase of R749 million in the asset limitation (2015 – R590 million) was recognised as a loss in other comprehensive income.

	South Africa		Foreign		Total	
for the year ended 30 June	**2016 Rm**	2015 Rm	**2016 Rm**	2015 Rm	**2016 Rm**	2015 Rm
Pension asset	**(614)**	(590)	**–**	–	**(614)**	(590)
Pension benefit obligation	**–**	–	**9 067**	6 066	**9 067**	6 066
long-term portion	**–**	–	**8 875**	5 921	**8 875**	5 921
short-term portion	**–**	–	**192**	145	**192**	145
Net liability/(asset)	**(614)**	(590)	**9 067**	6 066	**8 453**	5 476

34 Post-retirement benefit obligations continued

34.2 Pension benefits continued

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

Based on the latest actuarial valuation of the fund and the approval of the trustees of the surplus allocation, the company has an unconditional entitlement to only the funds in the employer surplus account and the contribution reserve. The estimated surplus due to the company amounted to approximately R614 million (2015 – R590 million) and has been included in the pension asset recognised in the current year.

Investment risk

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

Pension increase risk

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

Discount rate risk

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

Other

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

Reconciliation of projected benefit obligation

	South Africa		Foreign		Total	
for the year ended 30 June	**2016 Rm**	2015 Rm	**2016 Rm**	2015 Rm	**2016 Rm**	2015 Rm
Projected benefit obligation at beginning of year	**42 473**	37 310	**8 142**	7 835	**50 615**	45 145
Movements recognised in income statement:	**4 602**	4 219	**606**	482	**5 208**	4 701
current service cost	**965**	1 110	**354**	271	**1 319**	1 381
past service cost	**–**	–	**13**	(5)	**13**	(5)
interest cost	**3 640**	3 233	**232**	223	**3 872**	3 456
curtailments and settlements	**(3)**	(124)	**7**	(7)	**4**	(131)
Actuarial losses/(gains) recognised in other comprehensive income:	**(1 004)**	3 866	**1 536**	463	**532**	4 329
arising from changes in demographic assumptions	**–**	–	**1**	30	**1**	30
arising from changes in financial assumptions	**(1 004)**	3 866	**1 564**	390	**560**	4 256
arising from a change in actuarial experience	**–**	–	**(29)**	43	**(29)**	43
Member contributions	**679**	922	**–**	–	**679**	922
Benefits paid	**(1 927)**	(3 844)	**(474)**	(554)	**(2 401)**	(4 398)
Translation of foreign operations	**–**	–	**1 696**	(84)	**1 696**	(84)
Projected benefit obligation at end of year	**44 823**	42 473	**11 506**	8 142	**56 329**	50 615
unfunded obligation*	**–**	–	**8 298**	5 696	**8 298**	5 696
funded obligation	**44 823**	42 473	**3 208**	2 446	**48 031**	44 919

* Certain of the foreign defined benefit plans have reimbursement rights under contractually agreed legal binding terms that match the amount and timing of some of the benefits payable under the plan. This reimbursive right has been recognised in long-term receivables at fair value (2016 – R344 million; 2015 – R227 million). An increase of R63 million (2015 – decrease of R46 million) has been recognised as a gain in other comprehensive income in respect of the reimbursive right.

Reconciliation of plan assets of funded obligation

for the year ended 30 June	South Africa 2016 Rm	South Africa 2015 Rm	Foreign 2016 Rm	Foreign 2015 Rm	Total 2016 Rm	Total 2015 Rm
Fair value of plan assets at beginning of year	**43 629**	38 859	**2 076**	1 904	**45 705**	40 763
Movements recognised in income statement:	**3 686**	3 373	**65**	60	**3 751**	3 433
interest income	**3 734**	3 467	**65**	60	**3 799**	3 527
interest on asset limitation	**(48)**	(94)	**–**	–	**(48)**	(94)
Actuarial (losses)/gains recognised in other comprehensive income:	**(218)**	3 223	**(69)**	30	**(287)**	3 253
arising from return on plan assets (excluding interest income)	**(218)**	3 223	**(69)**	30	**(287)**	3 253
Plan participant contributions*	**679**	922	**–**	–	**679**	922
Employer contributions*	**903**	1 096	**263**	242	**1 167**	1 338
Benefit payments	**(1 927)**	(3 844)	**(325)**	(426)	**(2 253)**	(4 270)
Translation of foreign operations	**–**	–	**429**	266	**429**	266
Fair value of plan assets at end of year	**46 752**	43 629	**2 439**	2 076	**49 191**	45 705
Actual return on plan assets	**3 468**	6 596	**(4)**	90	**3 464**	6 686

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

Contributions

Funding is based on actuarially determined contributions. The following table sets forth the projected pension contributions for the 2017 financial year.

	South Africa Rm	Foreign Rm
Pension contributions	**981**	**257**

Sensitivity analysis

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

for the year ended 30 June	South Africa 2016 Rm	South Africa 2015 Rm	Foreign 2016 Rm	Foreign 2015 Rm
1% point change in actuarial assumptions				
Increase in average salaries increase assumption	**16**	26	**502**	545
Decrease in average salaries increase assumption	**(14)**	(24)	**(427)**	(162)
Increase in the discount rate	**(1 519)**	(1 591)	**(1 726)**	(1 073)
Decrease in the discount rate	**1 818**	1 917	**2 291**	1 882
Increase in the pension increase assumption	**1 862**	1 935	**1 066***	937*
Decrease in the pension increase assumption	**(1 588)**	(1 641)	**(802)***	(424)*

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

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

for the year ended 30 June	2016 Rm	2015 Rm	2014 Rm
35 Cash-settled share-based payment provision			
During the year, the following share-based payment expenses were recognised in the income statement relating to cash-settled arrangements (refer to note 36 for the equity settled share-based payment disclosure):			
Share-based payment expense – movement in long-term provisions			
Sasol Share Appreciation Rights Scheme	**(180)**	(1 634)	3 268
Share Appreciation Rights with no corporate performance targets (CPTs)	**50**	(436)	1 073
Share Appreciation Rights with corporate performance targets (CPTs)	**(230)**	(1 198)	2 195
Sasol Long-term Incentive Scheme	**551**	252	2 117
	371	(1 382)	5 385

Sasol's share price decreased by 12% over the financial year to a closing price on 30 June 2016 of R397,17. However, the volatility in the share price has resulted in a R371 million charge being recognised in the current year.

The Sasol Share Appreciation Rights Scheme

The maximum number of rights to be issued under the Sasol Share Appreciation Rights Scheme and the Sasol Long-term Incentive Scheme shall not at any time exceed 69 million shares/rights, representing 10% of Sasol Limited's issued share capital immediately after the Sasol Inzalo share transaction.

Total rights/units granted	2016 Number	2015 Number
Share Appreciation Rights	**13 610 058**	15 736 064
Long-term Incentive Units	**5 994 481**	5 688 899
	19 604 539	21 424 963

Share Appreciation Rights (SAR) Scheme (closed since FY13)

The SAR Scheme with no CPTs, allows eligible senior employees to earn a long-term incentive amount calculated with reference to the increase in the Sasol Limited share price between the offer date of SARs to exercise of such vested rights. No shares are issued in terms of this scheme and all amounts payable in terms of the Sasol SARs Scheme are settled in cash. During September 2009 the group introduced SARs with CPTs, which determine how many shares will vest.

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

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

Sasol Long-term Incentive Scheme

During September 2009, the group introduced the Sasol Long-term Incentive Scheme (LTI). The objective of the LTI Scheme is to provide qualifying employees the opportunity of receiving incentive payments based on the value of Sasol ordinary shares in Sasol Limited. The LTI Scheme allows certain senior employees to earn a long-term incentive amount linked to certain CPTs. Allocations of the LTI are linked to the performance of both the group and the individual. The vesting period of the LTIs is three years, and these are immediately paid out on vesting. On resignation, LTIs which have not yet vested will lapse. On death, the LTIs vest immediately and the amount to be paid out to the deceased's estate is calculated to the extent that the CPTs are anticipated to be met. On retirement and retrenchment, the LTIs vest immediately and the amount to be paid out is calculated to the extent that the CPTs are anticipated to be met and are settled within 40 days from the date of termination. Accelerated vesting does not apply to Top Management.

	2016				2015			
	SARs with no CPTs Rm	**SARs with CPTs Rm**	**Long-term incentives Rm**	**Total Rm**	SARs with no CPTs Rm	SARs with CPTs Rm	Long-term incentives Rm	Total Rm
Per statement of financial position at 30 June	**330**	**1 014**	**1 171**	**2 515**	431	1 407	1 691	3 529
Total intrinsic value of rights vested, but not yet exercised	**251**	**292**	**–***	**543**	449	411	–*	860

* Long-term incentives are automatically exercised upon vesting.

Share-based payment expense is calculated based on the following assumptions at 30 June:

		2016			2015		
		SARs with no CPTs	**SARs with CPTs**	**Long-term incentives**	SARs with no CPTs	SARs with CPTs	Long-term incentives
Model		**Binomial tree**	**Binomial tree**	**Monte-carlo**	Binomial tree	Binomial tree	Monte-carlo
Risk-free interest rate	(%)	**6,99 – 8,81**	**6,99 – 8,81**	**6,99 – 8,81**	5,69 – 9,38	5,69 – 9,38	5,69 – 9,38
Expected volatility	(%)	**39,49**	**38,93**	**38,95**	31,55	32,90	31,55
Expected dividend yield	(%)	**3,81**	**3,81**	**3,81**	3,82	3,82	3,82
Expected forfeiture rate	(%)	**14,00**	**9,00**	**5,00**	14,00	9,00	5,00
Vesting period – SARs issued between 2009 – 2011		**2, 4, 6 years**	**2, 4, 6 years**		2, 4, 6 years	2, 4, 6 years	
Vesting period – SARs issued between 2012 – 2014		**–**	**3, 4, 5 years**		–	3, 4, 5 years	

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

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

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

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

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

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

Reserves

for the year ended 30 June	Note	2016 Rm	2015 Rm	2014 Rm
36 Share-based payment reserve				
During the year, the following share-based payment expense was recognised in the income statement relating to the equity settled share-based payment scheme:				
Equity settled – recognised directly in equity		**123**	501	267
Sasol Share Incentive Scheme	36.1	**–**	–	–
Sasol Inzalo share transaction[1]	36.2	**123**	501	267

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

Equity-settled share incentive schemes

36.1 The Sasol Share Incentive Scheme

In 1988, the shareholders approved the implementation of the Sasol Share Incentive Scheme, which is aimed at recognising the contributions of senior staff and to retain key employees. Options were granted for a period of nine years. The last tranche of options vested in December 2012, and the scheme ended in December 2015. Following the introduction of the Sasol Share Appreciation Rights Scheme in March 2007, no further options were issued in terms of the Sasol Share Incentive Scheme.

Movements in the number of options outstanding	Number of share options	Weighted average exercise price Rand
Balance at 30 June 2013	2 619 500	220,32
Options converted to shares	(1 749 450)	(213,41)
Options lapsed	(11 100)	(125,06)
Balance at 30 June 2014	858 950	235,63
Options converted to shares	(544 550)	(233,84)
Options lapsed	(7 500)	(218,81)
Balance at 30 June 2015	**306 900**	**239,20**
Options converted to shares	**(294 800)**	**(238,97)**
Options lapsed	**(12 100)**	**(244,71)**
Balance at 30 June 2016	**–**	**–**

for the year ended 30 June	2016 Rand	2015 Rand	2014 Rand
Average market price of options exercised during year	**422,69**	465,93	538,44

36.2 The Sasol Inzalo share transaction

In May 2008, the shareholders approved the Sasol Inzalo share transaction, a broad-based black economic empowerment (BEE) transaction, which resulted in the transfer of beneficial ownership of 10% (63,1 million shares) of Sasol Limited's issued share capital before the implementation of this transaction to its employees and a wide spread of BEE participants. The transaction was introduced to assist Sasol, as a major participant in the South African economy, in meeting its empowerment objectives. The scheme ends in 2018.

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

for the year ended 30 June	Share-based payment expense recognised 2016 Rm	2015 Rm	2014 Rm
Black Public Funded Invitation[1]	–	280	–
The Sasol Inzalo Employee Trust and The Sasol Inzalo Management Trust[2]	123	221	267
	123	501	267

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

2 The unrecognised share-based payment expense related to non-vested Employee and Management Trusts' share rights, expected to be recognised over a weighted average period of 0,84 years amounted to R111 million at 30 June 2016 (2015 – R234 million; 2014 – R454 million).

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

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

36 Share-based payments reserve continued

36.2 The Sasol Inzalo share transaction continued

at 30 June 2014	Total	i) Employee and Management Trusts	ii) Sasol Inzalo Foundation	iii) Selected Participants	iv) Black Public Invitations
Shares and share rights granted	61 219 438	24 519 672	9 461 882	8 387 977	18 849 907
already vested	51 411 569	14 711 803	9 461 882	8 387 977	18 849 907
within three years	7 355 902	7 355 902	–	–	–
three to five years	2 451 967	2 451 967	–	–	–
Shares and share rights available for allocation	1 859 776	712 014	–	1 073 905	73 857
	63 079 214	25 231 686	9 461 882	9 461 882	18 923 764

Movements in the number of shares and share rights granted	Number of shares/ share rights	Estimated strike price value Rand	Weighted average remaining life Years
Sasol Inzalo Employee and Management Trusts			
Balance at 30 June 2013	24 888 391	604,47	5,0
Share rights forfeited	(368 719)		–
Balance at 30 June 2014	24 519 672	666,27	4,0
Share rights forfeited	(278 823)		–
Balance at 30 June 2015	**24 240 849**	**735,73**	**3,0**
Share rights forfeited	**(193 350)**		
Balance at 30 June 2016	**24 047 499**	**814,91**	**2,0**
Sasol Inzalo Foundation			
Balance at 30 June 2016	**9 461 882**	**765,67**	**2,0**
Selected Participants*			
Balance at 30 June 2016	**8 387 977**	**471,58**	**2,0**
Black Public Invitations*			
Balance at 30 June 2016	**18 849 907**	**449,87**	**2,0**

* The estimated strike price value represents the expected debt balance at the end of the term, per share right. Refer to note 16 for detail on the debt.

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

Accounting policies:

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

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

OTHER DISCLOSURES

Other disclosures

37 Contingent liabilities

37.1 Litigation

Abuse of dominance Investigation – Sasol South Africa (Pty) Ltd (then Sasol Chemical Industries (Pty) Ltd (SCI) and Sasol Synfuels (Pty) Ltd), Sasol Oil (Pty) Ltd and Sasol Limited

In November 2011, Safripol (Pty) Ltd (Safripol) initiated a complaint with the Commission against SCI. In the complaint, Safripol alleged that SCI had contravened various sections of the Competition Act with regard to pricing and supply of propylene and ethylene. Safripol subsequently withdrew the complaint. However, the Commission elected to continue with its investigation into the matter. The Commission alleges that Sasol engaged in the following conduct:

- Excessive pricing of propylene and ethylene required by Safripol;
- Constructive refusal to supply scarce goods (namely propylene and ethylene);
- Margin squeezing in respect of the supply of propylene and polypropylene; and
- Price discrimination in relation to the sale of propylene and ethylene.

The Commission stated that as the alleged conduct relates to pricing of inputs and may be linked with the pricing and supply of feedstock propylene and ethylene, their investigation extends to Sasol Limited, Sasol Oil, Sasol Synfuels and then SCI. The period under investigation is from 2008 to date. On 22 December 2014, the Commission issued summons against employees of SCI, Synfuels, Sasol Oil and Sasol Limited whereby the Commission sought copies of documents and information from the employees. The responses in respect of all four summonses were submitted to the Commission on 31 March 2015. The Commission has made subsequent requests for information and Sasol continues to submit the required information to the authorities and to engage with the Commission in this regard. The outcome of this matter cannot be estimated at this point in time and accordingly, no provision was recognised at 30 June 2016.

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

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

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

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

Sasol has reviewed the Commission's referral documents and does not agree with the Commission's allegations. A pre-trial hearing in relation to the various interlocutory applications brought by the other oil companies was held before the Tribunal on 29 July 2016 where the timetable for delivery of documents by the Commission and the lodging of any further exceptions was agreed. The dates agreed for the hearing in respect of the documents and any exception applications was set for 6 and 7 February 2017. The outcome of this matter cannot be estimated at this point in time and accordingly, no provision was recognised at 30 June 2016.

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

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

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

In this case, the merits of each single claim are not yet clear. There is also some uncertainty as to whether one or more of the claims has become prescribed. Therefore, it is not possible at this stage to make an estimate of the likelihood that the plaintiffs will succeed with their claim and if successful, what the quantum of damages would be that the court will award. Therefore, no provision has been raised at 30 June 2016.

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

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

Fluor SA (Pty) Ltd – FTWEP

Fluor claimed an additional amount of R485,7 million, plus interest (R83,6 million up to May 2015). This dispute turns on the nature and quantification of Fluor's alleged entitlement to a change to the prices and completion dates for delayed access. In June 2015, Fluor referred the claim to adjudication. In September 2015 the adjudicator rejected Fluor's entire claim. Thereafter, Fluor notified Sasol of its dissatisfaction with the outcome of the adjudication and Fluor's intention to refer the matter to arbitration. The parties are engaging in relation to the appointment of an arbitrator in terms of the dispute resolution provisions of the contract. Sasol believes that Fluor's claim is not justified. Accordingly, no provision was recognised at 30 June 2016.

Wetback Contracts (Pty) Ltd – FTWEP

Wetback instituted a claim of R634,2 million for additional compensation. Sasol submitted three counterclaims with an aggregate value of R229,2 million. The matter has been referred to arbitration. The hearing of this dispute commenced on 9 May 2016. During the first two weeks of the hearing, Sasol successfully applied for the separation of certain key issues relating to the interpretation of the contract to be decided before the remainder of the merits of the matter can be heard. This successful separation of issues dictates the framework within which the matter will proceed and is expected to curtail the extent of the arbitration hearing. During May 2016, the Arbitrator issued a directive on certain of the separated issues. His directive supported the Sasol position on these issues. The matter is set down for further hearings on the merits of the matter during December 2016 and February 2017.

Sasol believes that Wetback's claim is not justified. Accordingly, no provision was recognised at 30 June 2016.

Other

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

37.2 Competition matters

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

37.3 Environmental orders

In South Africa, legislated minimum emission standards (MES) make provision for stringent industrial point source emission limits to be complied with. The MES, which require retrofitting of some of our plants, pose significant compliance challenges for some of our existing plants from a technical and financial feasibility perspective. In pro-actively managing these risks, Sasol and Natref applied for and received postponements of compliance time frames for some of the MES in 2015. Accordingly, Sasol and Natref's atmospheric emission licences (AELs) were varied to reflect these postponements. In 2015, the Legal Resources Centre, a South African non-governmental organisation, launched administrative appeals against the local licencing authorities appealing against their decisions to vary the AELs. These appeals have been dismissed by the local authorities. Subsequently, the Legal Resources Centre submitted administrative appeals to the Minister of Environmental Affairs against the decisions taken by the National Air Quality Office to grant Sasol and Natref postponements. Sasol and Natref responded to these appeals to protect their interests. The Minister of Environmental Affairs dismissed these appeals in early April 2016. Consequently, Sasol and Natref can continue to operate lawfully in terms of the AELs, which incorporate the rights obtained in terms of these postponements.

37 Contingent liabilities continued

37.3 Environmental orders continued

Sasol's environmental obligation accrued at 30 June 2016 was R17 128 million compared to R11 022 million at 30 June 2015. Included in this balance is an amount accrued of approximately R4 810 million in respect of the costs of remediation of soil and groundwater contamination and similar environmental costs. These costs relate to the following activities: site assessments, soil and groundwater clean-up and remediation, and on-going monitoring. Due to uncertainties regarding future costs the potential loss in excess of the amount accrued cannot be reasonably determined.

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

37.4 Product warranties

The group provides product warranties with respect to certain products sold to customers in the ordinary course of business. These warranties typically provide that products sold will conform to specifications. The group generally does not establish a liability for product warranty based on a percentage of turnover or other formula. The group accrues a warranty liability on a transaction-specific basis depending on the individual facts and circumstances related to each sale. Both the liability and the annual expense related to product warranties are immaterial to the consolidated financial statements.

38 Commitments under leases

Operating leases – Minimum future lease payments

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

for the year ended 30 June	**2016 Rm**	2015 Rm
Property, plant and equipment		
Within one year	**1 426**	1 136
One to five years	**3 942**	2 051
More than five years	**11 945**	2 299
	17 313	5 486
Included in operating leases is the following: ■ The lease for the Sasol Corporate office building. The lease term is 20 years with an option to extend for a further five years. This is a significant lease for the group. ■ The rental of a pipeline for the transportation of gas products. The rental payments are determined based on the quantity of gas transported. The lease may be extended by either party to the lease for a further three year period prior to the expiry of the current lease term of 16 years.		
Water reticulation for Secunda Synfuels Operations		
Within one year	**133**	115
One to five years	**590**	785
More than five years	**2 049**	2 219
	2 772	3 119
The water reticulation commitments of Secunda Synfuels Operations relate to a long-term water supply agreement. The rental payments are determined based on the quantity of water consumed over the 20 year period of the lease.		
Total minimum future lease payments	**20 085**	8 605

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

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

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

for the year ended 30 June	2016 Rm	2015 Rm
Within one year	**276**	262
One to five years	**920**	914
More than five years	**1 869**	1 740
Less amounts representing finance charges	**(1 459)**	(1 385)
Total minimum future lease payments	**1 606**	1 531

Air Liquide - Air Separation Unit
We have entered into a lease agreement for an Air Separation Unit, to be built and owned by Air Liquide. The effective date of the lease will be when the asset achieves beneficial operations (expected to be March 2018). The finance lease asset to be capitalised at commencement date is estimated to be in a range of R5 billion – R7 billion. The payment structure within the agreement contains a number of market variables such as inflation, exchange rates and construction cost. These variables, along with the discount rate, could materially affect the value to be capitalised.

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

39 Related party transactions
Parties are considered to be related if one party directly or indirectly has the ability to control or jointly control the other party or exercise significant influence over the other party or is a member of the key management of the reporting entity (Sasol Limited). In particular, this relates to joint ventures and associates. Disclosure in respect of joint ventures and associates is provided in note 21.

Group companies, in the ordinary course of business, entered into various purchase and sale transactions with associates and joint ventures. The effect of these transactions is included in the financial performance and results of the group. Terms and conditions are determined on an arm's length basis. Amounts owing (after eliminating intercompany balances) to related parties are disclosed in the respective notes to the financial statements for those statement of financial position items. No impairment of receivables related to the amount of outstanding balances is required.

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

for the year ended 30 June	2016 Rm	2015 Rm	2014 Rm
Sales and services rendered from subsidiaries to related parties			
Joint ventures	**1 079**	1 107	538
Associates	**–**	–	679
	1 079	1 107	1 217
Purchases by subsidiaries from related parties			
Joint ventures	**592**	530	377
Associates	**88**	89	85
	680	619	462

39 Related party transactions continued

Identity of related parties with whom material transactions have occurred

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

Key management remuneration

Key management comprises of Executive and Non-executive Directors as well as other members of the Group Executive Committee (GEC). Refer to page 49 to 55 of the Remuneration Report for full details of remuneration of key management personnel and Non-executive Directors.

Remuneration and benefits paid and short-term incentives approved for the Executive Directors' and former Executive Director were as follows:

	Salary R'000	Retirement funding R'000	Other benefits R'000	Annual incentives[1] R'000	**Total 2016[2] R'000**	Total 2015[2] R'000	Total 2014[2] R'000
Executive Directors	34 937	2 624	9 581	21 899	**69 041**	71 183	87 787

1 Incentives approved on the group results for the 2016 financial year and payable in the following year. Incentives are calculated as a percentage of total guaranteed package/net base salary as at 30 June 2016.
2 Total remuneration for the financial year excludes gains derived from the long-term incentive schemes which are separately disclosed.

Long-term incentives for the Executive Directors' and former Executive Director were as follows:

	Long-term incentive rights vested R'000	Share appreciation rights, with CPTs exercised R'000	Share appreciation rights, without CPTs exercised R'000	**Total 2016 R'000**	Total 2015 R'000	Total 2014 R'000
Executive Directors	24 672	4 994	1 039	**30 705**	26 719	68 437

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

	Salary R'000	Retirement funding R'000	Other benefits R'000	Annual incentives[1] R'000	**Total 2016[2] R'000**	Total 2015[2] R'000	Total 2014[2] R'000
GEC	34 075	6 509	8 504	21 275	**70 363**	77 911	72 654
Number of members					**10**	10	10

1 Incentives approved on the group results for the 2016 financial year and payable in the following year. Incentives are calculated as a percentage of total guaranteed package or base salary as at 30 June 2016.
2 Total remuneration for the financial year excludes gains derived from the long-term incentive schemes which are separately disclosed.

Long-term incentives for the GEC were as follows:

	Long-term incentive rights vested R'000	Share appreciation rights, with CPTs exercised R'000	Share appreciation rights, without CPTs exercised R'000	**Total 2016 R'000**	Total 2015 R'000	Total 2014 R'000
GEC	45 894	3 087	812	**49 793**	35 080	65 448

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

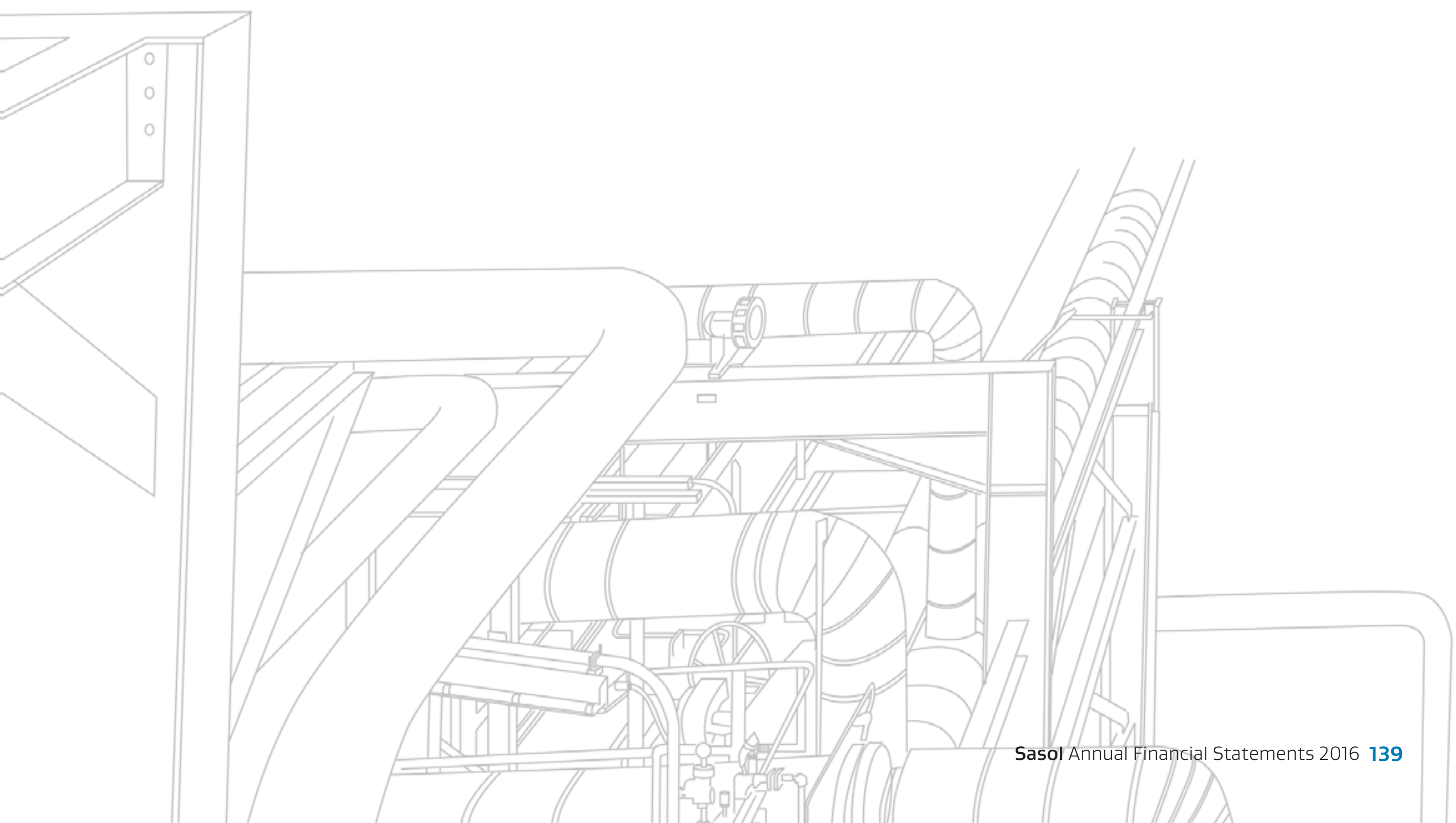
	Board meeting fees R'000	Lead Director fees R'000	Committee fees R'000	Share incentive trustee fees R'000	Ad Hoc Special Board – Committee Meeting R'000	**Total 2016 R'000**	Total 2015 R'000	Total 2014 R'000
Non-executive Directors	15 985	757	5 295	302	306	**22 645**	19 938	17 715

Long -term incentives for the 2016 financial year represent the number of units x corporate performance target achieved (2016) x closing share price on 8 September 2016. Financial year 2015 long-term incentive gains reflect LTI units vested in September 2015. The gains from SARs exercised during 2016 is disclosed on page 54. We have amended our 2015 comparatives to align to this principle.

The total IFRS2 charge for Executive Directors and GEC in 2016 amounted to R25 million and R18 million, respectively.

40 Subsequent events

In August 2016, Sasol completed its detailed review of the Lake Charles Chemicals Project (LCCP) in the United States, and has confirmed that a high degree of certainty exists over the capital cost estimated at US$11 billion. The LCCP is more than 50% complete, and after the implementation of improved change management practices and key project leadership personnel changes, management remains confident that the project is a sound strategic investment that will return value to our shareholders.



41 Financial risk management and financial instruments

Financial instruments

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

	Note	Carrying value				
		At fair value through profit and loss Rm	Available-for-sale Rm	Amortised cost Rm	Held-to-maturity Rm	Fair value Total Rm
2016						
Financial assets						
Investments in listed securities		–	616	–	–	616
Investments in unlisted securities		–	246	–	–	246
Other long-term investments		–	–	–	81	81
Long-term receivables	20	–	–	3 777	–	3 777
Derivative assets		42	–	–	–	42
Trade and other receivables		–	–	24 102	–	24 102*
Cash and cash equivalents	28	–	–	52 316	–	52 316*
Financial liabilities						
Listed long-term debt (US Dollar Bond)#	16	–	–	14 638	–	14 760
Unlisted long-term debt#	16	–	–	65 239	–	66 267
Short-term debt and bank overdraft		–	–	274	–	274*
Derivative liabilities		3 699	–	–	–	3 699
Trade payables	26	–	–	23 692	–	23 692*

	Note	Carrying value				
		At fair value through profit and loss Rm	Available-for-sale Rm	Amortised cost Rm	Held-to-maturity Rm	Fair value Total Rm
2015						
Financial assets						
Investments in listed securities		–	539	–	–	539
Investments in unlisted securities		–	206	–	–	206
Other long-term investments		–	–	–	81	81
Long-term receivables	20	–	–	2 957	–	2 957
Derivative assets		124	–	–	–	124
Trade and other receivables		–	–	23 294	–	23 294*
Cash and cash equivalents	28	–	–	53 351	–	53 351*
Financial liabilities						
Listed long-term debt (US Dollar Bond)#	16	–	–	12 097	–	12 292
Unlisted long-term debt#	16	–	–	29 969	–	30 574
Short-term debt and bank overdraft		–	–	853	–	853*
Derivative liabilities		206	–	–	–	206
Trade payables	26	–	–	20 278	–	20 278*

* The fair value of these instruments approximates their carrying value, due to their short-term nature.
# Includes unamortised loan costs.

41.1 Financial risk management

The group is exposed in varying degrees to a number of financial instrument related risks. The Group Executive Committee (GEC) has the overall responsibility for the establishment and oversight of the group's risk management framework. The GEC established the risk and safety, health and environment committee, which is responsible for providing the board with the assurance that significant business risks are systematically identified, assessed and reduced to acceptable levels. A comprehensive risk management process has been developed to continuously monitor and control these risks. The Sasol group has a central treasury function that manages the financial risks relating to the group's operations. The Board of Sasol Financing (the treasury company and a 100% subsidiary of Sasol Limited), meets regularly to review and, if appropriate, approve the implementation of optimal strategies for the effective management of financial risks.

Capital risk management

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

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

The group monitors capital utilising a number of measures, including the gearing ratio. The gearing ratio is calculated as net borrowings (total borrowings less cash) divided by shareholders' equity. The group's targeted gearing ratio is between 20% and 40%, and has been temporarily lifted to 44% until 2018. Gearing takes into account the group's substantial capital investment and susceptibility to external market factors such as crude oil prices, exchange rates and commodity chemical prices. The group's gearing level for 2016 is 14,6% (2015 – (2,8%) ; 2014 – (6,3%)).

Financing risk

Financing risk refers to the risk that financing of the group's capital requirements and refinancing of existing borrowings could become more difficult or more costly in the future. This risk can be decreased by achieving the targeted gearing ratio, ensuring that maturity dates are evenly distributed over time, and that total short-term borrowings do not exceed liquidity levels.

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

Credit rating

To achieve and keep an efficient capital structure, the group aims to maintain a stable long-term credit rating.

Risk profile

Risk management and measurement relating to each of these risks is discussed under the headings below (sub-categorised into credit risk, liquidity risk, and market risk) which entails an analysis of the types of risk exposure, the way in which such exposure is managed and quantification of the level of exposure in the statement of financial position. The group's objective in using derivative instruments is for hedging purposes to reduce the uncertainty over future cash flows arising from foreign currency, interest rate and commodity price risk exposures.

Credit risk

Credit risk, or the risk of financial loss due to counterparties not meeting their contractual obligations, is managed by the application of credit approvals, limits and monitoring procedures. Where appropriate, the group obtains security in the form of guarantees to mitigate risk. Counterparty credit limits are in place and are reviewed and approved by the respective subsidiary credit management committees. The central treasury function provides credit risk management for the group-wide exposure in respect of a diversified group of banks and other financial institutions. These are evaluated regularly for financial robustness especially in the current global economic environment. Management has evaluated treasury counterparty risk and does not expect any treasury counterparties to fail in meeting their obligations.

Trade and other receivables consist of a large number of customers spread across diverse industries and geographical areas. The exposure to credit risk is influenced by the individual characteristics, the industry and geographical area of the counterparty with whom we have transacted. Trade and other receivables and long-term receivables are carefully monitored for impairment. An allowance for impairment of trade receivables is made where there is an identified loss event, which based on previous experience, is evidence of a reduction in the recoverability of the cash flows. Details of the credit quality of trade receivables and the associated provision for impairment is disclosed in note 25. Long-term receivables are reviewed on a regular basis based on our credit risk policy, and none of it was impaired. The carrying value or receivables represents the maximum credit risk exposure.

41 Financial risk management and financial instruments continued

41.1 Financial risk management continued

No single customer represents more than 10% of the group's total turnover or more than 10% of total trade receivables for the years ended 30 June 2016, 2015 and 2014. Approximately 47% (2015 – 51%; 2014 – 52%) of the group's total turnover is generated from sales within South Africa, while about 23% (2015 – 20%; 2014 – 21%) relates to European sales and 14% (2015 – 12%) relates to sales within the US. The concentrations of credit risk within geographic regions is largely aligned with the geographic regions in which the turnover was earned.

Liquidity risk

Liquidity risk is the risk that an entity in the group will be unable to meet its obligations as they become due. The group manages liquidity risk by effectively managing its working capital, capital expenditure and cash flows, making use of a central treasury function to manage pooled business unit cash investments and borrowing requirements. Currently the group is maintaining a positive cash position, conserving the group's cash resources through continued focus on working capital improvement and capital reprioritisation. The group meets its financing requirements through a mixture of cash generated from its operations and, short and long-term borrowings. Adequate banking facilities and reserve borrowing capacities are maintained. The Sasol group is in compliance with all of the financial covenants per its loan agreements, none of which is expected to present a material restriction on funding or its investment policy in the near future. The group has sufficient undrawn borrowing facilities, which could be utilised to settle obligations. Refer to note 16.

The maturity profile of the undiscounted contractual cash flows of financial instruments at 30 June were as follows:

	Note	Contractual cash flows* Rm	Within one year Rm	One to five years Rm	More than five years Rm
2016					
Financial assets					
Non-derivative instruments					
Long-term receivables	20	3 777	1 738	400	1 639
Trade and other receivables		24 102	24 102	–	–
Cash restricted for use	28	2 331	2 331	–	–
Cash	28	49 985	49 985	–	–
Investments available-for-sale[1]		862	862	–	–
Investments held-to-maturity[1]		81	–	81	–
		81 138	79 018	481	1 639
Derivative instruments					
Forward exchange contracts		2 031	2 031	–	–
		83 169	81 049	481	1 639
Financial liabilities					
Non-derivative instruments					
Long-term debt		(97 443)	(4 656)	(36 322)	(56 465)
Short-term debt		(138)	(138)	–	–
Trade payables	26	(23 692)	(23 692)	–	–
Bank overdraft	28	(136)	(136)	–	–
Financial guarantees[2]		(103)	(103)	–	–
		(121 512)	(28 725)	(36 322)	(56 465)
Derivative instruments					
Interest rate swap#		(29 373)	–	–	(29 373)
Commodity derivatives		(2 092)	(2 092)	–	–
Forward exchange contracts		(2 470)	(2 470)	–	–
		(155 447)	(33 287)	(36 322)	(85 838)

An interest rate swap was entered into as part of a cash flow hedge to mitigate LIBOR exposure of the group. LIBOR swap rates have declined sharply since the swap was entered into, and as a result, the derivative is in a significant financial liability position at 30 June 2016.

	Note	Contractual cash flows* Rm	Within one year Rm	One to five years Rm	More than five years Rm
2015					
Financial assets					
Non-derivative instruments					
Long-term receivables	20	2 957	1 405	237	1 315
Trade and other receivables		23 294	23 294	–	–
Cash restricted for use	28	5 022	5 022	–	–
Cash	28	48 329	48 329	–	–
Investments available-for-sale[1]		745	–	–	745
Investments held-to-maturity[1]		81	–	81	–
		80 428	78 050	318	2 060
Derivative instruments					
Forward exchange contracts		4 722	4 643	79	–
Commodity derivatives		1 667	1 667	–	–
		86 817	84 360	397	2 060
Financial liabilities					
Non-derivative instruments					
Long-term debt		(45 846)	(2 797)	(17 721)	(25 328)
Short-term debt		(534)	(534)	–	–
Trade payables	26	(20 278)	(20 278)	–	–
Bank overdraft	28	(319)	(319)	–	–
Financial guarantees[2]		(373)	(373)	–	–
		(67 350)	(24 301)	(17 721)	(25 328)
Derivative instruments					
Forward exchange contracts		(4 823)	(4 742)	(81)	–
		(72 173)	(29 043)	(17 802)	(25 328)

* The amount payable or receivable has been based on the estimated forward exchange rates at the settlement date. Foreign exchange contracts and cross currency swaps are settled on a gross basis, while all other derivatives are net settled. For gross settled derivatives, the cash outflow has been included in financial liabilities, while the cash inflow is included in financial assets.

1 These investments have been added to our liquidity analysis as it reflects the way the business is managed.

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

Market risk

Market risk is the risk arising from possible market price movements and their impact on the future cash flows of the business. The market price movements that the group is exposed to:

Foreign currency risk

The group's transactions are predominantly entered into in the respective functional currency of the individual operations. However, the group's operations utilise various foreign currencies on sales, purchases and borrowings and consequently, are exposed to exchange rate fluctuations that have an impact on cash flows and financing activities. These operations are exposed to foreign currency risk in connection with contracted payments in currencies not in their individual functional currency. The most significant exposure exists in relation to the US dollar and the Euro. The translation of foreign operations to the presentation currency of the group is not taken into account when considering foreign currency risk. Foreign currency risks are managed through the group's financing policies and the selective use of forward exchange contracts and cross-currency swaps.

41 Financial risk management and financial instruments continued

41.1 Financial risk management continued

Our Group Executive Committee (GEC) sets broad guidelines in terms of tenor and hedge cover ratios specifically to assess large forward cover amounts for long periods into the future, which have the potential to materially affect our financial position. These guidelines and our hedging policy are reviewed from time to time. This hedging strategy enables us to better predict cash flows and thus manage our working capital and debt more effectively. We do not hedge foreign currency receipts.

The following significant exchange rates were applied during the year:

	Average rate		Closing rate	
	2016	2015	**2016**	2015
Rand/Euro	**16,12**	13,76	**16,33**	13,56
Rand/US dollar	**14,52**	11,45	**14,71**	12,17

The table below shows the significant currency exposure where entities within the group have monetary assets or liabilities that have exposure to the US dollar or the euro. The amounts have been presented in rand by converting the foreign currency amount at the closing rate at the reporting date.

	2016		2015	
	Euro Rm	**US dollar Rm**	Euro Rm	US dollar Rm
Long-term receivables	**266**	**203**	195	99
Trade and other receivables	**426**	**2 437**	610	2 712
Cash restricted for use	**–**	**37**	–	52
Cash	**6 362**	**3 369**	3 826	2 288
Net exposure on assets	**7 054**	**6 046**	4 631	5 151
Long-term debt	**(165)**	**(20)**	(179)	(14)
Short-term debt	**–**	**(62)**	–	(62)
Trade and other payables	**(212)**	**(1 666)**	(186)	(2 544)
Bank overdraft	**–**	**–**	–	(136)
Net exposure on liabilities	**(377)**	**(1 748)**	(365)	(2 756)
Exposure on external balances	**6 677**	**4 298**	4 266	2 395
Net exposure on balances between group companies	**(3 055)**	**6 667**	(2 316)	6 023
Total net exposure	**3 622**	**10 965**	1950	8418

Sensitivity analysis

The following sensitivity analysis is provided to show the foreign currency exposure of the individual entities at the end of the reporting period. This analysis is prepared based on the statement of financial position balances that exist at year-end, for which there is currency risk. The expected effect on the income statement and equity is calculated based on the net balance sheet exposure at the end of the reporting period, after taking into account forward exchange contracts which exist at that point in time. The effect on equity is calculated as the effect on profit and loss together with any effect on other comprehensive income. The effect of translation of results into presentation currency of the group is excluded from the information provided. This sensitivity represents the exposure of the group at a point in time, based only on recognised balances for which currency risk has been identified.

A 10% weakening in the group's significant exposure to the foreign currency at 30 June would have increased either the equity or the profit by the amounts below before the effect of tax. This analysis assumes that all other variables, in particular, interest rates, remain constant, and has been performed on the same basis for 2015.

	2016 Equity Rm	2016 Income statement Rm	2015 Equity Rm	2015 Income statement Rm
Euro	**362**	**362**	196	196
US dollar	**1 097**	**1 097**	1 449	1 449

A 10% movement in the opposite direction in the group's exposure to foreign currency would have an equal and opposite effect to the amounts disclosed above.

Forward exchange contracts

Forward exchange contracts (FECs) are utilised throughout the group to hedge the risk of currency depreciation on committed and highly probable forecast transactions.

Transactions hedged with FECs include capital and goods purchases (Imports) and sales (Exports). Other transactions hedged include certain intercompany loans which expose the group to foreign currency risk.

A number of FECs were entered into during the year and classified held for trading. FECs are also utilised in the group in cash flow hedge relationships.

FECs taken out to hedge exposure to fluctuations in the rand/US$ exchange rate were held over a total notional amount of R797 million (US$53 million; EUR4 million) at 30 June 2016 (2015 – R337 million (US$8 million; EUR11 million)).

Interest rate risk

Fluctuations in interest rates impact on the value of short-term investments and financing activities, giving rise to interest rate risk. The group has significant exposure to interest rate risk due to the volatility in South African, European and US interest rates.

Our debt is comprised of different instruments, which by their nature either bear interest at a floating or a fixed rate. We monitor the ratio of floating and fixed interest in our loan portfolio and may manage this ratio, by electing to incur either bank loans, bearing a floating interest rate, or bonds, which bear a fixed interest rate. We may also use interest rate swaps, where appropriate, to convert some of our debt into either floating or fixed rate debt to manage the composition of our portfolio. In July 2015, we entered into an interest rate swap to convert 50% of the LIBOR exposure of the US$3 995 million term loan facility from a variable rate to a fixed rate. The loan was incurred by Sasol Chemicals (USA) LLC to part fund the capital expenditure of the Lake Charles Chemicals Project. In some cases, we may also use other interest rate derivatives, which enables us to mitigate the risks associated with this exposure.

In respect of financial assets, the group's policy is to invest cash at floating rates of interest and cash reserves are to be maintained in short-term investments (less than one year) in order to maintain liquidity, while achieving a satisfactory return for shareholders.

At the reporting date, the interest rate profile of the group's interest-bearing financial instruments, including the effect of the interest rate swap was:

	Carrying value 2016 Rm	Carrying value 2015 Rm
Variable rate instruments		
Financial assets	**51 408**	49 839
Financial liabilities	**(50 065)**	(25 468)
	1 343	24 371
Fixed rate instruments		
Financial assets	**658**	3 384
Financial liabilities	**(29 045)**	(16 719)
	(28 387)	(13 335)
Interest profile (variable: fixed rate as a percentage of total financial assets)	**99:1**	94:6
Interest profile (variable: fixed rate as a percentage of total financial liabilities)	**63:37**	60:40

41 Financial risk management and financial instruments continued

41.1 Financial risk management continued

Cash flow sensitivity for variable rate instruments

Financial instruments affected by interest rate risk include borrowings, deposits, derivative financial instruments, trade receivables and trade payables. A change of 1% in the prevailing interest rate in that region at the reporting date would have increased/(decreased) earnings by the amounts shown below before the effect of tax. The sensitivity analysis has been prepared on the basis that all other variables, in particular foreign currency rates, remain constant and has been performed on the same basis for 2015. The sensitivity has been calculated before consideration of the effect of existing interest rate swap derivative instruments.

Income statement – 1% increase

	South Africa Rm	Europe Rm	United States of America Rm	Other Rm
30 June 2016	**(9)**	**73**	**(174)**	**32**
30 June 2015	5	33	122	84

Income statement – 1% decrease

	South Africa Rm	Europe* Rm	United States of America* Rm	Other* Rm
30 June 2016	**9**	**–**	**–**	**–**
30 June 2015	(5)	–	–	–

*A decrease of 1% in interest rates for the United States of America and Europe will not have an effect on the income statement as it is not reasonably possible that the repo interest rates will decrease below 0%.

Interest rate swap

An interest rate swap was entered into in July 2015, to ultimately hedge 50% of the Libor exposure of the borrowings taken out to fund the LCCP project. The instrument effectively allows Sasol to swap the variable LIBOR for a fixed rate. The swap is settled on a quarterly basis, and has been designated as the hedging instrument in a cash flow hedge.

Interest on the loan is paid quarterly, based on the prevailing Libor. Interest is recognised in the income statement using the effective interest method. The cash flow hedge reserve will be reclassified to profit and loss on a similar basis. Currently the total notional exposure hedged under the swap is US$0,6 billion.

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

	Average fixed rate %	Expiry	Fair value loss recognised in other comprehensive income 2016 Rm	Over-effectiveness recognised in profit and loss 2016 Rm
Interest rate derivatives - cash flow hedge				
US$ – pay fixed rate receive floating rate**	**2,70**	**December 2026**	**(3 004)**	**15**

** Losses incurred on the movement in the swap derivative were recognised in other comprehensive income, as part of the effect of cash flow hedges, as it has been designated as the hedging instrument in the cash flow hedge of 50% of the LIBOR risk associated with the US$3 995 million borrowings to fund the LCCP.

Cash flow hedges

In certain cases, the group designates various hedging relationships as cash flow hedges. This is appropriate where the instruments are hedging highly probable forecast transactions, which expose the group to cash flow risk. Where this designation is documented, changes in fair value of the derivative are recognised in equity until the hedged transactions affect profit and loss, at which time the respective gains or losses are transferred to the income statement (or hedged item on the statement of financial position) in accordance with the group's accounting policy.

Commodity price risk

A substantial proportion of our turnover is derived from sales of petroleum and petrochemical products.

Market prices for crude oil fluctuate because they are subject to international supply, demand and political factors. Our exposure to the crude oil price centres primarily around the crude oil related raw materials used in our Natref refinery and certain of our offshore operations, as well as on the selling price of the fuel marketed by our Energy business which is governed by the Basic Fuel Price (BFP) formula. Key factors in the BFP are the Mediterranean and Singapore or Mediterranean and Arab Gulf product prices for petrol and diesel, respectively.

For forecasting purposes, a US$1/barrel increase in the average annual crude oil price will impact operating profit by approximately R820 million (US$57 million) in 2017. This is based on an average rand/US dollar exchange rate assumption of R14,50.

This calculation is done at a point in time and is based on a 12-month average oil price at a constant 12-month average exchange rate. It may be used as a general rule but the sensitivity is not linear over large absolute changes in the oil price and hence applying it to these scenarios may lead to an incorrect reflection of the change in profit from operations.

Dated Brent Crude prices applied during the year:

	Dated Brent Crude	
	2016 US$	2015 US$
High	**61,67**	106,64
Average	**43,37**	73,46
Low	**25,99**	48,18

The following commodity derivatives were in place at 30 June:

	Contract amount 2016 Rm	**Fair value 2016 Rm**	**Within one year 2016 Rm**	Contract amount 2015 Rm	Fair value 2015 Rm	Within one year 2015 Rm
Commodity derivatives						
Futures						
Crude oil	**2 092**	**(4)**	**(4)**	1 667	27	27

Sensitivity analysis

While demand is expected to grow, we anticipate that a further rise in the Organisation of the Petroleum Exporting Countries' (OPEC) production (particularly from Saudi Arabia and post-sanctions Iran) will outweigh the expected fall in non-OPEC output. There appears to be a clear determination by OPEC to keep output levels elevated, and hence prices low, in the hope that cheaper oil will pressure high-cost US shale producers to reduce output. This is likely to result in a continued, though declining, surplus into 2017. Other issues that could impact oil prices in the short- to medium-term include geopolitical risk in the Middle East, general speculator activity, and a slower than expected increase in global demand growth. As a result, we anticipate a 'lower-for-longer' oil price environment, through until the end of calendar year 2017.

41 Financial risk management and financial instruments continued

41.1 Financial risk management continued

A 10% increase of the commodity prices at 30 June would have increased the fair value losses recognised in other operating costs in the income statement by the amounts shown below, before the effect of tax. This analysis assumes that all other variables remain constant and should not be considered predictive of future performances. This calculation has been performed on the same basis for 2015.

	2016 Rm	2015 Rm
Crude oil	**(11)**	(164)

A 10% decrease in the commodity prices at 30 June would have the equal but opposite effect on the fair value amounts shown above, on the basis that all other variables remain constant.

The group makes use of derivative instruments of short duration as a means of mitigating price and timing risks on crude oil purchases and sales. In effecting these transactions, the business units concerned operate within procedures and policies designed to ensure that risks, including those relating to the default of counterparties, are minimised.

The group has previously entered into hedging contracts which provided downside protection against decreases in the Brent crude oil price. Conversely, Sasol will have incurred opportunity losses on the hedged portion of production should the monthly average oil price have exceeded a certain price per barrel. Together with the group's other risk mitigation initiatives, such as cost containment, cash conservation and capital prioritisation, the group's hedging strategy is considered in conjunction with these initiatives. The situation is monitored regularly to assess the appropriateness of oil price hedging as part of Sasol's risk management activities. For the 2014, 2015 and 2016 financial years, Sasol did not enter into any hedging contracts. The situation is monitored regularly to assess when a suitable time might be to enter into an appropriate hedge again in the future.

41.2 Fair value

Various valuation techniques and assumptions are utilised for the purpose of calculating fair value.

The group does not hold any financial instruments traded in an active market, except for the investment in listed equity instruments. Fair value is determined using valuation techniques as outlined below. Where possible, inputs are based on quoted prices and other market determined variables.

Fair value hierarchy

The following table is provided representing the assets and liabilities measured at fair value at reporting date, or for which fair value is disclosed at reporting date.

The calculation of fair value requires various inputs into the valuation methodologies used.

The source of the inputs used affects the reliability and accuracy of the valuations. Significant inputs have been classified into the hierarchical levels in line with IFRS 13, as shown below.

There have been no transfers between levels in the current year. Transfers between levels are considered to have occurred at the date of the event or change in circumstances.

Level 1 Quoted prices in active markets for identical assets or liabilities.
Level 2 Inputs other than quoted prices that are observable for the asset or liability (directly or indirectly).
Level 3 Inputs for the asset or liability that are unobservable.

Financial instrument	Fair value 30 June 2016	Valuation method	Significant inputs	Fair value hierarchy of inputs
Financial assets				
Investments in listed securities	**616**	Quoted market price for the same instrument	Quoted market price for the same instrument	Level 1
Investments in unlisted securities	**246**	Discounted cash flow	Forecasted earnings, capital expenditure and debt cash flows of the underlying business, based on the forecasted assumptions of inflation, exchange rates, commodity prices etc. Appropriate WACC for the region.	Level 3
Other long-term investments	**81**	Discounted cash flow	Market related interest rates.	Level 3
Long-term receivables	**3 777**	Discounted cash flow	Market related interest rates.	Level 3
Derivative assets	**42**	Forward rate interpolator model, appropriate currency specific discount curve	Forward exchange contracted rates, market foreign exchange rates, forward contract rates, market commodity prices	Level 2
Trade and other receivables	**24 102**	Discounted cash flow	Market related interest rates.	Level 3*
Cash and cash equivalents	**52 316**	**	**	Level 1**
Financial liabilities				
Listed long-term debt	**14 760**	Quoted market price for the same instrument	Quoted market price for the same instrument	Level 1
Unlisted long-term debt	**66 267#**	Discounted cash flow	Market related interest rates	Level 3
Short-term debt and bank overdraft	**274**	Discounted cash flow	Market related interest rates	Level 3*
Derivative liabilities	**3 699**	Discounted net cash flows, using a swap curve to infer the future floating cash flows	US$ Overnight Indexed Swap (OIS) curve, recovery probabilities	Level 2
Trade payables	**23 692**	Discounted cash flow	Market related interest rates	Level 3*

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

** The carrying value of cash is considered to reflect its fair value.

\# An increase of 1% of the market related interest rates would have decreased the fair value by R252 million.

42 Statement of compliance

The consolidated financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and Interpretations of those standards, as issued by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council and the South African Companies Act, 2008. The consolidated financial statements were approved for issue by the Board of Directors on 9 September 2016 and will be presented for approval at the Annual General Meeting of shareholders on 25 November 2016.

Basis of preparation of financial results

The consolidated financial statements are prepared using the historic cost convention except that, certain items, including derivative instruments, liabilities for cash-settled share-based payment schemes, financial assets at fair value through profit or loss and available-for-sale financial assets, are stated at fair value. The consolidated financial results are presented in rand, which is Sasol Limited's functional and presentation currency, rounded to the nearest million.

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

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

Certain additional disclosure has been provided in respect of the current year. To the extent practicable, comparative information has also been provided.

Accounting policies

Except as otherwise disclosed, the accounting policies applied in the consolidated financial statements are consistent with those applied in previous years. These accounting policies are consistently applied throughout the group.

Accounting standards, interpretations and amendments to published accounting standards

During the current financial year, no new accounting standards, interpretations and amendments to published accounting standards were adopted by the group:

Standard	Date published	Effective date*	Anticipated impact on Sasol
IFRS 9, Financial Instruments (amended)	24-Jul-14	1-Jan-18	IFRS 9 introduced new requirements for classifying and measuring financial assets and liabilities by introducing a fair value through other comprehensive income category for certain debt instruments. It also contains a new impairment model which will result in earlier recognition of losses and new hedging guidance which will require the implementation of new models, systems and processes. We do not expect the adoption of IFRS 9 to have significant impact on total assets, total liabilities, guarantees, equity, earnings and earnings per share.
IFRS 15, Revenue from contracts with customers	28-May-14	1-Jan-18	IFRS 15 contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognised. The underlying principle is that an entity will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. We are currently reviewing the effects of the standard and will consider adoption when appropriate.
IFRS 16, Leases	13-Jan-16	1-Jan-19	IFRS 16 contains principles that an entity will apply in the recognition and measurement of contracts containing a lease. Under this standard, a "right of use"; and a corresponding lease liability will be recognised for all leases, except for leases over low-value assets; and leases with a duration of less than 12 months. We are currently assessing the effect of the standard, as a significant impact is expected on the statement of financial position. Based on the current approved operating leases, the impact is expected to be R4,4 billion – R5,4 billion.

* The amendments apply for annual periods commencing on or after the date noted and early adoption is permitted, unless otherwise indicated

Contents

SASOL LIMITED COMPANY

Statement of financial position
at 30 June

	Note	2016 Rm	2015 Rm
Assets			
Investments in subsidiaries	1	**110 513**	108 429
Investment in security	1	**5**	6
Long-term receivables		**26**	17
Long-term financial assets	2	**13 780**	18 006
Deferred tax asset	3	**80**	18
Non-current assets		**124 404**	126 476
Other receivables	4	**12 947**	13 484
Taxation receivable		**5**	–
Cash	5	**47**	40
Current assets		**12 999**	13 524
Total assets		**137 403**	140 000
Equity and liabilities			
Shareholders' equity		**136 908**	139 618
Long-term financial liabilities	6	**216**	131
Share-based payment provision	7	**37**	45
Non-current liabilities		**253**	176
Short-term financial liabilities	6	**67**	24
Short-term provisions	7	**79**	85
Trade and other payables	8	**96**	97
Current liabilities		**242**	206
Total equity and liabilities		**137 403**	140 000

Income statement
for the year ended 30 June

	Note	2016 Rm	2015 Rm
Revenue	12	**11 156**	24 052
Other expenses (net)		**(245)**	(421)
Translation (losses)/gains	9	**(26)**	36
Other operating expenses	10	**(239)**	(463)
Other operating income		**20**	6
Remeasurement items	11	**(6 913)**	(7 424)
Net finance income		**3 283**	21 799
Finance income	12	**3 382**	21 810
Finance costs	13	**(99)**	(11)
Profit before tax		**7 281**	38 006
Taxation	14	**(40)**	(30)
Profit for year		**7 241**	37 976

Statement of comprehensive income
for the year ended 30 June

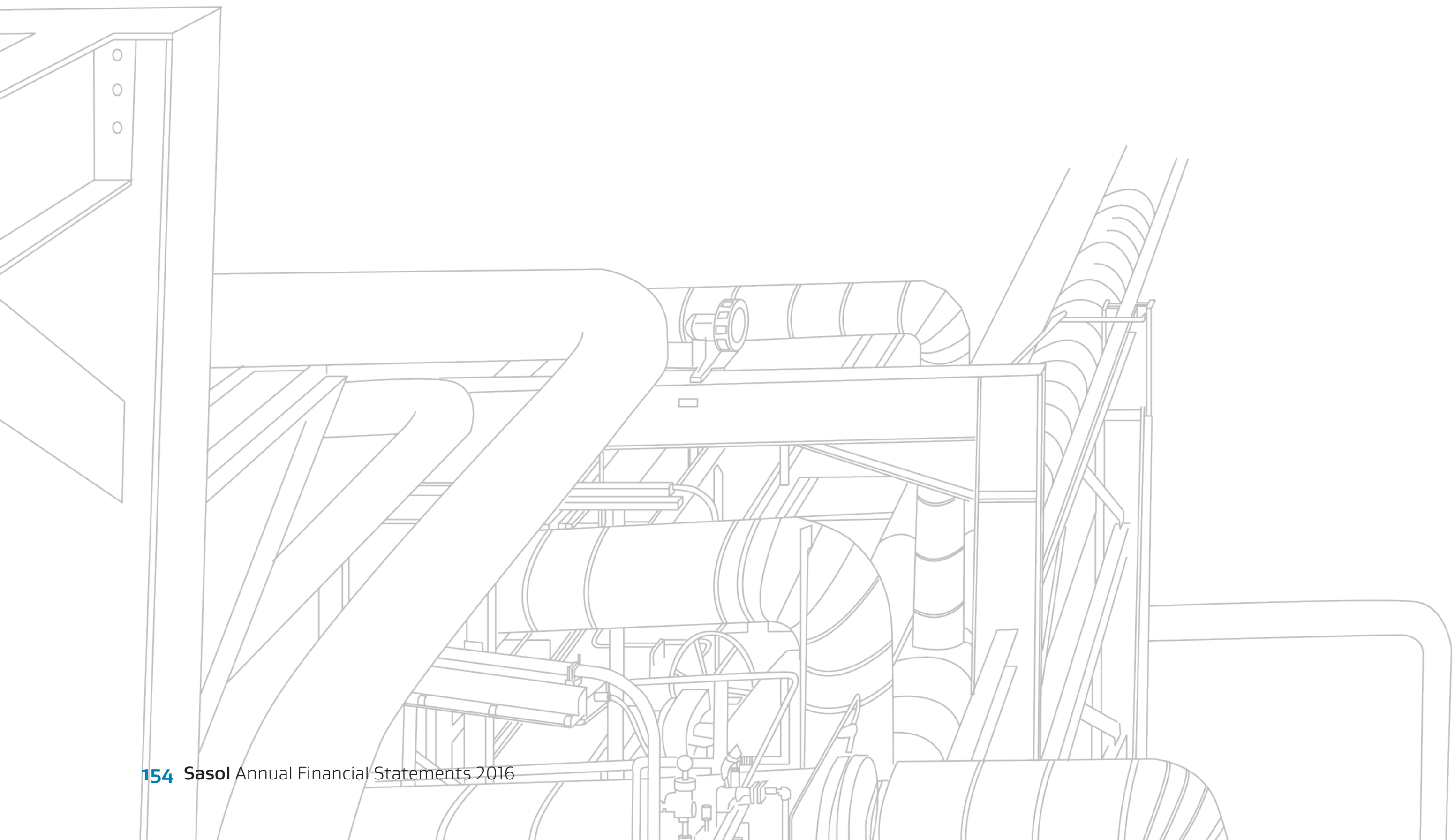
	2016 Rm	2015 Rm
Profit for year	**7 241**	37 976
Other comprehensive income, net of tax		
Items that can be subsequently reclassified to the income statement		
Investments available-for-sale	**(1)**	–
Total comprehensive income for the year	**7 240**	37 976

Statement of changes in equity
for the year ended 30 June

	Note	2016 Rm	2015 Rm
Share capital			
Balance at beginning of year	15	**29 228**	29 084
Shares issued on implementation of share options		**54**	144
Balance at end of year		**29 282**	29 228
Share-based payment reserve			
Balance at beginning of year		**9 202**	8 701
Expiry of share incentive scheme		**(1 302)**	–
Share-based payment expense	16	**123**	501
Balance at end of year		**8 023**	9 202
Retained earnings			
Balance at beginning of year		**101 183**	77 394
Profit for year		**7 241**	37 976
Expiry of share incentive scheme		**1 302**	–
Dividends paid	19	**(12 038)**	(14 187)
Dividend received *in specie*	21	**1 911**	–
Balance at end of year		**99 599**	101 183
Investment fair value reserve			
Balance at beginning of year		**5**	5
Total comprehensive income for year		**(1)**	–
Balance at end of year		**4**	5
Total shareholders' equity		**136 908**	139 618

Statement of cash flows
for the year ended 30 June

	Note	2016 Rm	2015 Rm
Cash retained from operations	17	**11 531**	23 167
Finance income received	12	**358**	131
Tax paid		**(106)**	(3)
Cash available from operating activities		**11 783**	23 295
Dividends paid	19	**(12 038)**	(14 187)
Cash (used)/retained by operating activities		**(255)**	9 108
Additional investments in subsidiaries	20	**(140)**	(13 942)
Loans to subsidiaries		**(9)**	–
Repayment of loans by subsidiaries		**90**	514
Repayment of long-term financial assets		**267**	317
Repayment of long-term receivable		**–**	3 842
Cash retained from/(used in) investing activities		**208**	(9 269)
Share capital issued on exercise of share options		**54**	144
Cash generated by financing activities		**54**	144
Increase/(decrease) in cash and cash equivalents		**7**	(17)
Cash and cash equivalents at beginning of year		**40**	57
Cash and cash equivalents at end of year		**47**	40



Notes to the financial statements
for the year ended 30 June

		2016 Rm	2015 Rm
1	**Investments**		
	Investment in subsidiaries		
	Reflected as non-current assets		
	Shares at cost	**100 311**	98 260
	Shareholder loans to subsidiaries	**525**	615
	Shareholder loans to be replaced with equity	**5 454**	5 454
	Share-based payment expenses	**4 949**	4 826
	Impairment of investment in subsidiary	**(726)**	(726)
		110 513	108 429
	Other investments – available for sale	**5**	6
		110 518	108 435

Investments in subsidiaries are accounted for at cost less impairment losses. For further details of interests in subsidiaries, refer to note 23 of the consolidated Annual Financial Statements. The fair value of the unlisted investment is based on recent market transactions as at 30 June 2016. This is considered to be a level 2 fair value measurement.

		2016 Rm	2015 Rm
2	**Long-term financial assets**		
	Sasol Inzalo share transaction		
	Sasol Inzalo Employee Trusts (a)	**10 022**	13 096
	loan	**20 562**	18 564
	impairment	**(10 540)**	(5 468)
	Sasol Inzalo Foundation Trust (b)	**3 758**	4 910
	loan	**7 245**	6 556
	impairment	**(3 487)**	(1 646)
		13 780	18 006

The long-term financial assets consist of:

a) Notional vendor funding of 25,2 million Sasol Limited ordinary shares for the benefit of certain employees in the Sasol group.

b) Notional vendor funding of 9,5 million Sasol Limited ordinary shares for skills development and capacity building of black South Africans.

	2016	2015
Interest-bearing status		
Sasol Inzalo Employee Trusts	**11,5%***	11,5%*
Sasol Inzalo Foundation Trust	**11,5%***	11,5%*

* The interest rate is per the pre-determined formula as stipulated in the notional vendor funding agreements.

2 Long-term financial assets continued

	2016 Rm	2015 Rm
Maturity profile		
Two to five years	**13 780**	18 006
Fair value of long-term financial assets		
The fair value of the long-term financial assets is based on the Sasol Limited share price at 30 June. This is considered to be a level 2 fair value measurement.	**13 780**	18 006

Impairment

Based on the impairment indicators at each reporting period, impairment tests in respect of long-term financial assets are performed. The recoverable amount of the financial asset is compared to the carrying amount, as described in note 11, to calculate the impairment.

The recoverability of these receivables is directly linked to the performance of the Sasol Limited listed share price. At 30 June 2016, the share price was R397,17 representing an 11,7% decrease from the prior year. This follows a decrease of 29% in the year ended 30 June 2015. This decline resulted in an impairment of R6,9 billion in 2016 (2015 – R7,1 billion).

3 Deferred tax

	2016 Rm	2015 Rm
Reconciliation		
Balance at beginning of year	**18**	44
Current year charge per the income statement	**62**	(26)
Balance at end of year	**80**	18

A deferred tax asset has been recognised to the extent that it is probable that the entity will generate future taxable income against which this tax loss can be utilised and consists mainly of movements in financial liabilities.

4 Other receivables

	2016 Rm	2015 Rm
Related party receivables (refer to note 21)		
deposit with Group Treasury	**12 242**	13 211
intercompany receivables	**695**	254
	12 937	13 465
Other receivables	**10**	19
	12 947	13 484

Fair value of other receivables

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

		2016 Rm	2015 Rm
5	**Cash**		
	Cash – Per the statement of cash flows	**47**	40

Fair value of cash

The carrying amount of cash approximates fair value.

		2016 Rm	2015 Rm
6	**Long-term financial liabilities**		
	Non-derivative instruments		
	Financial guarantees recognised	**445**	246
	Less amortisation of financial guarantees	**(162)**	(91)
		283	155
	Less short-term portion of financial guarantees	**(67)**	(24)
	Arising on long-term financial instruments	**216**	131
	Guarantees and claims (related parties) – maximum exposure	**102 391**	96 679

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

- In favour of Saudi Aramco maximum exposure amounting to US$70 million relating to Sasol International Services Limited Plc. The carrying value at 30 June 2016 is R0,6 million.
- In respect of C preference shares issued to various financiers as part of the Sasol Inzalo share transaction, maximum exposure amounting to R8 901 million. Full disclosure is provided in the consolidated Annual Financial Statements in note 16. The carrying value of the financial liability at 30 June 2016 is R7 million.
- In favour of Nedbank Limited and ABSA Bank Limited guaranteeing the debt of National Petroleum Refiners of South Africa (Pty) Ltd, maximum exposure amounting to R1 258 million. The carrying value of the financial liability at 30 June 2016 is R7 million.
- In favour of Bond holders over the US$ bond issued by Sasol Financing International Limited, for general corporate purposes and capital expenditure, maximum exposure US$1 006 million. The carrying value of the financial liability at 30 June 2016 is R187 million.
- In favour of Firstrand Bank Limited over the debt of Sasol Mining (Pty) Ltd for its mining replacement programme, maximum exposure amounting to R1 775 million. The carrying value of the financial liability at 30 June 2016 is R4 million.
- In favour of HSBC Bank over the Lake Charles Chemicals Project bank term loan of Sasol Chemicals USA, maximum exposure amounting to US$3 995 million. The carrying value of the liability at 30 June 2016 is R78 million.

Fair value of long-term financial guarantees

	2016 Rm	2015 Rm
Fair value is calculated by reference to the expected loss where three factors are considered: The notional amount of the guarantee, the probability of default and the loss given default. A premium of WACC is then applied to determine the minimum level of return required. This is considered to be a level 3 fair value measurement.	**397**	156

		2016 Rm	2015 Rm
7	**Share-based payment provision**		
	Balance at beginning of year	**130**	264
	Per the income statement	**23**	(101)
	Utilised during year	**(37)**	(33)
	Balance at end of year	**116**	130
	Less short-term portion	**(79)**	(85)
	Long-term provisions	**37**	45
	Expected timing of future cash-flows		
	Within one year	**79**	85
	Two to five years	**37**	45
		116	130

		2016 Rm	2015 Rm
8	**Trade and other payables**		
	Related party payables		
	intercompany payables	**27**	32
	Trade payables	**33**	32
	Employee related payables	**36**	33
		96	97
	Age analysis of trade payables		
	Not past due date	**33**	32

Fair value of trade and other payables

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

		2016 Rm	2015 Rm
9	**Translation (losses)/gains**		
	Arising from:		
	Guarantees	**(98)**	–
	Foreign currency dividends	**47**	36
	Other payables	**1**	–
	Foreign deposit	**24**	–
		(26)	36

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

	2016 Rm	2015 Rm
10 Other operating expenses		
Other operating expenses includes *inter alia*:		
Management fee paid to Sasol South Africa (Pty) Ltd	**77**	78
Share-based payment – Inzalo refinancing	**–**	280
Professional fees	**6**	10
Employee-related expenditure	**129**	70
salary and related expenses	**106**	171
share-based payment expense	**23**	(101)
Other	**27**	25
	239	463

	2016 Rm	2015 Rm
11 Remeasurement items affecting operating loss		
Effect of remeasurement items for subsidiaries and joint operations		
Impairment of investment in subsidiary	–	(310)
Impairment of long-term financial assets (refer to note 2)	**(6 913)**	(7 114)
Total remeasurement items	**(6 913)**	(7 424)

Significant Impairments in 2016

Impairment of long-term financial assets

The recoverability of these receivables is directly linked to the performance of the Sasol Limited listed share price. At 30 June 2016, the share price was R397,17 representing an 11,7% decrease from the prior year. This follows a decrease of 29% in the year ended 30 June 2015. This decline resulted in an impairment of R6,9 billion in 2016 (2015 – R7,1 billion).

Significant impairment in 2015

Impairment of investment in subsidiary

The net assets of Sasol Synfuels Holdings (Pty) Ltd were sold to Sasol South Africa (Pty) Ltd at net book value as part of the overall Sasol group restructuring. As a result an impairment of R310 million was recognised on this investment, before a final liquidation dividend was declared by Sasol Synfuels Holdings (Pty) Ltd.

12 Revenue and Finance income

	2016 Rm	2015 Rm
Dividends received from subsidiaries – recognised in revenue	**11 156**	24 052
Dividends received from subsidiaries – recognised in finance income	**–**	18 983
Interest accrued and received	**2 958**	2 755
Guarantee fees received – indirect subsidiaries	**353**	46
Notional interest received	**71**	26
	14 538	45 862
Cash interest received – per statement of cash flows	**358**	131
Cash dividends received	**11 156**	24 052
dividends received – recognised in revenue	**11 156**	43 035
dividends received *in specie* – recognised in finance income	**–**	(18 983)
	11 514	24 183
Interest accrued	**2 953**	2 670
Notional interest	**71**	26
Dividends received *in specie*	**–**	18 983
	14 538	45 862

13 Finance costs

	2016 Rm	2015 Rm
Notional interest	**(99)**	(11)

14 Taxation

	2016 Rm	2015 Rm
Dividend withholding tax	*****	*
South African normal tax	**(101)**	(3)
current year	**(101)**	–
prior years	*****	(3)
Deferred tax – South Africa	**61**	(27)
current year	**61**	(24)
prior years	*****	(3)
	(40)	(30)

* nominal amount

Dividend withholding tax is payable at a rate of 15% on dividends received from investments. This tax is not attributable to the company paying the dividend but is collected by the company and paid to the tax authorities on behalf of the shareholder. On receipt of a dividend, the company includes the dividend withholding tax on this dividend in its computation of the income tax expense in the period of such receipt.

Reconciliation of effective tax rate

The table below shows the difference between the South African enacted tax rate (28%) compared to the tax rate in the income statement. Total income tax expense differs from the amount computed by applying the South African normal tax rate to profit before tax. The reasons for these differences are:

	2016 %	2015 %
South African normal tax rate	**28,0**	28,0
Increase in rate of tax due to disallowed expenditure	**27,1**	5,8
	55,1	33,8
Decrease in rate of tax due to exempt income	**(54,6)**	(33,7)
Effective tax rate	**0,5**	0,1

		Number of shares 2016	Number of shares 2015
15	**Share capital**		
	Authorised	**1 175 000 000**	1 175 000 000
	Issued	**679 775 162**	679 480 362

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

		2016 Rm	2015 Rm
16	**Share-based payment**		
16.1	**Share-based payment expense**		
	During the year, the following share-based payment expenses were recognised in the income statement regarding share-based payment arrangements that existed:		
	Cash settled – recognised in share-based payment provision	**23**	(101)
	Sasol Share Appreciation Rights Scheme	**(4)**	(78)
	Sasol Long-term Incentive Scheme	**27**	(23)
	Total share-based payment expense	**23**	(101)
16.2	**Share-based payment reserve**		
	In respect of Sasol Inzalo refinancing – recognised in other expenses	**–**	280
	Equity settled – recognised in respect of subsidiaries	**123**	221
	Sasol Inzalo share transaction	**123**	221
	Total movement in share-based payment reserve	**123**	501

The equity settled share-based payment charge in the 2015 year included R280 million relating to the partial refinancing of the Sasol Inzalo transaction as this resulted in a modification to the equity settled share-based payment arrangement. Full disclosure is provided in the consolidated Annual Financial Statements (note 36).

17 Cash retained from operations

	2016 Rm	2015 Rm
Cash flow from operations (refer to note 18)	**10 995**	23 776
Decrease/(increase) in working capital	**536**	(609)
	11 531	23 167

18 Cash flow from operations

	2016 Rm	2015 Rm
Profit before tax	**7 281**	38 006
Adjusted for		
net finance income	**(3 283)**	(21 799)
equity settled share-based payment expenses	**–**	280
translation on guarantees	**98**	–
effect of remeasurement items	**6 913**	7 424
movement in long-term provision	**(14)**	(134)
income statement charge	**23**	(101)
utilisation	**(37)**	(33)
	10 995	23 776

19 Dividends paid

	2016 Rm	2015 Rm
Final dividend – prior year		
external shareholders	**(7 022)**	(8 236)
related party – subsidiary company	**(101)**	(119)
related parties – Inzalo	**(793)**	(862)
Interim dividend – current year		
external shareholders	**(3 481)**	(4 272)
related party – subsidiary company	**(50)**	(62)
related parties – Inzalo	**(591)**	(636)
Per statement of cash flows	**(12 038)**	(14 187)

20 Additional investments in subsidiaries

	2016 Rm	2015 Rm
Increase in investment per statement of financial position (refer to note 1)	**(2 051)**	(32 615)
Adjusted for		
dividend received *in specie* (refer to note 21)*	**1 911**	18 983
effect of remeasurement item (refer to note 11)	**–**	(310)
Per statement of cash flows	**(140)**	(13 942)

* The dividend in specie in 2015 relates mainly to legal restructuring performed during that year

		2016 Rm	2015 Rm
21	**Related party transactions**		
	During the year, the company in the ordinary course of business, entered into various transactions with its indirect subsidiaries and subsidiaries. The effect of these transactions is included in the financial performance and results of the company.		
	Material related party transactions were as follows:		
	Other income statement items to related parties		
	Management fee to subsidiary		
	Sasol South Africa (Pty) Ltd (refer to note 10)	**77**	78
	Finance income dividends from subsidiaries		
	Sasol South Africa (Pty) Ltd*	**2 889**	20 808
	Sasol Synfuels (Pty) Ltd	**30**	–
	Sasol Cobalt Catalyst Manufacturing (Pty) Ltd	**30**	–
	Sasol Merisol RSA (Pty) Ltd	**30**	–
	Sasol Africa (Pty) Ltd	**1 100**	–
	Sasol Gas Holdings (Pty) Ltd	**911**	258
	Sasol Gas (Pty) Ltd	**2 200**	747
	Sasol Oil (Pty) Ltd	**2 824**	223
	Sasol Investment Company (Pty) Ltd*	**742**	18 810
	Sasol Middle East and India (Pty) Ltd*	**400**	2 189
		11 156	43 035
	Finance income interest from subsidiaries		
	Sasol Inzalo Employee Trust	**2 019**	1 825
	Sasol Inzalo Management Trust	**164**	148
	Sasol Inzalo Foundation Trust	**770**	697
	Sasol Financing International Limited	**3**	–
	Sasol Inzalo Groups Funding (Pty) Ltd (RF)	**–**	37
	Sasol Inzalo Public Funding (Pty) Ltd (RF)	**–**	47
		2 956	2 754
	Recognised directly in equity		
	Sasol Cobalt Catalyst Manufacturing (Pty) Ltd	**1 597**	–
	Other	**314**	–
		1 911	–
	Amounts reflected as non-current assets		
	Investments in subsidiaries at cost	**100 311**	98 260
	Long-term loans to direct subsidiaries		
	Sasol Financing (Pty) Ltd	**5 454**	5 454
	Long-term loans to indirect subsidiaries		
	Sasol Mining (Pty) Ltd	**525**	615
		106 290	104 329
	Long-term financial assets relating to indirect subsidiaries**		
	Sasol Inzalo Employee Trust	**19 019**	17 172
	Sasol Inzalo Management Trust	**1 543**	1 392
	Sasol Inzalo Foundation Trust	**7 245**	6 556
		27 807	25 120

* The increase in dividends received in 2015 relates mainly to the legal restructuring performed during that year
** Amounts exclude impairment

	2016 Rm	2015 Rm
21 Related party transactions continued		
Long-term receivables relating to indirect subsidiaries		
Sasol Inzalo Public Limited	**9**	–
Sasol Inzalo Groups Facilitation Trust	**17**	17
	26	17
Amounts reflected as current assets		
Other receivables relating to direct subsidiaries		
Sasol Financing (Pty) Ltd	**9 397**	13 212
Sasol Financing International Limited	**2 845**	–
Sasol Investment Company (Pty) Ltd	**443**	201
Sasol Oil (Pty) Ltd	**1**	–
Other receivables relating to indirect subsidiaries	**251**	52
	12 937	13 465

An analysis of other related party transactions is provided in:
Note 6 – Long-term financial liabilities
Note 8 – Trade and other payables
Note 10 – Other operating expenses
Note 11 – Remeasurement items affecting operating loss
Note 12 – Finance income
Note 19 – Dividends paid

22 Financial risk management and financial instruments

Introduction

The company is exposed in varying degrees to a variety of financial instrument related risks. Refer to note 41 in the consolidated financial statements for more information.

Liquidity risk

The company has provided guarantees for the financial obligations of subsidiaries, joint ventures and third parties. The outstanding guarantees at 30 June 2016 are provided in note 6.

The maturity profile of the undiscounted contractual cash flows of financial instruments at 30 June were as follows:

	Note	Contractual cash flows Rm	Within one year Rm	One to five years Rm	More than five years Rm
2016					
Financial assets					
Non-derivative instruments					
Investments available for sale	1	**5**	**–**	**5**	**–**
Long-term receivables		**26**	**–**	**26**	**–**
Long-term financial assets		**34 482**	**–**	**34 482**	**–**
Other receivables	4	**12 947**	**12 947**	**–**	**–**
Cash	5	**47**	**47**	**–**	**–**
		47 507	**12 994**	**34 513**	**–**
Financial liabilities					
Non-derivative instruments					
Trade and other payables	8	**(96)**	**(96)**	**–**	**–**
Financial guarantees[1]	6	**(102 391)**	**(102 391)**	**–**	**–**
		(102 487)	**(102 487)**	**–**	**–**

	Note	Contractual cash flows Rm	Within one year Rm	One to five years Rm	More than five years Rm
2015					
Financial assets					
Non-derivative instruments					
Investments available for sale	1	6	–	–	6
Long-term receivables		17	–	17	–
Long-term financial assets		25 120	–	25 120	–
Other receivables	4	13 484	13 484	–	–
Cash	5	40	40	–	–
		38 667	13 524	25 137	6
Financial liabilities					
Non-derivative instruments					
Trade and other payables	8	(97)	(97)	–	–
Financial guarantees[1]	6	(96 679)	(96 679)	–	–
		(96 776)	(96 776)	–	–

1 Issued financial guarantees contracts are all repayable on demand, however the likelihood of default is considered remote. Refer to note 6.

Market risk

Market risk is the risk arising from possible market price movements and their impact on the future cash flows of the business. The market price movements that the company is exposed to include foreign currency exchange rates. The company has developed policies aimed at managing the volatility inherent in these exposures which are discussed in the risks below.

Foreign currency risk

The following significant exchange rates applied during the year:

	Average rate		Closing rate	
	2016	2015	**2016**	2015
Rand/US dollar	**14,52**	11,45	**14,71**	12,17

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

	2016 US dollar Rm
Net exposure on balances between group companies	**2 827**
Total net exposure	**2 827**

	2015 US dollar Rm
Net exposure on balances between group companies	(24)
Total net exposure	(24)

22 Financial risk management and financial instruments continued

Sensitivity analysis

A 10 percent strengthening of the rand on the company's exposure to foreign currency risk at 30 June would have increased either the equity or the income statement by the amounts below before the effect of tax. This analysis assumes that all other variables, in particular interest rates, remain constant and has been performed on the same basis for 2015.

	2016		2015	
	Equity Rm	**Income statement Rm**	Equity Rm	Income statement Rm
US dollar	**(283)**	**(283)**	(2)	(2)

A 10 percent weakening in the rand against the above currencies at 30 June would have the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

Fluctuations in interest rates impact on the value of short-term investments and financing activities, giving rise to interest rate risk. Exposure to interest rate risk is particularly with reference to changes in South African interest rates.

At the reporting date, the interest rate profile of the group’s interest-bearing financial instruments was:

	Carrying value	
	2016 Rm	2015 Rm
Variable rate instruments		
Financial assets	**2 892**	40
	2 892	40
Fixed rate instruments		
Financial assets	**27 807**	25 120
	27 807	25 120
Interest profile (variable: fixed rate as a percentage of total interest bearing)	**9:91**	0:100

Cash flow sensitivity for variable rate instruments

Financial instruments affected by interest rate risk include borrowings, deposits, derivative financial instruments, trade receivables and trade payables. A change of 1% in the prevailing interest rate in that region at the reporting date would have increased/(decreased) earnings by the amounts shown below before the effect of tax. The sensitivity analysis has been prepared on the basis that all other variables, in particular foreign currency rates, remain constant and has been performed on the same basis for 2015.

	Income statement – 1% increase
	South Africa Rm
30 June 2016	**29**
30 June 2015	–

A 1% decrease in the interest rate at 30 June would have the equal but opposite effect for rand exposure.

23 Statement of Compliance

The separate Financial Statements are prepared in compliance with International Financial Reporting Standards (IFRS) and Interpretations of those standards, as issued by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council and the South African Companies Act, 2008. The separate Financial Statements were approved for issue by the Board of Directors on 9 September 2016 and will be presented for approval at the Annual General Meeting of shareholders on 25 November 2016.

24 Basis of preparation of financial results

The separate financial statements are prepared using the historic cost convention except that, as set out in the notes above, certain items, including derivative instruments, liabilities for cash-settled share-based payment schemes, financial assets at fair value through profit or loss and available for sale financial assets, are stated at fair value.

The separate Financial Statements are prepared on the going concern basis.

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

25 Other

For further information regarding the remuneration of Directors and key management personnel, refer to the Report of the Remuneration Committee on page 35.

Information on contingencies is contained in Note 37 of the consolidated Annual Financial Statements.

There were no subsequent events which occurred, which require disclosure in the Sasol Limited company Financial Statements.

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Direct purchase plan

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

Questions or correspondence about Global BuyDIRECTSM should be addressed to:
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Forward-looking statements: Sasol may, in this document, make certain statements that are not historical facts and relate to analyses and other information which are based on forecasts of future results and estimates of amounts not yet determinable. These statements may also relate to our future prospects, developments and business strategies. Examples of such forward-looking statements include, but are not limited to, statements regarding exchange rate fluctuations, volume growth, increases in market share, total shareholder return, executing our growth projects and cost reductions, including in connection with our Business Performance Enhancement Programme and Response Plan. Words such as "believe", "anticipate", "expect", "intend", "seek", "will", "plan", "could", "may", "endeavour", "target", "forecast" and "project" and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that the predictions, forecasts, projections and other forward-looking statements will not be achieved. If one or more of these risks materialise, or should underlying assumptions prove incorrect, our actual results may differ materially from those anticipated. You should understand that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements. These factors are discussed more fully in our most recent annual report under the Securities Exchange Act of 1934 on Form 20-F filed on 9 October 2015 and in other filings with the United States Securities and Exchange Commission. The list of factors discussed therein is not exhaustive; when relying on forward-looking statements to make investment decisions, you should carefully consider both these factors and other uncertainties and events. Forward-looking statements apply only as of the date on which they are made, and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

Please note: A billion is defined as one thousand million. All references to years refer to the financial year ended 30 June. Any reference to a calendar year is prefaced by the word "calendar".

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