Sasol Gas (Pty) Ltd

(Registration number 1964/006005/07)

Unaudited financial information for the year ended 30 June 2017

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This financial information has not been audited or approved by the directors.

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Statement of financial position as at 30 June

	Notes	2017 R '000	2016 R '000
Assets			
Non-Current Assets			
Property, plant and equipment	1	2 172 476	2 207 201
Assets under construction	2	154 442	155 194
Intangible assets	3	55 158	64 633
		2 382 076	**2 427 028**
Current Assets			
Inventories	4	103 917	82 615
Trade and other receivables	5	1 204 474	1 101 239
Cash restricted for use	6	171 692	99 473
Cash and cash equivalents	6	1 292 863	694 872
		2 772 946	**1 978 199**
Total Assets		**5 155 022**	**4 405 227**
Equity and Liabilities			
Shareholder's equity		**3 816 836**	**3 229 196**
Liabilities			
Non-Current Liabilities			
Long-term provisions	7	353 969	325 646
Post-retirement benefit obligations	8	15 857	15 195
Long-term deferred income	9	2 244	5 376
Deferred tax liability	10	89 590	83 447
		461 660	**429 664**
Current Liabilities			
Short-term provisions	11	36 895	17 536
Short-term deferred income	9	3 140	3 149
Current tax payable	12	39 637	8 310
Trade and other payables	13	796 854	717 372
		876 526	**746 367**
Total Liabilities		**1 338 186**	**1 176 031**
Total Equity and Liabilities		**5 155 022**	**4 405 227**

Sasol Gas (Pty) Ltd
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Income statement for the year ended 30 June

	Notes	2017 R '000	2016 R '000
Turnover	14	11 463 834	10 424 031
Materials, energy and consumables used	15	(6 168 570)	(6 120 476)
Employee-related expenditure	17	(233 944)	(231 368)
Depreciation and amortisation		(126 136)	(121 606)
Maintenance expenditure		(72 467)	(63 390)
Other operating expenses (net)		(369 489)	(532 188)
Other operating income	17	16 959	5 105
Translation gains / (losses)	16	33 083	(77 623)
Other operating expenses	17	(419 531)	(459 670)
Operating profit before remeasurement items		**4 493 228**	**3 355 003**
Remeasurement items	18	(4 757)	(7 393)
Operating profit		**4 488 471**	**3 347 610**
Net finance income		54 276	9 485
Finance income	19	92 053	45 804
Finance costs	20	(37 777)	(36 319)
Profit before taxation		**4 542 747**	**3 357 095**
Taxation	21	(1 266 486)	(945 618)
Profit for the year		**3 276 261**	**2 411 477**

Sasol Gas (Pty) Ltd

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Statement of comprehensive income for the year ended 30 June

	Notes	2017 R '000	2016 R '000
Profit for the year		**3 276 261**	**2 411 477**
Other comprehensive income:			
Items that cannot be subsequently reclassified to the income statement:			
Remeasurements on post-retirement benefit obligations	8	409	9 358
Tax on items that can not be subsequently reclassified to the income statement		(115)	(2 620)
Total items that will not be reclassified to profit or loss		**294**	**6 738**
Total comprehensive income		**3 276 555**	**2 418 215**

Sasol Gas (Pty) Ltd

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Statement of changes in equity for the year ended 30 June

	Share capital and share premium (Note 22) R '000	Remeasurement on post retirement benefit obligations R '000	Share-based payment reserve R '000	Retained earnings R '000	Total shareholder's equity R '000
Balance at 30 June 2015	**1**	**(1 407)**	**46 801**	**2 964 447**	**3 009 842**
Share-based payment expense	-	-	1 139	-	1 139
Profit for the year	-	-	-	2 411 477	2 411 477
Other comprehensive income	-	6 738	-	-	6 738
Expiry of share incentive scheme	-	-	(11 210)	11 210	-
Dividends	-	-	-	(2 200 000)	(2 200 000)
Balance at 30 June 2016	**1**	**5 331**	**36 730**	**3 187 134**	**3 229 196**
Share-based payment expense	-	-	4 795	-	4 795
Profit for the year	-	-	-	3 276 261	3 276 261
Other comprehensive income	-	294	-	-	294
Long-term incentives converted to equity settled*	-	-	6 290	-	6 290
Dividends (note 26)	-	-	-	(2 700 000)	(2 700 000)
Balance at 30 June 2017	**1**	**5 625**	**47 815**	**3 763 395**	**3 816 836**

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

Sasol Gas (Pty) Ltd
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Statement of cash flows

	Notes	2017 R '000	2016 R '000
Cash flows from operating activities			
Cash receipts from customers		11 375 867	10 424 727
Cash paid to suppliers and employees		(6 780 110)	(6 959 811)
Cash generated by operating activities	24	**4 595 757**	**3 464 916**
Finance income received	19	92 053	44 544
Finance costs paid	20	(10 238)	(9 507)
Tax paid	12	(1 229 190)	(914 340)
Cash available from operating activities		**3 448 382**	**2 585 613**
Dividends paid	26	(2 700 000)	(2 200 000)
Cash retained by operating activities		**748 382**	**385 613**
Cash flows from investing activities			
Additions to non-current assets		(78 172)	(98 361)
Additions to property, plant and equipment	1	(148)	(7)
Additions to assets under construction	2	(78 024)	(98 354)
Cash used in investing activities		**(78 172)**	**(98 361)**
Increase in cash and cash equivalents		**670 210**	**287 252**
Cash and cash equivalents at beginning of year		794 345	507 093
Cash and cash equivalents at end of year	6	**1 464 555**	**794 345**

Notes to the financial information

1. Property, plant and equipment

Carrying value	Land R'000	Buildings and improvements R'000	Plant, equipment and vehicles R'000	Total R'000
Balance at 30 June 2016	**1 584**	**28 519**	**2 177 098**	**2 207 201**
Additions to sustain existing operations	-	-	8 527	8 527
Transfers from assets under construction	-	950	71 971	72 921
Current year depreciation	-	(5 271)	(110 292)	(115 563)
Disposals and scrapping	-	-	(610)	(610)
Balance at 30 June 2017	**1 584**	**24 198**	**2 146 694**	**2 172 476**
Cost	1 584	36 189	3 432 035	3 469 808
Accumulated depreciation	-	(11 991)	(1 285 341)	(1 297 332)
Carrying amount	**1 584**	**24 198**	**2 146 694**	**2 172 476**
Balance at 30 June 2015	**1 584**	**31 262**	**2 156 529**	**2 189 375**
Additions to sustain existing operations	-	-	26 783	26 783
Transfers from assets under construction	-	2 284	99 505	101 789
Current year depreciation	-	(5 027)	(101 865)	(106 892)
Disposals and scrapping	-	-	(3 854)	(3 854)
Balance at 30 June 2016	**1 584**	**28 519**	**2 177 098**	**2 207 201**
Cost	1 584	35 239	3 354 338	3 391 161
Accumulated depreciation	-	(6 720)	(1 177 240)	(1 183 960)
Carrying amount	**1 584**	**28 519**	**2 177 098**	**2 207 201**

	2017 R '000	2016 R '000
Additions to Property, plant and equipment (cash flow)		
To sustain existing operations		
Current year additions	8 527	26 783
Adjustment for non-cash items		
movement in environmental provisions capitalised (note 7)	(8 379)	(26 776)
Per the statement of cash flows	**148**	**7**

	2017 R '000	2016 R '000

1. Property, plant and equipment (continued)

Capital commitments

Capital commitments, excluding interest capitalised, include all projects for which specific board approval has been obtained up to the reporting date. Projects still under investigation for which specific board approval has not yet been obtained are excluded from the following:

	2017 R '000	2016 R '000
Authorised and contracted for at 30 June	173 611	198 754
Authorised but not yet contracted for at 30 June	64 004	93 634
Less expenditure to 30 June	(151 534)	(152 286)
	86 081	**140 102**

Estimated expenditure

	2017 R '000	2016 R '000
Within one year	22 077	21 200
Two to five years	64 004	118 902
	86 081	**140 102**

Funding

Capital expenditure will be financed from funds generated out of normal business operations.

2. Assets under construction

	Property, plant and equipment under construction R'000	Other intangible assets under construction R'000	Total R'000
Cost			
Balance at 30 June 2015	**159 195**	**3 741**	**162 936**
Additions	98 354	-	98 354
to sustain existing operations	77 156	-	77 156
to expand operations	21 198	-	21 198
Projects capitalised	(101 789)	(833)	(102 622)
Disposals and scrapping	(3 474)	-	(3 474)
Balance at 30 June 2016	**152 286**	**2 908**	**155 194**
Additions	76 926	1 098	78 024
to sustain existing operations	68 018	1 098	69 116
to expand operations	8 908	-	8 908
Projects capitalised	(72 921)	(1 098)	(74 019)
Disposals and scrapping	(4 757)	-	(4 757)
Balance at 30 June 2017	**151 534**	**2 908**	**154 442**

3. Intangible assets

Carrying amount

	Software R'000	Other intangible assets R'000	Total R'000
Balance at 30 June 2015	**24 399**	**54 180**	**78 579**
Assets under construction capitalised	833	-	833
Disposals and scrappings	(65)	-	(65)
Current year amortisation	(10 876)	(3 838)	(14 714)
Balance at 30 June 2016	**14 291**	**50 342**	**64 633**
Cost	98 217	65 441	163 658
Accumulated amortisation	(83 926)	(15 099)	(99 025)
Assets under construction capitalised	1 098	-	1 098
Current year amortisation	(6 758)	(3 815)	(10 573)
Balance at 30 June 2017	**8 631**	**46 527**	**55 158**
Cost	99 315	65 441	164 756
Accumulated amortisation	(90 684)	(18 914)	(109 598)

	2017 R '000	2016 R '000
4. Inventories		
Carrying value		
Gas and other raw materials	24 008	19 054
Maintenance and other materials	78 729	62 262
Consignment inventory	1 180	1 299
	103 917	**82 615**

No inventories are encumbered.

5. Trade and other receivables

	2017 R '000	2016 R '000
Trade receivables	466 391	473 313
Other receivables	840	1 066
Related party receivables	736 566	624 718
Impairment of trade receivables	(260)	-
Trade and other receivables	**1 203 537**	**1 099 097**
Prepaid expenses	937	2 142
Total trade and other receivables	**1 204 474**	**1 101 239**

	2017 R '000	2016 R '000

5. Trade and other receivables (continued)

Credit risk exposure of trade receivables is analysed as follows:

Age analysis of trade receivables
Carrying amount

	2017 R '000	2016 R '000
Not past due date	466 227	457 686
Past due 1-30 days	20	15 627
Past due 31 - 150 days	144	-
	466 391	**473 313**

Impairment of trade receivables

	2017 R '000	2016 R '000
Balance at the beginning of the year	-	12 667
Raised during the year	260	-
Released during the year	-	(12 667)
Balance at end of year	**260**	**-**

Impairment of trade receivables

Trade receivables that are not past the due date are not considered to be impaired, except in situations 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.

ArcelorMittal is the only external customer that represents more than 10% of the external trade receivables and represents 15% of the company's external trade receivables. Sasolburg Operations and Secunda Synfuels Operations (all divisions of Sasol South Africa (Pty) Ltd), represent 45% and 49% respectively, of the company's total related party receivables and represent minimal risk.

Fair value of trade and other receivables

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

Collateral

The company holds collateral in the form of cash deposits and guarantees. In the event of default, the company is able to utilise the cash deposits and call on the guarantees. The company holds no collateral over trade receivables which can be sold or repledged to a third party.

Notes to the financial information (continued)

	2017 R '000	2016 R '000
6. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash restricted for use	171 692	99 473
Cash on hand and in bank	1 292 863	694 872
Per the statement of cash flows	**1 464 555**	**794 345**

Cash restricted for use

Cash restricted for use is in respect of deposits for decommissioning of pipelines.

	2017 R '000	2016 R '000
Cash on hand and in bank comprise:		
Cash on hand	87	62
Cash in bank	1 292 776	694 787
Foreign curency accounts	-	23
	1 292 863	**694 872**

Fair value of cash and cash equivalents

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

7. Long-term provisions

	2017 R '000	2016 R '000
Balance of provisions at year end	363 810	341 856
Less short-term portion of:		
Share appreciation rights	(9 741)	(16 110)
Long service awards	(100)	(100)
Long-term portion of provisions	**353 969**	**325 646**
Expected timing of future cash-flows		
Within one year	9 841	16 210
Two to five years	329	7 866
More than five years	353 640	317 780
	363 810	**341 856**
Estimated undiscounted obligation	**1 756 346**	**1 735 191**

7. Long-term provisions (continued)

	Asset retirement obligations R'000	Share appreciation rights* R'000	Long service awards R'000	Total R'000
Balance at 30 June 2015	**263 735**	**20 592**	**846**	**285 173**
Capitalised in property, plant and equipment	26 776	-	-	26 776
Additional provisions or increase in existing provisions	-	19 361	34	19 395
Notional interest	26 755	-	-	26 755
Utilised during the year (cash flow)	-	(16 243)	-	(16 243)
Balance at 30 June 2016	**317 266**	**23 710**	**880**	**341 856**
Capitalised in property, plant and equipment	8 379	-	-	8 379
Additional provisions or increase in existing provisions	-	860	-	860
Notional interest	27 480	-	-	27 480
Utilised during the year (cash flow)	-	(8 475)	-	(8 475)
Long-term incentives converted to equity settled	-	(6 290)	-	(6 290)
Balance at 30 June 2017	**353 125**	**9 805**	**880**	**363 810**

* Refer to note 23 for assumptions used in calculating the share-based payment provision (cash settled).

Asset retirement obligations

In accordance with the Sasol Limited 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 asset retirement obligations includes estimated costs for the decommissioning of gas pipelines. The amount provided is calculated based on available facts and applicable legislation.

The determination of long-term provisions, in particular environmental provisions, remain 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 company's financial position, liquidity or cash flows.

	2017 R '000	2016 R '000

7. Long-term provisions (continued)

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

	%	%
South Africa	7,8 to 8,6	7,7 to 8,8

A 1% change in the discount rate would have the following effect on the long-term provisions recognised.

	2017	2016
Increase in discount rate	(55 746)	(52 308)
amounts capitalised to property, plant and equipment	(55 680)	(52 242)
amounts recognised in income statement	(66)	(66)
Decrease in discount rate	67 793	64 069
amounts capitalised to property, plant and equipment	67 717	63 993
amounts recognised in income statement	76	76

8. Post-retirement benefit obligations

	2017	2016
Post-retirement healthcare benefits	16 530	15 821
Less short-term portion		
post-retirement healthcare benefits	(673)	(626)
Long-term portion of post-retirement benefit obligations	**15 857**	**15 195**
Post-retirement benefits obligations (cash flow)		
Increase / (decrease) per statement of financial position	709	(8 196)
Decrease due to remeasurements	409	9 358
Per the statement of cash flows	**1 118**	**1 162**

Post-retirement healthcare benefits

The company provides post-retirement healthcare benefits to certain of its retirees employed prior to 1 January 1998, who retire and satisfy the necessary requirements of the medical fund.

The post-retirement healthcare liability forms part of the Sasol Limited group's post-retirement benefit obligation. The liability is allocated based on the pensionable earnings of employees in each group entity. Full disclosure is provided in the Sasol Limited consolidated annual financial statements.

Last actuarial valuation	2017	2016
Full / interim valuation	Full	Full
Valuation method adopted	Projected Unit Credit	Projected Unit Credit

	2017 R '000	2016 R '000

8. Post-retirement benefit obligations (continued)

Principal actuarial assumptions

Weighted average assumptions used in performing actuarial valuation determined in consultation with independent actuaries:

	2017	2016
Healthcare cost inflation		
initial	7,5%	7,5%
ultimate	7,5%	7,5%
Discount rate	9,8%	9,9%
Average salary increase assumption	5,5%	5,5%
Weighted average duration of the obligation	15 years	17 years

9. Long-term deferred income

	2017	2016
Deferred income	5 384	8 525
Short-term portion	(3 140)	(3 149)
Long-term portion of deferred income	**2 244**	**5 376**

Deferred income relates to amounts received from customers for construction of a pipeline, to be recognised in income on stage of completion basis.

10. Deferred tax liability

Reconciliation of deferred tax liability

	2017	2016
At beginning of year	83 447	59 799
Current year charge		
per the income statement (note 21)	6 028	21 028
per the statement of comprehensive income	115	2 620
Balance at end of year	**89 590**	**83 447**

Comprising

	2017	2016
Deferred tax liability	228 159	204 058
Deferred tax asset	(138 569)	(120 611)
Total net deferred tax liability	**89 590**	**83 447**

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

Notes to the financial information (continued)

	2017 R '000	2016 R '000
10. Deferred tax liability (continued)		
Deferred tax is attributable to the following temporary differences		
Deferred tax liability		
Property plant and equipment	227 708	203 946
Current assets	451	112
Total deferred tax liability	**228 159**	**204 058**
Deferred tax asset		
Short and long-term provisions	(125 461)	(112 711)
Current liabilities	(6 878)	(4 432)
Other	(6 230)	(3 468)
Total deferred tax asset	**(138 569)**	**(120 611)**
11. Short-term provisions		
Employee provisions	199	472
Restructuring provisions	-	228
Other provisions	26 182	-
Short-term provisions	**26 381**	**700**
Short-term portion of:		
Long-term provisions (note 7)	9 841	16 210
Post-retirement benefit obligations (note 8)	673	626
Total short-term provisions	**36 895**	**17 536**
Reconciliation		
Balance at beginning of year	700	2 743
Net income statement movement	40 302	709
Utilisation during the year	(14 250)	(1 696)
Reversal of unused amount	(371)	(1 056)
	26 381	**700**
12. Tax paid		
Net amounts payable / (receivable) at beginning of the year	8 310	(737)
Net interest paid / (received) on tax	59	(1 203)
Income tax per income statement (note 21)	1 260 458	924 590
	1 268 827	922 650
Net tax (payable) / receivable per statement of financial position	(39 637)	(8 310)
tax payable	(39 798)	(8 440)
tax receivable	161	130
Per the statement of cash flows	**1 229 190**	**914 340**

Notes to the financial information (continued)

	2017 R '000	2016 R '000
12. Tax paid (continued)		
Comprising		
Normal tax		
South Africa	1 228 452	914 310
Foreign	738	30
	1 229 190	**914 340**

13. Trade and other payables

	2017 R '000	2016 R '000
Trade payables	174 007	144 257
Other payables	47 715	41 198
Accrued expenses	30 161	37 798
Related party payables	522 006	464 949
Value added tax	22 965	29 170
	796 854	**717 372**

Age analysis of trade payables

	2017 R '000	2016 R '000
Not past due date	123 192	133 559
Past due 1 -30 days	49 636	4 854
Past due 31 - 150 days	1 053	2 610
Past due 151 - one year	126	186
More than one year	-	3 048
	174 007	**144 257**

Except for Lochhead White & Womersley (Pty) Ltd representing 27% of the company's external trade payables, no other individual external vendor exceeds 10% of the company's external trade payables. Sasol Petroleum Temane Limitada, Republic of Mozambique Pipeline Investments Company (Pty) Ltd and Secunda Synfuels Operations (a division of Sasol South Africa (Pty) Ltd), represents 41%, 42% and 10% respectively, of the company's total related party payables.

14. Turnover

	2017 R '000	2016 R '000
Sale of products	11 323 519	10 289 604
Services rendered	140 315	134 427
	11 463 834	**10 424 031**

15. Materials, energy and consumables used

	2017 R '000	2016 R '000
Cost of raw materials	6 166 733	6 114 736
Cost of electricity	1 837	5 740
	6 168 570	**6 120 476**

Costs relating to gas purchased for resale, including changes in inventories and transmission costs up until the point of sale.

Notes to the financial information (continued)

	2017 R '000	2016 R '000
16. Translation gains / (losses)		
Arising from:		
Trade receivables	(174)	(1 333)
Trade payables	45 279	(65 957)
Other	(12 022)	(10 333)
	33 083	**(77 623)**

Translation losses arise on the translation of monetary assets and liabilities from one currency into the functional currency of the company.

	2017 R '000	2016 R '000
17. Profit before tax includes		
Rentals	16 507	21 046
Insurance	12 691	12 489
Computer costs	6 732	6 158
Hired labour	1 443	962
Audit fees	1 543	1 424
Professional fees	4 014	3 335
Other	376 601	414 256
Other operating expenses	**419 531**	**459 670**
Employee-related expenditure	233 944	231 368
Other operating income	(16 959)	(5 105)
	636 516	**685 933**

	2017 R '000	2016 R '000
18. Remeasurement items affecting operating profit		
Losses on disposals and scrappings		
Scrapping of property, plant and equipment	-	(3 854)
Scrapping of assets under construction	(4 757)	(3 474)
Scrapping of other assets	-	(65)
Gross amount	**(4 757)**	**(7 393)**
Tax effect thereon	1 065	1 572
Net amount after tax	**(3 692)**	**(5 821)**

	2017 R '000	2016 R '000
19. Finance income		
Interest received on		
loans and receivables	34	1 260
cash and cash equivalents	92 019	44 544
Per income statement	**92 053**	**45 804**
Less interest on tax receivable	-	(1 260)
Per statement of cash flows	**92 053**	**44 544**

Notes to the financial information (continued)

	2017 R '000	2016 R '000
20. Finance costs		
Bank overdraft	8	91
Debt	59	187
Other	10 230	9 286
Total finance cost before notional interest	**10 297**	**9 564**
Notional interest	27 480	26 755
Per income statement	**37 777**	**36 319**
Total finance costs before notional interest	10 297	9 564
Less interest on tax payable	(59)	(57)
Per the statement of cash flows	**10 238**	**9 507**
21. Taxation		
South African normal tax	1 260 445	924 585
current year	1 262 914	922 238
prior years	(2 469)	2 347
Foreign tax	516	1 080
current year	516	1 080
Other	(503)	(1 075)
Current income tax	**1 260 458**	**924 590**
Deferred tax - South Africa	6 028	21 028
current year	14 386	21 028
prior years	(8 358)	-
	1 266 486	**945 618**

21. Taxation (continued)

Reconciliation of effective tax rate

The table below shows the difference between the South African enacted tax rate (28%) compared to the tax rate in the income statement.

Total income tax expense differs from the amount computed by applying the South African normal tax rate to profit before tax. The reasons for these differences are:

	2017 %	2016 %
South African normal tax rate	28,0	28,0
(Decrease) / increase in tax rate due to		
disallowed expenditure	-	0,1
prior year adjustment	(0,2)	0,1
Effective tax rate	**27,8**	**28,2**

The reason for the difference in effective tax rate between 2017 and 2016 is mainly as a result of the negative prior year adjustments in 2017.

22. Share capital

Authorised	**Number of shares 2017**	Number of shares 2016
Authorised		
10 000 ordinary shares of no par value	10 000	10 000
Issued - No par value shares		
1 000 ordinary shares of no par value	1 000	1 000
	R '000	**R '000**
Comprising		
1 000 ordinary shares of no par value	1	1

23. Share based payments

Equity-settled share incentive schemes

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. Further disclosure is provided in the Sasol Limited Annual Financial Statements.

The Sasol Inzalo share transaction

In May 2008, the shareholders approved the Sasol Inzalo share transaction, a broad-based Black Economic Empowerment (BEE) transaction, which resulted in the transfer of beneficial ownership of 10% (63,1 million shares) of Sasol Limited's issued share capital before the implementation of this transaction to its employees and a wide spread of BEE participants. The transaction was introduced to assist Sasol, as a major participant in the South African economy, in meeting its empowerment objectives. The structures of Sasol Inzalo will unwind in June and September 2018. Further disclosure is provided in the Sasol Limited Annual Financial Statements.

Sasol Long-term Incentive Scheme

During September 2009, the group introduced the Sasol Long-term Incentive Scheme (LTI). The objective of the LTI scheme is to provide qualifying employees the opportunity of receiving an incentive linked to the value of Sasol Limited ordinary shares. The LTI scheme allows certain senior employees to earn a long-term incentive amount linked to certain Corporate Performance Targets (CPTs). Allocations of the LTI are linked to the performance of both the group and the individual. On resignation, LTIs which have not yet vested will lapse. On death, retirement and retrenchment, the LTIs vest immediately, calculated to the extent that the CPTs are anticipated to be met, and are settled within 40 days from the date of termination. Accelerated vesting does not apply to top management.

In November 2016 after receiving approval at the Annual General Meeting, the scheme was converted from cash-settled to equity-settled with the introduction of the 2016 equity-settled LTI scheme. An amount of R6,3 million, in the cash-settled share-based payment provision was transferred to the share-based payment reserve in equity. All the vesting conditions and all other terms and conditions of the scheme remain the same, including the standard vesting period of three years, with the exception of top management, who have five year vesting period for 50% of the awards.

23. Share based payments (continued)

Movements in the number of options outstanding	Number of share options	Weighted average fair value Rand
Balance at 30 June 2016	-	-
Conversion of LTI scheme to equity-settled scheme on 25 November 2016	67 486	340,85
LTIs granted	1 584	370,47
LTIs vested	(2 050)	359,92
Effect of CPTs and LTIs forfeited	(1 639)	343,03
Balance at 30 June 2017*	**65 381**	337,80

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

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

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

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

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

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

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

	2017 R '000	2016 R '000

23. Share based payments (continued)

Cash-settled share-based payments provision

During the year the following share-based payment expenses were recognised in the income statement relating to cash-settled arrangements:

Share-based payment expense – movement in long-term provisions		
Sasol Share Appreciation Rights Scheme	(1 853)	4 125
Sasol Long-term Incentive Scheme*	2 713	15 236
	860	**19 361**

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

Total rights / units granted	**2017 Number**	**2016 Number**
Share Appreciation Rights	133 870	115 952
Long-term Incentive Units*	-	58 590
	133 870	**174 542**

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

Share Appreciation Rights (SAR) Scheme (closed since FY13)

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

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

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

23. Share based payments (continued)

	2017			2016		
	SARS R'000	Long-term incentives R'000	Total R'000	SARS R'000	Long-term incentives R'000	Total R'000
Per statement of financial position at 30 June	**9 805**	**-**	**9 805**	12 558	11 152	23 710
Total intrinsic value of rights vested, but not yet exercised	**3 362**	**-***	**3 362**	5 061	-**	5 061

*All LTI's were converted to equity settled share-based scheme on 25 November 2016.
** Before conversion to equity settled share-based scheme, LTI's were automatically settled in cash upon vesting.

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

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

* All SARs with no CPTs have vested and therefore no forfeiture is applied.
**On 25 November 2016, the cash-settled LTI scheme was converted to an equity-settled share-based payment scheme.

The risk-free rate for periods within the contractual term of the rights is based on the South African government bonds in effect at the time of the valuation of the grant.
The expected volatility in the value of the rights granted is determined using the historical volatility of the Sasol share price.
The expected dividend yield of the rights granted is determined using the historical dividend yield of the Sasol ordinary shares.
The valuation of the share-based payment expense requires a significant degree of judgement to be applied by management.

	Note	2017 R '000	2016 R '000
24. Cash generated by operating activities			
Cash flow from operations	25	4 641 072	3 476 999
Increase in working capital	25	(45 315)	(12 083)
Cash generated from operating activities		**4 595 757**	**3 464 916**
25. Cash flow from operations			
Operating profit		4 488 471	3 347 610
Adjusted for:			
Depreciation of property, plant and equipment	1	115 563	106 892
Amortisation of other intangible assets	3	10 573	14 714
Effect of remeasurement items	18	4 757	7 393
Movement in impairment of trade receivables	5	260	-
Movement in strategic spares utilisation		610	-
Movements in post-retirement benefit obligations	8	1 118	1 162
Movements in long-term provisions			
income statement charge	7	860	19 395
utilisation	7	(8 475)	(16 243)
Equity settled share-based payments expense		4 795	1 139
Movement in long-term deferred income	9	(3 141)	(3 020)
Movement in short-term provisions	11	25 681	(2 043)
		4 641 072	**3 476 999**
(Increase) / decrease in working capital:			
(Increase) / decrease in inventories			
Per the statement of financial position		(21 302)	4 723
Increase in trade and other receivables		**(103 495)**	**(12 684)**
Per the statement of financial position		(103 235)	(12 684)
Movement in impairment provision		(260)	-
Increase / (decrease) in trade and other payables			
Per the statement of financial position		79 482	(4 122)
Increase in working capital		**(45 315)**	**(12 083)**
26. Dividends paid			
Final dividend - prior year		1 500 000	1 200 000
Interim dividend - current year		1 200 000	1 000 000
		2 700 000	**2 200 000**

	2017 R '000	2016 R '000

27. Commitments

Operating leases - Minimum future lease payments

The company rents offices under operating leases that are cancellable at various short-term notice periods by either party.

	2017 R '000	2016 R '000
Minimum lease payments due		
Within one year	14 519	13 381
One to five years	71 510	65 908
More than five years	213 143	233 264
	299 172	**312 553**

These leasing arrangements do not impose any significant restrictions on the company.

28. Related party transactions

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

Material related party transactions were as follows

	2017 R '000	2016 R '000
Sales and services rendered to related parties		
fellow subsidiaries		
Sasol Oil (Pty) Ltd	3 384	3 208
Group Technology, a division of Sasol South Africa (Pty) Ltd	114	102
Sasolburg Operations, a division of Sasol South Africa (Pty) Ltd	2 921 289	2 614 168
Secunda Synfuels Operations, a division of Sasol South Africa (Pty) Ltd	3 619 448	3 060 741
Republic of Mozambique Pipeline Investments Company (Pty) Ltd	153 726	153 019
joint operation		
National Petroleum Refiners of South Africa (Pty) Ltd	85 954	56 891
	6 783 915	**5 888 129**

	2017 R '000	2016 R '000
Purchases from related parties		
fellow subsidiaries		
Sasolburg Operations, a division of Sasol South Africa (Pty) Ltd	13 543	10 172
Secunda Synfuels Operations, a division of Sasol South Africa (Pty) Ltd	687 966	705 955
Republic of Mozambique Pipeline Investments Company (Pty) Ltd	2 171 400	1 873 306
Sasol Petroleum Temane Limitada	2 199 142	2 337 286
	5 072 051	**4 926 719**

	2017 R '000	2016 R '000
28. Related party transactions (continued)		
Other income statement transactions with related parties		
Management fees		
fellow subsidiaries		
Sasol Group Services, a division of Sasol South Africa (Pty) Ltd (administration fee)	252 412	202 558
Group Technology, a division of Sasol South Africa (Pty) Ltd	25 242	94 444
	277 654	**297 002**
Other expenses		
fellow subsidiaries		
Sasol Mining (Pty) Ltd	6 985	6 985
Sasol Oil (Pty) Ltd	11 584	10 547
Sasolburg Operations, a division of Sasol South Africa (Pty) Ltd	364	185
Sasol Group Services, a division of Sasol South Africa (Pty) Ltd	26 714	39 809
Secunda Synfuels Operations, a division of Sasol South Africa (Pty) Ltd	13 396	13 956
Sasol New Energy, a division of Sasol South Africa (Pty) Ltd	3 434	3 648
Sasol Middle East & India (Pty) Ltd	(450)	75
Group Technology, a division of Sasol South Africa (Pty) Ltd	-	1 054
Republic of Mozambique Pipeline Investments Company (Pty) Ltd	-	7 543
Sasol Petroleum Temane Limitada	18 519	15 826
Sasol Social and Community Trust	6 201	4 429
joint venture		
Sasol Dyno Nobel (Pty) Ltd	(576)	(2)
	86 171	**104 055**
Finance expenses		
fellow subsidiaries		
Sasol Financing (Pty) Ltd	-	186
Sasol Financing International Limited	10 230	9 213
	10 230	**9 399**
Finance income		
fellow subsidiaries		
Sasol Financing (Pty) Ltd	82 237	40 511
	82 237	**40 511**

Notes to the financial information (continued)

	2017 R '000	2016 R '000

28. Related party transactions (continued)

Related party balances

	2017 R '000	2016 R '000
Amounts reflected as current assets		
Intercompany trade and other receivables		
fellow subsidiaries		
Group Technology, a division of Sasol South Africa (Pty) Ltd	12	11
Sasol Oil (Pty) Ltd	622	1 103
Sasol Financing International Limited	3 068	9 211
Sasol Middle East & India (Pty) Ltd	71	-
Sasol Group Services, a division of Sasol South Africa (Pty) Ltd	437	304
Sasolburg Operations, a division of Sasol South Africa (Pty) Ltd	329 228	263 872
Secunda Synfuels Operations, a division of Sasol South Africa (Pty) Ltd	363 379	326 606
Sasol New Energy, a division of Sasol South Africa (Pty) Ltd	81	210
Republic of Mozambique Pipeline Investments Company (Pty) Ltd	29 251	22 050
joint operations		
National Petroleum Refiners of South Africa (Pty) Ltd	10 187	1 349
joint venture		
Sasol Dyno Nobel (Pty) Ltd	230	2
	736 566	**624 718**

	2017 R '000	2016 R '000
Intercompany bank balances		
fellow subsidiaries		
Sasol Financing (Pty) Ltd	1 134 664	557 557
	1 134 664	**557 557**

	2017 R '000	2016 R '000
Intercompany trade payables		
fellow subsidiaries		
Sasol Mining (Pty) Ltd	899	582
Sasol Oil (Pty) Ltd	4 009	2 268
Sasol Financing International Limited	-	13 988
Group Technology, a division of Sasol South Africa (Pty) Ltd	2 321	10 229
Sasol Group Services, a division of Sasol South Africa (Pty) Ltd	29 772	31 804
Sasolburg Operations, a division of Sasol South Africa (Pty) Ltd	1 227	1 675
Secunda Synfuels Operations, a division of Sasol South Africa (Pty) Ltd	54 207	60 464
Sasol New Energy, a division of Sasol South Africa (Pty) Ltd	351	356
Republic of Mozambique Pipeline Investments Company (Pty) Ltd	216 832	191 020
Sasol Petroleum Temane Limitada	212 357	152 518
Sasol Middle East & India (Pty) Ltd	31	45
	522 006	**464 949**

Notes to the financial information (continued)

28. Related party transactions (continued)

	2017 R '000	2016 R '000
Remuneration paid to key management personnel		
Key management salaries		
Cameron, Edward	5 710	5 340
Key management gain on implementation of share options		
Cameron, Edward	1 599	2 891
	7 309	**8 231**

Key management personnel comprises of executive and non executive directors as well as other members of the group executive committee (GEC).

Amounts due to and from related parties are included in the respective notes for those statement of financial position items.

29. Directors' remuneration

Directors

2017

	Other services R'000	Gains on implementation /exercise/vesting of share options and share rights* R'000	Total R'000
Mr B E Klingenberg	11 339	4 060	15 399
Mr M Radebe	7 969	3 713	11 682
Ms W D Stander	4 640	2 815	7 455
	23 948	**10 588**	**34 536**

2016

	Other services R'000	Gains on implementation /exercise/vesting of share options and share rights* R'000	Total R'000
Mr B E Klingenberg	10 263	6 023	16 286
Mr M Radebe	7 677	5 045	12 722
Ms W D Stander	4 544	2 801	7 345
	22 484	**13 869**	**36 353**

* Long-term incentives for the 2017 financial year represent the number of units x corporate performance target achieved (2017) x closing share price on 17 August 2017. The actual vesting date for the annual awards made during 2015 is 11 September 2017, 19 November 2017, 12 March 2018, and 4 June 2018. Dividend equivalents implemented for all awards effect from September 2014. Dividend equivalents accrue at the end of the vesting period, to the extent that the LTI units will vest. It represents: numbers of units awarded x corporate performance targets achieved during financial year 2017 x dividend equivalents up to 11 September 2017.

30. Subsequent events

The following non-adjusting event occurred subsequent to 30 June 2017:

A final dividend of R1,3 billion was declared on 18 August 2017 and was paid on 8 September 2017. Dividends are only recognised as a liability in the period in which they are declared.

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

31. Ultimate holding company

The ultimate holding company of Sasol Gas (Pty) Ltd is Sasol Limited, incorporated and domiciled in South Africa.

32. Financial risk management and financial instruments

Introduction

The company is exposed in varying degrees to a variety of financial instrument related risks. The board of directors have the overall responsibility for the establishment and oversight of the company's risk management framework. A comprehensive risk management process has been developed to continuously monitor and control these risks. The Sasol Energy executive committee meets regularly to review and, if appropriate, approve the implementation of optimal strategies for the effective management of financial risks.

Capital risk management

The company's objectives when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) are to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk, to safeguard the company's ability to continue as a going concern while taking advantage of strategic opportunities in order to provide sustainable returns for shareholders and benefits to the stakeholders.

The company manages the capital structure and makes adjustments to 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.

Financing risk

Financing risk refers to the risk that financing of the company'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.

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 (subcategorised 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 company'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.

a) 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 company obtains security in the form of guarantees to mitigate risk. Counterparty credit limits are in place and are reviewed and approved by the respective company's credit management committee. The Sasol group 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.

32. Financial risk management and financial instruments (continued)

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 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 5.

No single customer represents more than 32% (2016: 28%) of the company's total turnover or more than 30% (2016: 28%) of total trade receivables for the years ended 30 June 2017 and 2016. Approximately 99,8% (2016: 99,8%) of the company's total turnover is generated from sales within South Africa, while about 0,2% (2016: 0,2%) relates to services rendered in Mozambique. 100% (2016: 100%) of the amount owing in respect of trade receivables is from counterparties in South Africa.

Credit risk exposure in respect of trade receivables is further analysed in note 5. The carrying value represents the maximum credit risk exposure.

b) Liquidity risk

Liquidity risk is the risk that the company will be unable to meet its obligations as they become due. The company 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 company is maintaining a positive cash position, conserving the cash resources through renewed focus on working capital improvement and capital reprioritisation. The company meets its financing requirements mainly through cash generated from its operations. Adequate banking facilities and reserve borrowing capacities are maintained. The company has sufficient undrawn borrowing facilities, which could be utilised to settle obligations.

The maturity profile of the contractual cash flows of financial instruments at 30 June were as follows:

At 30 June 2017	Note	Contractual cash flows R'000	Within one year R'000	More than five years R'000
Financial assets				
Trade and other receivables	5	1 203 537	1 203 537	-
Cash restricted for use	6	171 692	-	171 692
Cash	6	1 292 863	1 292 863	-
		2 668 092	**2 496 400**	**171 692**
Financial liabilities				
Trade and other payables	13	773 889	773 889	-
		773 889	**773 889**	**-**

Notes to the financial information (continued)

32. Financial risk management and financial instruments (continued)

At 30 June 2016	Note	Contractual cash flows R'000	Within one year R'000	More than five years R'000
Financial assets				
Trade and other receivables	5	1 099 097	1 099 097	-
Cash restricted for use	6	99 473	-	99 473
Cash	6	694 872	694 872	-
		1 893 442	**1 793 969**	**99 473**
Financial liabilities				
Trade and other payables	13	688 202	688 202	-
		688 202	**688 202**	**-**

c) 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, interest rates and oil and natural gas prices (commodity price risk). The company has developed policies aimed at managing the volatility inherent in these exposures which are discussed in the risks below.

1) Foreign currency risk

The company’s transactions are predominantly entered into in it's functional currency. However, the company utilises various foreign currencies on purchases and consequently, is exposed to exchange rate fluctuations that have an impact on cash flows and financing activities. The company is exposed to foreign currency risk in connection with contracted payments in currencies that are not it's functional currency. Foreign currency risks are managed through the Sasol group’s financing policies and the selective use of forward exchange contracts.

The Sasol 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 group executive committee sets intervention levels to specifically assess large forward cover amounts for long periods into the future which have the potential to materially affect the company's financial position. These limits are reviewed from time to time.

No forward exchange contracts were held as at 30 June 2017.

32. Financial risk management and financial instruments (continued)

The following significant exchange rates were applied during the year:

	Average rate		Closing rate	
	2017	**2016**	**2017**	**2016**
Rand / USD Dollar	13,61	14,52	13,06	14,71

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

	2017 US Dollar R '000	**2016 US Dollar R '000**
Current assets		
Cash	130	32
Net exposure on external asset balances	130	32
Trade and other payables	(302 916)	(217 302)
Net exposure on external liability balances	(302 916)	(217 302)
Total net exposure	**(302 786)**	**(217 270)**

Sensitivity analysis

A 10 percent strengthening of the Rand on the company's exposure to foreign currency risk at 30 June would have decreased/(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.

	2017		2016	
	Equity R'000	**Income statement R'000**	**Equity R'000**	**Income statement R'000**
US Dollar	(30 279)	(30 279)	(21 727)	(21 727)

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.

2) 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.

The company's policy is to borrow funds at floating rates of interest as this is considered to give somewhat of a natural hedge against commodity price movements, given the correlation with economic growth (and industrial activity) which in turn shows a high correlation with commodity price fluctuation. In certain circumstances, the group uses interest rate swap contracts to manage its exposure to interest rate movements.

32. Financial risk management and financial instruments (continued)

In respect of financial assets, the company's policy is to invest cash at floating rates 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 was:

	Carrying value	
	2017 R '000	**2016 R '000**
Variable rate instruments		
Financial assets	1 464 555	794 345

Cash flow interest rate risk

Financial instruments affected by interest rate risk include deposits, trade receivables and trade payables. A one percent increase in the prevailing interest rate in that region at the reporting date would have increased /(decreased) the income statement 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.

	Income statement - 1% increase South Africa R'000
30 June 2017	**14 645**
30 June 2016	7 943

A one percent decrease in the interest rate at 30 June would have the equal but opposite effect for rand exposure.