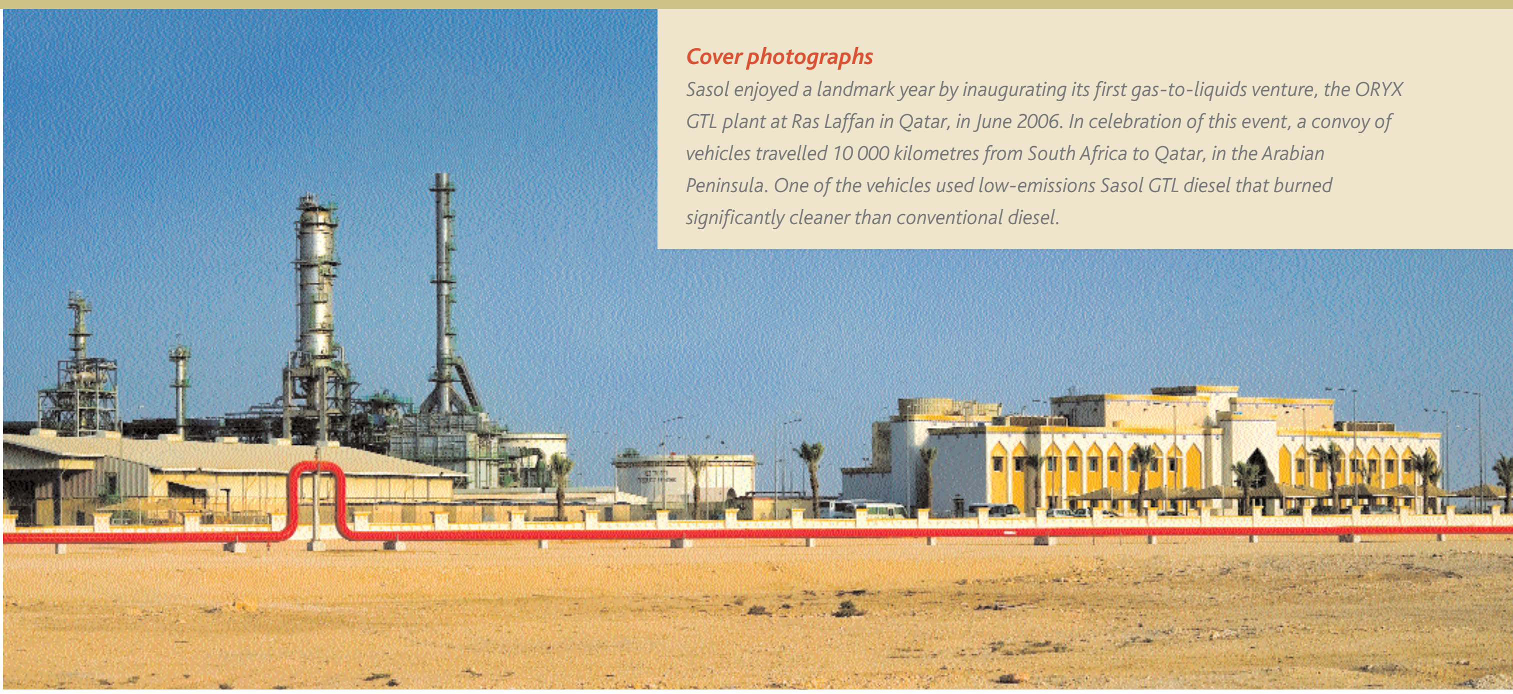
sasol
reaching new frontiers

annual financial statements 2006

contents



Cover photographs

Sasol enjoyed a landmark year by inaugurating its first gas-to-liquids venture, the ORYX GTL plant at Ras Laffan in Qatar, in June 2006. In celebration of this event, a convoy of vehicles travelled 10 000 kilometres from South Africa to Qatar, in the Arabian Peninsula. One of the vehicles used low-emissions Sasol GTL diesel that burned significantly cleaner than conventional diesel.

sasol
reaching new frontiers

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STUDIO 5

Sasol is bringing to the world innovative and viable energy solutions based on our proven Fischer-Tropsch conversion technology.

forward-looking statements

Sasol has made certain forward-looking statements in its annual report and financial statements regarding possible or assumed future performance relating to certain risks and uncertainties including, without limitations:

- *volume growth;*
- *business strategy;*
- *acquisitions of new businesses or disposition of existing businesses;*
- *changes in market share;*
- *total shareholder return;*
- *oil, gas and coal reserves;*
- *capital expenditure;*
- *technology, development and commerciallisation;*
- *future fluctuations in product and oil prices;*
- *future fluctuations in exchange and interest rates;*
- *the impact of recent and proposed accounting changes;*
- *cost reductions, among others; and*
- *acts of war, terrorism or other events that may adversely affect the group's operations or that of key stakeholders to the group.*

These forward-looking statements represent challenging goals for Sasol and are based on certain expectations, assumptions and estimates regarding the South African and worldwide economies, technological innovation, competitive introductions, government action, other risks and uncertainties and growth in certain markets. Although Sasol believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct.

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

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

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

Forward-looking statements can generally be identified as such because the context of the statement will include words such as the group or management "believe", "anticipates", "expects", "intend", "seek", "will", "plan", "could", "may", "endeavour", "project", "estimates" or words of similar import. Similarly, statements that describe the group's future plans, objectives or goals are also forward-looking.


Trevor Munday (left) and Christine Ramon (right)

chief financial officers' review

It is a pleasure to report that Sasol achieved record earnings in the financial year ended 30 June 2006.

1 Introduction

This review provides further insight into the financial position, performance and arrangements of our group and should be read in conjunction with the annual financial statements presented on pages 30 to 141. In light of the anticipated sale of Sasol Olefins & Surfactants (O&S), we have classified this business as a discontinued operation. Except where otherwise indicated, this report focuses primarily on continuing operations.

2 Operating performance

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

		2006 Rm	2005 Rm	% change	2004 Rm	% change
Continuing operations						
Turnover		**63 850**	52 497	22	44 999	17
Operating profit		**20 732**	14 383	44	9 136	57
Operating profit margin		**32%**	27%		20%	
Profit from continuing operations		**13 909**	9 836	41	5 949	65
Earnings per share from continuing operations	Rand	**22,15**	15,85	40	9,64	64
Discontinued operations						
Operating (loss)/profit		**(3 567)**	(14)		32	
Loss from discontinued operations		**(3 360)**	(289)		(88)	
Loss per share from discontinued operations	Rand	**(5,42)**	(0,48)		(0,14)	
Overall performance						
Profit attributable to shareholders		**10 373**	9 437	10	5 795	63
Earnings per share	Rand	**16,73**	15,37	9	9,50	62

2.1 Trend analysis

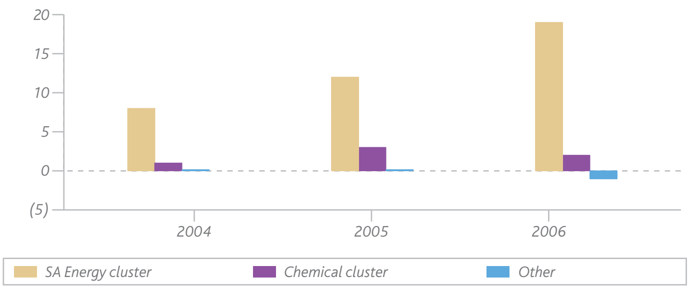
Since 2004, the group has increased its turnover from continuing operations by 19%, operating profit by 51% and profit by 53% per annum compounded annually. This is primarily as a result of the increase in the crude-oil price, coupled with a relatively stable Rand/US dollar exchange rate.

This pleasing trend is reflected in most of our businesses, with the most significant improvement in the South African energy cluster (comprising Mining, Synfuels, Oil and Gas) and to a lesser extent in the group's chemical cluster (comprising Polymers, Solvents, Nitro, Wax, Infrachem and Merisol) which has been adversely impacted by the effect of higher crude-oil prices on the cost of their oil-price related feedstocks.

The operating profit split between energy and chemicals is skewed significantly towards energy primarily due to high crude-oil prices and the internal pricing mechanism by which crude oil related raw materials are charged to our chemical businesses.

The group has not issued any additional share capital over the last 3 years (except in terms of the Sasol Share Incentive Scheme). Therefore, earnings per share from continuing operations have tracked the earnings performance from continuing operations and reflect a very pleasing compound growth of 52% per annum.

Operating profit (R billion)



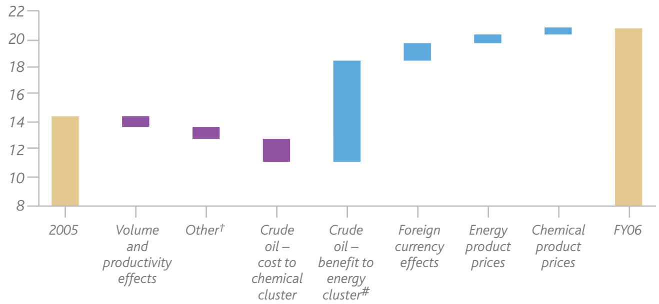
2.2 Year on year comparison

2.2.1 Operating profit from continuing operations

Operating profit from continuing operations has increased by R6 349 million (44%) in FY06 and by R5 247 million (57%) in FY05.

The increase in operating profit from continuing operations over the last year can be graphically depicted as follows:

Movement in operating profit from continuing operations (R billion)



† includes effect of capital items and inflation on fixed cash costs
# includes net effect of the oil hedge – R1 032 million

2.2.2 Discontinued operations

On 1 August 2005, Sasol announced its intention to consider the divestiture of Sasol O&S subject to fair value being received. Substantial work was undertaken since the announcement to prepare the business for sale as a going concern including:

- *finalisation of various agreements between Sasol and the Sasol O&S business that will continue after the divestiture of Sasol O&S;*
- *issuance of the Information Memorandum on 22 May 2006 to interested parties inviting them to participate in the auction process to acquire the business;*
- *completion of a vendor due diligence regarding finance and tax, safety, health and environmental, human resources and market/ industry; and*
- *evaluation of indicative bids received on 16 June 2006 and inviting certain interested parties to participate in the next round of bidding.*

All of this work had been substantially completed by 30 June 2006.

Since the start of the divestiture process international oil prices have increased significantly by 55% to about US$70/b, which represent fundamental changes in energy costs and their related impact on oil derived feedstock prices. Irrespective of the negative impact of the increased feedstock costs on Sasol O&S, the strategic rationale for considering the disposal of the business, as expressed in the initial press release dated 1 August 2005, remains relevant and valid. It is not backward integrated into the primary feed streams to Sasol's required standards and is also not adequately linked to our proprietary FT technology. This was re-emphasised in the trading statement issued by Sasol on Tuesday, 6 September 2006.

The significant changes in crude-oil prices necessitated a write-down of R3 196 million before tax (in addition to impairments of R912 million already recognised) of the assets of Sasol O&S to their expected fair value less costs to sell. Further detail of the discontinued operation is provided in note 9 of the financial statements.

2.2.3 Overall performance

Our total operating profit for the group (including Sasol O&S) is set out below:

	2006 Rm	2005 Rm	2004 Rm
Operating profit	**17 165**	14 369	9 168
Continuing operations	**20 732**	14 383	9 136
Discontinued operations	**(3 567)**	(14)	32

The increase/(decrease) in operating profit is attributable to the following primary drivers:

	2006 Rm	**2006 %**	2005 Rm	2005 %	2004 Rm	2004 %
Foreign currency effects	**1 289**	**9**	(1 621)	(18)	(5 975)	(50)
Crude-oil and product prices	**6 903**	**48**	8 512	93	2 875	24
Inflation on fixed cash costs	**(1 380)**	**(10)**	(405)	(4)	(414)	(4)
Volume and productivity effects	**(988)**	**(7)**	(1 395)	(15)	1 163	10
Change in accounting standards	**(32)**	**–**	1 358	15	(2)	–
Capital items written off	**(2 996)**	**(21)**	(1 248)	(14)	(246)	(2)
Increase/(decrease)	**2 796**	**19**	5 201	57	(2 599)	(22)

In comparison to the effect of product prices and exchange rates, the net effect in respect of inflation, volume and changes in accounting standards have been relatively small. The negative volume and productivity effects relate mainly to the effect of the explosion at Polymers in 2005, the unscheduled plant outages at Synfuels in 2005 and 2006 and the build-up of inventory in preparation for the shutdown in September 2006. Of the assets written off during the last three years, the largest proportion is related to Sasol O&S.

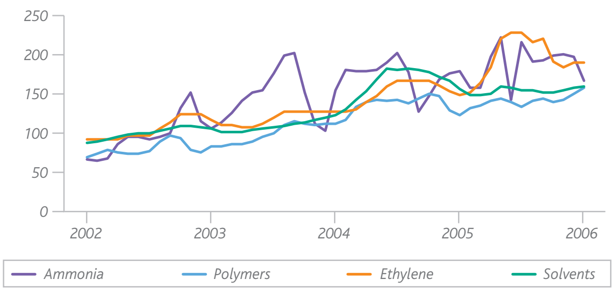
2.3 Key risks affecting operating performance

2.3.1 Chemical prices

The demand for our chemical products is cyclical. Typically, higher demand results in higher prices until new production capacity is introduced, at which point prices decrease. Most commodity chemical prices tend, over the longer term, to track their crude-oil based feedstock prices. However, over the last two years, in which significant increases in the crude-oil price have been experienced, we have been unable to pass all of these increases in raw materials costs on to our customers. This has been particularly evident in our sales of polymers products in the Far East.

The following graph illustrates the changes in chemical prices over the last five years.

Chemical prices (expressed as percentage of July 1997)



Our strategy is to invest in chemical activities that are backward integrated into the primary feed streams of these commodities. Generally, in times of high crude-oil and related product prices (the primary feedstock of most commodity chemicals), the profit margin shifts towards the feedstock producer while in times of high chemical prices and lower feedstock prices, the profit margin shifts towards the downstream activities.

As a result of this backward integration, the group has elected not to hedge its exposure to commodity chemical prices as this may, in part, negate the benefits of being backward integrated into its primary feed streams.

2.3.2 Crude-oil prices

Our exposure to crude-oil prices centres primarily around crude oil related raw materials (used in our Natref refinery and many of our chemical businesses) and to the selling price of the fuel marketed by Sasol Oil, governed by the basic fuel price (BFP) – a South African government regulated price. The key factors in the BFP are the crude-oil price, Rand/US dollar exchange rate and the refining margin typically earned by coastal refineries.

The pricing mechanism of raw material provided by Sasol Synfuels to the chemical businesses mirrors the BFP price in that the price charged is the value which Synfuels could earn by converting these products to fuel and selling the fuel at BFP.

The crude-oil price has been extremely volatile in recent years and shown a significant increase over the past two years.

In order to protect the group against short-term US dollar oil price volatility and Rand/US dollar exchange rate fluctuations adversely affecting the cost of crude oil purchases (approximately 54 000 b/d) used in our Natref refinery, a combination of forward exchange rates and crude-oil futures are used. This hedging mechanism does not protect the group against longer term trends in crude-oil prices.

As a result of the group's substantial capital investment programme and cash flow requirements, it was deemed necessary to protect the group's income from fluctuations in crude-oil prices by means of appropriate hedging strategies. In 2005, we hedged the equivalent of approximately 30% of Synfuels' production (45 000 b/d) by entering into a forward sale agreement. This resulted in an opportunity loss of R1 147 million. After revising our hedging strategy, in 2006, we again hedged the equivalent of approximately 30% of Synfuels' production by entering into a zero cost collar in terms of which the group was protected at crude-oil prices below US$45,00/b, but able to take advantage of higher crude-oil prices, only incurring a cash outflow should monthly average crude-oil prices be above US$82,61/b. The crude-oil price traded within the range of this collar throughout the hedging period and therefore the collar had no cash flow effect.

We believe this revised strategy to be more appropriate in the context of high, but volatile crude-oil prices and, as a result of our continued requirement to fund our extensive capital investment programme, have again hedged the crude oil equivalent of approximately 30% of our Synfuels' production (45 000 b/d) by means of a zero cost collar. In respect of the hedged portion of production, the group is protected should monthly average crude-oil prices drop below US$63,00/b and will incur a cash outflow should monthly average crude-oil prices be in excess of US$83,60/b throughout the period of the hedge. As a result of the significant increase in crude-oil prices towards the end of the year, after entering into the collar, the market value of the collar resulted in an expense of R93 million being recognised at year end.

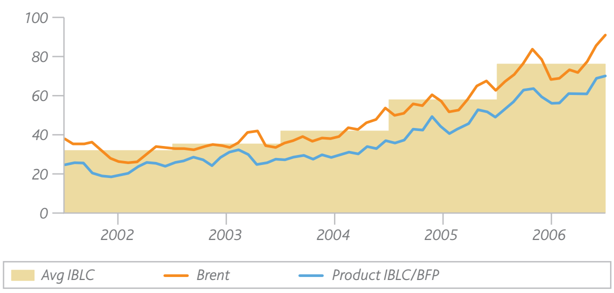
In 2007, for budgeting and forecasting purposes, we estimate that for every US$1/b increase in the annual average crude-oil price, our group operating profit will increase by approximately US$45 million (approximately R290 million) excluding the effects of O&S. Should the average annual crude-oil price move outside the range of our zero cost collar hedging instrument, the effect of the hedge on operating profit will be approximately US$17 million (R110 million) for each US$1/b change in the crude-oil price.

2.3.3 Exchange rates

A significant proportion of our turnover and capital expenditure is affected by the Rand/US dollar exchange rate. Our fuel products are governed by the BFP of which a significant determining variable is the Rand/US dollar exchange rate. Our chemical products are largely commodity products which are mostly based on global commodity and benchmark prices quoted in US dollars.

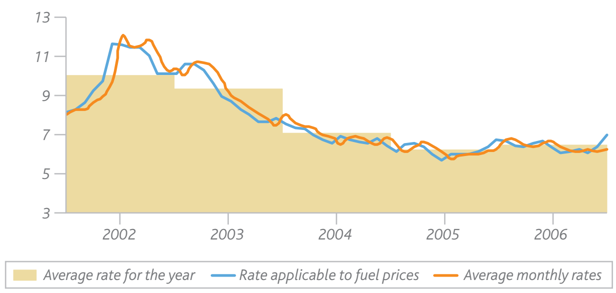
Therefore, the average exchange rate for the year has a significant effect on our turnover and our operating profit in 2007. In 2007, for budgeting and forecasting purposes, we estimate that a 10c increase or decrease in the annual average Rand/US dollar exchange rate, will increase or decrease our operating profit by approximately R570 million.

Crude oil price (US$/b)



In Bond Landed Cost (IBLC) represented the refinery gate price of fuel in South Africa and was replaced in April 2003 with the BFP.

Rand/US$ exchange rate (R/US$)



After a significant weakening in 2002, followed by a strengthening in 2003, the exchange rate has been fairly stable over the last three years.

In order to protect our South African operations from the effects of a volatile exchange rate, taking into account the anticipated long-term trend of a devaluing Rand, we hedge both our capital expenditure and foreign currency denominated imports in excess of US$50 000 by means of forward exchange contracts. We have also instituted a limit that any forward exchange contract which results in exposure of R100 million or more requires the pre-approval of our group executive committee.

This hedging strategy provides us with the ability to better predict cash flows and therefore manage our working capital and debt more effectively.

2.4 Effect of significant changes in accounting policies

During the current year, we adopted a number of new accounting standards as more fully described in our financial statements. The two most significant changes during the current year relate to share based payments and mineral and extractive assets.

The other standards adopted did not have a significant impact on our financial statements.

2.4.1 Share-based payment

The Sasol Share Incentive Scheme, through the granting of share options, aims to retain and reward key senior employees. During the current year, we adopted IFRS† 2 Share-Based Payment which requires us to recognise the cost of these share options in our income statement.

We have estimated the value of these options using the Black Scholes option pricing model. This model takes into account a number of variables such as the share price on the date the options were granted, the historical volatility of the share price, the risk free interest rate, dividend yield and expected life of these options.

This cost of R169 million (2005 – R137 million) has been charged to our income statement. We have restated our comparative information to take this adjustment into account.

2.4.2 Mineral and exploration assets

During the current year, we adopted IFRS 6 Exploration for and Evaluation of Mineral Resources. In adopting this standard, we have amended our accounting policy and elected to reclassify our oil and gas development and production assets from intangible assets to property, plant and equipment. These assets are now included in exploration and mineral assets which comprise both mining and oil and gas development expenditure. We believe this to be a more appropriate representation and classification of these assets.

Comparative information has been restated accordingly.

2.4.3 Impact of accounting standards not yet adopted

As set out in the accounting policies, certain standards are not yet effective for Sasol and have not been adopted. It is not expected that these standards will have any significant impact on the financial results of the group although they will require increased disclosure.

2.5 Reporting to our US shareholders

The International Accounting Standards Board (IASB) and Financial Accounting Standards Board (FASB) have made significant progress in harmonising IFRS and US GAAP. In addition, the Securities Exchange Commission (SEC) has stated its intention to permit non-US registrants to file their annual reports (on Form 20-F) in accordance with IFRS without any requirement to reconcile this information to US GAAP by 2009. Coupled with this progress is the fact that all listed companies in Europe and South Africa are required to file IFRS financial statements for financial years beginning on or after 1 January 2005.

As a result, we believe it is more appropriate for us to also present IFRS financial statements to our US shareholders. Previously, the financial statements contained in our Form 20-F were prepared in accordance with US GAAP. From the 2007 financial year, we intend to prepare our Form 20-F in accordance with IFRS and provide the currently mandatory reconciliation to US GAAP.

We believe this will enhance our corporate financial reporting as all shareholders will receive the same financial information, prepared in terms of the same accounting basis. IFRS financial information is also the basis used for all our management reporting. Furthermore, by converting our Form 20-F during the 2007 financial year, the reconciliation being published will enable our US shareholders to better understand our IFRS information before the requirement to publish the reconciliation to US GAAP is removed by the SEC.

3 Cash flow analysis

		2006 Rm	2005 Rm	% change	2004 Rm	% change
Cash generated by operating activities		24 380	18 812	30	15 151	24
Additions to property, plant and equipment		13 026	12 420	5	11 154	11
(Decrease)/ increase in debt		(1 633)	2 021		2 574	
Dividend per share	Rand	7,10	5,40	31	4,50	20

Note: Includes both continuing and discontinued operations

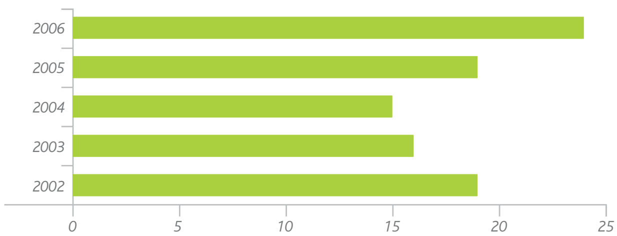
3.1 Cash generated by operating activities

Over the last five years we have generated an average of R18,8 billion cash per annum from operating activities.

In line with the operating profit generated by our businesses, the most significant contributor to our cash generated by operating activities is Sasol Synfuels. Over the last five years, all of our operating business units have generated positive cash flows from their operating activities.

The cash generated from our operating activities is applied first to pay our debt and tax commitments and then to provide a return in the form of a dividend to our shareholders. The remaining cash is applied primarily to finance our capital investment programme.

Cash generated by operating activities *(R billion)*

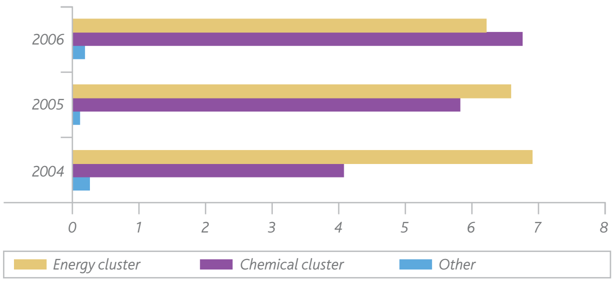


† *International Financial Reporting Standards*

3.2 Cash invested in capital projects

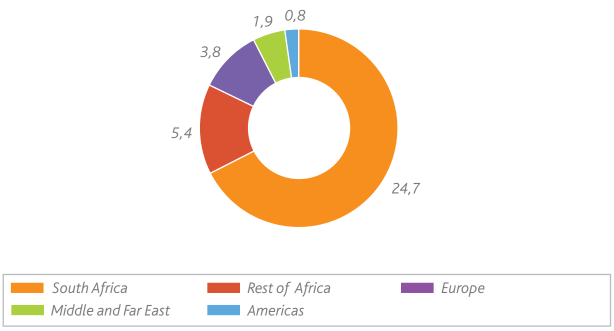
Over the last three years, the group has invested a total of R37 billion in capital projects. These relate primarily to Project Turbo, our GTL investment opportunities and our investments in Arya Sasol Polymer Company in Iran.

Additions to property, plant and equipment *(R billion)*



Over the last three years, the group's investments have been focused mainly in South Africa and in the Middle East (Polymers in Iran and GTL in Qatar).

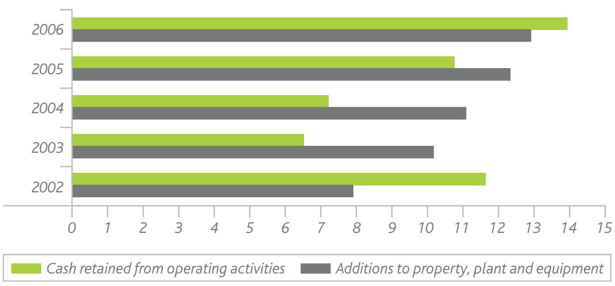
Additions by geographic location *(R billion)*



Further detail of our additions to property, plant and equipment is provided in note 1 of our financial statements.

3.3 Cash utilisation

Utilisation of cash *(R billion)*



During the past five years, with the exception of 2006 and 2002, the cash expenditure on our capital investment programme has exceeded the cash retained from operating activities. As a result, we have financed a portion of our capital investment programme by means of raising debt. This is in accordance with our policy of maintaining our gearing within a range of 30% to 50%.

4 Debt

	2006 Rm	2005 Rm	% change	2004 Rm	% change
Total debt	*18 184*	*18 746*	*(3)*	*16 348*	*15*
(Decrease)/increase in funding	*(1 633)*	*2 021*		*2 574*	

4.1 Debt profile

Our long-term capital expansion projects are financed by means of a combination of floating and fixed-rate long-term debt. This debt is normally financed in the same currency as the underlying project and repayment terms are designed to match the expected cash flows to be generated by that project.

Our debt comprises the following:

	2006 Rm	2005 Rm	2004 Rm
Long-term debt	*16 015*	*13 846*	*9 537*
Short-term debt	*1 727*	*4 613*	*6 730*
Bank overdraft	*442*	*287*	*81*
Total debt	*18 184*	*18 746*	*16 348*
Less cash	*3 102*	*2 509*	*2 063*
Net debt	*15 082*	*16 237*	*14 285*

Our debt profile has moved significantly toward a longer-term bias which is a reflection of both our capital investment programme and the excellent results generated by our operations over the last three years. This operating performance has reduced our dependency on short-term borrowing facilities. As a result of these factors, the ratio of long-term debt to short-term debt of 4,7:1 has increased from 1,2:1 in the 2004 financial year.

Our debt exposure at 30 June analysed by currency was:

	2006		2005		2004	
	Rm	**%**	Rm	%	Rm	%
Euro	*5 691*	*31*	*3 787*	*20*	*1 656*	*10*
US dollar	*3 541*	*20*	*3 301*	*18*	*3 247*	*20*
Rand	*8 697*	*48*	*11 351*	*60*	*11 429*	*70*
Other	*255*	*1*	*307*	*2*	*16*	*–*
Total debt	*18 184*	*100*	*18 746*	*100*	*16 348*	*100*

Our debt increased during the year primarily as a result of the near finalisation of two of our major projects (Turbo and ORYX GTL) as well as the progress on our investment in Arya Sasol Polymer Company. During the year negotiations were concluded with the various lenders to reduce the margins on their respective loans in respect of our Mozambican Natural Gas Project. Reductions in margins negotiated were between 0,45 and 0,50 percent. During the current year, two of the three key financing agreements were finalised in respect of the Arya Sasol Polymer Company joint venture with the National Petrochemical Company of Iran. The Arya Sasol Polymer Company debt is now secured by the assets under construction.

The financing of our BEE transactions for both Sasol Mining and Sasol Oil have proved to be quite challenging and details of these transactions will be provided in our next annual report. We are providing considerable facilitation and support for Tshwarisano's R1,1 billion financing requirements. This support has significantly lowered their financing costs.

4.2 Credit ratings

Our credit ratings were reaffirmed during the current year at rates with which both we and the credit rating agencies were comfortable. Some of the more significant risks in terms of our credit rating are the volatility of the crude-oil price as well as our investments in developing countries with their associated economic risks.

Both our long-term foreign currency ratings have been confirmed: by Standard & Poor's at BBB+; and by Moody's Investors' Services at Baa1.

4.3 Strategy for mitigation of interest rate risk

Our hedging activities in respect of debt are limited to two primary instruments – cross currency swaps and interest rate swaps.

Our debt is deliberately structured using a combination of floating and fixed interest rates. In order to manage this ratio we issue fixed rate debt such as the Eurobond and we also use interest rate swaps to convert some of our debt from a variable rate to a fixed rate. In some cases, we have also used an interest rate collar, similar to our crude oil hedging instrument, which enables us to take advantage of lower variable rates within a range, but protects the group from the effects of extremely high interest rates.

Our long-term debt exposure (after taking into account the interest rate swaps) to fixed and variable rates is as follows:

	Rm	%
Fixed interest rates	7 867	49
Variable interest rates	8 148	51
Total long-term debt	16 015	100

Our cross-currency swaps are applied in certain cases where the debt is denominated in one currency whilst the application of that debt is in a different currency. For example, our Eurobond, denominated in Euro, has been swapped, by means of a cross-currency swap, to Rand as this is where the group has utilised these resources.

In order to limit the group's total exposure to interest rate risk, we have adopted a gearing policy which requires us to manage our gearing within a range of 30% to 50%.

5 Shareholding and equity

5.1 Shareholding

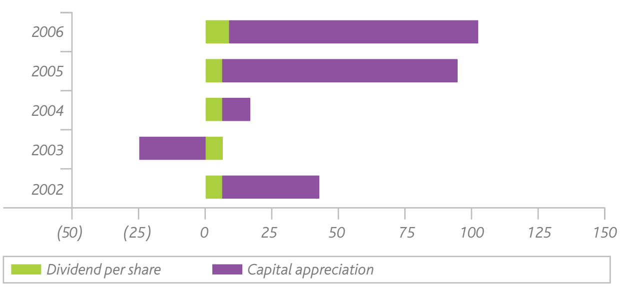
During the current year, we have seen a significant increase in activity on our share trading on both the JSE Limited and NYSE. It is particularly pleasing to note the significant increase in activity and shareholding in the USA.

The percentage of our shares held by non-South African residents has increased over the last two years from 31,2% at 30 June 2004 to 35,0% at 30 June 2006.

5.2 Total shareholder return

The increase in our share price has resulted in the return provided to our shareholders, in the form of both dividends and share price growth, increasing significantly over the last three years.

***Total shareholders' return** (Rand)*



Had a shareholder purchased a Sasol share on 30 June 2001 at R76, they would have received R23,50 in dividends and earned R199 in capital appreciation up to 30 June 2006. This is based on a closing share price of R275 per share at 30 June 2006.

5.3 Dividends

We have a policy of paying a dividend to our shareholders twice per annum (interim and final) which, over the long-term, should be covered 2,5 to 3,5 times by earnings. In determining the dividend to be distributed, we consider the potential re-investment opportunities within the group as well as any significant changes in the external economic environment during the period.

Our dividend for the year has been increased by 31% to R7,10 (2005 – R5,40) per share which represents a dividend cover of 2,3 times, but when measured against continuing earnings the dividend cover is 3,1 times which is within our preferred range. In determining this final dividend, management took cognisance of the strong cash generation of the business and the fact that the fair-value write-down of Sasol O&S did not have any cash effect.

Since listing in 1979, we have always paid a dividend at least equal to that of the previous year.

We were delighted to have been selected as one of Mergent's International Dividend Achievers for 2006, ranking us among an elite class of non-US companies that have successfully delivered dividend increases to shareholders for five or more consecutive years.

6 Financial strategies and targets

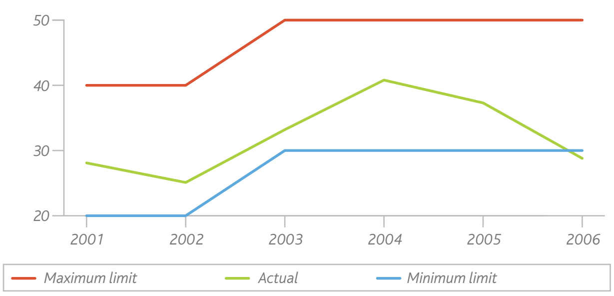
We have defined a number of targets to measure our financial performance. These targets are referred to as our definitions of victory. We continually monitor our performance against these targets and, when necessary, revise these targets to take into account changes in the strategic outlook of the group.

6.1 Gearing

Since 2003, we aim to maintain our gearing in the range 30% to 50%. In 2001 and 2002, when we introduced gearing targets in the group, our target was in the range of 20% to 40%. This is a reasonably conservative gearing level but we believe it to be appropriate to our business in light of our substantial investment in capital and susceptibility to external market factors such as crude-oil prices, commodity chemical prices and exchange rates.

Our gearing has been controlled within these ranges consistently over the last number of years.

***Gearing** (%)*



As a result of the strong cash flows generated by our energy businesses in the last two years, our gearing has dropped slightly below our preferred range during the current year. Following the anticipated sale of Sasol Chemie, we will most likely fall significantly below our gearing range. However, this is a short-term situation and our expected investments in GTL and CTL, as well as chemical expansion, will bring our gearing back within the desired range.

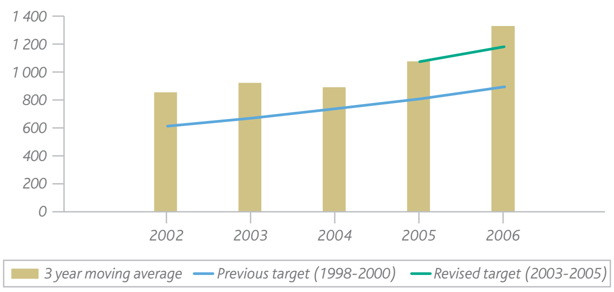
At a general meeting on 3 October 2006 shareholders approved the specific repurchase, by Sasol Limited, of the shares held in Sasol Limited by Sasol Investment Company (Pty) Limited. After the repurchases, these shares were cancelled. At the same meeting shareholders have provided us with a general authority to reactivate our share repurchase programme during the next financial year. Any further repurchase of shares will take cognisance of the group's cash and gearing position as well as alternative investment opportunities within the group.

Our gearing increases by approximately 1,6% for every R1 billion of debt raised.

6.2 Earnings growth

Historically, we aimed to achieve a 10% earnings growth per annum in US$ terms on a three-year moving average basis measured against a base of 1998-2000 of US$503 million. Our earnings growth has exceeded this target every year but we continue to aim for improved consistency and a more stable and predictable performance. In light of the crude-oil price and Rand/US dollar exchange rate volatility however, this is not always possible. During the current year, we revised our target to apply the base years of 2003-2005 of US$1 071 million. We achieved this target during the current year.

US$ earnings growth (US$ million)



6.3 Targeted return on capital investment

We target a return in excess of 1,3 times our Weighted Average Cost of Capital (WACC) – currently 11,75% in South Africa in Rand and 7,25% in Europe and the USA in US dollars – on all new capital investment projects. This targeted return does not apply to additions to maintain our existing level of operations, particularly to environmental projects which do not typically result in an increase in directly measurable economic performance.

In general, approximately 80% of our capital projects are evaluated against this target.

This target (of in excess of 1,3 times WACC) was selected firstly to take into account the fact that certain capital projects, as described above, do not generate a return and therefore lower the overall return on assets and secondly to ensure that the group only targets capital investment projects that meet the economic performance demanded by our shareholders whilst still providing a buffer for changes in economic conditions applicable to the asset.

6.4 Cash generated from non-South African operations

In order to support the group's internationalisation initiative, we aim to achieve the generation of 50% of our cash from operations from our non-South African operations by the 2010 financial year. During the current year, more than 87% (2005 - 84%) was generated from our South African operations.

The anticipated sale of Sasol Chemie will reduce our existing ratio. This is a longer term ambition and it is expected that our investments in Qatar, Nigeria and Iran will be significant contributors to achieving this target, albeit later than 2010.

7 Key challenges and opportunities for next year

During the 2007 financial year, our financial team will face a number of significant challenges and opportunities. We are confident that we have the appropriate resources and expertise to successfully contend with these.

7.1 Sarbanes-Oxley Act Section 404 (SOX404)

With effect from 1 July 2006, we are required to comply with the requirements of SOX404. SOX404 requires that we perform a formal assessment of the adequacy of our internal controls over financial reporting and, in our Form 20-F, to report on the effectiveness thereof.

We have concluded our project to comprehensively document and test the internal control environment to conform to the SOX404 requirements. During the current financial year, we have requested our auditors, KPMG, to perform a review of our testing and reporting process. Both our testing process and the review by KPMG indicate that our internal financial reporting controls are operating effectively. Although some aspects of internal control were identified for improvement, we do not believe that any of these represent a significant risk to our business. We expect all these internal control weaknesses to be remediated before the end of the current calendar year.

7.2 Changes in the group

As reported in our financial statements, there have been and are expected to be a number of changes to our group.

These include the expected divestment of Sasol O&S, the sale of 25% of Sasol Oil to Tshwarisano and the pending sale of a large portion of Sasol Mining in an empowerment transaction. In addition, three of our most significant capital investment programmes in recent years are expected to come on stream during the next financial year – Project Turbo in South Africa, ORYX GTL in Qatar and the Arya Sasol Polymers plants in Iran. These developments will result in a number of changes to our financial reporting, including changes in our segment reporting and will introduce a number of new stakeholders.

We are also awaiting the outcome of the investigation of the task team appointed to assess possible reforms to the fiscal regime applicable to windfall profits in South Africa's liquid fuels sector.

We are well prepared for these changes in our environment.

7.3 Financial reporting

Where considered appropriate, we continue to attempt to harmonise our financial reporting between IFRS and US GAAP. As described previously, it is our intention to amend our reporting in our Form 20-F to provide IFRS financial statements with a reconciliation to US GAAP.

The IASB and FASB also continue to pursue harmonisation between IFRS and US GAAP. To this end, a number of changes in IFRS have been either implemented or proposed. In most cases, these new standards provide improvements to financial reporting and we will endeavour to implement them as soon as practicable. We are actively participating in this process by preparing comment letters on new pronouncements and have also recently participated in a round-table discussion with the IASB on the proposed new standard on liabilities.

It is with concern that we note that the IASB has indicated its intention to discontinue the practice of applying proportionate consolidation to investments in joint ventures. We believe that proportionate consolidation is a more appropriate and relevant method of reporting than equity accounting and enables users to obtain a better understanding of the financial position and performance of these joint ventures as well as their impact on the financial position of the group. This is particularly relevant where a joint venture is financed by means of a significant proportion of debt. We will therefore provide our comments to the IASB once an exposure draft is issued to present our perspective.

8 Conclusion

The year in review has been a very successful one for the group. The new financial year presents a number of eagerly anticipated challenges and opportunities for which we are well prepared.

9 Acknowledgements

We would like to thank all our financial personnel for their ongoing support and commitment. It is through their professionalism, enthusiasm and determination to achieve high standards that we are able to produce quality financial information for our stakeholders. In particular, we thank Rynhardt van Rooyen who has been central to our accounting and financial reporting for many years, and who has now assumed alternative and new responsibilities, for his leadership of the function and the many accolades we received during his tenure for excellence in corporate reporting.

Trevor Munday
Deputy chief executive.
Chief financial officer from
10 May 2001 to 30 April 2006.

Christine Ramon
Chief financial officer
with effect from 1 May 2006.

upholding international best practice

Introduction

Sound corporate governance structures and processes have been applied at Sasol since its inception. They are constantly reviewed and adapted to accommodate internal corporate developments and to reflect national and international best practice. The company maintains a primary listing of its ordinary shares on the JSE Limited (JSE) and a listing of American Depositary Shares on the New York Stock Exchange (NYSE). The company is accordingly subject to the ongoing disclosure, corporate governance and other requirements imposed by the JSE, the US Securities and Exchange Commission (SEC) and the NYSE. The company complies with the JSE listing requirements and US governance requirements of the SEC, the NYSE and legislation such as the Sarbanes-Oxley Act of 2002 (SOX) applicable to foreign companies listed on the NYSE. In addition, Sasol has compared its corporate governance practices to those required to be applied by domestic US companies listed on the NYSE and has confirmed to the NYSE that it complies with such NYSE corporate governance standards, in most significant respects. Sasol endorses the principles of the South African Code of Corporate Practices and Conduct as recommended in the second King Report (King II). The nomination and governance committee and the board of directors (board) continue to review and benchmark the group's governance structures and processes. The board considers corporate governance as a priority that requires more attention than merely establishing the steps to be taken to demonstrate compliance with legal, regulatory or listing requirements. Issues of governance will continue to receive the board and its committees' consideration and attention during the year ahead. Sound governance remains one of the top priorities of executive management.

The board of directors and non-executive directors

The company's articles of association provide that the company's board consists of a maximum of 16 directors of whom a maximum of five may be executive directors. During the year, five directors were executive directors (Messrs LPA Davies, TS Munday, Dr AM Mokaba, Mss VN Fakude and KC Ramon) and 10 of the directors were non-executive directors. Dr CB Strauss retired as a non-executive director with effect from 2 December 2005. Mr PV Cox retired as an executive director on 30 September 2005, but he remained on the board as a non-executive director.

Ms KC Ramon and Dr AM Mokaba were appointed as executive directors with effect from 1 May 2006. Ms TH Nyasulu was appointed as a non-executive director with effect from 1 June 2006. All the non-executive directors, except Messrs PV Cox, A Jain, Dr MSV Gantsho and Ms TH Nyasulu were considered by the board to be independent directors in accordance with King II and the rules of the NYSE. The board is, however, of the view that all non-executive directors bring independent judgment to bear on material decisions of the company. The offices of chairman and chief executive are separate and the office of the chairman is filled by a non-executive director. With effect from from 1 January 2006, Mr PV Cox became the chairman when Mr P du P Kruger retired and Mr LPA Davies took over the role of chief executive from Mr PV Cox on 1 July 2005.

In terms of the company's articles of association, the directors appoint the chief executive. Such an appointment may not exceed five years at a time.

Details of directors of the board appear on pages 68 and 69 of the annual review.

Board powers and procedures

The board has adopted a board charter. It provides a concise overview of:

- *the demarcation of the roles, functions, responsibilities and powers of the board, the shareholders, individual directors, officers and executives of the company;*
- *the terms of reference of the board committees;*
- *matters reserved for final decision-making or pre-approval by the board; and*
- *the policies and practices of the board for such matters as corporate governance, trading by directors in the securities of the company, declarations of conflicts of interest, board meeting documentation and procedures and the nomination, appointment, induction, training and evaluation of directors and members of board committees.*

Within the powers conferred upon the board by the articles, the board has determined its main function and responsibility as adding significant value to the company by:

a) *retaining full and effective control over the company;*

b) *determining the strategies and strategic objectives of the company and group companies;*

c) *determining and setting the tone of the company's values, including principles of ethical business practice;*

d) *bringing independent, informed and effective judgement to bear on material decisions of the company and group companies, including material company and group policies, appointment and removal of the chief executive, approval of the appointment or removal of group management members, capital expenditure transactions and consolidated group budgets and company budgets;*

e) *satisfying itself that the company and group companies are governed effectively in accordance with corporate governance best practice, including risk management and internal control systems to:*
   - *maximise sustainable returns;*
   - *safeguard the people, assets and reputation of the group;*
   - *ensure compliance with applicable laws and regulations; and*

f) *monitoring implementation by group companies, board committees and executive management of the board's strategies, decisions, values and policies by a structured approach to reporting, risk management and auditing.*

The board met four times during the financial year. The attendance by each director was as follows:

Director	9 Sept '05	29 Nov '05	3 March '06	2 June '06
P du P Kruger[1]	√	√		
PV Cox	√	√	√	√
LPA Davies	√	√	√	√
VN Fakude[2]		√	√	√
AM Mokaba[3]				√
TS Munday	√	√	√	√
KC Ramon[4]				√
E le R Bradley	†	√	√	√
WAM Clewlow	√	√	√	√
BP Connellan	√	√	√	√
MSV Gantsho	†	√	√	√
A Jain	†	√	†	√
IN Mkhize	√	√	√	√
S Montsi	√	√	√	√
TH Nyasulu[5]				√
JE Schrempp	√	√	√	√
CB Strauss[6]	√	√		

√ Indicates attendance † Indicates absence with apology

1. Resigned 1 January 2006. 2. Appointed 1 October 2005. 3. Appointed 1 May 2006. 4. Appointed 1 May 2006. 5. Appointed 1 June 2006. 6. Retired 2 December 2005.

Non-executive directors are chosen for their business skills and acumen. Considerations of gender and racial diversity, as well as diversity in business, geographic and academic backgrounds, are taken into account by the nomination and governance committee and the board when appointments to the board are considered. In line with Sasol's commitment to transformation, the following appointments were made: Ms KC Ramon and Dr AM Mokaba joined the board on 1 May 2006 and Ms TH Nyasulu joined the board on 1 June 2006. As from 1 June 2006, the board will comprise 50% historically disadvantaged South Africans, including women, and 40% women. Newly appointed directors are inducted in the company's business, board matters and their duties as directors in accordance with their specific needs. The nomination and governance committee annually reviews the effectiveness and performance of the board, its committees and the individual directors. All directors have access to the advice and services of the company secretary, whose appointment is in accordance with the South African Companies Act, and who is responsible to the board for ensuring the proper administration of board proceedings. The company secretary also provides guidance to the directors on their responsibilities within the prevailing regulatory and statutory environment and the manner in which such responsibilities (including not dealing in the company's shares during restricted periods) should be discharged. A report on directors' dealings in the company's shares is tabled at each board meeting and is disclosed in terms of the applicable JSE and NYSE listings requirements. The directors are entitled to seek independent professional advice at Sasol's expense concerning the company's affairs and have access to any information they may require in discharging their duties as directors. In terms of the company's articles of association, one-third of directors must retire at every annual general meeting and are eligible for re-election.

Board committees

Several committees have been established to assist the board in discharging its responsibilities. The committees have an important role in enhancing high standards of governance and achieving increased effectiveness within the group. The terms of reference of the board committees form part of the board charter and can be viewed on the company's website (www.sasol.com).

The company's subsidiaries, as well as their operating divisions, have established board and committee structures to ensure the maintenance of high standards and best practice for corporate governance and internal control. The business of group subsidiaries and divisions is decentralised. The company requires decision-making involvement for a defined list of material matters of the businesses of its subsidiaries and divisions. This list includes matters such as the appointment of directors, strategy charters, large capital expenditures and mergers, acquisitions and disposals. The boards of the main subsidiaries and divisions of the company are constituted so that a majority of directors of each main subsidiary or divisional board are non-executive directors of the subsidiary or division. The chairman of Sasol Limited and members of the group executive committee serve on boards of all the main Sasol businesses. The attendance of the chairman at main subsidiary board meetings provides an essential link between the Sasol businesses and the non-executive directors of Sasol Limited.

The compensation committee

Members: Messrs PV Cox (chairman), WAM Clewlow, BP Connellan, S Montsi and Ms E le R Bradley.

With the exception of Mr PV Cox, all the members of the committee are independent non-executive directors. Mr Cox was appointed chairman of the committee following the resignation of Mr P du P Kruger with effect from 1 January 2006.

The functions of the compensation committee are to:

- *assist the board in exercising its function of ensuring that affordable, fair and effective compensation practices are implemented in the Sasol group;*
- *determine the compensation of group management members;*
- *make recommendations to the board on directors' fees and the compensation and service conditions of executive directors, including the chief executive; and*
- *provide a channel of communication between the board and management on compensation matters.*

The compensation committee is mandated to:

- *review and approve general proposals for salary and wage adjustments;*

- *review and approve proposals for the general adjustment of standard conditions of service, including matters relating to leave, housing, motor vehicles, bonuses, incentives, pension funds, provident funds, medical aid, deferred compensation and share schemes;*
- *review the group's compensation policies and practices and proposals to change these and to make recommendations in this regard to the board;*
- *determine and approve any criteria for measuring the performance of executive directors in discharging their functions and responsibilities;*
- *review (at least annually) and approve the terms and conditions of executive directors' employment contracts, taking into account information from comparable companies;*
- *determine and approve any grants to executive directors and other senior employees made pursuant to the company's executive share scheme;*
- *review and approve any disclosures in the annual report or elsewhere on compensation policies or directors' compensation; and*
- *at least annually assess the performance of the committee and committee members.*

The compensation committee has determined the remuneration philosophy of the company, which is to offer remuneration that will attract, retain, motivate and reward employees with the skills required for the company to achieve its business goals and to base remuneration on personal and company performance in accordance with competitive market practices.

Directors' emoluments and other relevant remuneration information are disclosed in the remuneration report from pages 32 to 39 of the annual financial statements.

The committee meets at least twice a year and is empowered to obtain such external or other independent professional advice as it considers necessary to carry out its duties.

The attendance at meetings was as follows:

Member	9 Sept '05	3 March '06	2 June '06
PV Cox	√	√	√
WAM Clewlow	√	√	√
BP Connellan	√	√	√
E le R Bradley	†	√	√
P du P Kruger[1]	√		
S Montsi	√	√	√

√ Indicates attendance † Indicates absence with apology

1. Resigned 1 January 2006.

The audit committee

Members: Messrs BP Connellan (chairman), WAM Clewlow and Prof JE Schrempp.

Following Dr CB Strauss's retirement as director with effect from 2 December 2005, Prof JE Schrempp was appointed with effect from 29 November 2005.

The audit committee is an important element of the board's system of monitoring and control. In compliance with SEC and NYSE rules, all members are independent non-executive directors and Mr WAM Clewlow has been designated as the audit committee financial expert.

All audit committee members have extensive audit committee experience and are financially literate. The chairman of the board and the chief executive attend audit committee meetings on invitation. The board has also requested Dr MSV Gantsho to attend all audit committee meetings.

The audit committee has been established primarily to assist the board in overseeing:

- *the quality and integrity of the company's financial statements and public disclosures thereof;*
- *the scope and effectiveness of the external audit function; and*
- *the effectiveness of the company's internal controls and internal audit function.*

The board has delegated extensive powers in accordance with King II and US corporate governance requirements to the audit committee to perform these functions. In line with these requirements the audit committee has, among other things, determined which categories of non-audit services provided by the external auditor should be pre-approved by the audit committee and which could be approved by a designated member of the audit committee. The audit committee meets the group's external and internal auditors and executive management regularly to consider risk assessment and management, review the audit plans of the external and internal auditors and to review accounting, auditing, financial reporting, corporate governance and compliance matters. The audit committee approves the external auditors' engagement letter and the terms, nature and scope of the audit function and the audit fee. The internal audit charter, internal audit plan and internal audit conclusions are similarly reviewed and approved by the audit committee.

Interim and annual results of the group and trading statements of the company are reviewed by the audit committee before publication. Both the audit committee and the board are satisfied 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.

Audit committees for the major Sasol subsidiaries and division have been established to assist the respective subsidiary and divisional boards by examining and reviewing the company's annual financial statements prior to submission and approval by the relevant boards and monitoring the effective functioning of the company's internal control systems. The proceedings of these subsidiary and divisional audit committees are reported to the Sasol Limited audit committee.

The audit committee meets at least three times a year. The attendance at meetings was as follows:

Member	2 Sept '05	20 Oct '05	2 Mar '06	1 June '06
WAM Clewlow	√	√	√	√
BP Connellan	√	√	√	√
JE Schrempp[1]			†	√
CB Strauss[2]	√	√		

√ Indicates attendance † Indicates absence with apology

1. Appointed as a member on 1 January 2006.
2. Resigned as a member on 29 November 2005.

The risk and safety, health and environment committee (risk and SH&E committee)

Members: Messrs S Montsi (chairman), BP Connellan, PV Cox, LPA Davies, TS Munday, Dr AM Mokaba, Mss IN Mkhize, VN Fakude and KC Ramon.

The committee comprises four non-executive and five executive directors. The committee's functions include reviewing and assessing the integrity of the company's risk management processes, including the effective management of safety, health and environmental matters.

During the course of the financial year, Mr P du P Kruger resigned as a member of the committee and Ms VN Fakude was appointed as a member of the committee with effect from 1 January 2006 and Dr AM Mokaba and Ms KC Ramon were appointed on 2 June 2006.

The committee met four times during the year. The attendance at meetings was as follows:

Member	8 Sept '05	28 Nov '05	2 Mar '06	31 May '06
BP Connellan	√	√	√	√
PV Cox	√	√	√	√
LPA Davies	√	√	√	√
P du P Kruger[1]	√	√		
VN Fakude[2]			√	†
IN Mkhize	√	√	√	√
S Montsi	√	√	√	√
TS Munday	√	√	√	√
√ Indicates attendance	† Indicates absence with apology			

1. Resigned as a member with effect from 1 January 2006.
2. Appointed as a member with effect from 1 January 2006.

The nomination and governance committee

Members: Messrs PV Cox (chairman) Ms E le R Bradley, Messrs WAM Clewlow, S Montsi and Ms TH Nyasulu.

Following the appointment of Mr PV Cox as chairman of the committee with effect from 1 January 2006, and the retirement of Dr CB Strauss on 29 November 2005, the committee is now comprised of five non executive directors, of whom three are independent. Ms TH Nyasulu was appointed as a member of the committee with effect from 1 June 2006, following her appointment as a non-executive director on that date.

The nomination and governance committee's functions include reviewing and making recommendations to the board on the company's general corporate governance framework, the composition and performance of the board and its committees, appointment of directors, legal compliance and the company's ethics policy and programmes.

The nomination and governance committee met four times during the year. Attendance at the meetings was as follows:

Member	8 Sept '05	28 Nov '05	2 Mar '06	1 June '06
P du P Kruger	√	√		
P V Cox			√	√
E le Bradley	†	√	√	√
WAM Clewlow	√	√	√	√
S Montsi	√	√	√	√
TH Nyasulu[1]				†
CB Strauss[2]	√	√		
√ Indicates attendance	† Indicates absence with apology			

1. Resigned as a member on 1 January 2006.
2. Appointed as a member with effect from 1 June 2006.
3. Resigned as a member on 29 November 2005.

Group executive committees

Group executive committee (GEC)

Members: Messrs LPA Davies (chairman), JA Botha, A de Klerk, TS Munday, MV Sisulu, GJ Strauss, JA van der Westhuizen, R van Rooyen, and Drs NL Joubert and AM Mokaba and Mss VN Fakude and KC Ramon.

The board has delegated a wide range of matters relating to Sasol's management to the GEC, including financial, strategic, operational, governance, risk and functional issues. The GEC's focus is on the formulation of the group strategy and policy and the alignment of group initiatives and activities. The committee meets weekly and reports directly to the Sasol Limited board. During the year, the GEC's functioning was supported by the committee of managing directors.

The committee of managing directors (CMD)

Members: Messrs T Bates (chairman), G Couvaras, PR Heydenrich, BE Klingenberg, W Louw, JCA Naudé, E Oberholster, AH Putter, CF Rademan, D Schrenk, M Sieberhagen, Dr R Groh and Ms FS Cranmer.

The committee of managing directors consists of the managing directors of Sasol's most significant businesses. The focus of the committee is on common material issues pertaining to Sasol's businesses. The committee's main functions include alignment of Sasol's businesses with the Group mission, vision, strategies, targets and policies and consideration of material business, strategic, financial and functional issues. The committee meets once a month and reports to the GEC.

Internal control and risk management

The directors are ultimately responsible for the group's system of internal control, designed to provide reasonable assurance against material misstatement and loss. The group maintains a system of internal financial control that is designed to provide assurances on the maintenance of proper accounting records and the reliability of financial information used within the business and for publication. The system contains self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified.

The internal control system includes:

- a documented organisational structure and reasonable division of responsibility;
- established policies and procedures (including a code of conduct to foster a strong ethical climate), which are communicated throughout the group; and
- established mechanisms to ensure compliance.

Internal audit

The group has an internal audit function covering its global operations. Internal audit is responsible for:

- assisting the board and management in monitoring the effectiveness of the company's risk management process; and
- assisting the board and management in maintaining effective controls by evaluating those controls continuously to determine their efficiency and effectiveness and recommend improvements.

The controls subject to evaluation encompass:

- the information management environment;
- the reliability and integrity of financial and operating information;
- the safeguarding of assets; and
- the effective and efficient use of the company's resources.

Audit plans are based on an assessment of risk areas, as well as on issues highlighted by the audit committee and management. Audit plans are updated as appropriate to ensure they are responsive to changes in the business. A comprehensive findings report is presented to the risk and SH&E committee and the audit committee at each of their scheduled meetings. Follow-up audits are conducted in areas where significant internal control weaknesses are found.

Corporate governance best practice requires that the internal audit function reports directly to the audit committee. Such direct reporting is ensured by the audit committee's mandate and practice to:

- evaluate the effectiveness of internal audit;
- review and approve the internal audit charter, internal audit plans and internal audit conclusions about internal control;
- review significant internal audit findings and the adequacy of corrective actions taken;

- *assess the performance of the internal audit function and the adequacy of available internal audit resources;*
- *review significant differences of opinion between management and the internal audit function; and*
- *consider the appointment, dismissal or reassignment of the head of internal audit.*

The charter of the internal audit department provides that the head of internal audit has direct access to the chief executive and the chairman of the audit committee. The head of internal audit reports administratively to the group general manager responsible for the company secretarial, legal, risk management, internal audit and insurance departments.

Risk management

The board is responsible for governing risk management processes in the Sasol group in accordance with corporate governance requirements. The establishment of a more formalised enterprise-wide risk management process was initiated during the 2002 financial year with the following principal objectives:

- *providing the board with assurance that significant business risks are systematically identified, assessed and reduced to acceptable levels in order to achieve an optimal risk-reward balance; and*
- *making risk identification and risk management an integral part of the daily activities of everyone in the organisation.*

Substantial progress has been made to date in achieving the above objectives. There are still certain components of the process which need to be further developed and embedded and programmes are in place to address these. Sasol's enterprise-wide risk management process is guided by the following key principles:

- *a clear assignment of responsibilities and accountabilities;*
- *a common enterprise-wide risk management framework and process;*
- *the identification of uncertain future events that may influence the achievement of business plans and strategic objectives; and*
- *the integration of risk management activities within the company and across its value chains.*

Sasol's Integrated risk management implementation approach, among others, entails the development of strategic, functional and process risk profiles. Strategic risk is typically defined as those risks that may influence the achievement of strategic business objectives. Similarly, functional and process risks are defined as risks that may influence the achievement of functional and process objectives respectively.

The company's insurance services department, with the assistance of external consultants, undertakes regular risk control audits of all the company's plants and operations using recognised international procedures and standards. The group participates in an international insurance programme that provides, at competitive cost, insurance cover for losses above agreed deductibles. Following the impact of severe windstorms in the Gulf of Mexico during 2005 on the energy insurance market these deductibles are now significantly higher than historically.

Most significant risks

The most significant risks currently faced by the group are:

- *a major safety, health or environmental incident or liability occurring;*
- *failure to deliver timeously on cultural change initiatives and transformation in South Africa;*
- *non-availability of sufficient management and technical skills;*
- *not succeeding with the commercialising of our technologies or the engineering, construction and commissioning of new plants and businesses;*
- *GTL/CTL ventures not generating required returns in regions characterised by political instability/uncertainty and complex business environments;*
- *an inability to access sufficient competitively priced gas reserves to support our GTL growth plans;*
- *viable new technologies from competitors emerging that jeopardises Sasol's growth plans;*
- *a protracted slump in oil prices;*
- *volatility of local and international currencies; and*
- *the cost of compliance or non-compliance with applicable laws, regulations and standards;*

The responsibility for monitoring the management by line management of each of these risks is assigned to a senior group executive member.

Disaster recovery plans are continually reviewed for critical information management systems that could have a material impact on the group's continuing operations. Certain of these plans are subject to regular testing and, in other cases, are subjected to ongoing tests to ensure their robustness and reliability.

Sustainability reporting

The company reports on all aspects of its social, transformation, ethical and safety, health and environmental policies and practices to the board and to its stakeholders. A comprehensive sustainability report dealing with these issues covering the period 1 July 2004 to 30 June 2005 was published by the company in November 2005 and is available on the company's website.

See pages 55 to 67 of the annual review for more information on Sasol's sustainability reporting.

Worker participation and employment equity

The group has established participative structures on issues that affect employees directly and materially and is committed to promoting equal opportunities and fair employment practices regardless of employees' ethnic origin or gender. Several programmes have been implemented to ensure practical application of the group's commitment to worker participation and employment equity, while maintaining the company's high standards and statutory compliance. The financial year has seen an accelerated pace of transformation, as reflected in more detail in the sustainable development review.

Code of ethics

The company's code of ethics consists of four fundamental ethical principles – responsibility, honesty, fairness and respect – and 15 ethical standards. These cover such issues as bribery and corruption, fraud, insider trading, human rights and discrimination and include a commitment to conducting our business with due regard to the interests of all our stakeholders and the environment. The code embodies the highest standards of compliance with laws and regulations. An ethics forum monitors and reports on ethics, best practice and compliance requirements, and recommends amendments to the code and the guide as required. Employee performance against Sasol's values, which incorporates the code of ethics, is assessed as part of Sasol's performance appraisal system.

Any amendment or waiver of the code as it relates to the chief executive or chief financial officer will be posted on the website within four business days following such amendment or waiver. No such amendments or waivers are anticipated. The principles contained in the code have been communicated throughout the group and are available on the company's website. An ethics hotline, operated by an independent service provider, has been operating since 2001. The hotline provides an independent facility for stakeholders of the company to anonymously report fraud and other crimes, safety malpractices, deviations from the procurement policy, financial reporting irregularities and other irregularities.

Insider trading

The company's directors, executives and senior employees are prohibited from dealing in Sasol shares during certain prescribed restricted periods. The company secretary regularly disseminates written notices to inform them of the insider trading legislation and advise them of closed periods.

Disclosure controls and controls over financial reporting

Sasol has a disclosure committee which oversees compliance with the disclosure requirements contained, inter alia, in the JSE, SEC and NYSE rules. Disclosure controls and procedures have been implemented to ensure that accurate and timely disclosure of information that may have a material effect on the value of Sasol securities or influence investment decisions is made to shareholders, the financial community and the investing public.

Sasol, as a foreign private issuer on the NYSE, is required to comply with section 404 of the Sarbanes-Oxley Act (SOX 404) for the financial year ended 30 June 2007. During the previous financial year, a project to ensure compliance with the requirements for controls over financial reporting in terms of SOX 404 was successfully completed. As part of the financial year end process for this financial year ended 30 June 2006 a detailed review was performed by Sasol and KPMG in order to ensure that full compliance will be achieved for the financial year ending 30 June 2007.

See page 9 of the chief financial officers' review for more details.

Investor relations and shareholder communication

The company's chief executive, the chief financial officer and investor relations management conduct regular presentations on the group's performance and strategy to analysts, institutional investors and the media in South Africa, North America and Europe. The company's investor relations management maintains regular contact with the investment community and analysts. To ensure the company communicates with its smaller shareholders and those stakeholders without access to the electronic media, the company publishes and reports on details of its corporate actions and performance (including its interim and final results) in the main South African daily newspapers. The company's communications department also maintains regular contact with the media by disseminating relevant information. The company maintains a website through which access is available to the company's latest financial, operational and historical information, including its annual report.

ten year financial performance#

	Compound growth %*	2006 Rm	2005 Restated Rm	2004 Restated Rm
Balance sheet				
Property, plant and equipment	16,4	**62 587**	57 334	47 762
Non-current assets		**4 164**	4 440	3 718
Current assets		**36 051**	26 095	21 866
Total assets	14,9	**102 802**	87 869	73 346
Total equity	17,8	**52 731**	43 786	35 400
Convertible debentures		**–**	–	–
Interest-bearing debt		**17 884**	18 745	16 308
Interest-free liabilities		**32 187**	25 338	21 638
Total equity and liabilities	14,9	**102 802**	87 869	73 346
Income statement				
Continuing operations				
Turnover	9,4	**63 850**	52 497	44 999
Operating profit	14,5	**20 732**	14 383	9 136
Income from associates		**135**	185	118
Net borrowing (costs)/income		**(139)**	(321)	(91)
Profit before tax	14,4	**20 728**	14 247	9 163
Taxation		**(6 819)**	(4 411)	(3 214)
Profit from continuing operations	14,5	**13 909**	9 836	5 949
Discontinued operations				
Net loss from discontinued operations		**(3 360)**	(289)	(88)
Profit		**10 549**	9 547	5 861
Attributable to				
Shareholders	8,0	**10 373**	9 437	5 795
Minority interests in subsidiaries		**176**	110	66
Equalisation reserve transfer		**–**	–	–
		10 549	9 547	5 861
Cash flow statement				
Cash from operations	13,0	**28 129**	20 991	14 859
(Increase)/decrease in working capital		**(3 749)**	(2 179)	292
Cash generated by operating activities	11,6	**24 380**	18 812	15 151
Investment income		**444**	169	230
Borrowing costs paid		**(1 745)**	(1 523)	(1 384)
Tax paid		**(5 389)**	(3 753)	(3 963)
Cash available from operating activities	10,3	**17 690**	13 705	10 034
Dividends and debenture interest paid		**(3 660)**	(2 856)	(2 745)
Cash retained from operating activities	8,8	**14 030**	10 849	7 289
Additions to property, plant and equipment		**(13 026)**	(12 420)	(11 154)
Additions to intangible assets		**(123)**	(106)	(264)
Acquisition of businesses		**(147)**	–	(555)
Other movements		**1 168**	299	1 085
Decrease/(increase) in funding requirements		**1 902**	(1 378)	(3 599)

The financial results of the group have, from the beginning of the 2000 financial year, been prepared in accordance with International Financial Reporting Standards (IFRS). Figures prior to 2000 have not been restated to comply with IFRS.

During 2003 the group changed its accounting policy to capitalise borrowing costs on qualifying assets. Figures prior to 2001 have not been restated.

During 2006 the group adopted IFRS 2 share based payments. Figures have been restated from 2001.

During 2006 the group changed the classification of oil & gas assets. Figures prior to 2004 have not been restated. Refer note 54 of the group financial statements.

During 2006 the group classified Sasol O&S as a disposal group held for sale and a discontinued operation. Figures prior to 2004 have not been restated.

* Five year compound growth percentage per annum (based on Rand figures)

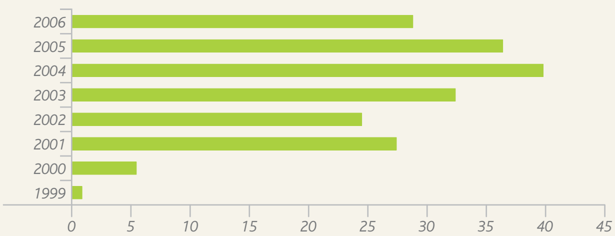
2003 Restated Rm	2002 Restated Rm	2001 Restated Rm	2000 Rm	1999 Rm	1998 Rm	1997 Rm
42 363	38 453	29 346	18 798	16 048	14 981	13 163
4 159	3 748	2 355	1 846	908	645	598
23 097	23 529	19 742	9 021	7 300	7 893	7 231
69 619	65 730	51 443	29 665	24 256	23 519	20 992
33 818	31 587	23 244	17 715	15 131	13 025	11 778
–	–	–	–	1 028	1 028	1 028
14 277	10 579	8 429	777	1 123	2 145	1 146
21 524	23 564	19 770	11 173	6 974	7 321	7 040
69 619	65 730	51 443	29 665	24 256	23 519	20 992
64 555	59 590	40 768	25 762	19 180	16 666	15 810
11 767	14 671	10 547	6 292	3 701	3 121	3 900
60	31	11	6	–	–	–
(58)	(54)	34	(189)	75	165	331
11 769	14 648	10 592	6 109	3 776	3 286	4 231
(4 007)	(4 905)	(3 512)	(1 994)	(1 203)	(1 225)	(1 592)
7 762	9 743	7 080	4 115	2 573	2 061	2 639
7 674	9 705	7 053	4 096	2 541	2 133	2 606
88	38	27	19	32	28	33
–	–	–	–	–	(100)	–
7 762	9 743	7 080	4 115	2 573	2 061	2 639
15 986	19 241	15 277	8 793	5 063	4 301	4 869
11	216	(1 195)	(1 010)	(895)	(318)	(414)
15 997	19 457	14 082	7 783	4 168	3 983	4 455
178	247	253	204	384	269	445
(1 286)	(863)	(509)	(387)	(309)	(104)	(114)
(5 527)	(4 749)	(2 972)	(1 267)	(1 105)	(1 211)	(998)
9 362	14 092	10 854	6 333	3 138	2 937	3 788
(2 835)	(2 325)	(1 655)	(1 114)	(980)	(978)	(901)
6 527	11 767	9 199	5 219	2 158	1 959	2 887
(10 272)	(7 945)	(3 657)	(1 817)	(2 348)	(2 927)	(2 617)
(696)	(797)	(438)	(354)	–	–	–
(155)	(565)	(8 350)	(2 827)	(346)	(148)	–
402	878	(291)	242	8	130	(101)
(4 194)	3 338	(3 537)	463	(528)	(986)	169

key performance indicators

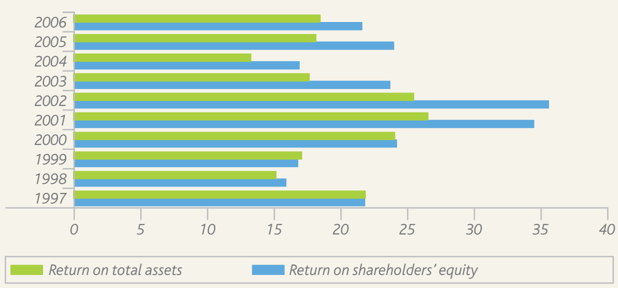
Liquidity	Measures the group's ability to meet its maturing obligations and unexpected cash needs in the short-term
Current ratio	Current assets / Current liabilities
Quick ratio	Current assets – inventory / Current liabilities
Cash ratio	Cash and cash equivalents / Current liabilities – bank overdraft
Debt leverage	Measures the group's ability to meet capital and interest payments over the long-term
Total liabilities to shareholders' equity	Non-current liabilities + current liabilities / Shareholders' equity
Total borrowings to shareholders' equity	Long-term debt + short-term debt + bank overdraft (total borrowings) / Shareholders' equity
Net borrowings to shareholders' equity (gearing)	Total borrowings – cash / Shareholders' equity
Debt coverage	Cash generated by operating activities / Total borrowings
Borrowing cost cover	Net income before borrowing costs and taxation (continuing and discontinued operations) / Borrowing costs paid
Profitability	Measures the financial performance of the group
Return on shareholders' equity	Attributable earnings / Average shareholders' equity
Return on total assets	Net income before borrowing costs and taxation (continuing and discontinued operations) / Average non-current assets + average current assets
Return on net assets	Net income before borrowing costs and taxation (continuing and discontinued operations) / Average total assets – average total liabilities
Gross margin	Gross profit / Turnover
Operating margin	Operating profit / Turnover

* For 1998 and 1997 the result is a net cash surplus

Net borrowings to shareholders' equity (gearing) (%)

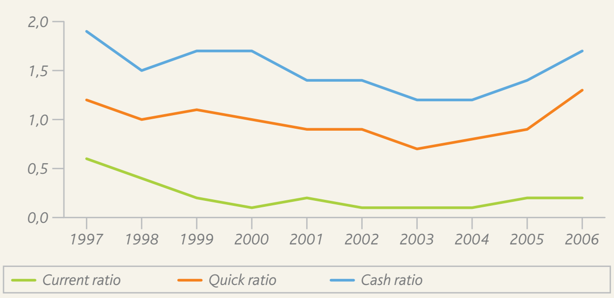


Profitability (%)

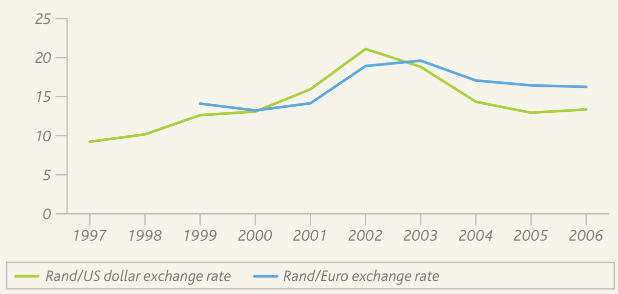


	2006	2005 Restated	2004 Restated	2003 Restated	2002 Restated	2001 Restated	2000	1999	1998	1997
– :1	**1,7**	1,4	1,2	1,2	1,4	1,4	1,7	1,7	1,5	1,8
– :1	**1,3**	0,9	0,8	0,7	0,9	0,9	1,0	1,1	1,0	1,2
– :1	**0,2**	0,2	0,1	–	0,1	0,2	0,1	0,2	0,4	0,6
– %	**95,6**	101,3	108,3	106,8	109,0	121,9	66,9	49,5	66,7	63,3
– %	**34,7**	43,1	46,7	42,8	34,1	36,8	8,5	5,9	15,3	8,9
– %	**28,8**	37,3	40,8	33,2	25,1	28,1	5,6	0,9	*	*
– times	**1,3**	1,0	0,9	1,1	1,8	1,7	5,2	4,4	1,9	3,9
– total – times	**10,1**	9,7	6,8	9,3	17,3	21,2	16,8	13,2	32,6	38,1
– continuing – times	**13,0**	10,8	8,1							
– %	**21,6**	24,0	16,9	23,7	35,6	34,5	24,2	16,8	15,9	21,8
– %	**18,5**	18,2	13,3	17,7	25,5	26,6	24,1	17,1	15,2	21,9
– %	**36,6**	37,1	27,4	36,7	54,5	52,6	38,1	26,9	25,1	36,1
– %	**48,2**	45,7	41,1	39,0	41,6	37,8	31,9	29,0	23,2	31,1
– %	**32,5**	27,4	20,3	18,2	24,6	25,9	24,4	19,3	18,7	24,7

Liquidity ratios



Economic indicators



Efficiency	*Measures the effectiveness and intensity of the group's management of its resources*
Net asset turnover ratio	*Turnover (continuing and discontinued operations) / Average total assets – average total liabilities*
Depreciation to cost of property, plant and equipment	*Depreciation / Cost of property, plant and equipment*
Net working capital to turnover	*(Inventories + trade receivables + other receivables and prepaid expenses) – (accounts payable + other payables and accrued expenses) / Turnover*
Shareholders' returns	*Measures key financial variables on a per share basis*
Attributable earnings per share	*Attributable earnings / Weighted average number of shares in issue after the share buyback programme*
Headline earnings per share	*Headline earnings (refer note 36) / Weighted average number of shares in issue after the share buyback programme*
Dividend per share	*Interim dividend per share paid + final dividend per share declared*
Dividend cover	*Attributable earnings per share + STC on prior year final dividend – STC on current year final dividend / Interim dividend paid per share + final dividend declared per share*
Net asset value per share	*Shareholders' equity / Total number of shares in issue after the share buyback programme*
Annual increase/(decrease) in turnover	*Turnover – prior year turnover / Prior year turnover*
Employee cost to turnover	*Total employee cost / Turnover*
Depreciation and amortisation to turnover	*Total depreciation of property, plant and equipment + amortisation of goodwill, negative goodwill and intangible assets / Turnover*
Effective tax rate	*Taxation / Net income before tax*
Employee statistics	
Number of employees (at year end)	
Paid to employees	
Average paid to employees	
Economic indicators	
Average crude-oil price (Brent)	
Rand/US dollar exchange rate	*– closing* *– average*
Rand/Euro exchange rate	*– closing* *– average*

† Euro brought into use on 1 January 1999

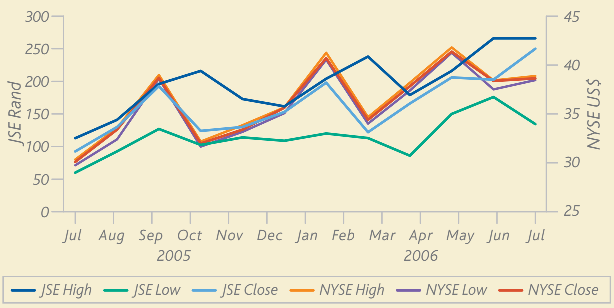
Refer to the notes to the annual financial statements for additional working capital ratios

		2006	2005 Restated	2004 Restated	2003 Restated	2002 Restated	2001 Restated	2000	1999	1998	1997
	– times	**1,7**	1,7	1,7	2,0	2,2	2,0	1,5	1,3	1,2	1,3
	– %	**3,4**	3,7	5,0	5,9	6,0	4,5	5,9	5,2	4,8	4,5
	– %	**18,0**	15,3	16,1	17,4	21,3	27,1	20,8	18,6	15,9	14,5
	– Rand	**16,73**	15,37	9,50	12,59	15,84	11,24	6,20	4,09	3,26	4,22
	– US dollar	**2,61**	2,48	1,38	1,39	1,56	1,47	0,99	0,67	0,67	0,95
	– Rand	**22,93**	17,27	9,10	12,56	15,79	12,47	6,66	4,02	3,24	4,20
	– US dollar	**3,58**	2,78	1,32	1,39	1,56	1,63	1,06	0,66	0,66	0,95
	– Rand	**7,10**	5,40	4,50	4,50	4,50	3,20	2,20	1,51	1,47	1,47
	– US dollar	**1,05**	0,84	0,71	0,58	0,44	0,39	0,30	0,25	0,30	0,33
– total	– times	**2,3**	2,8	2,1	2,8	3,5	3,5	3,2	2,7	2,2	2,9
– continuing	– times	**3,1**	2,9	2,1							
	– Rand	**84,05**	70,58	57,31	55,03	51,42	37,44	30,60	26,65	23,21	21,18
– total	– %	**19,0**	15,1	(6,8)	8,3	46,2	58,2	34,3	15,1	5,4	16,7
– continuing	– %	**21,6**	16,7								
	– %	**12,0**	13,0	14,7	14,0	13,3	12,2	15,3	17,0	17,7	16,9
	– %	**5,3**	6,1	8,3	7,0	6,8	6,0	7,6	7,3	7,2	6,2
	– %	**32,9**	31,0	35,1	34,0	33,5	33,2	32,7	31,9	37,3	37,6
		31 460	30 004	30 910	31 150	31 100	30 800	26 300	24 300	24 900	24 700
	– Rm	**9 551**	8 782	8 877	9 199	8 033	5 029	3 943	3 265	2 948	2 668
– continuing		**7 647**	6 845	6 618							
– discontinued		**1 904**	1 937	2 259							
	– R thousand	**304**	293	287	295	258	163	150	134	118	108
	– US$/bbl	**62,45**	46,17	31,30	27,83	23,24	28,38	24,03	12,60	16,15	20,92
	– :1	**7,17**	6,67	6,21	7,50	10,27	8,02	6,93	6,06	5,46	4,35
	– :1	**6,41**	6,21	6,88	9,03	10,13	7,65	6,28	6,06	4,88	4,43
	– :1	**9,17**	8,07	7,57	8,63	10,19	6,89	6,54	6,34	†	†
	– :1	**7,80**	7,89	8,19	9,41	9,08	6,79	6,35	6,77	†	†

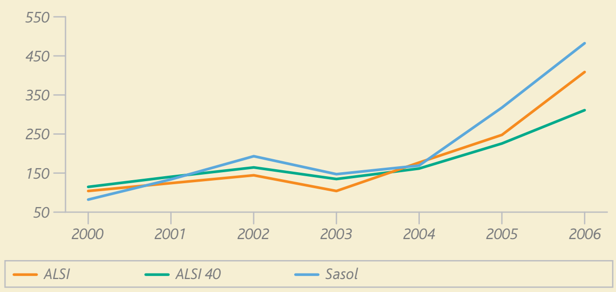
Shareholders	
Number of shareholders – beneficial Number of shareholders – registered The increase in the number of shareholders, when compared to the 2002 and prior years' disclosure, is due to disclosing the beneficial ownership since 2003 compared to the registered ownership in previous years.	
Share information	Measures the annual movement of the shareholding in the group
Shares in issue*	
Shares repurchased	
Net shares in issue#	
Weighted average shares in issue#	
Market capitalisation	Closing market price per share x shares in issue (before share repurchase)
JSE Limited statistics	Measures the performance of the group's shares listed on the JSE
Shares traded†	
Traded to issued	
Value of share transactions	
Market price per share year end high low	
Key market performance ratios	Measures the market performance of the group's shares
Earnings yield	$\frac{\text{Attributable earnings per share}}{\text{Closing market price per share}}$
Dividend yield	$\frac{\text{Dividends per share}}{\text{Closing market price per share}}$
Price to net asset value	$\frac{\text{Closing market price per share}}{\text{Net asset value per share}}$
NYSE statisticsΔ	Measures the performance of the group's shares listed on the NYSE
Shares traded	
Value of share transactions	
Market price per share year end high low	

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

Monthly average share price



Share performance against JSE all share indices (as a percentage of 1997)



	2006	2005 Restated	2004 Restated	2003 Restated	2002 Restated	2001 Restated	2000	1999	1998	1997
	40 336	35 315	36 496	41 165	7 944	11 273	13 245	15 018	14 577	15 230
– million	**683,0**	676,9	671,3	668,8	666,9	665,0	606,8	606,1	605,1	604,7
– million	**60,1**	60,1	60,1	59,7	57,9	47,1	27,8	–	–	–
– million	**622,9**	616,8	611,2	609,1	609,0	617,9	579,0	606,1	605,1	604,7
– million	**620,0**	613,8	610,0	609,3	612,5	627,3	604,4	605,8	605,0	604,1
– Rm	**187 825**	122 379	64 509	55 878	73 356	50 540	28 307	25 396	21 057	34 468
– million	**617,5**	515,5	395,5	396,2	377,5	317,7	265,6	292,2	217,5	118,7
– %	**90,4**	76,2	58,9	59,2	56,6	47,8	43,8	48,2	35,9	19,6
– Rm	**141 206**	67 930	36 941	38 111	35 997	19 073	12 001	6 835	6 865	6 274
– Rand	**275,00**	180,80	96,10	83,55	110,00	76,00	46,65	41,90	34,80	57,00
– Rand	**279,00**	181,50	111,50	121,50	135,20	81,00	55,00	44,00	66,50	60,00
– Rand	**183,00**	103,40	75,10	75,50	62,50	43,20	34,00	20,40	28,25	43,00
– %	**6,08**	8,50	9,89	15,07	14,40	14,79	13,29	9,76	9,37	7,40
– %	**2,58**	2,99	4,68	5,39	4,09	4,21	4,72	3,60	4,22	2,58
– :1	**3,27**	2,56	1,68	1,52	2,14	2,03	1,52	1,57	1,50	2,69
– million	**107,2**	65,9	16,7	2,4	–	–	–	–	–	–
– US$ million	**3 856**	1 467	239	–	–	–	–	–	–	–
– US$	**38,64**	26,98	15,73	11,28	–	–	–	–	–	–
– US$	**46,10**	28,77	16,50	12,30	–	–	–	–	–	–
– US$	**27,30**	15,75	10,35	10,30	–	–	–	–	–	–

sasol limited group

shareholders' information

Shareholders' diary

Financial year end	30 June 2006
Annual general meeting	23 November 2006

Dividends

Interim dividend	
– Rand per share	2,80
– last date to trade cum dividend	31 March 2006
– paid	10 April 2006
Final dividend	
– Rand per share	4,30
– date declared	12 September 2006
– last date to trade cum dividend	6 October 2006
– payable	16 October 2006

sasol limited group

share ownership

Public and non-public shareholding

at 30 June 2006	Number of shareholders	% of shareholders	Number of shares	% of shares
Public	40 301	99,9	619 191 698	90,7
Non-public	35	0,1	63 786 727	9,3
– Directors and their associates	5		557 304	
– Directors of subsidiary companies	27		237 441	
– Sasol Investment Company (Pty) Limited*	1		60 111 477	
– Sasol Employee Share Savings Trust	1		510 797	
– Sasol Pension Fund	1		2 369 708	
	40 336	100,0	682 978 425	100,0

* Repurchased by Sasol Limited and cancelled during October 2006. Refer to directors' report for additional information.

Major categories of shareholders

Category	Number of shares	% of shares
Pension and provident funds	217 268 266	31,8
Growth funds and unit trusts	128 582 474	18,8
Treasury shares	60 111 477	8,8
American depositary shares*	55 714 528	8,2
Managed and investment funds	46 634 690	6,8
Insurance companies	43 480 273	6,4
Private investors	39 353 633	5,8

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

Major shareholders

Pursuant to Section 140A of the South African Companies Act, the following beneficial shareholdings exceeding 5% in aggregate, as at 30 June 2006, were disclosed or established from enquiries:

	Number of shares (millions)	% of shares
Public Investment Corporation Limited	102,5	15,0
Sasol Investment Company (Pty) Limited†	60,1	8,8
Industrial Development Corporation of South Africa Limited	53,3	7,8

† A wholly owned subsidiary of Sasol Limited. These shares were repurchased by Sasol Limited and cancelled during October 2006.

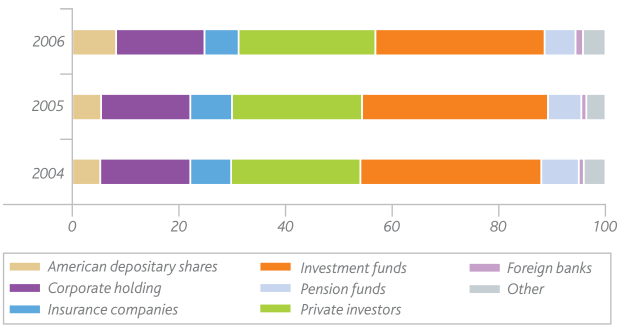
Furthermore the directors have ascertained that some of the shares registered in the names of nominee holders are managed by various fund managers and that, at 30 June 2006, the following fund managers were responsible for managing investments of 2% or more of the share capital of Sasol Limited.

Fund Manager	Number of shares (millions)	% of shares
PIC Equities#	73,1	10,7
Old Mutual Asset Managers	58,9	8,6
Capital International Inc. (USA)	42,8	6,3
Stanlib Limited	24,4	3,6
Allan Gray Investment Council	20,2	3,0
Investec Asset Management	19,2	2,8
Coronation Fund Managers	14,0	2,0

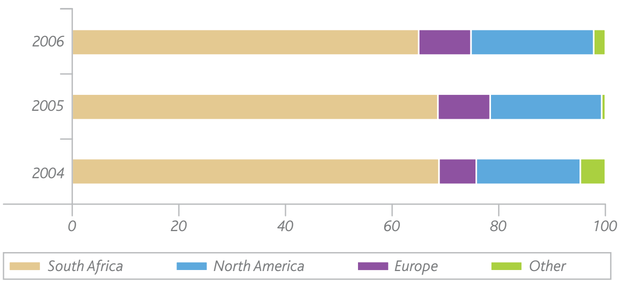
The Public Investment Corporation Limited is the beneficial owner of the shares held by PIC Equities and this nominee shareholding is included in the 102,5 million shares held by the Public Investment Corporation Limited, as mentioned in the section on major shareholders.

Beneficial holding disclosures

Beneficial ownership by fund type (%)



Beneficial ownership by geographic region (%)



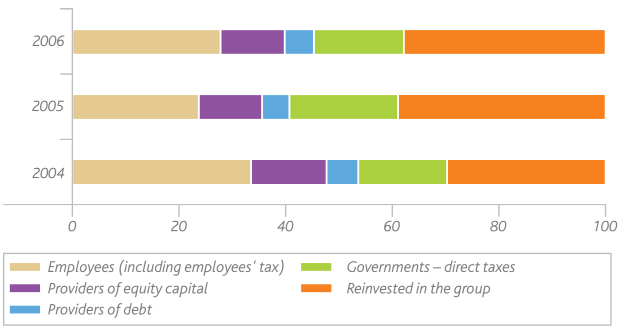
value added statement#

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

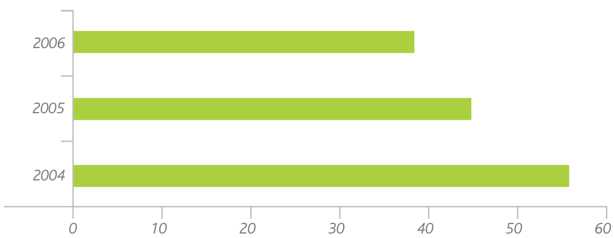
for the year ended 30 June		2006 Rm		2005 Rm		2004 Rm		2003 Rm		2002 Rm
Turnover		**63 850**		52 497		44 999		64 555		59 590
Less purchased materials and services		**(32 072)**		(28 092)		(25 520)		(38 922)		(32 708)
Value added		**31 778**		24 405		19 479		25 633		26 882
Investment income		**452**		291		259		227		261
Wealth created		**32 230**		24 696		19 738		25 860		27 143
	%		%		%		%		%	
Employees (including employees' tax)	**23,7**	**7 647**	27,8	6 845	33,5	6 618	35,6	9 199	29,6	8 033
Providers of equity capital	**11,9**	**3 836**	12,0	2 966	14,2	2 811	11,3	2 924	8,7	2 363
Providers of debt	**5,1**	**1 638**	5,5	1 361	5,9	1 158	4,8	1 235	3,0	802
Governments – direct taxes	**20,4**	**6 584**	16,9	4 177	16,7	3 292	14,1	3 651	17,2	4 669
Reinvested in the group	**38,9**	**12 525**	37,8	9 347	29,7	5 859	34,2	8 851	41,5	11 276
Wealth distribution	**100,0**	**32 230**	100,0	24 696	100,0	19 738	100,0	25 860	100,0	27 143
Employee statistics										
Number of employees at year end		**31 460**		30 004		30 910		31 150		31 100
– continuing operations		**27 933**		26 600		27 066				
– discontinued operations		**3 527**		3 404		3 844				
		Rand		Rand		Rand		Rand		Rand
Turnover per employee		**2 285 827**		1 973 511		1 662 566		2 072 392		1 916 077
Value added per employee		**1 137 651**		917 481		719 685		822 889		864 373
Wealth created per employee		**1 153 832**		928 421		729 254		830 177		872 765

reflects performance of continuing operations for 2006, 2005 and 2004.

Wealth distribution for 2006 (%)



Wealth created per share (Rand)



monetary exchanges with governments

	2006 Rm	2005 Rm	2004 Rm	2003 Rm	2002 Rm
Direct taxes#	**6 620**	4 326	3 421	3 651	4 669
South African normal tax	**5 644**	3 211	2 834	3 080	4 262
foreign tax	**421**	736	257	198	87
Secondary Taxation on Companies	**555**	379	330	373	320
Employees' tax	**1 872**	1 769	1 643	1 641	1 538
Indirect taxes	**7 818**	6 595	4 653	1 254	636
customs, excise and fuel duty*	**8 090**	7 424	4 866	1 450	733
property tax	**66**	65	66	62	64
RSC levies	**141**	110	97	89	70
net VAT received	**(651)**	(1 153)	(600)	(392)	(267)
other	**172**	149	224	45	36
Net monetary exchanges with governments	**16 310**	12 690	9 717	6 546	6 843
South Africa	**15 591**	11 462	8 959		
Germany	**753**	692	633		
United States of America	**122**	55	45		
Other	**(156)**	481	80		

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

Including discontinued operations.

sasol limited

approval of the financial statements

The directors are required by the South African Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the group and Sasol Limited (company) as at the end of the financial year and the results of its operations and cash flows for the financial year, in conformity with International Financial Reporting Standards, JSE listing requirements and applicable legislation. The group's external auditors are engaged to express an independent opinion on the consolidated annual financial statements.

The consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards and incorporate disclosure in line with the accounting policies of the group. The consolidated annual financial statements are based upon appropriate accounting policies consistently applied 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. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The directors have reviewed the group's forecast financial performance for the year to 30 June 2007 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 has or has access to adequate resources to continue in operational existence for the foreseeable future.

The consolidated annual financial statements, set out on pages 30 to 141, and Sasol Limited's (company) annual financial statements, set out on pages 142 to 151, which have been prepared on the going concern basis, were approved by the board of directors on 13 October 2006 and were signed on their behalf by:

Pieter Cox
Chairman

Pat Davies
Chief executive

13 October 2006

sasol limited

certificate of the company secretary

In my capacity as the company secretary, I hereby confirm, in terms of the South African Companies Act, 1973, that for the year ended 30 June 2006 Sasol Limited has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

Nereus Joubert
13 October 2006

report of the independent auditors

To the members of Sasol Limited

We have audited the group annual financial statements and annual financial statements of Sasol Limited set out on pages 30 to 151 for the year ended 30 June 2006. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements present fairly, in all material respects, the financial position of the group and of the company as of 30 June 2006, and of the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act in South Africa.

KPMG Inc.
Registered Auditors

per ***LP Fourie***
Registered Auditor
Director
13 October 2006

KPMG Crescent
85 Empire Road
Parktown
South Africa

directors' report

(company registration number 1979/003231/06)

The directors have pleasure in presenting their report for the year ended 30 June 2006.

Nature of business

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

The Sasol Limited group (Sasol) is an integrated oil and gas group with substantial chemical interests, based in South Africa and operating in numerous countries throughout the world. Sasol manufactures and markets liquid fuels, gas and chemicals.

In South Africa, Sasol uses in-house technology for the commercial production of synthetic fuels and chemicals from low-grade coal and manufacture a wide variety of fuel and chemical products, which are sold in more than 90 countries. In addition, the group operates coal mines to provide feedstock for its synthetic fuel and chemical plants, manufactures and markets synthetic and natural gas and operates the only inland crude oil refinery in South Africa. Sasol supplements its coal mining activities by supplying Mozambican natural gas both to customers and its petrochemical plants in South Africa.

The group is also participating in the development of two gas-to-liquids fuel plants in joint ventures in Qatar and Nigeria.

The nature of the businesses of the significant operating subsidiaries and incorporated joint ventures is set out on pages 149 to 151.

Disposal groups held for sale and discontinued operation

In 2003, Sasol determined that it would continue to grow its chemical business conditional upon projects leveraging its technology or securing integrated and highly cost-competitive feedstock positions. The Sasol Olefins & Surfactants (O&S) business is only partially integrated upstream into feedstocks and has not adequately provided the integration benefits required. On 1 August 2005, Sasol announced that it was considering the divestment from Sasol O&S excluding its activities in South Africa subject to fair value being obtained. At 30 June 2006, the sales process was sufficiently advanced such that management believe that the business will be sold, as a going concern, within the next financial year.

With effect from 30 June 2006, the business has been classified as a disposal group held for sale and the results reported as discontinued operations.

The income statement has been restated for all periods presented to exclude Sasol O&S from continuing operations and report these results as a single line item. In the 2006 balance sheet the assets and liabilities of Sasol O&S have been classified as held for sale. The cash flow statement and 2005 and 2004 balance sheets include both continuing and discontinued operations. On classification as held for sale, the net assets of the business were written down by R3,2 billion (R2,8 billion after tax) to the estimated fair value less costs to sell.

Further detail is provided in note 9 of the financial statements.

Financial results

Profit attributable to shareholders of R10 373 million for the year was 10% higher (2005 – 63% higher) than the R9 437 million of the previous year. Profit from continuing operations of R13 733 million (R13 909 million less minority interest of R176 million) for the year was 41% higher (2005 – 65% higher) than the R9 726 million of the previous year. Earnings per share, after taking into account the share buyback programme, increased by 9% (2005 – 62%) from R15,37 to R16,73 and from continuing operations, increased by 40% (2005 – 64% higher) from R15,85 to R22,15.

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

Sasol Italy S.p.A., part of the discontinued operations, has a year end of 31 May and has been included in the consolidated financial statements up to that date. The different year end had no material effect on the consolidated annual financial statements.

Subsidiaries, joint ventures and associates

Subsidiaries

On 1 July 2005, a 25% interest in the Republic of Mozambique Pipeline Investments Company was sold to iGas Limited (owned by the South African Government) for a consideration of R595 million.

During 2005, in terms of a Loan and Security Agreement with Lux International Corporation, Sasol Wax obtained effective control of the business. The business has, accordingly, been consolidated from January 2006. It was previously accounted for as an associate.

With effect from 30 November 2005, Sasol Limited acquired the remaining 2% in Sasol Oil (Pty) Limited for a consideration of R146 million.

Joint ventures

On 23 February 2006, the South African Competition Tribunal prohibited the proposed merger between Sasol Oil (Pty) Limited and Engen Limited.

In terms of the Joint Operating Agreement entered into between Sasol Petroleum Temane (SPT) and Companhia Moçambicana De Hidrocarbenetos S.A.R.L. (CMH), CMH (in conjunction with the International Finance Corporation) acquired a participating interest in the central processing facility assets held by SPT on 1 April 2006 for a consideration of US$65 million (R399 million). With effect from 1 April 2006, the effective ownership structure of the current business in Mozambique is 70% SPT, 25% CMH and 5% International Finance Corporation.

Associates

Sasol continued to classify its investment in FFS Refiners (Pty) Limited as an investment held for sale as progress has been made in advancing the sale of this business and it is anticipated that the disposal of this entity will be completed within the next financial year.

Share capital

New shares issued

The company's authorised share capital remained unchanged during the year. A further 6 101 300 shares were issued during the year in terms of the Sasol Share Incentive Scheme.

Share buyback programme

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

Shares held in reserve

The 464 327 175 authorised but unissued ordinary shares of the company continue to be held in reserve. These shares were placed under the control of our directors, who were authorised to allot and *issue such shares as they deem fit. This was subject to the proviso that the aggregate number of ordinary shares to be allotted and issued be limited to 5% (34 011 911 shares) of the number of ordinary shares in issue on 2 December 2005 (680 238 225 shares) and subject to the terms and provisions of the Companies Act of 1973, as amended, and the rules and requirements of the JSE, as amended, and of the Securities Regulation Panel.*

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

American depositary shares

At 30 June 2006, the company had in issue through The Bank of New York as Depositary, and listed on the New York Stock Exchange (NYSE) 55 714 528 (2005 – 35 855 101) American Depositary Shares (ADS). Each ADS represents one ordinary share.

Sasol Share Incentive Scheme

In terms of the Sasol Share Incentive Scheme 27 694 400 shares (2005 – 33 795 700 shares) are under the control of the directors for purposes of enabling Sasol Limited to allot shares and to grant options in respect of shares to present and future employees, including executive directors of Sasol Limited, its subsidiaries and employees seconded to joint ventures. Note 38 to the consolidated annual financial statements provides further details regarding the Sasol Share Incentive Scheme.

Dividends

An interim dividend of R2,80 per share (2005 – R2,30 per share) was paid on 10 April 2006. A final dividend in respect of the year ended 30 June 2006 of R4,30 per share (2005 – R3,10 per share) was declared on 12 September 2006.

The total dividend for the year amounted to R7,10 per share (2005 – R5,40 per share).

The estimated total cash flow of the final dividend of R4,30 per share, payable on 16 October 2006, is R2 678 million (2005 – R3,10 per share – R1 920 million).

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

Directors

Mr PV Cox retired as chief executive with effect from 30 June 2005. Mr P du P Kruger retired from the board with effect from 31 December 2005 and Dr CB Strauss retired from the board at the annual general meeting of the company held on 2 December 2005.

Messrs LPA Davies and TS Munday were appointed chief executive and deputy chief executive respectively with effect from 1 July 2005. Mr PV Cox was appointed as chairman of the board with effect from 1 January 2006.

Ms VN Fakude was appointed to the board as an executive director with effect from 1 October 2005. With effect from 1 May 2006, Ms KC Ramon and Dr AM Mokaba were appointed as executive directors. Ms KC Ramon was appointed as the group's chief financial officer.

Ms TH Nyasulu was appointed as a non-executive director with effect from 1 June 2006.

On 28 August 2006, Mr TS Munday announced that he will retire from the board with effect from 31 December 2006.

The composition of the board of directors is given on pages 68 and 69 of the annual review. The remuneration of Sasol Limited's directors is set out on pages 32 to 39.

Auditors

KPMG Inc. continued in office as auditors of Sasol Limited and its subsidiaries. At the annual general meeting of 24 November 2006, shareholders will be requested to reappoint KPMG Inc. auditors of Sasol Limited for the 2007 financial year.

Post-balance sheet events

On 30 June 2006, Sasol announced that the R1,45 billion Tshwarisano broad based black economic empowerment transaction had been successfully concluded. In terms of the agreement, Tshwarisano has, with effect from 1 July 2006, acquired a 25% shareholding in Sasol Oil (Pty) Limited. Sasol is providing considerable facilitation and support for Tshwarisano's financing requirements.

The Sasol Polymers board approved the disposal of Sasol's 50% share in DPI Holdings (Pty) Limited to Dawn Limited for a consideration of R51 million. The transaction was approved by the South African Competition Tribunal and is expected to become effective during October 2006.

The Sasol Nitro board approved the acquisition of the remaining 40% of Sasol Dyno Nobel (Pty) Limited for a consideration of US$31 million (R221 million on date of payment). The transaction was approved by the South African Competition Tribunal and became effective on 7 September 2006.

The 2006 budget presented by the Minister of Finance, South Africa, made reference to a task force being appointed to investigate a windfall tax which may affect Sasol. In response to a report by the National Treasury Task Team, Sasol, on 10 August 2006, submitted a written submission assessing possible reforms to the fiscal regime applicable to windfall profits in South Africa's liquid fuel energy sector, with particular reference to the synthetic fuel industry. Sasol participated in the public hearings held during August 2006. The task team handed their report containing their recommendations to the Minister of Finance on 26 September 2006. It is expected that the Minister of Finance's decision will be announced before the end of the calendar year.

At the general meeting held on 3 October 2006, shareholders approved that Sasol Limited acquire 60 111 477 Sasol Limited shares held by its subsidiary, Sasol Investment Company (Pty) Limited. Once repurchased, these shares were cancelled. Except for the related transaction costs, the repurchase and cancellation of these shares will have no effect on the consolidated financial position of the group.

At the meeting of 3 October 2006, shareholders also approved that Sasol be granted the authority to acquire Sasol Limited shares by way of a general repurchase.

Both of these special resolutions were registered with the Registrar of Companies on 5 October 2006.

On 26 September 2006, the South African Financial Services Board approved the Sasol Pension Fund Surplus Apportionment Scheme. Had this approval been obtained prior to 30 June 2006, the prepaid pension asset would have increased by R130 million with a corresponding increase in operating profit of R130 million. The net income statement effect after tax would have been a gain of R92 million.

Secretary

The company secretary of Sasol Limited is Dr N L Joubert. His business and postal addresses appear on page 152.

Special resolution

The following special resolution was registered during the financial year.

Effective date	Resolution
Sasol Limited	
9 January 2006	Increase the maximum number of directors from 15 to 16.

remuneration report

The compensation committee

This committee has operated since 1989 under the delegated authority from the Sasol Limited board. It focuses its activities on the group's remuneration policy, the determination of levels of remuneration and annual incentive plans. It is responsible for the formulae on which the approval of all grants and awards under the Sasol group's share incentive scheme for executive directors, members of the group executive committee and group management are based.

The mandate of the compensation committee also includes:

- providing guidance on evaluating performance of executive directors;
- reviewing and recommending to the board the remuneration of executive directors;
- reviewing and approving general proposals for salary and wage adjustments in the group;
- approving principles on which short-term incentives for all staff are based;
- approving the formulae on which all grants pursuant to the Sasol group's share incentive scheme to staff are based; and
- approving the overall cost of remuneration increases awarded to staff.

The committee considers the views of the chief executive on the performance and remuneration of his colleagues. The executive director, human resources and the human resources manager assist the compensation committee with analysis of external market data and trends.

The compensation committee has five members, four of whom are independent non-executive directors: Messrs WAM Clewlow, S Montsi, BP Connellan and Ms E le R Bradley and the fifth Mr PV Cox (chairman) is a non-executive director. With effect from 1 January 2006, Mr P du P Kruger retired as chairman of the committee and Mr PV Cox was appointed in his stead. The chief executive is invited to all committee meetings, but excuses himself when his own remuneration is discussed.

In applying agreed remuneration principles, the compensation committee is committed to principles of accountability, transparency and to ensuring that the reward arrangements are linked to performance and support the business strategy.

Group remuneration philosophy

Recognising that the group is operating in a global environment, the Sasol remuneration philosophy:

- plays an integral part in supporting the implementation of global Sasol business strategies;
- motivates and reinforces individual and team performance;
- integrates financial and non-financial rewards and benefits; and
- is applied equitably, fairly and consistently in relation to job responsibility, the employment market and personal performance.

Sasol's application of remuneration practices in all businesses and functions in South Africa and internationally:

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

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

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

Policy on directors' fees and remuneration

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

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

Executive directors

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

The approved cash salary and the annual performance bonus of the executive directors' remuneration are determined and paid on the basis of their time related to services rendered offshore (up to 25%) as defined in terms of a separate employment agreement with Sasol Holdings (Netherlands) B.V.

Fixed remuneration

Following established practice, the fixed salaries are set with reference to the scope and nature of an individual's role and his or her performance and experience, comparing with the upper-quartile pay levels of South African companies, to ensure sustainable performance and market competitiveness.

In addition to a basic cash salary, executive directors receive benefits that include membership of the group's medical health care scheme, a comprehensive vehicle allowance, vehicle insurance and security. Retirement and risk benefits, including life cover and death in-service benefits, also apply, subject to the rules of the Sasol pension fund.

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

Following current practice, the executive directors' fixed remuneration is reviewed annually in September by the compensation committee. At the compensation committee meeting held on 3 June 2005, the remuneration of the newly appointed chief executive and deputy chief executive were determined and the cash component of their remuneration packages were adjusted on promotion, with effect from 1 July 2005. During the year three additional executive directors were appointed, Ms Nolitha Fakude with effect from 1 October 2005, and Dr Benny Mokaba and Ms Christine Ramon with effect from 1 May 2006.

The table below sets out the basic cash salary of executive directors.

Executive directors	2006 salary R'000	2005 salary R'000	2004 salary R'000
LPA Davies[1]	**4 515**	2 975	2 707
VN Fakude[2]	**1 727**	n/a	n/a
AM Mokaba[2]	**441**	n/a	n/a
TS Munday[3]	**3 796**	2 714	2 438
KC Ramon[2]	**383**	n/a	n/a

1. Mr Davies was appointed as chief executive on 1 July 2005 and the interim adjustment on promotion is reflected in the increase of the basic cash salary for 2006.
2. Ms Fakude was appointed as an executive director on 1 October 2005. Dr Mokaba and Ms Ramon were appointed as executive directors on 1 May 2006.
3. Mr Munday was appointed as deputy chief executive on 1 July 2005 and the interim adjustment on promotion is reflected in the increase of the basic cash salary for 2006.

Annual performance bonus

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

The approved principles of the executive performance bonus scheme for the year 1 July 2005 to 30 June 2006 were based on group, individual, business and personal criteria and metrics. The group financial performance target relates to earnings per share growth compared against inflation. The weighting dedicated to improved group business results varies from 50% for group executive committee members, 60% for executive directors to 70% for the deputy and chief executive. The balance of weightings is aimed at incentivising the meeting of group strategic business and personal objectives.

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

The compensation committee previously agreed that the chief executive may, with effect from 1 July 2005, earn an annual performance bonus of up to 100% of fixed remuneration (previously 80%) and the deputy chief executive up to 80% in line with market benchmarks.

At its meeting on 9 September 2005, the compensation committee received an overall assessment of the performance of the executives participating in the incentive plan against the agreed targets. The remuneration packages with effect from 1 October 2005 including the annual incentives based on the company results for the 2005 financial year of the executive directors were approved by the board at its meeting of 9 September 2005.

The following table sets out the annual incentive of executive directors

Executive directors[1]	2006 annual incentive[2] R'000	2005 annual incentive R'000
PV Cox[3]	**4 169**	2 128
LPA Davies	**2 085**	851
TS Munday	**1 940**	792

1. Dr Mokaba, Ms Fakude and Ms Ramon have been excluded from the table as they were appointed as executive directors during the 2006 financial year.
2. Refers to incentives awarded, based on the group results for the 2005 financial year and does not include the once-off sign-on bonus received by Ms Fakude and Dr Mokaba.
3. Annual incentive paid to PV Cox as executive director.

At its meeting on 9 September 2005, the compensation committee approved that the performance factors for senior management focusing on employment equity (where applicable) and safety would remain a high weighting factor to emphasise the importance of these issues into the future.

Long-term incentive plans – Sasol Share Incentive Scheme

Executive directors and members of group management participate in the Sasol Share Incentive Scheme, which is designed to recognise the contributions of senior staff to the growth in the value of the group's financial position and performance and to retain key employees. Within the limits imposed by the company's shareholders and the JSE Limited, options are allocated to executive directors and senior staff in proportion to their contribution to the business as reflected by their seniority and the group's performance.

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

Options granted vest as follows:

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

On retirement the share options vest immediately and the nine year expiry period remains unchanged. On resignation, share options which have not yet vested will lapse and share options which have vested may be taken up before the last day of service.

The trustees of the Sasol Share Trust grant share options as follows:

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

The table below sets out the annual incentive as a percentage of fixed remuneration during 2006 for executive directors.

2006 Executive directors	Fixed remuneration R'000	Annual incentive[1] R'000	Annual incentive as a percentage %
LPA Davies	5 723	2 085	36
VN Fakude	2 327	–	–
AM Mokaba	579	–	–
TS Munday	4 954	1 940	39
KC Ramon	510	–	–

1. Refers to incentives awarded, based on the group results for the 2005 financial year and does not include the once-off sign-on bonuses received by Ms Fakude and Dr Mokaba.

Directors' service contracts

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

An executive director is required to retire from the board at the age of 60, unless requested by the board to extend his or her term.

Details of the executive directors' service contracts are noted below.

Executive directors	Employment date in the group of companies	Date first appointed to the board	Date last re-elected as a director
LPA Davies	1 August 1975	28 August 1997	30 November 2004
VN Fakude	1 October 2005	1 October 2005	2 December 2005
AM Mokaba	1 May 2006	1 May 2006	n/a
TS Munday	1 April 1971	8 May 2001	2 December 2005
KC Ramon	1 May 2006	1 May 2006	n/a

Group executive committee

The fixed remuneration of members of the group executive committee, other than executive directors, was reviewed by the compensation committee at its meeting on 9 September 2005. The fixed salaries were compared with the upper-quartile pay levels of South African companies based on the scope and nature of each individual's role and his or her performance and experience.

Similar to the executive directors the members of the group executive committee participate in the annual executive performance bonus scheme as set out above and in the Sasol share incentive scheme. The scheme is designed to recognise the contributions to the growth in the value of the group's financial position and performance and to retain key employees. Share options are granted under the same terms as detailed above.

Non-executive directors

The compensation committee recommends fees payable to the non-executive chairman and directors for approval by the shareholders. The annual fees payable to non-executive directors for the period commencing 1 July 2005 were approved by the shareholders at the annual general meeting (AGM) of members of 2 December 2005. Fees are approved for an annual period commencing on 1 July each year. The revised fees of the non-executive directors will be submitted to the shareholders for approval at the next AGM on 23 November 2006.

Details of the non-executive directors' appointments are noted below.

Non-executive directors	Date first appointed to the board	Date last re-elected as a director
E le R Bradley	23 February 1998	30 November 2004
WAM Clewlow	1 July 1992	2 December 2005
BP Connellan	1 November 1997	30 November 2004
PV Cox	1 January 1996	28 November 2003
MSV Gantsho	1 June 2003	2 December 2005
A Jain	1 July 2003	2 December 2005
IN Mkhize	1 January 2005	2 December 2005
S Montsi	1 March 1997	2 December 2005
TH Nyasulu	1 June 2006	n/a
JE Schrempp	21 November 1997	30 November 2004

Annual directors' fees for non-executive directors for the period July 2005 to June 2006 are as follows

Board/committee		Member Rand	Chairman Rand
Chairman of the Sasol Limited board, inclusive of fees for attendance at or memberships of board committees and directorships of subsidiary and divisional boards	P du P Kruger (chairman until 31 December 2005)		1 713 580
	PV Cox (chairman from 1 January 2006)		1 697 350
Deputy chairman of the Sasol Limited board, inclusive of fees for attendance at or memberships of board committees and directorships of subsidiary and divisional boards	PV Cox (deputy chairman 1 October 2005 until 31 December 2005)	782 100	
Sasol Limited board	South African director	242 600	
	Non-resident director	US$ 82 500	
Audit committee		121 300	242 600
Compensation committee		72 500	145 000
Risk and safety, health and environment committee		72 500	145 000
Nomination and governance committee		72 500	145 000
Subsidiary or divisional boards		121 300	242 600
Sasol Share Trust		46 000	48 300

The chairman of a board or a board committee is paid double the fee of a member. The deputy chairman of a board is paid one-and-a-half times the fee of a member. Fees for ad-hoc committee meetings of the board are paid at R10 000 per meeting. Executive directors do not receive directors' fees.

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

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

Remuneration

The executive directors' remuneration for the year was as follows:

Executive directors	Salary R'000	Annual incentives[1] R'000	Retirement funding R'000	Other benefits R'000	**Total 2006 R'000**	Total 2005 R'000
LPA Davies	4 515	2 085	820	388	**7 808**	4 640
VN Fakude	1 727	365	354	246	**2 692**	–
AM Mokaba	441	400	90	48	**979**	–
TS Munday	3 796	1 940	758	400	**6 894**	4 316
KC Ramon	383	n/a	79	48	**510**	–
PV Cox	1 323	4 169	–	238	**5 730**	9 227
JH Fourie	n/a	n/a	n/a	n/a	**n/a**	743
Total	12 185	8 959	2 101	1 368	**24 613**	18 926

1. Refers to incentives awarded, based on the group results for the 2005 financial year and includes the once-off sign-on bonuses received by Ms Fakude and Dr Mokaba.

Other benefits disclosed in the table above include:

Executive committee	Vehicle benefits R'000	Medical benefits R'000	Vehicle insurance fringe benefits R'000	Security benefits R'000	Other benefits R'000	**Total other benefits R'000**
LPA Davies	337	21	3	27	–	**388**
VN Fakude	223	14	–	9	–	**246**
AM Mokaba	45	3	–	–	–	**48**
TS Munday	337	18	3	42	–	**400**
KC Ramon	45	3	–	–	–	**48**
PV Cox	–	4	–	16	218[1]	**238**

1. In respect of the period during which Mr Cox was an executive director, included under other benefits are travel benefits (R98 585), leave encashment on retirement (R117 962) and retirement funding in compliance to retirement fund rules up to actual retirement date (R1 300).

The group executive committee's remuneration (excluding the executive directors disclosed separately above who are members of the group executive committee) for the year was as follows:

Group executive committee	Salary R'000	Annual incentive[1] R'000	Retirement funding R'000	Other benefits R'000	**Total 2006 R'000**	Total 2005 R'000
Total	13 336	5 741	2 452	1 827	**23 356**	15 674
Number of members					**8**	6

1. Refers to incentives awarded, based on the company results for the 2005 financial year.

Non-executive directors' remuneration for the year were as follows:

Non-executive committee	Board meeting fees R'000	Paid by subsidiaries R'000	Committee fees R'000	Share incentive trustee fees R'000	**Total 2006 R'000**	Total 2005 R'000
E le R Bradley	243	–	145	20	**408**	369
WAM Clewlow	243	–	266	–	**509**	513
BP Connellan	243	–	388	20	**651**	542
PV Cox (chairman)[1]	333	1 819	327	–	**2 479**	–
MSV Gantsho	243	–	121	–	**364**	300
A Jain[2]	519	–	–	–	**519**	495
IN Mkhize	243	–	73	–	**316**	139
S Montsi	243	–	290	20	**553**	426
TH Nyasulu[3]	20	–	6	–	**26**	–
JE Schrempp[2]	601	–	–	–	**601**	509
P du P Kruger[4]	243	1 289	181	–	**1 713**	3 263
CB Strauss[6]	121	40	97	–	**258**	416
JH Fourie[6]	n/a	n/a	n/a	n/a	**n/a**	462
SB Pfeiffer[6]	n/a	n/a	n/a	n/a	**n/a**	182
Total	3 295	3 148	1 894	60	**8 397**	7 616

1. Deputy chairman of the board, thereafter appointed chairman from 1 January 2006.
2. Fees paid in US dollars. Rand equivalent of US$82 500 at actual exchange rates.
3. Appointed as a non-executive director of Sasol Limited with effect from 1 June 2006.
4. Retired as a non-executive director of Sasol Limited with effect from 1 January 2006.
5. Retired as a non-executive director of Sasol Limited with effect from 2 December 2005.
6. Messrs JH Fourie and SB Pfeiffer retired as non-executive directors of Sasol Limited with effect from 1 January 2005 and 31 October 2004 respectively.

Long-term incentive plans – Sasol Share Incentive Scheme

Share options granted – directors	Balance at beginning of year (number)	Share options granted during 2006: On 8 July 2005	Share options granted during 2006: Average offer price per share (Rand)	Share options implemented (number)	**Balance at end of year**
Executive directors					
LPA Davies	304 300	390 000	193,25	49 900	**644 400**
VN Fakude	–	121 900[1]	219,50	–	**121 900**
TS Munday	276 100	280 000	193,25	43 900	**512 200**
Non-executive directors					
WAM Clewlow	25 000	–		–	**25 000**
PV Cox[2]	574 200	–		371 500	**202 700**
S Montsi	25 000	–		25 000	**–**
Total	1 204 600	791 900		490 300	**1 506 200**

1. Share options were granted on 19 October 2005.
2. The share options indicated were granted to Mr PV Cox when he was still an executive director.

Share options granted – group executive committee

	Balance at beginning of year (number)	Share options granted during 2006 Granted on 15 September 2005	Average offer price per share (Rand)	Share options implemented (number)	**Balance at end of year**
Group executive committee [1 & 2]	768 900	218 000	213,16	162 100	**824 800**

1. Excluding the executive directors disclosed separately in the table above.
2. Includes share options issued to individuals during the years before they became a member of the group executive committee.

Share options implemented – directors

	Implementation dates	Share options implemented (number)	Average offer price per share (Rand)	Market price per share (Rand)	Gain on implementation of share options **2006 R'000**	2005 R'000
Executive directors						
LPA Davies					**7 670**	2 717
	28 September 2005	13 700	117,00	240,82	**1 696**	
	28 September 2005	4 000	89,50	240,55	**604**	
	4 April 2006	14 000	78,70	235,00	**2 188**	
	4 April 2006	7 200	89,50	235,00	**1 048**	
	18 April 2006	11 000	57,50	251,50	**2 134**	
TS Munday					**8 069**	2 413
	15 September 2005	22 000	50,90	226,45	**3 862**	
	27 September 2005	6 200	50,90	245,01	**1 203**	
	19 December 2005	7 300	50,90	229,78	**1 306**	
	19 April 2006	8 400	50,90	253,00	**1 698**	
Non-executive directors						
E le R Bradley					–	766
BP Connellan					–	2 640
PV Cox[1]					**64 272**	6 430
	14 September 2005	96 000	78,70	220,11	**13 575**	
	3 October 2005[2]	20 000	57,50	250,40	**3 858**	
	3 October 2005[2]	40 300	25,10	250,40	**9 080**	
	3 October 2005[2]	31 100	42,30	250,40	**6 472**	
	3 October 2005[2]	84 100	54,00	250,40	**16 517**	
	6 April 2006[2]	48 100	78,70	232,00	**7 374**	
	6 April 2006[2]	51 900	89,50	232,00	**7 396**	
JH Fourie					–	12 618
P du P Kruger					–	1 166
S Montsi	22 September 2005[2]	25 000	53,80	230,15	**4 409**	–
JE Schrempp					–	1 505
CB Strauss					–	2 333
Total		490 300			**84 420**	32 588

1. The share options implemented were granted to Mr P V Cox when he was an executive director.
2. The shares were retained by the director after the implementation of the share option. The gain on the implementation of these shares options was determined using the closing share price on the date of implementation.

Share options implemented – group executive committee

Share options implemented – group executive committee	*Share options implemented (number)*	*Gain on implementation of share options* **2006 R'000**	*2005 R'000*
Group executive committee [1&2]	*162 100*	***25 898***	*14 120*

1. Excluding the executive directors disclosed separately in the table above.
2. Included in the total share options implemented are the gains on the implementation of 27 500 share options, which shares have been retained by the member. A gain of R3 997 307 on the implementation of these shares options was determined using the closing share price on the date of implementation.

Share options outstanding at the end of the year vest during the following periods:

	Already vested	*Within one year*	*One to two years (numbers)*	*Two to five years (numbers)*	*More than five years*	***Total***
Executive directors						
LPA Davies	*111 100*	*61 300*	*160 700*	*181 300*	*130 000*	***644 400***
N Fakude	*–*	*–*	*40 600*	*40 600*	*40 700*	***121 900***
TS Munday	*127 000*	*50 200*	*102 900*	*138 700*	*93 400*	***512 200***
Non-executive directors						
WAM Clewlow	*25 000*	*–*	*–*	*-*	*–*	***25 000***
PV Cox[1]	*202 700*	*–*	*–*	*-*	*–*	***202 700***
Total	*465 800*	*111 500*	*304 200*	*360 600*	*264 100*	***1 506 200***

1. The share options were granted to Mr PV Cox when he was an executive director.

	Already vested	*Within one year*	*One to two years*	*Two to five years*	*More than five years*	***Total***
Group executive committee[1]	*160 600*	*257 200*	*137 300*	*197 300*	*72 400*	***824 800***

1. Excluding the executive directors disclosed separately in the table above.

Beneficial shareholding

The aggregate beneficial shareholding at 30 June 2006 of the directors of the company and the group executive committee and their immediate families (none of which have a holding greater than 1%) in the issued shares of the company are detailed below. There have been no material changes in these shareholdings since that date.

Beneficial shareholding	**2006** ***Number of shares***	***Number of share options***[1]	***Total beneficial shareholding***	*2005* *Number of shares*	*Number of share options*[1]	*Total beneficial shareholding*
Executive directors						
LPA Davies	***200***	***111 100***	***111 300***	*194*	*98 900*	*99 094*
TS Munday	***–***	***127 000***	***127 000***	*–*	*112 800*	*112 800*
Non executive directors						
E le R Bradley	***298 000***	***–***	***298 000***	*298 000*	*–*	*298 000*
WAM Clewlow	***13 195***	***25 000***	***38 195***	*13 195*	*25 000*	*38 195*
BP Connellan	***10 500***	***–***	***10 500***	*10 500*	*–*	*10 500*
PV Cox	***235 409***	***202 700***	***438 109***	*59 772*	*138 300*	*198 072*
P du P Kruger	***n/a***	***n/a***	***n/a***	*231 700*	*–*	*231 700*
CB Strauss	***n/a***	***n/a***	***n/a***	*45 250*	*–*	*45 250*
Total	***557 304***	***465 800***	***1 023 104***	*658 611*	*375 000*	*1 033 611*

1. Including share options which have vested or which vest within sixty days.

Beneficial shareholding	2006 Number of shares	2006 Number of share options[1]	2006 Total beneficial shareholding	2005 Number of shares	2005 Number of share options[1]	2005 Total beneficial shareholding
Group executive committee[1]	**39 461**	**160 600**	**200 061**	47 625	142 200	189 825

1. Excluding the executive directors disclosed separately in the table above.

Interest of directors in contracts

The directors have certified that they did not have a material interest in any transaction of any significance with the company or any of its subsidiaries or joint ventures. Accordingly, no conflict of interest with regard to directors' interests in contracts exists. There have been no material changes since 30 June 2006 up to the date of this report. In accordance with the requirements of the South African Companies Act, Sasol Limited maintains a register of directors' interests in contracts.

Succession planning and leadership development

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

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

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

accounting policies and glossary of financial reporting terms

Sasol Limited is the holding company of the Sasol group (the group) and is domiciled in the Republic of South Africa. The following principal accounting policies were applied by the group for the financial year ended 30 June 2006. Except as otherwise disclosed, these policies are consistent in all material respects with those applied in previous years.

Glossary of financial reporting terms

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

Group structures

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

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

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

Foreign operation — An entity whose activities are based or conducted in a country or currency other than those of the reporting entity (Sasol Limited).

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

Joint venture — An economic activity over which the group exercises joint control established under a contractual arrangement.

Operation — A component of the group:

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

Business unit — An operation engaged in providing similar goods or services that are different to those provided by other operations.

The primary business units are:

- Mining;
- Synfuels;
- Oil;
- Gas;
- Olefins & Surfactants (discontinued operations);
- Polymers;
- Solvents; and
- Synfuels International.

Classified as 'Other businesses' in the segment report:

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

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

General accounting terms

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

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

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

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

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

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

General accounting terms continued	
Discount rate	*The rate used for purposes of determining discounted cash flows defined as the yield on AAA credit rated bonds (for entities outside South Africa) and relevant South African Government bonds (for South African entities) that have maturity dates approximating the term of the related cash flows. This pre-tax interest rate reflects the current market assessment of the time value of money. In determining the cash flows the risks specific to the asset or liability are taken into account in determining those cash flows and are not included in determining the discount rate.*
Disposal date	*The date on which control in respect of subsidiaries, joint control in joint ventures and significant influence in associates ceases.*
Exploration assets	*Capitalised expenditure relating to the exploration for and evaluation of mineral resources (coal, oil and gas).*
Fair value	*The value for which an asset could be exchanged or a liability settled in a market related transaction.*
Financial results	*Comprise the financial position (assets, liabilities and equity), results of operations (revenue and expenses) and cash flows of an entity and of the group.*
Functional currency	*The currency of the primary economic environment in which the entity operates.*
Long-term	*A period longer than twelve months from balance sheet date.*
Mineral assets	*Capitalised expenditure relating to producing coal and oil and gas properties including development costs and exploration assets.*
Presentation currency	*The currency in which financial results of an entity are presented.*
Qualifying asset	*An asset that necessarily takes a substantial period (normally in excess of twelve months) of time to get ready for its intended use.*
Recoverable amount	*The amount that reflects the greater of the net selling price and value in use that can be attributed to an asset as a result of its ongoing use by the entity. In determining the value in use, expected future cash flows are discounted to their present values using the discount rate.*
Related party	*Parties are considered to be related if one party directly or indirectly has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or is a member of the key management of Sasol Limited.*
Revenue	*Comprises turnover, dividends received and interest received.*
Share-based payment	*A transaction in which Sasol Limited issues shares or share options to group employees as compensation for services rendered.*
Significant influence	*The ability, directly or indirectly, to participate in, but not exercise control over, the financial and operating policy decisions of an entity so as to obtain economic benefit from its activities.*
Turnover	*Comprises revenue generated by operating activities and includes sales of products, services rendered, license fees and royalties excluding value-added tax, duties and levies.*

Financial instrument terms	
Available-for-sale financial asset	*A financial asset that has been designated as available for sale or a financial asset other than those classified as loans and receivables, held-to-maturity investments or derivative instruments.* *An investment intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, is classified as a non-current available-for-sale financial asset.*
Cash and cash equivalents	*Comprise cash on hand, demand deposits and other short-term highly liquid investments.*
Cash flow hedge	*A hedge of the exposure to variability in cash flows, that is attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.*
Derivative instrument	*A financial instrument:* ● *whose value changes in response to movements in a specified interest rate, commodity price, foreign exchange rate or similar variable;* ● *that requires minimal initial net investment; and* ● *whose terms require or permit net settlement at a future date.*
Effective interest rate	*The derived rate that discounts the expected future cash flows to the current net carrying amount of the financial asset or financial liability.*
Equity instrument	*Any financial instrument (including investments) that evidences a residual interest in the assets of an enterprise after deducting all of its liabilities.*

Financial instrument terms continued	
Financial asset	Cash or cash equivalents, a right to receive cash, an equity instrument or a right to exchange a financial instrument under favourable conditions.
Financial liability	A contractual obligation to pay cash or transfer other benefits or an obligation to exchange a financial instrument under unfavourable conditions. This includes debt.
Held-to-maturity investment	A financial asset with a fixed maturity and fixed or determinable future payments, that management has the positive intent and ability to hold to maturity. The financial asset is classified as a non-current asset, except when it has a maturity within twelve months from the balance sheet date, in which case it is classified as a current asset.
Loans and receivables	A financial asset with fixed or determinable repayments that are not quoted in an active market, other than: ● a derivative instrument; or ● a financial asset classified as available-for-sale.
Monetary asset	An asset which will be settled in a fixed or determinable amount of money.
Monetary liability	A liability which will be settled in a fixed or determinable amount of money.
Transaction date	The date an entity commits itself to purchase or sell a financial instrument.

Statement of compliance

The consolidated financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and Interpretations of those standards, as adopted by the International Accounting Standards Board and applicable legislation. During the current financial year, the following accounting standards, interpretations and amendments to published accounting standards were adopted:

- IFRS2 Share-based payment;
- IFRS4 Insurance contracts;
- IAS21 (Amendment, including the technical correction relating to a net investments in a foreign operation approved in November 2005), The effects of changes in foreign exchange rates;
- IAS24 (Amendment), Related party disclosures;
- IAS32 (Amendment), Financial instruments: disclosure and presentation (comprehensive amendments);
- IAS39 (Amendment), Financial instruments: recognition and measurement (comprehensive amendments and the amendment for day one gain/loss transition); and
- IFRIC1, Changes in existing decommissioning, restoration and similar liabilities.

The following accounting standards, interpretations and amendments to published accounting standards were adopted prior to their effective dates:

- IFRS6 Exploration for and evaluation of mineral resources;
- IAS39 (Amendment), Financial instruments: recognition and measurement (Amendment for hedges of forecast intragroup transactions, the fair value option and financial guarantee contracts);
- IFRIC4, Determining whether an arrangement contains a lease;
- IFRIC5, Rights to interest arising from decommissioning, restoration and environmental rehabilitation funds; and
- IFRIC8, Scope of IFRS2.

The following accounting standards, interpretations and amendments to published accounting standards which are relevant to Sasol but not yet effective, have not been adopted in the current year:

- IFRS7 Financial instruments: disclosures;
- IAS1 (Amendment), Presentation of financial statements (added disclosures about an entity's capital);
- IAS19 (Amendment), Employee benefits; and
- IFRIC9 Reassessment of embedded derivatives.

Principal accounting policies

1 Basis of preparation of financial results

The consolidated financial statements are prepared using the historic cost convention except for specific financial instruments as set out in the notes to the financial statements, which are stated at fair value.

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

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

These accounting policies are consistently applied throughout the group.

2 Basis of consolidation of financial results

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

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

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

Subsidiaries The financial results of subsidiaries are consolidated into the group's results from acquisition date until disposal date. The existence of potential voting rights that are currently exercisable or convertible are also considered when assessing whether the group controls another entity.

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

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

Under this method, subsequent to the acquisition date, the group's share of profits or losses of associates is charged to the income statement as equity accounted earnings and its share of movements in equity reserves is recognised in the changes in equity statement. All cumulative post-acquisition movements in the equity of associates are adjusted against the cost of the investment. When the group's share of losses in associates equals or exceeds its interest in those associates, the group does not recognise further losses, unless the group has incurred a legal or constructive obligation or made payments on behalf of those associates.

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

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

Associates whose financial year ends 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' financial results for material transactions and events in the intervening period.

3 Foreign currency translation

Items included in the financial results of each entity are measured using the functional currency of that entity. The consolidated financial results are presented in Rand, which is Sasol Limited's functional and presentation currency.

Foreign currency transactions *Income and expenditure transactions are translated into the functional currency of the entity at the rate of exchange ruling at the transaction date.*

Monetary assets and liabilities are translated into the functional currency of the entity at the rate of exchange ruling at the balance sheet date. Foreign exchange gains and losses resulting from the translation and settlement of monetary assets and liabilities are charged to the income statement, except when they relate to cash flow hedging activities in which case these gains and losses are recognised in the changes in equity statement in the hedge accounting reserve.

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

On consolidation, differences arising from the translation of the net investment in a foreign operation are recognised in the changes in equity statement.

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

4 Property, plant and equipment

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

The cost of self-constructed assets includes expenditure on materials, direct labour and an allocated proportion of project overheads. Cost also includes the estimated costs of dismantling and removing the assets and site rehabilitation costs to the extent that they relate to the construction of the asset as well as gains or losses on qualifying cash flow hedges attributable to that asset.

Borrowing costs are capitalised on qualifying assets.

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

Property, plant and equipment is depreciated to its estimated residual value on a straight-line basis over its expected useful life. The depreciation methods, estimated remaining useful lives and residual values are reviewed at least annually. The depreciation rates applied are provided on page 64.

5 Exploration, evaluation and development

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

Geological and geophysical costs, expenditure relating to dry exploratory wells and the costs of carrying and retaining undeveloped properties are charged to the income statement as incurred.

On completion of an exploratory well, the entity will be able to determine if it has found oil and gas reserves. The classification of these reserves as proved depends on whether major capital expenditure to develop the property can be justified as a result of sufficient quantities of additional proved oil and gas reserves being identified.

Oil and gas reserves are classified as proved when, upon analysis of geological and engineering data, it appears with reasonable certainty that these reserves could be recoverable in the future under existing economic and operating conditions.

The cost of exploratory wells through which potential proved oil and gas reserves are discovered are capitalised as exploration assets in property, plant and equipment. These costs remain capitalised pending the determination of whether proved oil and gas reserves have been found. The following conditions must be met for these costs to remain capitalised:

- *Sufficient oil and gas reserves exist to justify the capital expenditure required for the completion of the well as a producing well;*
- *Drilling of additional exploratory wells is under way or firmly planned for the near future; and*
- *Sufficient progress is being made in assessing the oil and gas reserves and the economic and operating viability of developing the property.*

Progress in this regard is reassessed at least annually to ensure sufficient justification for carrying such exploration and evaluation expenditure as an asset. If the above conditions are not met or if information is obtained that raises doubt about the economic or operating viability, the costs are charged to the income statement.

Expenditure incurred to drill and equip development wells on proved properties are capitalised as mineral assets in property, plant and equipment.

Depreciation of exploration and mineral assets is based on the units-of-production method calculated using estimated proved developed oil and gas reserves, on a field-by-field basis. Depreciation of property acquisition costs is based on the units-of-production method calculated using estimated proved oil and gas reserves, on a field-by-field basis.

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

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

Life-of-mine assets are depreciated using the units-of-production method. The calculation is based on proved and probable reserves assigned to that specific mine. Other coal mining assets are depreciated on the straight-line method over their estimated useful lives.

6 Business combinations

The purchase method is used when an entity is acquired.

On acquisition date, fair values are attributed to the identifiable assets, liabilities and contingent liabilities. Minority interest at acquisition date is determined as the minority shareholders' proportionate share of the fair value of the net assets of subsidiaries acquired.

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

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

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

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

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

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

7 Intangible assets

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

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

Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The amortisation methods and estimated remaining useful lives are reviewed at least annually. Amortisation rates applied are provided on page 69. Intangible assets with indefinite useful lives are not amortised, but are tested at least annually for impairment and the assessment of the estimated useful lives of these intangible assets reviewed at least annually.

Research and development *Research expenditure 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 products or processes are technically and commercially feasible.

Cost includes expenditure on materials, direct labour and an allocated proportion of project overheads. All remaining development expenditure is charged to the income statement.

Software *Purchased software and the direct costs associated with the customisation and installation thereof are capitalised.*

Expenditure on internally-developed software is capitalised if it meets the criteria for capitalising development expenditure.

Other software development expenditure is charged to the income statement when incurred.

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

8 Non-current asset or disposal group held for sale

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 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.

Upon classification of a non-current asset or disposal group as held for sale it is reviewed for impairment. The impairment charged to the income statement is the excess of the carrying value of the non-current asset or disposal group over its expected net selling price.

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

9 Impairment of non-financial assets

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

The impairment charged to the income statement is the excess of the carrying value over the recoverable amount.

Recoverable amounts are estimated for individual assets or, where an individual asset cannot generate cash flows independently, the recoverable amount is determined for the larger cash generating unit to which the asset belongs.

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

Exploration assets are tested for impairment when development of the property commences or whenever facts and circumstances indicate impairment. An impairment is recognised for the amount by which the exploration assets' carrying amount exceeds their recoverable amount. For the purpose for assessing impairment, the relevant exploration assets are grouped with existing cash generating units of producing properties that are located in the same region.

10 Financial assets

The group classifies its financial assets into the following categories:

- *loans and receivables;*
- *held-to-maturity financial assets; and*
- *available-for-sale financial assets.*

The classification is dependent on the purpose for which the financial asset is acquired. Management determines the classification of its financial assets at the time of the initial recognition and re-evaluates such designation at least biannually.

Financial assets are stated initially on transaction date at fair value including transaction costs. Loans and receivables and held-to-maturity financial assets are subsequently stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets are subsequently stated at fair value at balance sheet date.

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

Financial assets are recognised on transaction date when the group has rights to receive economic benefits and are derecognised when these rights no longer exist.

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

Premiums or discounts arising from the difference between the fair value of a financial asset and the amount receivable at maturity date are charged to the income statement based on the effective interest rate method.

An assessment is performed at each balance sheet date to determine whether objective evidence exists that a financial asset is impaired. In the case of available-for-sale financial assets, a significant or prolonged decline in the fair value of the asset below its cost is considered an indicator of impairment. If any such evidence exists, the cumulative loss is removed from the changes in equity statement and charged to the income statement. Impairments charged to the income statement on available-for-sale financial assets are not reversed.

11 Derivative financial instruments and hedging activities

All derivative financial instruments are initially recognised at fair value and are subsequently stated at fair value at balance sheet date. Resulting gains or losses on derivative instruments, excluding designated hedging instruments, are charged to the income statement.

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

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

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

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

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

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

12 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost includes expenditure incurred in acquiring, manufacturing, an allocated portion of overheads, and transporting the inventory to its present location.

Cost is determined as follows

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

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

13 Trade and other receivables

Trade and other receivables are recognised at fair value and subsequently stated at amortised cost. An impairment is recognised when there is evidence that an entity will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment is charged to the income statement.

14 Cash and cash equivalents

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

15 Cash restricted for use

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

16 Share capital

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

17 Share repurchase programme

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

18 Debt

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 an entity has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date. 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 borrowing costs based on the effective interest rate method.

19 Leases

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

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

The land and buildings elements of a lease are considered separately for the purpose of lease classification.

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

20 Provisions

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

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

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

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

Ongoing rehabilitation expenditure *Ongoing rehabilitation expenditure is charged to the income statement.*

21 Employee benefits

Short-term employee benefits *Remuneration to employees is charged to the income statement. Provision is made for accumulated leave, incentive bonuses and other short-term employee benefits.*

Pension obligations *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 *Contributions to defined contribution pension plans are charged to the income statement as incurred.*

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

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

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

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

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

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

Share-based payments

The Sasol Share Incentive Scheme allows certain senior employees the option to acquire shares in Sasol Limited over a prescribed period. The exercise price of these options equals the closing market price of the underlying shares on the trading day immediately preceding the granting of the option.

These options are settled by means of the issue of shares by Sasol Limited. 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 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.

Fair value is measured using the Black Scholes pricing model. The expected life used in the model 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.

22 Deferred income

Incentives received are recognised on a systematic basis in the income statement over the periods necessary to match them with the related costs which they are intended to compensate.

Incentives related to non-current assets are stated on the balance sheet as deferred income and are charged to the income statement on a basis representative of the pattern of use of the asset to which the incentive relates.

23 Taxation

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

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

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

- *non-tax deductible goodwill;*
- *the initial recognition (other than in a business combination) of an asset or liability to the extent that neither accounting nor taxable profit is affected on acquisition; and*
- *investments in subsidiaries to the extent they will probably not reverse in the foreseeable future.*

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

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

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

24 Trade and other payables

Trade and other payables are stated at cost.

25 Revenue

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

Revenue is recognised when the following criteria are met:

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

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

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

26 Construction contracts

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

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

Any expected loss on a construction contract is charged immediately to the income statement.

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

27 Borrowing costs

Borrowing costs are capitalised against qualifying assets as part of property, plant and equipment.

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

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

Where funds are made available from general borrowings and used for the purpose of acquiring or constructing qualifying assets, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on these assets. The capitalisation rate is the weighted average of the interest rates applicable to the borrowings of the group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining qualifying assets.

The amount of borrowing costs capitalised will not exceed the amount of borrowing costs incurred.

28 Dividends payable

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

29 Comparative figures

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.

During the year under review the group amended its accounting policy for exploration and evaluation expenditure. The group has reclassified the comparative figures for exploration and evaluation expenditure from intangible assets to property, pant and equipment. Refer note 54.

The provisions of IFRS2 Share-based payment have been applied retrospectively and comparative information restated accordingly. Refer note 54.

Certain short-term borrowing facilities with fixed maturities previously included under bank overdraft on the face of the balance sheet have been reclassified as short-term debt. Refer note 55.

In the previous financial year, the costs associated with the arrangement of certain long-term borrowing facilities were classified as long-term prepaid expenses. These balances were reclassified from long-term prepaid expenses to be reflected as a reduction of long-term debt. Refer note 55.

30 Segment information

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

31 Convenience translation from Rand to US dollars

The presentation currency of the group is Rand.

Supplementary US dollar information is provided for convenience only.

The conversion to US dollars is performed as follows:

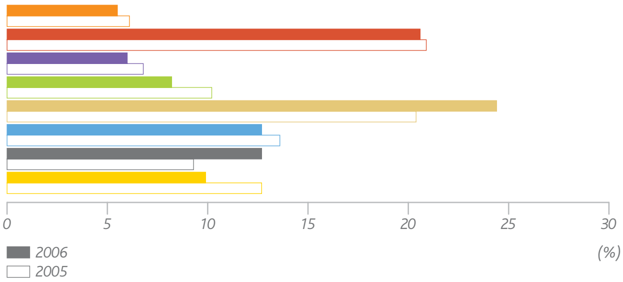
- assets and liabilities are translated at the closing rate of exchange on balance sheet date;
- income and expenses are translated at average rates of exchange for the years presented except for significant transactions which are translated at rates of exchange ruling on the transaction dates;
- shareholders'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

balance sheet

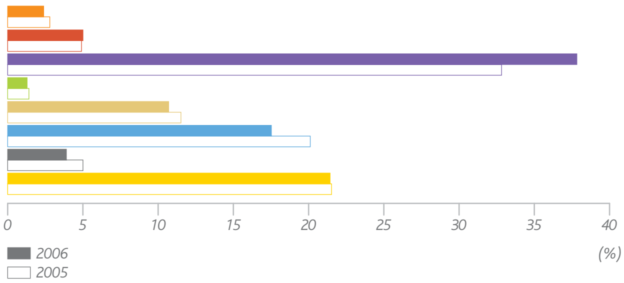
at 30 June	Note	2006 Rm	2005 Restated Rm	2004 Restated Rm
Assets				
Property, plant and equipment	1	**62 587**	57 334	47 762
Goodwill (and negative goodwill)	2	**266**	509	92
Intangible assets	3	**834**	1 116	1 332
Investments in securities	4	**394**	397	372
Investments in associates	5	**636**	608	471
Post-retirement benefit assets	6	**80**	300	239
Long-term receivables	7	**1 012**	1 091	899
Long-term financial assets	8	**251**	10	7
Deferred tax assets	19	**691**	409	306
Non-current assets		**66 751**	61 774	51 480
Investments in securities	4	**72**	-	-
Assets held for sale	9	**12 115**	41	-
Inventories	10	**8 003**	9 995	8 292
Trade receivables	11	**7 432**	8 668	7 551
Other receivables and prepaid expenses	12	**4 563**	3 702	3 408
Short-term financial assets	13	**180**	178	25
Cash restricted for use	14	**584**	1 002	527
Cash	14	**3 102**	2 509	2 063
Current assets		**36 051**	26 095	21 866
Total assets		**102 802**	87 869	73 346
Equity and liabilities				
Shareholders' equity		**52 352**	43 533	35 029
Minority interest		**379**	253	371
Total equity		**52 731**	43 786	35 400
Long-term debt	15	**15 021**	12 845	8 982
Long-term provisions	16	**3 463**	2 954	2 362
Post-retirement benefit obligations	17	**2 461**	2 970	2 724
Long-term deferred income	18	**1 698**	763	237
Deferred tax liabilities	19	**6 053**	6 286	5 768
Non-current liabilities		**28 696**	25 818	20 073
Liabilities in disposal groups held for sale	9	**5 479**	-	-
Short-term debt	20	**2 721**	5 614	7 285
Short-term financial liabilities	21	**514**	792	1 205
Short-term provisions	22	**1 875**	1 801	1 838
Short-term portion of deferred income	18	**10**	8	15
Tax payable	23	**1 899**	614	61
Trade payables	24	**3 555**	4 733	3 886
Other payables and accrued expenses	25	**4 880**	4 416	3 502
Bank overdraft	14	**442**	287	81
Current liabilities		**21 375**	18 265	17 873
Total equity and liabilities		**102 802**	87 869	73 346

business segment information

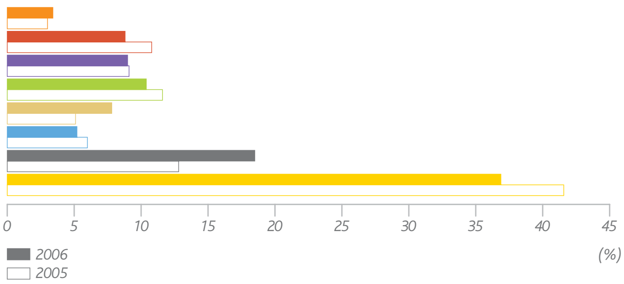
Non-current assets*	2006 Rm	2005 Rm
Mining	**3 602**	3 334
Synfuels	**13 632**	11 401
Oil	**3 984**	3 705
Gas	**5 419**	5 571
Polymers	**16 113**	11 164
Solvents	**8 384**	7 422
Synfuels International	**8 369**	5 107
Other businesses	**6 557**	6 956
Continuing operations	**66 060**	54 660
Discontinued operations – Sasol Olefins & Surfactants†	**3 811**	6 705
Total	**67 871**	61 365



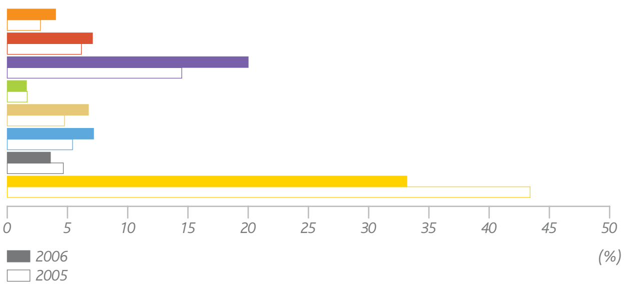
Current assets	2006 Rm	2005 Rm
Mining	**574**	528
Synfuels	**1 200**	939
Oil	**9 145**	6 318
Gas	**303**	271
Polymers	**2 587**	2 219
Solvents	**4 241**	3 863
Synfuels International	**951**	969
Other businesses	**5 166**	4 133
Continuing operations	**24 167**	19 240
Discontinued operations – Sasol Olefins & Surfactants†	**8 025**	6 855
Total	**32 192**	26 095



Non-current liabilities*	2006 Rm	2005 Rm
Mining	**772**	543
Synfuels	**1 984**	1 970
Oil	**2 043**	1 663
Gas	**2 363**	2 126
Polymers	**1 775**	932
Solvents	**1 173**	1 105
Synfuels International	**4 184**	2 337
Other businesses	**8 349**	7 590
Continuing operations	**22 643**	18 266
Discontinued operations – Sasol Olefins & Surfactants†	**1 367**	1 266
Total	**24 010**	19 532



Current liabilities	2006 Rm	2005 Rm
Mining	**675**	490
Synfuels	**1 200**	1 093
Oil	**3 403**	2 593
Gas	**271**	299
Polymers	**1 155**	847
Solvents	**1 214**	969
Synfuels International	**611**	828
Other businesses	**5 633**	7 744
Continuing operations	**14 162**	14 863
Discontinued operations – Sasol Olefins & Surfactants†	**3 239**	2 788
Total	**17 401**	17 651



* Excludes tax and deferred tax

† In the balance sheet for 2006, discontinued operations are reflected as a current asset and current liability.

income statement

for the year ended 30 June	Note	2006 Rm	2005 Restated Rm	2004 Restated Rm
Continuing operations				
Turnover	26	**63 850**	52 497	44 999
Cost of sales and services rendered		**(33 093)**	(28 493)	(26 497)
Gross profit		**30 757**	24 004	18 502
Other operating income	27	**191**	233	166
Marketing and distribution expenditure		**(3 561)**	(3 477)	(3 343)
Administrative expenditure		**(3 070)**	(3 031)	(2 621)
Other operating expenditure		**(3 839)**	(3 439)	(2 534)
Translation gains/(losses)	28	**254**	93	(1 034)
Operating profit	29	**20 732**	14 383	9 136
Dividends and interest received	31	**317**	106	141
Income from associates	32	**135**	185	118
Borrowing costs	33	**(456)**	(427)	(232)
Profit before tax		**20 728**	14 247	9 163
Taxation	34	**(6 819)**	(4 411)	(3 214)
Profit from continuing operations		**13 909**	9 836	5 949
Discontinued operations				
Net loss from discontinued operations		**(3 360)**	(289)	(88)
Profit		**10 549**	9 547	5 861
Attributable to				
Shareholders		**10 373**	9 437	5 795
Minority interests in subsidiaries		**176**	110	66
		10 549	9 547	5 861
		Rand	Rand	Rand
Profit attributable to shareholders	36			
earnings per share		**16,73**	15,37	9,50
from continuing operations		**22,15**	15,85	9,64
from discontinued operations		**(5,42)**	(0,48)	(0,14)
diluted earnings per share		**16,42**	15,11	9,40
from continuing operations		**21,74**	15,58	9,55
from discontinued operations		**(5,32)**	(0,47)	(0,15)
Headline earnings	36			
headline earnings per share		**22,93**	17,27	9,10
from continuing operations		**22,47**	16,74	9,53
from discontinued operations		**0,46**	0,53	(0,43)
diluted headline earnings per share		**22,50**	16,97	9,01
from continuing operations		**22,05**	16,46	9,43
from discontinued operations		**0,45**	0,51	(0,42)
Dividends per share				
interim		**2,80**	2,30	2,15
final		**4,30***	3,10	2,35

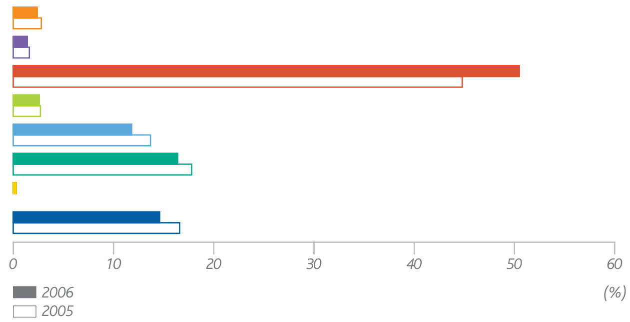
* Declared subsequent to 30 June 2006 and has been presented for information purposes only. No provision regarding this final dividend has been recognised.

business segment information

External turnover*

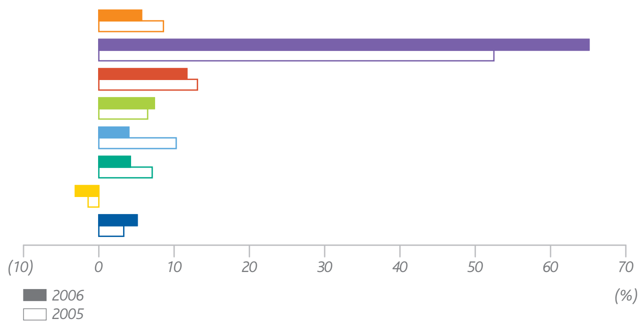
	2006 Rm	2005 Rm
Mining	**1 517**	1 471
Synfuels	**915**	820
Oil	**32 243**	23 525
Gas	**1 663**	1 408
Polymers	**7 537**	7 199
Solvents	**10 485**	9 361
Synfuels International	**161**	–
Other businesses	**9 329**	8 713
Continuing operations	**63 850**	52 497
Discontinued operations – Sasol Olefins & Surfactants	**18 545**	16 742
Total	**82 395**	69 239

*Excludes inter-segment sales.



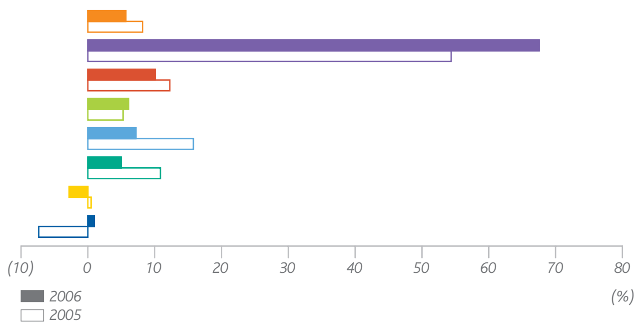
Operating profit/(losses)

	2006 Rm	2005 Rm
Mining	**1 180**	1 239
Synfuels	**13 499**	7 546
Oil	**2 432**	1 892
Gas	**1 526**	931
Polymers	**822**	1 475
Solvents	**873**	1 021
Synfuels International	**(642)**	(201)
Other businesses	**1 042**	480
Continuing operations	**20 732**	14 383
Discontinued operations – Sasol Olefins & Surfactants	**(3 567)**	(14)
Total	**17 165**	14 369



Contribution to attributable earnings

	2006 Rm	2005 Rm
Mining	**780**	793
Synfuels	**9 278**	5 296
Oil	**1 390**	1 194
Gas	**842**	516
Polymers	**985**	1 539
Solvents	**687**	1 063
Synfuels International	**(366)**	35
Other businesses	**137**	(710)
Continuing operations	**13 733**	9 726
Discontinued operations – Sasol Olefins & Surfactants	**(3 360)**	(289)
Total	**10 373**	9 437



balance sheet (US dollar convenience translation)

at 30 June	2006 US$m	2005 Restated US$m	2004 Restated US$m
Assets			
Property, plant and equipment	**8 729**	8 596	7 691
Goodwill (and negative goodwill)	**37**	76	15
Intangible assets	**116**	167	214
Investments in securities	**55**	60	60
Investments in associates	**89**	91	76
Post-retirement benefit assets	**11**	45	38
Long-term receivables	**141**	164	145
Long-term financial assets	**35**	1	1
Deferred tax assets	**96**	61	49
Non-current assets	**9 309**	9 261	8 289
Investments in securities	**10**	–	–
Assets held for sale	**1 690**	6	–
Inventories	**1 116**	1 499	1 335
Trade receivables	**1 037**	1 299	1 216
Other receivables and prepaid expenses	**636**	555	549
Short-term financial assets	**25**	27	4
Cash restricted for use	**81**	150	85
Cash	**433**	376	332
Current assets	**5 028**	3 912	3 521
Total assets	**14 337**	13 173	11 810
Equity and liabilities			
Shareholders' equity	**7 301**	6 526	5 640
Minority interest	**53**	38	60
Total equity	**7 354**	6 564	5 700
Long-term debt	**2 095**	1 926	1 446
Long-term provisions	**483**	443	380
Post-retirement benefit obligations	**343**	445	439
Long-term deferred income	**237**	114	38
Deferred tax liabilities	**844**	942	929
Non-current liabilities	**4 002**	3 870	3 232
Liabilities in disposal groups held for sale	**764**	–	–
Short-term debt	**379**	842	1 173
Short-term financial liabilities	**72**	119	194
Short-term provisions	**261**	270	296
Short-term portion of deferred income	**1**	1	2
Tax payable	**265**	92	10
Trade payables	**496**	710	626
Other payables and accrued expenses	**681**	662	564
Bank overdraft	**62**	43	13
Current liabilities	**2 981**	2 739	2 878
Total equity and liabilities	**14 337**	13 173	11 810
Converted at closing rate of Rand per 1US$	**7,17**	6,67	6,21

income statement (US dollar convenience translation)

for the year ended 30 June	2006 Rm	2005 Restated Rm	2004 Restated Rm
Continuing operations			
Turnover	**9 961**	8 454	6 541
Cost of sales and services rendered	**(5 163)**	(4 588)	(3 851)
Gross profit	**4 798**	3 866	2 690
Other operating income	**30**	38	24
Marketing and distribution expenditure	**(556)**	(560)	(486)
Administrative expenditure	**(479)**	(488)	(381)
Other operating expenditure	**(599)**	(554)	(368)
Translation gains/(losses)	**40**	15	(150)
Operating profit	**3 234**	2 317	1 329
Dividends and interest received	**49**	17	20
Income from associates	**21**	30	17
Borrowing costs	**(71)**	(69)	(34)
Profit before tax	**3 233**	2 295	1 332
Taxation	**(1 064)**	(710)	(467)
Profit from continuing operations	**2 169**	1 585	865
Discontinued operations			
Net loss from discontinued operations	**(524)**	(47)	(13)
Profit	**1 645**	**1 538**	**852**
Attributable to			
Shareholders	**1 618**	1 520	842
Minority interests in subsidiaries	**27**	18	10
	1 645	1 538	852
	US$	US$	US$
Profit attributable to shareholders			
earnings per share	**2,61**	2,48	1,38
from continuing operations	**3,46**	2,55	1,40
from discontinued operations	**(0,85)**	(0,07)	(0,02)
diluted earnings per share	**2,56**	2,43	1,37
from continuing operations	**3,39**	2,51	1,39
from discontinued operations	**(0,83)**	(0,08)	(0,02)
Headline earnings			
headline earnings per share	**3,58**	2,78	1,32
from continuing operations	**3,51**	2,70	1,38
from discontinued operations	**0,07**	0,08	(0,06)
diluted headline earnings per share	**3,51**	2,73	1,31
from continuing operations	**3,44**	2,65	1,37
from discontinued operations	**0,07**	0,08	(0,06)
Dividends per share			
interim	**0,45**	0,37	0,33
final	**0,60***	0,47	0,38
Converted at average rate of Rand per 1US$	**6,41**	6,21	6,88

*Declared subsequent to 30 June 2006 and has been presented for information purposes only. No provision regarding this final dividend has been recognised.

changes in equity statement

for the year ended 30 June	Share capital Rm	Share-based payment reserve (refer note 54) Rm	Foreign currency translation reserve (note 39) Rm
Balance at 30 June 2003	**2 783**	**–**	**(352)**
Share based payment – prior year adjustment	–	328	–
Balance at 30 June 2003 (Restated)	2 783	328	(352)
Shares issued on implementation of share options	109	–	–
Shares repurchased during year	–	–	–
Transfer of reserves	–	–	199
Recognised gains for year			
Profit for year	–	146	–
as previously reported		–	
share-based payment expense		146	
Effect of translation of foreign operations	–	–	(1 464)
Disposal of businesses	–	–	43
Effect of cash flow hedge accounting	–	–	–
Change in shareholding of subsidiaries	–	–	–
Tax effects	–	–	5
Dividends paid	–	–	–
Balance at 30 June 2004 (Restated)	**2 892**	**474**	**(1 569)**
Shares issued on implementation of share options	311	–	–
Recognised gains for year			
Profit for year	–	137	–
as previously reported		–	
share-based payment expense		137	
Effect of translation of foreign operations	–	–	338
Negative goodwill written off		–	(80)
Disposal of businesses	–	–	(25)
Effect of cash flow hedge accounting	–	–	–
Change in shareholding of subsidiaries	–	–	–
Tax effects	–	–	–
Dividends paid	–	–	–
Balance at 30 June 2005 (Restated)	**3 203**	**611**	**(1 336)**
Shares issued on implementation of share options	431	–	–
Share-based payment expense	–	169	–
Recognised gains for year			
Profit for year	–	–	–
Effect of translation of foreign operations	–	–	1 149
Effect of cash flow hedge accounting	–	–	–
Change in shareholding of subsidiaries	–	–	–
Tax effects	–	–	(2)
Dividends paid	–	–	–
Balance at 30 June 2006	**3 634**	**780**	**(189)**

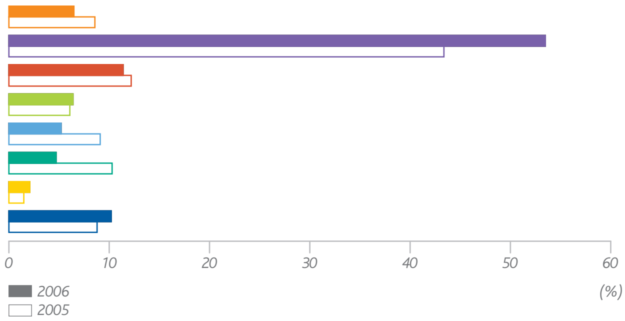
Investment fair value reserve Rm	Cash flow hedge accounting reserve Rm	Share repurchase programme Rm	Retained earnings Rm	Shareholders' equity Rm	Minority interest Rm	Total equity Rm
2	(342)	(3 614)	35 041	33 518	300	33 818
–	–	–	(327)	1	(1)	–
2	(342)	(3 614)	34 714	33 519	299	33 818
–	–	–	–	109	–	109
–	–	(33)	–	(33)	–	(33)
–	(199)	–	–	–	–	–
				4 179	109	4 288
–	–	–	5 795	5 941	66	6 007
			5 940		67	
			(145)		(1)	
–	–	–	–	(1 464)	(21)	(1 485)
–	(7)	–	–	36	–	36
–	(462)	–	–	(462)	–	(462)
–	–	–	–	–	64	64
–	123	–	–	128	–	128
–	–	–	(2 745)	(2 745)	(37)	(2 782)
2	(887)	(3 647)	37 764	35 029	371	35 400
–	–	–	–	311	–	311
				11 049	(54)	10 995
–	–	–	9 437	9 574	110	9 684
			9 573		111	
			(136)		(1)	
–	–	–	–	338	11	349
–	–	–	690	610	–	610
–	–	–	–	(25)	–	(25)
–	646	–	–	646	–	646
–	–	–	–	–	(175)	(175)
–	(94)	–	–	(94)	–	(94)
–	–	–	(2 856)	(2 856)	(64)	(2 920)
2	(335)	(3 647)	45 035	43 533	253	43 786
–	–	–	–	431	–	431
–	–	–	–	169	–	169
				11 879	201	12 080
–	–	–	10 373	10 373	176	10 549
–	–	–	–	1 149	3	1 152
–	420	–	–	420	10	430
–	–	–	–	–	14	14
–	(61)	–	–	(63)	(2)	(65)
–	–	–	(3 660)	(3 660)	(75)	(3 735)
2	24	(3 647)	51 748	52 352	379	52 731

cash flow statement

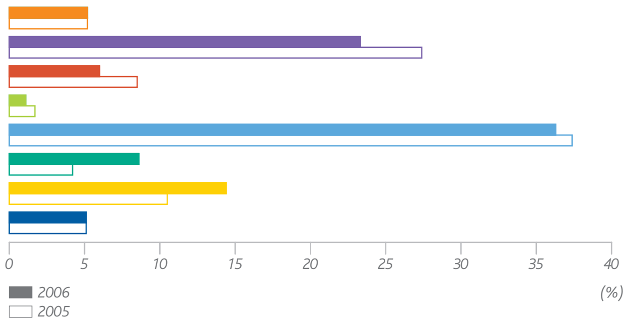
for the year ended 30 June	Note	2006 Rm	2005 Restated Rm	2004 Restated Rm
Cash receipts from customers		**80 853**	68 263	59 952
Cash paid to suppliers and employees		**(56 473)**	(49 451)	(44 801)
Cash generated by operating activities	41	**24 380**	18 812	15 151
Investment income	44	**444**	169	230
Borrowing costs paid	33	**(1 745)**	(1 523)	(1 384)
Tax paid	23	**(5 389)**	(3 753)	(3 963)
Cash available from operating activities		**17 690**	13 705	10 034
Dividends paid	45	**(3 660)**	(2 856)	(2 745)
Cash retained from operating activities		**14 030**	10 849	7 289
Additions to property, plant and equipment	1	**(13 026)**	(12 420)	(11 154)
Additions to intangible assets	3	**(123)**	(106)	(264)
Non-current assets sold	46	**542**	478	746
Acquisition of businesses	47	**(147)**	–	(555)
Cash/overdraft acquired on acquisition of businesses	47	**(113)**	–	163
Disposal of businesses	48	**587**	36	283
Cash disposed of on disposal of businesses	48	**(1)**	(94)	(2)
(Increase)/decrease in investments		**(46)**	35	49
Decrease/(increase) in long-term receivables		**199**	(156)	(154)
Cash utilised in investing activities		**(12 128)**	(12 227)	(10 888)
Share capital issued on implementation of share options		**431**	311	109
Share repurchase programme		**–**	–	(33)
Dividends paid to minority shareholders		**(75)**	(64)	(37)
Contributions from minority shareholders		**–**	–	75
Increase in long-term debt		**1 305**	4 165	4 246
Decrease in short-term debt		**(2 938)**	(2 144)	(1 672)
Cash effect of financing activities		**(1 277)**	2 268	2 688
Translation effects on cash and cash equivalents of foreign operations	39	**(133)**	(175)	(251)
Increase/(decrease) in cash and cash equivalents		**492**	715	(1 162)
Cash and cash equivalents at beginning of year		**3 224**	2 509	3 671
Cash in disposal groups held for sale	9	**(472)**	–	–
Cash and cash equivalents at end of year	14	**3 244**	3 224	2 509

business segment information

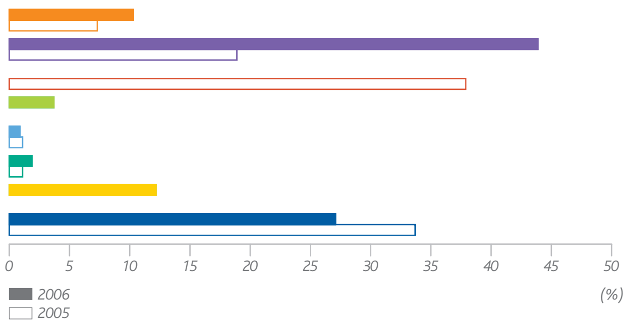
Cash flow from operations (refer note 42)	2006 Rm	2005 Rm
Mining	**1 749**	1 689
Synfuels	**14 351**	8 504
Oil	**3 069**	2 405
Gas	**1 724**	1 195
Polymers	**1 396**	1 778
Solvents	**1 258**	2 022
Synfuels International	**561**	291
Other businesses	**2 720**	1 726
Continuing operations	**26 828**	19 610
Discontinued operations – Sasol Olefins & Surfactants	**1 301**	1 381
Total	**28 129**	20 991



Additions to property, plant and equipment	2006 Rm	2005 Rm
Mining	**624**	615
Synfuels	**2 800**	3 248
Oil	**724**	1 011
Gas	**138**	204
Polymers	**4 364**	4 423
Solvents	**1 037**	493
Synfuels International	**1 735**	1 246
Other businesses	**612**	602
Continuing operations	**12 034**	11 842
Discontinued operations – Sasol Olefins & Surfactants	**992**	578
Total	**13 026**	12 420

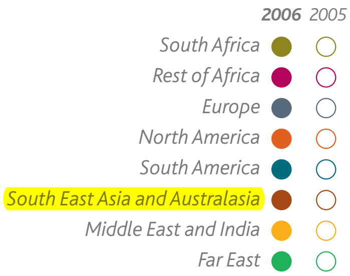


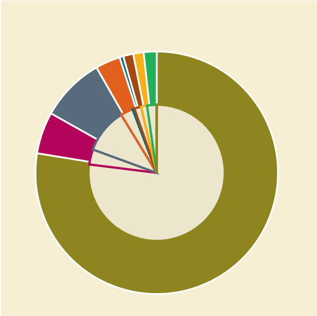
Additions to intangible assets	2006 Rm	2005 Rm
Mining	**11**	7
Synfuels	**47**	18
Oil	**–**	36
Gas	**4**	–
Polymers	**1**	1
Solvents	**2**	1
Synfuels International	**13**	–
Other businesses	**29**	32
Continuing operations	**107**	95
Discontinued operations – Sasol Olefins & Surfactants	**16**	11
Total	**123**	106

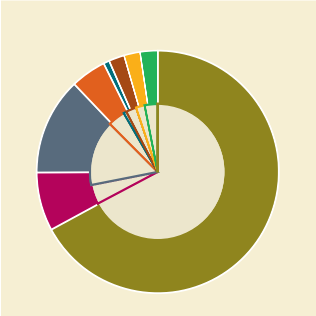


geographic segment information

	Total turnover**		External turnover**	
	2006 Rm	2005 Rm	2006 Rm	2005 Rm
South Africa	**77 691**	61 460	**42 845**	35 312
Rest of Africa	**5 577**	2 888	**4 991**	2 442
Mozambique	**762**	490	**174**	44
Nigeria	**191**	116	**190**	116
Rest of Africa	**4 624**	2 282	**4 627**	2 282
Europe	**8 599**	8 525	**8 280**	8 197
Germany	**2 680**	2 479	**2 614**	2 423
Italy	**545**	594	**544**	584
Netherlands	**1 211**	1 057	**1 211**	1 056
Rest of Europe	**4 163**	4 395	**3 911**	4 134
North America	**3 318**	2 371	**3 032**	2 165
United States of America	**3 146**	2 295	**2 861**	2 089
Rest of North America	**172**	76	**171**	76
South America	**504**	370	**504**	371
South East Asia and Australasia	**1 343**	1 295	**1 334**	1 294
Middle East and India	**1 388**	1 138	**1 373**	1 097
Iran	**86**	69	**86**	69
Qatar	**68**	80	**59**	41
Rest of Middle East and India	**1 234**	989	**1 228**	987
Far East	**1 728**	1 805	**1 491**	1 619
	100 148	79 852	**63 850**	52 497

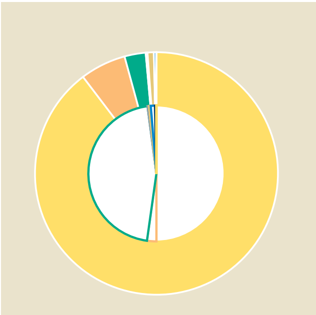
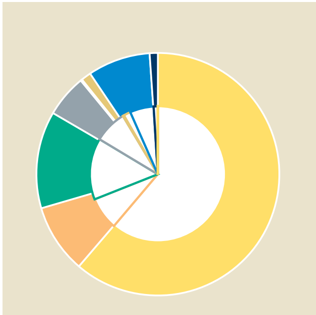
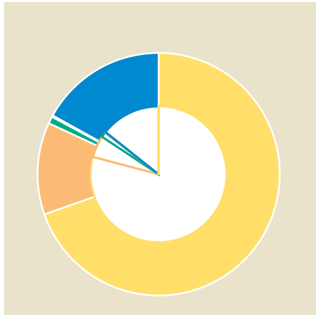
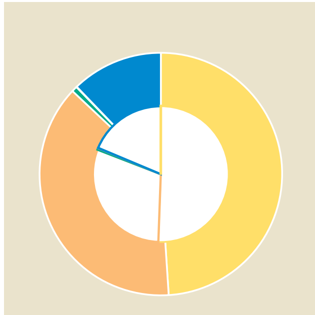






* Excludes deferred tax.
** Excludes discontinued operations.

sasol
reaching new frontiers

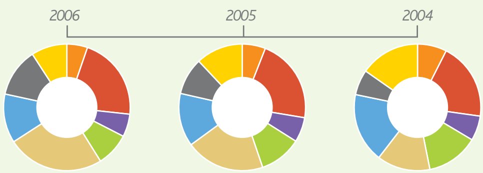
Operating profit/(loss)**		Total consolidated assets*		Additions to property, plant and equipment (by location of assets)**		Capital commitments**	
2006 Rm	2005 Rm	2006 Rm	2005 Rm	2006 Rm	2005 Rm	2006 Rm	2005 Rm
18 589	12 190	62 559	53 507	8 380	9 368	6 790	9 425
1 265	543	9 397	6 822	1 477	615	5 274	5 648
483	75	3 381	3 970	85	87	1 384	427
(6)	29	5 096	1 964	1 290	460	3 783	5 076
788	439	920	888	102	68	107	145
583	1 141	13 221	12 811	113	148	102	69
13	252	6 752	5 848	108	89	71	69
(83)	177	2 029	3 861	–	–	–	–
152	165	655	440	–	48	31	–
501	547	3 785	2 662	5	11	–	–
20	91	5 752	6 818	22	13	9	14
16	84	5 546	6 665	22	13	9	14
4	7	206	153	–	–	–	–
30	8	223	249	–	–	–	–
174	85	1 344	1 456	3	3	–	–
61	247	8 505	4 938	2 039	1 695	1 691	3 480
24	(19)	4 124	1 823	1 590	823	1 190	2 427
(104)	127	3 847	2 633	449	872	501	1 053
141	139	534	482	–	–	–	–
10	78	1 110	859	–	–	–	–
20 732	14 383	102 111	87 460	12 034	11 842	13 866	18 636

non-current assets

at 30 June	Note	2006 Rm	2005 Rm	2004 Rm
Property, plant and equipment (restated)	1	**62 587**	57 334	47 762
Goodwill (and negative goodwill)	2	**266**	509	92
Intangible assets (restated)	3	**834**	1 116	1 332
Investments in securities	4	**394**	397	372
Investments in associates	5	**636**	608	471
Post-retirement benefit assets	6	**80**	300	239
Long-term receivables	7	**1 012**	1 091	899
Long-term financial assets	8	**251**	10	7
Deferred tax asset	19	**691**	409	306
		66 751	61 774	51 480

for the year ended 30 June	Note	2006 Rm	2005 Restated Rm	2004 Restated Rm
1 Property, plant and equipment				
Cost				
Balance at beginning of year as previously reported		**94 338**	81 235	75 254
Effect of change in accounting policy	54	**878**	918	996
Restated balance at beginning of year		**95 216**	82 153	76 250
Acquisition of businesses	47	**74**	–	490
Additions				
to enhance existing operations		**5 505**	5 238	3 423
to expand operations		**8 114**	7 822	7 321
Borrowing costs capitalised		**1 448**	1 116	1 105
continuing operations	33	**1 439**	1 106	1 094
discontinued operations		**9**	10	11
Net transfer from/(to) intangible assets	3	**4**	(34)	(10)
Transfer to inventory		**(6)**	–	–
Transfer to disposal groups held for sale	9	**(20 736)**	–	–
Translation of foreign operations	39	**3 574**	1 678	(3 838)
Disposal of businesses	48	**–**	(334)	(832)
Disposals and scrapping		**(2 178)**	(2 423)	(1 756)
Balance at end of year		**91 015**	95 216	82 153
Comprising				
Land		**257**	610	600
Buildings and improvements		**2 024**	3 492	3 166
Plant, equipment and vehicles		**57 354**	65 385	60 680
Mineral assets		**8 260**	7 556	7 948
Exploration assets		**106**	88	31
Capital work in progress		**23 014**	18 085	9 728
		91 015	95 216	82 153

for the year ended 30 June	Note	2006 Rm	2005 Restated Rm	2004 Restated Rm
1 Property, plant and equipment (continued)				
Accumulated depreciation and impairment				
Balance at beginning of year as previously reported		**37 788**	34 377	32 891
Effect of change in accounting policy	54	**94**	14	29
Restated balance at beginning of year		**37 882**	34 391	32 920
Acquisition of businesses	47	**38**	–	–
Current year charge		**3 865**	3 671	4 737
continuing operations	29	**3 125**	2 866	3 325
discontinued operations		**740**	805	1 412
Impairment of property, plant and equipment	35	**923**	808	310
continuing operations		**119**	495	221
discontinued operations		**804**	313	89
Fair value write-down of discontinued operations	9	**2 852**	–	–
Reversal of impairment	35	**(140)**	–	–
Net transfer to intangible assets	3	**(4)**	(23)	(2)
Transfer to disposal groups held for sale	9	**(17 447)**	–	–
Translation of foreign operations	39	**1 750**	882	(2 010)
Disposal of businesses	48	**–**	(196)	(536)
Disposals and scrapping		**(1 291)**	(1 651)	(1 028)
Balance at end of year		**28 428**	37 882	34 391
Comprising				
Land		**–**	15	–
Buildings and improvements		**803**	1 973	1 672
Plant, equipment and vehicles		**24 058**	32 662	29 503
Mineral assets		**3 564**	3 084	3 216
Capital work in progress (impairment)		**3**	148	–
		28 428	37 882	34 391
Carrying value				
Land		**257**	595	600
Buildings and improvements		**1 221**	1 519	1 494
Plant, equipment and vehicles		**33 296**	32 723	31 177
Mineral assets		**4 696**	4 472	4 732
Exploration assets		**106**	88	31
Capital work in progress		**23 011**	17 937	9 728
Balance at end of year		**62 587**	57 334	47 762
Business segmentation				
Mining		**3 307**	3 062	3 112
Synfuels		**13 421**	11 138	8 230
Oil		**3 636**	3 258	2 640
Gas		**5 369**	5 555	5 546
Polymers		**15 496**	10 385	5 665
Solvents		**7 839**	6 981	7 417
Synfuels International		**7 790**	4 858	2 696
Other businesses		**5 729**	6 168	6 365
Continuing operations		**62 587**	51 405	41 671
Discontinued operations – Sasol Olefins & Surfactants		**3 242**	5 929	6 091
Total operations		**65 829**	57 334	47 762



1 Property, plant and equipment *(continued)*

Impairment of property, plant and equipment

The impairment of property, plant and equipment to the value of R923 million during the year relates mainly to the organics business unit in Italy following the increase in oil derivative feedstock prices. Other smaller impairments are in respect of assets which are subject to reduced utilisation.

During 2005, the 3rd octene train was impaired by R140 million as a result of a significant increase in the expected capital cost of the project. Successful negotiations with customers have resulted in an improvement in the economic outlook for this plant and the R140 million impairment recognised in 2005 has accordingly been reversed during the current financial year.

The recoverable amount of the assets reviewed for impairment is determined based on value-in-use calculations. These calculations take into account cash flow projections based on financial budgets approved by management covering a three, five and ten year period. Cash flows beyond the budget period are extrapolated using the estimated growth rate for the specific business.

Main assumptions used for value-in-use calculations:

	2006 South Africa	2006 Europe	2006 North America
Growth rate – long-term Producer Price Index (PPI)	4,8%	1,5%	1,5%
Discount rate – Weighted Average Cost of Capital (WACC)	11,75%	7,25%	7,25%

Management determines the budget 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 inflation index. The estimated future cash flows and discount rates used are post-tax and reflect specific risks relating to the relevant geographic segment. 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.

2006	Land Rm	Buildings and improvements Rm	Plant, equipment and vehicles Rm	Mineral assets* Rm	Exploration assets Rm	Capital work in progress Rm	Total Rm
Cost							
Balance at 30 June 2005 as previously reported	610	3 492	67 325	5 003	–	17 908	**94 338**
Effect of change in accounting policy	–	–	(1 940)	2 553	88	177	**878**
Restated balance at 30 June 2005	610	3 492	65 385	7 556	88	18 085	**95 216**
Acquisition of businesses	–	–	65	–	–	9	**74**
Additions	5	68	803	207	11	12 525	**13 619**
to enhance existing operations	5	61	564	67	–	4 808	**5 505**
to expand operations	–	7	239	140	11	7 717	**8 114**
Borrowing costs capitalised	–	–	5	–	–	1 443	**1 448**
continuing operations	–	–	–	–	–	1 439	**1 439**
discontinued operations	–	–	5	–	–	4	**9**
Transfer to intangible assets	–	–	(7)	–	–	(9)	**(16)**
Transfer from intangible assets	–	–	2	–	–	18	**20**
Transfer to inventory	–	–	(6)	–	–	–	**(6)**
Transfer to disposal groups held for sale	(428)	(2 344)	(17 004)	–	–	(960)	**(20 736)**
Work in progress capitalised	16	562	7 085	1 283	–	(8 946)	**–**
Translation of foreign operations	56	292	2 160	26	7	1 033	**3 574**
Disposals and scrapping	(2)	(46)	(1 134)	(812)	–	(184)	**(2 178)**
Balance at 30 June 2006	**257**	**2 024**	**57 354**	**8 260**	**106**	**23 014**	**91 015**

2006	Land Rm	Buildings and improvements Rm	Plant, equipment and vehicles Rm	Mineral assets* Rm	Exploration assets Rm	Capital work in progress Rm	**Total Rm**
1 **Property, plant and equipment** (continued)							
Accumulated depreciation and impairment							
Balance at 30 June 2005 as previously reported	15	1 973	32 844	2 808	–	148	**37 788**
Effect of change in accounting policy	–	–	(182)	276	–	–	**94**
Restated balance at 30 June 2005	15	1 973	32 662	3 084	–	148	**37 882**
Acquisition of businesses	–	–	38	–	–	–	**38**
Current year charge	–	205	2 949	711	–	–	**3 865**
continuing operations	–	101	2 313	711	–	–	**3 125**
discontinued operations	–	104	636	–	–	–	**740**
Impairment of assets	87	29	781	–	–	26	**923**
continuing operations	–	7	104	–	–	8	**119**
discontinued operations	87	22	677	–	–	18	**804**
Fair value write-down of discontinued operations	197	306	2 171	–	–	178	**2 852**
Reversal of impairment (continuing operations)	–	–	–	–	–	(140)	**(140)**
Transfer to intangible assets	–	–	(4)	–	–	–	**(4)**
Transfer to disposal groups held for sale	(301)	(1 877)	(15 069)	–	–	(200)	**(17 447)**
Translation of foreign operations	2	191	1 541	15	–	1	**1 750**
Disposals and scrapping	–	(24)	(1 011)	(246)	–	(10)	**(1 291)**
Balance at 30 June 2006	**–**	**803**	**24 058**	**3 564**	**–**	**3**	**28 428**
Carrying value at 30 June 2006	**257**	**1 221**	**33 296**	**4 696**	**106**	**23 011**	**62 587**
Carrying value at 30 June 2005	595	1 519	32 723	4 472	88	17 937	57 334

* Includes amounts previously classified as coal mining assets.

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

for the year ended 30 June	**2006 Rm**	2005 Restated Rm	2004 Restated Rm
Additions to property, plant and equipment (cash flow)			
To enhance existing operations	**5 331**	5 163	3 363
current year additions	**5 505**	5 238	3 423
adjustments for non-cash items			
environmental provisions capitalised	**(135)**	–	(60)
cash flow hedge accounting	**(39)**	(75)	–
To expand operations	**7 695**	7 257	7 791
current year additions	**8 114**	7 822	7 321
adjustments for non-cash items			
environmental provisions capitalised	**–**	(42)	(17)
mineral rights received*	**(117)**	–	–
cash flow hedge accounting	**(302)**	(523)	487
Per the cash flow statement	**13 026**	12 420	11 154
continuing operations	**12 034**	11 842	10 522
discontinued operations	**992**	578	632

* During the year rights to certain mineral assets were received as part of a long-term supply arrangement.

1 Property, plant and equipment *(continued)*

As described in the chief financial officer's review 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 property, plant and equipment.

Capital expenditure

The most significant expenditure to enhance existing operations is the Synfuels component of Project Turbo amounting to R1 868 million (2005 – R2 520 million). Other projects include mining renewal, refurbishment projects and smaller waste and environment related projects.

Significant projects to expand operations include:

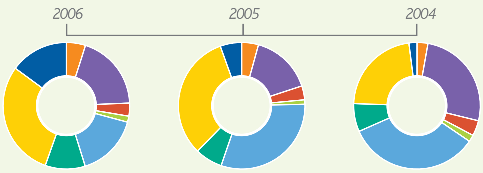
for the year ended 30 June		**2006** **Rm**	2005 Restated Rm	2004 Restated Rm
Project	**Business unit**			
Project Turbo	Polymers	**2 608**	3 321	936
Arya Sasol Polymers (Iran)	Polymers	**1 590**	945	295
ORYX GTL and Escravos GTL	Synfuels International	**1 734**	1 245	1 235
2nd and 3rd Octene trains	Solvents	**714**	288	519
Sasol Oil distribution network	Oil	**191**	294	114
Mozambique natural gas project	Gas and Petroleum International	**38**	244	2 077
Clean Fuels project	Natref	**–**	215	–
Acrylic acid and acrylates	Solvents	**–**	–	740
Other smaller projects	Various	**820**	705	1 875
		7 695	7 257	7 791

Additional disclosures			
Leased assets			
Carrying value of capitalised leased assets	**737**	661	704
cost	**1 010**		
accumulated depreciation	**(273)**		
Finance lease additions included in additions above	**168**	288	136
Replacement information			
Estimated replacement cost of property, plant and equipment	**216 222**	225 166	222 667
Cost of assets not replaceable	**2 127**	2 127	2 285
Cost price of fully depreciated assets still in use	**5 348**	8 183	7 981
Carrying value of assets pledged as security for liabilities	**12 634**	9 229	14 435
Depreciation rates			
Buildings and improvements	**2 – 5%**		
Plant	**4 – 25%**		
Equipment	**10 – 33%**		
Vehicles	**20 – 33%**		
Mineral assets	**Life of related reserve base**		

Exploration assets and capital work-in-progress are not depreciated as these assets are not yet available for use.

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. These depreciation rates represent management's current best estimate of the useful lives of the assets.

at 30 June	2006 Rm	2005 Restated Rm	2004 Restated Rm
1 Property, plant and equipment (continued)			
Capital commitments			
Capital commitments include all projects for which specific board approval has been obtained up to balance sheet date. Projects still under investigation for which specific board approvals have not yet been obtained are excluded from the following.			
Authorised and contracted for	**27 953**	26 594	18 102
Authorised but not yet contracted for	**6 284**	7 720	14 381
Less expenditure to the end of the year	**(20 433)**	(15 201)	(7 792)
	13 804	19 113	24 691
Comprising			
Subsidiary companies	**8 552**	10 659	16 230
Proportionate share of joint ventures	**5 252**	8 454	8 461
	13 804	19 113	24 691
Estimated expenditure			
Within one year	**8 724**	14 456	14 826
One to two years	**3 506**	2 976	6 910
Two to three years	**1 400**	1 420	1 936
Three to four years	**67**	225	818
Four to five years	**63**	2	165
More than five years	**44**	34	36
	13 804	19 113	24 691
Business segmentation			
Mining	**676**	798	685
Synfuels	**2 682**	2 909	6 369
Oil	**459**	661	961
Gas	**212**	209	424
Polymers	**2 210**	5 696	8 294
Solvents	**1 411**	1 304	1 754
Synfuels International	**4 095**	5 990	5 482
Other businesses	**2 059**	1 018	501
Continuing operations	**13 804**	18 585	24 470
Discontinued operations – Sasol Olefins & Surfactants	**762**	528	221
Total operations	**14 566**	19 113	24 691



at 30 June		2006 Rm	2005 Rm
Significant commitments include:			
Project	**Business unit**		
Escravos GTL[1]	Synfuels International	**3 574**	4 937
ORYX GTL	Synfuels International	**471**	1 063
3rd octene train	Solvents	**1 209**	1 132
Arya Sasol Polymers	Polymers	**1 190**	2 457
Project Turbo	Polymers	**913**	3 152
Mozambique development	SPI	**1 229**	–
Sulphuric acid plant	Synfuels	**608**	–
Process automation and control	Synfuels	**240**	–
Project Turbo	Synfuels	**236**	1 900
Replacement of Honeywell infrastructure	Synfuels	**163**	–
Other smaller projects	Various	**3 971**	4 472
		13 804	19 113

1. Sasol provides risk-based financing for 50% of the capital expenditure on the EGTL joint venture. The project cost is under review. Sasol's portion is not expected to exceed US$ 1,45 billion. Due to concurrent increases in commodity values, this development is not expected to materially affect the returns of this project.

Funding

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

for the year ended 30 June		**2006 Rm**	2005 Rm	2004 Rm
2 Goodwill (and negative goodwill)				
Goodwill				
Balance at beginning of year		**509**	221	222
Acquisition of businesses	47	**6**	–	147
Fair value adjustments	47	**–**	(15)	–
Reclassification of negative goodwill		**–**	481	–
Current period charge		**–**	–	(21)
Impairment	35	**(8)**	(213)	(70)
continuing operations		**(4)**	(4)	(70)
discontinued operations		**(4)**	(209)	–
Fair value write-down of discontinued operations	9	**(289)**	–	–
Translation of foreign operations	39	**48**	31	(37)
Disposal of businesses	48	–	4	(20)
Carrying value at end of year		**266**	509	221
Business segmentation				
Solvents		**165**	149	131
Wax		**83**	72	68
Oil		**18**	18	–
Other		–	–	22
Continuing operations		**266**	239	221
Discontinued operations – Sasol Olefins & Surfactants		**–**	270	–
Total operations		**266**	509	221
Negative goodwill				
Balance at beginning of year			(129)	(536)
Reclassification of negative goodwill			(481)	–
Amount written off against accumulated earnings			610	–
Current period charge			–	225
continuing operations			–	63
discontinued operations			–	162
Impairment	35		–	87
continuing operations			–	52
discontinued operations			–	35
Translation of foreign operations	39		–	53
Disposal of businesses	48		–	42
Carrying value at end of year			–	(129)
Business segmentation				
Solvents			–	(129)
Goodwill (and negative goodwill) per the balance sheet		**266**	509	92

With effect from 1 July 2004, goodwill is no longer amortised but subject to an annual impairment test. Any negative goodwill existing at that date was written off to accumulated earnings in the changes in equity statement.

for the year ended 30 June	Note	**2006 Rm**	2005 Restated Rm	2004 Restated Rm
3 Intangible assets				
Cost				
Balance at beginning of year as previously reported		**3 459**	3 362	2 820
Effect of change in accounting policy	54	**(878)**	(918)	(996)
Restated balance at beginning of year		**2 581**	2 444	1 824
Acquisition of businesses	47	**–**	–	566
Additions				
to enhance existing operations		**408**	72	156
to expand operations		**20**	34	108
Net transfer (to)/from property, plant and equipment	1	**(4)**	34	10
Transfer to disposal groups held for sale	9	**(890)**	–	–
Translation of foreign operations	39	**155**	48	(98)
Disposal of businesses	48	**–**	(5)	(16)
Disposals and scrapping		**(23)**	(46)	(106)
Balance at end of year		**2 247**	2 581	2 444
Comprising				
Software		**1 304**	1 285	1 237
Patents and trademarks		**120**	533	499
Emission rights		**60**	–	–
Capital work in progress		**59**	63	52
Other intangible assets		**704**	700	656
		2 247	2 581	2 444
Accumulated amortisation and impairment				
Balance at beginning of year as previously reported		**1 559**	1 126	769
Effect of change in accounting policy	54	**(94)**	(14)	(29)
Restated balance at beginning of year		**1 465**	1 112	740
Current year charge		**303**	338	488
continuing operations	29	**274**	311	442
discontinued operations		**29**	27	46
Impairment of assets	35	**136**	13	13
continuing operations		**32**	13	13
discontinued operations		**104**	–	–
Fair value write-down of discontinued operations	9	**55**	–	–
Net transfer from property, plant and equipment	1	**4**	23	2
Transfer to disposal groups held for sale	9	**(593)**	–	–
Translation of foreign operations	39	**64**	25	(54)
Disposal of businesses	48	**–**	–	(10)
Disposals and scrapping		**(21)**	(46)	(67)
Balance at end of year		**1 413**	1 465	1 112
Comprising				
Software		**992**	843	676
Patents and trademarks		**71**	385	340
Emission rights		**18**	–	–
Other intangible assets		**332**	237	96
		1 413	1 465	1 112
Carrying value				
Software		**312**	442	561
Patents and trademarks		**49**	148	159
Emission rights		**42**	–	–
Capital work in progress		**59**	63	52
Other intangible assets		**372**	463	560
		834	1 116	1 332

3 *Intangible assets* (continued)

Impairment of intangible assets

The impairment of intangible assets to the value of R136 million during the year relates mainly to the decrease in the market price of emission rights compared to the price at which they were originally issued.

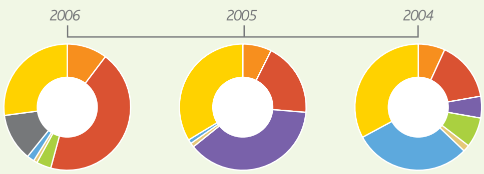
The recoverable amount of the emission rights reviewed for impairment is determined based on the current market value as listed on an international exchange.

2006	Software Rm	Patents and trademarks Rm	Capitalised exploration Rm	Emission rights Rm	Capital work in progress Rm	Other intangible assets Rm	Total Rm
Cost							
Balance at 30 June 2005							
as previously reported	1 285	533	878	–	63	700	**3 459**
Effect of change in accounting policy	–	–	(878)	–	–	–	**(878)**
Restated balance at 30 June 2005	1 285	533	–	–	63	700	**2 581**
Additions	23	4		305	96	–	**428**
to enhance existing operations	10	4		305	89	–	**408**
to expand operations	13	–		–	7	–	**20**
Transfer to property, plant and equipment	(9)	(1)		–	(10)	–	**(20)**
Transfer from property, plant and equipment	15	–		–	1	–	**16**
Work in progress capitalised	67	16		–	(83)	–	**–**
Transfer to disposal groups held for sale	(89)	(492)		(298)	(8)	(3)	**(890)**
Translation of foreign operations	17	64		53	–	21	**155**
Disposals and scrapping	(5)	(4)		–	–	(14)	**(23)**
Balance at 30 June 2006	**1 304**	**120**		**60**	**59**	**704**	**2 247**
Accumulated amortisation and impairment							
Balance at 30 June 2005							
as previously reported	843	385	94	–	–	237	**1 559**
Effect of change in accounting policy	–	–	(94)	–	–	–	**(94)**
Restated balance at 30 June 2005	843	385	–	–	–	237	**1 465**
Current year charge	187	25		–	–	91	**303**
continuing operations	173	10		–	–	91	**274**
discontinued operations	14	15		–	–	–	**29**
Impairment of assets	1	20		101	–	14	**136**
continuing operations	–	–		18	–	14	**32**
discontinued operations	1	20		83	–	–	**104**
Fair value write-down	–	55		–	–	–	**55**
Transfer from property, plant and equipment	4	–		–	–	–	**4**
Transfer to disposal groups held for sale	(48)	(462)		(83)	–	–	**(593)**
Translation of foreign operations	10	49		–	–	5	**64**
Disposals and scrapping	(5)	(1)		–	–	(15)	**(21)**
Balance at 30 June 2006	**992**	**71**		**18**	**–**	**332**	**1 413**
Carrying value at 30 June 2006	**312**	**49**		**42**	**59**	**372**	**834**
Carrying value at 30 June 2005	442	148		–	63	463	1 116

Other intangible assets include long-term customer contracts acquired as part of the acquisition in 2004 of Exel Petroleum to the value of R182 million (2005 – R260 million).

All intangible assets were acquired from third parties.

for the year ended 30 June	2006 Rm	2005 Restated Rm	2004 Restated Rm
3 Intangible assets (continued)			
Additions to intangible assets			
To enhance existing operations	**103**	72	156
current year additions	**408**		
adjustments for non-cash item – emission rights received	**(305)**		
To expand operations	**20**	34	108
Per the cash flow statement	**123**	106	264
continuing operations	**107**	95	234
discontinued operations	**16**	11	30
Business segmentation			
Mining	**11**	7	16
Synfuels	**47**	18	36
Oil	**–**	36	13
Gas	**4**	–	18
Polymers	**1**	1	4
Solvents	**2**	1	70
Synfuels International	**13**	–	–
Other businesses	**29**	32	77
Total continuing operations	**107**	95	234
Discontinued operations – Sasol Olefins & Surfactants	**16**	11	30
Total operations	**123**	106	264
Cost price of fully amortised assets still in use	**219**	353	332
Amortisation rates			
Software	**17 – 33%**		
Patents and trademarks	**20%**		



Emission rights are not subject to amortisation and are reviewed for impairment at each reporting date.

The estimation of the useful lives of 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. These rates represent management's best estimate of the useful lives of these assets.

	2006 Rm	2005 Restated Rm	2004 Restated Rm
Estimated future aggregate amortisation per annum			
Within one year	**294**	308	494
One to two years	**143**	269	291
Two to three years	**100**	135	153
Three to four years	**66**	92	85
Four to five years	**53**	64	71
More than five years	**136**	248	238
	792	1 116	1 332
Assets not subject to amortisation (emission rights)	**42**	–	–
	834	1 116	1 332

at 30 June		2006 Rm	2005 Restated Rm	2004 Restated Rm
3	***Intangible assets*** *(continued)*			
	Capital commitments			
	Capital commitments include all projects for which specific board approval has been obtained at balance sheet date. Projects still under investigation for which specific board approvals have not yet been obtained are excluded from the following.			
	Authorised and contracted for	**107**	85	114
	Authorised but not yet contracted for	**22**	20	16
	Less expenditure to the end of the year	**(67)**	(49)	(41)
		62	56	89

These capital commitments are in respect of subsidiary companies only.

Funding

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

	for the year ended 30 June	Note	2006 Rm	2005 Rm	2004 Rm
4	***Investments in securities***				
	Long-term investments available-for-sale		**154**	203	228
	Short-term investment available-for-sale*		**72**	–	–
			226	203	228
	At cost				
	Balance at beginning of year		**203**	228	537
	Acquisition of businesses	47	**–**	–	43
	Investments purchased/(disposed of)		**–**	7	(42)
	Impairment of investments	35	**–**	(2)	(5)
	Transfer to investments in associates		**–**	(43)	(284)
	Disposal of businesses	48	**–**	(1)	–
	Translation of foreign operations	39	**23**	14	(21)
	Balance at end of year		**226**	203	228
	**With effect from 15 May 2006, sEnergy Insurance Limited suspended its underwriting activities and is currently in the process of discharging its liabilities and settling all claims in full. The company will be liquidated. It is expected that Sasol's initial investment in the company will be repaid within the next year, once this process has been completed.*				
	Investments held-to-maturity		**240**	194	144
	At amortised cost				
	Balance at beginning of year		**194**	144	153
	Investments purchased		**62**	96	13
	Investments sold		**(16)**	(46)	(22)
	Balance at end of year		**240**	194	144
	Investments in securities per balance sheet		**466**	397	372
	short-term portion		**72**	–	–
	long-term portion		**394**	397	372

Fair value of investments

The fair value of debt securities is determined using a discounted cash flow method. It is not practical to determine the fair value of unlisted equity investments. These investments are carried at their original cost in the balance sheet. The fair values of publicly traded instruments are estimated based on quoted market prices for those or similar investments.

	2006 carrying value Rm	2006 fair value Rm
4 Investments in securities (continued)		
Investments in securities		
impractical to estimate fair value	**226**	
practical to estimate fair value	**240**	**240**

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

At 30 June 2006, the group's investments in unlisted shares and their carrying values were:

Name	Country of incorporation	Nature of business	Interest %	2006 Rm	2005 Rm	2004 Rm
Long-term fixed deposits	South Africa	Investment*		**240**	194	144
Investments available-for-sale				**226**	203	228
Aetylen Rohrleitungsgesellschaft mbH & Co KG	Germany	Pipeline business	**17**	**139**	122	115
sEnergy Insurance Limited	Bermuda	Insurance	**6**	**72**	67	63
Euro Pipeline Development Company BV	The Netherlands	Pipeline business	**13**	**9**	8	–
Other			**–**	**6**	6	50
				466	397	372

Except for the investment in sEnergy Insurance Limited, the unlisted investments represent strategic investments of the group and are long-term in nature.

* The long-term fixed deposits are restricted in use as they are held in a separate trust to be used exclusively for rehabilitation purposes at Sasol Mining.

at 30 June	Note	2006 Rm	2005 Rm	2004 Rm
5 Investments in associates				
Investments at cost		**314**	323	248
Loans to associates		**–**	15	96
Share of post-acquisition reserves		**322**	270	127
		636	608	471
Estimated fair value of investments in associates		**1 087**	1 008	475
Dividends received from associates	44	**115**	20	41
Key financial information of associates				
Total assets		**6 276**	5 654	
Total liabilities		**3 118**	2 849	
Total turnover		**4 607**	4 719	
Total operating profit		**1 180**	1 782	
Total net income		**1 018**	1 421	

5 Investments in associates (continued)

At 30 June 2006, the group's associates, interest in those associates and the total carrying value were:

Name	Country of incorporation	Nature of business	Interest %	Carrying value 2006 Rm	Carrying value 2005 Rm
Optimal Olefins Malaysia Sdn Bhd	Malaysia	Ethane and propane gas cracker	**12**	**424**	388
Wesco China Ltd	Hong Kong	Trading and distribution of plastics raw materials	**40**	**99**	82
Paramelt RMC BV	The Netherlands	Speciality wax blender	**31**	**106**	81
LUX International Corporation USA*	United States of America	Production of waxes	**50**	**–**	31
Other			**–**	**7**	26
				636	608

* As described in the directors' report, with effect from January 2006, LUX International Corporation USA has been consolidated.

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

at 30 June	Note	2006 Rm	2005 Rm	2004 Rm
6 Post-retirement benefit assets				
Post-retirement benefit assets		**80**	303	242
Short-term portion	12	**–**	(3)	(3)
		80	300	239

For further details of post-retirement benefit assets, refer note 17.

at 30 June	Note	2006 Rm	2005 Rm	2004 Rm
7 Long-term receivables				
Total long-term receivables		**1 046**	1 168	1 152
Short-term portion	12	**(34)**	(77)	(253)
		1 012	1 091	899
Comprising				
Long-term joint venture receivables		**138**	105	112
Long-term interest-bearing loans		**221**	256	252
Long-term interest-free loans		**653**	730	535
		1 012	1 091	899
Maturity profile				
Within one year		**34**	77	253
One to two years		**63**	319	265
Two to three years		**34**	35	41
Three to four years		**37**	38	34
Four to five years		**9**	36	36
More than five years		**869**	663	523
		1 046	1 168	1 152

Fair value of long-term receivables

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

The interest-free loans relate primarily to the amount due from a partner in the construction of the Escravos GTL joint venture and are considered fully recoverable.

for the year ended 30 June	**2006 Rm**	2005 Rm	2004 Rm
8 Long-term financial assets			
Cross currency swaps	**200**		
Interest rate derivatives	**48**		
Commodity derivatives	**3**		
Arising on long-term financial instruments	**251**	10	7

Long-term financial assets include the revaluation of in-the-money long-term derivative instruments, refer pages 131 to 135.

Fair value of derivatives

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

Cross currency swaps

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

Interest rate and oil commodity derivatives

The fair value of interest rate and commodity derivatives were determined by reference to quoted market prices for similar instruments.

current assets

at 30 June	Note	2006 Rm	2005 Rm	2004 Rm
Investments in securities	4	72	–	–
Assets held for sale	9	12 115	41	–
Inventories	10	8 003	9 995	8 292
Trade receivables	11	7 432	8 668	7 551
Other receivables and prepaid expenses (restated)	12	4 563	3 702	3 408
Short-term financial assets	13	180	178	25
Cash restricted for use	14	584	1 002	527
Cash	14	3 102	2 509	2 063
		36 051	26 095	21 866

at 30 June	2006 Rm	2005 Rm
9 Disposal groups held for sale		
Assets held for sale		
Sasol Olefins & Surfactants	11 884	–
DPI Holdings (Pty) Limited	192	–
Investment in associate (FFS Refiners (Pty) Limited)	39	41
	12 115	41
Liabilities in disposal groups held for sale		
Sasol Olefins & Surfactants	(5 314)	–
DPI Holdings (Pty) Limited	(165)	–
	(5 479)	–

9.1 Discontinued operations – Sasol Olefins & Surfactants

In 2003, Sasol determined that it would continue to grow its chemical business conditional upon projects leveraging its technology or securing integrated and highly cost-competitive feedstock positions. The Sasol Olefins & Surfactants (O&S) business is only partially integrated upstream into feedstocks and has not adequately provided the integration benefits required. On 1 August 2005, Sasol announced that it was considering the divestment from Sasol O&S excluding its activities in South Africa.

A rigorous process was followed by management to prepare the business for sale and, based on the progress achieved to 30 June 2006, management expects that the sale of the business will be completed before the end of the next financial year. An information memorandum was released during May 2006 and indicative bids received during June 2006.

The bids received on 31 August 2006 confirmed the valuation performed by management and the business was accordingly written down to its fair value less costs to sell.

at 30 June	2006 Rm
The Sasol O&S disposal group includes the following assets	
Property, plant and equipment	3 242
Intangible assets	297
Investments in associates	5
Post-retirement benefit assets	226
Long-term receivables	41
Deferred tax assets	48
Inventories	3 953
Trade receivables	3 338
Other receivables and prepaid expenses	178
Short-term financial assets	9
Cash restricted for use	116
Cash	431
Assets held for sale	11 884

at 30 June	2006 Rm

9 Disposal groups held for sale *(continued)*

9.1 Discontinued operations – Sasol Olefins & Surfactants *(continued)*

The Sasol O&S disposal group includes the following liabilities

at 30 June	2006 Rm
Long-term debt	(13)
Long-term provisions	(432)
Post-retirement benefit obligations	(874)
Long-term deferred income	(48)
Deferred tax liabilities	(691)
Short-term debt	(16)
Short-term provisions	(796)
Short-term portion of deferred income	(107)
Tax payable	(17)
Trade payables	(1 990)
Other payables and accrued expenses	(277)
Bank overdraft	(53)
Liabilities in disposal groups held for sale	**(5 314)**

for the year ended 30 June	2006 Rm	2005 Rm	2004 Rm
The results of operations of Sasol O&S were as follows			
Turnover	18 545	16 742	15 152
Cost of sales	(15 501)	(13 774)	(12 297)
Other operating income	342	184	177
Operating expenses	(2 810)	(2 594)	(2 989)
Capital items	(4 143)	(572)	(20)
Operating (loss)/profit	(3 567)	(14)	32
Dividends and interest received	24	43	49
Income from associates	(1)	(1)	(1)
Borrowing costs	(115)	(160)	(207)
Loss before tax	(3 659)	(132)	(127)
Tax	299	(157)	39
Loss	(3 360)	(289)	(88)
Included in the results of Sasol O&S are the following capital items			
Impairment of assets	(912)	(522)	(54)
(Loss)/profit on disposal of assets	(14)	(34)	38
Scrapping of property, plant and equipment	(21)	(16)	(4)
Fair value write-down	(3 196)	–	–
property, plant and equipment	(2 852)		
goodwill	(289)		
intangible assets	(55)		
	(4 143)	(572)	(20)
Tax effect thereon	498	(40)	31
	(3 645)	(612)	11
The cash flows attributable to Sasol O&S were as follows			
Cash retained from operating activities	943	364	1 017
Cash utilised in investing activities	(1 000)	(576)	(672)
Cash effect of financing activities	(17)	(1 232)	(1 198)

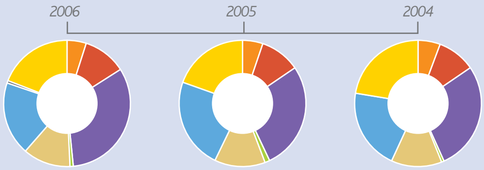
at 30 June	2006 Rm
9 Disposal groups held for sale (continued)	
9.2 DPI Holdings (Pty) Limited	
The Sasol Polymers board approved the disposal of Sasol's 50% share in DPI Holdings (Pty) Limited to Dawn Limited for a consideration of R51 million. The transaction was approved by the South African Competition Tribunal and is expected to become effective during October 2006.	
The disposal group includes the following assets and liabilities	
Property, plant and equipment	**47**
Inventories	**48**
Trade receivables	**89**
Other receivables and prepaid expenses	**3**
Cash	**5**
Assets held for sale	**192**
Long-term debt	**(17)**
Post-retirement benefit obligations	**(2)**
Short-term debt	**(29)**
Short-term provisions	**(6)**
Tax payable	**(2)**
Trade payables	**(43)**
Other payables and accrued expenses	**(39)**
Bank overdraft	**(27)**
Liabilities in disposal groups held for sale	**(165)**

9.3 Investment in associate – FFS Refiners (Pty) Limited

In the previous year, it was resolved that the group would dispose of its investment in FFS Refiners (Pty) Limited. We have continued to classify our investment as an investment held for sale as progress has been made in advancing the sale of this business and it is anticipated that the disposal of this entity will be completed within the next year. The change in value in the current year is as a result of a refund of a loan granted to this business.

at 30 June	2006 Rm	2005 Rm	2004 Rm
10 Inventories			
Carrying value			
Crude oil and other raw materials	**1 605**	2 388	1 629
Process material	**326**	387	361
Maintenance materials	**1 081**	937	913
Work in process	**212**	186	130
Manufactured products	**4 724**	6 013	5 226
Consignment inventory	**55**	84	33
	8 003	9 995	8 292
Inventories carried at net realisable value (taken into account in the carrying value of inventory above)			
Crude oil and other raw materials	**14**	32	94
Process material	**2**	1	–
Maintenance materials	**25**	3	25
Manufactured products	**668**	533	470
	709	569	589

for the year ended 30 June	Note	2006 Rm	2005 Rm	2004 Rm
10 Inventories (continued)				
Write-down of inventories to net realisable value				
Crude oil and other raw materials		**6**	2	1
Maintenance materials		**–**	5	18
Manufactured products		**124**	40	43
Income statement charge		**130**	47	62
continuing operations	29	**115**	33	60
discontinued operations		**15**	14	2
Inventory obsolescence				
(taken into account in the carrying value of inventory above)				
Balance at beginning of year		**195**	170	59
Raised during year		**71**	71	169
continuing operations	29	**40**	34	143
discontinued operations		**31**	37	26
Utilised during year		**(7)**	(6)	(9)
continuing operations	29	**(5)**	(4)	(1)
discontinued operations		**(2)**	(2)	(8)
Released during year		**(11)**	(42)	(43)
continuing operations	29	**(11)**	(42)	(43)
discontinued operations		**–**	–	–
Transfer to disposal groups held for sale		**(94)**	–	–
Translation of foreign operations		**11**	2	(6)
Acquisition of business		**6**	–	–
Balance at end of year		**171**	195	170
Business segmentation				
Mining		**393**	330	321
Synfuels		**884**	652	553
Oil		**2 598**	1 747	1 577
Gas		**67**	79	37
Polymers		**972**	821	731
Solvents		**1 510**	1 479	1 175
Synfuels International		**51**	–	–
Other businesses		**1 528**	1 241	1 268
Continuing operations		**8 003**	6 349	5 662
Discontinued operations – Sasol Olefins & Surfactants		**3 953**	3 646	2 630
Total operations		**11 956**	9 995	8 292
Inventories pledged as security over long-term debt		**–**	–	2 807
Inventories to sale of products (%)*	26	**12,8%**	12,3%	12,8%
Inventories to cost of sales and services rendered (%)*		**24,2%**	22,3%	21,4%



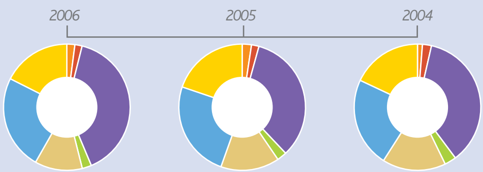
*Excluding discontinued operations

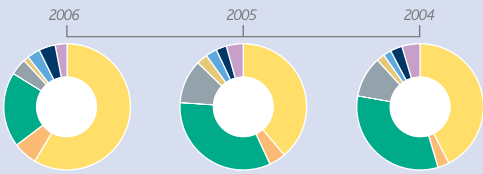
for the year ended 30 June	2006 Rm	2005 Rm	2004 Rm
11 Trade receivables			
Trade receivables	7 598	8 891	7 765
Impairment of trade receivables	(166)	(223)	(214)
	7 432	8 668	7 551
Impairment of trade receivables			
Balance at beginning of year	(223)	(214)	(156)
Raised during year	(36)	(107)	(102)
continuing operations	(35)	(106)	(91)
discontinued operations	(1)	(1)	(11)
Utilised during year	32	31	25
continuing operations	31	20	22
discontinued operations	1	11	3
Released during year	61	71	9
continuing operations	60	70	8
discontinued operations	1	1	1
Transfer to disposal groups held for sale	10	–	–
Translation of foreign operations	(5)	(4)	9
Disposal of businesses	(5)	–	1
Balance at end of year	(166)	(223)	(214)
Trade receivables to turnover (%) *	11,6%	11,2%	11,6%

*Excluding discontinued operations

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

	2006 Rm	2005 Rm	2004 Rm
Business segmentation			
Mining	152	139	66
Synfuels	137	112	120
Oil	2 958	1 976	1 894
Gas	177	146	156
Polymers	903	878	847
Solvents	1 801	1 453	1 201
Other businesses	1 304	1 160	940
Continuing operations	7 432	5 864	5 224
Discontinued operations – Sasol Olefins & Surfactants	3 338	2 804	2 327
Total operations	10 770	8 668	7 551
Geographic segmentation			
South Africa	4 347	3 362	3 209
Rest of Africa	460	372	220
Europe	1 424	2 860	2 445
North America	316	973	790
South America	101	243	155
South-East Asia and Australasia	246	251	153
Middle East and India	313	233	230
Far East	225	374	349
	7 432	8 668	7 551





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

at 30 June	Note	2006 Rm	2005 Restated Rm	2004 Restated Rm
12 Other receivables and prepaid expenses				
Employee related receivables		**22**	21	17
Capital projects related receivables		**82**	224	119
Insurance related receivables		**192**	282	177
Related party receivables		**444**	448	306
third parties		**255**	182	146
joint ventures		**189**	266	160
Other receivables		**1 127**	611	694
		1 867	1 586	1 313
Duties recoverable from customers		**1 729**	1 234	1 110
Value added tax		**797**	681	657
Prepaid expenses		**136**	121	72
		4 529	3 622	3 152
Short-term portion of				
post-retirement benefit assets	6	**–**	3	3
long-term receivables	7	**34**	77	253
		4 563	3 702	3 408

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

In determining the fair value of the financial instruments included in other receivables, the carrying value of duties recoverable from customers, value added tax, post-retirement benefit assets and prepaid expenses have been excluded.

at 30 June	2006 Rm	2005 Rm	2004 Rm
13 Short-term financial assets			
Forward exchange contracts	**141**		
Cross currency swaps	**30**		
Interest rate derivatives	**6**		
Commodity derivatives	**3**		
Arising on short-term financial instruments	**180**	178	25

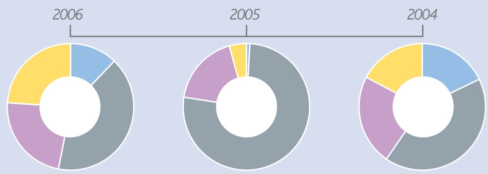
Short-term financial assets include the revaluation of in-the-money derivative instruments, refer pages 131 to 135.

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

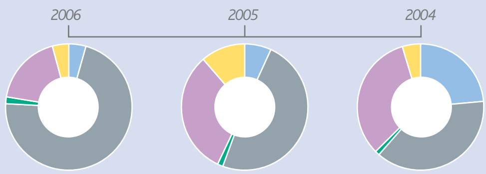
Forward exchange contracts
The fair value gains were determined by recalculating the daily forward rates for each currency using a forward rate interpolator model. The net market value of all forward exchange contracts at year end was calculated by comparing the forward exchange contracted rates to the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

Interest rate and commodity derivatives
The fair value of interest rate and commodity derivatives was determined by reference to quoted market prices for similar instruments.

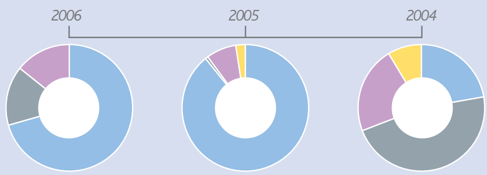
at 30 June	**2006 Rm**	2005 Restated Rm	2004 Restated Rm
14 Cash and cash equivalents			
Cash restricted for use	**584**	1 002	527
Cash	**3 102**	2 509	2 063
Bank overdraft	**(442)**	(287)	(81)
Per the cash flow statement	**3 244**	3 224	2 509
Cash restricted for use			
In joint ventures	**308**	666	116
In cell captive insurance companies	**119**	135	56
Held as collateral	**–**	119	206
In trust	**22**	55	69
Other	**135**	27	80
	584	1 002	527
Currency analysis			
Euro	**71**	9	94
US dollar	**239**	767	220
Rand	**134**	182	122
Other currencies	**140**	44	91
	584	1 002	527



	2006 Rm	2005 Restated Rm	2004 Restated Rm
Cash			
Cash on hand and in bank	**2 458**	2 127	1 567
Foreign currency accounts	**387**	35	52
Short-term deposits	**257**	347	444
	3 102	2 509	2 063
Currency analysis			
Euro	**136**	171	486
US dollar	**2 217**	1 225	781
Pound sterling	**54**	35	24
Rand	**565**	793	676
Other currencies	**130**	285	96
	3 102	2 509	2 063



	2006 Rm	2005 Restated Rm	2004 Restated Rm
Bank overdraft	**(442)**	(287)	(81)
Currency analysis			
Euro	**(312)**	(256)	(18)
US dollar	**(67)**	(2)	(38)
Rand	**(63)**	(22)	(18)
Other currencies	**–**	(7)	(7)
	(442)	(287)	(81)



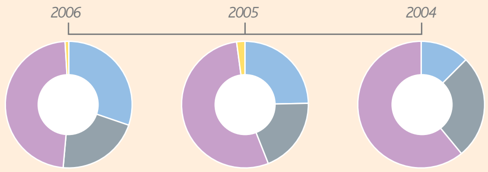
Fair value of cash and cash equivalents

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

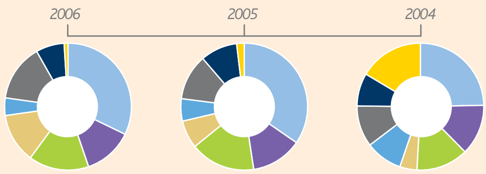
non-current liabilities

at 30 June	Note	2006 Rm	2005 Rm	2004 Rm
Long-term debt (restated)	15	**15 021**	12 845	8 982
Long-term provisions	16	**3 463**	2 954	2 362
Post-retirement benefit obligations	17	**2 461**	2 970	2 724
Long-term deferred income	18	**1 698**	763	237
Deferred tax liability	19	**6 053**	6 286	5 768
		28 696	25 818	20 073

for the year ended 30 June	Note	2006 Rm	2005 Restated Rm	2004 Restated Rm
15 Long-term debt				
Total long-term debt		**16 015**	13 846	9 537
Short-term portion	20	**(994)**	(1 001)	(555)
		15 021	12 845	8 982
Analysis of long-term debt				
Secured debt		**7 661**	5 598	4 668
Variable rate redeemable cumulative preference shares of subsidiaries		**–**	117	618
Finance leases		**750**	686	589
Unsecured debt		**7 733**	7 565	3 802
Unamortised loan costs		**(129)**	(120)	(140)
		16 015	13 846	9 537
Reconciliation				
Balance at beginning of year as previously reported		**13 966**	9 677	5 479
Effect of reclassification of comparative information	55	**(120)**	(140)	–
Restated balance at beginning of year		**13 846**	9 537	5 479
Acquisition of businesses	47	**5**	–	358
Loans raised		**2 631**	6 586	7 239
Loans repaid		**(1 326)**	(2 421)	(2 993)
Amortisation of loan costs		**51**	20	–
Effect of cash flow hedge accounting		**(63)**	(43)	5
Disposal of businesses	48	**299**	–	(33)
Transfer to disposal groups held for sale	9	**(75)**	–	–
Translation effect of foreign currency loan		**198**	–	–
Translation of foreign operations	39	**449**	167	(518)
Balance at end of year		**16 015**	13 846	9 537
Currency analysis				
Euro		**4 846**	3 415	1 189
US dollar		**3 388**	2 679	2 536
Rand		**7 631**	7 459	5 812
Other currencies		**150**	293	–
		16 015	13 846	9 537



at 30 June	2006 Rm	2005 Restated Rm	2004 Restated Rm
15 Long-term debt *(continued)*			
Interest bearing status			
Interest bearing debt	**15 715**	13 845	9 497
Non-interest bearing debt	**300**	1	40
	16 015	13 846	9 537
Maturity profile			
Within one year	**994**	1 001	555
One to two years	**3 000**	830	683
Two to three years	**1 015**	2 918	1 146
Three to four years	**3 773**	971	3 297
Four to five years	**1 005**	3 343	690
More than five years	**6 228**	4 783	3 166
	16 015	13 846	9 537
Related party long-term debt			
Third parties	**82**	109	130
Joint ventures	**92**	80	93
	174	189	223
Business segmentation			
Financing	**5 154**	4 790	2 353
Oil	**2 011**	1 800	1 233
Gas	**2 462**	2 300	1 267
Polymers	**2 024**	985	417
Solvents	**718**	790	898
Synfuels International	**2 330**	1 613	1 001
Petroleum International	**1 158**	1 302	799
Other	**158**	266	1 569
	16 015	13 846	9 537



Fair value of long-term debt

The fair value of the long-term loans 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 effective interest rate with similar cash flows. The fair value of non-current loans, borrowings and other payables with variable interest rates approximates their carrying amounts.

	2006 Rm	2005 Restated Rm	2004 Restated Rm
Long-term debt	**16 144**	13 966	9 677

In terms of Sasol Limited's Articles of Association the group's borrowing powers are limited to twice the sum of its share capital and reserves (2006 – R105 billion, 2005 – R87 billion and 2004 – R70 billion).

Terms of repayment	Security	Business	Interest rate at 30 June 2006	2006 Rm	2005 Restated Rm	2004 Restated Rm
15 Long-term debt *(continued)*						
Secured debt						
Repayable in semi-annual instalments commencing in June 2007 until December 2016	Secured by plant under construction with a book value of R3 441 million (2005 – R2 592 million)	Synfuels International (ORYX GTL)	Fixed 3,78% and Libor + 0,75%	**2 329**	1 613	1 001
Repayable in semi-annual instalments ending between June 2015 and December 2017	Secured by plant with a book value of R3 152 million (2005 – R3 409 million)	Gas (ROMPCO)	Jibar + 0,4% – 3,0%	**2 202**	2 362	1 330
Repayable in semi-annual instalments ending 2036*	Secured by capital work in progress with a book value of R3 743 million	Polymers (Arya)	Variable 6,02%	**1 734**	–	–
Repayable in semi-annual instalments ending 2015	Secured by plant and equipment with a book value of R1 721 million (2005 – R1 463 million)	Petroleum International	Jibar + 1,12% – 3,0% and Euribor + 3,0%	**1 202**	1 302	798
Repayable in equal semi-annual instalments over 6,5 years until February 2010	Secured by a guarantee from Sasol and its joint venture partners in Malaysia	Polymers (Petlin)	Libor	**102**	128	151
Repayable in equal semi-annual instalments ending 31 March 2008	Secured by a mortgage over foreign plant with a book value of R112 million (2005 – R106 million)	Wax International	4,25% – 5,0%	**37**	50	63
Repayable in quarterly instalments ending June 2009	Secured by trade receivables with a book value of R26 million (2005 – R25 million)	Gas (Spring Lights)	Jibar + 2,4%	**28**	55	75
Repayable in March 2014	Secured by the shares in the company borrowing the funds	Oil (Petromoc)	Fixed 8,32%	**13**	13	–
Repayable semi-annually ending June 2006†	Secured by property, plant and equipment of R190 million (2005 – R167 million)	Sasol O&S (Italy)	Fixed 6,0%	**–**	18	28
Other secured debt		various	various	**14**	18	–
Settled during the financial year		Sasol O&S		**–**	39	1 222
				7 661	5 598	4 668
Variable rate redeemable cumulative preference shares of subsidiary						
Repaid in full by December 2005	Secured in terms of a put option against the shareholders of National Petroleum Refiners of South Africa (Pty) Limited	Oil	6,8% – 8,8%	**–**	117	618
				–	117	618

* During 2006, the financing of Arya Sasol Polymer Company was converted to secured debt.
† Transferred to liabilities in disposal groups held for sale in 2006.

Terms of repayment	Security	Business	Interest rate at 30 June 2006	2006 Rm	2005 Restated Rm	2004 Restated Rm
15 Long-term debt (continued)						
Finance leases						
Repayable in monthly instalments over 20 to 30 years ending 2035	Secured by plant and equipment with a book value of R687 million (2005 – R590 million)	Oil	Variable 8,0% – 16,0%	**687**	590	366
Half yearly payments until April 2009	Secured by buildings with a book value of R17 million.	Polymers	Fixed 20,8%	**39**	–	–
Other smaller finance leases	Underlying assets			**24**	96	223
				750	686	589
Total secured debt				**8 411**	6 401	5 875

Terms of repayment	Business	Interest rate at 30 June 2006	2006 Rm	2005 Restated Rm	2004 Restated Rm
Unsecured debt					
Repayable on maturity in June 2010	Financing	Fixed 3,375%	**2 750**	2 407	–
Repayable in August 2007	Financing	Fixed 10,5%	**2 000**	1 993	1 989
Repayable in semi-annual instalments ending December 2013	Solvents (Acrylates)	Fixed 7,34% – 8,35%	**709**	758	792
Repayable in semi-annual instalments ending December 2015	Oil	Variable 8,0% – 8,9%	**777**	603	165
Repayable in June 2013	Financing	Libor + 0,13%	**419**	390	363
Loan from iGas (minority shareholder) in Republic of Mozambique Pipeline Investments Company (Pty) Limited. No fixed repayment terms.	Gas (Rompco)	–	**300**	–	–
Repayable in semi-annual instalments ending January 2014	Oil	Fixed 11,55%	**272**	262	–
Repayable in May 2008	Oil	Namibian prime rate	**146**	146	–
Repayment terms not specified	Oil	Fixed 8%	**79**	63	63
Repayable in semi-annual instalments ending June 2010	Polymers (Arya)	Variable 6,52%	**61**	–	–
Bankers acceptance with instalments every 180 days	Polymers (Petlin)	2,8% – 4,3%	**58**	133	124
Repayable in annual instalments ending March 2009	Polymers (Petlin)	Variable 5,58%	**31**	–	–
Purchase consideration repayable in 4 equal annual amounts until December 2006	Wax	Variable 2,2%	**19**	37	54
Repayable December 2011	Mining	Variable 8,74%	**19**	28	32
Repayable in May 2015*	Polymers (Arya)	2,6%	**–**	600	–
Other	various	various	**93**	145	220
Total unsecured debt			**7 733**	7 565	3 802
Total long-term debt			**16 144**	13 966	9 677
Unamortised loan costs (amortised over period of loan using effective interest rate method)			**(129)**	(120)	(140)
			16 015	13 846	9 537
Repayable within one year included in short-term debt			**(994)**	(1 001)	(555)
			15 021	12 845	8 982

* During 2006, the financing of Arya Sasol Polymer Company was converted to secured debt.

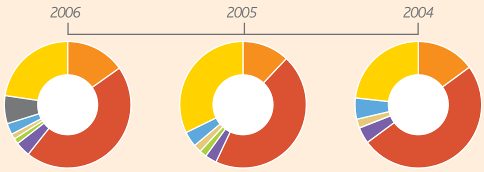
at 30 June 2006	Expiry date	Currency	Rand equivalent Rm	Utilisation Rm
15 Long-term debt (continued)				
Banking facilities and debt arrangements				
Sasol Financing				
Uncommitted facilities				
Commercial banking facilities	Various (short-term)	Rand	12 880	1 106
Commercial paper programme	None	Rand	6 000	–
Committed facility				
Revolving credit facility (syndicated)	May 2008	Euro	1 834	–
Debt arrangements				
RSA Bond	August 2007	Rand	2 000	2 000
Japan Bank for International Co-operation	June 2013	US dollar	419	419
Sasol Financing International				
Uncommitted facilities				
Commercial banking facilities	Various (short-term)	Euro	151	–
Committed facility				
Revolving credit facility	May 2008	Euro	1 834	487
Debt arrangement				
Eurobond	June 2010	Euro	2 750	2 750
Other Sasol businesses				
Asset based finance				
Republic of Mozambique Pipeline Investments Company (Pty) Limited	December 2015	Rand	2 502	2 502
ORYX GTL Limited (QSC)	December 2015	US dollar	2 459	2 329
Sasol Petroleum Temane Limitada	June 2015	Euro and Rand	1 202	1 202
Debt arrangements				
Arya Sasol Polymer Company	May 2015	Euro	1 911	1 795
National Petroleum Refiners of South Africa (Pty) Limited	Various	Rand	1 230	1 078
Sasol Dia Acrylates (South Africa) (Pty) Limited	August 2006	US dollar and Rand	1 179	712
Property finance leases				
Sasol Oil	Various	Rand	687	687
Other banking facilities and debt arrangements	Various	Various	1 330	1 117
			40 368	18 184
Comprising				
Long-term debt				16 015
Short-term debt				1 727
Bank overdraft				442
				18 184

Financial covenants

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

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

for the year ended 30 June	Note	2006 Rm	2005 Rm	2004 Rm
16 Long-term provisions				
Balance at beginning of year		**3 414**	3 017	2 954
Disposal of businesses	48	**–**	–	(17)
Capitalised in property, plant and equipment	1	**252**	42	77
Operating income charge		**970**	567	351
increase for year		**650**	910	335
reversal of unutilised amounts		**(143)**	(582)	(112)
effect of change in discount rate		**205**	92	(137)
movement relating to discontinued operations		**258**	147	265
Notional interest		**264**	177	160
continuing operations		**257**	172	168
discontinued operations		**7**	5	(8)
Utilised during year (cash flow)		**(288)**	(461)	(359)
continuing operations		**(145)**	(222)	(125)
discontinued operations		**(143)**	(239)	(234)
Transfer to disposal groups held for sale		**(836)**	–	–
Translation of foreign operations	39	**153**	72	(149)
Balance at end of year		**3 929**	3 414	3 017
Less short-term portion		**(466)**	(460)	(655)
Long-term provisions		**3 463**	2 954	2 362
Comprising				
Environmental		**3 184**	2 634	2 401
Other		**745**	780	616
provision against guarantees		**351**		
long-term insurance obligation		**172**		
long-term supply obligation		**135**		
other		**87**		
		3 929	3 414	3 017
Business segmentation				
Mining		**526**	307	284
Synfuels		**1 576**	1 151	951
Oil		**132**	76	79
Gas		**49**	47	1
Polymers		**47**	52	43
Solvents		**100**	100	103
Synfuels International		**248**	–	–
Other businesses		**785**	824	443
Continuing operations		**3 463**	2 557	1 904
Discontinued operations – Sasol Olefins & Surfactants		**432**	397	458
Total operations		**3 895**	2 954	2 362



at 30 June	2006 Rm	2005 Rm	2004 Rm
16 Long-term provisions (continued)			
Expected timing of future cash-flows			
Within one year	**466**	460	655
One to two years	**399**	295	448
Two to three years	**180**	243	173
Three to four years	**160**	131	170
Four to five years	**288**	353	98
More than five years	**2 436**	1 932	1 473
	3 929	3 414	3 017
Estimated undiscounted obligation	**13 510**	14 735	

Representing the estimated actual cash flows in the period in which the obligation is settled.

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

The environmental obligation includes estimated costs for the rehabilitation of coal mining, gas and petrochemical sites. The amount provided is calculated based on currently available facts and applicable legislation. It is envisaged that, based on the current information available, any additional liability in excess of the amounts provided will not have a material adverse effect on the group's financial position, liquidity or cash flow.

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.

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

at 30 June	2006 Rm
Increase in the discount rate	**(426)**
Decrease in the discount rate	**523**

for the year ended 30 June	2006 Environmental Rm	2006 Other Rm	2006 Total Rm
Balance at beginning of year	**2 634**	**780**	**3 414**
Capitalised in property, plant and equipment	**135**	**117**	**252**
Operating income charge	**462**	**508**	**970**
increase for year	**234**	**416**	**650**
reversal of unutilised amounts	**(39)**	**(104)**	**(143)**
effect of change in discount rate	**205**	**–**	**205**
movement relating to discontinued operations	**62**	**196**	**258**
Notional interest	**230**	**34**	**264**
continuing operations	**223**	**34**	**257**
discontinued operations	**7**	**–**	**7**
Utilised during year (cash flow)	**(113)**	**(175)**	**(288)**
continuing operations	**(93)**	**(52)**	**(145)**
discontinued operations	**(20)**	**(123)**	**(143)**
Transfer to disposal groups held for sale	**(218)**	**(618)**	**(836)**
Translation of foreign operations	**54**	**99**	**153**
Balance at end of year	**3 184**	**745**	**3 929**

at 30 June	Note	**2006 Rm**	2005 Rm	2004 Rm
17 Post-retirement benefit obligations				
Post-retirement healthcare benefits	17.1	**1 616**	1 772	1 613
Pension benefits	17.2	**850**	1 239	1 148
Total post-retirement benefit obligations		**2 466**	3 011	2 761
Less short-term portion				
post-retirement healthcare benefits	22	**–**	(31)	(22)
pension benefits	22	**(5)**	(10)	(15)
		2 461	2 970	2 724

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

17.1 Post-retirement healthcare benefits

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

South Africa

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

North America

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

	South Africa	**North America**
Last actuarial valuation	31 March 2006	30 June 2006
Full/interim valuation	Full	Full
Valuation method adopted	Projected unit credit	Projected unit credit

Principal actuarial assumptions

Weighted average assumptions used in performing actuarial valuation

	South Africa		**North America**	
at 30 June	**2006 %**	2005 %	**2006 %**	2005 %
Healthcare cost inflation				
Initial	**6,5**	6,5	**8,0**	9,0
Ultimate	**6,5**	6,5	**5,5**	5,5
Discount rate	**8,0**	8,5	**6,0**	5,3

17 Post-retirement benefit obligations *(continued)*

17.1 Post-retirement healthcare benefits *(continued)*

Reconciliation of projected benefit obligation to the amount recognised in the balance sheet

	South Africa		North America		Total	
at 30 June	2006 Rm	2005 Rm	2006 Rm	2005 Rm	2006 Rm	2005 Rm
Projected benefit obligation	1 728	1 387	–	415	1 728	1 802
Unrecognised prior service cost	–	–	–	17	–	17
Unrecognised actuarial (gains)/losses	(112)	100	–	(147)	(112)	(47)
Total post-retirement healthcare obligation	1 616	1 487	–	285	1 616	1 772
Less short-term portion	–	–	–	(31)	–	(31)
Non-current post-retirement healthcare obligation	1 616	1 487	–	254	1 616	1 741

Reconciliation of the total post-retirement heathcare obligation recognised in the balance sheet

	South Africa		North America		Total	
for the year ended 30 June	2006 Rm	2005 Rm	2006 Rm	2005 Rm	2006 Rm	2005 Rm
Total post-retirement healthcare obligation at beginning of year	1 487	1 344	285	269	1 772	1 613
Service cost	47	50	5	3	52	53
Interest cost	116	128	18	22	134	150
Recognised net actuarial loss	–	–	7	6	7	6
Past service cost recognised	–	–	(5)	(5)	(5)	(5)
Benefits paid	(34)	(35)	(23)	(29)	(57)	(64)
Translation of foreign operations	–	–	16	19	16	19
Curtailments and settlements	–	–	(53)	–	(53)	–
Transfer to disposal groups held for sale	–	–	(250)	–	(250)	–
Total post-retirement healthcare obligation at end of year	1 616	1 487	–	285	1 616	1 772

Reconciliation of projected benefit obligation

	South Africa		North America		Total	
for the year ended 30 June	2006 Rm	2005 Rm	2006 Rm	2005 Rm	2006 Rm	2005 Rm
Projected benefit obligations at beginning of year	1 387	1 443	415	349	1 802	1 792
Service cost	47	50	5	3	52	53
Interest cost	116	128	18	22	134	150
Actuarial losses/(gains)	212	(199)	(22)	42	190	(157)
Benefits paid	(34)	(35)	(23)	(29)	(57)	(64)
Translation of foreign operations	–	–	19	28	19	28
Curtailments and settlements[1]	–	–	(80)	–	(80)	–
Plan amendments	–	–	3	–	3	–
Transfer to disposal groups held for sale	–	–	(335)	–	(335)	–
Projected benefit obligation at end of year	1 728	1 387	–	415	1 728	1 802

[1] Included in the amount for curtailments and settlements is R25 million in respect of the recognition of a pro-rata portion of the unrecognised actuarial losses/(gains).

The post-retirement healthcare benefit is calculated, using the projected unit credit method, as the present value of the expected future contributions required to be made in respect of eligible employees once they have retired. Had this liability been calculated on the basis of the expected future benefits to be provided to the eligible employees, the projected benefit obligations would have increased by R1 138 million (2005 – R1 002 million).

17 Post-retirement benefit obligations (continued)

17.1 Post-retirement healthcare benefits (continued)

Net post-retirement healthcare costs recognised in the income statement

	South Africa		North America		Total	
for the year ended 30 June	**2006 Rm**	2005 Rm	**2006 Rm**	2005 Rm	**2006 Rm**	2005 Rm
Service cost	**47**	50	**5**	3	**52**	53
Interest cost	**116**	128	**18**	22	**134**	150
Recognised net actuarial loss	**–**	–	**7**	6	**7**	6
Past service cost	**–**	–	**(5)**	(5)	**(5)**	(5)
Curtailments and settlements	**–**	–	**(53)**	–	**(53)**	–
Net periodic benefit cost	**163**	178	**(28)**	26	**135**	204
continuing operations	**163**	178	**–**	–	**163**	178
discontinued operations	**–**	–	**(28)**	26	**(28)**	26

Expected employer benefit payments

at 30 June 2006	South Africa Rm
Within one year	**36**
One to two years	**41**
Two to three years	**46**
Three to four years	**52**
Four to five years	**60**
More than five years	**448**
	683

17.2 Pension benefits

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

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

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

South African operations

Background

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

The assets of the fund are held separately from those of the company in a trustee administered fund, registered in terms of the South African Pension Funds Act, 1956. Included in the fund assets are 2 369 708 Sasol Limited shares valued at R652 million at year end (2005 – 2 369 708 shares at R428 million) purchased under terms of an approved investment strategy.

Contributions

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

The prepayment of R78 million (2005 – R78 million) in the balance sheet represents the accumulated excess of the actual contributions paid to the pension fund in excess of the accumulated pension liability.

17 Post-retirement benefit obligations *(continued)*

17.2 Pension benefits *(continued)*

Limitation of asset recognition

In December 2001 the Pension Funds Second Amendment Act was promulgated. The Act generally provides for the payment of enhanced benefits to former members and minimum pension increases for pensioners, and the apportionment of any actuarial surplus existing in the Fund, at the apportionment date, in an equitable manner between existing members including pensioners, former members and the employer in such proportions as the trustees of the fund shall determine.

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

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 plans' administrators of these plans offering defined benefits is not sufficient to permit the company to determine its share, if any, of any unfunded vested benefits.

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

Defined contribution plans

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

Contributions, for the defined contributions section, are paid by the members and Sasol at fixed rates. Contributions to the defined contribution fund for the year ended 30 June 2006 amounted to R507 million (2005 – R460 million).

Foreign operations

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

Pension fund assets

The assets of the pension funds are invested as follows

	South Africa		North America	
at 30 June	**2006 %**	2005 %	**2006 %**	2005 %
Equities				
local	**60**	61	**50**	57
foreign	**8**	7	**16**	8
Fixed interest	**11**	8	**30**	30
Property	**15**	16	**–**	–
Other	**6**	8	**4**	5
Total	**100**	100	**100**	100

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. The precise amount for which these obligations will be settled depends on future events, including the life expectancy of the plan's members and salary inflation. The obligations are estimated using actuarial assumptions, based on the current economic environment.

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

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

17 Post-retirement benefit obligations *(continued)*

17.2 Pension benefits *(continued)*

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

	South Africa[1]		North America	
Asset classes	Minimum	Maximum	Minimum	Maximum
Equities				
local	52%	60%	50%	75%
foreign	–	15%	–	20%
Fixed interest	12%	15%	20%	40%
Property	10%	20%	–	–
Other	–	8%	–	10%

1 Members of the defined contribution scheme have a choice of three 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 under these investment portfolios are R13 million, R14 153 million and R155 million for the low, moderate balanced and aggressive portfolios respectively. Defined benefit members' funds are invested in the moderate balanced portfolio.

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.

	South Africa	North America	Europe
Last actuarial valuation	31 March 2006	30 June 2006	30 June 2006
Full/interim valuation	Full	Full	Full
Valuation method adopted	Projected unit credit	Projected unit credit	Projected unit credit

Principal actuarial assumptions

Weighted average assumptions used in performing actuarial valuation

	South Africa		Foreign North America		Foreign Europe	
at 30 June	**2006 %**	2005 %	**2006 %**	2005 %	**2006 %**	2005 %
Discount rate	**8,0**	8,5	**5,5**	5,3	**4,5**	4,2
Expected return on plan assets	**8,5**	8,5	**7,8**	8,0	**–**	–
Average salary increases	**6,0**	5,5	**2,7**	3,8	**2,5**	2,0
Average pension increases	**3,3**	1,9	**–**	–	**2,2**	2,0

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

	South Africa		Foreign		Total	
at 30 June	**2006 Rm**	2005 Rm	**2006 Rm**	2005 Rm	**2006 Rm**	2005 Rm
Projected benefit obligation (funded obligation)	**3 582**	2 519	**36**	684	**3 618**	3 203
Plan assets	**(4 640)**	(3 240)	**(23)**	(609)	**(4 663)**	(3 849)
Projected benefit obligation (unfunded obligation)	**–**	–	**1 068**	1 489	**1 068**	1 489
Unrecognised actuarial net losses/(gains)	**850**	622	**(233)**	(550)	**617**	72
Asset not recognised due to legal limitation	**130**	21	**–**	–	**130**	21
Net (asset)/liability recognised	**(78)**	(78)	**848**	1 014	**770**	936
Comprising						
Prepaid pension asset (refer note 6)	**(78)**	(78)	**(2)**	(225)	**(80)**	(303)
Pension benefit obligations	**–**	–	**850**	1 239	**850**	1 239
Long-term portion	**–**	–	**845**	1 229	**845**	1 229
Short-term portion	**–**	–	**5**	10	**5**	10
Net (asset)/liability recognised	**(78)**	(78)	**848**	1 014	**770**	936

17 Post-retirement benefit obligations *(continued)*

17.2 Pension benefits *(continued)*

Reconciliation of projected benefit obligation (funded obligation)

for the year ended 30 June	South Africa 2006 Rm	South Africa 2005 Rm	Foreign 2006 Rm	Foreign 2005 Rm	Total 2006 Rm	Total 2005 Rm
Projected benefit obligation at beginning of year	**2 519**	2 328	**684**	1 036	**3 203**	3 364
Service cost	**5**	5	**30**	23	**35**	28
Interest cost	**206**	202	**50**	42	**256**	244
Actuarial losses/(gains)	**746**	(271)	**(68)**	115	**678**	(156)
Member contributions	**2**	2	**–**	–	**2**	2
Benefits paid	**(209)**	(187)	**(50)**	(51)	**(259)**	(238)
Translation of foreign operations	**–**	–	**47**	80	**47**	80
Curtailments and settlements	**–**	–	**–**	(15)	**–**	(15)
Transfer from funded plan to unfunded plan	**–**	–	**–**	(494)	**–**	(494)
Transfer from defined contribution plan[1]	**313**	440	**–**	–	**313**	440
Disposal of subsidiary[2]	**–**	–	**–**	(52)	**–**	(52)
Transfer to disposal groups held for sale	**–**	–	**(657)**	–	**(657)**	–
Projected benefit obligation at end of year	**3 582**	2 519	**36**	684	**3 618**	3 203

Reconciliation of projected benefit obligation (unfunded obligation)

for the year ended 30 June	Foreign 2006 Rm	Foreign 2005 Rm	Total 2006 Rm	Total 2005 Rm
Projected benefit obligation at beginning of year	**1 489**	648	**1 489**	648
Service cost	**49**	39	**49**	39
Interest cost	**58**	62	**58**	62
Actuarial loss	**18**	235	**18**	235
Benefits paid	**(35)**	(32)	**(35)**	(32)
Translation of foreign operations	**213**	48	**213**	48
Plan amendments	**7**	(5)	**7**	(5)
Transfer from funded plan to unfunded plan	**–**	494	**–**	494
Transfer to disposal groups held for sale	**(731)**	–	**(731)**	–
Projected benefit obligation at end of year	**1 068**	1 489	**1 068**	1 489

Reconciliation of plan assets of funded obligation

for the year ended 30 June	South Africa 2006 Rm	South Africa 2005 Rm	Foreign 2006 Rm	Foreign 2005 Rm	Total 2006 Rm	Total 2005 Rm
Fair value of plan assets at beginning of year	**3 240**	2 279	**609**	528	**3 849**	2 807
Actual return on plan assets	**1 290**	702	**73**	31	**1 363**	733
Plan participant contributions	**2**	2	**–**	–	**2**	2
Employer contributions	**4**	4	**40**	96	**44**	100
Benefit payments	**(209)**	(187)	**(50)**	(51)	**(259)**	(238)
Translation of foreign operations	**–**	–	**53**	42	**53**	42
Curtailments and settlements	**–**	–	**–**	(15)	**–**	(15)
Transfer from defined contribution plan[1]	**313**	440	**–**	–	**313**	440
Disposal of subsidiary[2]	**–**	–	**–**	(22)	**–**	(22)
Transfer to disposal groups held for sale	**–**	–	**(702)**	–	**(702)**	–
Fair value of plan assets at end of year	**4 640**	3 240	**23**	609	**4 663**	3 849

1. Amount represents retired employees from the defined contribution section of the plan, who, on retirement, have elected to participate in the defined benefit plan by purchasing a defined benefit pension from the fund.
2. With effect from 1 March 2005, Sasol Wax restructured its operations resulting in a loss of control in Paramelt RMC B.V. whilst still retaining significant influence. Paramelt RMC BV has therefore been reflected as an investment in associate with effect from 1 March 2005. As a result, the funded plan has been accounted for on the disposal line.

17 Post-retirement benefit obligations *(continued)*

17.2 Pension benefits *(continued)*

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

for the year ended 30 June	South Africa 2006 Rm	South Africa 2005 Rm	Foreign 2006 Rm	Foreign 2005 Rm	Total 2006 Rm	Total 2005 Rm
Service cost	**5**	5	**79**	62	**84**	67
Interest cost	**206**	202	**108**	104	**314**	306
Expected return on plan assets	**(278)**	(224)	**(42)**	(43)	**(320)**	(267)
Recognised actuarial (gains)/losses	**(37)**	–	**29**	11	**(8)**	11
Plan amendments	**–**	–	**7**	(5)	**7**	(5)
Net pension costs	**(104)**	(17)	**181**	129	**77**	112
continuing operations	**(104)**	(17)	**75**	75	**(29)**	58
discontinued operations	**–**	–	**106**	54	**106**	54
Actual return on plan assets	**1 290**	702	**73**	31	**1 363**	733

The group expects the following benefit payments to be paid out of the plans for the years indicated. The expected benefits are based on the same assumptions used to measure the group's benefit obligation as at 30 June 2006 and include estimated future employee service.

at 30 June	South Africa Rm	Foreign Rm	Total Rm
Within one year	246	37	**283**
One to two years	276	40	**316**
Two to three years	291	43	**334**
Three to four years	307	46	**353**
Four to five years	326	49	**375**
More than five years	1 954	263	**2 217**
	3 400	478	**3 878**

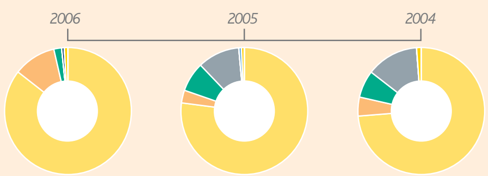
at 30 June	2006 Rm	2005 Rm	2004 Rm
18 Long-term deferred income			
Total deferred income	**1 708**	771	252
Short-term portion	**(10)**	(8)	(15)
	1 698	763	237

Amounts received in respect of capital investment, recognised in the income statement over the useful lives of the underlying assets, as well as emission rights received, recognised in the income statement as the emissions are generated.

for the year ended 30 June	Note	2006 Rm	2005 Rm	2004 Rm
19 Deferred tax				
Reconciliation				
Balance at beginning of year		**5 877**	5 462	5 919
Acquisition of businesses	47	**–**	(15)	162
Disposal of businesses	48	**–**	5	(14)
Current year charge		**(35)**	336	(374)
per the income statement	34	**235**	234	(78)
per the changes in equity statement		**65**	94	(128)
movement relating to discontinued operations		**(335)**	8	(168)
Transfer to disposal groups held for sale		**(643)**	–	–
Translation of foreign operations	39	**163**	89	(231)
Balance at end of year		**5 362**	5 877	5 462
Comprising				
Deferred tax assets		**(691)**	(409)	(306)
Deferred tax liabilities		**6 053**	6 286	5 768
		5 362	5 877	5 462

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

		2006 Rm	2005 Rm	2004 Rm
Deferred tax is attributable to the following temporary differences				
Assets				
Property, plant and equipment		**414**	419	443
Short- and long-term provisions		**(290)**	(58)	(71)
Calculated tax losses		**(611)**	(759)	(696)
Other		**(204)**	(11)	18
		(691)	(409)	(306)
Liabilities				
Property, plant and equipment		**7 912**	7 774	7 081
Intangible assets		**168**	196	266
Current assets		**(129)**	95	(48)
Long-term debt		**12**	(9)	(14)
Short- and long-term provisions		**(1 594)**	(1 490)	(1 294)
Calculated tax losses		**(477)**	(564)	(228)
Other		**161**	284	5
		6 053	6 286	5 768
Attributable to the following tax jurisdictions				
South Africa		**4 663**	4 608	4 143
Nigeria		**592**	194	271
Germany		**108**	451	390
United States of America		**(66)**	642	747
Mozambique		**22**	(69)	(99)
Italy		**–**	28	(56)
Other		**43**	23	66
		5 362	5 877	5 462

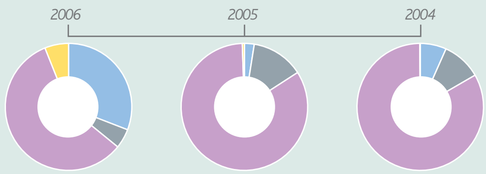


at 30 June	2006 Rm	2005 Rm	2004 Rm
19 Deferred tax (continued)			
Calculated tax losses			
(before applying the applicable tax rate)			
Available for offset against future taxable income	**5 722**	6 224	4 548
Utilised to reduce the deferred tax balance	**(4 230)**	(4 643)	(3 414)
Not recognised as a deferred tax asset	**1 492**	1 581	1 134
Deferred tax assets have been recognised to the extent that it is probable that the entities will generate future taxable income against which these tax losses can be utilised.			
A portion of the estimated tax losses available may be subject to various statutory limitations as to its usage in the event of significant changes in that entity.			
Unremitted earnings of foreign subsidiaries and foreign incorporated joint ventures			
No provision is made for the income tax effect that may arise on the remittance of unremitted earnings by certain foreign subsidiaries and foreign incorporated joint ventures. It is management's intention that, where there is no double taxation relief, these earnings will be permanently re-invested in these entities.			
Unremitted earnings at end of year	**1 235**	1 826	1 521
Europe	**743**		
Rest of Africa	**227**		
USA	**187**		
Other	**78**		
Tax effect if remitted	**73**	72	46
Europe	**45**		
Rest of Africa	**14**		
USA	**9**		
Other	**5**		
Secondary Taxation on Companies (STC)			
STC is a tax levied on South African companies at a rate of 12,5% on dividends distributed.			
Current and deferred tax are measured at the tax rate applicable to undistributed income and therefore only take STC into account to the extent that dividends have been received or paid.			
On declaration of a dividend, the company includes STC of 12,5% on this dividend in its computation of the income tax expense in the period of such declaration.			
Undistributed earnings subject to STC	**54 889**	44 949	38 239
Tax effect if distributed	**6 099**	4 994	4 249
Available STC credits at end of year	**851**	67	76

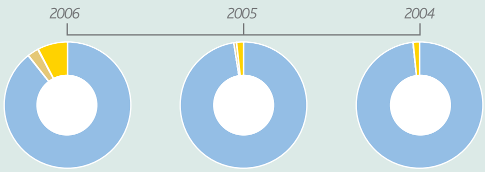
current liabilities

at 30 June	Note	2006 Rm	2005 Rm	2004 Rm
Liabilities in disposal groups held for sale	9	5 479	–	–
Short-term debt (Restated)	20	2 721	5 614	7 285
Short-term financial liabilities	21	514	792	1 205
Short-term provisions	22	1 875	1 801	1 838
Short-term portion of deferred income	18	10	8	15
Tax payable	23	1 899	614	61
Trade payables	24	3 555	4 733	3 886
Other payables and accrued expenses	25	4 880	4 416	3 502
Bank overdraft (Restated)	14	442	287	81
		21 375	18 265	17 873

for the year ended 30 June	Note	2006 Rm	2005 Restated Rm	2004 Restated Rm
20 Short-term debt				
Bank loans		1 188	2 405	4 138
Revolving credit		535	663	1 023
Short-term joint venture loans		4	20	46
Commercial paper in issue		–	1 522	1 521
Other		–	3	2
Short-term external loans		1 727	4 613	6 730
Short-term portion of long-term debt	15	994	1 001	555
		2 721	5 614	7 285
Reconciliation				
Balance at beginning of year as previously reported		2 285	2 698	5 583
Effect of reclassification of comparative information	55	2 328	4 032	3 088
Restated balance at beginning of year		4 613	6 730	8 671
Disposal of businesses	48	–	–	(188)
Loans raised		973	2 824	6 819
Loans repaid		(3 911)	(4 968)	(8 491)
Effect of cash flow hedge accounting		–	–	(13)
Translation of foreign operations	39	52	27	(68)
Balance at end of year		1 727	4 613	6 730
Currency analysis				
Euro		533	116	449
US dollar		86	620	673
Rand		1 003	3 870	5 599
Other currencies		105	7	9
		1 727	4 613	6 730



for the year ended 30 June	2006 Rm	2005 Restated Rm	2004 Restated Rm
20 Short-term debt (continued)			
Interest bearing status			
All short-term debt bears interest at market related rates			
Security			
Secured	–	–	37
Unsecured	**1 727**	4 613	6 693
	1 727	4 613	6 730
Business segmentation			
Financing	**1 547**	4 513	6 623
Polymers	**48**	20	–
Other	**132**	80	107
	1 727	4 613	6 730



Fair value of short-term debt

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

at 30 June	2006 Rm	2005 Rm	2004 Rm
21 Short-term financial liabilities			
Forward exchange contracts	**12**		
Cross currency swaps	**397**		
Interest rate derivatives	**12**		
Commodity derivatives	**93**		
Arising on short-term financial instruments	**514**	792	1 205

Short-term financial liabilities include the revaluation of out-of-the-money derivative instruments, refer pages 131 to 135.

Fair value of derivatives

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

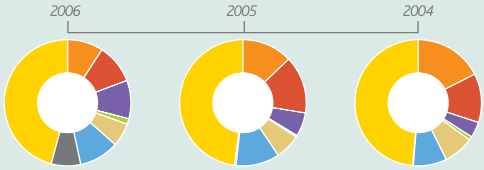
Forward exchange contracts

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

Interest rate and commodity derivatives

The fair value of interest rate and commodity derivatives was determined by reference to quoted market prices for similar instruments.

for the year ended 30 June	Note	2006 Rm	2005 Rm	2004 Rm
22 Short-term provisions				
Employee provisions		**850**	920	741
Other provisions		**554**	380	405
		1 404	1 300	1 146
Short-term portion of				
long-term provisions	16	**466**	460	655
post-retirement benefit obligations	17	**5**	41	37
		1 875	1 801	1 838
Reconciliation				
Balance at beginning of year		**1 300**	1 146	1 070
Acquisition of businesses	47	**2**	–	2
Disposal of businesses	48	**–**	(15)	(7)
Net income statement movement		**389**	138	162
income statement charge		**825**	556	575
reversal of unutilised amounts		**(20)**	(34)	(32)
provisions utilised		**(421)**	(428)	(381)
movement relating to discontinued operations		**5**	44	–
Transfer to disposal groups held for sale		**(362)**	–	–
Translation of foreign operations	39	**75**	31	(81)
Balance at end of year		**1 404**	1 300	1 146
Business segmentation				
Mining		**171**	158	236
Synfuels		**190**	181	169
Oil		**184**	75	54
Gas		**27**	5	13
Polymers		**112**	80	104
Solvents		**191**	137	115
Synfuels International		**141**	5	2
Other businesses		**859**	588	655
Continuing operations		**1 875**	1 229	1 348
Discontinued operations – Sasol Olefins & Surfactants		**796**	572	490
Total operations		**2 671**	1 801	1 838



for the year ended 30 June	Note	2006 Rm	2005 Rm	2004 Rm
23 Tax paid				
Amounts unpaid at beginning of year		**(614)**	(61)	(571)
Interest received/(paid) on tax		**2**	(3)	1
Income tax per income statement		**(6 620)**	(4 326)	(3 421)
continuing operations	34	**(6 584)**	(4 177)	(3 292)
discontinued operations		**(36)**	(149)	(129)
Acquisition of businesses	47	**(5)**	–	(44)
Disposal of businesses	48	**2**	31	–
Transfer to disposal groups held for sale	9	**19**	–	–
Translation of foreign operations	39	**(72)**	(8)	11
		(7 288)	(4 367)	(4 024)
Tax payable per balance sheet		**1 899**	614	61
Per the cash flow statement		**(5 389)**	(3 753)	(3 963)
Comprising				
Normal tax				
South Africa		**(4 540)**	(2 950)	(3 378)
foreign		**(294)**	(424)	(255)
STC		**(555)**	(379)	(330)
		(5 389)	(3 753)	(3 963)

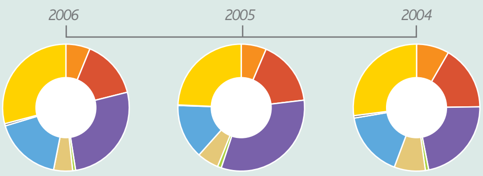
at 30 June	2006 Rm	2005 Rm	2004 Rm
24 Trade payables			
Trade payables	**3 555**	4 733	3 886
Trade payables to cost of sales and services rendered (%) *	**10,7%**	10,5%	9,3%

*Excluding discontinued operations

Fair value of trade payables

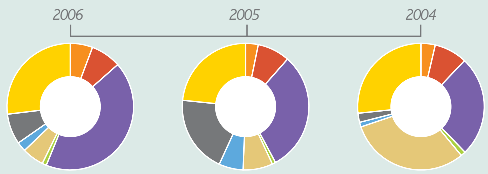
The carrying amount approximates fair value because of the short period to settlement of these obligations.

Business segmentation



	2006 Rm	2005 Rm	2004 Rm
Mining	**220**	193	206
Synfuels	**530**	501	405
Oil	**940**	961	545
Gas	**27**	29	21
Polymers	**172**	166	196
Solvents	**612**	418	410
Synfuels International	**20**	4	15
Other businesses	**1 034**	730	666
Continuing operations	**3 555**	3 002	2 464
Discontinued operations – Sasol Olefins & Surfactants	**1 990**	1 731	1 422
Total operations	**5 545**	4 733	3 886

at 30 June	2006 Rm	2005 Rm	2004 Rm
25 Other payables and accrued expenses			
Accrued expenses	**1 563**	1 247	473
Capital projects related payables	**594**	805	777
Employee related payables	**369**	335	381
Insurance related payables	**381**	139	173
Related party payables	**148**	278	153
third parties	**67**	85	26
joint ventures	**81**	193	127
Other payables	**489**	678	559
	3 544	3 482	2 516
Duties payable to revenue authorities	**1 093**	787	786
Value added tax	**243**	147	200
	4 880	4 416	3 502
Business segmentation			
Mining	**279**	133	158
Synfuels	**378**	341	364
Oil	**2 085**	1 263	1 111
Gas	**54**	36	54
Polymers	**272**	312	132
Solvents	**119**	255	152
Synfuels International	**380**	814	100
Other businesses	**1 313**	963	1 153
Continuing operations	**4 880**	4 117	3 224
Discontinued operations – Sasol Olefins & Surfactants	**277**	299	278
Total operations	**5 157**	4 416	3 502



Fair value of other payables and accrued expenses

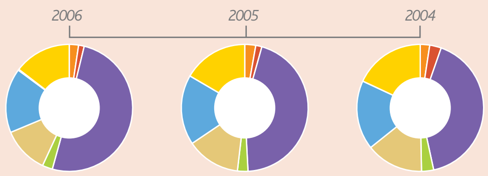
The carrying amount approximates fair value because of the short period to maturity of those instruments.

In determining the fair value of financial instruments included in other payables and accrued expenses, the carrying value of value added tax and duties payable to revenue authorities have been excluded.

results of operations

for the year ended 30 June	Note	2006 Rm	2005 Restated Rm	2004 Restated Rm
Turnover	26	**63 850**	52 497	44 999
Other operating income	27	**191**	233	166
Translation gains/(losses)	28	**254**	93	(1 034)
Operating profit	29	**20 732**	14 383	9 136
Auditors' remuneration	30	**(68)**	(80)	(51)
Dividends and interest received	31	**317**	106	141
Income from associates	32	**135**	185	118
Borrowing costs	33	**(456)**	(427)	(232)
Taxation	34	**(6 819)**	(4 411)	(3 214)
Capital items from continuing operations	35	**(196)**	(550)	27
		Rand	Rand	Rand
Earnings per share	36	**16,73**	15,37	9,50

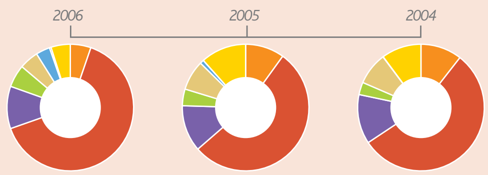
for the year ended 30 June	2006 Rm	2005 Restated Rm	2004 Restated Rm
26 Turnover			
Sale of products	**62 627**	51 690	44 228
Services rendered	**714**	448	454
Other trading income	**509**	359	317
	63 850	52 497	44 999
Comprising			
Within South Africa	**43 033**	34 448	28 764
Exported from South Africa	**8 823**	8 453	7 836
Outside South Africa	**11 994**	9 596	8 399
	63 850	52 497	44 999
Business segmentation			
Mining	**1 517**	1 471	1 083
Synfuels	**915**	820	1 329
Oil	**32 243**	23 525	18 554
Gas	**1 663**	1 408	1 389
Polymers	**7 537**	7 199	6 576
Solvents	**10 485**	9 361	7 937
Synfuels International	**161**	–	7
Other businesses	**9 329**	8 713	8 124
Continuing operations	**63 850**	52 497	44 999
Discontinued operations – Sasol Olefins & Surfactants	**18 545**	16 742	15 152
Total operations	**82 395**	69 239	60 151



for the year ended 30 June	Note	2006 Rm	2005 Restated Rm	2004 Restated Rm
27 Other operating income				
Other operating income		**191**	233	166
Comprising				
Gain on hedging activities		**84**		
Insurance proceeds		**40**		
Emission rights		**24**		
Other		**43**		
		191		
28 Translation gains/(losses)				
Gains/(losses) on foreign exchange transactions				
realised		**(220)**	(117)	(607)
unrealised		**474**	210	(427)
		254	93	(1 034)
Comprising				
Forward exchange contracts		**93**	(14)	(436)
Trade receivables		**164**	163	(358)
Loss on translation of foreign currency loans		**(198)**	–	–
Other		**195**	(56)	(240)
		254	93	(1 034)
29 Operating profit				
Operating profit includes				
Amortisation of				
goodwill		**–**	–	(21)
negative goodwill		**–**	–	63
intangible assets	3	**(274)**	(311)	(442)
Depreciation of property, plant and equipment	1	**(3 125)**	(2 866)	(3 325)
Effect of capital items	35	**(129)**	(703)	(7)
Effect of crude oil hedging		**(93)**	(1 136)	(36)
effect of crude oil swap		**–**	(1 147)	–
revaluation of crude oil derivative instruments		**(93)**	11	(36)
Employee costs (including share-based payment expenditure)		**(7 647)**	(6 845)	(6 618)
Exploration expenditure		**(123)**	(121)	(223)
Insurance proceeds	27	**40**	210	–
Operating lease charges				
buildings		**(99)**	(112)	(83)
plant and equipment		**(221)**	(120)	(87)
Research expenditure		**(205)**	(174)	(326)
Restructuring costs		**–**	(13)	–
Technical and other fees		**(315)**	(287)	(241)
Write-down of inventories to net realisable value	10	**(115)**	(33)	(60)

for the year ended 30 June	Note	2006 Rm	2005 Restated Rm	2004 Restated Rm
30 Auditors' remuneration				
Audit fees		**34**	38	39
KPMG		**32**	36	32
other external auditors		**2**	2	7
Other fees paid to auditors of group companies		**28**	36	5
management advisory services		**1**	1	2
Sarbanes-Oxley Section 404 implementation		**2**	22	–
other advisory services		**25**	13	3
Tax advisory fees		**3**	5	6
Expenses		**3**	1	1
		68	80	51
continuing operations		**59**	63	39
discontinued operations		**9**	17	12
31 Dividends and interest received				
Dividends received		**36**	18	7
South Africa		**22**	5	–
outside South Africa		**14**	13	7
Interest received		**281**	88	134
South Africa		**172**	62	127
outside South Africa		**109**	26	7
		317	106	141
32 Income from associates				
Net income before tax		**156**	225	165
Taxation		**(21)**	(40)	(47)
Income from associates		**135**	185	118
Dividends distributed to shareholders		**115**	20	41
33 Borrowing costs				
Bank overdraft		**13**	151	174
Debt		**1 381**	1 055	831
Finance leases		**79**	55	20
Other		**142**	21	24
		1 615	1 282	1 049
Finance charges		**23**	79	109
		1 638	1 361	1 158
Notional interest	16	**257**	172	168
Total borrowing costs		**1 895**	1 533	1 326
Amounts capitalised	1	**(1 439)**	(1 106)	(1 094)
Income statement charge		**456**	427	232
Total borrowing costs comprise				
South Africa		**1 243**	1 301	1 157
outside South Africa		**652**	232	169
		1 895	1 533	1 326
Average capitalisation rate applied		**7,9%**	9,1%	9,9%

for the year ended 30 June	Note	2006 Rm	2005 Restated Rm	2004 Restated Rm
33 Borrowing costs (continued)				
Total borrowing costs before notional interest		**1 755**	1 526	1 384
continuing operations		**1 638**	1 361	1 158
discontinued operations		**117**	165	226
Less interest paid on tax payable		**(10)**	(3)	–
Per the cash flow statement		**1 745**	1 523	1 384
34 Taxation				
South African normal tax		**5 644**	3 211	2 834
current year		**5 573**	3 193	2 881
prior years		**71**	18	(47)
STC		**555**	379	330
Foreign tax		**385**	587	128
Income tax	23	**6 584**	4 177	3 292
Deferred tax		**235**	234	(78)
current year		**285**	243	(122)
prior years		**(53)**	11	(97)
tax losses written off (previously recognised as assets)		**–**	122	141
tax rate change		**3**	(142)	–
		6 819	4 411	3 214
Business segmentation				
Mining		**360**	440	355
Synfuels		**4 395**	2 368	1 855
Oil		**739**	523	425
Gas		**392**	188	107
Polymers		**335**	338	279
Solvents		**245**	43	(144)
Synfuels International		**17**	(2)	(5)
Other businesses		**336**	513	342
Continuing operations		**6 819**	4 411	3 214
Discontinued operations – Sasol Olefins & Surfactants		**(299)**	157	(39)
Total operations		**6 520**	4 568	3 175



for the year ended 30 June	2006 %	2005 Restated %	2004 Restated %
34 Taxation (continued)			
Reconciliation of effective tax rate			
Total income tax expense differs from the amount computed by applying the South African normal tax rate to income before tax. The reasons for these differences are			
South African normal tax rate	**29,0**	29,0	30,0
Increase in rate of tax due to			
STC	**2,7**	2,7	3,8
disallowed expenditure	**2,0**	2,2	3,2
increase in calculated tax losses	**0,1**	–	0,7
non-taxable goodwill and negative goodwill	**–**	0,1	–
write-off of deferred tax assets	**0,1**	–	–
different foreign tax rate	**–**	–	0,5
	33,9	34,0	38,2
Decrease in rate of tax due to			
exempt income	**(0,7)**	(1,4)	(1,8)
reduction in tax rate	**–**	(1,0)	–
different foreign tax rate	**(0,3)**	(0,3)	–
utilisation of tax losses	**–**	(0,3)	–
prior year adjustments	**–**	–	(1,0)
non-taxable goodwill and negative goodwill	**–**	–	(0,3)
Effective tax rate	**32,9**	31,0	35,1

for the year ended 30 June	Note	2006 Rm	2005 Restated Rm	2004 Restated Rm
35 Capital items affecting operating profit				
Continuing operations				
Impairment of				
property, plant and equipment	1	**(119)**	(495)	(221)
goodwill	2	**(4)**	(4)	(70)
negative goodwill	2	**–**	–	52
intangible assets	3	**(32)**	(13)	(13)
investments in securities		**–**	(2)	(5)
investments in associates		**–**	(42)	(31)
Profit/(loss) on disposal of				
property, plant and equipment		**(52)**	43	120
intangible assets		**–**	–	52
investments in businesses	48	**198**	42	23
investments in securities		**–**	9	–
Profit on dilution of interest in Sasol Oil (Pty) Limited		**–**	–	108
Profit on sale of participation rights in future GTL project		**–**	33	–
Reversal of impairment	1	**140**	–	–
Scrapping of property, plant and equipment		**(260)**	(274)	(22)
		(129)	(703)	(7)
Tax effect thereon		**(67)**	153	34
		(196)	(550)	27

for the year ended 30 June	Note	2006 Rm	2005 Restated Rm	2004 Restated Rm
35 Capital items affecting operating profit (continued)				
Discontinued operations				
Impairment of				
property, plant and equipment	1	**(804)**	(313)	(89)
goodwill	2	**(4)**	(209)	–
negative goodwill	2	**–**	–	35
intangible assets	3	**(104)**	–	–
Profit/(loss) on disposal of				
property, plant and equipment		**(14)**	(23)	(14)
intangible assets		**–**	–	–
investments in businesses	48	**–**	(11)	52
Fair value write-down	9	**(3 196)**	–	–
Scrapping of property, plant and equipment		**(21)**	(16)	(4)
		(4 143)	(572)	(20)
Tax effect thereon		**498**	(40)	31
		(3 645)	(612)	11
Business segmentation of continuing operations				
Mining		**(16)**	23	17
Synfuels		**(187)**	(110)	(3)
Oil		**(8)**	(63)	–
Gas		**138**	–	–
Polymers		**(17)**	(12)	59
Solvents		**105**	(593)	(19)
Synfuels International		**–**	33	–
Other businesses		**(144)**	19	(61)
		(129)	(703)	(7)

for the year ended 30 June	2006 Gross Rm	2006 Tax Rm	2006 Net Rm
35 Capital items affecting operating profit (continued)			
Earnings effect of capital items from continuing operations			
Impairment of			
property, plant and equipment	**(119)**	**(15)**	**(134)**
goodwill	**(4)**	**–**	**(4)**
intangible assets	**(32)**	**–**	**(32)**
Profit/(loss) on disposal of			
property, plant and equipment	**(52)**	**(20)**	**(72)**
investments in businesses	**198**	**(42)**	**156**
Reversal of impairment	**140**	**(41)**	**99**
Scrapping of property, plant and equipment	**(260)**	**60**	**(200)**
Formation of separate Solvents business entities	**–**	**(9)**	**(9)**
	(129)	**(67)**	**(196)**

36 Earnings per share

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

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

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

		Number of shares	
for the year ended 30 June	**2006 million**	2005 million	2004 million
Weighted average number of shares	**620,0**	613,8	610,0
Potential dilutive effect of outstanding share options	**11,7**	10,6	6,2
Diluted weighted average number of shares	**631,7**	624,4	616,2

for the year ended 30 June	Note	**2006 Rm**	2005 Restated Rm	2004 Restated Rm
Headline earnings is determined as follows				
Profit from continuing operations		**13 909**	9 836	5 949
Less minority interest in subsidiaries		**(176)**	(110)	(66)
Adjusted for				
effect of capital items	35	**129**	703	7
goodwill amortised		**–**	–	21
negative goodwill amortised		**–**	–	(63)
tax effect thereon		**67**	(153)	(34)
		13 929	10 276	5 814
Profit from discontinued operations		**(3 360)**	(289)	(88)
Adjusted for				
effect of capital items	35	**4 143**	572	20
negative goodwill amortised		**–**	–	(162)
tax effect thereon		**(498)**	40	(31)
		285	323	(261)
Headline earnings		**14 214**	10 599	5 553

for the year ended 30 June	2006 Rand	2005 Restated Rand	2004 Restated Rand
36 Earnings per share (continued)			
Profit attributable to shareholders			
Earning per share	**16,73**	15,37	9,50
continuing operations	**22,15**	15,85	9,64
discontinued operations	**(5,42)**	(0,48)	(0,14)
Diluted earnings per share	**16,42**	15,11	9,40
continuing operations	**21,74**	15,58	9,55
discontinued operations	**(5,32)**	(0,47)	(0,15)
Effect of share repurchase programme	**1,48**	1,37	0,85
Headline earnings			
Headline earnings per share	**22,93**	17,27	9,10
continuing operations	**22,47**	16,74	9,53
discontinued operations	**0,46**	0,53	(0,43)
Diluted headline earnings per share	**22,50**	16,97	9,01
continuing operations	**22,05**	16,46	9,43
discontinued operations	**0,45**	0,51	(0,42)
Effect of share repurchase programme	**2,03**	1,54	0,82

at 30 June		2006	2005	2004
Potential dilutive effect of options issued in terms of the Sasol Share Incentive Scheme				
Number of options granted at year end	thousand	**23 819**	24 976	27 098
Weighted average price of options issued	Rand	**116,32**	75,69	71,77
Value at issue price	Rm	**2 771**	1 890	1 945
Average closing share price during year on JSE	Rand	**227,78**	131,29	93,26
Equivalent shares at closing share price	thousand	**12 164**	14 399	20 854
Potential dilutive effect of outstanding share options	thousand	**11 655**	10 577	6 244

equity structure

for the year ended 30 June	Note
Share capital	37
The Sasol Share Incentive Scheme	38
Foreign currency translation reserve	39
Share repurchase programme	40

	Number of shares		
	2006	2005	2004
37 Share capital			
Authorised			
Ordinary shares of no par value	**1 175 000 000**	1 175 000 000	1 175 000 000
Issued			
Shares issued at beginning of year	**676 877 125**	671 271 425	668 798 425
Issued in terms of the Sasol Share Incentive Scheme	**6 101 300**	5 605 700	2 473 000
Shares issued at end of year	**682 978 425**	676 877 125	671 271 425
Held in reserve			
Allocated to the Sasol Share Incentive Scheme.	**27 694 400**	33 795 700	39 401 400
Unissued shares	**464 327 175**	464 327 175	464 327 175
	492 021 575	498 122 875	503 728 575

The 464 327 175 authorised but unissued ordinary shares of the company were placed under the control of the directors of the company who were authorised to allot and issue such shares as they deem fit, subject to the proviso that the aggregate number of shares to be allotted and issued be limited to 5% of the number of shares in issue on the date of the annual general meeting. Further information is provided in the directors' report.

38 The Sasol Share Incentive Scheme

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

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

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

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

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

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

It is group policy that employees who have access to price sensitive information should not deal in Sasol Limited shares for the periods from 1 January for half year end and 1 June for year end until 2 days after publication of the results.

	Number of shares 2006	2005	2004
38 The Sasol Share Incentive Scheme (continued)			
Shares allotted	**32 305 600**	26 204 300	20 598 600
Share options granted	**23 818 700**	24 975 700	27 097 900
Available for allocation	**3 875 700**	8 820 000	12 303 500
	60 000 000	60 000 000	60 000 000
Vesting periods of options granted			
Already vested	**5 295 500**	5 034 700	5 567 000
Within one year	**5 208 500**	5 826 000	5 165 200
One to two years	**4 751 700**	5 522 300	5 765 000
Two to three years	**2 624 400**	3 206 100	4 435 500
Three to four years	**2 891 000**	2 797 700	3 391 100
Four to five years	**1 291 400**	1 218 200	1 496 700
More than five years	**1 756 200**	1 370 700	1 277 400
	23 818 700	24 975 700	27 097 900

Movements in the number of share options granted	**Number of shares 2006**	Weighted average option price 2006 Rand
Balance at 30 June 2003	**26 495 200**	66,40
Options granted	**3 950 700**	90,99
Options converted to shares	**(2 473 000)**	45,26
Options forfeited	**(63 100)**	92,14
Options expired	**(811 900)**	74,14
Balance at 30 June 2004	**27 097 900**	71,77
Options granted	**4 208 800**	120,34
Options converted to shares	**(5 605 700)**	55,33
Options forfeited	**(43 700)**	128,70
Options expired	**(681 600)**	83,99
Balance at 30 June 2005	**24 975 700**	83,18
Options granted	**5 390 500**	218,95
Options converted to shares	**(6 101 300)**	70,52
Options forfeited	**(37 700)**	218,18
Options expired	**(408 500)**	137,95
Balance at 30 June 2006	**23 818 700**	116,32

for the year ended 30 June	**2006 Rand**	2005 Rand	2004 Rand
Average price at which share options were granted during year	**218,95**	120,34	90,99
Average market price of options traded during year	**234,13**	138,73	94,78

for the year ended 30 June	**2006 Rm**	2005 Rm	2004 Rm
Compensation expense recognised	**169**	137	146
Continuing operations	**156**	128	137
Discontinued operations	**13**	9	9

		2006	2005	2004
38 The Sasol share incentive scheme *(continued)*				
Being the compensation expense recognised using a fair value model.				
Calculated using the Black Scholes model based on the following assumptions				
Risk-free interest rate	(%)	**8,00**	9,25	10,75
Expected volatility	(%)	**34**	34	37
Expected dividend yield	(%)	**4,0**	4,3	4,3
Vesting period	(years)	**2, 4 & 6**	2, 4 & 6	2, 4 & 6
Weighted average value of options issued during year	(Rand)	**58,74**	33,44	28,40

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

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

Further details of the change in accounting policy are provided in note 54.

Range of exercise prices	Number of shares	Weighted average option price Rand	Weighted average remaining life years
Details of unimplemented share options granted up to 30 June 2006			
R20,01 – R40,00	1 753 700	29,23	1,64
R40,01 – R60,00	3 184 000	50,41	2,69
R60,01 – R80,00	2 324 800	77,15	4,07
R80,01 – R100,00	3 736 000	89,99	6,10
R100,01 – R120,00	6 312 900	112,91	6,01
R120,01 – R140,00	497 000	127,39	6,79
R140,01 – R160,00	663 100	151,44	8,00
R160,01 – R180,00	84 100	170,20	8,00
R180,01 – R200,00	695 300	193,33	8,00
R200,01 – R220,00	3 339 300	216,83	8,08
R220,01 – R240,00	857 700	228,84	8,31
R240,01 – R260,00	197 800	253,84	9,00
R260,01 – R280,00	173 000	274,50	9,00
	23 818 700	116,32	
Details of unimplemented share options vested at 30 June 2006			
R20,01 – R40,00	743 100	33,87	
R40,01 – R60,00	1 828 100	48,44	
R60,01 – R80,00	863 700	77,48	
R80,01 – R100,00	687 000	90,59	
R100,01 – R120,00	1 110 300	113,12	
R120,01 – R140,00	62 600	132,40	
R140,01 – R200,00	–	–	
R200,01 – R220,00	700	218,00	
	5 295 500	71,18	

for the year ended 30 June	Note	2006 Rm	2005 Rm	2004 Rm
39 Foreign currency translation reserve				
Translation of foreign operations				
Property, plant and equipment	1			
cost		**3 574**	1 678	(3 838)
accumulated depreciation		**(1 750)**	(882)	2 010
Goodwill	2	**48**	31	(37)
Negative goodwill	2	**–**	–	53
Intangible assets	3			
cost		**155**	48	(98)
accumulated amortisation		**(64)**	(25)	54
Investments in securities		**23**	14	(21)
Investments in associates		**54**	36	(82)
Post-retirement benefit assets		**16**	22	(52)
Long-term receivables		**45**	32	(107)
Long-term financial assets		**1**	1	(2)
Inventories		**574**	275	(549)
Trade receivables		**525**	233	(471)
Other receivables and prepaid expenses		**108**	53	(92)
Short-term financial assets		**4**	–	(1)
Cash and cash equivalents		**(133)**	(175)	(251)
Minority interest		**(3)**	(11)	21
Long-term debt	15	**(449)**	(167)	518
Long-term provisions	16	**(153)**	(72)	149
Post-retirement benefit obligations		**(200)**	(96)	217
Long-term deferred income		**(175)**	(53)	35
Deferred tax	19	**(163)**	(89)	231
Short-term debt	20	**(52)**	(27)	68
Short-term financial liabilities		**1**	(1)	–
Short-term provisions	22	**(75)**	(31)	81
Tax payable	23	**(72)**	(8)	11
Trade payables		**(320)**	(154)	315
Other payables and accrued expenses		**(540)**	(505)	915
		979	127	(923)
Arising from net investment in foreign operations		**33**	211	(541)
Less tax effect thereon				
deferred		**(2)**	–	5
Movement for year		**1 010**	338	(1 459)
Realisation of foreign currency translation reserve		**137**	–	–
Transfer from cash flow hedge accounting reserve		**–**	–	199
Effect of negative goodwill written off		**–**	(80)	–
Disposal of businesses		–	(25)	43
Balance at beginning of year		**(1 336)**	(1 569)	(352)
Balance at end of year		**(189)**	(1 336)	(1 569)
Business segmentation				
Synfuels International		**(801)**	(856)	(689)
Petroleum International		**(30)**	(97)	(132)
Solvents		**216**	60	14
Financing		**170**	(67)	(278)
Olefins & Surfactants		**98**	(164)	(226)
Polymers		**44**	(196)	(237)
Wax		**43**	(60)	(62)
Merisol		**27**	23	19
Other businesses		**44**	21	22
		(189)	(1 336)	(1 569)

for the year ended 30 June	Number of shares **2006**	2005	2004
40 Share repurchase programme			
Held by the wholly owned subsidiary, Sasol Investment Company (Pty) Limited			
Balance at beginning of year	**60 111 477**	60 111 477	59 741 477
Repurchased during year	**–**	–	370 000
Balance at end of year	**60 111 477**	60 111 477	60 111 477
Percentage of issued share capital	**8,80%**	8,88%	8,95%

for the year ended 30 June	**2006 Rand**	2005 Rand	2004 Rand
Average cumulative purchase price	**60,67**	60,67	60,67
Average purchase price during year	**–**	–	88,85

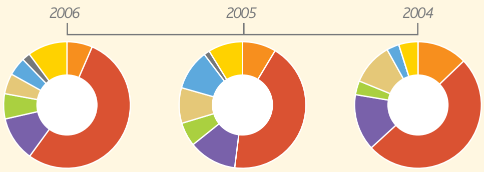
liquidity and capital resources

for the year ended 30 June	Note	2006 Rm	2005 Rm	2004 Rm
Cash generated by operating activities	41	**24 380**	18 812	15 151
Cash flow from operations	42	**28 129**	20 991	14 859
Movement in working capital	43	**(3 749)**	(2 179)	292
Investment income	44	**444**	169	230
Dividends paid	45	**(3 660)**	(2 856)	(2 745)
Non-current assets sold	46	**542**	478	746
Acquisition of businesses	47	**(147)**	–	(555)
Disposal of businesses	48	**587**	36	283

for the year ended 30 June	Note	2006 Rm	2005 Rm	2004 Rm
41 Cash generated by operating activities				
Cash flow from operations	42	**28 129**	20 991	14 859
(Increase)/decrease in working capital	43	**(3 749)**	(2 179)	292
		24 380	18 812	15 151

for the year ended 30 June	Note	2006 Rm	2005 Restated Rm	2004 Restated Rm
42 Cash flow from operations				
Continuing operations				
Operating profit		**20 732**	14 383	9 136
Adjusted for				
amortisation of				
goodwill		**–**	–	21
negative goodwill		**–**	–	(63)
intangible assets		**274**	311	442
capitalised exploration expenditure written off		**–**	33	153
share based payment expenditure		**156**	128	137
deferred income		**780**	486	120
depreciation of property plant and equipment		**3 125**	2 866	3 325
effect of capital items	35	**129**	703	7
profit on sale of participation rights in future GTL venture		**–**	33	–
impairment of trade receivables		**(56)**	21	51
amortisation of loan costs		**51**	20	–
movement in long-term provisions				
income statement charge		**712**	420	86
utilisation		**(145)**	(222)	(125)
movement in short-term provisions		**384**	94	162
movement in post-retirement benefit				
assets		**1**	19	–
obligations		**202**	71	396
realisation of foreign currency translation reserve		**137**	–	–
translation effect of foreign currency loans		**198**	–	–
translation of net investment in foreign operations		**33**	211	(541)
write-down of inventories to net realisable value		**115**	33	60
		26 828	19 610	13 367

for the year ended 30 June	Note	2006 Rm	2005 Restated Rm	2004 Restated Rm
42 Cash flow from operations (continued)				
Discontinued operations				
Operating (loss)/profit		**(3 567)**	(14)	32
Adjusted for				
amortisation of				
negative goodwill		**–**	–	(162)
intangible assets		**29**	27	46
share based payment expenditure		**13**	9	9
deferred income		**(168)**	(20)	71
depreciation of property plant and equipment		**740**	805	1 412
effect of cash flow hedging activities		**–**	23	33
effect of capital items	35	**4 143**	572	20
impairment of trade receivables		**(1)**	(12)	7
movement in long-term provisions				
income statement charge		**258**	147	265
utilisation		**(143)**	(239)	(234)
movement in short-term provisions		**5**	44	–
movement in post-retirement benefit				
assets		**12**	(58)	–
obligations		**(35)**	83	(9)
write-down of inventories to net realisable value		**15**	14	2
		1 301	1 381	1 492
		28 129	20 991	14 859
Business segmentation				
Mining		**1 749**	1 689	1 714
Synfuels		**14 351**	8 504	6 743
Oil		**3 069**	2 405	1 932
Gas		**1 724**	1 195	476
Polymers		**1 396**	1 778	1 436
Solvents		**1 258**	2 022	427
Synfuels International		**561**	291	(16)
Other businesses		**2 720**	1 726	655
Continuing operations		**26 828**	19 610	13 367
Discontinued operations – Sasol Olefins & Surfactants		**1 301**	1 381	1 492
Total operations		**28 129**	20 991	14 859



for the year ended 30 June	Note	2006 Rm	2005 Rm	2004 Rm
43 (Increase)/decrease in working capital *(continued)*				
Increase in inventories				
Per the balance sheet		**1 992**	(1 703)	456
Acquisition of businesses	47	**103**	–	8
Write-down of inventories to net realisable value		**(130)**	(47)	(62)
Transfer from other assets		**6**	–	–
Transfer to disposal groups held for sale	9	**(4 001)**	–	–
Translation of foreign operations	39	**574**	275	(549)
Disposal of businesses	48	**–**	(68)	(122)
		(1 456)	(1 543)	(269)
Increase in trade receivables				
Per the balance sheet		**1 236**	(1 117)	162
Acquisition of businesses	47	**67**	–	333
Movement in impairment		**57**	(9)	(58)
Transfer to disposal groups held for sale	9	**(3 427)**	–	–
Translation of foreign operations	39	**525**	233	(471)
Disposal of businesses	48	**–**	(83)	(165)
		(1 542)	(976)	(199)
Increase in other receivables and prepaid expenses				
Per the balance sheet		**(861)**	(294)	(647)
Movement in short-term portion of long-term receivables		**(46)**	(188)	143
Acquisition of businesses	47	**73**	–	2
Transfer to disposal groups held for sale		**(175)**	–	–
Translation of foreign operations	39	**108**	53	(92)
Disposal of businesses	48	**–**	(13)	(13)
		(901)	(442)	(607)
Increase/(decrease) in trade payables				
Per the balance sheet		**(1 178)**	847	(174)
Acquisition of businesses	47	**(24)**	–	(514)
Transfer to disposal groups held for sale	9	**2 033**	–	–
Translation of foreign operations	39	**(320)**	(154)	315
Disposal of businesses	48	**–**	39	117
		511	732	(256)
Increase in other payables and accrued expenses				
Per the balance sheet		**464**	914	166
Acquisition of businesses	47	**(22)**	–	(3)
Effect of cash flow hedge accounting		**–**	–	(9)
Transfer to disposal groups held for sale	9	**316**	–	–
Translation of foreign operations	39	**(540)**	(505)	915
Disposal of businesses	48	**–**	45	24
		218	454	1 093
Movement in financial assets and liabilities				
Long-term financial assets		**(240)**	(2)	–
Short-term financial assets		**(46)**	15	(12)
Short-term financial liabilities		**(293)**	(417)	542
		(579)	(404)	530
(Increase)/decrease in working capital		**(3 749)**	(2 179)	292

for the year ended 30 June	Note	**2006 Rm**	2005 Rm	2004 Rm
44 Investment income				
Interest received		**305**	121	175
continuing operations	31	**281**	88	134
discontinued operations		**24**	33	41
Interest received on tax		**(12)**	–	(1)
Dividends received from investments		**36**	28	15
continuing operations	31	**36**	18	7
discontinued operations		**–**	10	8
Dividends received from associates	32	**115**	20	41
		444	169	230
45 Dividends paid				
Final dividend – prior year		**(1 920)**	(1 440)	(1 432)
Interim dividend – current year		**(1 740)**	(1 416)	(1 313)
		(3 660)	(2 856)	(2 745)
Forecast cash flow on final dividend – current year		**(2 678)**		
Forecast STC charge on final dividend – current year		**(228)**		
The forecast cash flow on the final dividend is calculated based on the net number of shares in issue at 30 June 2006 of 622,9 million. The actual dividend payment will be determined on the record date of 13 October 2006.				
46 Non-current assets sold				
Property, plant and equipment		**540**	469	655
Intangible assets		**2**	–	91
Investments in securities		**–**	9	–
		542	478	746

for the year ended 30 June	2006 Rm	2005 Rm	2004 Rm
47 Acquisition of businesses (continued)			
Property, plant and equipment	**(36)**	–	(490)
Intangible assets	**–**	–	(566)
Investments in securities	**–**	–	(43)
Investment in associates	**44**	–	–
Long-term receivables	**–**	–	(15)
Inventories	**(103)**	–	(8)
Trade receivables	**(67)**	–	(333)
Other receivables and prepaid expenses	**(73)**	–	(2)
Cash	**113**	–	(163)
Long-term debt	**5**	–	358
Deferred tax	**–**	–	162
Short-term provisions	**2**	–	2
Tax payable	**5**	–	44
Trade payables	**24**	–	514
Other payables and accrued expenses	**22**	–	3
	(64)	–	(537)
Minority interest	**(77)**	–	(17)
	(141)	–	(554)
Goodwill	**(6)**	–	(147)
Total consideration	**(147)**	–	(701)
Less amount settled by issue of shares	**–**	–	146
Per the cash flow statement	**(147)**	–	(555)
Comprising			
Olefins & Surfactants and Solvents	**–**	–	(298)
Oil	**(147)**	–	(369)
Other	**–**	–	(34)
Total consideration	**(147)**	–	(701)
Fair value adjustments			
Recognition of previously unrecognised deferred tax asset on acquisition of Sasol Nanjing.			
Deferred tax	**–**	(15)	–
Goodwill	**–**	15	–
Purchase price amendment	**–**	–	–

In terms of a loan and security agreement with LUX International Corporation, Sasol Wax obtained effective control of the business and the business has been consolidated with effect from 21 January 2006.

With effect from 30 November 2005, Sasol Limited acquired the remaining 2% of Sasol Oil (Pty) Limited for a consideration of R146 million.

for the year ended 30 June	**2006 Rm**	2005 Rm	2004 Rm
48 Disposal of businesses			
Property, plant and equipment			
cost	–	334	832
accumulated depreciation	–	(196)	(536)
Goodwill	–	(4)	20
Negative goodwill	–	–	(42)
Intangible assets			
cost	–	5	16
accumulated amortisation	–	–	(10)
Investments in securities	–	1	–
Investments in associates	–	(69)	48
Long-term receivables	–	1	–
Inventories	–	68	122
Trade receivables	–	83	165
Other receivables and prepaid expenses	–	13	13
Cash	**1**	94	2
Long-term debt	**299**	–	(33)
Long-term provisions	–	–	(17)
Post-retirement benefit obligations	–	–	(26)
Deferred tax	–	5	(14)
Short-term debt	–	–	(188)
Short-term provisions	–	(15)	(7)
Tax payable	**(2)**	(31)	–
Trade payables	–	(39)	(117)
Other payables and accrued expenses	–	(45)	(24)
	298	205	204
Minority interest	**91**	(175)	(32)
	389	30	172
Realisation of accumulated translation effects	–	(25)	43
Hedge accounting reserve	–	–	(7)
Profit on disposal of investments in businesses	**198**	31	75
Total consideration	**587**	36	283
Comprising			
Gas	**595**	–	–
Olefins & Surfactants	**(2)**	(11)	242
Nitro	–	20	52
Wax	–	–	(11)
Other	**(6)**	27	–
Total consideration	**587**	36	283

On 1 July 2005, a 25% interest in Republic of Mozambique Pipeline Investments Company (Pty) Limited (Rompco) was sold to iGas Limited for a consideration of R595 million. iGas assumed its portion of the shareholder loan provided to Rompco.

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

other disclosures

at 30 June	Note	Guarantees 2006 Rm	Liabilities included on balance sheet 2006 Rm	Guarantees 2005 Rm
49 Guarantees and contingent liabilities				
49.1 Financial guarantees				
In respect of GTL ventures	i	8 190	110	7 839
Commercial paper holders	ii	6 000	–	6 000
Subsidiaries financial obligations	iii	4 194	994	3 365
In respect of the natural gas project	iv	3 373	3 404	4 732
Eurobond	v	2 750	2 750	2 420
SA Commercial Bond	vi	2 000	2 000	2 000
In respect of development of retail service station network	vii	1 500	687	1 500
In respect of joint venture commitments	viii	1 360	848	2 131
In respect of Natref debt	ix	1 192	1 048	1 309
Guarantees issued in respect of letters of credit	x	1 185	–	698
Performance guarantees	xi	767	241	531
To RWE-DEA AG	xii	276	–	241
Customs and excise	xiii	112	–	164
Other guarantees and claims	xiv	313	24	192
		33 212	12 106	33 122
continuing operations		32 557	12 106	
discontinued operations		655	–	

i Sasol has issued the following significant guarantees for the obligations of various of its subsidiaries in respect of its GTL ventures. These guarantees relate to the construction and funding of ORYX GTL Limited in Qatar and Escravos GTL in Nigeria, including inter alia:

A completion guarantee has been issued for Sasol's portion of the project debt of ORYX GTL Limited capped at US$343 million (R2 459 million) plus interest and costs subject to the project demonstrating a minimum level of sustained production over a continuous period of ninety days and catalyst deactivation within acceptable parameters for at least two hundred and seventy days, after commissioning. It is estimated that the project will be commissioned during the fourth quarter of the 2006 calendar year.

A guarantee for the take-or-pay obligations of a wholly owned subsidiary has been issued 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 the amount of US$123 million (approximately R884 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. It is expected that the project will be commissioned during the fourth quarter of the 2006 calendar year.

49 Guarantees and contingent liabilities *(continued)*

49.1 Financial guarantees *(continued)*

A guarantee has been issued for the obligation of a wholly owned subsidiary to contribute 49% of the required equity in respect of the investment in ORYX GTL Limited. Sasol's equity contribution is estimated at US$160 million (R1 147 million). It is expected that the project will be commissioned during the fourth quarter of the 2006 calendar year.

A guarantee in respect of the performance of the ORYX GTL plant has been issued to the joint venture partners, amounting to approximately US$16 million (R114 million). An amount of R110 million has been accrued in respect of this guarantee. The inter-company guarantee and liability has been eliminated on consolidation.

A performance guarantee for the obligations of a subsidiary has been issued in respect of the construction of Escravos GTL in Nigeria for the duration of the investment in Escravos GTL Limited to an amount of US$250 million (R1 793 million).

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 an amount of US$ 250 million (R1 793 million). Sasol Chevron Holdings Limited is a joint venture between a wholly owned subsidiary of Sasol Limited and Chevron Corporation.

All guarantees listed above are issued in the normal course of business.

ii A guarantee has been issued for the commercial paper facility of a wholly owned subsidiary. As at 30 June 2006 no outstanding obligation to third parties existed.

iii Guarantees issued to a financial institution in respect of a subsidiaries' debt obligations. Included are guarantees of R419 million in respect of the Japan Bank of International Co-operation (debt of R419 million at 30 June 2006) and the rolling credit facility of R3 668 million (no debt obligation outstanding at 30 June 2006).

iv Guarantees issued to various financial institutions in respect of the obligations of its subsidiaries (Sasol Petroleum International (Pty) Limited (SPI) and Republic of Mozambique Pipeline Investments Company (Pty) Limited (Rompco) for the natural gas project. The guarantee in respect of Rompco's obligations to the financial institutions has been reduced to 75% of the outstanding obligation upon selling a 25% interest in Rompco to iGas. The liability on balance sheet of R3 404 million represents the gross amount owing by SPI and Rompco to the financial institutions at 30 June 2006.

v A guarantee has been issued in respect of the Eurobond which is listed on the Luxembourg Stock Exchange issued by a wholly owned subsidiary. The bond is repayable on 29 June 2010.

vi A guarantee has been issued in respect of the SA Commercial Bond issued by its wholly owned subsidiary. The bond is listed on the Bond Exchange of South Africa and is repayable on 31 August 2007.

vii Guarantees issued to various financial institutions in respect of debt facilities for the establishment of the retail service station network of R1 500 million. The outstanding debt on balance sheet was R687 million at 30 June 2006.

viii Guarantees issued to various financial institutions in respect of debt obligations of joint venture companies. Included are guarantees of R1 149 million in respect of the debt obligations of R984 million at 30 June 2006 of the Dia Acrylates joint venture.

ix Guarantees issued in favour of various financial institutions in respect of the debt facilities of R1 793 million for the Natref crude oil refinery. The outstanding debt on balance sheet was R1 078 million at 30 June 2006.

x Various guarantees issued in respect of letters of credit issued by subsidiaries.

xi Various performance guarantees issued by subsidiaries. An accrual of R241 million was recognised in respect of certain guarantees.

xii Various performance guarantees issued in favour of RWE-DEA.

xiii Various guarantees were issued in respect of the group's customs and excise obligations.

xiv Included in other guarantees are environmental guarantees of R123 million.

49.2 Other contingencies

Subsidiaries

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

Sasol Limited has guaranteed the borrowing facilities of certain of its subsidiaries. Further details of major banking facilities and debt arrangements at 30 June 2006 are provided on page 85.

Mineral rights

As a result of the promulgation of legislation in South Africa, the common law (mineral rights) and associated statutory competencies of Sasol Mining have been converted to interim statutory rights (Old Order Rights). Sasol Mining is entitled to convert these Old Order Rights to statutory mining and prospecting rights (New Order Rights) after complying with certain statutory requirements. All applications due to date, including the conversion of the four old order mining rights covering the Secunda operations, have been submitted to the Department of Minerals and Energy (DME). We are awaiting approval in this regard. To date we have submitted 41 applications to the DME to acquire prospecting and mining rights. Thus far, five prospecting rights have been granted. These applications cover all the prospecting rights in the Free State and Waterberg as well as the prospecting and mining rights in Secunda. No value has been attributed to these rights in the financial statements.

49 Guarantees and contingent liabilities *(continued)*

49.3 Litigation in respect of continuing operations

Fly ash plant

Sasol Synfuels is in legal proceedings with regard to the operation of a plant in Secunda. Ashcor has claimed damages of R313 million relating to their inability to develop their business and a projected loss of future cash flows. The prospect of future loss is deemed to be reasonably possible and the loss is unlikely to exceed R10 million.

Nationwide Poles

The Competition Commission received a complaint against Sasol Oil (Carbo-Tar division) in April 2003. The complaint was referred by the plaintiff to the Competition Tribunal. The Competition Tribunal found against Sasol that during the period of the complaint Sasol was a dominant firm whose conduct met the test required in establishing prohibited price discrimination. The company filed a notice of appeal and the appeal was heard by the Competition Appeal Court during September 2005. Likelihood of loss is remote as the Competition Appeal Court found in favour of Sasol.

Nutri-Flo

Nutri-Flo filed a complaint in 2002 alleging that Sasol Nitro was engaged in price discrimination, excessive pricing and exclusionary pricing. In November 2003, Nutri-Flo made an urgent application to the Competition Tribunal to obtain an interdict preventing Sasol from implementing a new price list. In this application Nutri-Flo again filed a complaint on grounds similar to those specified above. In addition it is alleged that Sasol, Kynoch and Omnia are acting as a cartel in fixing prices in the fertilizer industry. Nutri-Flo subsequently withdrew its application, however, the Competition Commission has investigated the complaint and in May 2005, referred the matter to the Competition Tribunal, alleging findings of price fixing, prevention/lessening of competition, abuse of dominance and exclusionary conduct. The Competition Commission requested the Competition Tribunal to impose the maximum administrative penalty in terms of the Competition Act. Sasol took the matter on review to the Competition Appeal Court. The court ruled against Sasol in April 2006 and the matter must consequently be heard by the Competition Tribunal. Sasol has filed an exception to the referral of the complaint to the Competition Tribunal on the basis that it is vague and does not disclose a clear contravention of the Competition Act. On the basis of the pleadings in their current form, we believe the likelihood of a finding of unlawful conduct is remote. In the event that the Competition Commission amends the referral, our current assessment may require review. For this reason, it is currently not possible to make an estimate of a possible contingent liability (whether arising out of penalties that may be imposed by the Competition Tribunal or civil lawsuits that may arise in the event of a finding of unlawful conduct).

Sasol Wax

On 28 and 29 April 2005 the European Commission conducted an investigation at the offices of Sasol Wax International AG and its subsidiary Sasol Wax GmbH, both located in Hamburg, Germany. A parallel investigation is being conducted by the US Department of Justice in the United States of America. On 28 April 2005 Sasol Wax Americas Inc. received a subpoena for information from the United States District Court regarding its wax sales activities. The investigations in the US and the European Union arise from alleged anticompetitive behaviour among industry members in the paraffin wax industry. Sasol Wax is co-operating with the competition authorities in the US and in the European Union in order to clarify this issue. At this point of the investigation it is not possible to assess the financial implications or inherent risk. A reliable estimate of the amount of the possible penalty cannot be made, since the determination thereof is at the sole discretion of the competent antitrust authorities.

Profert

Profert filed a complaint against Sasol in August 2004 alleging that Sasol Nitro refused to supply Profert, that discriminatory pricing towards Profert in sales of LAN was committed and that Sasol is engaged in exclusionary conduct to exclude Profert from the fertilizer market. In May 2006, the Competition Commission referred the complaint to the Competition Tribunal alleging that Sasol, AECI and Kynoch have entered into agreements dividing the LAN market in order to make Sasol the exclusive supplier, that Sasol is engaged in conduct that favours Kynoch in supply arrangements to the exclusion of other suppliers, and that Sasol is committing discriminatory pricing against Profert. The Competition Commission requested the Competition Tribunal to impose the maximum administrative penalty in terms of the Competition Act. Sasol filed a reply to the referral of the complaint on 4 August 2006. The Competition Commission has not yet replied to Sasol's submission. Preparations for the hearing are proceeding. On the basis of the pleadings in their current form, we believe the likelihood of the Competition Tribunal imposing a penalty is remote. In the event that the Competition Commission amends its referral, our current assessment may require review. For this reason, it is currently not possible to make an estimate of a possible contingent liability (whether arising out of penalties that may be imposed by the Competition Tribunal or civil lawsuits that may arise in the event of a finding of unlawful conduct).

Sale of phosphoric acid production assets

In June 2004, Foskor increased its phosphate rock price to such an extent that Sasol indicated that it would shut down the operations in Phalaborwa. Sasol and Foskor then entered into an agreement in terms of which Foskor would purchase the Phalaborwa plant. For the period that this intended sale was under assessment by the regulatory authorities (as a merger), the parties entered into an agreement that Foskor would supply phosphate rock at its cost and Sasol would toll manufacture phosphoric acid for Foskor. The toll manufacturing agreement commenced on 1 September 2005. In October 2005, the Competition Commission issued a recommendation that the proposed merger be prohibited and referred the matter to the Competition Tribunal. The parties abandoned the merger in June 2006 and notified the Competition Commission that they intend to enter into a new toll manufacturing agreement for a period of 4 years. The Competition Commission has not expressed any view on whether the intended transaction would amount to a merger. The parties intend to finalise the terms of the new toll manufacturing agreement and to notify the Competition Commission of the provisions of such agreement. Views that may be expressed by the Competition Commission will be considered prior to the implementation of the agreement.

49 Guarantees and contingent liabilities *(continued)*

49.3 Litigation in respect of continuing operations *(continued)*

The Competition Commission is also investigating whether the current toll manufacturing agreement (that commenced in September 2005) amounts to pre-implementation of a merger without the required approval by the Competition Tribunal and/or if there were any other unlawful agreements between Foskor and Sasol relating to the proposed sale of the phosphoric acid assets. If the matter is ultimately referred to the Competition Tribunal and the parties are found to have implemented a merger without the necessary Tribunal approval, the parties could be faced with penalties of up to 10% of the turnover of their relevant businesses. We believe the likelihood of the finding of unlawful conduct to be remote. In the event that the Commission refers the matter to the Tribunal, our current assessment may require review. For this reason, it is currently not possible to make an estimate of a possible contingent liability.

Other

From time to time Sasol companies are involved in other litigation and administrative proceedings in the normal course of business. Although the outcome of these proceedings and claims cannot be predicted with certainty, the company does not believe that the outcome of any of these cases would have a material effect on the group's financial results.

49.4 Litigation in respect of discontinued operations

The EDC pipeline litigation

Sasol North America (Sasol NA) had numerous separate pending cases which originated as a result of a 1994 rupture of the ConocoPhillips ethylene dichloride (EDC) pipeline connecting their dock to Sasol NA's vinyl chloride monomer plant in the United States of America. Plaintiffs sought compensatory and punitive damages as a result of alleged exposure to EDC. As of 30 June 2006 there is a class action and 13 lawsuits pending, brought by approximately 500 plaintiffs. Plaintiffs allege various personal injuries resulting from exposure to EDC while employed as contractors of ConocoPhillips to clean up the EDC or to perform other projects on the ConocoPhillips refinery where the rupture occurred. The plaintiffs seek recovery of unspecified compensating and punitive damages. Sasol NA has successfully obtained substantial insurance cover for costs to be incurred in connection with this litigation. Previous settlements for approximately US$10 million of which Sasol NA's share was US$3 million were made in 2003. While the cases are being vigorously defended the likelihood of financial loss in future is probable. The loss is unlikely to exceed the amount of US$3 million for previously settled cases.

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

Sulphur dioxide litigation

During January 2003 Sasol NA and ConocoPhillips refinery released a quantity of sulphur dioxide to the environment as a result of a power outage in the ConocoPhillips Lake Charles refinery. Lawsuits were filed against ConocoPhillips and Sasol NA has since been added as a defendant. At 30 June 2006 more than 600 lawsuits had been filed on behalf of more than 20 000 plaintiffs. ConocoPhillips and Sasol NA jointly defended the lawsuits and Sasol NA's liability for defense and settlement costs has been limited, by agreement. Sasol NA has paid the "cap" as per the agreement and therefore the prospect of future loss in this matter is remote and no future loss in this regard is expected.

Yellow Rock litigation

In July 2005 Sasol NA received notice of suit by Yellow Rock LLC alleging over US$1 million in damages and seeking an injunction that would require Sasol NA to remove its ethylene from Salt Storage Dome 1-A in sulphur, Louisiana near the Lake Charles Chemical Complex. The suit alleges that in 2004 the Dome 1-A was leaking ethylene and caused the "blow out" of an oil and gas exploration well being drilled by Yellow Rock. An integrity assessment of the well performed by an independent consultant in early 2005 concluded that the Dome 1-A was not leaking. These results were conveyed to Yellow Rock and were signed off on by the Louisiana Department of Natural Resources, but did not deter the filing of the suit. Prospects of future events confirming a loss are therefore remote.

US hearing loss cases

There are presently approximately 160 hearing loss cases pending in the Sasol NA business. These claims for occupational hearing loss in Louisiana are not covered by Workman's Compensation. The likelihood of loss is considered reasonably possible as these claims will be settled. The range of expected future loss through settlement is estimated to be between US$800 000 and US$1 150 000.

The group is subject to loss contingencies pursuant to numerous national and local environmental laws and regulations that regulate the discharge of materials into the environment or that otherwise relate to the protection of human health and the environment in all locations in which it operates. These laws and regulations may, in future, require the group to remediate or rehabilitate the effects of its operations on the environment. The contingencies may exist at a number of sites; including, but not limited to, sites where action has been taken to remediate soil and groundwater contamination. These future costs are not fully determinable due to factors such as the unknown extent of the magnitude of possible contamination, uncertainty regarding the timing and extent of remediation actions that may be required, the allocation of the environmental obligation among multiple parties and the discretion of regulators and changing legal requirements.

The group's environmental obligation accrued at 30 June 2006 was R3 184 million (2005 – R2 634 million). Included in this balance are the costs of remediation of soil and groundwater contamination. These costs relate to the following activities: site assessments, soil and groundwater clean-up and remediation, and ongoing monitoring. Due to the uncertainties regarding the future costs the range of loss in excess of the amount accrued cannot be reasonably determined.

49 Guarantees and contingent liabilities *(continued)*

49.5 Environmental orders

Under the agreement for the acquisition of Sasol Chemie, we received an indemnification from RWE-DEA for most of the costs of remediation and rehabilitation of environmental contamination existing at Condea Vista Company located in the United States on or before 1 March 2001.

Although the group 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.

As with the oil and gas and chemical industries, generally, compliance with existing and anticipated environmental, health, safety and process safety laws and regulations increases the overall cost of business, including capital costs to construct, maintain, and upgrade equipment and facilities. These laws and regulations have required, and are expected to continue to require, the group to make significant expenditures of both a capital and expense nature,

49.6 September 2004 Accident Trust

On 1 September 2004 the lives of ten employees and contractors were lost and a number of employees and contractors were injured during an explosion that occurred at our Secunda West ethylene production facilities.

Since January 2006, Sasol Limited, Solidarity, the Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union and an attorney representing the unions have been in negotiations to find a mechanism to pay compensation to the dependants of people that died or were physically injured in the accident to the extent that they had not been previously compensated in terms of existing policies and practices. It was agreed to establish an independent trust, the September 2004 Accident Trust (the Trust), to expeditiously make ex gratia grants to persons who were physically injured in the 1 September 2004 explosion at our Secunda West ethylene production facilities and to the dependants of persons who died in that accident. The September 2004 Accident Trust was registered on 29 June 2006. Qualifying victims of the accident have been invited to submit applications for compensation. These grants will be calculated in accordance with the applicable South African legal principles for the harm and loss suffered by them as a result of the accident to the extent that they have not already been compensated.

The company will fund the Trust to pay the ex gratia grants. Whilst accepting social responsibility, the company has not acknowledged legal liability in creating the trust. As at 30 June 2006 it is believed that a loss contingency exists and that it is probable that the future claims will be received from the dependents of the deceased or from those physically injured and to whom ex gratia grants will be made. No accrual has been made as at 30 June 2006 as the amount of the loss cannot be reliably estimated. The future payments are dependent on the number of applications submitted to the Trust, the independent findings of each application and the calculation of the grants based on the applicable South African legal principles. It is believed that the possible loss is unlikely to exceed R20 million.

at 30 June	2006 Rm	2005 Rm	2004 Rm
50 Commitments under leases			
Minimum future lease payments – operating leases			
The group rents buildings under long-term non-cancellable operating leases and also rents offices and other equipment under operating leases that are cancellable at various short-term notice periods by either party.			
Buildings and offices			
Within one year	**108**	127	104
One to two years	**93**	119	101
Two to three years	**95**	111	93
Three to four years	**97**	105	87
Four to five years	**88**	96	82
More than five years	**497**	563	644
	978	1 121	1 111
Equipment			
Included in 2006 are commitments amounting to R2 941 million in respect of water reticulation for Sasol Synfuels.			
Within one year	**186**	210	152
One to two years	**193**	148	116
Two to three years	**223**	121	80
Three to four years	**211**	106	59
Four to five years	**220**	78	77
More than five years	**3 811**	75	7
	4 844	738	491
Minimum future lease payments – finance leases			
Within one year	**143**	164	228
One to two years	**132**	103	175
Two to three years	**131**	86	103
Three to four years	**115**	84	86
Four to five years	**111**	83	84
More than five years	**774**	683	231
Less amounts representing finance charges	**(656)**	(517)	(321)
	750	686	586
The minimum future lease payments as at 30 June 2006 reflect only those commitments that relate to continuing operations.			
The commitments in respect of discontinued operations at 30 June 2006 amount to:			
Operating lease commitments			
buildings and offices	**114**		
equipment	**378**		
Finance lease commitments	**12**		
Contingent rentals			
The group has no contingent rentals in respect of finance leases.			

	2006 Rm	2005 Rm	2004 Rm

51 Related party transactions

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

Disclosure in respect of joint ventures is provided on page 130 and of associates in note 5.

Material related party transactions were as follows

Sales and services rendered to related parties	2006 Rm	2005 Rm	2004 Rm
joint ventures	**1 446**	1 067	419
associates	**424**	379	453
third parties	**250**	204	60
	2 120	1 650	932

Amounts owing (after eliminating intercompany balances) by related parties are disclosed in the respective notes to the financial statements for those balance sheet items.

No provision for impairment of receivables related to the amount of outstanding balances has been provided.

Purchases from related parties	2006 Rm	2005 Rm	2004 Rm
joint ventures	**131**	240	137
associates	**360**	530	752
third parties	**600**	282	266
	1 091	1 052	1 155

Amounts owing (after eliminating intercompany balances) to related parties are disclosed in the respective notes to the financial statements for those balance sheet items.

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

There were no related party transactions in respect of discontinued operations.

Identity of related parties with whom material transactions have occurred

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

Directors and senior management

Details of the directors' and general executive committee remuneration and the shareholding in Sasol Limited are disclosed in the remuneration report on pages 32 to 39.

Shareholders

An analysis of major shareholders is provided on pages 24 and 25.

52 Inflation reporting

The financial statements have not been restated to a current cost basis as the group does not operate in a hyperinflationary economy.

	2006 %	2005 %	2004 %
Producer Price Index – South Africa	**5,1**	1,7	(0,6)

53 Post balance sheet events

The following non-adjusting events occurred subsequent to 30 June 2006. These are more fully described in the directors' report, refer page 31.

Sale of 25% shareholding in Sasol Oil (Pty) Limited to Tshwarisano

Disposal of DPI Holdings (Pty) Limited to Dawn Limited

Acquisition of the remaining 40% of Sasol Dyno Nobel (Pty) Limited

Windfall tax investigation by South African National Treasury Task Team

Potential repurchase and cancellation of Sasol Limited's shares

Approval of Sasol Pension Fund Surplus Apportionment Scheme

54 Changes in accounting policy

Share based payment

The provisions of IFRS2 Share-based payment have been applied retrospectively and comparative information restated accordingly. IFRS2 requires that every business accounts for the effects of its share based payment expenditure on the financial results, including the effects of share options granted to employees.

In terms of the transitional provisions of IFRS, all share options in issue but not yet vested at 1 July 2000 and all share options issued after that date have been taken into account in determining the share based compensation expense. Any share options which vested before 1 July 2000 have not been taken into account as the details of these expenses have not previously been published.

The effect of the adoption of this standard is set out below:

for the year ended 30 June	2005 Rm	2004 Rm
Income statement		
Decrease in profit attributable to shareholders	(136)	(145)
Decrease in minority interest in subsidiaries	(1)	(1)
Changes in equity statement		
Share based payment reserve	611	474
Opening balance of accumulated earnings	–	(327)
Opening balance of minority interest	–	(1)
Earnings per share	Rand	Rand
Earnings per share	(0,23)	(0,24)
Headline earnings per share	(0,22)	(0,24)
Diluted earnings per share	(0,22)	(0,24)
Diluted headline earnings per share	(0,21)	(0,24)

Exploration for and evaluation of mineral resources

The group adopted IFRS6 before it became mandatory and amended its accounting policy for the capitalisation of costs incurred in exploration and evaluation activities conducted by our coal mining and oil and gas exploration and production businesses. The change in accounting policy resulted in the reclassification of capitalised exploration costs from intangible assets to property, plant and equipment. Management believes that the classification of exploration assets as property, plant and equipment better reflects the nature of the assets. The details of the impact of the change in the accounting policy is disclosed in notes 1 and 3.

In addition the group has reclassified certain items of property, plant and equipment relating to our oil and gas exploration and production business within various classes. The details of the impact of the reclassification is disclosed in notes 1 and 3.

The adoption of the remaining accounting standards, interpretations and amendments to published accounting standards had no material effect on the financial results and financial position of the group.

55 Reclassification of comparative information

Short-term bank loans previously classified as bank overdraft

Certain short-term borrowing facilities with fixed maturity dates previously included under bank overdraft on the face of the balance sheet have been reclassified as short-term debt. Management concluded that the classification of these facilities as debt rather than cash and cash equivalents better reflects the nature of the underlying financial instrument. The reclassification had no impact on earnings.

The effect of the reclassification is:

at 30 June	2005 Rm	2004 Rm
Balance sheet		
Short-term debt		
Balance as previously reported	3 300	3 265
Effect of reclassification	2 328	4 032
Restated balance (before the effect of unamortised borrowing costs)	5 628	7 297
Short-term portion of unamortised borrowing costs	(14)	(12)
Restated balance	5 614	7 285
Bank overdraft		
Balance as previously reported	2 615	4 113
Effect of reclassification	(2 328)	(4 032)
Restated balance	287	81
Cash flow statement		
Movement in short-term debt		
Balance as previously reported	(440)	(2 616)
Effect of reclassification	(1 704)	944
Restated balance	(2 144)	(1 672)

Unamortised borrowing costs

In previous financial years, the costs associated with the arrangement of long-term debt financing were classified as long-term prepaid expenses. It is, however, more appropriate to reflect these costs as a reduction of the related long-term debt. As a result, these balances were reclassified from long-term prepaid expenses to a reduction of long-term debt. These costs are amortised over the period of the long-term debt to which they relate using the effective interest rate method. The reclassification had no impact on the income statement or cash flow statement.

The reclassification had the following impact on the balance sheet.

	2005 Rm	2004 Rm
Balance sheet		
Long-term prepaid expenses		
Total long-term prepaid expenses as previously reported	120	140
Effect of reclassification	(120)	(140)
Restated balance	–	–
Long-term debt		
Total long-term debt as previously reported	13 966	9 677
Effect of reclassification	(120)	(140)
Restated balance	13 846	9 537
Short-term portion of long-term debt	14	12

interest in joint ventures

In accordance with the group's accounting policy, the results of joint ventures are proportionately consolidated on a line-by-line basis. The information provided below includes intercompany transactions and balances.

	Development stage ventures		Operating ventures						
	Sasol GTL Rm	Polymers joint ventures* Rm	Merisol Rm	Spring Lights Gas Rm	DIA Acrylates Rm	Other** Rm	**2006 Total Rm**	2005 Total Rm	2004 Total Rm
Balance sheet									
Property, plant and equipment	6 632	3 925	330	–	1 405	197	**12 489**	7 560	4 878
Other non-current assets	27	1	25	57	181	25	**316**	496	(267)
Current assets	923	296	308	18	374	229	**2 148**	2 366	1 271
Total assets	7 582	4 222	663	75	1 960	451	**14 953**	10 422	5 882
Shareholders' equity	2 778	1 641	336	30	1 067	290	**6 142**	3 960	2 061
Long-term debt (interest bearing)	2 274	1 849	78	24	709	24	**4 958**	3 459	2 417
Long-term provisions	30	–	5	–	–	–	**35**	103	20
Other non-current liabilities	2 035	–	47	–	–	14	**2 096**	947	455
Interest bearing current liabilities	70	417	86	8	4	7	**592**	332	242
Non-interest bearing current liabilities	395	315	111	13	180	116	**1 130**	1 621	687
Total equity and liabilities	7 582	4 222	663	75	1 960	451	**14 953**	10 422	5 882
Income statement									
Turnover	157	540	555	90	722	548	**2 612**	3 043	1 990
Operating profit/(loss)	(111)	49	(11)	38	19	78	**62**	254	(83)
Other (charges)/income	–	(14)	(9)	(4)	(58)	3	**(82)**	(104)	(60)
Net income before tax	(111)	35	(20)	34	(39)	81	**(20)**	150	(143)
Taxation	(2)	(3)	(8)	(11)	5	(12)	**(31)**	66	(29)
Attributable earnings	(113)	32	(28)	23	(34)	69	**(51)**	216	(172)
Cash flow statement									
Cash flow from operations	733	116	(3)	42	124	97	**1 109**	875	(253)
Movement in working capital	(632)	(4)	(47)	3	90	5	**(585)**	359	(370)
Taxation received/(paid)	134	(3)	4	(11)	(7)	(2)	**115**	(112)	(29)
Other charges	(98)	(335)	(9)	(4)	(67)	(3)	**(516)**	(173)	(82)
Cash available from operations	137	(226)	(55)	30	140	97	**123**	949	(734)
Dividends paid	–	–	–	(3)	(6)	(5)	**(14)**	(2)	(3)
Cash retained from operations	137	(226)	(55)	27	134	92	**109**	947	(737)
Cash flow from investing activities	(2 054)	(701)	(48)	–	(10)	(51)	**(2 864)**	(2 213)	(2 918)
Cash flow from financing activities	1 764	953	83	(28)	(46)	13	**2 739**	1 733	3 720
(Increase)/decrease in cash requirements	(153)	26	(20)	(1)	78	54	**(16)**	467	65

*Comprising Arya Sasol Polymer and Petlin

**Includes African Amines, Asphacell, Merkur, Sasol Fibres, Sasol Huntsman, Sasol Lurgi and Sasol Oil Petromoc.

At 30 June 2006 the group's share of the total capital commitments of joint ventures amounted to R5 252 million (2005 – R8 454 million; 2004 – R8 461 million).

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

financial risk management and financial instruments

Introduction

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

Risk profile

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

Liquidity risk

The group manages liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The group finances its operations through a mixture of retained earnings, short and long-term bank funding, a commercial paper programme and commercial bond issues. Adequate banking facilities and reserve borrowing capacities are maintained (refer page 85). The group has sufficient undrawn call/demand borrowing facilities, which could be utilised to fund any potential shortfall in cash resources.

Credit risk

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

Trade receivables consist of a large number of customers spread across diverse industries and geographical areas. Trade receivables are carefully monitored for impairment. No single customer represents more than 10% of the group's total turnover or total trade receivables for the years ended 30 June 2006 and 30 June 2005.

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

Credit risk exposure in respect of trade receivables is analysed in note 11.

Foreign currency risk

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

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

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

	Contract foreign currency amount million	Contract amount – Rand equivalent Rm	Average rate of exchange (calculated)	**Estimated fair value gains/ (losses) Rm**
The following forward exchange contracts and cross currency swaps were held at 30 June 2006:				
Forward exchange contracts				
Related to transactions which have already occurred				
Imports – capital				
Euro	1	6	9,01	–
US dollar	14	103	7,00	**4**
		109		**4**
Imports – goods				
Euro	1	9	8,83	–
US dollar	78	542	6,94	**19**
Pound sterling	–	5	13,27	–
Other currencies – US$ equivalent	4	26	7,30	–
Continuing operations		582		**19**
Discontinued operations – Sasol Olefins & Surfactants		47		**1**
		629		**20**
Exports				
US dollar	18	129	7,18	**1**
Pound sterling	5	61	13,27	–
Continuing operations		190		**1**
Discontinued operations – Sasol Olefins & Surfactants		418		**8**
		608		**9**
Other payables (liabilities)				
Euro	1	6	8,20	**1**
US dollar	6	43	7,21	–
Other currencies – US$ equivalent	1	4	7,17	**(1)**
		53		–
Other receivables (assets)				
US dollar	122	884	7,25	**17**
Discontinued operations – Sasol Olefins & Surfactants		17		–
		901		**17**
Related to future commitments				
Imports				
Euro	34	318	9,25	**42**
US dollar	49	333	6,75	46
Pound sterling	–	2	11,01	**1**
		653		**89**
Other payables (liabilities)				
Euro	3	23	7,82	**3**
US dollar	5	29	6,46	3
		52		**6**
Other receivables (assets)				
US dollar	3	23	6,49	**(3)**
Cross currency swaps				
Euro to US dollar	563	5 099	9,05	**(385)**
Euro to Rand	382	2 580	6,75	**143**
Other	126	858	6,81	**76**
		8 537		**(166)**

Interest rate risk

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

The following interest rate derivative contracts for continuing operations were in place at 30 June 2006:

	Contract foreign currency amount million	Contract amount – Rand equivalent Rm	Average fixed rate %	Expiry	**Estimated fair value gains/ (losses) Rm**
Interest rate derivatives					
Pay fixed rate receive floating rate					
US dollar	98	703	3,8	15 Jan 2008	**13**
Rand	–	500	9,7	30 June 2008	**(8)**
Rand	–	1 062	7,6	15 Dec 2009	**40**
		2 265			**45**
Interest rate cap or collar (relating to long-term debt)					
Rand – cap	–	227	11,0	1 June 2009	**1**
Rand – cap	–	500	9,4	29 June 2007	**(4)**
		727			**(3)**

Commodity price risk

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

The following commodity derivative contracts for continuing operations were in place at 30 June 2006:

	Contract foreign currency amount million	Contract amount – Rand equivalent Rm	Average price US$	**Estimated fair value gains/ (losses) Rm**
Commodity derivatives				
Futures				
Crude oil (US dollar)	60	428	55,95	**(3)**
Zero cost collar				**(93)**
Call options sold (US dollar)	1 398	10 024	83,60	
Put options bought (US dollar)	1 054	7 552	63,00	
Other	–	3	–	**3**

Maturity profile of financial instruments

The maturity profile of financial assets and liabilities at 30 June 2006 were as follows:

	Note	**Carrying value Rm**	Within one year Rm	One to two years Rm	Two to three years Rm	Three to four years Rm	Four to five years Rm	More than five years Rm
Financial assets								
Investments in securities	4	**466**	72	–	–	–	–	394
Long-term receivables	7	**1 012**	–	63	34	37	9	869
Long-term financial assets	8	**251**	–	251	–	–	–	–
Trade receivables	11	**7 432**	7 432	–	–	–	–	–
Other receivables	12	**1 901**	1 901	–	–	–	–	–
Short-term financial assets	13	**180**	180	–	–	–	–	–
Cash restricted for use	14	**584**	584	–	–	–	–	–
Cash	14	**3 102**	3 102	–	–	–	–	–
Continuing operations		**14 928**	13 271	314	34	37	9	1 263
Discontinued operations – Sasol Olefins & Surfactants*		**4 067**	4 026	8	6	6	6	15
		18 995	17 297	322	40	43	15	1 278
Financial liabilities								
Long-term debt	15	**15 021**	–	1 000	3 015	3 773	1 005	6 228
Short-term debt	20	**2 721**	2 721	–	–	–	–	–
Short-term financial liabilities	21	**514**	514	–	–	–	–	–
Trade payables	24	**3 555**	3 555	–	–	–	–	–
Other payables and accrued expenses	25	**3 544**	3 544	–	–	–	–	–
Bank overdraft	14	**442**	442	–	–	–	–	–
Continuing operations		**25 797**	10 776	1 000	3 015	3 773	1 005	6 228
Discontinued operations – Sasol Olefins & Surfactants*		**2 307**	2 294	7	6	–	–	–
		28 104	13 070	1 007	3 021	3 773	1 005	6 228

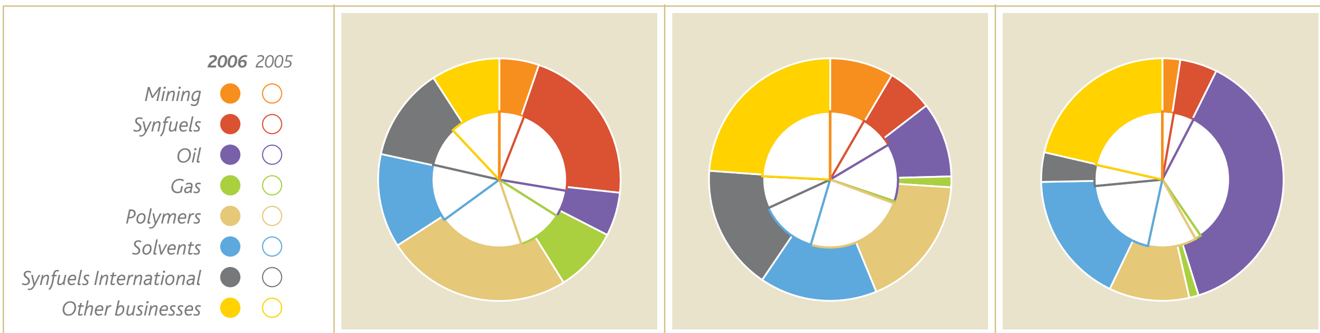
** Reflects the maturity within this business.*

	Contract amount Rm	Within one year Rm	One to two years Rm	Two to three years Rm
Forward exchange contracts				
Transactions which have already occurred				
Imports – capital				
Euro	**6**	6	–	–
US dollar	**103**	103	–	–
	109	109	–	–
Imports – goods				
Euro	**9**	9	–	–
US dollar	**542**	542	–	–
Pound sterling	**5**	5	–	–
Other currencies	**26**	26	–	–
Continuing operations	**582**	582	–	–
Discontinued operations – Sasol Olefins & Surfactants	**47**	47	–	–
	629	629	–	–
Exports				
US dollar	**129**	129	–	–
Pound sterling	**61**	61	–	–
Continuing operations	**190**	190	–	–
Discontinued operations – Sasol Olefins & Surfactants	**418**	418	–	–
	608	608	–	–

	Contract amount Rm	Within one year Rm	One to two years Rm	Two to four years Rm	More than four years Rm
Other payables (liabilities)					
Euro	**6**	6	–	–	–
US dollar	**43**	43	–	–	–
Other currencies	**4**	4	–	–	–
	53	53		–	–
Other receivables (assets)					
US dollar	**884**	884	–	–	–
Discontinued operations – Sasol Olefins & Surfactants	**17**	17	–	–	–
	901	901	–	–	–
Related to future commitments					
Imports					
Euro	**318**	318	–	–	–
US dollar	**333**	333	–	–	–
Pound sterling	**2**	2	–	–	–
	653	653	–	–	–
Other payables (liabilities)					
Euro	**23**	23	–	–	–
US dollar	**29**	28	1	–	–
	52	51	1	–	–
Other receivables (assets)					
US dollar	**23**	23	–	–	–
Cross currency swaps					
Euro to US dollar	**5 099**	5 099	–	–	–
Euro to Rand	**2 580**	1 371	–	1 209	–
Other	**858**	–	60	419	379
	8 537	6 470	60	1 628	379
Interest rate derivates					
Pay fixed rate receive floating rate					
US dollar	**703**	70	148	485	–
Rand	**500**	–	500		–
Rand	**1 062**	125	125	812	–
	2 265	195	773	1 297	–
Interest rate cap or collar					
Rand	**727**	500	–	114	113
Commodity derivatives					
Futures					
Crude oil (US dollar)	**428**	428	–	–	–
Zero cost collar					
Call options sold (US dollar)	**10 024**	10 024	–	–	–
Put options bought (US dollar)	**7 552**	7 552	–	–	–
Other	**3**	3	–	–	–

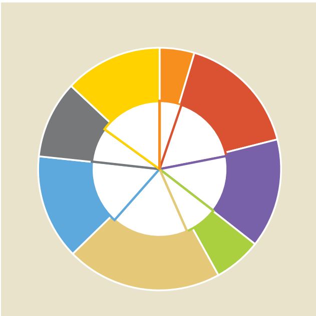
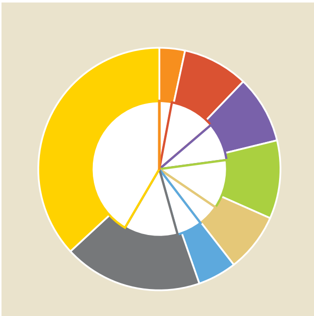
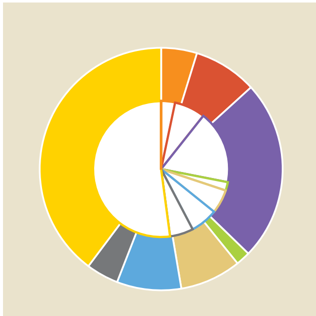
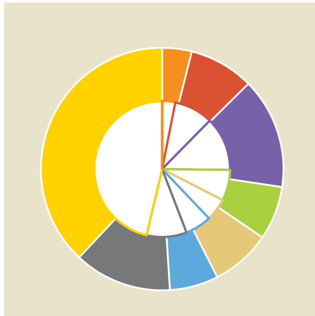
business segment information

	Property, plant and equipment		Other non-current assets		Current assets	



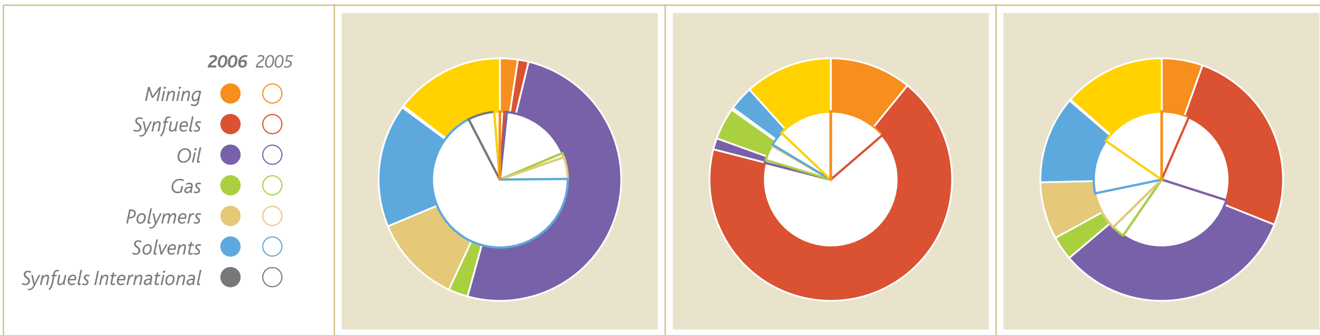
	Property, plant and equipment 2006 Rm	Property, plant and equipment 2005 Rm	Other non-current assets 2006 Rm	Other non-current assets 2005 Rm	Current assets 2006 Rm	Current assets 2005 Rm
Mining	**3 307**	3 062	**295**	272	**574**	528
Synfuels	**13 421**	11 138	**211**	263	**1 200**	939
Oil	**3 636**	3 258	**348**	447	**9 145**	6 318
Gas	**5 369**	5 555	**50**	16	**303**	271
Polymers	**15 496**	10 385	**617**	779	**2 587**	2 219
Solvents	**7 839**	6 981	**545**	441	**4 241**	3 863
Synfuels International	**7 790**	4 858	**579**	249	**951**	969
Other businesses	**5 729**	6 168	**828**	788	**5 166**	4 133
Continuing operations	**62 587**	51 405	**3 473**	3 255	**24 167**	19 240
Discontinued operations – O&S**	**3 242**	5 929	**569**	776	**8 025**	6 855
Total	**65 829**	57 334	**4 042**	4 031	**32 192**	26 095

* excludes tax and deferred tax
** in the balance sheet for 2006, discontinued operations are reflected as a current asset and current liability.

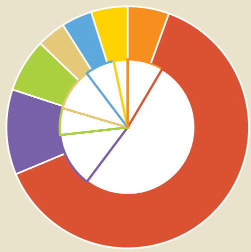
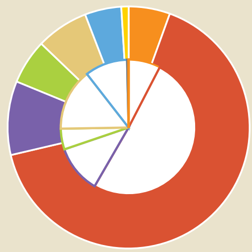





Total consolidated assets*		Non-current liabilities		Current liabilities		Total consolidated liabilities*	
2006 Rm	2005 Rm	**2006 Rm**	2005 Rm	**2006 Rm**	2005 Rm	**2006 Rm**	2005 Rm
4 176	3 862	**772**	543	**675**	490	**1 447**	1 033
14 832	12 340	**1 984**	1 970	**1 200**	1 093	**3 184**	3 063
13 129	10 023	**2 043**	1 663	**3 403**	2 593	**5 446**	4 256
5 722	5 842	**2 363**	2 126	**271**	299	**2 634**	2 425
18 700	13 383	**1 775**	932	**1 155**	847	**2 930**	1 779
12 625	11 285	**1 173**	1 105	**1 214**	969	**2 387**	2 074
9 320	6 076	**4 184**	2 337	**611**	828	**4 795**	3 165
11 723	11 089	**8 349**	7 590	**5 633**	7 744	**13 982**	15 334
90 227	73 900	**22 643**	18 266	**14 162**	14 863	**36 805**	33 129
11 836	13 560	**1 367**	1 266	**3 239**	2 788	**4 606**	4 054
102 063	87 460	**24 010**	19 532	**17 401**	17 651	**41 411**	37 183

business segment information

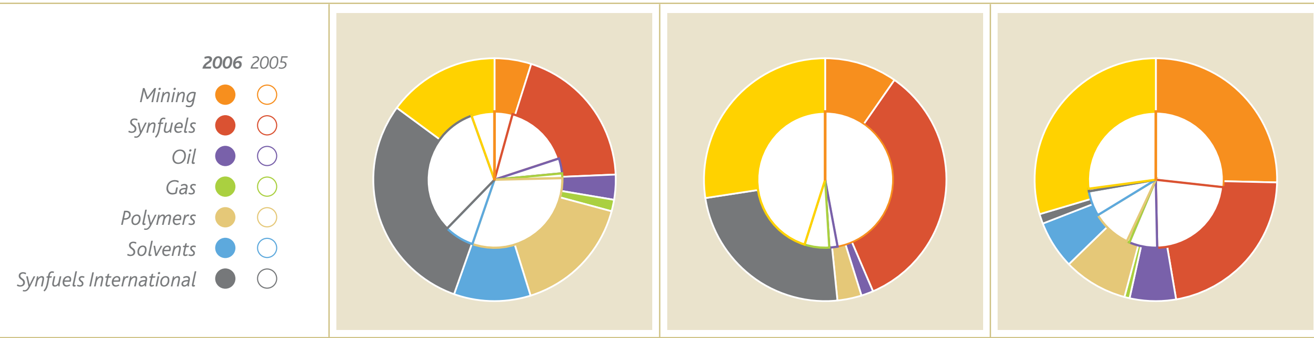


	External turnover 2006 Rm	External turnover 2005 Rm	Intersegment turnover 2006 Rm	Intersegment turnover 2005 Rm	Total turnover 2006 Rm	Total turnover 2005 Rm
Mining	**1 517**	1 471	**3 949**	3 744	**5 466**	5 215
Synfuels	**915**	820	**24 734**	17 864	**25 649**	18 684
Oil	**32 243**	23 525	**544**	187	**32 787**	23 712
Gas	**1 663**	1 408	**1 546**	996	**3 209**	2 404
Polymers	**7 537**	7 199	**102**	83	**7 639**	7 282
Solvents	**10 485**	9 361	**1 181**	947	**11 666**	10 308
Synfuels International	**161**	–	**–**	–	**161**	–
Other businesses	**9 329**	8 713	**4 242**	3 534	**13 571**	12 247
Continuing operations	**63 850**	52 497	**36 298**	27 355	**100 148**	79 852
Discontinued operations – O&S	**18 545**	16 742	**550**	354	**19 095**	17 096
Total	**82 395**	69 239	**36 848**	27 709	**119 243**	96 948

	Translation gains/(losses)		Effect of capital items (before tax) (refer note 35)		Operating profit/(losses)		Contribution to attributable earnings	
								
	2006 Rm	2005 Rm	**2006 Rm**	2005 Rm	**2006 Rm**	2005 Rm	**2006 Rm**	2005 Rm
	2	(2)	**(16)**	23	**1 180**	1 239	**780**	793
	(35)	(3)	**(187)**	(110)	**13 499**	7 546	**9 278**	5 296
	4	(11)	**(8)**	(63)	**2 432**	1 892	**1 390**	1 194
	(10)	(6)	**138**	–	**1 526**	931	**842**	516
	29	8	**(17)**	(12)	**822**	1 475	**985**	1 539
	96	100	**105**	(593)	**873**	1 021	**687**	1 063
	(18)	(23)	**–**	33	**(642)**	(201)	**(366)**	35
	186	30	**(144)**	19	**1 042**	480	**137**	(710)
	254	93	**(129)**	(703)	**20 732**	14 383	**13 733**	9 726
	(11)	(2)	**(4 143)**	(572)	**(3 567)**	(14)	**(3 360)**	(289)
	243	91	**(4 272)**	(1 275)	**17 165**	14 369	**10 373**	9 437

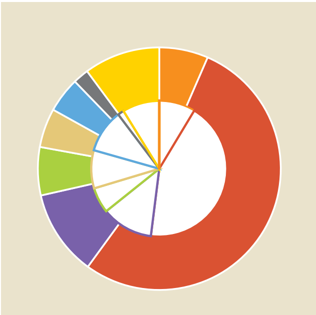
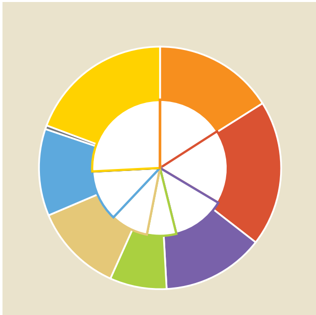
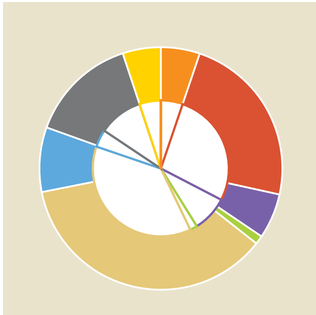
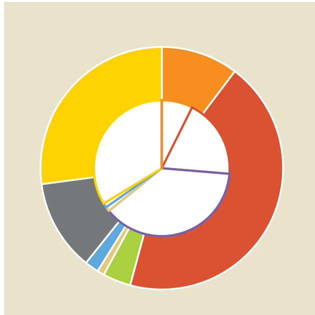
business segment information

Capital commitments



	Property, plant and equipment		Intangible assets		Number of employees	
	2006 Rm	2005 Rm	**2006 Rm**	2005 Rm	**2006 Rm**	2005 Rm
Mining	**676**	798	**6**	24	**7 084**	7 115
Synfuels	**2 682**	2 909	**21**	–	**6 135**	6 098
Oil	**459**	661	**1**	1	**1 719**	1 779
Gas	**212**	209	**–**	3	**194**	174
Polymers	**2 210**	5 696	**2**	–	**2 393**	2 467
Solvents	**1 411**	1 304	**–**	–	**1 781**	1 591
Synfuels International	**4 095**	5 990	**15**	–	**364**	162
Other businesses	**2 059**	1 018	**17**	23	**8 263**	7 214
Continuing operations	**13 804**	18 585	**62**	51	**27 933**	26 600
Discontinued operations – O&S	**762**	528	**–**	5	**3 527**	3 404
Total continuing operations	**14 566**	19 113	**62**	56	**31 460**	30 004

Cash flow information

Cash flow from operations		Depreciation and amortisation		Additions to property, plant and equipment		Additions to intangible assets	
							
2006 Rm	2005 Rm	**2006 Rm**	2005 Rm	**2006 Rm**	2005 Rm	**2006 Rm**	2005 Rm
1 749	1 689	**(546)**	(506)	**624**	615	**11**	7
14 351	8 504	**(661)**	(560)	**2 800**	3 248	**47**	18
3 069	2 405	**(463)**	(399)	**724**	1 011	**–**	36
1 724	1 195	**(258)**	(222)	**138**	204	**4**	–
1 396	1 778	**(404)**	(284)	**4 364**	4 423	**1**	1
1 258	2 022	**(394)**	(385)	**1 037**	493	**2**	1
561	291	**(17)**	(1)	**1 735**	1 246	**13**	–
2 720	1 726	**(656)**	(820)	**612**	602	**29**	32
26 828	19 610	**(3 399)**	(3 177)	**12 034**	11 842	**107**	95
1 301	1 381	**(769)**	(832)	**992**	578	**16**	11
28 129	20 991	**(4 168)**	(4 009)	**13 026**	12 420	**123**	106

balance sheet

at 30 June	Note	2006 Rm	2005 Restated Rm	2004 Restated Rm
Assets				
Investment in securities	1	**2**	2	2
Investments in subsidiaries	2	**32 820**	29 022	25 897
Deferred tax asset	3	**107**	14	11
Non-current assets		**32 929**	29 038	25 910
Trade and other receivables	4	**3 012**	481	966
Short-term financial asset	5	**29**	–	–
Tax receivable		**–**	5	–
Cash and cash equivalents	14	**7**	19	10
Current assets		**3 048**	505	976
Total assets		**35 977**	29 543	26 886
Equity and liabilities				
Shareholders' equity		**34 692**	28 354	25 607
Long-term debt	6	**1 057**	1 057	1 119
Tax payable		**38**	–	13
Trade and other payables		**190**	132	147
Current liabilities		**228**	132	160
Total equity and liabilities		**35 977**	29 543	26 886

sasol limited company

income statement

for the year ended 30 June	Note	2006 Rm	2005 Restated Rm	2004 Restated Rm
Operating loss	7	**(38)**	(125)	(44)
Dividends and interest received	8	**9 745**	5 556	3 123
Borrowing costs		**(2)**	–	–
Profit before tax		**9 705**	5 431	3 079
Taxation	9	**51**	2	(8)
Profit		**9 756**	5 433	3 071

sasol limited company

changes in equity statement

for the year ended 30 June	Note	2006 Rm	2005 Rm	2004 Rm
Share capital	10			
Balance at beginning of year		**3 203**	2 892	2 783
Issued during year		**431**	311	109
Balance at end of year		**3 634**	3 203	2 892
Share-based payment reserve				
Share-based payment – prior year adjustment				328
Restated balance at beginning of year		**611**	474	328
Current year charge		**169**	137	146
Balance at end of year		**780**	611	474
Accumulated profit				
Balance at beginning of year				22 307
Share-based payment – prior year adjustment				(126)
Restated balance at beginning of year		**24 536**	22 238	22 181
Restated profit for year		**9 756**	5 433	3 071
as previously reported			5 476	3 120
share based payment expenditure			(43)	(49)
Dividends paid		**(4 015)**	(3 135)	(3 014)
Balance at end of year		**30 277**	24 536	22 238
Foreign currency translation reserve				
Balance at beginning of year		**3**	2	4
Movement during year		**(3)**	1	(2)
Balance at end of year		**–**	3	2
Investment fair value reserve		**1**	1	1
Shareholders' equity		**34 692**	28 354	25 607

sasol limited company

cash flow statement

for the year ended 30 June	Note	2006 Rm	2005 Restated Rm	2004 Restated Rm
Cash flow from operations	11	**(10)**	(82)	5
Investment income		**9 745**	5 556	3 123
Movement in working capital		**(2 473)**	470	1 481
Cash generated by operations		**7 262**	5 944	4 609
Dividends paid	12	**(4 015)**	(3 135)	(3 014)
Tax paid	13	**(1)**	(19)	(4)
Cash available from operating activities		**3 246**	2 790	1 591
Investments in subsidiaries		**(3 689)**	(3 092)	(1 742)
Share capital issued		**431**	311	109
(Decrease)/Increase in cash		**(12)**	9	(42)
Cash and cash equivalents				
at end of year	14	**7**	19	10
at beginning of year		**(19)**	(10)	(52)
(Decrease)/Increase in cash		**(12)**	9	(42)

notes to the financial statements

for the year ended 30 June		2006 Rm	2005 Restated Rm	2004 Restated Rm
1	**Investment in securities**			
	Unlisted shares (available-for-sale)			
	Carried at fair value	**2**	2	2
	The investment in securities comprises 1 077 261 ordinary shares of R1,00 each in Business Partners Limited. This shareholding represents 0,6% of the company's issued share capital.			
2	**Investments in subsidiaries**			
	Reflected as non-current assets			
	Shares at cost	**1 725**	1 304	1 289
	Share-based payment expenditure	**501**	393	299
	Long-term loans to subsidiaries	**30 594**	27 325	24 309
		32 820	29 022	25 897
	Reflected as current assets			
	Short-term loans to subsidiaries	**2 961**	465	944
	Reflected as non-current liability			
	Long-term loans from subsidiaries	**(1 057)**	(1 057)	(1 119)
	Reflected as current liabilities			
	Short-term loans from subsidiaries	**(47)**	(36)	(57)
	Net investments in subsidiaries	**34 677**	28 394	25 665
	Investments in subsidiaries are accounted for at cost.			
	In terms of Sasol's group funding policy, subsidiaries are funded by way of equity from the holding company as well as long-term interest free loans. These long-term loans granted by the holding company are considered to form part of the permanent capital structure of the subsidiaries and therefore are not deemed to form part of the debt of the subsidiary. The long-term loans are unsecured and there are no fixed terms of repayment.			
	For further details of interest in significant subsidiaries, refer page 149.			
3	**Deferred tax asset**			
	Balance at beginning of year	**14**	11	8
	Current year charge per income statement	**93**	3	3
	Balance at end of year	**107**	14	11
	Comprising			
	Secondary Tax on Companies (STC)	**99**	–	–
	Provisions	**17**	14	11
	Short-term financial asset	**(9)**	–	–
		107	14	11
	The deferred tax asset arises from temporary differences on STC and provisions and has been recognised to the extent that the company will generate future taxable income against which the deferred tax asset can be utilised.			
4	**Trade and other receivables**			
	Deposit with Sasol Financing (Pty) Limited	**2 698**	394	888
	Inter company receivables	**263**	71	56
	Other receivables	**51**	16	22
		3 012	481	966

for the year ended 30 June	2006 Rm	2005 Restated Rm	2004 Restated Rm
5 Short-term financial asset			
Arising on short-term financial instrument	**29**	–	–
Short-term financial asset includes the revaluation of in-the-money forward exchange contracts.			
The forward exchange contracts are supported by underlying commitments.			
Import contracts			
US dollar contract amount	**26**	–	–
– Contract amount – rand equivalent	**156**	–	–
– Rate of exchange	**6,05**	–	–
– Estimated fair value gain	**29**	–	–
Pound sterling contract amount	**–**	–	–
– Contract amount – rand equivalent	**2**	–	–
– Rate of exchange	**10,91**	–	–
– Estimated fair value gain	**–**	–	–
6 Long-term debt			
Total long-term loans	**1 057**	1 057	1 119
The unsecured long-term debt comprises interest free loans from subsidiaries for which there are no fixed terms of repayment.			
7 Operating loss			
Operating loss includes			
Auditors' remuneration – audit fees	**(6)**	(5)	(6)
– other services	**(2)**	(24)	–
Directors' emoluments	**(10)**	(8)	(7)
total remuneration	**(33)**	(26)	(22)
paid by subsidiaries	**23**	18	15
Donations and sponsorships	**(51)**	(47)	(42)
Employee costs	**(282)**	(209)	(183)
Share based payment expenditure	**(60)**	(43)	(49)
Income from subsidiaries – fees	**651**	544	507
Loss on disposal of investment in subsidiary	**–**	(6)	–
Operating lease charges			
buildings	**(22)**	(23)	(19)
8 Dividends and interest received			
Dividends received from subsidiaries			
– subject to STC	**4 806**	3 062	3 015
– exempt from STC	**4 937**	2 491	104
	9 743	5 553	3 119
Interest received	**2**	3	4
	9 745	5 556	3 123

for the year ended 30 June	2006 Rm	2005 Restated Rm	2004 Restated Rm
9 Taxation			
South African normal tax	**(42)**	(1)	(19)
– current year	**(28)**	(4)	(23)
– prior years	**(14)**	3	4
Deferred tax	**93**	3	11
– current year	**93**	3	3
– prior years	**–**	–	8
	51	2	(8)
Reconciliation of tax rate	**%**	%	%
South African normal tax rate	**29,0**	29,0	30,0
Increase in effective tax rate due to:			
– disallowed expenditure	**0,3**	0,4	0,6
– share based payment expenditure	**0,2**	0,2	0,5
– prior year adjustments	**0,2**	–	–
	29,7	29,6	31,1
Decrease in effective tax rate due to:			
– STC	**(1,0)**	–	–
– prior year adjustments	**–**	–	(0,4)
– exempt income	**(29,2)**	(29,6)	(30,4)
Effective tax rate	**(0,5)**	–	0,3
Available STC credits at year end	**793**	1	74

10 Share capital

	Number of shares		
at 30 June	**2006**	2005	2004
Authorised			
Ordinary shares of no par value	**1 175 000 000**	1 175 000 000	1 175 000 000
Issued			
Ordinary shares of no par value	**682 978 425**	676 877 125	671 271 425

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

11 Cash flow from operations

for the year ended 30 June	2006 Rm	2005 Restated Rm	2004 Restated Rm
Operating loss	**(38)**	(125)	(44)
Realisation of foreign currency translation reserve	**(3)**	–	–
Short-term financial asset	**(29)**	–	–
Share based payment expense	**60**	43	49
	(10)	(82)	5

for the year ended 30 June	2006 Rm	2005 Restated Rm	2004 Restated Rm
12 Dividends paid			
Final dividend – prior year			
external shareholders	**(1 921)**	(1 440)	(1 432)
subsidiary company	**(186)**	(141)	(140)
Interim dividend – current year			
external shareholders	**(1 740)**	(1 416)	(1 313)
subsidiary company	**(168)**	(138)	(129)
	(4 015)	(3 135)	(3 014)
Expected cash flow on final dividend – current year			
external shareholders	**(2 617)**		
subsidiary company	**(252)**		
13 Tax paid			
Amount receivable/(payable) at beginning of year	**5**	(13)	2
Income tax per the income statement	**(42)**	(1)	(19)
Interest paid on tax	**(2)**	–	–
	(39)	(14)	(17)
Amount payable/(receivable) at end of year	**38**	(5)	13
	(1)	(19)	(4)
14 Cash and cash equivalents			
Cash and bank balance	**7**	19	10

15 Change in accounting policy

During the current financial year the company changed its accounting policy retrospectively, regarding the provision of IFRS 2, Share based payment and comparative information has been restated accordingly. IFRS2 requires that every business accounts for the effects of its share-based payment expenses on the financial results, including the effects of share options granted to employees.

Further detail of the change in accounting policy is provided in note 54 of the group annual financial statements.

The effect of the adoption of this change in accounting policy is reflected in the changes in equity statement on page 143.

16 Guarantees and contingent liabilities	2006 Rm	2005 Restated Rm	2004 Restated Rm
Guarantees and claims	**37 719**	29 808	22 693
Unutilised borrowing facilities guaranteed	**19 717**	12 450	15 721

The company has guaranteed the fulfilment of various subsidiaries' obligations in terms of contractual agreements.

at 30 June	2006 Rm	2005 Restated Rm	2004 Restated Rm
17 Commitments under operating leases			
The company rents buildings and equipment under long-term non-cancellable operating leases.			
Maturity profile			
Within one year	**22**	32	18
One to two years	**22**	33	20
Two to three years	**27**	34	22
Three to four years	**30**	40	24
Four to five years	**34**	45	27
More than five years	**241**	305	285
	376	489	396

18 Post balance sheet events

With effect from 1 July 2006 the company disposed of 25% of its investment in its wholly owned subsidiary Sasol Oil (Pty) Limited for a consideration of R1 450 million.

With effect from 1 July 2006 the company disposed of its management services business to a newly formed, wholly owned subsidiary, Sasol Group Services (Pty) Limited, for a consideration of R179 million.

interest in significant operating subsidiaries and incorporated joint ventures

Name	Nature of business		Nominal issued share capital	Interest %	Investment at cost 2006 Rm	Investment at cost 2005 Rm	Loans to subsidiaries 2006 Rm	Loans to subsidiaries 2005 Rm
Direct subsidiaries								
Sasol Mining (Pty) Limited	Coal mining activities	Rm	215	100	**456**	456	**31**	31
Sasol Synfuels (Pty) Limited	Production of liquid fuels, gases, chemical products and refining of tar acids	Rm	100	100	**676**	676	**518**	518
Sasol Technology (Pty) Limited	Engineering services, research and development and technology transfer	Rm	1	100	**1**	1	**244**	176
Sasol Financing (Pty) Limited	Management of cash resources, investment and procurement of loans for South African operations	R	200	100	**–**	–	**6 344**	4 041
Sasol Investment Company (Pty) Limited	Holding company of the group's foreign investments and investment in movable and immovable property	R	200	100	**–**	–	**16 261**	13 597
Sasol Chemical Industries Limited	Production and marketing of mining explosives, gases, petrochemicals and fertilisers	R	152	100	**–**	–	**5 392**	3 829
Sasol Gas Holdings (Pty) Limited	Holding company of the group's gas interests	R	100	100	**–**	–	**662**	1 209
Sasol Oil (Pty) Limited	Marketing of fuels and lubricants	R	1200	100	**504**	83	**–**	275

Name	Nature of business		Nominal issued share capital	Interest %
Indirect subsidiaries				
ChemCity (Pty) Limited	Supporting empowered small and medium manufacturing enterprises' requirements in order to enable them to thrive in the chemical industry	R	477	100
Republic of Mozambique Pipeline Investments Company (Pty) Limited	Owning and operating of the natural gas transmission pipeline between Temane in Mozambique and Secunda in South Africa for the transportation of natural gas produced in Mozambique to markets in Mozambique and South Africa	Rm	10	75
Sasol Chemicals Europe Limited [a]	Marketing and distribution of chemical products	GBP	20 000	100
Sasol Chemicals Pacific Limited [b]	Marketing and distribution of chemical products	HKD	10 000	100
Sasol Chemical Holdings International (Pty) Limited	Investment in the Sasol Chemie group	R	420	100
Sasol Financing International plc [d]	Management of cash resources, investment and procurement of loans for operations outside South Africa	US$	1 001	100
Sasol Gas Limited	Marketing, distribution and transportation of pipeline gas and the maintenance and operation of pipelines used for the transportation of various types of gas	R	1 000	100
Sasol Germany GmbH [e]	Production, marketing and distribution of waxes and wax related products	Euro m	70	100
Sasol Italy SpA [f]	Trading and transportation of oil products, petrochemicals and chemical products and their derivatives	Euro m	23	100
Sasol North America Inc [c]	Manufacturing of commodity and special chemicals	US$m	318	100
Sasol Oil International Limited [d]	Buying and selling of crude oil	US$	1	100
Sasol Petroleum International (Pty) Limited	Exploration, production, marketing and distribution of petroleum and natural gas	R	100	100
Sasol Polymers International Investments (Pty) Limited	Holding company of Sasol Polymers foreign investments	R	100	100
Sasol Synfuels International (Pty) Limited	Conversion and marketing of liquid fuels and chemical products	R	100	100
Sasol Wax International Aktiengesellschaft [f]	Holding company of the Sasol Wax operations	Euro m	33	100
Sasol Wax (SA) (Pty) Limited	Production, marketing and distribution of paraffin waxes	R	100 000	100
National Petroleum Refiners of South Africa (Pty) Limited	Refining of crude oil	Rm	128	64

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

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

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

The company's interest in the aggregate profits and losses of subsidiaries amounts to R12 253 million (2005 – R10 847 million) profits and R1 893 million (2005 – R1 197 million) losses.

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

contact information

Shareholder information helpline

We have reserved 0861 100 926 as the South African toll-free number and +27 (0) 11 373-0048 for shareholders calling from outside South Africa.

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

Depositary Bank

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

Direct purchase plan

The Bank of New York maintains a sponsored dividend reinvestment and direct purchase programme for Sasol's Depositary Receipts. As a participant in Global BuyDIRECT^{SM}, investors benefit from the direct ownership of their Depositary Receipts, the efficiency of receiving corporate communications directly from the Depositary 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 BuyDIRECT^{SM} should be addressed to:

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

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

E-mail: shareowner-svcs@bankofny.com

Company registration number

1979/003231/06

Addresses

Business address and registered office

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Postal and electronic addresses and telecommunication numbers

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Republic of South Africa

Telephone: +27 (0) 11 441-3111
Telefax: +27 (0) 11 788-5092

Website: http://www.sasol.com

Share registrars

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Telephone: +27 (0) 11 370-7700

Investor relations

Telephone +27 (0) 11 441-3112
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Sasol group corporate affairs department

Telephone: +27 (0) 11 441-3249
Telefax: +27 (0) 11 441-3236

The annual financial statements must be read in conjunction with our annual report under the Securities Exchange Act of 1934 on Form 20-F to be filed with the United States Securities and Exchange Commission during October 2006. The Form 20-F is available on our website at www.sasol.com.

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

Produced by Sasol group corporate affairs and accounting departments
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