



SASOL



**SASOL
INZALO
Public (RF)
Limited**



REVIEWED INTERIM FINANCIAL RESULTS
for the six months ended 31 December 2017

Reviewed interim financial results

for the six months ended 31 December 2017

Financial overview

The Sasol Inzalo share transaction will unwind in September 2018. Sasol Inzalo Public (RF) Limited (the group) will be required to dispose of the preferred ordinary shares in order to be in a position to redeem the preference share funding and cumulative dividends in 2018. Any shortfall in the value of the preferred ordinary shares held by the group will be made good through a subscription of shares by Sasol Limited in the group.

The investment in Sasol Limited was revalued at the closing market price of R428,18 per Sasol Limited ordinary share as at 31 December 2017, to a value of R6 887 million (R6 417 million at 31 December 2016 at a closing market price of R398,90 per share) in line with the group's accounting policy for investments classified as available-for-sale financial assets. At a Sasol Limited ordinary share price of R425 and preference share funding balances at 31 December 2017 of R7 400 million, there is a shortfall and a funding commitment for the Sasol Group of approximately R0,6 billion. As a result, assuming the Sasol Limited share price remains at R425, there will be no distribution of Sasol Limited ordinary shares to Sasol Inzalo Public funded participants when the transaction ends in September 2018.

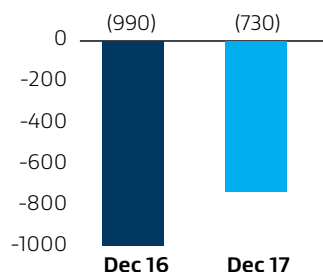
The group recorded a net loss for the six months ended 31 December 2017 of R56 million (2016: R58 million).

The directors have made an assessment of the group's ability to continue as a going concern until termination date, and there is no reason to believe the business will not continue until the transaction unwinds in September 2018.

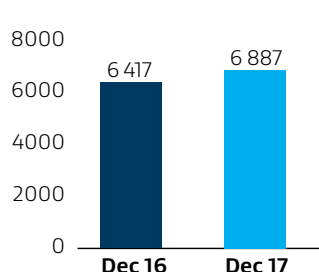
Sufficient cash is expected to be generated from the dividends that will be received from Sasol Limited in the period until termination of the scheme, to pay for the operating expenses as well as preference dividends and a portion of the capital repayments on the preference shares which are due.

Key financial highlights

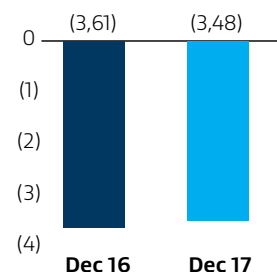
Net asset value
(R million)



Investment in security
(R million)



Basic loss per share
(Rand per share)



How we used our cash

	Dec 17 Rm	Dec 16 Rm
Dividend received	248	248
Operating activities	7	1
Repayment of capital and finance costs	244	249
Utilised from cash	(3)	(2)
	248	248

Subsequent events

There were no events subsequent to 31 December 2017 requiring disclosure.

Change in directors

There were no changes to the board of directors for the period ended 31 December 2017.

Declaration of cash dividend

Taking into account the value of the outstanding preference share debt balance, the Board of Directors has seen it prudent to utilise cash for repayment of financing activities and have concluded that no cash dividend be declared for the period ended 31 December 2017 (2016: Rnil).

On behalf of the board



Z Monnakgotla
Chairman



Z Malinga
Director

14 March 2018

Income statement

for the period ended

	Half year 31 Dec 17 Reviewed Rm	Half year 31 Dec 16 Reviewed Rm	Full year 30 Jun 17 Audited Rm
Other expenses	(7)	(7)	(8)
Operating loss	(7)	(7)	(8)
Net finance costs	(49)	(51)	(97)
finance income	248	248	498
finance costs	(297)	(299)	(595)
Loss before tax	(56)	(58)	(105)
Taxation	*	*	(1)
Loss for period	(56)	(58)	(106)

* Nominal amount

Per share information	Rand	Rand	Rand
Basic loss per share	(3,48)	(3,61)	(6,59)
Diluted loss per share	(3,48)	(3,61)	(6,59)

Statement of comprehensive income

for the period ended

	Half year 31 Dec 17 Reviewed Rm	Half year 31 Dec 16 Reviewed Rm	Full year 30 Jun 17 Audited Rm
Loss for period	(56)	(58)	(106)
Other comprehensive income/(loss), net of tax			
Items that can be subsequently reclassified to the income statement	770	23	(383)
Fair value of investments available for sale	992	29	(493)
Tax on items that can be subsequently reclassified to the income statement	(222)	(6)	110
Total comprehensive income/(loss) for the period	714	(35)	(489)

The reviewed interim financial statements are presented on a condensed consolidated basis.

Statement of financial position

at

	Half year 31 Dec 17 Reviewed Rm	Half year 31 Dec 16 Reviewed Rm	Full year 30 Jun 17 Audited Rm
Assets			
Investment in Sasol Limited shares	–	6 417	5 895
Non-current asset	–	6 417	5 895
Investment in Sasol Limited shares	6 887	–	–
Cash	18	18	21
Current assets	6 905	18	21
Total assets	6 905	6 435	5 916
Equity and liabilities			
Shareholders' deficit	(730)	(990)	(1 444)
Long-term debt*	–	7 152	7 205
Deferred tax liability	–	118	2
Non-current liabilities	–	7 270	7 207
Short-term debt*	7 400	144	142
Deferred tax liability	224	–	–
Other payables	11	11	11
Current liabilities	7 635	155	153
Total equity and liabilities	6 905	6 435	5 916

* Reclassified to current liabilities as the transaction is coming to an end in September 2018.

Statement of changes in equity

for the period ended

	Half year 31 Dec 17 Reviewed R m	Half year 31 Dec 16 Reviewed Rm	Full year 30 Jun 17 Audited Rm
Opening balance	(1 444)	(955)	(955)
Total comprehensive income/(loss) for the period	714	(35)	(489)
Closing balance	(730)	(990)	(1 444)
Comprising			
Share capital and share premium	371	371	371
Investment fair value reserve	776	412	6
Accumulated loss	(1 877)	(1 773)	(1 821)
Shareholders' deficit	(730)	(990)	(1 444)

Statement of cash flows

for the period ended

	Half year 31 Dec 17 Reviewed Rm	Half year 31 Dec 16 Reviewed Rm	Full year 30 Jun 17 Audited Rm
Cash utilised in operating activities	(7)	(1)	(2)
Cash flow from operations	(7)	(7)	(2)
Decrease in net working capital	-	6	-
Finance income received	248	248	498
Finance costs paid	(52)	(54)	(157)
Tax paid	-	-	(1)
Cash generated by operating activities	189	193	338
Repayment of capital	(47)	(47)	(95)
Repayment of capitalised finance costs	(145)	(148)	(242)
Cash utilised in financing activities	(192)	(195)	(337)
(Decrease)/increase in cash	(3)	(2)	1
Cash at beginning of year	21	20	20
Cash at end of period	18	18	21

Long-term/short-term debt

The group's borrowing powers are restricted by its memorandum of incorporation.

Terms of repayment	Security	Interest rate at 31 Dec 17	Half year 31 Dec 17 Rm	Half year 31 Dec 16 Rm	Full year 30 Jun 17 Rm
Secured debt					
A preference shares repayable in semi-annual instalments by September 2018	Secured by Sasol preferred ordinary shares held by the group	Fixed 11,10%	878	975	926
B preference shares repayable in September 2018	Secured by Sasol preferred ordinary shares held by the group	Fixed 13,30%	790	791	790
C preference shares repayable in September 2018	Guaranteed by Sasol Limited	Variable 68% of prime	5 725	5 527	5 626
Unsecured debt					
Sasol Limited interest-free loan repayable in September 2018 ¹		–	9	9	9
Non-participating preference share ²		–	*	*	*
			7 402	7 302	7 351
Unamortised loan costs (amortised over period of debt using the effective interest rate method)			(2)	(6)	(4)
			7 400	7 296	7 347
Repayable within one year included in short-term debt			(7 400)	(144)	(142)
			–	7 152	7 205

* Nominal amount

¹ An unsecured interest-free loan was obtained from Sasol Limited for the purpose of paying for costs associated with the listing of the BEE shares of the company on the JSE Limited's Empowerment Segment on 1 December 2015.

² One 'A' ordinary share of R0,01 was issued to Sasol Limited during the period ended 30 June 2008. The rights to this share provide that immediately when any ordinary share is issued, it is converted to a preference share. As a result of the ordinary shares issued during the year ended 30 June 2009, the share was converted to a preference share. The preference share will be entitled in the aggregate to a dividend of R1,00 immediately prior to redemption, on 8 September 2018, and to redemption proceeds of R0,01.

	Half year 31 Dec 17	Half year 31 Dec 16	Full year 30 Jun 17
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Basic loss per share

Basic loss per share is derived by dividing loss for the period/year by the weighted average number of shares.

	Number of shares		
Weighted average number of shares	16 085 199	16 085 199	16 085 199
	Rm		
Basic loss for the period	(56)	(58)	(106)
	Rand per share		
Basic loss per share	(3,48)	(3,61)	(6,59)

Due to the nature of the business, no potential dilution of shares exist and no headline earnings adjustments have arisen over the last two years.

Basis of preparation

The condensed consolidated interim financial statements for the six months ended 31 December 2017 have been prepared in accordance with International Financial Reporting Standards, IAS 34, Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, 2008, as amended, and the JSE Limited Listings Requirements. The condensed consolidated interim financial results were approved for issue by the Sasol Inzalo Public (RF) Limited board of directors on 14 March 2018.

The condensed consolidated interim financial statements do not include all the disclosures required for complete annual financial statements prepared in accordance with IFRS as issued by the International Accounting Standards Board. The condensed consolidated interim financial statements are prepared on a going-concern basis. The Board is satisfied that the liquidity and solvency of the Company is sufficient to support the current operations until the transaction unwinds.

These condensed consolidated interim financial statements have been prepared in accordance with the historic cost convention except that certain items, including available-for-sale financial assets, are stated at fair value.

The condensed consolidated interim financial statements are presented in South African Rand, which is Sasol Inzalo Public (RF) Limited's functional and presentation currency.

The condensed consolidated interim financial statements appearing in this announcement are the responsibility of the directors. The directors take full responsibility for the preparation of the condensed consolidated interim financial statements. Sharika Balram CA(SA), Senior Manager: Financial Control Services, is responsible for this set of condensed consolidated interim financial statements and has supervised the preparation thereof in conjunction with the Senior Accountant: Financial Control Services, Loyd Matsilele CA(SA).

Accounting policies

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are in terms of IFRS and are consistent with those applied in the consolidated annual financial statements for the year ended 30 June 2017.

Related party transactions

The group, in the ordinary course of business, entered into various transactions on an arm's length basis at market rates with its related party.

Independent review by the auditors

These condensed consolidated interim financial statements, for the six months ended 31 December 2017 have been reviewed by PricewaterhouseCoopers Inc., who expressed an unmodified conclusion thereon. The individual auditor assigned to perform the review is Mr M Naidoo. The auditor's report does not necessarily report on all of the information contained in this announcement of interim financial results.

Financial instruments

Fair value

Various valuation techniques and assumptions are utilised for the purpose of calculating fair value.

The group does not hold any financial instruments traded in an active market, except for the investment in listed equity instruments. Fair value is determined using valuation techniques as outlined below. Where possible, inputs are based on quoted prices and other market determined variables.

Fair value hierarchy

The following table is provided representing the assets and liabilities measured at fair value at reporting date, or for which fair value is disclosed at reporting date.

The calculation of fair value requires various inputs into the valuation methodologies used.

The source of the inputs used affects the reliability and accuracy of the valuations. Significant inputs have been classified into the hierarchical levels in line with IFRS 13, as shown below.

There have been no transfers between levels in the current period. Transfers between levels are considered to have occurred at the date of the event or change in circumstances.

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 3 Inputs for the asset or liability that are unobservable.

	31 December 2017 Rm	Valuation method	Significant inputs	Fair value hierarchy of inputs
Financial assets	6 887	Quoted market	Quoted market	Level 1
Investments in listed securities		price for the same instrument	price for the same instrument	
Financial liabilities	7 400	Discounted cash flow	Market related	Level 3
Unlisted short-term debt			interest rates	

Independent auditor's review report on the condensed consolidated interim financial statements

To the Shareholders of Sasol Inzalo Public (RF) Limited

We have reviewed the condensed consolidated interim financial statements of Sasol Inzalo Public (RF) Limited in the accompanying interim report, which comprise the condensed consolidated statement of financial position as at 31 December 2017 and the related condensed consolidated income statement and statement of comprehensive income, changes in equity and cash flows for the six-months then ended, and selected explanatory notes.

Directors' responsibility for the interim financial statements

The directors are responsible for the preparation and presentation of these interim financial statements in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on these interim financial statements. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these interim financial statements.

Emphasis of matter

Without qualifying our opinion, we draw attention to the interim financial statements which indicates that the group incurred a net loss of R56 million for the six months ended 31 December 2017 and, as at that date, the group's total liabilities exceeded its total assets by R730 million, rendering the company technically insolvent. The directors have made an assessment of the group's ability to continue as a going concern and there is no reason to believe the business will not be a going concern until the transaction unwinds in September 2018.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of Sasol Inzalo Public (RF) Limited for the six months ended 31 December 2017 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.

Director: M Naidoo

Registered Auditor

Waterfall

14 March 2018

Registered office: Sasol Place, 50 Katherine Street, Sandton, Johannesburg 2196
PO Box 5486, Johannesburg 2000, South Africa

Share registrars: Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank 2196, South Africa
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Tel: +27 11 370 5000 Fax: +27 11 370 5271/2

Information helpline: 0800 000 222

Email: sasolinzalo@computershare.co.za

JSE Sponsor: Deutsche Securities (SA) Proprietary Limited

Directors (Non-executive): Ms Z Monnakgotla (*Chairman*), Ms TB Boikhutso, Ms A Haroon,
Dr S Koyana, Ms N Manyika, Ms ZN Malinga, Ms K Njobe

Company secretary: Sasol South Africa Limited

Company registration number: 2007/030646/06, incorporated in the Republic of South Africa

Income tax reference number: 9261678164

Sasol Inzalo Ordinary shares

Share code: SIPBEE

ISIN: ZAE000210050

