



**SASOL**

**SASOL INZALO PUBLIC LIMITED (RF)**  
**Reviewed interim financial results**  
for the six months ended 31 December 2016



# Reviewed interim financial results

for the six months ended 31 December 2016

## Overview

### Performance for the six months ended 31 December 2016

The group recorded a net loss for the six months ended 31 December 2016 of R58 million (2015: R50 million), resulting in an increase of 16% from the previous year. This was mainly due to a R17 million increase in finance costs, partly offset by a reduction of R8 million once-off costs incurred for JSE listing fees in 2015. Finance income remained flat at R248 million due to the fixed dividend received of R15,40 per share.

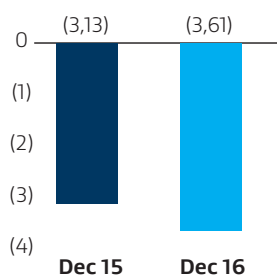
The group generated sufficient cash from the dividend received from the investment in Sasol Limited to fund operating activities, finance costs and to repay long-term debt during the period. Cash generated by operating activities for the six months ended 31 December 2016 amounted to R140 million (R137 million for the period ended 31 December 2015 and R260 million for the year ended 30 June 2016).

The investment in Sasol Limited was revalued at the closing market price of R398,90 per Sasol Limited ordinary share as at 31 December 2016, to a value of R6 417 million (R6 746 million at 31 December 2015 at a closing market price of R419,40 per share and R6 388 million at 30 June 2016 at a closing market price of R397,19 per share) in line with the group's accounting policy for investment classified as available-for-sale financial assets.

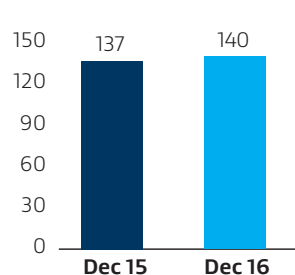
At 31 December 2016, the group's total liabilities exceeded its total assets by R990 million (31 December 2015: R600 million). Due to the structure of the BEE transaction, the group is regarded as a going concern despite the negative equity position. Sufficient cash will be generated out of dividends received from Sasol Limited to pay for the operating expenses as well as preference dividends and capital repayments on the preference shares which are due in the short term. The A preference shares are secured by a first right over the Sasol preferred ordinary shares and the B preference shares are secured by a second right over the Sasol preferred ordinary shares. The C preference shares are guaranteed by Sasol Limited. At the end of the empowerment period in 2018, the Sasol ordinary shares remaining after redeeming the preference shares and paying costs may then be distributed to the black public in proportion to their shareholding. Any shortfall between the value of the investment in Sasol Limited and the outstanding C preference shares at the end of the transaction will be settled directly by Sasol Limited in terms of the guarantee issued to the lenders. 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 in the year ahead.

### Key financial highlights

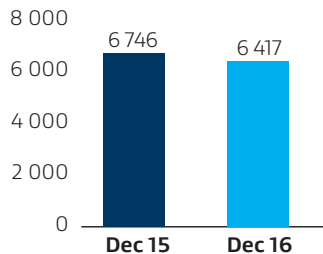
**Basic loss per share**  
(Rand per share)



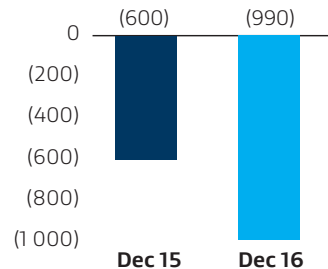
**Cash generated by operating activities**  
(R million)



**Investment in Sasol Limited**  
(R million)

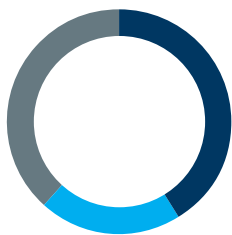


**Net asset value**  
(R million)



## How we used our cash

	Dec 16 Rm	Dec 15 Rm
Finance income received	248	248
Operating activities	1	–
Repayment of capital and finance costs (Utilised)/retained from cash brought forward	249 (2)	239 9
	248	248



- Repayment of capital and interest  
(A preference) R103 million
- Repayment of interest  
(B preference) R51 million
- Repayment of interest  
(C preference) R95 million

## Subsequent events

There were no events subsequent to 31 December 2016 requiring disclosure.

## Change in directors

Ms CK Mokoena resigned as chairman of the Board and independent non-executive director with effect from 31 January 2017. The Board appointed Ms Z Monnakgotla as interim chairman with effect from 1 February 2017 and chairman with effect from 16 March 2017.

## Declaration of cash dividend

Taking into account the current volatile macro-economic environment, 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 six months ended 31 December 2016 (31 December 2015: Rnil).

On behalf of the board



**Zanele Monnakgotla**  
Chairman



**Zola Malinga**  
Director

Sasol Inzalo Public Limited (RF)

16 March 2017

# Income statement

for the period ended

	Half year 31 Dec 16 Reviewed Rm	Half year 31 Dec 15 Reviewed Rm	Full year 30 Jun 16 Audited Rm
Other expenses	(7)	(16)	(17)
<b>Operating loss</b>	<b>(7)</b>	(16)	(17)
<b>Net finance costs</b>	<b>(51)</b>	(34)	(77)
Finance income	248	248	497
Finance costs	(299)	(282)	(574)
<b>Loss before tax</b>	<b>(58)</b>	(50)	(94)
Taxation	*	*	(1)
<b>Loss for period</b>	<b>(58)</b>	(50)	(95)

\* nominal amount.

<b>Loss per share</b>	<b>Rand</b>	Rand	Rand
Basic loss per share	(3,61)	(3,13)	(5,91)
Diluted loss per share	(3,61)	(3,13)	(5,91)

# Statement of comprehensive income

for the period ended

	Half year 31 Dec 16 Reviewed Rm	Half year 31 Dec 15 Reviewed Rm	Full year 30 Jun 16 Audited Rm
<b>Loss for period</b>	<b>(58)</b>	(50)	(95)
<b>Other comprehensive loss, net of tax</b>			
<b>Items that can be subsequently reclassified to the income statement</b>	<b>23</b>	(400)	(710)
Fair value of investments available-for-sale	29	(492)	(850)
Tax on items that can be subsequently reclassified to the income statement	(6)	92	140
<b>Total comprehensive loss for the period</b>	<b>(35)</b>	(450)	(805)

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

# Statement of financial position

at

	Half year 31 Dec 16 Reviewed Rm	Half year 31 Dec 15 Reviewed Rm	Full year 30 Jun 16 Audited Rm
<b>Assets</b>			
<b>Non-current asset</b>			
Investment in security	6 417	6 746	6 388
	<b>6 417</b>	6 746	6 388
<b>Current asset</b>			
Cash	18	48	20
<b>Total assets</b>	<b>6 435</b>	6 794	6 408
<b>Equity and liabilities</b>			
Shareholders' deficit	(990)	(600)	(955)
<b>Total equity</b>	<b>(990)</b>	(600)	(955)
Long-term debt	7 152	7 065	7 101
Deferred tax liability	118	160	112
<b>Non-current liabilities</b>	<b>7 270</b>	7 225	7 213
Short-term debt	144	148	145
Other payables	11	21	5
<b>Current liabilities</b>	<b>155</b>	169	150
<b>Total equity and liabilities</b>	<b>6 435</b>	6 794	6 408

# Statement of changes in equity

for the period ended

	Half year 31 Dec 16 Reviewed Rm	Half year 31 Dec 15 Reviewed Rm	Full year 30 Jun 16 Audited Rm
<b>Opening balance</b>	(955)	(150)	(150)
Total comprehensive loss for the period	(35)	(450)	(805)
<b>Closing balance</b>	(990)	(600)	(955)
<b>Comprising</b>			
Share capital and share premium	371	371	371
Investment fair value reserve	412	698	389
Accumulated loss	(1 773)	(1 669)	(1 715)
<b>Shareholders' deficit</b>	(990)	(600)	(955)

# Statement of cash flows

for the period ended

	Half year 31 Dec 16 Reviewed Rm	Half year 31 Dec 15 Reviewed Rm	Full year 30 Jun 16 Audited Rm
<b>Cash utilised in operating activities</b>	(1)	–	(17)
Cash flow from operations	(7)	(16)	(17)
Decrease in net working capital	6	16	–
Finance income received	248	248	497
Finance costs paid	(107)	(111)	(219)
Tax paid	*	*	(1)
<b>Cash generated by operating activities</b>	140	137	260
Repayment of capital	(142)	(128)	(288)
Loan raised	–	–	9
<b>Cash utilised in financing activities</b>	(142)	(128)	(279)
<b>(Decrease)/increase in cash</b>	(2)	9	(19)
Cash at beginning of year	20	39	39
<b>Cash at end of period</b>	18	48	20

\* nominal amount

## Long-term/Short-term debt

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

Terms of repayment	Security	Interest rate at 31 Dec 16 %	Half year 31 Dec 16 Rm	Half year 31 Dec 15 Rm	Full year 30 Jun 16 Rm
<b>Secured debt</b>					
A preference shares repayable in semi-annual instalments ending September 2018	Secured by Sasol preferred ordinary shares held by the group	Fixed 11,10	975	1 074	1 024
B preference shares repayable in September 2018	Secured by Sasol preferred ordinary shares held by the group	Fixed 13,30	791	792	791
C preference shares repayable in September 2018	Secured by a guarantee from Sasol Limited	Variable 68% of prime	5 527	5 356	5 429
<b>Unsecured debt</b>					
Sasol Limited interest-free loan repayable in September 2018 <sup>1</sup>		–	9	–	9
Non-participating preference share <sup>2</sup>		–	*	*	*
<b>Total secured and unsecured debt</b>			<b>7 302</b>	7 222	7 253
Unamortised loan costs			(6)	(9)	(7)
<b>Total long-term debt</b>			<b>7 296</b>	7 213	7 246
Short-term portion			(144)	(148)	(145)
			<b>7 152</b>	7 065	7 101

<sup>\*</sup> Nominal amount

<sup>1</sup> 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.

<sup>2</sup> 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.

<b>Loss per share</b>	<b>Half year 31 Dec 16</b>	Half year 31 Dec 15	Full year 30 Jun 16
<b>Basic loss per share</b>			
Basic loss per share is derived by dividing loss for the period/year by the weighted average number of shares.			
Weighted average number of shares	<b>Number of shares</b>		
	<b>16 085 199</b>	16 085 199	16 085 199
Loss for the year	<b>Rm</b>		
	<b>(58)</b>	(50)	(94)
<b>Loss per share</b>	<b>Rand per share</b>		
	<b>(3,61)</b>	(3,13)	(5,91)

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 2016 have been prepared in accordance with 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, as well as the requirements of the South African Companies Act, 2008, as amended and the Johannesburg Stock Exchange Listings Requirements. The condensed consolidated interim financial results were approved for issue by the Sasol Inzalo Public Limited (RF) board of directors on 16 March 2017.

The condensed consolidated interim financial statements do not include all the disclosure required for complete annual financial statements prepared in accordance with International Financial Reporting Standards (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 for the next 12 months.

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 Limited (RF)'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.

Dashni Sinivasan CA(SA), Senior Manager Finance at Sasol South Africa Proprietary Limited, is responsible for this set of condensed consolidated interim financial statements and has supervised the preparation thereof in conjunction with Loyd Matsilele CA(SA), Manager Finance at Sasol South Africa Proprietary Limited.

### 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 2016.

### 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.

### Significant financial instruments

#### Fair value

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 significant financial instruments measured at fair value at reporting date, or for which fair value is disclosed at 31 December 2016. 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:

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

Level 3 Inputs other than quoted prices that are unobservable for the asset or liability (directly or indirectly).

Instrument	IFRS 13 fair value hierarchy	Carrying value Rm	Fair value Rm	Valuation method	Significant inputs
Investment in security-measured at fair value	Level 1	6 417	6 417	Fair value	Quoted market price for identical instruments
Long-term debt	Level 3	7 296	7 237	Discounted cash flow	Inputs for the asset/liability that are unobservable

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

To the Shareholders of Sasol Inzalo Public Limited (RF)

We have reviewed the condensed consolidated interim financial statements of Sasol Inzalo Public Limited (RF) in the accompanying interim financial results, which comprise the condensed consolidated statement of financial position as at 31 December 2016 and the related condensed consolidated income statement and statements 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 inside front cover to the interim financial statements which indicates that the group incurred a net loss of R58 million for the six months ended 31 December 2016 and, as at that date, the group's total liabilities exceeded its total assets by R990 million, rendering the company technically insolvent. Pages 7 and 8 also detail plans in place by management to ensure that the company is able to continue as a going concern in the foreseeable future.

## 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 Limited (RF) for the six months ended 31 December 2016 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: PC Hough  
*Registered Auditor*  
Sunninghill

16 March 2017





**Registered office:** Sasol Place, 50 Katherine Street, Sandton, Johannesburg 2196

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**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 Proprietary 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

