

## chief financial officer's review

### Introduction

In support of the annual financial statements and associated notes, this review provides further insight into the financial position, performance and arrangements of the group.

The principal reporting currency of Sasol is the rand. Amounts expressed in US dollars represent a convenience translation made in accordance with International Financial Reporting Standards (IFRS) as set out in note 26 of the accounting policies and glossary of financial reporting terms on page 115. These figures are presented for convenience purposes only.

### Harmonisation of IFRS with US GAAP

Certain of the group's IFRS accounting policies differ from those which are prescribed by US GAAP. In order to minimise these differences and provide comparable reporting figures, under both IFRS and US GAAP, it is the group's intention to change its accounting policies with effect from the 2004 financial year and to harmonise them where possible with those prescribed by US GAAP. This may also include the early adoption of certain proposed amendments to IFRS as mentioned below. The principal differences between IFRS and US GAAP are set out in the reconciliation provided in this report.

### Economic variables and financial indicators

**Principal economic indicators** The economic indicators and variables used in preparing the financial statements are:

	Note	Income statement			Balance sheet		
		2003	2002	2001	2003	2002	2001
Exchange rates	1						
rand/US\$		9,03	10,13	7,65	7,50	10,27	8,02
rand/euro		9,41	9,08	6,79	8,63	10,19	6,89

Financial statements				
	Note	2003	2002	2001
Crude oil (US\$/bbl)				
Brent (Dated)	2	27,83	23,24	28,38
derived crude oil	3	23,67	20,83	26,41
Applied in South Africa (%)				
long-term discount rate	4	9,3	10,6	10,0
inflation rate (PPI)	5	9,4	11,0	9,1
Applied in Europe (%)				
long-term discount rate	4	6,0	6,0	6,0
inflation rate (PPI)	5	4,9	(0,2)	1,3
Applied in the USA (%)				
long-term discount rate	4	6,0	6,0	5,0
inflation rate (PPI)	5	3,7	(1,1)	1,4

#### Note

- Exchange rates are determined as the mid-closing interbank rate of South African banks daily at 16:30 as published by Reuters. The average rate for the year is determined as an arithmetic average of the closing rates for each of the South African business days for the financial year under review.
- Brent crude oil prices are determined from the quoted market prices of Blend North Sea crude oil as published by Platts Global Alert.
- The derived crude oil price is a calculated crude oil price providing an indication of the level of volume weighted white product prices, expressed in terms of a crude oil price.
- Long-term discount rates are determined by reference to the quoted government bond rates in South Africa or an extrapolation thereof with maturities approximating those of the related long-term liabilities. Discount rates in Europe and the USA are determined by reference to AAA credit-rated bonds listed on major exchanges and matching the maturities of the related long-term liabilities.
- Producer Price Index (PPI) inflation rates are determined from published government inflation data.