sasol
reaching new frontiers

# sasol limited financial results
for the year ended 30 June 2010

## focused and energised

- Earnings per share up by 17% to R26,68
- Synfuels volumes up by 3,9%
- Cash fixed costs reduced
- Strong cash flows generated from operating activities
- Total dividend up by 24% to R10,50 per share
- Strong balance sheet to fund growth
- Growth projects remain on track

## Sasol Limited is the world's leader in the conversion of coal and gas to transportation fuels and chemicals.

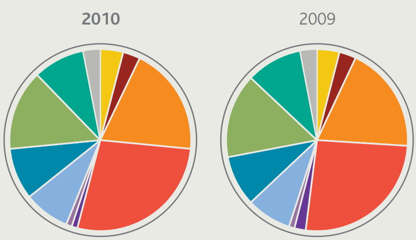
# *Segment report*

*for the year ended 30 June*

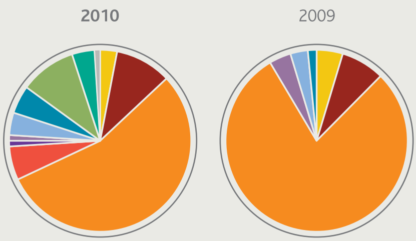
| Turnover R million 2009 | Turnover R million 2010 | Business unit analysis | Operating profit R million 2010 | Operating profit R million 2009 |
|---|---|---|---|---|
| 103 358 | **95 538** | **South African energy cluster** | **17 808** | 28 684 |
| 8 297 | **7 863** | Mining | **815** | 1 593 |
| 5 666 | **5 371** | Gas | **2 479** | 2 424 |
| 37 701 | **33 893** | Synfuels | **13 175** | 25 188 |
| 51 694 | **48 411** | Oil | **1 364** | (351) |
| – | **–** | Other | **(25)** | (170) |
| 5 166 | **3 967** | **International energy cluster** | **468** | 880 |
| 3 027 | **2 282** | Synfuels International | **131** | (235) |
| 2 139 | **1 685** | Petroleum International | **337** | 1 115 |
| 81 913 | **71 577** | **Chemical cluster** | **5 496** | (2 244) |
| 15 525 | **14 321** | Polymers | **958** | 946 |
| 18 115 | **15 765** | Solvents | **1 154** | 495 |
| 29 534 | **25 283** | Olefins & Surfactants | **2 492** | (160) |
| 18 739 | **16 208** | Other chemical businesses | **892** | (3 525) |
| 5 209 | **5 420** | **Other businesses*** | **165** | (2 654) |
| 195 646 | **176 502** | | **23 937** | 24 666 |
| (57 810) | **(54 246)** | Intercompany turnover | | |
| 137 836 | **122 256** | | | |

** Includes share-based payment expenses related to the Sasol Inzalo share transaction.*

**Contribution to group turnover**




**Operating profit**



## Overview

**Chief executive, Pat Davies says:** "Sasol continued to deliver on its strategy by focusing on world-class performance of our existing assets and progressing growth opportunities that are based on our proprietary technology. The prompt actions taken in response to the global economic crisis, though painful, have resulted in a more efficient and effective organisation. Our financial position is strong and we have the flexibility to pursue our sustainable growth strategy with vigour. Our focus remains on optimising our businesses, leveraging our technology and investing strategically to enhance shareholder returns on a sustainable basis."

Earnings attributable to shareholders for the year ended 30 June 2010 increased by 17% from R13,6 billion in the previous financial year to R15,9 billion, while earnings per share and headline earnings per share increased by 17% to R26,68 and by 5% to R26,57, respectively, over the same period.

Operating profit of R23,9 billion declined marginally by 3% compared with the previous financial year. Operating profit was positively impacted by improved production volumes, higher average crude oil prices (average dated Brent was US$74,37/barrel in 2010 compared with US$68,14/barrel in 2009) and chemical product prices. A 16% stronger average rand/US dollar exchange rate (R7,59/US$1 in 2010 compared with R9,04/US$1 in 2009), however, outweighed the benefits realised from the oil price. The average crude oil price achieved during the previous financial year was positively impacted by the effect of the oil hedges which resulted in a net gain of R5,1 billion. Similar oil hedges were not entered into during the financial year under review.

The operating profit in 2010 was not affected by large once-off charges compared with the previous financial year. The previous year's once-off charges included competition related administrative penalties of R3,9 billion and Sasol Inzalo share-based payment expenses of R3,2 billion. The 2010 financial year includes a much lower Sasol Inzalo share-based payment expense of R824 million.

The decrease in the effective tax rate is as a result of the absence of competition related administrative penalties and lower share-based payment expenses compared with the prior year, both of which are not deductible for tax.

Cash flow from operating activities was R27,3 billion compared with R48,2 billion of the previous year. While cash flow generated by the existing businesses was strong, working capital increased from a working capital ratio of 15,3% (expressed as a ratio of turnover) compared with the previous year's ratio of 11,2% as a result of price and volume effects. The group's growth plans remained on track during the 2010 financial year, resulting in capital expenditure of R16,1 billion for the year.

**Chief financial officer, Christine Ramon says:** "Our dedicated focus on operational efficiency, while maintaining strict cost discipline, has delivered results. We have been able to achieve cash fixed costs savings of R1 billion for the year, resulting in a reduction in cash fixed costs. The initiatives we have embarked on support the focus of our businesses to deliver sustainable performance through the cycles. Our growth plans remain on track and we will actively pursue our capital investment opportunities in the forthcoming year, where we estimate capital expenditure to be in the region of R19 billion. We continue to plan carefully for an economic recovery, albeit volatile. The strength of our balance sheet and healthy cash flows position us well to respond to opportunities and challenges that the current environment presents."

## Existing assets deliver results

### *South African energy cluster*

#### Sasol Mining – low US dollar coal prices depress operating profit

Operating profit of R815 million was 49% lower than the previous year mainly as a result of lower US dollar coal prices combined with a strong rand/US dollar exchange rate and increased Project Mafutha pre-feasibility costs. This was partially offset by higher Synfuels and Infrachem coal prices, increased production volumes due to operational efficiencies achieved during the year and lower costs per unit.

#### Sasol Gas – improved gross margin on the back of higher sales volumes

Operating profit increased by 2% to R2 479 million compared with the previous year. Although gas prices decreased, the effect thereof was negated as sales volumes increased resulting in a higher margin.

#### Sasol Synfuels – improved plant stability results in increased production volumes

Sasol Synfuels' operating profit decreased by 48% to R13 175 million compared with the previous year. Production volumes were 3,9% higher than the previous year as a result of improved plant stability. Unit cash costs, reflected a 5,8% reduction mainly as a result of capitalising shutdown and major inspection costs. However, the decline in operating profit resulted largely from stronger rand/US dollar exchange rates, which were partially offset by higher average oil prices. In addition, the operating profit in the prior year included a gain of R4 904 million relating to the oil hedge.

#### Sasol Oil – increased sales volumes

Sasol Oil recorded an operating profit of R1 364 million compared with an operating loss of R351 million for the previous year. Sales volumes increased by 7% compared with the previous year, especially due to demand by wholesalers and overland exporters into Southern Africa. This increase was supported by increased production as well as improved marketing margins during a period of less volatile crude oil prices. The improvement in operating profit was negated to some extent by the stronger rand/US dollar exchange rate and weaker refining margins.

### *International energy cluster*

#### Sasol Synfuels International (SSI) – Oryx GTL main contributor of operating profit

SSI recorded an operating profit of R131 million compared with an operating loss of R235 million for the previous year. This was mainly due to a once-off loss of R771 million realised on the reduction of our economic interest in the Escravos gas-to-liquids (GTL) project in the prior year. The Oryx GTL facility had an unscheduled shutdown in the second quarter of 2010 as a result of a failure in a vendor supplied air compressor unit and a planned statutory shutdown in the fourth quarter of 2010, resulting in lower production. This, together with a stronger rand/US dollar exchange rate and despite higher crude oil prices, resulted in Oryx GTL delivering a lower operating profit for the year. The Oryx GTL facility operated at 90% capacity, excluding the impact of the planned shutdown, in the second half of 2010.

#### Sasol Petroleum International (SPI) – lower sales volumes

Operating profit decreased by 70% to R337 million compared with the previous year, mainly due to lower sales volumes from the Etame oil field cluster in Gabon, coupled with a stronger rand/US dollar exchange rate. Higher average oil and gas prices partially negated these effects. In addition, condensate sales volumes from Mozambique decreased by 62% compared to the previous year, in line with expectations. Work continued according to schedule on the US$300 million expansion of the onshore gas production facilities in Pande and Temane, Mozambique, to increase the current annual capacity of 120 million gigajoules to 183 million gigajoules.

### *Chemical cluster*

#### Sasol Polymers – increase in sales volumes

Operating profit increased by 1% to R958 million compared with the previous year, mainly due to increased sales volumes and a reduction in fixed costs partially offset by foreign exchange translation differences. Sasol Polymers reorganised its South African structure, with a focus of cutting costs and improving productivity. Benefits from these turnaround plans have already started to bear fruit, with an increase in sales margins and reductions in costs during the latter part of the financial year. Arya Sasol Polymer Company continued to ramp up its production during the course of the year and ended with an average capacity utilisation of 65% for the year, contributing R771 million to Sasol Polymers operating profit.

#### Sasol Solvents – improved sales volumes

Operating profit increased by 133% to R1 154 million compared with the previous year due to improved sales volumes on the back of higher production. Stronger margins and a reduction in cash fixed costs further contributed to the increase in operating profit, which was partially offset by the strength of the rand against the US dollar.

#### Sasol Olefins & Surfactants (Sasol O&S) – improved margins as market demand recovers

Sasol O&S recorded an operating profit of R2 492 million compared with an operating loss of R160 million in the previous year. The improvement in the operating profit is mainly as a result of improved margins as the demand in the market recovered. The positive effect of the turnaround plan has been partially offset by negative foreign exchange impacts. The 2010 financial year includes a partial reversal of the impairment of the Sasol Italy assets amounting to R348 million, endorsing the positive outlook for the business in future.

### Other chemical businesses – European wax business and the fertiliser business make a positive contribution

Other chemical businesses recorded an operating profit of R892 million compared with an operating loss of R3 525 million for the previous year. The prior year included once-off items such as the European Commission administrative penalty relating to Sasol Wax GmbH, the administrative penalty payable by Sasol Nitro to the South African Competition Commission and the impairment and closure provisions related to the Phalaborwa operations. The negative effect of the stronger rand/US dollar exchange rate and the slower than expected recovery in the US wax market, was negated by the improved sales volumes in the European wax market. The fertiliser business also reported improved product margins during 2010.

## Competition law compliance

Regarding competition law, we continue to focus on enhancing Sasol's competition law compliance processes and systems throughout the group.

There are matters that remain subject to investigation. The South African Competition Commission (the Commission) has initiated investigations in respect of some of the industries in which Sasol participates, including the South African piped gas, coal mining, petroleum, fertiliser, wax and polymer industries.

During 2010, we received two notices of non-referral in regard to investigations that were conducted by the Commission into the South African candle wax industry. We are not aware of any further investigations by the Commission in respect of this industry.

On 5 July 2010, Sasol Nitro, a division of Sasol Chemical Industries Limited, concluded a settlement agreement with the Commission. The settlement agreement reached is in full and final settlement of the alleged contraventions of excessive pricing and exclusionary practices arising from complaints lodged with the Commission by Nutri-Flo and Profert. Sasol Nitro did not, as part of the settlement, admit to having committed any excessive pricing or exclusionary conduct. The Commission is of the view that the settlement, which involves a structural solution and several changes to Sasol Nitro's fertiliser business model, will address their competition concerns. As a result, no administrative penalty was imposed. The Competition Tribunal (the Tribunal) confirmed the settlement agreement on 20 July 2010.

On 12 August 2010, the Commission announced that it had referred its complaints of excessive pricing of polypropylene and propylene in the domestic South African market against Sasol Chemical Industries Limited (SCI) and of price fixing in respect of polypropylene against SCI and Safripol (Pty) Limited (Safripol) to the Tribunal for adjudication. The allegation of collusion on prices relates to an agreement concluded between Sasol Polymers, a division of SCI, and Safripol in 1994, which was structured at the behest of the former Competition Board, following the formation of Polifin (the Sasol/AECI joint venture) in 1994. The agreement was structured to ensure Safripol's ongoing access to propylene supply at a market-related price. Sasol Polymers has been liaising with the Commission in its investigation. The Commission indicated that it is seeking an administrative penalty of 10% of SCI's annual turnover for each of the alleged contraventions. There is no reasonable certainty as to whether or not SCI will be found to have contravened competition laws as alleged, whether a penalty will be imposed and the quantum thereof if imposed. SCI intends defending the matter before the Tribunal should an amicable resolution of the matter with the Commission not be achieved.

On 30 October 2009, after being advised that certain provisions in a suite of agreements concluded between Sasol Gas, Coal, Energy and Power Resources Limited (CEPR) and Spring Lights Gas (Pty) Ltd (Spring Lights) constituted contraventions of the Competition Act (the Act), Sasol Gas applied for leniency in terms of the Commission's corporate leniency policy and obtained conditional leniency. On 20 August 2010, Spring Lights concluded a settlement agreement with the Commission in terms of which Spring Lights acknowledged the mentioned contraventions and agreed to pay an administrative penalty of R10,8 million. The settlement agreement was referred to the Tribunal on 1 September 2010 for confirmation, but the matter was postponed *sine die* to enable the Commission to make a ruling on an exception application of Spring Lights.

We continue to interact and cooperate with the Commission in respect of the leniency applications as well as in the areas that are subject to Competition Commission investigations. As and when appropriate, we will make further announcements in respect of material matters.

## Sustaining Sasol into the future

Developments in the sustainable development area include the following:

- In South Africa, various policy development processes are currently being undertaken by government departments to address interdependent issues of climate change and the security of energy supply into the economy. This includes climate change policy on the back of pledges tabled at Copenhagen, a potential tax on carbon emissions investigated by National Treasury and a review of the Integrated Resource Plan (IRP) as part of energy supply policy. The group is currently in the process of assessing the impact of these potential changes on business.
- The recordable case rate for employees and service providers, including injuries and illnesses, was 0,51 at 30 June 2010 compared with 0,54 at 30 June 2009. We deeply regret having had eight fatalities (two of whom were service providers) during this financial year and as a matter of urgency have renewed our focus on safety as one of our top priorities for 2011.

- The group was rated a level 4 contributor by Empowerdex in respect of our broad-based black economic empowerment (BBBEE) procurement process. We are a value adding enterprise meaning that for each R1,00 spent on Sasol products, customers receive R1,25 BBBEE preferential procurement recognition. We achieved our level 4 contributor status earlier than our targeted date of 2012.

## Growth projects on track

Our strong cash flow generation has facilitated the further advancement of the pipeline of capital projects:

- In December 2009, the Project Application Report for the China coal-to-liquids (CTL) plant was submitted to the Chinese Government for approval. We are expecting a decision thereon in the second half of the 2011 financial year.
- The feasibility study for the Uzbekistan GTL plant is expected to be completed by the end of the second quarter of the 2011 financial year.
- Detailed engineering and construction on the expansion of the wax production facility in Sasolburg is progressing according to plan, with the first phase of the project expected to be completed and ready for operation towards the end of 2012.
- In February 2010, the Secunda Natural Gas Growth programme at Sasol Synfuels in South Africa was approved by the board. The first step of this R14,2 billion programme, which will result in a 3% increase in production volumes, has been completed with two gas turbines delivering 200 megawatts of electricity into the national grid.
- Sasol Polymers will invest R1,9 billion in an ethylene purification unit at its plant in Sasolburg, South Africa. The plant is expected to come on stream in the second half of the 2013 calendar year.
- Sasol Nitro will invest R0,95 billion in a replacement fertiliser granulation unit at its plant in Secunda, South Africa. The plant is expected to come on stream in the second half of the 2011 calendar year.
- In South Africa, coal blasting and extraction of the 170 000 ton sample of coal on Project Mafutha (a proposed greenfields CTL facility) was successfully completed in 2010. The coal has been transported to Secunda and the coal gasification trials are scheduled and planned for completion during the latter half of the 2010 calendar year. However, pending clarity on the large-scale coal gasification tests and the provision of a commercially viable carbon capture and storage solution, this project will not progress into the feasibility phase within the orginally envisaged timeline. More certainty relating to the South African government's prioritisation of the country's mega energy projects is expected towards the end of the 2010 calendar year.
- In July 2010, SPI was jointly, with Statoil ASA and Chesapeake Energy Corporation, awarded an onshore petroleum Technical Cooperation Permit covering approximately 88 000 square kilometres. This permit awards the applicants the right to study the prospectivity for shale gas in the Karoo Basin in the central region of South Africa.

## Strong balance sheet maintained

Gearing at 30 June 2010 of 1,0% (30 June 2009: negative 1,2%) remained low as a result of improved operating results. This low level of gearing is expected to be maintained in the short-term. At the annual general meeting of 27 November 2009, shareholders renewed the authority to buy back up to 4% of the issued share capital for a further 12 months. No shares were repurchased during the 2010 financial year.

## Outlook* – improved operational performance for the 2011 financial year, but cautious due to macro economic variables

While there has been some stability in global markets and it is anticipated that this will continue, the potential sovereign debt crisis in Europe indicates that the recovery in the global economy appears to be fragile. Recent chemical product demand and product prices have shown some improvement and the crude oil price has been less volatile compared with the prior year. The strength of the rand/US dollar exchange rate remains the single biggest external factor exerting pressure on our profitability.

Our production volumes have improved across the group through initiatives aimed at achieving operational efficiencies and plant stability. We anticipate that we will be able to maintain Synfuels' production volumes for the coming year taking into account the planned one in eight years full factory shut down during financial year 2011. Oryx is expected to perform at planned operating rates and Arya will continue to ramp up. Our focus in the year ahead will be to continue to contain cost inflation through the efficiency and effectiveness of our functions. However, considering the uncertain macro economic environment and our assumptions in respect of crude oil and product prices, weaker refining margins as well as the stronger rand/US dollar exchange rate, we are cautious on the outlook for the year ahead. The current volatility and uncertainty of global markets make it difficult to be more precise in this outlook statement.

The board has decided to increase the final dividend given the increase in earnings for the past year and taking into account the overall improved market and economic conditions, together with the ongoing strength of our financial position and current capital investment plans. This approach is consistent with our recently announced progressive dividend policy and track record of dividend growth as a key component of adding shareholder value.

**In accordance with standard practice, it is noted that this information has not been reviewed or reported on by the company's external auditors.*

## Acquisitions and disposals of businesses

With effect from 30 September 2009, Sasol O&S disposed of its inorganics business in Italy for a consideration of €0,6 million.

With effect from 24 November 2009, SPI acquired a participation right in the Sofala and M-10 Blocks in Mozambique for a purchase consideration of US$7,4 million.

## Subsequent events

On 5 July 2010, Sasol Nitro, a division of Sasol Chemical Industries Limited, concluded a settlement agreement with the Competition Commission of South Africa. This agreement was subsequently confirmed by the Competition Tribunal on 20 July 2010 and includes the divestiture of five regional fertiliser blending operations.

On 12 August 2010, the Commission announced that it had referred its complaints of excessive pricing of polypropylene and propylene in the domestic South African market against SCI and of price fixing in respect of polypropylene against SCI and Safripol to the Tribunal for adjudication. (Refer to competition law compliance matters above.)

On 20 August 2010, Spring Lights concluded a settlement agreement with the Commission in terms of which Spring Lights acknowledged the mentioned contraventions and agreed to pay an administrative penalty of R10,8 million. The settlement agreement was referred to the Tribunal on 1 September 2010 for confirmation but the matter was postponed.

On 24 August 2010, SPI and Petronas announced the joint assignment of a 15% participating interest in the offshore M-10 Block, in Mozambique to Empresa Nacional de Hidrocarbonetos (ENH), the Mozambique national hydrocarbon exploration company. This results in an equity split in the M-10 Block of a 42,5% participating interest to each of SPI and Petronas with the remaining 15% to be held by ENH.

## Declaration of cash dividend number 61

A final cash dividend of South African R7,70 per ordinary share (2009: R6,00 per share) has been declared. This brings the dividend for the full year to R10,50 per ordinary share (2009: R8,50 per share). The final cash dividend is payable on all ordinary shares, excluding the Sasol preferred ordinary shares.

*The salient dates for holders of ordinary shares are:*

| | |
|---|---|
| *Last day for trading to qualify for and participate in the dividend (cum dividend)* | *Friday, 8 October 2010* |
| *Trading ex dividend commences* | *Monday, 11 October 2010* |
| *Record date* | *Friday, 15 October 2010* |
| *Dividend payment date* | *Monday, 18 October 2010* |

On Monday, 18 October 2010, dividends due to certificated shareholders on the South African registry will either be electronically transferred to shareholders' bank accounts or, in the absence of suitable mandates, dividend cheques will be posted to such shareholders. Shareholders who hold dematerialised shares will have their accounts held by their CSDP or broker credited on Monday, 18 October 2010.

Share certificates may not be dematerialised or re-materialised between Monday, 11 October 2010 and Friday, 15 October 2010, both days inclusive.

On behalf of the board

| | | |
|---|---|---|
| ***Hixonia Nyasulu*** | ***Pat Davies*** | ***Christine Ramon*** |
| *Chairman* | *Chief executive* | *Chief financial officer* |

Sasol Limited
10 September 2010

The preliminary financial statements are presented on a summarised consolidated basis.

# *Statement of financial position*

***at 30 June***

| | 2010<br>Rm | 2009<br>Rm |
|---|---|---|
| **Assets** | | |
| Property, plant and equipment | **72 523** | 70 370 |
| Assets under construction | **21 018** | 14 496 |
| Goodwill | **738** | 805 |
| Other intangible assets | **1 193** | 1 068 |
| Investments in associates | **3 573** | 2 170 |
| Post-retirement benefit assets | **789** | 716 |
| Deferred tax assets | **1 099** | 1 184 |
| Other long-term assets | **1 828** | 2 045 |
| **Non-current assets** | **102 761** | 92 854 |
| Assets held for sale | **16** | 86 |
| Inventories | **16 472** | 14 589 |
| Trade and other receivables | **20 474** | 17 144 |
| Short-term financial assets | **50** | 520 |
| Cash restricted for use | **1 841** | 1 247 |
| Cash | **14 870** | 19 425 |
| **Current assets** | **53 723** | 53 011 |
| **Total assets** | **156 484** | 145 865 |
| **Equity and liabilities** | | |
| Shareholders' equity | **94 730** | 83 835 |
| Non-controlling interest | **2 512** | 2 382 |
| **Total equity** | **97 242** | 86 217 |
| Long-term debt | **14 111** | 13 615 |
| Long-term financial liabilities | **75** | 143 |
| Long-term provisions | **7 013** | 5 729 |
| Post-retirement benefit obligations | **4 495** | 4 454 |
| Long-term deferred income | **273** | 297 |
| Deferred tax liabilities | **10 406** | 9 168 |
| **Non-current liabilities** | **36 373** | 33 406 |
| Liabilities in disposal groups held for sale | **4** | 65 |
| Short-term debt | **1 542** | 4 762 |
| Short-term financial liabilities | **357** | 354 |
| Other current liabilities | **20 847** | 20 981 |
| Bank overdraft | **119** | 80 |
| **Current liabilities** | **22 869** | 26 242 |
| **Total equity and liabilities** | **156 484** | 145 865 |

# Income statement

*for the year ended 30 June*

| | 2010 Rm | 2009 Rm |
|---|---|---|
| **Turnover** | **122 256** | 137 836 |
| Cost of sales and services rendered | **(79 183)** | (88 508) |
| **Gross profit** | **43 073** | 49 328 |
| Other operating income | **854** | 1 021 |
| Marketing and distribution expenditure | **(6 496)** | (7 583) |
| Administrative expenditure[1] | **(9 451)** | (10 063) |
| Other operating expenditure | **(4 043)** | (8 037) |
| Competition related fines | **–** | (3 947) |
| Effect of crude oil hedges | **(87)** | 4 603 |
| Share-based payment expenses | **(943)** | (3 325) |
| Effect of remeasurement items | **46** | (1 469) |
| Translation (losses)/gains | **(1 007)** | (166) |
| Other expenditure[1] | **(2 052)** | (3 733) |
| **Operating profit** | **23 937** | 24 666 |
| Finance income | **1 332** | 1 790 |
| Share of profits of associates (net of tax) | **217** | 270 |
| Finance expenses | **(2 114)** | (2 531) |
| **Profit before tax** | **23 372** | 24 195 |
| Taxation | **(6 985)** | (10 480) |
| **Profit for the year** | **16 387** | 13 715 |
| **Attributable to** | | |
| Owners of Sasol Limited | **15 941** | 13 648 |
| Non-controlling interest in subsidiaries | **446** | 67 |
| | **16 387** | 13 715 |
| **Earnings per share** | **Rand** | Rand |
| Basic earnings per share | **26,68** | 22,90 |
| Diluted earnings per share[2] | **26,54** | 22,80 |

1 *Comparative amounts were reclassified for consistency, which resulted in R1 013 million being reclassified from other expenses to administrative expenditure.*

2 *Diluted earnings per share are calculated taking the Sasol Share Incentive Scheme and Sasol Inzalo share transaction into account.*

## *Statement of comprehensive income*

*for the year ended 30 June*

| | 2010 Rm | 2009 Rm |
|---|---|---|
| **Profit for the year** | **16 387** | 13 715 |
| **Other comprehensive income** | | |
| Effect of translation of foreign operations | **(802)** | (2 485) |
| Effect of cash flow hedges | **13** | (497) |
| Investments available-for-sale | **4** | – |
| Tax on other comprehensive income | **8** | 101 |
| **Other comprehensive income for the year net of tax** | **(777)** | (2 881) |
| **Total comprehensive income for the year** | **15 610** | 10 834 |
| **Attributable to** | | |
| Owners of Sasol Limited | **15 171** | 10 796 |
| Non-controlling interests in subsidiaries | **439** | 38 |
| | **15 610** | 10 834 |

## *Statement of changes in equity*

*for the year ended 30 June*

| | 2010 Rm | 2009 Rm |
|---|---|---|
| **Opening balance** | **86 217** | 78 995 |
| Shares issued during year | **204** | 1 154 |
| Repurchase of shares | **–** | (1 114) |
| Share-based payment expenses | **880** | 3 293 |
| Disposal of businesses | **–** | 425 |
| Change in shareholding of subsidiaries | **9** | 406 |
| Total comprehensive income for the year | **15 610** | 10 834 |
| Dividends paid | **(5 360)** | (7 193) |
| Dividends paid to non-controlling shareholders in subsidiaries | **(318)** | (583) |
| **Closing balance** | **97 242** | 86 217 |
| **Comprising** | | |
| Share capital | **27 229** | 27 025 |
| Share repurchase programme | **(2 641)** | (2 641) |
| Sasol Inzalo share transaction | **(22 054)** | (22 054) |
| Retained earnings | **85 463** | 74 882 |
| Share-based payment reserve | **6 713** | 5 833 |
| Foreign currency translation reserve | **137** | 939 |
| Investment fair value reserve | **5** | 2 |
| Cash flow hedge accounting reserve | **(122)** | (151) |
| **Shareholders' equity** | **94 730** | 83 835 |
| Non-controlling interest in subsidiaries | **2 512** | 2 382 |
| **Total equity** | **97 242** | 86 217 |

## Statement of cash flows

*for the year ended 30 June*

| | 2010 Rm | 2009 Rm |
|---|---|---|
| Cash receipts from customers | 118 129 | 144 963 |
| Cash paid to suppliers and employees | (90 791) | (96 776) |
| **Cash generated by operating activities** | 27 338 | 48 187 |
| Finance income received | 1 372 | 2 264 |
| Finance expenses paid | (1 781) | (2 168) |
| Tax paid | (6 040) | (10 252) |
| Dividends paid | (5 360) | (7 193) |
| **Cash retained from operating activities** | 15 529 | 30 838 |
| Additions to non-current assets | (16 108) | (15 672) |
| Acquisition of businesses | – | (30) |
| Cash obtained on acquisition of businesses | – | 19 |
| Disposal of businesses | – | 3 486 |
| Acquisition of investments in associate | (1 248) | (524) |
| Other net cash flows from investing activities | 652 | 203 |
| **Cash utilised in investing activities** | (16 704) | (12 518) |
| Share capital issued | 204 | 1 154 |
| Share repurchase programme | – | (1 114) |
| Contributions from non-controlling shareholders | 9 | 406 |
| Dividends paid to non-controlling shareholders | (318) | (583) |
| (Decrease)/increase in long-term debt | (2 567) | 755 |
| Decrease in short-term debt | (29) | (1 811) |
| **Cash effect of financing activities** | (2 701) | (1 193) |
| **Translation effects on cash and cash equivalents of foreign operations** | (124) | (870) |
| **Movement in cash and cash equivalents** | (4 000) | 16 257 |
| Cash and cash equivalents at beginning of year | 20 592 | 4 335 |
| **Cash and cash equivalents at end of year** | 16 592 | 20 592 |

## *Salient features*

*for the year ended 30 June*

| | | 2010 | 2009 |
|---|---|---|---|
| **Selected ratios** | | | |
| Return on equity | % | **17,9** | 17,0 |
| Return on total assets | % | **16,9** | 18,7 |
| Operating margin | % | **19,6** | 17,9 |
| Finance expense cover | times | **14,3** | 12,3 |
| Dividend cover | times | **2,6** | 2,8 |
| **Share statistics** | | | |
| Total shares in issue | million | **667,7** | 665,9 |
| Treasury shares (share repurchase programme) | million | **8,8** | 8,8 |
| Weighted average number of shares | million | **597,6** | 596,1 |
| Diluted weighted average number of shares | million | **615,5** | 614,0 |
| Share price (closing) | Rand | **274,60** | 269,98 |
| Market capitalisation | Rm | **183 350** | 179 780 |
| Net asset value per share | Rand | **159,00** | 141,14 |
| Dividend per share | Rand | **10,50** | 8,50 |
| – interim | Rand | **2,80** | 2,50 |
| – final | Rand | **7,70** | 6,00 |
| **Other financial information** | | | |
| Total debt (including bank overdraft) | | | |
| – interest bearing | Rm | **15 047** | 17 814 |
| – non-interest bearing | Rm | **725** | 643 |
| Finance expense capitalised | Rm | **58** | 34 |
| Capital commitments | Rm | **46 497** | 25 309 |
| – authorised and contracted | Rm | **31 553** | 22 492 |
| – authorised, not yet contracted | Rm | **35 769** | 17 038 |
| – less expenditure to date | Rm | **(20 825)** | (14 221) |
| Guarantees and contingent liabilities | | | |
| – total amount | Rm | **22 003** | 29 545 |
| – liability included in the statement of financial position | Rm | **10 288** | 12 795 |
| Significant items in operating profit | | | |
| – employee costs | Rm | **17 546** | 17 532 |
| – depreciation and amortisation of non-current assets | Rm | **6 712** | 6 245 |
| – operating lease charges | Rm | **1 015** | 1 111 |
| – share-based payment expenses | Rm | **943** | 3 325 |
| Directors' remuneration | Rm | **59** | 50 |
| Share options granted to directors – cumulative | 000 | **914** | 946 |
| Share appreciation rights with no performance targets granted to directors – cumulative | 000 | **215** | 215 |
| Share appreciation rights with performance targets granted to directors – cumulative | 000 | **43** | – |
| Medium term incentive rights granted to directors – cumulative | 000 | **10** | – |
| Sasol Inzalo share rights granted to directors – cumulative | 000 | **50** | 75 |
| Effective tax rate[1] | % | **29,9** | 43,3 |
| Number of employees | number | **33 339** | 33 544 |
| Average crude oil price – dated Brent | US$/barrel | **74,37** | 68,14 |
| Average rand/US$ exchange rate | 1US$ = Rand | **7,59** | 9,04 |
| Closing rand/US$ exchange rate | 1US$ = Rand | **7,67** | 7,73 |

*1 Decrease in effective tax rate as a result of the absence of competition related administrative penalties and lower share-based payment expenses, both of which are not deductible for tax.*

# *Salient features*

*for the year ended 30 June*

| Reconciliation of headline earnings | | **Rm** | Rm |
|---|---|---|---|
| Profit for the year attributable to owners of Sasol Limited | | **15 941** | 13 648 |
| Effect of remeasurement items | | **(46)** | 1 469 |
| Impairment of assets | | **110** | 458 |
| Reversal of impairment | | **(365)** | – |
| Loss on disposal of business | | **5** | – |
| Profit on disposal of associate | | **(7)** | – |
| (Profit)/loss on disposal of assets | | **(3)** | 761 |
| Scrapping of non-current assets | | **156** | 234 |
| Write off of unsuccessful exploration wells | | **58** | 16 |
| Tax effects and non-controlling interests | | **(19)** | 35 |
| **Headline earnings** | | **15 876** | 15 152 |
| **Remeasurement items per above** | | | |
| Mining | | **1** | 3 |
| Gas | | **–** | 4 |
| Synfuels | | **58** | 137 |
| Oil | | **10** | (3) |
| Synfuels International | | **4** | 777 |
| Petroleum International | | **108** | 18 |
| Polymers | | **14** | (1) |
| Solvents | | **58** | 158 |
| Olefins & Surfactants | | **(344)** | 106 |
| Other chemical businesses | | **21** | 246 |
| Nitro | | **26** | 219 |
| Wax | | **(5)** | 27 |
| Infrachem | | **(1)** | – |
| Merisol | | **1** | – |
| Other businesses | | **24** | 24 |
| **Remeasurement items** | | **(46)** | 1 469 |
| **Headline earnings per share** | Rand | **26,57** | 25,42 |
| **Diluted headline earnings per share** | Rand | **26,44** | 25,25 |

The reader is referred to the definitions contained in the 2009 Sasol Limited annual financial statements.

## Basis of preparation and accounting policies

The preliminary summarised consolidated financial results for year ended 30 June 2010 have been prepared in compliance with the Listings Requirements of the JSE Limited, International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (in particular International Accounting Standard 34 Interim Financial Reporting), the AC500 Standards as issued by the Accounting Practices Board or its successor and the South African Companies Act, 1973, as amended.

The accounting policies applied in the presentation of the preliminary summarised consolidated financial results are in terms of IFRS and are consistent with those applied for the year ended 30 June 2009, except as follows:

Sasol Limited early adopted the following standards, which except if otherwise stated, did not have a significant impact on the financial results:

- IAS 23 (Revised), Borrowing Costs (effective 1 July 2009).
- IAS 24 (Amendment), Related Party Disclosures.
- Various improvements to IFRSs.

These preliminary summarised consolidated financial results have been prepared in accordance with the historic cost convention except that certain items, including derivatives and available-for-sale financial assets, are stated at fair value.

The preliminary summarised consolidated financial results are presented in rand, which is Sasol Limited's functional and presentation currency.

## Related party transactions

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

## Significant changes in contingent liabilities since 30 June 2009

- On 29 June 2010, a settlement agreement between Veolia Water Systems (Veolia) and Sasol Synfuels was signed. Sasol Synfuels have agreed to settle the claim with Veolia by the payment of an amount of R160 million (including interest) to Veolia. The amount has been provided for at 30 June 2010.
- On 5 July 2010, Sasol Nitro, a division of Sasol Chemical Industries Limited, concluded a settlement agreement with the Commission. The Tribunal confirmed the settlement agreement on 20 July 2010 and no administrative penalty was imposed. As part of the settlement agreement, the complaints on abuses of dominance brought by Nutri-flo and Profert, upon which we have previously reported, have been settled. A non material liability has been recognised in this respect at 30 June 2010.
- On 12 August 2010, the Commission announced that it had referred its complaints of excessive pricing of polypropylene and propylene in the domestic South African market against SCI and of price fixing in respect of polypropylene against SCI and Safripol to the Tribunal for adjudication. The Commission indicated that it is seeking an administrative penalty of 10% of SCI's annual turnover for each of the alleged contraventions. There is no certainty that the turnover of SCI, which houses Sasol's South African chemical businesses such as Sasol Nitro, Sasol Polymers, Sasol Solvents and Sasol Wax, rather than that of Sasol Polymers is the correct base from which to calculate a potential administrative penalty. Further, there is no reasonable certainty as to whether or not SCI will be found to have contravened competition laws as alleged, whether a penalty will be imposed and the quantum thereof if imposed. For these reasons, it is currently not possible to make an estimate of the contingent liability and accordingly, no provision was made at 30 June 2010.

## Independent audit by the auditors

The preliminary summarised consolidated statement of financial position at 30 June 2010 and the related preliminary summarised consolidated income statement, statements of comprehensive income, changes in equity and cash flows for the year then ended was audited by KPMG Inc. The individual auditor assigned to perform the audit is Mr AW van der Lith. Their unqualified audit report is available for inspection at the registered office of the company.

***Registered office:*** Sasol Limited, 1 Sturdee Avenue, Rosebank, Johannesburg 2196
PO Box 5486, Johannesburg 2000, South Africa

***Share registrars:*** Computershare Investor Services (Pty) Limited,
70 Marshall Street, Johannesburg 2001, PO Box 61051, Marshalltown 2107, South Africa
Tel: +27 11 370-7700 Fax: +27 11 370-5271/2

***Sponsor:*** Deutsche Securities (SA) (Pty) Limited

***Directors (non-executive):*** TH Nyasulu (Chairman), C Beggs*, BP Connellan*, HG Dijkgraaf (Dutch)*, MSV Gantsho*, A Jain (Indian), GA Lewin (Australian)*, IN Mkhize*, MJN Njeke*, JE Schrempp (German)^, TA Wixley*

***(executive):*** LPA Davies (Chief executive), KC Ramon (Chief financial officer), VN Fakude
*Independent ^Lead independent director

***Company secretary:*** NL Joubert

***Company registration number:*** 1979/003231/06, incorporated in the Republic of South Africa

| | ***JSE*** | ***NYSE*** |
|---|---|---|
| Share code: | SOL | SSL |
| ISIN code: | ZAE000006896 | US8038663006 |

***American depositary receipts (ADR) program:*** Cusip number 803866300 ADR to ordinary share 1:1

***Depositary:*** The Bank of New York Mellon, 22nd floor, 101 Barclay Street, New York, NY 10286, USA



***Please note:*** *A billion is defined as one thousand million. All references to years refer to the financial year ended 30 June. Any reference to a calendar year is prefaced by the word "calendar".*

STUDIO 5

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