SASOL LTD
Form 20-F
October 07, 2008

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As filed with the Securities and Exchange Commission on 7 October 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

o **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

ý **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the year ended 30 June 2008**

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

o **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number: 001-31615

Sasol Limited

(Exact name of registrant as Specified in its Charter)

Republic of South Africa

(Jurisdiction of Incorporation or Organization)

1 Sturdee Avenue, Rosebank 2196
South Africa

(Address of Principal Executive Offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
American Depositary Shares	New York Stock Exchange
Ordinary Shares of no par value*	New York Stock Exchange

*

Listed on the New York Stock Exchange not for trading or quotation purposes, but only in connection with the registration of American Depositary Shares pursuant to the requirements of the Securities and Exchange Commission.

Securities registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

595,462,731 ordinary shares of no par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. **Yes ý No o**

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. **Yes o No ý**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **Yes ý No o**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ý Accelerated filer o Non-accelerated filer o

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP o International Financial Reporting Standards as issued by the International Accounting Standards Board ý Other o

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 o Item 18 ý

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). **Yes o No** ý

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PRESENTATION OF INFORMATION

We are incorporated in the Republic of South Africa as a public company under South African Company law. Our consolidated financial statements included in our corporate filings in South Africa were prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board for the financial years ended 30 June 2004, 2005, 2006, 2007 and 2008.

For purposes of this annual report on Form 20-F, we have prepared our consolidated financial statements in accordance with IFRS. Our consolidated financial statements for each of the financial years ended 30 June 2004, 2005, 2006, 2007 and 2008 have been audited.

As used in this Form 20-F:

- "rand" or "R" means the currency of the Republic of South Africa;
- "US dollars", "dollars", "US$" or "$" means the currency of the United States;
- "euro" or "€" means the common currency of the member states of the European Monetary Union;
- "GBP" means British Pound Sterling, the currency of the United Kingdom;
- "JPY" means Japanese Yen, the currency of Japan;
- "RMB" means Renminbi , the currency of China; and
- "AUD" means Australian dollar, the currency of Australia.

We present our financial information in rand, which is our reporting currency. Solely for your convenience, this Form 20-F contains translations of certain rand amounts into US dollars at specified rates. These rand amounts do not represent actual US dollar amounts, nor could they necessarily have been converted into US dollars at the rates indicated. Unless otherwise indicated, rand amounts have been translated into US dollars at the rate of R8.32 per US dollar, which was the noon buying rate for customs purposes of the rand as reported by the Federal Reserve Bank of New York on 30 September 2008.

All references in this Form 20-F to "years" refer to the financial years ended on 30 June. Any reference to a calendar year is prefaced by the word "calendar".

Besides applying barrels (b) and cubic feet (cf) for reporting oil and gas reserves and production, Sasol applies the Système International (SI) metric measures for all global operations. A ton or tonne denotes one metric ton equivalent to 1,000 kilograms (kg). Sasol's reference to metric tons should not be confused with an imperial ton equivalent to 2,240 pounds (or about 1,016 kg). Barrels per day or bpd is used to refer to our oil and gas production.

All references to billions in this Form 20-F are to thousands of millions.

All references to the "group", "us", "we", "our", "the company", or "Sasol" in this Form 20-F are to Sasol Limited, its group of subsidiaries and its interests in associates and joint ventures. All references in this Form 20-F are to Sasol Limited or the companies comprising the group, as the context may require. All references to "(Pty) Limited" refers to (Proprietary) Limited, a form of corporation in South Africa which restricts the right of transfer of its shares, limits the number of members and prohibits the public offering of its shares.

All references in this Form 20-F to "South Africa" and "the government" are to the Republic of South Africa and its government. All references to the "JSE" are to the JSE Limited, the securities exchange of our primary listing. All references to "SARB" refer to the South African Reserve Bank, all references to "PPI" and "CPI" refer to the Producer Price Index and Consumer Price Index,

respectively, which are a measure of inflation in South Africa. All references to "GTL" and "CTL" refer to our gas-to-liquids and coal-to-liquids processes, respectively.

Certain industry terms used in this Form 20-F are defined in the Glossary of Terms.

Unless otherwise stated, presentation of financial information in this annual report on Form 20-F will be in terms of IFRS. Our discussion of business segment results follows the basis used by the Group Executive Committee (GEC) (the company's chief operating decision maker) for segmental financial decisions, resource allocation and performance assessment, it forms the accounting basis for segmental reporting that is disclosed to the investing and reporting public.

FORWARD-LOOKING STATEMENTS

We may from time to time make written or oral forward-looking statements, including in this Form 20-F, in other filings with the United States Securities and Exchange Commission, in reports to shareholders and in other communications. These statements may relate to analyses and other information which are based on forecasts of future results and estimates of amounts not yet determinable. These statements may also relate to our future prospects, developments and business strategies. Examples of such forward-looking statements include, but are not limited to:

- statements regarding our future results of operations and financial condition and regarding future economic performance;
- statements regarding recent and proposed accounting pronouncements and their impact on our future results of operations and financial condition;
- statements of our business strategy, plans, objectives or goals, including those related to products or services;
- statements regarding future competition and changes in market share in the South African and international industries and markets for our products;
- statements regarding our existing or anticipated investments (including the gas-to-liquid (GTL) projects in Qatar and Nigeria, the Arya Sasol Polymer Project, the potential development of coal-to-liquid (CTL) projects in China, India and South Africa, and other investments), acquisitions of new businesses or the disposition of existing businesses;
- statements regarding our estimated oil, gas and coal reserves;
- statements regarding the probable future outcome of the litigation and the future development in legal and regulatory matters, including initiatives such as Sasol Inzalo for the economic empowerment of historically disadvantaged South Africans;
- statements regarding future fluctuations in refining margins and crude oil, natural gas and petroleum product prices;
- statements regarding the demand and cyclicality of petrochemical product prices;
- statements regarding changes in the manufacturers' fuel pricing mechanism in South Africa and their effects on fuel prices, our operating results and profitability;
- statements regarding future fluctuations in exchange and interest rates;
- statements regarding our plans to expand the South African retail and commercial markets for liquid fuels;
- statements regarding our current or future products and anticipated customer demand for these products;
- statements regarding acts of war, terrorism or other events that may adversely affect the group's operations or that of key stakeholders to the group; and
- statements of assumptions underlying such statements.

Words such as "believe", "anticipate", "expect", "intend", "seek", "will", "plan", "could", "may", "endeavour" and "project" and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that the predictions, forecasts, projections and other forward-looking statements will not be achieved. If one or more of these risks materialise, or should underlying assumptions prove incorrect, our actual results may differ materially from those anticipated in this Form 20-F. You should understand that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include among others, and without limitation:

- the outcomes in developing regulatory matters and the effect of changes in regulation and government policy;
- the political, social and fiscal regime and economic conditions and developments in the world, especially in those countries in which we operate;
- our ability to maintain key customer relations in important markets;
- our ability to improve results despite increased levels of competitiveness;
- the continuation of substantial growth in significant developing markets, such as China;
- the ability to benefit from our capital expenditure programme;
- the capital cost of projects (including material, engineering and construction cost);
- growth in significant developing areas of our business;
- changes in the demand for and international prices of crude oil, petroleum and chemical products and changes in foreign currency exchange rates;
- the ability to gain access to sufficient competitively priced gas and coal reserves and other commodities such as ethylene in Iran;
- our success in continuing technological innovation;
- our ability to maintain sustainable earnings despite fluctuations in foreign currency exchange rates and interest rates;
- our ability to attract and retain sufficient skilled employees; and
- our success at managing the risks of the foregoing.

The foregoing list of important factors is not exhaustive; when relying on forward-looking statements to make investment decisions, you should carefully consider the foregoing factors and other uncertainties and events. Such forward-looking statements apply only as of the date on which they are made and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

ENFORCEABILITY OF CERTAIN CIVIL LIABILITIES

We are a public company incorporated under the company law of South Africa. All of our directors and officers reside outside the United States, principally in South Africa. You may not be able, therefore, to effect service of process within the United States upon those directors and officers with respect to matters arising under the federal securities laws of the United States.

In addition, substantially all of our assets and the assets of our directors and officers are located outside the United States. As a result, you may not be able to enforce against us or our directors and officers judgements obtained in United States courts predicated on the civil liability provisions of the federal securities laws of the United States.

A foreign judgement is not directly enforceable in South Africa, but constitutes a cause of action which will be enforced by South African courts provided that:

- the court which pronounced the judgement has jurisdiction to entertain the case according to the principles recognised by South African law with reference to the jurisdiction of foreign courts;
- the judgement is final and conclusive, that is, it cannot be altered by the court which pronounced it;
- the judgement has not been prescribed;
- the recognition and enforcement of the judgement by South African courts would not be contrary to public policy, including observance of the rules of natural justice which require that the documents initiating the proceeding were properly served on the defendant and that the defendant was given the right to be heard and represented by counsel in a free and fair trial before an impartial tribunal;
- the judgement was not obtained by fraudulent means;
- the judgement does not involve the enforcement of a penal or revenue law; and
- the enforcement of the judgement is not otherwise precluded by the provisions of the Protection of Businesses Act 99 of 1978, as amended, of the Republic of South Africa.

It is the policy of South African courts to award compensation for the loss or damage actually sustained by the person to whom the compensation is awarded. Although the award of punitive damages is generally unknown to the South African legal system that does not mean that such awards are necessarily contrary to public policy. Whether a judgement was contrary to public policy depends on the facts of each case. Exorbitant, unconscionable, or excessive awards will generally be contrary to public policy. South African courts cannot enter into the merits of a foreign judgement and cannot act as a court of appeal or review over the foreign court. South African courts will usually implement their own procedural laws and, where an action based on an international contract is brought before a South African court, the capacity of the parties to the contract will usually be determined in accordance with South African law. It is doubtful whether an original action based on United States federal securities law can be brought before South African courts. A plaintiff who is not resident in South Africa may be required to provide security for costs in the event of proceedings being initiated in South Africa. Furthermore the Rules of the High Court of South Africa require that documents executed outside South Africa must be authenticated for the purpose of use in South Africa.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

3.A Selected financial data

The following information should be read in conjunction with "Item 5. Operating and Financial Review and Prospects" and the consolidated financial statements, the accompanying notes and other financial information included elsewhere in this annual report on Form 20-F.

The financial data set forth below for the years ended as at 30 June 2008 and 2007 and for each of the years in the three-year period ended 30 June 2008 have been derived from our audited consolidated financial statements included in Item 18 of this annual report on Form 20-F.

Financial data at 30 June 2006, 2005 and 2004 have been derived from the group's previously published audited consolidated financial statements not included in this document.

The financial data at 30 June 2008 and 2007 and for each of the years in the three-year period ended 30 June 2008 should be read in conjunction with, and are qualified in their entirety by reference to, our audited consolidated financial statements.

The audited consolidated financial statements from which the selected consolidated financial data set forth below have been derived were prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board.

	Year ended					
	30 June 2004	**30 June 2005**	**30 June 2006**	**30 June 2007**	**30 June 2008**	**30 June[(1)] 2008 (US$ in millions)**
	(Rand in millions)					
	(except per share information and weighted average shares in issue)					
Income Statement data:						
Turnover	60,151	69,239	82,395	98,127	129,943	15,618
Operating profit	9,168	14,386	17,212	25,621	33,816	4,064
Profit attributable to owners of Sasol Limited	5,795	9,449	10,406	17,030	22,417	2,694
Statement of Financial Position data:						
Total assets	73,346	88,178	103,158	119,065	140,112	16,840
Total equity	35,400	44,006	52,984	63,269	78,995	9,495
Share capital	2,892	3,203	3,634	3,628	20,176	2,425
Per share information (Rand and US$):						
Basic earnings per share	9.50	15.39	16.78	27.35	37.30	4.48
Diluted earnings per share	9.40	15.22	16.51	27.02	36.78	4.42
Dividends per share[(2)]	4.50	5.40	7.10	9.00	13.00	1.56
Weighted average shares in issue (in millions):						
Average shares outstanding basic	610.0	613.8	620.0	622.6	601.0	601.0
Average shares outstanding diluted	616.2	620.9	630.2	630.3	609.5	609.5

(1) Translations into US dollars in this table are for convenience only and are computed at the noon buying rate of the Federal Reserve Bank of New York on 30 September 2008 of R8.32 per US dollar. You should not view such translations as a representation that such amounts represent actual US dollar amounts.

(2) Includes the final dividend which was declared subsequent to the reporting date and is presented for information purposes only. No provision for this final dividend has been recognised.

Exchange rate information

The following table sets forth certain information as published by the Federal Reserve Bank of New York with respect to the noon buying rate of US dollars in terms of rand for the years shown:

Rand per US dollar for the year ended 30 June or the respective month	Average[(1)]	High	Low
2004	6.88	7.80	6.17
2005	6.21	6.92	5.62
2006	6.41	7.43	5.99
2007	7.20	7.88	6.74
2008	7.30	8.25	6.43
2009[(2)]	7.79	8.39	7.18
April 2008	7.78	8.17	7.53
May 2008	7.62	7.79	7.46
June 2008	7.94	8.18	7.60
July 2008	7.63	7.96	7.29
August 2008	7.67	8.01	7.18
September 2008[(2)]	8.06	8.39	7.74

(1) The average exchange rates for each full year are calculated using the average exchange rate on the last day of each month during the period. The average exchange rate for each month is calculated using the average of the daily exchange rates during the period.

(2) Through 30 September 2008.

3.B Capitalisation and indebtedness

Not applicable.

3.C Reasons for the offer and use of proceeds

Not applicable.

3.D Risk factors

Fluctuations in exchange rates may adversely affect our business, operating results, cash flows and financial condition

The rand is the principal functional currency of our operations. However, a large part of our group's turnover is denominated in US dollars and some part in euro, derived either from exports from South Africa or from our manufacturing and distribution operations outside South Africa. Approximately 90% of our turnover is linked to the US dollar as petroleum prices in general and the price of most petroleum and chemical products are based on global commodity and benchmark prices which are quoted in US dollars. A significant part of our capital expenditure is also US dollar-denominated, as it is directed to investments outside South Africa or constitutes materials, engineering and construction costs imported into South Africa. The majority of our costs are either rand based for South African operations or euro based for European operations. Accordingly, fluctuations in the exchange rates between the rand and US dollar and/or euro may have a material effect on our business, operating results, cash flows and financial condition.

During 2008, the rand/US dollar exchange rate averaged R7.30 and fluctuated between the high of R8.25 and the low of R6.43. This compares to an average exchange rate of R7.20 during 2007 which fluctuated between the high of R7.88 and the low of R6.74. The rand exchange rate is impacted by various international and South African economic and political factors. Subsequent to 30 June 2008, the rand has on average weakened against the US dollar and the euro.

Although the exchange rate of the rand is primarily market-determined, its value at any time may not be an accurate reflection of its underlying value, due to the potential effect of, among other factors, exchange controls. For more information regarding exchange controls in South Africa see "Item 10.D Exchange controls".

We use derivative instruments to protect us against adverse movements in exchange rates on certain transactional risks in accordance with our group hedging policies see "Item 11. Quantitative and qualitative disclosures about market risk".

Fluctuations in refining margins and crude oil, natural gas and petroleum product prices may adversely affect our business, operating results, cash flows and financial condition

Market prices for crude oil, natural gas and petroleum products may fluctuate as they are subject to local and international supply and demand fundamentals and factors over which we have no control. Worldwide supply conditions and the price levels of crude oil may be significantly influenced by international cartels, which control the production of a significant proportion of the worldwide supply of crude oil, and by political developments, especially in the Middle East, South America and Nigeria. Other factors which may influence the aggregate demand and hence affect the markets and prices for petroleum products in regions which influence South African fuel prices through the Basic Fuel Price (BFP) price formula (used for the calculation of the refinery gate price of petroleum products in South Africa) and/or where we market these products, may include changes in economic conditions, the price and availability of substitute fuels, changes in product inventory, product specifications and other factors. In recent years, prices for petroleum products have fluctuated widely.

During 2008, the dated brent crude oil price averaged US$95.51/b and fluctuated between the high of US$139.98/b and the low of US$67.73/b. This compares to an average dated brent crude oil price of US$63.95/b during 2007 which fluctuated between the high of US$78.26/b and the low of US$49.95/b.

A substantial proportion of our turnover is derived from sales of petroleum and petrochemical products. Through our equity participation in the National Petroleum Refiners of South Africa (Pty) Limited (Natref) crude oil refinery, we are exposed to fluctuations in refinery margins resulting from differing fluctuations in international crude oil and petroleum product prices. We are also exposed to changes in absolute levels of international petroleum product prices through our synthetic fuels and oil operations. Fluctuations in international crude oil prices affect our results mainly through their indirect effect on the BFP price formula, see "Item 4.B Business overview Sasol Synfuels" and "Sasol Oil", as well as the impact on oil derived feedstock. Prices of petrochemical products and natural gas are also affected by fluctuations in crude oil prices.

Fluctuations in the price of crude oil and petroleum products can have a material adverse effect on our business, operating results, cash flows and financial condition.

We use derivative instruments to protect us against day-to-day US dollar oil price and rand to US dollar exchange rate fluctuations affecting the acquisition cost of our crude oil needs. Effective 1 August 2008, we hedged a portion of our synthetic fuel production against falling oil prices in respect of 2009. See "Item 11. Quantitative and qualitative disclosures about market risk".

While the use of these instruments may provide some protection against short-term fluctuations in crude oil prices it does not protect us against longer term fluctuations in crude oil prices or differing trends between crude oil and petroleum product prices.

We are unable to accurately forecast fluctuations in refining margins and crude oil, natural gas and petroleum products prices. Fluctuations in any of these may have a material adverse effect on our business, operating results, cash flows and financial condition.

Cyclicality in petrochemical product prices may adversely affect our business, operating results, cash flows and financial condition

The demand for chemicals and especially products such as solvents, olefins, surfactants, fertilisers and polymers is cyclical. Typically, higher demand during peaks in the industry business cycles leads producers to increase their production capacity. Although peaks in the business cycle have been characterised by increased selling prices and higher operating margins, in the past such peaks have led to overcapacity and supply exceeding demand growth. Low periods during the industry business cycle are characterised by a decrease in selling prices and excess capacity, which can depress operating margins and may result in operating losses. We believe that some areas within the chemicals industry currently show overcapacity with the possibility of further capacity additions in the next few years. We cannot assure you that future growth in demand will be sufficient to absorb current overcapacity or future capacity additions without downward pressure on prices of chemical products. Such pressure may have a material adverse effect on our business, operating results, cash flows and financial condition.

We may not be able to exploit technological advances quickly and successfully

Most of our operations, including the gasification of coal and the manufacture of synfuels and petrochemical products, are highly dependent on the development and use of advanced technologies. The development, commercialisation and integration of the appropriate advanced technologies can affect, among other things, the competitiveness of our products, the continuity of our operations, our feedstock requirements and the capacity and efficiency of our production.

It is possible that new technologies or novel processes may emerge and that existing technologies may be further developed in the fields in which we operate. Unexpected rapid advances in employed technologies or the development of novel processes can affect our operations and product ranges in that they could render the technologies we utilise or the products we produce obsolete or less competitive in the future. Difficulties in accessing new technologies may impede us from implementing them and competitive pressures may force us to implement these new technologies at a substantial cost. Examples of new technologies which may in the future affect our business include the following:

- The development and commercialisation of non-hydrocarbon-dependent energy carrier technologies, including the further development of fuel cells or the large scale broadening of the application of electricity to drive motor vehicles. These may be disruptive to the use of hydrocarbon and refined crude oil-derived fuels.

- The development of improved fuels (and associated automotive technologies) from a crude oil base with equivalent properties to that of Fischer-Tropsch derived fuels, which may erode the competitive advantage of Fischer-Tropsch fuels.

- The development by competitors of next generation catalysts in which catalyst performance is manipulated, resulting in highly selective and high purity chemical products, which may render the use of our mixed feed stream catalytic-based production processes uncompetitive.

We cannot predict the effect of these or other technological changes or the development of novel processes on our business or on our ability to provide competitive products. Our ability to compete will depend on our timely and cost-effective implementation of new technological advances. It will also depend on our success in commercialising these advances in spite of competition we face by patents registered by our competitors.

In addition to the technological challenges, a large number of our expansion projects are integrated across a number of Sasol businesses. Problems with the development of an integrated project might accordingly have an impact on more than one Sasol business.

If we are unable to implement new technologies in a timely or cost-efficient manner, or penetrate new markets in a timely manner in response to changing market conditions or customer requirements, we could experience a material adverse effect on our business, operating results, cash flows and financial condition.

Our GTL and CTL projects may not prove sufficiently viable or as profitable as planned

We have constructed a gas-to-liquids (GTL) plant in Qatar and are constructing a GTL plant in Nigeria. In 2008, Sasol entered into negotiations to reduce its interest in the Escravos GTL (EGTL) project in Nigeria from 37.5% to 10%, while still providing full technical and manpower support to the project. Agreement in principle has been reached and it is envisaged that the definitive agreements will be finalised by 31 October 2008, subject to relevant regulatory approvals. As a result, our interest in the project has been classified as a disposal group held for sale at 30 June 2008. Once the sale has been concluded, the 10% interest retained by Sasol will be classified appropriately upon conclusion of the agreements.

In addition, we are considering opportunities for further GTL and coal-to-liquids (CTL) investments in other areas of the world. The development of these projects, both solely or through joint ventures, is a capital-intensive process and requires us to commit significant capital expenditure and devote considerable management resources in utilising our existing experience and know-how, especially in connection with Fischer-Tropsch synthesis technologies.

See "Item 4.B Business overview Sasol Synfuels International". The process used and the products developed by these projects may also give rise to patent risks in connection with the use of our GTL and CTL technologies. See below, "Intellectual property risks may adversely affect our products or processes and our competitive advantage".

We consider the development of our GTL and CTL projects as a major part of our strategy for future growth and believe that GTL and CTL fuels will in time develop to become an efficient and widely used alternative and/or supplement to conventional liquid fuels. In assessing the viability of our GTL and CTL projects, we make a number of assumptions relating to specific variables, mainly including:

- access to sufficient competitively priced gas or coal reserves;
- prices of crude oil, petroleum products and gas;
- fluctuations in the exchange rate of the US dollar against the rand;
- fluctuations in interest rates;
- fiscal dispensation in the countries in which we invest;
- capital cost of our facilities, including material, engineering and construction costs;
- operating costs, including manpower, services, supplies, utilities, etc;
- technology and catalyst performance;
- conditions in the countries in which we invest, including factors relating to political, social and economic conditions;
- the availability of skilled workers to construct and operate the plants;
- timely completion of projects; and
- environmental regulations, specifically in respect to emissions to the atmosphere and control thereof.

Significant variations in any one or more of the above factors which are beyond our control, or any other relevant factor, may adversely affect the profitability or even the viability of our GTL and CTL investments. Most of the above assumptions are also applicable to other growth strategies followed by Sasol. Should we not be successful in the implementation of our GTL and CTL projects, we may be required to write off significant amounts already incurred and we may need to redirect our strategy for future growth. In view of the resources invested in these projects and their importance to our growth strategy, problems we may experience as a result of these factors may have a material adverse effect on our business, operating results, cash flows and financial condition and opportunities for future growth.

There are country-specific risks relating to the countries in which we operate that could adversely affect our business, operating results, cash flows and financial condition

Several of our subsidiaries, joint ventures and associates operate in countries and regions that are subject to significantly differing political, social, economic and market conditions. See "Item 4B Business Overview" for a description of the extent of our operations in the main countries and regions. Although we are a South African domiciled company and the majority of our operations are located in South Africa, we also have significant chemical businesses in Europe, the USA, the Middle East and South East Asia and an equity interest in a GTL facility in Qatar and a GTL project in Nigeria.

Particular aspects of country-specific risks that may have a material adverse impact on our business, operating results, cash flows and financial condition include:

(a) Political, social and economic issues

We have invested or are in the process of investing in significant operations in African, European, North American, Southeast Asian and Middle Eastern countries that have in the past, to a greater or lesser extent, experienced political, social and economic uncertainty. Government policies, laws and regulations in countries in which we operate or plan to operate may change in the future. There is also a risk that our plants that are constructed in the current buoyant market, will have to operate in a possible future market where product prices have declined. The impact of such changes on our ability to deliver on planned projects cannot be ascertained with any degree of certainty and such changes may therefore have an adverse effect on our operations and financial results.

(b) Fluctuations in inflation and interest rates

Over recent years, the South African economy had relatively low and stable levels of inflation and interest rates. We are currently experiencing higher than targeted inflation. Interest rates have been increasing as a result but are in line with the South African government's policy to curb inflation. High interest rates or inflation could adversely impact on our ability to contain costs and to ensure cost-effective debt financing in South Africa.

(c) Transportation, water and electricity and other infrastructure

The infrastructure in some countries in which we operate, such as rail infrastructure, electricity and water supply may need to be further upgraded and expanded and in certain instances possibly at our own cost. These are particularly relevant in South Africa where the economic growth has exceeded expectations and overburdened existing infrastructure. There has been an increase in the number of electricity supply interruptions in South Africa. Although a number of short-and long-term mitigation plans have put in place by the electricity provider, we could still experience electricity supply interruptions which could have a material adverse effect on our business, operating results, cash flows, financial condition and future growth.

(d) Disruptive Industrial Action

The majority of our employees worldwide belong to trade unions. These employees comprise mainly general workers, artisans and technical operators. Although we have had minor labour disruptions in South Africa during 2008, we have not experienced significant labour disruptions in recent years. We have constructive relations with our employees and their unions, but we cannot assure you that significant labour disruptions will not occur in the future.

(e) Exchange control regulations

South African law provides for exchange control regulations which restrict the export of capital from the Common Monetary Area, which includes South Africa, subject to South African Reserve Bank dispensation.

These regulations apply to transactions involving South African residents, including both natural persons and legal entities. These regulations also affect our ability to borrow funds from non-South African sources for use in South Africa or to repay these funds from South Africa and, in some cases, our ability to guarantee the obligations of our subsidiaries with regard to these funds. These restrictions have affected the manner in which we have financed our transactions outside South Africa and the geographic distribution of our debt. See "Item 10.D Exchange controls" and "Item 5.B Liquidity and capital resources".

(f) Human Immunodeficiency Virus (HIV)/Acquired Immune Deficiency Syndrome (AIDS)

AIDS, and tuberculosis which is closely associated with the disease and is exacerbated in the presence of HIV/AIDS, represents a serious health care challenge both for Sasol and South Africa in general. HIV is the virus that causes AIDS and South Africa has one of the highest HIV infection rates in the world.

It has been estimated that approximately 30% to 40% of the mining industry workforce in South Africa are HIV positive. Based on an actuarial study, which excludes the positive impact of any prevention and management intervention programme, we estimate that, while the percentage of infected employees may not rise significantly in the forthcoming years, there will be a significant increase in the number of AIDS-related fatalities, absenteeism and increase in costs associated with treatment, skills shortage and loss of productivity. See "Item 6.D Employees".

Although we do not expect HIV/AIDS to materially and adversely affect our operations and results, it is not possible to determine with certainty that costs incurred in managing HIV/AIDS and the impact of HIV/AIDS in general will remain at current levels and no assurances and meaningful future estimates can be given in this regard.

(g) Transformation issues

In some countries our operations are required to comply with local procurement, employment equity, equity participation and other regulations which are designed to address country-specific social and economic transformation issues.

As a leading and patriotic South African-based company, we embrace and will engender or participate in initiatives to bring about meaningful transformation to assist in correcting the imbalances and injustices of the apartheid era. We consider these initiatives to be a strategic imperative and we acknowledge the risk of not vigorously pursuing them. It is not currently known what additional costs or implications will arise for us to comply with these transformation initiatives. See "Item 4.B Empowerment of historically disadvantaged South Africans".

In November 2000, we became party to an agreement with the government and the liquid fuels industry, the Charter for the South African Petroleum and Liquid Fuels Industry on Empowering Historically Disadvantaged South Africans in the Petroleum and Liquid Fuels Industry (the Liquid Fuels Charter). The Liquid Fuels Charter requires us, amongst other things, to ensure that historically disadvantaged South Africans hold at least 25% equity ownership of our liquid fuels business by the year 2010. We entered into a 25% equity transaction with Tshwarisano LFB Investment (Pty) Limited (Tshwarisano), on 1 July 2006 and we are now compliant with the equity ownership targets of the Liquid Fuels Charter. See "Item 4.B Business overview Empowerment of historically disadvantaged South Africans".

On 16 May 2008, our shareholders approved our broad-based black economic empowerment (BEE) transaction valued at approximately R24 billion (at R380 per share), which would result in the transfer of beneficial ownership of 10% of Sasol Limited's issued share capital to our employees and a wide spread of black South African BEE participants. This transaction will provide long-term sustainable benefits to all participants and has a tenure of 10 years. See "Item 4.B Business overview Empowerment of historically disadvantaged South Africans".

In October 2002, the government and representatives of South African mining companies and mineworkers' unions reached broad agreement on a charter (the Mining Charter), designed to facilitate the participation of historically disadvantaged South Africans in the country's mining industry. The Mining Charter requires mining companies to ensure that historically disadvantaged South Africans hold at least 15% ownership of mining assets or equity in South Africa by 2009 and 26% ownership by 2014. See "Item 4.B Business overview Empowerment of historically disadvantaged South Africans".

Various principles of the Mining Charter have been incorporated in regulations promulgated by the Minister of Minerals and Energy under the Mineral and Petroleum Resources Development Act (MPRDA) with respect to the South African mining industry. We have commenced a process to apply for the conversion of our existing mining licenses under the MPRDA. See below "New mining legislation may have an adverse effect on our mineral rights". See "Item 4.B Business overview Regulation of mining activities in South Africa".

The Minister of Trade and Industry published the Codes of Good Practice for broad-based BEE on 9 February 2007, effective from the date of publication. These Codes provide a standard framework for the measurement of broad-based BEE across all sectors of the economy.

It is not currently known what implications will arise for us to comply with the said Act and other requirements of the Liquid Fuels, Mining Charter and the Codes of Good Practice for broad-based BEE. We cannot assure you, in the short-term, that these implications will not have a material adverse effect on our shareholders or business operating results, cash flows and financial condition. Although we believe that the long-term benefits to the company and our country should outweigh any possible short-term adverse effects, we cannot assure you that these benefits will in fact materialise.

(h) Engineering and construction contract costs

The increase worldwide in the demand for large engineering and construction projects has resulted in a shortage of engineering and construction resources and strains on these industries. These have impacted on some of our projects and have adversely affected construction timing schedules and costs. Whilst higher international crude oil prices may boost post-commissioning income streams and compensate for construction delays and higher capital costs, these strains in the engineering and construction industries are nevertheless a cause for concern and may impact on our project plans and growth ambitions. In order to mitigate the shortage of the availability of engineering resources, we have entered into long-term relationship agreements with large reputable engineering contractors, both locally in South Africa and internationally. By doing so, this should provide Sasol with preferential access to the resource pools of these engineering contractors on a global basis in order to sustain our projects and growth plans.

(i) Other specific country risks that are applicable to countries in which we operate and which may have a material impact on our business include:

- external acts of warfare and civil clashes;
- government interventions, including protectionism and subsidies;
- regulatory, taxation and legal structure changes;
- the control of oil and gas field developments and transportation infrastructure;
- failure to receive new permits and consents;
- cancellation of contractual rights;
- expropriation of assets;
- lack of capacity to deal with emergency response situations; and
- the introduction of selective environmental and carbon taxes.

Some of the countries where we have already made, or other countries where we may consider making, investments are in various stages of developing institutions and legal and regulatory systems that are characteristic of parliamentary democracies. However, institutions in these countries may not yet be as firmly established as they are in parliamentary democracies in South Africa and some European countries. Some of these countries are also transitioning to a market economy and, as a result, experience changes in their economies and their government policies that could affect our investments in these countries.

Moreover, the procedural safeguards of the new legal and regulatory regimes in these countries are still being developed and, therefore, existing laws and regulations may be applied inconsistently. In some circumstances, it may not be possible to obtain the legal remedies provided under those laws and regulations in a timely manner.

As the political, economic and legal environments remain subject to continuous development, investors in these countries face uncertainty as to the security of their investments. Any unexpected changes in the political or economic conditions in the countries in which we operate (including neighbouring countries) may have a material adverse effect on the investments that we have made or may make in the future, which may in turn have a material adverse effect on our business, operating results, cash flows and financial condition.

Increase in electricity supply interruptions and increase in electricity costs in South Africa could adversely affect our business, operating results, cash flows, financial condition and future growth

Sasol generates one-third of its total power supply needs internally and has plans to increase internal power generation through investments in co-generation and energy efficiency measures. Our South African operations are also dependent on power generated by the state-owned utility, Eskom. There has been an increase in the number of electricity supply interruptions, resulting mainly from current economic growth exceeding expectations and delayed investments in infrastructure upgrades and development. Although Eskom has announced a number of short-and long-term mitigation plans, we cannot assure you that we will not experience power supply interruptions which could have material adverse effects on our business, operating results, cash flows, financial condition and future growth.

Furthermore, we are experiencing unprecedented higher than normal electricity price increases as the National Energy Regulator of South Africa (NERSA) has granted Eskom an average annual tariff increase of 27.5%, which includes the 14.2% already granted to the state-owned utility in December 2007. The tariff increases have been as a result of local and global demand that has resulted in significant pressure exerted on the primary energy costs i.e. coal and fuel costs. NERSA is projecting tariff increases of between 20% and 25% per annum for the next three years, should current economic conditions continue. Any sharp increase in electricity costs may have material adverse effects on our business, operating results, cash flows, financial condition and future growth.

We may not comply with laws or regulations in the countries in which we operate

The industry in which we operate is highly regulated and requires compliance with a myriad of regulations, governing matters such as mineral rights, trading in petroleum products, safety, health and environment, etc. in our South African and global operations. Non-compliance can impact business performance dramatically. Although systems and processes are in place to ensure compliance with applicable laws and regulations we cannot assure you that all employees comply with all laws and regulations at all times, which could have a material adverse impact on our business, operating results, cash flows and financial condition.

New mining legislation may have an adverse effect on our mineral rights

In May 2004, the MPRDA was enacted which places all mineral and petroleum resources under the custodianship of the state. The MPRDA requires mining companies, including our subsidiary, Sasol Mining (Pty) Limited, to apply for conversion of their existing prospecting permits and mining authorisations (old order rights) to new order rights. The MPRDA allows existing holders of mineral rights a period of five years to apply for the conversion of used old order rights, and one year for the conversion of unused old order rights. Thus far, except for one application, all the prospecting rights for which we have applied have been granted and prospecting activities are being conducted in terms of the approved prospecting work programmes. See "Item 4.B Business overview Regulation of mining activities in South Africa".

In case of a breach of its obligations by an entity, the new order rights can be suspended or cancelled by the Minister of Mineral and Energy if the entity upon receiving a notice of breach from the Minister fails to remedy such breach. The MPRDA also imposes additional responsibilities with respect to environmental management as well as environmental pollution, degradation or damage from mining or prospecting activities We cannot assure you that these changes will not affect our operations and mining rights in future, which could impact negatively on our business and operating results.

Furthermore, royalties from mining activities will become payable to the state, as from 1 May 2009 under provisions contained in the Mineral and Petroleum Resources Royalty Bill (the Bill). The Bill was promulgated by the South African government in August 2008. The introduction of the revenue based royalty does not have a material adverse impact on our business, operating results, cash flows and financial condition. See "Item 4.B Business overview Regulation of mining activities in South Africa".

New legislation on petroleum and energy activities may have an adverse impact on our business, operating results, cash flows and financial condition

The Petroleum Products Amendment Act regulates a wide range of matters including the licensing of persons involved in the manufacturing, wholesale and retail sale of petroleum products. Sasol Oil, Natref and Sasol Synfuels have applied for licenses to be issued under the Act for their existing manufacturing and wholesale activities. Pending a decision in respect of these applications, the companies are deemed to be the holders of licenses for those activities. As required by the Act and regulations, Sasol Oil's existing franchisees and dealers have applied for applicable retail licenses. We cannot assure you that these licenses will be granted and if they are granted that the conditions of the licenses will not have a material adverse impact on our business, operating results, cash flows and financial condition. New retail site development by Sasol Oil could be delayed given the requirements under the new regulations for site and retail licenses. See "Item 4.B Business overview Regulation of petroleum-related activities in South Africa".

The Petroleum Pipelines Act regulates petroleum pipelines and storage and loading facility activities, including the construction and operation of petroleum pipelines and the delivery of certain commercial services in connection with these pipelines and facilities. The Petroleum Pipelines Act grants limited discretion to NERSA to adopt different pricing methodologies in connection with the setting of tariffs, which may prove advantageous for some competitors, because of different market and geographic positions. The regulations pertaining to tariff setting methodologies have not been issued yet, but the rules that may be made by the regulator under the Act may affect our advantage due to the location in the economic heartland of the country of our Sasol Synfuels facilities at Secunda. It may also impact on our ability to recover crude oil pumping costs incurred to supply our Natref refinery fully from the market. See "Item 4.B Business overview Sasol Oil" and " Regulation of petroleum-related activities in South Africa".

We have applied for licenses under the Petroleum Pipelines Act and in terms of the rules issued by NERSA for our depots and related infrastructure and are awaiting the issue of these licenses. We cannot assure you that the enactment of new legislation or the amendment of existing laws and regulations will not have a material adverse effect on our business, operating results, cash flows and financial condition. Among the matters governed by the Petroleum Pipelines Act, of particular significance to our business are issues relating to the powers granted to NERSA with respect to the determination or approval of tariffs, the granting of construction, conversion and operating licenses and open access to pipelines and depots.

The Department of Minerals and Energy has embarked on a process to change the methodology for determining the margins of the regulated retail price of fuel. The results are not yet known, but may impact the wholesale price of fuel, thereby having a material adverse effect on our business, operating results, cash flows and financial condition.

The Gas Act regulates matters relating to gas transmission, storage, distribution, liquefaction and re-gasification activities. Although we negotiated a ten year regulatory dispensation (six years remaining until 2014) with the South African government covering the supply of Mozambican natural gas to the South African market, we cannot assure you that the enactment of the Gas Act and the appointment of NERSA will not have a material adverse impact on our business, operating results, cash flows and financial condition. See "Item 4.B Business overview Regulation of gas related activities in South Africa".

Changes in consumer and safety, health and environmental regulations and legislation and public opinion may adversely affect our business, operating results, cash flows and financial condition

Our products are required to comply with numerous pieces of legislation relating, amongst others, to the protection of the environment, the health and safety of employees, the public and the end consumer, while also meeting customer needs. As these laws and regulations may grow stricter, we may be required in some cases to incur additional expenditure in providing additional test data in order to register our products or to adjust the manufacturing processes for certain of our products, including liquid fuels and chemicals. We may even be required to withdraw some of them, in order to be in a position to comply with market needs or more stringent regulatory requirements. For example, compliance with the registration, evaluation and authorisation of chemicals (REACH) procedure implemented by the European Commission (EC) may have significant cost implications as we may be required, among other things, to provide risk assessments and apply for the registration of our products. Similarly, public opinion is growing more sensitive to consumer health and safety and environmental protection matters, and, as a result, markets may apply pressure on us concerning certain of our products. We may incur additional costs if we should be required to take additional actions in order to comply with REACH requirements.

Given these additional costs of compliance and other factors, including pressures related to public opinion, we may be required to withdraw certain products from the market, which could have a material adverse effect on our business, operating results, cash flows and financial condition.

Our exploration, mining and production operations are required to conform to legislation relating to the protection of the environment, health and safety of the workforce and neighbouring communities. As these regulations may grow stricter, we may be required in some instances to incur additional expenditure in order to provide additional protection, to adjust specifications or manufacturing processes, amend transport and distribution arrangements for certain of our operations and this may have a material adverse effect on our business, operating results, cash flows and financial condition. More specifically:

- the National Environmental Management: Air Quality Act, in terms of which the Vaal Triangle area (in which our Sasolburg operations are located) and the Highveld area (in which our Secunda operations are located) have been declared Priority Areas for purposes of implementation of an emission reduction and management plan by the South African Department of Environmental Affairs and Tourism (DEAT). DEAT is also in the process of setting ambient air quality and emission standards, which will form the basis for a review of atmosphere emission licences for our operations in Sasolburg and Secunda. More stringent air quality standards may have significant cost implications for us;

- The South African National Water Act provides for the equitable allocation of water for beneficial use, sustainable water resource management and the protection of the quality of water resources. The Act establishes water management procedures and protects water resources through the licensing of various uses of water. It also includes provisions for pollution prevention, remediation requirements and emergency incidents. The Department of Water Affairs and Forestry is currently implementing a Waste Discharge Charge System, which may have a significant impact on operational costs in the next three to five years; and

- the nature of some of our processes, like the gasification of coal to produce synthetic fuels and petrochemicals, result in relatively high emission of carbon dioxide, a greenhouse gas. Although certain countries in which we operate are exempt from greenhouse gas reduction targets, it is uncertain how any future developments in carbon dioxide restrictions will affect our group.

We are subject to a wide range of general and industry-specific environmental, health and safety and other legislation in jurisdictions in which we operate. Environmental requirements govern, among other things, land use, air emissions, use of water, wastewater discharge, waste management and site remediation. Compliance with these laws, regulations, permits, licenses and authorisations is a significant factor in our business, and we incur, and expect to continue to incur, significant capital and operating expenditures in order to continue to comply with applicable laws, regulations, permits, licenses and authorisations.

Failure to comply with applicable safety, health and environmental laws, regulations or permit requirements may result in fines or penalties or enforcement actions, including regulatory or judicial orders enjoining or curtailing operations or requiring corrective measures, installation of pollution control equipment or other remedial actions, any of which could entail significant expenditures.

We are also continuing to take remedial actions at a number of sites due to soil and groundwater contamination. The process of investigation and remediation can be lengthy and is subject to the uncertainties of site specific factors, changing legal requirements, developing technologies, the allocation of liability among multiple parties and the discretion of regulators. Accordingly, we cannot estimate with certainty the actual amount and timing of costs associated with site remediation.

In order to comply with these safety, health and environmental licenses, laws and regulations we may have to incur costs which we may finance from our available cash flows or from alternative sources of financing. We may be required to provide for financial security for environmental rehabilitation in the form of a trust fund, guarantee, deposit or other methods as may be required by future regulations to be promulgated under the Petroleum Products Act, the Petroleum Pipelines Act, the Gas Act and other relevant legislation in respect of the rehabilitation of environmental impacts. However, this is not required in terms of the Petroleum Products Amendment Act and the regulation if a license applicant at the time of the commencement of the Petroleum Products Amendment Act, held or was in the process of developing a site, manufactured or wholesaled or retailed petroleum products. No assurance can be given that changes in safety, health and environmental laws and regulations or their application or the discovery of previously unknown contamination or other liabilities will not have a material adverse effect on our business, operating results, cash flows and financial condition.

Whilst it is our policy that asbestos-containing materials will be phased out on a risk-based order of priority, there are currently certain asbestos-containing materials at our facilities. In addition, our manufacturing processes may utilise and result in the emission of substances with potential carcinogenic properties. We also manufacture products which may contain carcinogenic components. Although we implement occupational health and safety, product stewardship and other measures to eliminate or mitigate associated potential risks, we cannot assure you that no liabilities may arise as a result of the use or exposure to these materials.

In addition to undertaking internal investigations, our compliance with laws governing, amongst other things, environmental protection, tax, customs and excise duties, anti-trust laws and regulations impacting our operations, are also subject to review from time to time by relevant government authorities. Our product pricing structures are also reviewed from time to time by regulatory authorities. Whilst it is our policy to conduct our operations in accordance with applicable laws and regulations and we have established control systems to monitor such compliance, no assurance can be given that these control systems will not fail or that some of our product pricing structures will not change in the future.

Failure to interpret correctly and comply with such laws and regulations and/or changes to our product pricing and cost structures may have a material adverse impact on our business, operating results, cash flows and financial condition.

In recent years global understanding and awareness regarding greenhouse gases have increased significantly. Potential CTL technology providers are experiencing an increasing number of questions regarding their CTL technology and how the CO_2 emitted will be addressed. We have initiated a focused and coordinated approach to understanding and providing solutions to reduce CO_2 emissions from our CTL ventures. We cannot predict the effect of these solutions on our ability to implement our CTL projects, which could have a material adverse effect on our business, operating results, cash flows and financial condition.

At the United Nations Framework Convention on Climate Change (UNFCCC) Conference of Parties' (COP) thirteenth meeting in Bali in December 2007, a roadmap was developed to reach agreement on, *inter alia,* a long term global goal for greenhouse gas emission reduction. The agreed outcome and adoption of a decision is targeted for the fifteenth session of the UNFCCC COP in Stockholm at the end of 2009. Countries like South Africa have since indicated that their mitigation strategy can include regulatory mechanisms and economic instruments such as taxes and incentives. The publication of the South African policy is expected towards the end of 2010. At present we cannot predict the effect of these potential impacts on our business, but we have updated our greenhouse gas policy and are closely following these developments.

Failure to comply with competition and anti trust laws

Globally, competition authorities are increasingly enforcing legislation, networking and exchanging information relating to potential violation of antitrust laws.

Violations of competition/antitrust legislation could expose the group to administrative penalties of up to 10% of its worldwide turnover. We also run the risk of civil claims and damages, including punitive damages, by entities which can prove they were harmed by such conduct. In addition, there is also the significant reputational damage that accompanies findings of such contraventions.

Although we have an extensive training and compliance programme including regular group-wide competition compliance reviews, we cannot give you the assurance that we could, notwithstanding this programme, fall foul of competition or antitrust laws and be subject to the imposition of fines and be subject to civil claims. This could have a material adverse impact on our business, operating results, cash flows and financial condition.

We may not be successful in attracting and retaining sufficient skilled employees

We are highly dependent on the continuous development and successful application of new technologies. In order to achieve this, we need to maintain a focus on recruiting and retaining qualified scientists and engineers as well as artisans and operators. In addition, we are dependent on highly skilled employees in business and functional roles to establish new business ventures as well as maintaining existing operations.

In the past, we have been successful in recruiting and retaining such personnel. However, globally the demand for personnel with the range of capabilities and experience required in our industry is high and success in attracting and retaining such employees is not guaranteed. The risk exists that our scientific, engineering and project execution skills base may be depleted over time because of, for example, natural attrition and a shortage of people being available in these disciplines in the jurisdictions in which we operate.

Failure to attract and retain people with the right capabilities and experience could negatively affect our ability to introduce and maintain the appropriate technological improvements to our business, our ability to successfully construct and commission new plants or establish new business ventures. This may have a material adverse effect on our business, operating results, cash flows and financial condition.

Intellectual property risks may adversely affect our products or processes and our competitive advantage

Our various products and processes, including most notably, our chemical, CTL and GTL products and processes have unique characteristics and structures and, as a result, are subject to patent protection, the extent of which varies from country to country. The expiry of a patent results in increased competition in the market for the previously patented products and processes. In addition, aggressive patenting by our competitors may result in an increased patent infringement risk.

A high percentage of our products can be regarded as commodity chemicals, some of which have unique characteristics and structure. These products are normally utilised by our clients as feedstock to manufacture specialty chemicals or application-type products. We have noticed a worldwide trend of increased filing of patents relating to the composition of application-type products. These patents may create pressure on our clients who market these application-type products which may adversely affect our sales to these clients. Patent-related pressures may adversely affect our business, operating results, cash flows and financial condition.

We believe that our proprietary technology, know-how and trade secrets, especially in the Fischer-Tropsch area, provide us with a competitive advantage. A possible loss of experienced personnel to competitors, and a possible transfer of know-how and trade secrets associated therewith, may negatively impact this advantage.

Similarly, operating and licensing technology in countries in which intellectual property laws are not well established and enforced may result in some transfer of our know-how and trade secrets to our competitors. This may adversely affect our business, operating results, cash flows and financial condition.

Increasing competition by products originating from countries with low production costs may adversely affect our business, operating results, cash flows and financial condition

Certain of our chemical production facilities are located in developed countries, including the United States and Europe. Economic and political conditions in these countries result in relatively high labour costs and, in some regions, relatively inflexible labour markets. Increasing competition from regions with lower production costs, for example the Middle East and China, exercises pressure on the competitiveness of our chemical products and, therefore, on our profit margins. This could result in the withdrawal of particular products or the closure of specific facilities. We cannot assure you that increasing competition by products originating from countries with lower production costs will not result in withdrawal of our products or closure of our facilities, which may have a material adverse effect on our business, operating results, cash flows and financial condition.

We may face potential costs in connection with industry-related accidents or deliberate acts of terror causing property damage, personal injuries or environmental contamination

We operate coal mines, explore for and produce oil and gas and operate a number of plants and facilities for the manufacture, storage, processing and transportation of oil, chemicals and gas related raw materials, products and wastes. These facilities and their respective operations are subject to various risks, such as fire, explosions, leaks, ruptures, discharges of toxic hazardous substances, soil and water contamination, flooding and land subsidence, among others. As a result, we are subject to the risk of experiencing, and have in the past experienced, industry-related incidents.

Our facilities, located mainly in South Africa, the United States and various European countries, as well as in various African countries, the Middle East and Southeast Asia, may be subject to the risk of experiencing deliberate acts of terror.

Our main Sasol Synfuels production facilities are concentrated in a relatively small area in Secunda, South Africa. This facility utilises feedstock from our mining and gas businesses, whilst the chemical and oil businesses rely on the facility for the raw materials it produces. Industry-related accidents and acts of terror may result in damages to our facilities and may require shutdown of the affected facilities, thereby disrupting production, increasing production costs and may even disrupt the mining, gas, chemicals and oil businesses which make up a significant portion of our total income.

It is Sasol's policy to procure property and business interruption insurance cover for all its production facilities above acceptable deductible levels at acceptable commercial premiums. However, full cover for all scenarios of maximum losses may in some years not be available at acceptable commercial rates and we cannot give any assurance that the insurance procured for any particular year would cover all potential risks sufficiently or that the insurers will have the financial ability to pay claims.

Furthermore, acts of terror or accidents at our longstanding operations may have caused, or may in future cause environmental contamination, personal injuries, health impairment or fatalities and may result in exposure to extensive environmental remediation costs, civil litigation, the imposition of fines and penalties and the need to obtain or implement costly pollution control technology.

We have implemented a number of programmes, including on-the job safety training, in order to improve safety, and we closely monitor our safety, health and environmental procedures. In some cases we also have indemnity agreements with the previous owners of acquired businesses which limit certain of our exposures to environmental contamination. However, there can be no assurance that accidents or acts of terror will not occur in the future, that insurance will adequately cover the entire scope or extent of our losses or that we may not be found liable in connection with claims arising from these and other events.

In general, we cannot assure you that costs incurred as a result of the above or related factors will not have a material adverse effect on our business, operating results, cash flows and financial condition.

Our coal, crude oil and natural gas reserve estimates may be materially different from reserves that we may actually recover

Our reported coal reserves are estimated quantities based on applicable reporting regulations that under present and anticipated conditions have the potential to be economically mined and processed. Our proved developed and undeveloped crude oil and natural gas reserves constitute estimates that are based on applicable reporting regulations. There are numerous uncertainties inherent in estimating quantities of reserves and in projecting potential future rates of coal, oil and natural gas production, including many factors beyond our control. In addition, reserve/reservoir engineering is a subjective process of estimating underground deposits of reserves that cannot be measured in an exact manner and the accuracy of any reserve estimate is a function of the quality of available data and engineering and geological interpretation and judgment. Estimates of different engineers may vary and results of our mining/drilling and production subsequent to the date of an estimate may justify revision of estimates.

Reserve estimates may require revision based on actual production experience and other factors. In addition, several factors including the market price of coal, oil and natural gas, reduced recovery rates or increased production costs due to inflation or other factors may render certain of our estimated proved and probable coal reserves and proved developed oil and natural gas reserves and undeveloped oil and natural gas resources uneconomical to exploit and may ultimately result in a restatement of reserves. This may have a material adverse effect on our business, operating results, cash flows and financial condition. See "Item 4.D Property, plants and equipment".

There is a possible risk that sanctions may be imposed on Sasol by the US government as a result of our existing investments in Iran

There are possible risks posed by the potential imposition of US economic sanctions in connection with activities we are undertaking in the polymers field in Iran. For a description of our activities in Iran see "Item 4.B Business overview Sasol Polymers".

The risks relate to two sanctions programmes administered by the US government that we have considered: the Iranian Transactions Regulations (ITRs) administered by the US Treasury Department Office of Foreign Assets Control (OFAC) and the Iran Sanctions Act (ISA) administered by the US Department of State.

The ITRs prohibit or restrict most transactions between US persons and Iran. The ITRs, which are administered by OFAC, do not apply directly to either Sasol or the group entities involved in activities in Iran, because none of them would be considered US persons under these regulations. Nonetheless, because the group is a multinational enterprise, the ITRs may apply to certain entities associated with the group, including US employees, investors and certain subsidiaries.

We are taking measures to ensure that our US employees, investors and certain subsidiaries of the group to which the ITRs apply will not violate the ITRs as a result of their respective affiliations with the group. For instance, to that end, we are taking measures to:

- ensure that no US persons are involved in our Iranian activities, either as directors and officers, or in other positions, including engineering, financial, administrative and legal;

ensure that funds dedicated to projects in Iran will be kept segregated from general group funds;

ensure that no funds of US investors will be utilised in the projects by using separate bank accounts for any funds directed to, or to be received from, these projects and monitoring the flow of funds to and from these projects; and

separate the results of these businesses into separate legal entities.

By undertaking these steps, we believe that any risks posed by the ITRs to us, as well as to US persons and entities affiliated with the group will be mitigated. Nevertheless, we cannot predict OFACs enforcement policy in this regard and it is possible that OFAC may take a different view of the measures described above. In such event, US persons or affiliates associated with the group may be subject to a range of civil and criminal penalties.

The ISA was adopted by the US government in 1996 with the objective of denying Iran the ability to support acts of international terrorism and fund the development or acquisition of weapons of mass destruction. The ISA was extended in 2001 and amended in 2006 by the Iran Freedom Support Act; it will continue in force through 2011. In addition, the House and the Senate have considered amendments to ISA in 2007 and 2008 that could subject a broader range of business or investment activities to sanctions, although to date none of the proposed amendments to ISA have been enacted into law.

In its amended form, the ISA grants the President of the United States discretion in imposing sanctions on companies found to be in violation of its provisions involving investment in the petroleum industry in Iran or involving exports, transfers or other provisions any person or company, regardless of nationality, that (i) makes an investment in Iran of US$20 million or more in any 12-month period that directly and significantly contributes to Iran's ability to develop its petroleum industries, or (ii) exports, transfers or otherwise provides to Iran any goods, services, technology or other items with the knowledge that such provision would contribute materially to the ability of Iran to acquire or develop chemical, biological or nuclear weapons (or related technologies), or destabilising numbers and types of advanced conventional weapons.

Should the US government determine that some or all of our activities in Iran are investments in the petroleum industry, as statutorily defined by the ISA, the President of the United States may, in his discretion impose, among other to determine which sanctions to apply. These could include restrictions on our ability to obtain credit from US financial institutions, restrictions on our ability to procure goods, services and technology from the United States or restrictions on our ability to make sales into the United States.

We cannot predict future interpretations of the provisions of the ISA or the implementation policy of the US government with respect to the ISA. Although we believe that our polymers project is not in the petroleum industry and we were only involved in a feasibility study in connection with other activities in Iran, we cannot assure you that our activities in Iran would not be considered investments as statutorily defined by the ISA or that the imposition of sanctions on the company or other entities of the group would not have a material adverse impact on our business, operating results, cash flows and financial condition.

In addition to the sanctions administered by OFAC and the US Department of State described above, the US government may impose (and, from time to time, has in the past imposed) restrictions and sanctions against Iranian financial institutions under the USA Patriot Act and other anti-money laundering legislation. Such measures against Iranian financial institutions could have an adverse effect on our operations and investments in Iran.

Legislation by US states that may require US public pension funds to divest of securities of companies with certain Iran-related activities could adversely affect our reputation with US investors or the market price of our shares

Several US states have enacted or are considering legislation that may require US state pension funds to divest securities of companies that have certain business operations in Iran. The terms of these provisions differ from state to state, and we cannot predict which legislation, if any, would require state pension funds to divest our shares. If a substantial number of our shares were to be divested as a result of state legislation, or the perception be created that the divestiture is required to occur, our reputation with US investors or the market price of our shares could be adversely affected.

The exercise of voting rights by holders of American Depositary Receipts is limited in some circumstances

Holders of American Depositary Receipts (ADRs) may exercise voting rights with respect to the ordinary shares underlying their American Depositary Shares (ADSs) only in accordance with the provisions of our deposit agreement (Deposit Agreement) with The Bank of New York Mellon Inc., as the depositary (Depositary). For example, ADR holders will not receive notice of a meeting directly from us. Rather, we will provide notice of a shareholders meeting to The Bank of New York in accordance with the Deposit Agreement. The Bank of New York Mellon Inc. has undertaken in turn, as soon as practicable after receipt of our notice, to mail voting materials to holders of ADRs. These voting materials include information on the matters to be voted on as contained in our notice of the shareholders meeting and a statement that the holders of ADRs on a specified date will be entitled, subject to any applicable provision of the laws of South Africa and our Articles of Association, to instruct The Bank of New York Mellon Inc. as to the exercise of the voting rights, pertaining to the shares underlying their respective ADSs on a specified date. In addition, holders of our ADRs will be required to instruct The Bank of New York Mellon Inc. how to exercise these voting rights.

Upon the written instruction of an ADR holder, The Bank of New York Mellon Inc. will endeavour, in so far as practicable, to vote or cause to be voted the shares underlying the ADSs in accordance with the instructions received. If instructions from an ADR holder are not received by The Bank of New York Mellon Inc. by the date specified in the voting materials, The Bank of New York Mellon Inc. will not request a proxy on behalf of such holder. The Bank of New York Mellon Inc. will not vote or attempt to exercise the right to vote other than in accordance with the instructions received from ADR holders.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct The Bank of New York Mellon Inc. to vote the shares underlying your ADSs. In addition, The Bank of New York and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that you may not be able to exercise your right to vote and there may be no recourse if your voting rights are not exercised as you directed.

Sales of a large amount of Sasol's ordinary shares and ADSs could adversely affect the prevailing market price of the securities

Historically, trading volumes and liquidity of shares listed on the JSE have been low in comparison with other major markets. The ability of a holder to sell a substantial number of Sasol's ordinary shares on the JSE in a timely manner, especially in a large block trade, may be restricted by this limited liquidity. The sales of ordinary shares or ADSs, if substantial, or the perception that these sales may occur and be substantial, could exert downward pressure on the prevailing market prices for the Sasol ordinary shares or ADSs, causing their market prices to decline.

ITEM 4. INFORMATION ON THE COMPANY

4.A History and development of the company

Sasol Limited, the ultimate holding company of our group, is a public company. It was incorporated under the laws of the Republic of South Africa in 1979 and has been listed on the JSE Limited (JSE) since October 1979. Our registered office and corporate headquarters are at 1 Sturdee Avenue, Rosebank, 2196, South Africa, and our telephone number is +27 11 441 3111. Our agent for service of process in the United States is Puglisi and Associates, 850 Library Avenue, Suite 204, P.O. Box 885, Newark, Delaware 19715.

In 1947, the South African Parliament enacted legislation detailing the establishment of an oil-from-coal industry in South Africa. This followed 20 years after the publication of a White Paper by Parliament, aiming to protect the country's balance of payments against increasing crude oil imports in view of the lack of domestic crude oil reserves. As a result of this initiative, the South African government in 1950, through the Industrial Development Corporation of South Africa Limited (IDC), a state-owned entity, formed our predecessor company known as the South African Coal, Oil and Gas Corporation Limited to manufacture fuels and chemicals from indigenous raw materials.

Construction work on our synthetic fuels plant at Sasolburg (Sasol One), in the Free State province, about 80 kilometres (km) south of Johannesburg, commenced in 1952, and in 1955, the original Sasol One production units were commissioned. We supplied our first gasoline and diesel to motorists in Sasolburg in November 1955. The operation of this plant was based on a combination of the German fixed-bed and the US fluidised-bed Fischer-Tropsch technologies, together with German Lurgi coal gasification technologies for the synthetic production of gasoline, diesel, other liquid fuels and chemical feedstock from coal.

During the 1960s, we became a major supplier of raw materials for the chemical industry. This included products such as solvents for paints, butadiene and styrene for synthetic rubber and ammonia for nitrogenous fertiliser. When our first naphtha cracker became operational in the mid-1960s, we added ethylene and propylene for the plastics industry to our product portfolio.

In 1966, we completed construction of our first gas pipeline, which connected 250 industrial companies in the greater Johannesburg area to pipeline gas.

In December 1967, National Petroleum Refiners of South Africa (Pty) Limited (Natref) was incorporated and, at the same time, construction of the oil refinery commenced at Sasolburg. The refinery was commissioned in February 1971. Currently we, through our 75% holding in Sasol Oil (Pty) Limited, and Total South Africa (Pty) Limited (Total), a subsidiary of Total S.A. of France, hold 63.64% and 36.36%, respectively, in Natref.

The increased oil prices experienced in the early 1970's presented us with an opportunity to increase our synfuels production capacity and assist in reducing South Africa's dependence on imported crude oil. We commenced the construction of Sasol Two in Secunda, 145 km southeast of Johannesburg in the Mpumalanga province, in 1976, and in March 1980, this plant produced its first synthetic fuel. During the final construction phases of Sasol Two in 1979, work commenced on the construction of our third synfuels and chemicals plant also in Secunda, Sasol Three, which was completed in 1982. The virtually identical operations of Sasol Two and Sasol Three were merged in 1993 to form Sasol Synthetic Fuels, now Sasol Synfuels.

Towards the time of the completion of the Sasol Three project, all our technical and research and development services were consolidated into a new company, Sasol Technology (Pty) Limited. Since then, Sasol Technology has been an important area of our activities, responsible for research and development, technology development and commercialisation, project management and specialist engineering skills.

In October 1979, Sasol Limited was listed on the JSE, and 70% of its share capital was privatised. We used the proceeds from the private and public issue to acquire 100% shareholding in Sasol One and 50% shareholding in Sasol Two and Sasol Three from the IDC. During 1983, we acquired the IDC's remaining interest in Sasol Two and the remaining interest in Sasol Three was acquired effective 1 July 1990. Subsequently, the interest in our share capital held by the South African government through the IDC was further reduced to its current 7.98%.

In 1982, our American Depositary Receipts (ADRs) were quoted on the National Association of Securities Dealers Automated Quotations (NASDAQ) National Market through an unsponsored ADR programme, which was later converted to a sponsored ADR programme in 1994. With effect from 9 April 2003, we transferred our listing to the New York Stock Exchange (NYSE).

Our technology enabled us to enter the downstream production of higher-value chemicals, including nitrogenous fertilisers and commercial explosives in 1983 and 1984, respectively, and also of solvents, phenolics, waxes and co-monomers.

During 1988 and 1989, we undertook the construction of a large polypropylene plant that incorporated BASF gas-phase technology. Between 1990 and 1993, Sasol One underwent an R820 million renovation, during which we discontinued the production of synfuels and increased the production of higher-value chemicals, including ammonia, solvents, phenolics, paraffin and waxes.

Polifin Limited (Polifin) was established in Johannesburg in January 1994, as a joint venture with AECI Limited (AECI), a South African listed chemicals and explosives company. The joint venture manufactured and marketed monomers and polymers. In 1996, Polifin was listed on the JSE. In 1999, pursuant to a takeover offer, we acquired Polifin's remaining share capital from AECI and the public, delisted Polifin and subsequently it became part of our chemicals portfolio and was renamed Sasol Polymers.

In June 1994, the first co-monomer plant at Secunda was commissioned to produce 1-hexene and 1-pentene for the international polymers market.

In 1995, we founded Sasol Petroleum International (Pty) Limited (SPI) to undertake oil and gas exploration and production in selected high potential areas in West and Southern Africa. SPI is active in South Africa, Gabon, Nigeria, Australia, Papua New Guinea and, most notably, in Mozambique. In 2000 and 2001, we signed agreements with the government of Mozambique for the development of natural gas fields and the construction of a gas pipeline transporting gas to the South African market. The construction of this pipeline was completed in 2004. We introduced natural gas to the South African pipeline gas market as of 2004 and use natural gas as part of our feedstock for our chemicals and synfuels operations in both Secunda and Sasolburg.

The Schümann Sasol International wax manufacturing and marketing joint venture was established in 1995 after a merger of Sasol Waxes and the Hamburg-based Schümann wax operations. It produces paraffin and Fischer-Tropsch waxes and operates in various countries. Effective 1 July 2002, we acquired from Vara Holdings GmbH and Co KG the remaining third of the share capital of Schümann Sasol, for approximately €51.1 million (approximately R521 million at actual exchange rates), and this group of companies, now 100% owned, has been renamed Sasol Wax.

By early 1999, Sasol Synfuels had commissioned the last of its eight new generation Sasol Advanced Synthol (SAS) reactors at Secunda, and a ninth reactor was commissioned in 2001. The 1-octene plant, also at Secunda, was commissioned in April 1999 by Sasol Solvents and commenced supply to Dow Chemical Company polyethylene plants in May 1999.

In recent years, we have been exploring opportunities through Sasol Synfuels International (Pty) Limited (SSI) to exploit the Sasol Slurry Phase Distillate (Sasol SPD) process technology for the production of high-quality, environment-friendly diesel and other higher-value hydrocarbons from natural gas. In October 2000, we signed agreements with Chevron for the creation of Sasol Chevron, a 50:50 global joint venture founded on gas-to-liquids (GTL) technology. Sasol Chevron was formed in order to take advantage of the synergies of Sasol's and Chevron's GTL strengths. Sasol has advanced Fischer-Tropsch technology and Chevron has extensive global experience with respect to natural gas utilisation, product marketing and hydrotreating technology.

Sasol Chevron is currently involved in the development of a GTL project in collaboration with the Nigerian National Petroleum Corporation (NNPC) and Chevron Nigeria Limited at existing oil and gas facilities at Escravos in Nigeria. In 2008, Sasol entered into negotiations to reduce its interest in the Escravos GTL (EGTL) project in Nigeria from 37.5% to 10%, while still providing full technical and manpower support to the project. Agreement in principle has been reached with Chevron and it is envisaged that the definitive agreements will be finalised by 31 October 2008 subject to relevant regulatory approvals. The significant change in the total estimated cost of the project, the delay in completion, along with other factors impacting on the project's economics had resulted in an impairment of the project of R362 million in 2008. As a result, our interest in the project has been classified as a disposal group held for sale at 30 June 2008. Once the sale has been concluded, the 10% interest retained by Sasol will be classified appropriately upon conclusion of the agreements. SSI and Sasol Chevron are continuing to explore opportunities to develop other GTL plants.

To promote the performance and environmental merits of cleaner synthetic fuels, Sasol Chevron co-founded the Alliance for Synthetic Fuels in Europe (ASFE) with DaimlerChrysler, Renault, Royal Dutch Shell and Volkswagen, which was launched in Brussels in March 2006.

In July 2001, we signed a joint venture agreement with Qatar Petroleum to establish Oryx GTL (Qatar Petroleum 51% and Sasol 49%). The joint venture has constructed a GTL plant located at Ras Laffan Industrial City to produce high quality synfuels from Qatar's natural gas resources. The plant started producing on specification product during the first quarter of calendar year 2007 and first product was sold in April 2007. The performance and production ramp up of Oryx GTL are meeting expectations. In June 2008, the plant averaged production of more than 22,000 b/d of final product.

We acquired Condea in March 2001 from German-based RWE-DEA AG for €1.3 billion (R8.3 billion). Most of this business was subsequently hosted in Sasol Olefins & Surfactants (Sasol O&S) with production facilities mainly in the United States, Europe and South Africa. In 2003, it was determined that we would continue to grow our chemical businesses conditional upon projects leveraging our technology or securing integrated or highly cost-competitive feedstock positions. We announced in August 2005 that we were considering the divestment of the Sasol O&S business, excluding our co-monomers activities in South Africa, subject to fair value being attained. In March 2007, we announced our intention to terminate the divestiture process and retain and restructure the business. The reason for the termination of the sale was that fair value could not be obtained. A restructuring programme has been implemented in 2008 and the shut down for an indefinite period of the Baltimore, USA and Porto Torres, Italy LAB facilities as well as normal paraffin production in Augusta, Italy have been announced as the first phase of this continuing programme.

In February 2003, we signed a joint venture agreement with the National Petrochemical Company of Iran. The joint venture (Arya Sasol Polymer Company), on behalf of both joint venture parties, is constructing a polymer plant designed to produce one million tons of ethylene to be converted into polyethylene or exported as ethylene. The complex comprises one ethane cracker for producing polymer-grade ethylene and two polyethylene plants. The ethane cracker was commissioned in November 2007 and has produced more than 200,000 tons of ethylene so far, which was mostly exported. The low-density polyethylene plant started up in May 2008 and is expected to reach beneficial operation in the fourth quarter of this calendar year, while the medium and high-density polyethylene plant is on a similar schedule for beneficial operation.

In 2004, we initiated Project Turbo, our fuel enhancement project, intended to liberate further chemical feedstock and enable concomitant investments by Sasol Polymers to expand its South African polymer production capacity by more than 80%. The selective catalytic cracker (SCC) at Sasol Synfuels was first operated during 2006. The SCC was subsequently taken out of operation for modifications following initial performance problems. Investigations and modifications were performed and the cold section of the plant was started up again in July 2007 and the hot section in January 2008, and produced ethylene, propylene and gasoline to specification. The new associated polymer plants (polyethylene and polypropylene) have also been commissioned.

Effective 1 January 2004, Sasol Oil entered the South African retail fuel market with the establishment of its first Sasol-branded retail convenience centre (service station). Sasol Oil also completed the acquisition and integration of Exel Petroleum in a major step towards forming Sasol Oil. We now have 406, compared to 391 in 2007, Sasol-and Exel-branded retail convenience centres.

We announced on 16 March 2006, the first phase implementation of Sasol Mining's broad-based black economic empowerment (BEE) strategy through the formation of Igoda Coal (Pty) Limited (Igoda Coal), an empowerment venture with Eyesizwe Coal (Pty) Limited (Eyesizwe), a black-owned mining company. Igoda Coal will comprise the full value chain of Sasol Mining's coal export business the Twistdraai mine and beneficiation plant at Secunda, the marketing and logistics components of its coal export business, and Sasol Mining's 5% shareholding in the Richards Bay Coal Terminal Company (Pty) Limited. The implementation of this transaction is conditional on obtaining third party financing and the conversion of the existing prospecting and mining permits (old order mining rights) to new order rights.

In June 2006, we announced the signing of a co-operation agreement with the Shenua Group Corporation Limited and the Shenhua Ningxia Coal Industry Group Company Limited of the People's Republic of China to proceed with the second stage of feasibility studies to determine the viability of an 80,000 bpd coal-to-liquids (CTL) plant in the Shaanxi Province, and for another 80,000 bpd CTL plant in the Ningxia Hui Autonomous region. In November 2007, Sasol approved an amount of US$140m for its share of the final stage of the feasibility study for the two China CTL opportunities. In August 2008, Sasol and the Shenhua Ningxia Group agreed to proceed with only one 80,000 bpd plant in the Ningxia Hui Autonomous Region of China, about 1,000 km west of Beijing. The proposed site in the Ningdong Chemical and Energy base has excellent infrastructure and this decision will enable the project schedule to be speeded up and result in lower feasibility and project cost. There are abundant coal reserves in the proximity of the large well laid out site, providing the platform for future expansion. The results of the feasibility study are expected in 2010. The Shaanxi feasibility study will not proceed at this stage.

On 30 June 2006, we announced that our R1.45 billion broad-based BEE transaction, through an investment by Tshwarisano LFB Investment (Pty) Limited (Tshwarisano), had been successfully concluded. In terms of the agreement, Tshwarisano acquired a 25% shareholding in Sasol Oil effective 1 July 2006.

On 11 October 2007, Sasol Mining announced the implementation of the second phase of its broad-based BEE strategy. In a transaction valued at approximately R1.9 billion, a black-women controlled coal mining company, Ixia Coal (Pty) Limited, will acquire 20% of Sasol Mining's shareholding through the issue of new shares. The transaction will increase Sasol Mining's broad-based BEE ownership component to an estimated 26% (calculated on attributable units of production). The implementation of this transaction is conditional on obtaining third party financing and the conversion of the existing prospecting and mining permits (old order mining rights) to new order rights.

On 16 May 2008, our shareholders approved our broad-based BEE transaction valued at approximately R24 billion (at R380 per share), which would result in the transfer of beneficial ownership of 10% of Sasol Limited's issued share capital to our employees and a wide spread of black

South African BEE participants. This transaction will provide long-term sustainable benefits to all participants and has a tenure of 10 years. The following BEE participants will acquire indirect or direct ownership in Sasol's issued share capital as follows:

Sasol employees and black managers through the Sasol Inzalo Employee Trust and Sasol Inzalo Management Trust (Employee Trusts) 4.0%;

The Sasol Inzalo Foundation 1.5%

Selected participants 1.5%; and

The black public through:

( ) The funded invitation 2.6%; and

( ) The cash invitation 0.4%.

The Employee Trusts and the Sasol Inzalo Foundation will be funded entirely through Sasol facilitation whilst the selected participants and the black public participating, through the funded invitation, will be funded by way of equity contributions and preference share funding (including preference shares subscribed for by Sasol). The black public participating through the cash invitation, will be financed entirely by the participants from their own resources.

The effective date of the transaction for the Employee Trusts and the Sasol Inzalo Foundation was 3 June 2008. The effective date of the transaction for the selected participants was 27 June 2008. The black public invitations remained open until 9 July 2008 and consequently this portion of the transaction was not yet effective at 30 June 2008. See "Item 5A Operating results Broad-based Black Economic Empowerment transactions".

Since May 2000, we have undertaken share repurchases, which may be made at times and at prices deemed appropriate by management and consistent with the authorisation of the shareholders. At 30 June 2006, a total of 60,111,477 shares, representing 8.8% of the issued share capital of the company, had been repurchased since 9 May 2000 at an average price of R60.67 per share. At a general meeting held on 3 October 2006, shareholders approved that we acquire 60,111,477 Sasol Limited shares held by our subsidiary, Sasol Investment Company (Pty) Limited. These shares were cancelled on 10 October 2006. Except for the related transaction costs, the repurchase and cancellation of these shares had no effect on the consolidated financial position of the group.

At the meeting of 3 October 2006, shareholders also approved that we be granted the authority to acquire up to 10% of Sasol Limited shares by way of a general repurchase. This authority was again renewed by shareholders at our general meeting held on 23 November 2006.

At the annual general meeting held on 30 November 2007, the shareholders approved once again the general repurchase by the company or by any of its subsidiaries, of the company's shares up to 10% of the company's issued share capital. This general authority granted to the directors shall be valid only until the company's next annual general meeting. Up to 30 September 2008 through our subsidiary, Sasol Investment Company (Pty) Limited, we had purchased 40,179,411 ordinary shares representing 6.35% of the issued share capital of the company, excluding the Sasol Inzalo share transaction, for R12,037 million at a cumulative average price of R299.59 per share.

As of 30 June 2008, we were the fourth largest JSE listed company by market capitalisation (R307,601 million), with total consolidated turnover of R129,943 million in 2008. We employ approximately 34,000 people worldwide in our operations.

Capital expenditure

In 2008, we invested approximately R11 billion, compared with R12 billion and R13 billion in 2007 and 2006, respectively, in capital expenditure (on a cash flow basis excluding capitalised borrowing costs and including projects entered into by our joint ventures) to enhance our existing facilities and to expand operations. Capital expenditure incurred on key projects to expand our operations includes:

Projects[(1)]	**Business categories**	**30 June 2008**	**30 June 2007**	**30 June 2006**
		(Rand in millions)		
Sasol Oil distribution network	Sasol Oil	223	91	59
Oryx GTL and Escravos GTL[(2)]	Sasol Synfuels International	865	2,426	1,734
2nd Catalyst plant, Netherlands	Sasol Synfuels International	366		
16th Oxygen train	Sasol Synfuels	304		
Mozambique expansion	Sasol Petroleum International	454	266	
Petroleum West Africa development	Sasol Petroleum International	235	339	
Arya Sasol Polymer (Iran)	Sasol Polymers	457	774	1,590
Project Turbo	Sasol Polymers	362	1,169	2,608
2nd and 3rd Octene trains	Sasol Solvents	323	708	714
Other smaller projects	Various	1,663	1,172	1,010
		5,252	**6,945**	**7,715**

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(1) The amounts include business development costs and our group's share of capital expenditure of joint ventures. The amounts exclude borrowing costs capitalised. These amounts were approved by our board of directors. We hedge all our major South African capital expenditure in foreign currency immediately upon commitment of the expenditure or upon approval of the project.

(2) Sasol provides financing for 50% of the capital expenditure on the EGTL joint venture. The engineering procurement and construction contract was converted from a fixed-price to a cost-reimbursable contract. In 2008, Sasol entered into negotiations and agreed in principle to reduce its interest in the Nigerian GTL project from 37.5% to 10%. Upon conclusion of the definitive agreements, the funding of the capital expenditure on the EGTL project will be reduced proportionately to our remaining 10% economic interest plus our share of the NNPC loan.

Key projects to address environmental matters and enhance existing assets during the 2008 year include:

Projects[(1)]	**Business categories**	**30 June 2008**	**30 June 2007**	**30 June 2006**
		(Rand in millions)		
Project Turbo unleaded petrol	Sasol Synfuels	60	302	1,867
Sulphuric acid plant	Sasol Synfuels	280	364	
Clean fuels project	Sasol Oil	11	28	224
Mining renewal	Sasol Mining	118	158	171
Waste recycling facility	Sasol Synfuels	12		98
Benzene specifications	Sasol Synfuels	116		
Mozambique operations	Sasol Petroleum International	408	258	21
Other smaller projects	Various	4,598	3,990	3,200
		5,603	**5,100**	**5,581**

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(1) The amounts include business development costs and our group's share of capital expenditure of joint ventures. The amounts exclude borrowing costs capitalised. These amounts were approved by our board of

directors. We hedge all our major South African capital expenditure in foreign currency immediately upon commitment of the expenditure or upon approval of the project.

In addition, we invested approximately R7 million in intangible assets (including investments made by joint ventures), mainly in respect of software, patents and trademarks during the year. For a discussion of the method of financing capital expenditure, see "Item 5.B Liquidity and capital resources liquidity."

Capital commitments

As at 30 June 2008, we had authorised approximately R42 billion of group capital expenditure, of which we had spent R17 billion by 30 June 2008. Of the unspent capital commitments of R25 billion, R7 billion has been contracted for. Of this amount, we expect to spend R17 billion in 2009, R5 billion in 2010 and the remainder in 2011 and thereafter. For more information regarding our capital commitments see "Item 5.B Liquidity and capital resources liquidity" and "Item 5.F Capital and contractual commitments."

We expect to spend approximately R17 billion of our capital commitments on projects in South Africa, R6 billion in other African countries, R1 billion in Europe and the remainder on projects in other regions. The following table reflects key projects approved and contracted which were not completed at 30 June 2008:

Project	Business categories	Total project cost (Rand in millions)	Scheduled beneficial operation date (Calendar year)
Natural gas and 4% Synfuels growth project	Sasol Synfuels and Sasol Gas	R4,532	4th quarter 2010
Energy optimisation and power generation (open cycle gas turbine)	Sasol Synfuels	R2,508	3rd quarter 2010
Mozambique Onshore and offshore drilling, field development and expansion of facilities	Sasol Petroleum International	R3,313	2nd quarter 2011
Thubelisha (Rooipoort)	Sasol Mining	R3,052	1st quarter 2012
Impumulelo (Carmona)	Sasol Mining	R2,991	3rd quarter 2013
Arya Sasol Polymer Company(2)	Sasol Polymers International Investments	R7,527	4th quarter 2008
Escravos GTL (EGTL)(1)	Sasol Synfuels International	R12,100	2nd quarter 2011
Sulphuric Acid Plant and Ammonium Sulphate project	Sasol Synfuels and Sasol Nitro	R1,064	4th quarter 2008

The amounts include business development costs and our group's share of capital expenditure of joint ventures.

(1)

Sasol provides financing for 50% of the capital expenditure on the EGTL joint venture. In 2007, the engineering procurement and construction contract was converted from a fixed-price to a cost-reimbursable contract. In 2008, Sasol entered into negotiations and agreed in principle to reduce its interest in the Nigerian GTL project from 37.5% to 10%. Upon conclusion of the definitive agreements, the funding of the capital expenditure on the EGTL project will be reduced proportionately to our remaining 10% economic interest plus our share of the NNPC loan.

(2)

Sasol Polymers' share of the estimated cost to establish the Arya Sasol Polymer production facilities is €610 million and has been translated at a rate of R12.34 per €1.00 solely for the reader's convenience.

4.B Business overview

Sasol is an integrated energy and chemical company. We add value to coal, oil and gas reserves, using these feedstocks to produce liquid fuels, fuel components and chemicals through our unique, proprietary technologies. We mine coal in South Africa and produce gas in Mozambique and oil in Gabon, and our chemical manufacturing and marketing operations span the globe. In South Africa we refine imported crude oil and retail liquid fuel products through our network of retail convenience centres. We also supply fuels to other distributors in the region and gas to industrial customers. We maintain extensive chemical manufacturing and marketing operations, mostly in South Africa, Europe and the United States of America (USA), the Middle East and Asia.

In South Africa, we refine imported crude oil and retail liquid fuels through a network of 406 Sasol retail convenience centres and Exel service stations. We also supply fuels to oil companies operating in South Africa and other distributors in South Africa and sub-Saharan Africa. Through Sasol Synfuels International (SSI) and Sasol Chevron, we are pursuing international opportunities to commercialise our CTL and GTL technology. We brought our first international GTL plant, Oryx GTL, into operation in 2007 and we are developing a GTL plant in Nigeria. We are promoting our CTL technology in China and India.

We employ approximately 34,000 people worldwide and remain one of South Africa's largest investors in capital projects, skills development and technological research and development.

Our activities

Sasol believes that its ability to compete and grow sustainably is contingent on internal collaboration, knowledge and resource sharing, as well as building effective external partnerships and joint ventures in different markets, territories and cultural contexts. We recognised the need some time ago to evolve a business structure to support this inclusive approach and over the past three years have undertaken an extensive diagnostic review of Sasol's business model, under the name Project DNA. We have begun to implement the recommendations of the review systematically, one of which has been to cluster our businesses according to common business drivers. Clustering, which involves creating linkages among logically related businesses that allow for strategic consistency and operational efficiencies, has been increasingly adopted by world-class companies to become recognised best practice. In 2007, we formalised the group's structure into three focused business clusters South African Energy Cluster, International Energy Cluster and Chemical Cluster.

We divide our operations into the following segments:

South African Energy Cluster

Sasol Mining. We mine approximately 43 million tons (Mt) of saleable coal per year, mostly for gasification feedstock and utilities coal for our complexes in Secunda and Sasolburg and export approximately 3 Mt of coal annually. Sasol Mining accounted for 2% of our total external segmental turnover in 2008.

Sasol Gas. We distribute and market Mozambican-produced natural gas and Secunda-produced methane-rich gas to customers in the Gauteng, Mpumalanga, Free State, and KwaZulu-Natal provinces of South Africa. We also have a 49% interest in Spring Lights Gas (Pty) Limited, an empowerment gas marketing company in Durban, and a 50% interest in Republic of Mozambique Pipeline Investments Company (Pty) Limited (Rompco), a company which operates and maintains the cross-border pipeline that conveys natural gas from the Temane central processing facility in Mozambique to the gas network at Secunda. Sasol Gas accounted for 2% of our total external segmental turnover in 2008.

Sasol Synfuels. We operate the world's only commercial coal-based synfuels manufacturing facility at Secunda. We produce synthesis gas through coal gasification and natural gas reforming, using our proprietary technology to convert synthesis gas into synthetic fuel components, chemical feedstock and pipeline gas. Sasol Synfuels accounted for 1% of our total external segmental turnover in 2008.

Sasol Oil. We market fuels blended at Secunda and refined through our 63.64% interest in the Sasolburg Natref refinery (South Africa's only inland crude oil refinery). Products include petrol, diesel, jet fuel, illuminating paraffin, fuel oils, bitumen and lubricants. We have created 183 Sasol retail convenience centres and 223 Exel service stations in South Africa and export fuels to several South African Development Community (SADC) countries. Sasol Oil accounted for 40% of our total external segmental turnover in 2008.

Other. This segment currently includes costs related to the pre-feasibility study for the expansion of our synthetic fuels capacity in South Africa known as Project Mafutha.

International Energy Cluster

Sasol Synfuels International. We pursue international commercial opportunities based on our CTL and GTL Fischer-Tropsch technology. We and our joint venture partner, Chevron, are through Sasol Chevron, developing and implementing international ventures based on the Sasol SPD process. In partnership with Qatar Petroleum, we brought our first international GTL plant, Oryx, into operation in Qatar in 2007. We also pursue opportunities based on other hydrocarbons that could be beneficiated through our Fischer-Tropsch technology. SSI accounted for 1% of our total external segmental turnover in 2008.

Sasol Petroleum International. We develop and manage our upstream interests in oil and gas exploration and production in Mozambique, South Africa, Gabon, Nigeria, Australia, Papua New Guinea and the joint development zone between Nigeria and Sao Tome/Principe. We produce gas and condensate from Mozambique's onshore Temane field and oil from Gabon's offshore Etame field. Globally, SPI also pursues gas exploration opportunities to enable it to supply feedstock to potential future Sasol GTL plants. SPI accounted for 1% of our total external segmental turnover in 2008.

Chemical Cluster

Sasol Polymers. We operate plants at Sasolburg and Secunda and market ethylene, propylene, polyethylene, polypropylene, polyvinyl chloride, chlor-alkali chemicals and mining reagents to domestic and international customers. We also have interests at Kertih, Malaysia, in ethylene, propylene and polyethylene production and marketing and at Assaluyeh, Iran, in ethylene and polyethylene production and marketing. Sasol Polymers accounted for 9% of our total external segmental turnover in 2008.

Sasol Solvents. We operate plants in South Africa and Germany and supply a diverse range of solvents (ketones and alcohols), co-monomers (hexene and octene), acrylates and associated products. We also have a maleic anhydride joint venture in Germany with Huntsman Corporation. Sasol Solvents accounted for 12% of our total external segmental turnover in 2008.

Sasol Olefins & Surfactants. We manufacture and market surfactants and surfactant intermediates, as well as ethylene and inorganic specialty chemicals and other organic chemicals, mainly at plants in Germany, Italy, and the USA, for customers across the globe. Sasol Olefins & Surfactants accounted for 22% of our total external segmental turnover in 2008.

Other chemical businesses. We are involved in a number of other activities in the chemicals industry, both in South Africa and abroad, which, among others, include production and marketing of other chemical products, like waxes, fertilisers and mining explosive products. These activities accounted for 10% of our total external segmental turnover in 2008.

Other businesses

Other. We are involved in a number of other activities in the energy and chemicals industries, both in South Africa and abroad, which, among others, are technology research and development, and our financing activities.

The following tables present our total external turnover after the elimination of inter-segment turnover by business operation and geographic market in accordance with IFRS:

	South Africa Energy Cluster					International Energy Cluster		Chemical Cluster					
2008	**Sasol Mining**	**Sasol Gas**	**Sasol Synfuels**	**Sasol Oil**	**Other**	**Sasol Synfuels International**	**Sasol Petroleum International**	**Sasol Polymers**	**Sasol Solvents**	**Sasol Olefins and Surfactants**	**Other chemicals**	**Other businesses**	**Total**
	(Rand in millions)												
South Africa	161	2,563	788	48,260				7,872	1,343	184	6,287	174	67,632
Rest of Africa	201		12	4,240		85	227	1,290	170	102	771		7,098
Europe	1,839		118			1,155		267	7,102	15,055	3,624	44	29,204
Middle East and India	64		20			370		202	1,385	324	363	5	2,733
Far East	205		10					742	1,456	1,520	109		4,042
North America			17						2,651	10,111	1,313	2	14,094
South America			5				1,001	73	487	750	276		2,592
Southeast Asia and Australasia			12			178		716	991	79	572		2,548
Turnover	**2,470**	**2,563**	**982**	**52,500**		**1,788**	**1,228**	**11,162**	**15,585**	**28,125**	**13,315**	**225**	**129,943**

	South Africa Energy Cluster					International Energy Cluster		Chemical Cluster					
2007	**Sasol Mining**	**Sasol Gas**	**Sasol Synfuels**	**Sasol Oil**	**Other**	**Sasol Synfuels International**	**Sasol Petroleum International**	**Sasol Polymers**	**Sasol Solvents**	**Sasol Olefins and Surfactants**	**Other chemicals**	**Other businesses**	**Total**
	(Rand in millions)												
South Africa	124	2,074	806	34,766				7,198	1,228	137	4,593	(18)	50,908
Rest of Africa	122	1	20	3,048		89	777	858	135	110	589	(2)	5,747
Europe	1,322		116	2		31		79	5,710	11,993	2,854	341	22,448
Middle East and India	53		5			(55)			1,184	194	283	8	1,672
Far East	73		3					592	1,034	966	63	86	2,817
North America			16						2,043	7,814	1,383	3	11,258
South America			6					9	408	714	251	(2)	1,387
Southeast Asia and Australasia			4					569	767	84	454	12	1,890
Turnover	**1,694**	**2,075**	**976**	**37,816**		**65**	**777**	**9,305**	**12,509**	**22,012**	**10,470**	**428**	**98,127**

2006	Sasol Mining	Sasol Gas	Sasol Synfuels	Sasol Oil	Other	Sasol Synfuels International	Sasol Petroleum International	Sasol Polymers	Sasol Solvents	Sasol Olefins and Surfactants	Other chemicals	Other businesses	Total
	South Africa Energy Cluster					International Energy Cluster		Chemical Cluster					
						(Rand in millions)							
South Africa	204	1,663	631	29,598				5,936	1,092	168	3,596	21	42,909
Rest of Africa			19	2,643		98	649	846	158	159	578		5,150
Europe	1,313		107	2		15		88	4,317	9,555	2,322	117	17,836
Middle East and India			4			48		2	1,121	169	182	10	1,536
Far East			2					386	991	1,026	51		2,456
North America			136						1,829	6,638	1,236		9,839
South America			8					12	307	744	178		1,249
Southeast Asia and Australasia			8					267	670	86	387	2	1,420
Turnover	**1,517**	**1,663**	**915**	**32,243**		**161**	**649**	**7,537**	**10,485**	**18,545**	**8,530**	**150**	**82,395**

Our strategy

We are active in the oil, gas and chemical sectors, primarily in integrated petroleum and chemical centres of activity in Southern Africa and other countries where we can obtain an advantage through competitive feedstock. Our core business is adding value to low-cost coal and gas feedstock through our unique Fischer-Tropsch synthesis and other proprietary technologies for the production of fuel, fuel components and chemical feedstock.

Commercialising and expanding our Fischer-Tropsch GTL and CTL technology We have made further progress in the drive to commercialise our GTL technology based on the Sasol SPD process in natural gas-rich regions. The Sasol SPD process allows us to monetise underutilised gas resources by converting them into ultra-low sulphur, superior quality diesel and naphtha in line with global trends towards cleaner fuel and reduced emissions to the environment.

Oryx GTL, the 49:51 joint venture with Qatar Petroleum was commissioned in 2007 and is continuing to raise production to its design capacity. The plant with its nominal capacity of up to 34,000 bpd is the world's first commercial scale Slurry Phase Fischer-Tropsch GTL plant outside South Africa, developed and built specifically to produce GTL diesel and to a lesser extent, GTL naphtha and liquefied petroleum gas (LPG). The GTL diesel can be used either as a neat fuel or as a blend stock.

The development of the EGTL plant in Nigeria is advancing, but the project is experiencing significantly higher than expected capital cost increases. Capital costs are currently estimated to be US$6 billion with a completion date of 2011. In order to mitigate this risk, Sasol has in principle agreed with Chevron to reduce its interest in the EGTL project to 10%, while still providing full technical and manpower support to the project.

We continue to assess various GTL and CTL opportunities in a number of countries. The focus remains on the possible roll out of Sasol's proven CTL technology in China, India and the USA, which together hold the bulk of the world's coal reserves. The possible expansion of the GTL footprint in Qatar also remains a target, in addition to prospects for other GTL facilities currently being explored by SSI and Sasol Chevron.

In support of this growth driver, our team of researchers continues to advance our next-generation GTL technology, including our proprietary low-temperature Slurry Phase Fischer-Tropsch reactor and cobalt-based catalysts.

We have started the first phase of significantly expanding our existing synthetic fuels capacity in Secunda, South Africa. We are also proceeding with a pre-feasibility study into a greenfields CTL facility in partnership with the South African government. The pre-feasibility study of the project, known as Project Mafutha, is expected to progress to the feasibility stage by the end of 2009.

We will continue to explore new opportunities to commercialise our competitive Fischer-Tropsch synthesis technology for the beneficiation of coal and other hydrocarbon resources, including environmentally friendly biomass.

Growing our integrated chemicals portfolio We will focus on growing our chemicals portfolio either by:

- leveraging new chemical growth opportunities from our Fischer-Tropsch processes;
- securing integrated positions with other Sasol facilities; or
- securing cost-competitive feedstocks.

Sasol Polymers remains a strong performer in our chemicals portfolio by focusing on continued business optimisation and benefiting from a buoyant demand for polyethylene and polypropylene. As part of Project Turbo, a new polyethylene plant was brought into operation during 2007 and a new polypropylene plant was commissioned during 2008 to increase our polymer capacity by 74%.

Outside South Africa, our polymer business continues to gain momentum. In Iran, Sasol has invested €610 million (our 50% share of the total capital project) in a new polymer plant which is designed to produce one million tons of ethylene to be converted into polyethylene, or exported as ethylene. This project is a 50:50 joint venture (called Arya Sasol Polymer Company) between Sasol and the National Petrochemical Company of Iran. The complex comprises one ethane cracker for producing polymer-grade ethylene and two polyethylene plants. The ethane cracker was commissioned in November 2007 and has produced more than 200,000 tons of ethylene so far, which was mostly exported. The low-density polyethylene plant started up in May 2008 and is expected to reach beneficial operation in the fourth quarter of this calendar year, while the medium and high-density polyethylene plant is on a similar schedule for beneficial operation.

Sasol Solvents continues to benefit from its status as a diversified producer and marketer of industrial solvents. The breadth of our solvents product portfolio and international market presence covering all major regions are competitive strengths of this business unit. The Octene 3 plant in South Africa, which produces high quality 1-octene as a co-monomer for the polyolefins market, achieved beneficial operation in June 2008. This new plant has the capacity to produce 100,000 tons per annum of 1-Octene. It is anticipated that by the middle of the 2009 calendar year, Sasol Solvents would have installed capacity to produce and market 356,000 tons of 1-Octene and 1-Hexene per annum.

In March 2007, we announced that we have terminated the planned divestiture process of the Sasol Olefins & Surfactants (O&S) business and will retain this business. We believe that it was in shareholders' interests not to pursue the divestiture since fair value for the business could not be obtained. A number of restructuring and other opportunities to improve business performance have been identified and are currently being executed as part of a turn-around programme due to last for the next three to five years.

Exploit upstream hydrocarbon opportunities SPI produces natural gas and condensate from the Temane gas field in Mozambique. We are continuing to explore for additional natural gas resources in and around the Temane and Pande onshore gas fields as well as two offshore gas fields. Moreover, SPI remains a 27.75% partner in Gabon's offshore Etame oil field. SPI has also recently entered into exploration licenses in Papua New Guinea (51% interest) and Australia (30% interest) in its quest to increase natural gas resources.

Sasol Gas continues to focus on growing the South African gas market following the successful introduction of natural gas from Mozambique in 2004.

South African Energy Cluster

Sasol Mining

Nature of the operations and principal activities

In South Africa, we have three coal mining operations:

Secunda Mining Complex, consisting of four underground mines (Bosjesspruit, Brandspruit, Middelbult and Syferfontein) at Secunda from which 31.9 Mt of coal was supplied to Sasol Synfuels, its primary customer, and 0.6 Mt utility coal to Eskom Holdings Limited (Eskom), South Africa's state-owned power company.

Export Complex (situated in the Secunda Mining Complex), supplied by the Twistdraai mine at Secunda, producing coal for the international market (export coal sales of 3.4 Mt) as well as a secondary product (middlings), of 2.8 Mt, supplied to Sasol Synfuels.

Sigma: Mooikraal Complex. The Sigma: Mooikraal mine near Sasolburg was brought into operation to supply utility coal to the group's utility plants in Sasolburg at a rate of about 1.7 Mt a year to replace the depleted Mohlolo underground operation and the Wonderwater high-wall operation, which are undergoing final closure and rehabilitation which is expected to be completed by the end of the 2008 calendar year.

During 2008, total production was 42.8 Mt of coal, compared to 43.3 Mt in the previous year. Each year, saleable production volumes vary according to internal demand and export capacity.

Operational statistics

	2008	2007	2006
		(Mt, unless otherwise stated)	
Sigma Mine	1.7	1.4	1.6
Secunda Mines	41.1	41.9	44.6
Total production	**42.8**	**43.3**	**46.2**
Saleable production from all mines(1)	40.4	41.3	44.5
External coal purchases from Anglo Operations	4.8	4.9	3.1
Sales to Sasol Infrachem, Sasolburg	1.7	1.7	1.7
Sales to Sasol Synfuels, Secunda	40.1	39.8	40.3
Additional South African market sales	0.9	1.3	2.1
Export sales (primarily Europe)	3.4	3.7	3.6
Total sales including exports	**46.1**	**46.5**	**47.7**
Production tonnes per continuous miner (mining production machine) per shift (t/cm/shift)	1,614	1,696	1,674

(1) Saleable production equals our total production minus discard and includes both product sold and movements in stockpiles.

Principal markets

We extract and supply coal mainly to our Synfuels and chemical plants under terms and conditions which are determined on an arm's length basis. We export approximately 8% of the Secunda Mining Complex's production. In 2008, external sales, primarily exports, amounted to 4.3 Mt, compared to 5.0 Mt in 2007. In a volatile currency market, average US dollar export prices achieved, increased by 45%, while the rand weakened by 4% compared to the prior year. This resulted in a net increase in the rand export coal price of 50%.

Marketing opportunities for coal in both the international and domestic utility market continue to be explored. It is our intention to increase our presence in the international market over the ensuing decade. This is currently constrained by our throughput entitlement at the Richards Bay Coal Terminal, South Africa's only coal export outlet.

External market opportunities

International CTL projects. In support of SSI, Sasol Mining is involved in CTL project studies in China, USA and India. At this stage, Sasol Mining's role is to evaluate the coal feedstock supply in terms of the reserve base, the ability to mine the feedstock, pricing of feedstock, quality requirements of the coal for gasification and safety issues.

Mafutha project. During 2008, project Mafutha entered into the pre-feasibility study stage. In 2008, we incurred costs related to these studies of R78 million. It is anticipated that the pre-feasibility studies will be completed by the end of 2009 at a remaining estimated cost of R237 million. Sasol Mining has been retained as the business partner that will ensure the feedstock (coal) supply to the CTL plants.

Eskom. The short-term coal sales to Eskom from the Brandspruit Mine terminated in February 2008. The contract has not been extended and coal from the Secunda reserves has been retained to supply our Synfuels plant.

Seasonality

The demand for coal by our Synfuels and chemical plants is consistent throughout the year. The demand for coal in Europe, the international market in which Sasol Mining is most active, is consistent throughout the year. Variations in tonnage from season to season in the export market are therefore limited.

Marketing channels

Sasol Mining has appointed a limited number of agents in Europe to represent the company, each responsible for their own specific geographic markets. These agents operate on a commission basis and are authorised to act as intermediaries only. All sales require approval of Sasol Mining before they may be concluded with the customer.

Factors on which the business is dependent

Being part of the Sasol value chain we are continuously engaging with Sasol Synfuels to ensure optimal delivery and utilisation of our coal resources. We also have dedicated strategic capacity management and long-term planning departments who ensure that mining and other related activities are performed in accordance with our strategic plans for the future.

Also refer to Item 4.B "Business overview Regulation of mining activities in South Africa".

Property, plants and equipment

Sasol Mining operates six mines for the supply of coal to Sasol Synfuels, Sasol Infrachem (utility coal only) and the external market. The annual production of each mine, the primary market to which it supplies coal and the location of each mine are indicated in the table below:

			Production (Mt)		
Mine	**Market**	**Location**	**2008**	**2007**	**2006**
Bosjesspruit	Sasol Synfuels	Secunda	7.3	7.6	7.8
Brandspruit	Sasol Synfuels	Secunda	7.7	7.7	8.2
Middelbult	Sasol Synfuels	Secunda	7.6	8.1	9.3
Syferfontein	Sasol Synfuels	Secunda	9.3	8.4	8.8
Twistdraai	Export/Sasol Synfuels(1)	Secunda	9.2	10.1	10.5
Sigma : Mooikraal	Sasol Infrachem	Sasolburg	1.7	1.4	1.6
			42.8	**43.3**	**46.2**

(1) The middlings product from the export beneficiation plant is supplied to Sasol Synfuels.

Coal handling facility Sasol Coal Supply (SCS)

SCS at Secunda is responsible for the conveyance of coal from the mine mouth to a stock holding facility. Here the coal from the different mines is blended in order to homogenise the product that is then conveyed to Sasol Synfuels as demanded.

Beneficiation plant

A coal beneficiation plant is operated at Secunda to enable coal export to the international market. The design throughput of the plant is 10.5 Mt per annum. The plant feedstock is supplied by Twistdraai mine via overland conveyor belts of approximately 22 km in length.

Sasol Gas

Nature of the operations and its principal activities

Established in 1964, originally as the South African Gas Distribution Corporation Limited (Gascor), Sasol Gas operates a 2,084 km pipeline network in South Africa. Sasol Gas is a shareholder in Rompco and Spring Lights Gas (Pty) Limited (Spring Lights Gas).

As part of the Natural Gas Project for the development, production and transportation of natural gas from Mozambique, Rompco was established as the owner of the Mozambique to Secunda gas transmission pipeline (MSP).

Initially, Rompco was a wholly owned subsidiary of Sasol Gas Holdings. Pursuant to the Rompco Shareholders' Agreement the South African and Mozambican governments' nominated shareholders, namely the South African Gas Development Company (Pty) Limited (iGas) and Companhia de Moçambicana de Gasoduto, S.A.R.L (CMG) were afforded a deferred option to purchase in aggregate up to 50% of the shareholding in Rompco. With effect from 1 July 2005, iGas exercised its option to purchase 25% of the shares in Rompco. CMG exercised its option with effect from 2 August 2006. A total profit of R576 million has been realised on the sale of shares to the respective parties. The change in shareholding positively impacted the political risk profile of the investment in Rompco and the MSP.

As part of Sasol Gas' commitment to broad based BEE, Sasol Gas formed a joint venture company with Coal Energy and Power Resources Limited, to form, Spring Lights Gas, in 2003 to which it sold its marketing business in the Durban South area. During 2007, the shareholders amended the existing shareholders' agreement to expand the marketing area of Spring Lights Gas, previously limited to the Durban South area, to the whole of KwaZulu-Natal. This has already realised some growth opportunities during 2007 and 2008.

Since 1996, Sasol Gas has been using the Transnet Pipelines, Lilly pipeline for the transportation of gas to the KwaZulu-Natal market. During 2005, we renewed the gas transportation agreement to continue to use the pipeline for a duration of 17 years (until 2022), with an option to extend the agreement for a further three years.

Principal markets

Sasol Gas markets methane-rich gas, produced by Sasol Synfuels and natural gas produced from gas fields in Mozambique. In the energy market, pipeline gas competes with crude oil-derived products, electricity and coal in various industries, such as ceramics, glass, metal, manufacturing, chemical, food and pulp and paper.

The pipeline gas segment in the energy industry in South Africa is still in its infancy. It is expected that the market will grow further as a result of the introduction of natural gas from Mozambique since 2004. The current supply of 122.3 MGJ/a of pipeline gas increased from 112.9 MGJ/a in 2007.

Compared to developed countries, South Africa is a small consumer of natural gas as a percentage of its total energy requirements. This presents us with the opportunity to increase sales of environmentally preferred natural gas. Environmental and technological trends together with new environmental legislation are expected to entice customers to convert to gas as a substitute for environmentally less desirable energy sources. During 2008, natural gas volumes sold reached 99.2 MGJ/a and methane rich gas volumes 23.1 MGJ/a.

Sasol Gas supplies 59.4 MGJ/a of gas to 573 industrial and commercial customers in the South African provinces of Mpumalanga, Gauteng, KwaZulu-Natal, North-West and the Free State. Besides marketing pipeline gas to these customers, natural gas is also supplied as feedstock to Sasol's facilities in Sasolburg and Secunda.

Seasonality

The total South African demand for gas is consistent throughout the year and is generally not subject to seasonal fluctuations due to moderate temperature variances between seasons and the absence of a significant domestic market.

Raw materials

The natural gas purchased in Mozambique from an un-incorporated joint venture consisting of Sasol Petroleum Temane Limitada (SPT), International Finance Corporation (IFC) and Companhia Moçambicana de Hidrocarbonetos, S.A.R.L (CMH) is transported by Rompco to Secunda in South Africa. Methane-rich gas is purchased from the Sasol Synfuels facility in Secunda. Sasol Synfuels has been supplying methane-rich gas to Sasol Gas since 1994.

Marketing channels

Over 93% of the products produced by Sasol Gas are sold to end-use industrial customers by our sales and marketing personnel. We also utilise a limited number of traders and resellers to on sell the product to end-use customers.

Factors on which the business is dependant

Licences and regulations

We are in the process of obtaining the relevant licences for the operation of transmission gas facilities in order to comply with the Gas Act and the rules published by the National Energy Regulator of South Africa (NERSA). Refer Item 4.B "Business overview Regulation of pipeline gas activities in South Africa" for additional information.

Property, plants and equipment

The MSP natural gas transmission pipeline owned by Rompco is a 26 inch carbon steel underground pipeline of 865 km. The pipeline starts from the natural gas central processing (CPF) facility at Temane in Mozambique and ends at the pressure protection station (PPS) in Secunda, South Africa. The instantaneous capacity of the pipeline is 136 MGJ/a with an annual average of 120 MGJ/a.

The inland distribution network of Gauteng is fed from the PPS at Secunda at a pressure of 4,500 kPa. The network is operated at a pressure of 3,350 kPa and lower and the capacity of the distribution network is 80MGJ/a. These pipelines supply various low pressure distribution areas as well as some customers directly. Where these lines enter into various distribution areas, a pressure reduction station reduces the pressure to 625kPa.

The inland network ends at the auto thermal reformer plant (ATR) in Sasolburg. The ATR plant is used to convert the natural gas into chemical feedstock for the Chemical Cluster businesses located in Sasolburg. The ATR plant is operated by Sasol Infrachem on behalf of Sasol Gas.

The Secunda, Witbank and Middelburg distribution network receives methane-rich gas from Sasol Synfuels. The normal maximum operating pressure for this pipeline is 3,000 kPa and the capacity of the network is 10MGJ/a. The same methane-rich gas as supplied to Witbank and Middelburg is compressed and fed into the Transnet Pipelines transmission pipeline to feed our customers in the KwaZulu-Natal province. The normal maximum operating pressure for this pipeline is 5,900 kPa and the capacity of the network is 20MGJ/a.

Sasol Synfuels

Nature of the operations and principal activities

Sasol Synfuels, based in Secunda operates a coal and gas based synthetic fuels manufacturing facility. We produce syngas primarily from low-grade coal with a smaller portion of feedstock being natural gas. The process uses advanced high temperature Fischer-Tropsch technology to convert syngas into a range of synthetic fuel components, as well as industrial pipeline gas and chemical feedstock. We produce most of South Africa's chemical and polymer building blocks, including ethylene, propylene, ammonia, phenols, alcohols and ketones. We operate the world's largest oxygen production facilities (according to Air Liquide, the French industrial gas company), currently consisting of 15 units. We are currently investigating options to expand this facility with an additional unit. As a result, we also have the capacity to recover high volumes of two noble gases, krypton and xenon.

Major growth opportunities exist for us in the domestic and international markets. Sasol Synfuels is partnering with Sasol Technology, Sasol Oil and key chemical businesses in a feasibility study for a twenty percent increase in production. This project consists of two phases, with approximately 15 percent of the growth expected to come via natural gas and the remainder from coal based high temperature gasification. The first part of the gas based phase is currently in the execution phase, the second gas based phase as well as the coal based growth phase is in the pre-feasibility stage.

Capital to the value of R7 billion has been approved for execution of the first stage of the Sasol Natural Gas Growth Project (SNGGP). The total cost of the first stage will be approximately R12 billion and will enable us to grow volumes by 4% on a sustainable basis. During 2008, Sasol Synfuels has incurred costs of R145 million in respect of the pre-feasibility studies related to the SNGGP. It is our intent to eventually grow volumes by a total of 20% through the utilisation of both natural gas and coal. Plans to do so are however in the early stages and have not yet been approved for commercial development. Tentative indications are that if these plans were to go ahead they would take until 2015 to complete. Since planning is at an early stage, it is premature to assess the impact they would have on our operations.

Principal markets

Sasol Synfuels sells fuel components to Sasol Oil, and methane-rich gas is sold to Sasol Gas. Chemical feedstocks are processed and marketed by Sasol and its joint venture partners, including Merisol. Unrefined ethylene and propylene are purified by Sasol Polymers' monomers division at Secunda for the downstream production of polymers. Ammonia is sold to the fertiliser and explosives industries, including Sasol Nitro, our nitrogenous products division.

The inland South African market for liquid transportation fuels continues to grow, as do many of the major markets for the group's main chemical businesses.

Raw materials

The dominant feedstock components used by Sasol Synfuels in the production process are low grade coal obtained from Sasol Mining and natural gas obtained from Sasol Gas. Prices of low grade coal are influenced by the South African Producer Price Index while the price of natural gas is mainly determined by the international price of crude oil.

Marketing channels

The bulk of our products are primarily marketed to other Sasol business units. A very small volume of carbon products are directly marketed to clients abroad, via commercial distribution channels.

Property, plants and equipment

Specific product volumes

	2008	2007	2006
		(Mt)	
Total production volumes	7.4	7.3	7.5

	2008	2007	2006
		(% of total production)	
Liquid and gaseous fuels	64	64	65
Petrochemical feedstock	27	27	25
Carbon plus nitrogenous feedstock for fertilisers and explosives	7	7	8
Specialised cokes, creosote and related carbon and tar products	2	2	2

Sasol Synfuels is continuing the development of an Operations Excellence approach suitable for Sasol Synfuels' manufacturing activities. Greater energy efficiency is also being pursued through new programmes aimed at reducing overall unit cost, improving environmental performance and assuring the reliability of electricity supply. This is particularly important at a time when Sasol Synfuels is pursuing significant expansion plans. Sasol Synfuels has been given approval to commence work in the year ahead for the development of a 280-megawatt power-generation plant at Secunda. This facility will be commissioned on natural gas but will eventually use waste-gas streams as an energy source to reduce costs and environmental impact as well as overall site energy efficiency.

Overall production integrity and reliability remained at high levels throughout the year despite one unplanned shutdown due to an electrical system failure. Overall volumes in 2008 were higher due to only one phase shutdown compared to a total and phase shutdown during 2007. The completion and commissioning of the SCC plant in 2008 had an adverse effect on production volumes. Ongoing programmes are followed to improve plant reliability, availability and efficiency of operations.

Sasol Synfuels continued to advance a series of major environmental projects as part of a wider group initiative in South Africa to reduce our environmental footprint and enhance operational efficiency. We are constructing a sulphuric acid plant at Sasol Synfuels and an ammonium sulphate facility at Sasol Nitro that is expected to cost R1,064 million. The sulphuric acid plant will use hydrogen sulphide and offtake gas from the Rectisol plant as feedstock. Sasol Nitro will convert a large percentage of the sulphuric acid into ammonium sulphate, an important fertiliser ingredient.

We are also focusing on opportunities to reduce volumes of low-level volatile organic compounds (VOCs), as well as emissions of sulphur oxides (SOx) and oxides of nitrogen (NOx). Conceptual studies are progressing with the view to reduce emissions significantly below the VOC, SOx and NOx limits prescribed by South Africa's more stringent new legislation, the National Environmental Management:

Air Quality Act. Refer Item 4.B "Safety, health and environment South Africa Air protection" for additional information.

Sasol Synfuels invested R862 million in environmental clean up projects. This amount is based on the latest forecast and includes spending on black product remediation, rehabilitation of the waste ash site and dolomite pits and the reduction of VOC emissions. The VOC emissions originate at various sources and the solutions are mostly engineering improvements on plants.

Sasol Oil

Nature of the operations and principal activities

Sasol Oil encompasses the established liquid fuels, bitumen and lubricants marketing activities of Sasol through our commercial and retailing interests, including the Exel brand. Operations include fuel blending and storage facilities at our Secunda operations to turn fuel components procured from Sasol Synfuels into market ready products. We are also responsible for crude oil procurement, shipping and the subsequent refining of crude through our majority shareholder interest in the Natref refinery in Sasolburg, as well as final product supply to, and trading with, other licensed wholesalers operating in Southern Africa. Products include gasoline, fuel alcohol, diesel, jet fuel, illuminating paraffin, LPG, fuel oils, motor and industrial lubricants and bitumen.

Liquid fuels marketed

	2008	2007	2006
	(million m^3)		
Total liquid fuel sales	9.98	9.69	9.61
Total liquid fuel sales (exported)	0.84	0.83	0.77

Principal markets

Sasol Oil's fuel production is primarily located in South Africa's industrial heartland, where an estimated 62% of the country's petrol and diesel is consumed. Our full production of approximately 8.4 million m^3 of white products per year is insufficient to supply this market. The balance of the market is supplied from coastal refineries and imports, transported via the Transnet Pipelines' (previously Petronet) pipeline, road and rail tankers. Limited amounts of white products are exported overland to neighbouring countries.

Seasonality

The total South African demand for transportation fuels is fairly consistent throughout the year. However, slightly higher demand for petrol is evident during the December holiday period and diesel demand tends to peak during October, the summer grain planting season. Demand during the first quarter of the calendar year is generally weaker than the annual average.

As a result of South Africa's longstanding regulatory regime, which is based on import alternatives, the local oil industry is a price taker from international markets. Local price seasonality is mainly as a result of gasoline demand during the USA summer driving season and heating fuels demand impacting on middle distillate prices in Europe during their winter. This normally results in petrol and diesel prices being higher during our winter and summer compared to the USA and Europe, respectively. During the first five months of the 2008 calendar year, international petrol and diesel price trends have been substantially different to the established historical norm. Lower demand for petrol in the USA has led to weaker petrol margins during a period that normally is characterised by strong margins as petrol stocks are increased ahead of the USA summer driving season. Conversely, diesel margins have been at historic highs and show no indication of weakness, during a traditionally low margin season. It is however too early to determine if the traditional seasonality has changed permanently.

Raw materials

Sasol Oil's main raw material inputs are blending components from Sasol Synfuels, crude oil and base oils for lubricant manufacturing.

Blending Components

Sasol Oil has an agreement with Sasol Synfuels to uplift white product components, which are then blended to market specifications in Secunda. Fuel oil components from Sasol Synfuels and Natref are blended to provide customer specific heating fuel solutions.

Crude Oil

Natref obtains approximately 50% of its crude oil requirements from the Middle East (of the purchases from the Middle East approximately 12,000 bpd of crude oil is purchased from Naftiran Intertrade Company Limited of Iran and approximately 20,000 bpd of crude oil is purchased from Saudi Arabia) through crude oil term contracts. The balance of the requirement is bought on the spot market from West Africa and other sources. Volatility in crude oil prices has increased since the late 1990's as result of international supply/demand dynamics and geo-politics. It appears that crude oil prices have entered a period of strength that is underpinned by tight supply and finding and development costs of new sources of oil being at all time highs. Crude oil is landed at Durban and transferred to the refinery by a 670 km pipeline owned and operated by Transnet Pipelines, a subsidiary of Transnet, which is a state-owned multi-modal transport company.

Lubricant Base Oils

Sasol Oil owns a portion (40%) of the ESA Lubes Blend Plant in Durban. The plant is managed by Engen and blends automotive and industrial lubes to Sasol Oil specifications. Base Oils are predominantly sourced locally, with Engen being the main source. We only import when local supply is disrupted.

Marketing channels

Sasol Oil's marketing effort can be divided into four main areas namely sales to licensed wholesalers, retail and commercial markets, marketing in African countries and overland exports into Africa as well as direct sales in the South African retail and commercial markets.

Licensed wholesalers

Sasol Oil is predominantly a bulk supplier to licensed wholesalers. Multi-national oil companies with their own South African refining capacity, namely, British Petroleum (BP), Engen Petroleum Limited (Engen), Royal Dutch Shell (Shell), Chevron and Total South Africa (Pty) Limited (Total), rely on Sasol to supply a large part of their inland retail and commercial marketing requirement. A new type of licensed wholesaler, referred to as a Non-Refining Wholesaler, has emerged over the past three years. Non-Refining Wholesalers have limited access to retail networks and tend to compete with major oil companies in the commercial market.

Individual agreements that vary in terms of duration, volume, and modes of delivery, regulate the relationship between Sasol and its licensed wholesale customers. The agreed product slates reflect Sasol Oil's production slate to aid efficient and reliable supply. Product is imported to cover planned and unplanned refinery outages to ensure that our supply commitments are met.

Retail, Commercial, Lubricants, Aviation Fuel, Fuel Oil and Bitumen

We believe that independent access to retail and commercial markets have strategic, competitive and growth advantages, and we intend to improve our position in the South African fuels market in this respect. Sasol Oil entered the South African retail market on 1 January 2004 with the establishment of the first Sasol-branded retail convenience centre. Currently our network consists of 406 Sasol and Exel branded retail convenience centres across South Africa. Sasol's current national market share is 8.8%. New site development is progressing well, although somewhat slower than anticipated, due to a challenging regulatory environment.

The commercial business has been repositioned to become an end-user focused business. Progress is fair and a number of large supply contracts have been signed with construction, distribution and mining customers. There is potential to grow market share from the present level of 5.4%.

Efforts for future growth in the retail and commercial business are focused in our "Marketing Corridor" consisting of the Gauteng, Mpumalanga, Limpopo, North West, Free State and KwaZulu-Natal provinces of South Africa. Currently 86% of our commercial volumes and 82% of our retail sites are within this marketing corridor. Lubricants are marketed within our group of companies and retail networks as well as specific industrial market segments.

Exelem is a joint venture with ExxonMobil, tasked with jet fuel marketing at South Africa's premier airport, OR Tambo International. Since its inception in 2003, Exelem's market share at the airport has grown to 17%. Subsequent to year-end we acquired the remaining 49.9% of Exelem Aviation (Pty) Limited. Refer to Item 8.B "Significant changes".

The Fuel Oil business provides a remarkably diverse range of heating fuels and applications to industrial and mining customers. The Natref refinery is situated 670 km from the coast. The resultant lack of a bunker fuels market makes this business unit crucial to ensure smooth refining operations.

We now fully own Tosas Holdings (Pty) Limited after having purchased the 30% share of Total in November 2007. Tosas Holdings (Pty) Limited procures bitumen from Sasol Oil as well as Total and supplies customer specific solutions to the construction industry.

Africa Marketing
Lesotho, Swaziland and Botswana are in the natural supply area of Sasol Oil's production facilities. Exel Lesotho and Exel Swaziland, fully owned subsidiaries of Sasol Oil, acquired the marketing assets of British Petroleum (BP) in Lesotho and Swaziland in 2006 and 2007, respectively. Exel Lesotho is the marketing leader in Lesotho and Exel Swaziland currently has 7% market share in Swaziland. Entry into the Botswana market has not yet been finalised.

Trading exports (Africa Overland)
Export sales to other African countries are effected at the refinery gate, as Sasol Oil has no marketing assets in these countries. Volumes available for export to these markets are limited as a result of significant demand growth in South Africa.

Factors on which the business is dependent

Manufacturing and wholesale licenses are required. Further, retail pump prices of petrol, the maximum refining gate price of LPG and a maximum single national retail price of unpacked illuminating kerosene are controlled by the Petroleum Controller under the Petroleum Products Act, 1977 (Act 120 of 1977).

The methodology to determine marketing margins via controlled fuels prices is currently under review by the Petroleum Controller, and it is uncertain how the results of this review will impact on our gasoline retailing activities.

NERSA, under the Petroleum Pipelines Act, sets tariffs for petroleum pipelines and approves tariffs for third party access to storage and marine loading facilities. This Act grants NERSA limited discretion when applying its pricing methodologies to set tariffs, which may prove advantageous for some competitors, because of different market and geographic positions. The Petroleum Pipeline Regulations, pertaining to tariff setting methodologies have been promulgated. Transnet Pipelines, the operator of all licensed pipelines in South Africa, has logged its first tariff application under the new regulations during March 2008. NERSA must consider the application within eight months. In the short-term, until a new pipeline is commissioned, it is conceivable that the current situation of crude oil pipeline tariffs being lower than finished product pipeline tariffs may be under threat. This situation may lead to negative primary transport recoveries at Natref.

A licensing regime for activities in the South African oil industry was introduced during 2006. Manufacturing, wholesaling and retailing of petroleum products may only be conducted once a licence has been issued by the Petroleum Controller under the Petroleum Products Act, 1977 (Act 120 of 1977). Onerous application requirements and a lengthy licensing process may hamper the development of retail convenience centres in future. Refer Item 4.B "Business overview Regulation of petroleum-related activities in South Africa" for additional information.

Property, plants and equipment

Natref refinery operational statistics[(1)]

	2008	2007	2006
Crude oil processed (million m^3)	3.5	3.2	3.1
White product yield (% of raw material)	88.8	90.4	89.3
Total product yield (%)	97.8	98.7	97.1

(1) Data based on our 63.64% share in Natref.

Natref is an inland refinery, focusing on the production of refined distillate fuels and producing only a small percentage of fuel oil and bitumen. It is designed to upgrade relatively heavy crude oil with a high sulphur content (sour) to yield about 90% white petroleum products. Crude oil selection and degree of upgrade are ultimately dictated by refinery configuration and overall economics. Products of the refinery include petrol, gasoil, commercial propane, jet fuel, different grades of bitumen and fuel oils.

While Sasol Oil operates the refinery, Total participates in its management with veto rights in respect to a number of corporate actions, including, among others, increasing or reducing Natref's share capital, amending Natref's Memorandum and Articles of Association and the rights attaching to its shares, appointing directors to serve as executive officers and determining directors' remuneration.

Under the terms of an agreement concluded between Total and Sasol, Total has the option to purchase up to 13.64% of the ordinary shares in Natref from Sasol at fair market value upon the occurrence of certain events. Since December 2003, Total has had two opportunities to increase its shareholding in Natref to 50%, the first being the termination of the Main Supply Agreements and the second the proposed transaction between Sasol and Petronas, which was subsequently prohibited by the Competition Tribunal. On both occasions Total decided not to exercise its option to increase its shareholding in Natref.

During 2005, we invested in the Natref refinery to meet new fuel specifications, which required us to discontinue the addition of lead additive to gasoline and to produce diesel that contains less than

500 ppm sulphur. The impact of this has been that Natref's refining capacity was reduced to 89% of previous capacity. We are currently busy with initiatives and further investigations to return our share of the Natref refinery back to its previous capacity. It is foreseen that new processing units will have to be built to meet the further evolution of South African fuel specifications (required for the control of exhaust emissions from road-going vehicles in South Africa) by the earliest in 2013, and restore the resultant reduced capacity of the refinery, which will require a substantial investment of approximately R3,499 million.

During 2008, the overall refinery availability amounted to 92.6%, mainly due to unplanned shutdowns. Of the unplanned shutdowns, the most significant were outages of the diesel hydrotreater, sulphur and distillate hydrockraker plant. The major turnaround of the fluidised catalytic cracking unit and HF alkylation unit was successfully executed in 2008.

International Energy Cluster

Sasol Synfuels International

Nature of operations and principal activities

Based in Johannesburg and formed in 1997, SSI, our technology marketing and support subsidiary, is responsible for developing and implementing international business ventures based on our Fischer-Tropsch synthesis technology. We initiate and develop new ventures from project conception through to venture implementation and participate fully in supporting those ventures and marketing the products.

The Sasol SPD process

Based on our long and extensive experience in the commercial application of Fischer-Tropsch technology, we have successfully developed the Fischer-Tropsch-based Sasol SPD process for converting natural gas into high-quality, environment-friendly diesel and other liquid hydrocarbons. The SPD process consists of three main steps, each of which is commercially proven. These include:

- the Haldor Topsøe reforming technology, which converts natural gas and oxygen into syngas;
- our Slurry Phase Fischer-Tropsch technology, which converts syngas into hydrocarbons; and
- the Chevron Isocracking technology, which converts hydrocarbons into particular products, mainly diesel, naphtha and LPG.

Currently we believe, based on our knowledge of the industry and publicly available information, that on a worldwide basis we have the most extensive experience in the application of Fischer-Tropsch technology on a commercial scale. Given the increasing discovery of extensive natural gas reserves, especially in remote regions, our Sasol SPD process can be applied with significant commercial advantages in various parts of the world. As a consequence, our technology has evoked interest from countries and companies with extensive natural gas reserves as an appealing alternative for commercialising these reserves. In recent years, we have been actively promoting our Sasol SPD technology and are examining several projects with a view to commencing commercial application at new GTL plants.

The Sasol SPD process converts natural gas into diesel and other liquid hydrocarbons which are generally more environment-friendly and of higher quality and performance compared to the equivalent crude oil-derived products. In view of product specifications gradually becoming more stringent, especially with respect to emissions, we believe that the option of environment-friendly GTL fuels will become more appealing in time. However, the construction of GTL facilities and the production of GTL fuels require significant capital investment, at least during their initial stages, as is usually the case with the application of new technologies. GTL diesel can be used with optimised engines for best performance, although it can also be utilised with current compression ignition engines. GTL diesel is used as a cost-competitive blend stock for conventional diesels, thereby enabling diesel producers to improve the quality and capacity of their existing diesel without investing substantially in sophisticated new plants and infrastructure. We anticipate the combined factors of GTL diesel's superior characteristics and the prevailing market conditions in developed economies will enable GTL diesel to command premium prices for either niche applications or as a blend stock for upgrading lower- specification products.

In support of this growth driver, our team of researchers continues to advance our GTL technology, including our proprietary low-temperature Fischer-Tropsch Slurry Phase reactor and cobalt-based catalysts.

GTL developments utilising the Sasol SPD process

In June 1999, Sasol and Chevron Corporation, agreed to create a global alliance, Sasol Chevron (SC), a 50/50 joint venture between Sasol and Chevron, in order to identify and implement ventures based on the Sasol SPD process as part of our strategy to exploit our Fischer-Tropsch technology and to develop and commercialise the GTL process. We believe that there are considerable synergies between the two companies, which will enable the alliance to accelerate both the implementation of GTL ventures and the development of markets for the new products, to be produced from the ventures that will be established. We finalised and implemented our global joint venture in October 2000. SC and SSI continue to be involved in exploratory discussions and feasibility studies with some of the world's gas-rich countries, including inter alia, Qatar, Nigeria and Australia, with a view to develop GTL plants over the next decade.

In 2008, Sasol entered into negotiations to reduce its interest in the Nigerian GTL project from 37.5% to 10%, while still providing full technical and manpower support to the project. Agreement in principle has been reached and it is envisaged that the detailed negotiations will be completed by 31 October 2008, subject to obtaining the relevant regulatory and other approvals. Once the sale has been concluded, the 10% interest retained by Sasol will be classified accordingly upon conclusion of the agreements. The significant change in the total estimated cost of the project, the delay in completion, along with other factors impacting on the project's economics had resulted in an impairment of the asset of approximately R362 million in 2008.

CTL developments utilising Sasol's proprietary Fisher Tropsch technology

In June 2006, Sasol announced the signing of co-operation agreements with the Shenhua Group Corporation Limited and the Shenhua Ningxia Coal Industry Group Company Limited of the People's Republic of China to proceed with the second stage of feasibility studies to determine the viability of two 80,000 barrels per day (bpd) CTL plants, respectively, in the Shaanxi Province and in the Ningxia Hui Autonomous region. In November 2007, Sasol approved an amount of US$140 million for its share of these studies.

In August 2008, Sasol and the Shenhua Ningxia Group agreed to proceed with only one 80,000 bpd plant in the Ningxia Hui Autonomous Region of China, about 1,000 km west of Beijing. The proposed site in the Ningdong Chemical and Energy base has excellent infrastructure and this decision will enable the project schedule to be accelerated. There are abundant coal reserves in the proximity of the large well laid out site, providing the platform for future expansion. The results of the feasibility study are expected in 2010. The Shaanxi feasibility study will not proceed at this stage.

We have initiated an engagement with key stakeholders to ensure the establishment of an enabling environment for a viable CTL industry to evaluate the potential for a CTL project in India. This has resulted in the decision to open a representative office in Mumbai with an initial complement of six specialists. Sasol and the Tata group of India have signed agreements to form a 50/50 joint venture company and have applied for the allocation and allotment of coal blocks for the development of a potential coal-to-liquids (CTL) project in India following recent changes to key legislation which now enable CTL projects to qualify for captive end use for coal reserves.

We are also evaluating the viability of a CTL facility in a number of coal-rich states in the USA.

Principal markets

The ultra-low-sulphur GTL diesel that will initially be sold as a blend stock to produce on-specification automotive diesel from middle distillate product streams will be derived from conventional oil refining. The GTL naphtha will be sold to naphtha crackers that produce olefins such as ethylene.

Seasonality

GTL product prices reflect the seasonal behaviour of global petroleum product markets.

Raw materials

Oryx GTL, a 51% Qatar Petroleum and 49% Sasol Joint Venture, purchases natural gas feedstock from ExxonMobil Middle East Gas Marketing Limited under a gas purchase agreement with a contractual minimum off-take volume. The agreement commenced in January 2006 and is valid for a term of 25 years with an option to extend for a further 7 years.

Marketing channels

The products produced by Oryx GTL are marketed by Sasol Synfuels International Marketing under a take-or-pay agreement.

Factors on which the business is dependent

Technology

SSI is dependant on the successful integration of various technologies also referred to in the description of the Sasol SPD process.

Feedstock

The growth of the SSI business depends on the availability of competitively priced natural gas and coal reserves.

Increasing cost challenges

Our GTL and CTL ventures and projects have not been spared the general challenges experienced by the industry caused by the sharp increase in commodity prices and hence project cost. Because of the fortunate timing of the project award and planning of orders for the major equipment our GTL project in Qatar has experienced only a limited impact on cost. However, the GTL project in Nigeria is experiencing substantial capital cost increases.

Working closely with Sasol Technology's Fischer-Tropsch process innovation teams at Sasolburg and Johannesburg, SSI and SC are involved in an ongoing programme aimed at further improving competitiveness by lowering the capital and operating costs of future GTL plants. We are confident that notwithstanding the cost challenges faced by the industry as a whole our technology package still supports a very competitive GTL value proposition.

Property, plants and equipment

US$700 million limited recourse project financing for the Oryx GTL venture is secured by a lien on the tangible and intangible assets of Oryx GTL, comprising the plant and related assets.

Plant description	Location	Design capacity
Oryx GTL	Ras Laffan Industrial City in Qatar	34,000 bpd (nominal)

Sasol Petroleum International

Nature of the operations and its principal activities

Mozambique

Our natural gas extraction and processing activities on the Temane reservoir have been fully operational since the first quarter of the 2004 calendar year. Current gas production levels are in line with original expectations at the time of project approval.

Whilst the Mozambican government has been a 30% partner in the gas field development since inception, they have now also acquired an interest in the gas processing plant. With effect from 1 April 2006, the effective ownership structure of the current business in Mozambique is 70% Sasol Petroleum Temane Limitada (SPT), 25% Companhia Moçambicana de Hidrocarbonetos S.A.R.L (CMH) and 5% International Finance Corporation (IFC).

Onshore development activities continue to enable gas supply to the market as planned. The 2007/08 drilling campaign has recently finished, adding 14 development wells to Pande and Temane. The flowline and trunkline project to take Pande gas to the Central Processing Facility is planned for beneficial operation in the first quarter of the 2009 calendar year.

Good progress has been made in the Offshore Blocks 16 and 19. We have fulfilled our license commitment for the initial exploration period with the recently completed 2D seismic shoot. In addition, we have contracted with a drilling rig for two offshore exploration wells. These exploration activities are aimed at further expansion of gas resources in support of market opportunities that have been identified, both in South Africa and in Mozambique.

As part of our strategy to expand our resource base in Mozambique, we have bid for and been awarded Block A as part of the recent Mozambique licensing 3rd round.

Gabon

In Gabon, we hold a 27.75% interest in the Marine Permit, operated by Vaalco Gabon (Etame) Inc. Exploration efforts resulted in the discovery of the Etame oil field in 1998. The field came on stream in 2002 at an average rate of 15,000 bpd. During the first half of 2008, the field produced at an average oil rate of 11,500 bpd. The Etame field is currently producing from one vertical and three horizontal wells. The field produces through a Floating Production Storage and Off-loading (FPSO) vessel moored above the Etame field.

The Avouma field was brought on stream in January 2007. The field produces from two wells via a minimum facilities fixed platform tied back by pipeline to the Etame FPSO with production comingled on the vessel. During the second quarter of 2008, the Avouma field produced at an average oil rate of 11,000 bpd. Current production from the combined Etame and Avouma Fields is approximately 22,500 bpd (gross).

The Ebouri Field discovered in January 2004 is currently under development with the first oil expected to be produced in early 2009. Development is via a minimum-facilities platform and a single horizontal well tied back to the Etame FPSO.

Following a technical and strategic review of the Dussafu Marine Permit, we sold our 50% interest in this permit, the Dussafu Marine Permit offshore Gabon, to Harvest Natural Resources in April 2008 realising a profit of US$4.5 million.

Nigeria

Through our relationship with Chevron we have gained entry into some highly prospective exploration acreage in the deep water offshore Nigeria. We have accepted a 5% interest in the OPL 214 permit and the farm-in is completed. A successful exploration well was drilled in 2005 on the Uge structure. The partners entered the second exploration phase in June 2006 and the second Uge exploration well was drilled in November/December 2007. A third exploration well on the Orso structure was drilled in January 2008.

We currently hold a 5% interest in the OPL-249 permit. The license includes part of the Bonga SW/Aparo field on which a development plan has been accepted by the Nigerian government. The final investment decision is currently expected to be taken in late in the 2008 calendar year. Sasol has a 0.375% interest in this very large field. The license area also includes the potential development of the N'Siko field. The pre-feasibility study was completed early in the 2007 calendar year and Star Ultra Deep Petroleum Limited (the Operator) is in discussions with the government prior to awarding the Front End Engineering and Design work.

We have accepted a 6% interest in the OPL 247 license. Extensive 3D seismic data/studies have been acquired and interpreted. The first exploration well is expected in 2009. We accepted the opportunity to take up a 5.1% interest in Block 1 of the Nigeria/Sao Tome Principe joint development zone. Prior to Sasol's entry, the partners drilled a successful discovery well in 2005. Additional prospects are being evaluated and the second exploration well is in the planning phase.

South Africa

We are a 10% partner in a prospecting sub-lease agreement in Block 3A/4A, offshore of South Africa's west coast. The farm-out agreement between Sasol and BHP Billiton has been completed, with operatorship of the block transferred to BHP Billiton upon commencement of the second exploration period. BHP Billiton also concluded a farm-out agreement for a 30% participating interest with the South African State Oil Company, PetroSA.

Recent acquired exploration licenses

We have recently obtained a 51% working interest in four hydrocarbon prospecting licenses covering a land area of 37,000 square kilometres, close to established gas fields in the "foreland" area of Papua New Guinea.

We also acquired a 30% working interest in a license in the Northwest shelf, offshore Australia for which final government approval is awaited.

Principal markets

Mozambican production

Other than royalty gas provided to the Mozambican government, all gas produced is exported to South Africa. The Mozambican government is dedicating royalty gas for use in the vicinity of the processing plant in Temane as well as developing the gas market in the capital city, Maputo. The natural gas condensate produced in the gas processing plant is currently exported via the port of Maputo to offshore markets.

Gabon production

Oil production from operations is sold internationally on the open market.

Marketing channels

Mozambican production

In the ongoing business, all natural gas is sold on a long-term sales contract to Sasol Gas, for marketing in the South African market. Opportunities are being assessed and finalised for gas supply to Mozambican markets. The additional gas volumes will become available from the proposed expansion of the current operations.

Sasol Petroleum Temane sells its condensate sales on a long-term sales agreement with an international trading organisation.

Gabon production

An annual sales contract is typically entered into based on a competitive bidding process and prices are linked to international prices at the time of sale.

Property, plants and equipment

Mozambican production

Our gas processing facilities in Mozambique are located some 700 km north of the capital, Maputo. Ownership is shared with the Mozambican government through CMH (25%) and the IFC (5%).

Gabon production

The production occurs through a dedicated FPSO vessel. This is moored offshore at the field site.

Chemical Cluster

Sasol Polymers

Our polymer-related activities are managed in two separate entities, Sasol Polymers, a division of Sasol Chemical Industries Limited, and Sasol Polymers International Investments (Pty) Limited (SPII), a subsidiary of Sasol Investment Company (Pty) Limited. SPII manages our international operations.

Nature of the operations and its principal activities

In Sasol Polymers, we produce ethylene by separating and purifying an ethylene-rich mixture and by cracking of ethane and propane supplied by Sasol Synfuels. Propylene is separated and purified from a Fischer-Tropsch stream produced in the Sasol process. The ethylene is polymerised into low density polyethylene (LDPE), linear low density polyethylene (LLDPE) and the propylene into polypropylene (PP). We operate a fully integrated chlor-alkali/polyvinylchloride chain. Ethylene and chlorine, from on-site chlor-alkali plants, are reacted to produce vinyl chloride monomer and then polymerised to polyvinylchloride (PVC). Caustic soda, hydrochloric acid, sodium hypochlorite and calcium chloride are other chlor-alkali products which are produced. Sodium cyanide is produced from methane, ammonia and caustic soda.

We are a major South African plastics and chemicals operation and our vision is to be a world-class producer and supplier of quality monomers, polymers, chlor-alkali chemicals and mining reagents.

In South Africa Sasol Polymers has five operating businesses:

- Monomers;
- Polypropylene;
- Polyethylene;

Vinyls; and

Chemicals.

We now fully own Peroxide Chemicals (Pty) Limited, a manufacturer and supplier of organic peroxide chemicals, having purchased the 40% share owned by Degussa Africa (Pty) Limited during 2008 for a consideration of R4.7 million.

In Sasol Polymers International Investments we manage the following international investments:

Our 12% shareholding in Optimal Olefins (Malaysia) Sdn Bhd (with Petronas of Malaysia and The Dow Chemical Company of the USA), a manufacturer of ethylene and propylene. Optimal Olefins produces 600 kilotons per annum (ktpa) ethylene in an ethane/propane cracker. The cracker co-produces 90 ktpa of propylene.

Our 40% shareholding in Petlin (Malaysia) Sdn Bhd (with Petronas of Malaysia), a manufacturer and supplier of LDPE. A 255 ktpa tubular plant is operated by Petlin (Malaysia).

Our 50% shareholding in Arya Sasol Polymer Company in Iran with Pars Petrochemical Company, a subsidiary of the National Petrochemical Company of Iran, a manufacturer and supplier of ethylene (1,000 ktpa), LDPE (300 ktpa), and medium and high density polyethylene (300 ktpa). The ethane cracker was commissioned in November 2007 and has produced more than 200,000 tons of ethylene so far, which was mostly exported. The low-density polyethylene plant started up in May 2008 and is expected to reach beneficial operation in the fourth quarter of this calendar year, while the medium and high-density polyethylene plant is on a similar schedule for beneficial operation.

A 40% share in Wesco China Limited (with Rhine Park Holdings), a polymer distributor in China and Taiwan.

Principal markets

Over the past three years between 69% and 80% of Sasol Polymers' revenue has been earned from sales into the South African market.

We are the sole polymer producer of PVC, LDPE and LLDPE in South Africa and have the leading share of sales of these products in South Africa, where the competition is in the form of polymer imports primarily from Asian and Middle Eastern producers. We supply 160 ktpa ethylene and 100 ktpa propylene under contract to Safripol (Pty) Limited (Safripol) in Sasolburg, South Africa, by pipeline for the production of HDPE and polypropylene, respectively. We compete directly with Safripol in the polypropylene market, where we have a significant share of the South African market. Caustic soda is sold primarily in South Africa into the pulp and paper, minerals beneficiation and soap and detergent industries. We hold a 49% share of the caustic soda market. Other suppliers of caustic soda to South African consumers are NCP Chlorchem, a local producer, the Mondi Paper Company who produces caustic soda for its own use and importers who provide the shortfall.

We are the sole local producer of sodium cyanide solution which is sold to local gold producers. Sales are expected to rise in line with investment in dump retreatment in view of the buoyant gold and uranium prices.

Currently, we export polymers from our South African operations, 35% is sold into West Africa (Nigeria, Angola, Ivory Coast, Senegal and the Democratic Republic of Congo); 23% is sold into China; 4% into South America; 14% into East Africa (Tanzania, Uganda and Kenya); 11% into Southern Africa (Zimbabwe, Zambia, Malawi, Mozambique and Swaziland) and 13% into Western Europe with Italy being the largest market. Product from the Petlin plant in Malaysia is sold into Malaysia, India, China, Australia and New Zealand. Polymer marketing activity has not yet taken off from our Iran operations while ethylene is being exported into South East Asia.

Seasonality

Global polymer demand does not show any marked annual seasonality although higher demand tends to arise in the third quarter of each calendar year as converters stock up for increased sales in the December holiday period.

The global polymer industry is, however, cyclical in terms of margins earned, given lumpy investment patterns caused by large capital requirements and size of plants. The duration of a typical cycle has been seven years and margins can vary from low trough conditions to extreme peak conditions. During tight supply/demand periods, which usually coincide with increases in economic activity as measured by gross domestic product (GDP), margins may increase disproportionately with high peaks. Over time margins reduce as investment is stimulated or as demand slows down in line with GDP. It may happen that too much capacity is installed which results in collapsed margins.

Raw materials

Feedstock for ethylene and propylene in South Africa is purchased from Sasol Synfuels at market-priced fuel-alternative values. The mechanism for determining the fuel-alternative value is based on the South African Basic Fuel Price (BFP) mechanism administered by the Department of Minerals and Energy. Feedstock prices have increased in line with the oil price. Salt used in our chlor-alkali production process is imported from Namibia and Botswana at US-dollar denominated prices. Electricity is purchased from Eskom, South Africa's state-owned electricity provider.

Feedstock namely, ethane and propane, for SPII's joint venture cracker in Malaysia (Optimal Olefins) is purchased from Petronas at set prices, unrelated to oil, that escalates annually in line with US inflation rates. Petlin (Malaysia) buys its ethylene feedstock from Optimal Olefins at prices related to the South East Asian ethylene market. Arya Sasol Polymer Company (SPII's joint venture in Iran) buys its feedstock, ethane, from the Pars Petrochemical Company at a set price, unrelated to the oil price. In times of high oil prices this provides a competitive advantage to the operations in Malaysia and Iran, compared to crude oil based producers.

Marketing channels

Our sales in South Africa are made directly to customers using our own marketing and sales staff. Sales offices are located in Johannesburg, Durban and Cape Town. Account managers are responsible for management of our relationship with customers. Sales administration staff manages order processing, logistics and payment collections.

For exports from South African operations, an international trading business was established to sell directly into Southern Africa and through distributors and agents into East and West Africa, the Far East, Europe and South America. All sales, administration and logistics are arranged from the Johannesburg office. Exports from Arya Sasol in Iran will be handled by Sasol Polymers Middle East, a newly established marketing company in Dubai and wholly owned by SPII.

Property, plants and equipment

The following table summarises the production capacities of each of our main product areas.

Production capacity

Product	South Africa (ktpa)	Malaysia(1) (ktpa)	Iran(1) (ktpa)
Ethylene	618	72	500
Propylene	950	11	
LDPE	220	102	150
MD/HDPE			150
LLDPE	150		
Polypropylene-1	220		
Polypropylene-2	300		
Ethylene dichloride	160		
Vinyl chloride	205		
PVC	190		
Chlorine	145		
Caustic soda	160		
Cyanide	40		
Hydrochloric acid	90		
Calcium chloride	10		

(1) Includes our attributable share of the production capacity of proportionately consolidated investees.

Sasol Solvents

Nature of the operations and its principal activities

We are one of the leading manufacturers and suppliers of a diverse range of solvents, co-monomers and associated products. Solvent products are supplied to customers in approximately 110 countries and are used primarily in the coatings, printing, packaging, plastics, pharmaceutical, fragrance, aerosol paint and adhesive industries, as well as in the polish, cosmetics, agriculture and mining chemicals sectors. Hexene and octene are used as co-monomers in polyethylene production.We have production facilities in South Africa at Secunda, Sasolburg, and Germiston and in Germany at Moers and Herne. Our product range includes ketones, glycol ethers, acetates, alcohols, acrylates, hexene and octene, fine chemicals and mining chemicals. Our joint venture with Huntsman Corporation (Sasol Huntsman) produces maleic anhydride in Europe. We believe that the breadth of our product portfolio provides a competitive advantage relative to the more limited portfolios of some of our competitors in the global market.

In January 2008, we dissolved the Sasol Dia Acrylates joint venture in South Africa, acquiring Mitsubishi Chemical Corporation's entire interest in this business for a consideration of R229 million. This business, renamed Sasol Acrylates, has subsequently been integrated into our South African portfolio.

Principal markets

In 2008, approximately 1.72 Mt of products were sold worldwide. Our global business is managed from offices in Johannesburg in South Africa. We have sales offices in Europe, Asia, the Middle East and the USA.

We market our products throughout the world, with a large proportion of our alcohols being distributed in Europe. We are the leading producer of solvents in South Africa and, with the start-up of our third octene plant, we are the global market leader in co-monomers based on production capacity.

Our competition varies depending on the products sold and includes a number of major international oil and chemical companies. Our competitors include ExxonMobil, Shell Chemicals, BP Chemicals, Chevron Phillips, Ineos, the Dow Chemical Company, Celanese and Eastman.

Seasonality

Production and sales volumes are generally not subject to seasonal fluctuations but tend to follow the broader global industry trends. In terms of the global cyclical nature of our products, periods of high demand and higher prices are followed by an increase in global production capacity which can depress global margins.

Raw materials

Feedstocks for our operations in Secunda are derived mainly from Sasol Synfuels at market-priced fuel-alternative values based on the Basic Fuel Price. Fluctuations in the crude oil price and rand/US dollar exchange rate have a direct impact on the cost of our feedstocks and hence on margins. Feedstocks in Sasolburg are derived from Sasol Polymers (based on fuel-alternative value) and Sasol Infrachem based on a long-term supply contract price with an annual escalation clause based on inflation.

Ethylene, propylene and butane, used in our production facilities in Germany, are purchased at market prices from third party suppliers under a combination of long-term supply contracts and open market purchases. The prolonged high crude oil price, and thus the feedstock price is placing severe pressure on the cost of production at these facilities.

Some products are produced by converting primary chemical commodities produced in our facilities to higher value-added derivatives. These include:

- Methyl iso-butyl ketone from acetone.
- Ethyl acetate from ethanol.
- Propyl acetate from propanol and acetic acid.
- Ethyl and butyl acrylates from acrylic acids and the corresponding alcohols.
- Ethylene glycol butyl ethers from butanol and ethylene oxide.

Marketing channels

We operate thirteen regional sales offices and seven storage hubs in South Africa, Europe, the Asia-Pacific region, the Middle East and the USA. We utilise a number of distributors and agents worldwide as an extension of our sales and marketing force to enable increased market penetration.

A combination of product and account managers ensures continued, long-term relationships with our customers. Our in-house sales and administrative staff manage order processing, logistics and collection of payments as well as customer relationships. The use of bulk supply facilities situated in China, Dubai, Singapore, South Africa and the United States allows for timely delivery to our customers.

Factors on which the business is dependant

Our plants operate using a combination of proprietary technology developed by Sasol, primarily by Sasol Technology, as well as technology licensed from various suppliers. Our acrylates and n-butanol technology is licensed from the Mitsubishi Chemical Company. Our maleic anhydride technology (utilised in Sasol Huntsman) is licensed from Huntsman. We also license MiBK technology from Uhde and hydroformylation technology for use in our Safol and octene 3 plants from Davy Process Technology.

We license our technology for alcohol recovery to PetroSA. Being fully integrated into the Sasol operations in South Africa, we are dependant on Sasol Synfuels and Sasol Infrachem for the supply of both our raw materials and utilities (electricity, water and air).

We are in the process of obtaining the relevant data required in order to comply with the European Chemical Policy, Registration, Evaluation and Authorisation of Chemicals (REACH), which became effective on 1 June 2007. The estimated costs of compliance over the next ten years amount to approximately €6 million.

Property, plants and equipment

Production capacity

Product	Facilities location	Total[(1)] (ktpa)
Ketones		**328**
Acetone	South Africa	*175*
MEK	South Africa and Germany	*125*
MiBK	South Africa	*28*
Glycol ethers		**80**
Butyl glycol ether	Germany	*80*
Acetates		**66**
n-Propyl acetate	South Africa	*12*
Ethyl acetate	South Africa	*54*
Mixed alcohols	South Africa	**227**
Pure alcohols		**853**
Methanol (C_1)	South Africa	*140*
Ethanol (C_2)	South Africa and Germany	*254*
n-Propanol (C_3)	South Africa	*54*
Isopropanol (C_3)	Germany	*240*
n-Butanol (C_4)	South Africa	*150*
iso-Butanol (C_4)	South Africa	*15*
Acrylates		**125**
Ethyl acrylate	South Africa	*35*
Butyl acrylate	South Africa	*80*
Glacial acrylic acid	South Africa	*10*
Co-monomers (hexene and octene)[(2)]		**356**
C_5-C_8 alpha olefins	South Africa	*356*
Anhydrides		**30**
Maleic anhydride	Germany	*30*
Other	South Africa and Germany	**39**

(1)

Consolidated nameplate capacities excluding internal consumption, including our attributable share of the production capacity of our Sasol-Huntsman joint venture.

Nameplate capacity represents the total saleable production capacity. Due to the integrated nature of these facilities, the requirement for regular statutory maintenance shutdowns and market conditions, actual saleable volumes will be less than the nameplate capacity.

(2) Including the third octene plant with a capacity of 100 ktpa which was brought into operation at the end of June 2008.

Approximately 70% of our production capacity is at sites in South Africa and 30% in Germany. Our third octene plant, with a nameplate capacity of 100 ktpa started up at the end of June 2008.

Construction of an additional methyl iso-butyl ketone (MiBK) train using improved Sasol technology, which will increase capacity to almost 60 ktpa, is progressing with beneficial operation planned for the middle of the 2009 calendar year.

Sasol-Huntsman has announced plans to increase its total production capacity from 60 ktpa to 105 ktpa through the construction of a second 45 ktpa reactor and purification section, with the new capacity being available from the first quarter of the 2011 calendar year.

Sasol Olefins & Surfactants

Previously we had announced our intention to consider the divestiture of the Sasol Olefins & Surfactants (O&S) business subject to fair value being received and substantial work was undertaken to prepare the business for sale and attempt to sell it. In 2007, we announced our decision to terminate the divestiture process and retain and restructure the business, for which we are envisaging a time frame of three to five years. The reason for the termination of the sale was that fair value could not be obtained.

A restructuring programme has been implemented and the shut down for an indefinite period of Baltimore, USA and Porto Torres, Italy LAB facilities as well as normal paraffin production in Augusta, Italy have been announced to date. The overall turnaround process focuses on fixed and variable cost reduction, margin improvement, disposal or shutdown of underperforming assets and an organisational overhaul.

After the first year, the turnaround process has started to bear fruit. Capacity reductions through LAB plant closures have rebalanced the market, while margin improvements have resulted from higher prices. The organisational restructuring is however still in its early phase. It is still anticipated that the full turnaround programme will only be completed in the next two to four years.

In 2008, Sasol O&S, commissioned a new joint venture plant in China producing alcohols, derived from vegetable oils.

Nature of the operations and its principal activities

Sasol Olefins & Surfactants comprises five areas of activities, grouped into two business divisions, namely the Organics and Inorganics Divisions.

The Organics Division consists of:

- Alkylates;
- Alcohols;
- Surfactants and intermediates; and
- Ethylene.

The Inorganics Division consists of:

- Speciality alumina;
- Ultra-high purity alumina; and
- Zeolites.

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Alkylates

The main alkylate products are paraffins, olefins (including poly-internal olefins) and linear alkylbenzene (LAB). LAB is the feedstock for the manufacture of linear alkylbenzene sulfonate (LAS), an essential surfactant ingredient for the detergents industry. Paraffins (n-paraffins) and n-olefins are produced mainly as feedstock for the production of LAB and oxo-alcohols. A portion of this business unit's products are used internally for the production of downstream surfactants.

Alcohols

These products cover a diversified portfolio of linear and semi-linear alcohols of carbon range between C_6 and C_{22+}. The diversity of this product portfolio is supported by the wide range of raw materials (petrochemical, oleochemical and coal-based), technologies and manufacturing facilities used. A portion of the alcohols production is consumed internally to produce surfactants and specialty plasticisers.

Surfactants and intermediates

These products include nonionic and anionic surfactants, based on alcohol and alkylates and other organic chemicals. Other organic intermediate chemicals include ethylene oxide, alkyl phenols, alkanolamines, fatty acid esters, etc.

Ethylene

Our ethane-based cracker in Lake Charles, Louisiana produces ethylene for the United States market.

Inorganics

These products involve mainly alumina products both as co-products from the Ziegler units (together with alcohol) as well as in dedicated production units. The alumina is upgraded by means of a variety of technical processes to adapt the product characteristics, in some cases to highly specialised products. This division also produces zeolites in a production facility in Italy.

Principal markets

The bulk of the production from the alkylates product group and surfactants business unit ends up as surfactants, either produced internally or by other parties having acquired the intermediates from us. The bulk of these surfactants result in the making of detergents or industrial or institutional cleaning products. The main competitors include: ExxonMobil, Shell and Petresa in n-paraffins; Huntsman, Petresa and ISU in the LAB market; and Huntsman and Cognis in the LAS market.

Although a substantial portion of the alcohols and surfactants business unit products also end up in detergents and industrial and institutional products, these products also find wide application in industries such as metalworking, flavours and fragrances, personal care, cosmetics, plastic additives, textiles and agriculture. The main competitors include Shell, BASF and Cognis. In the future, significant additional oleochemical-based alcohol capacity is expected to come on stream in the Far East.

Aluminas from the inorganic specialties business unit are used in a broad range of applications, including catalyst support, raw material for ceramics, coatings and polymer additives. Competitors in aluminas include UOP, Grace and BASF Catalyst. Zeolites are used as softening components in detergents. There are numerous competitors in zeolites.

Ethylene is sold to plastic manufacturers in the US Gulf Coast region and is used internally to manufacture alcohols and ethylene oxide. There are numerous competitors in the United States ethylene market. It is expected that projected increases in ethylene production capacity in the Middle East will impact mainly naphtha-based crackers in the USA.

Seasonality

There is very little seasonality associated with our products or the markets in which they participate. Cyclicality of this business is more related to the general chemical investment cycle, which impacts the supply side of the market equation. Many of the markets that we serve typically follow global and regional gross domestic product growth trends and are therefore impacted more by macro-economic factors.

Raw materials

The main raw materials and feedstocks used in this business are kerosene, benzene, ethane, ethylene and aluminium (all purchased externally with the exception of some portion of our ethylene which is produced at our Lake Charles facility). The prices of most of these materials are related to crude oil and energy pricing and the prices follow the crude oil and energy pricing reasonably closely. Over the past four years crude oil and energy prices have been increasing steeply. In view of the expected increase in oleochemical-based alcohol production, the differential between crude oil and natural oils is expected to become increasingly important in determining competitiveness.

Marketing channels

Over 90% of the products produced by Sasol Olefins & Surfactants are sold directly to end-use customers by our sales and marketing personnel. A limited number of distributors are used. Approximately 60% of the total sales by Sasol Olefins & Surfactants are conducted under annual and in some cases multi-year contracts.

Factors upon which the business is dependent

The business, especially margins, is dependent on the supply and demand of the various products that we make and the feedstock costs. Demand growth is typically GDP driven with some exceptions of higher growth products and markets. Supply is primarily influenced by the build-up of new capacity in the developing regions, especially China, India and Southeast Asia. Feedstock costs generally follow the trends of crude oil and vegetable oil.

We are in the process of obtaining the relevant data required in order to comply with the European Chemical Policy, Registration, Evaluation and Authorisation of Chemicals (REACH), which became effective on 1 June 2007. The estimated costs of compliance over the next ten years amount to approximately €30 million.

Property, plants and equipment

The following table summarises the production capacity for each of our main product areas.

Production capacity

Product	Facilities location	Total (ktpa)
Surfactants	United States, Europe, Far East, Middle East	1,000
C_{6+} alcohol	United States, Europe, South Africa, Far East	600
Ethylene	United States	455
Inorganics	United States, Europe	170
Paraffins and olefins	United States, Europe	770
LAB	United States, Europe	435

Other chemical activities

Sasol Wax

Nature of the operations and its principal activities

We produce and market wax and wax-related products to commodity and specialty wax markets globally. We refine and blend crude oil-derived paraffin waxes, as well as synthetic waxes produced on the basis of our Fischer-Tropsch technology. Sasol Wax has its head office in Hamburg and employs approximately 1,100 people globally.

The overall volume of products marketed by the business amounts to 700 ktpa, of which 30% are products derived from the Fischer-Tropsch process. The main product portfolio includes paraffin waxes, both fully refined and semi-refined, produced and marketed in various grades, as well as Fischer-Tropsch-based synthetic waxes which include the Fischer-Tropsch-derived hard wax, the Fischer-Tropsch-derived medium wax and liquid paraffins in the carbon range C_5 through C_{20}. Various specialty blends of waxes are also produced and marketed. We continue to develop niche markets for higher-value specialty waxes, such as those used by the cosmetics, pharmaceutical, construction-board, adhesive, polymer additives, inks and coatings and bitumen additive industries. Our wholly owned subsidiary, Lux International Corporation, provides us with specialty wax blending facilities on the west coast of the USA. We also produce wax emulsions at our facilities in Germany, Austria, South Africa, Egypt, USA and the United Kingdom. We produce and market petroleum jelly and trade in white-oils to support our personal care business.

We manufacture and sell candles from our subsidiary, Price's Candles in South Africa. We supply the Middle East market as well as our operations in Hamburg with additional paraffin waxes from our subsidiary, Alexandria Wax Products Company, located in Egypt.

Principal markets

The division markets its products globally, but its main markets are in Europe, the United States and Southern Africa. Approximately 30% of waxes are sold to candle manufacturing companies and the balance is sold to numerous market segments, including cosmetics, pharmaceutical, construction-board, adhesive, polymer additives, inks and coatings and bitumen additive industries. N-paraffins are sold predominantly into the drilling-fluids market (west coast of Africa) and for use in the plastics industry (mainly South Africa, India and the Far East).

The overall world market for waxes is estimated at about 3,500 ktpa and our main competitors in the commodity market are Exxon Mobil, Shell, China Oil and Sinopec. In specialty wax markets our main competitor is H & R Wax Company. Shell Malaysia is the only other hard wax producer.

Seasonality

The candle market in Europe is seasonal in nature, with demand peaking prior to the Christmas season. In South Africa, demand is relatively stable although higher demand is evident in the winter season.

Marketing channels

Marketing is mostly done by own resources in all geographical areas where we operate. Primary marketing areas are Europe, the United States and South Africa but we also market our products in the rest of Africa, Latin America, the Middle East, Asia, and Australasia. Distributors and agents are also used, where appropriate but operate under direct guidance from our marketing team.

Factors upon which the business is dependent

As a result of the move from production of group I to group II & III base-oils, it is expected that there will be a long-term decline in the availability of slack wax.

It is expected that GTL production capacity will increase in future. GTL facilities typically also produce medium wax as an intermediate which is cracked to produce liquid fuels. It is possible to extract this product stream for use in the wax industry.

We are in the process of obtaining the relevant data required in order to comply with the European Chemical Policy, Registration, Evaluation and Authorisation of Chemicals (REACH), which became effective on 1 June 2007. The estimated costs of compliance over the next ten years amount to approximately €6 million.

Property, plants and equipment

The main production assets are located in Hamburg, Germany; Sasolburg, Johannesburg and Durban, South Africa; and Richmond, California, United States. We also have wax emulsion production facilities located in Birkenhead, United Kingdom and Linz, Austria.

Our plant in Hamburg has a production and blending capacity for paraffin wax of 300 ktpa. It purchases slack wax feedstock from numerous lube-oil-producing refineries predominantly in Western Europe and from Eastern Europe and Africa. We initially de-oil slack waxes to fully or semi-refined quality and fully hydrogenate all final products. Subsequently, various product blends are produced. Products are sold either in liquid bulk or in solidified form. This operation also has a trading activity of about 40 ktpa.

Our plant in Sasolburg operates Fischer-Tropsch-based technology for the production of synthetic waxes. It uses natural gas as feedstock, supplied by Sasol Gas from Mozambique. We own and operate a wax plant integrated into the Engen refinery in Durban, South Africa. This plant produces wax blends predominantly for the South African and other African candle industries. The production capacity of the South African wax plants amounts to 240 ktpa of Fischer-Tropsch-derived products.

We also operate a major candle factory located in Johannesburg with a capacity of up to 26 ktpa, which represents approximately 50% of the South African candle industry market.

In the United States, our wholly owned subsidiary is based in Richmond, California. The facility receives refined and other waxy products from the Far East and from within the USA. We have an office in Shelton, Connecticut, engaged predominantly in marketing and trading activities, both in Fischer-Tropsch-derived and paraffin waxes. The total product manufactured and traded by Sasol Wax Americas, Inc and Lux International Corporation in the United States amounts to approximately 110 ktpa.

Production capacity

Product	Facilities location	Total
		(ktpa)
Paraffin wax and wax emulsions	Germany	430
FT-based wax and related products	South Africa	240
Paraffin wax	South Africa	30
Paraffin wax	United States	100

Sasol Nitro

Nature of the operations and its principal activities

Sasol Nitro, our nitrogenous products division, manufactures and markets ammonia, fertilisers, commercial explosives and related products. The division also markets ammonia, sulphur and specialty gases produced by other Sasol divisions. All production activities are located in South Africa. The business' products are sold within South Africa with limited exports, mainly into Southern Africa.

The division's product portfolio includes:

- ammonia and related products;
- nitric acid;
- ammonium nitrate solution;
- sulphuric acid;
- sulphur;
- hydrogen;
- specialty gases;
- phosphoric acid and phosphate derivatives;
- various grades of fertiliser;
- ammonium sulphate;
- explosives-grade ammonium nitrate;
- various packaged explosives; and
- explosive accessories non-electronic initiation systems, boosters and detonating cord.

In September 2007, we disposed of 50% of our investment in Sasol Dyno Nobel (Pty) Limited, realising a profit of R114 million. Our remaining 50% shareholding is accounted for as a joint venture.

Principal markets

About half of Sasol's total ammonia production is used to produce Sasol Nitro's ammonium nitrate-based fertilisers and explosives. The balance is sold mainly to other South African explosives and fertiliser manufacturers with relatively small quantities sold for use in other industrial applications, which include chemical manufacture and mineral beneficiation.

Sasol is the only ammonia producer in South Africa with Sasol Nitro producing approximately half of this ammonia at its ammonia plant in Sasolburg. Sasol Nitro also markets 330 ktpa ammonia produced at the Secunda Complex.

South Africa is a net importer of ammonia with about 10% of total requirement imported during the current financial year. Omnia and AEL are Sasol Nitro's two major customers for ammonia and they also compete with Nitro in the downstream fertiliser and explosives markets. We have entered into market-related contractual arrangements with these and other ammonia customers.

Seasonality

The fertiliser season is very closely linked to the relevant crop planting seasons. Most fertilisers are consumed for maize production, for which planting starts in October and runs through to January. Explosives sales are spread evenly throughout the year.

Raw materials

Natural gas is used as feedstock in the manufacture of ammonia in Sasolburg. Ammonia is the main feedstock used in the manufacture of nitric acid and ammonium nitrate.

Most raw materials for non-electronic initiation systems are imported from the USA. Our joint venture, Sasol Dyno Nobel (Pty) Limited, is currently investigating the substitution and backward integration of part of this supply.

Sulphur is used to produce sulphuric acid. Sulphuric acid is used to produce phosphoric acid from the phosphate rock, supplied by Foskor (Pty) Limited. Although most of South Africa's sulphur requirements are imported from the Middle East or Canada, some sulphur is produced by Sasol in Secunda and in Sasolburg. All potassium requirements for fertilisers in South Africa are imported.

Marketing channels

Fertiliser is supplied to the farming community via agents, dealers and co-operatives. Sasol Nitro also exports fertiliser to a limited extent into Southern Africa with deep sea exports of magnesium nitrate hexahydrate.

Explosives and explosive accessories are supplied to the Southern African mining industry.

Factors on which the business is dependent

The profitability of the business is dependant on the effect of the international ammonia price, fertiliser commodity prices and the exchange rate. The effect of mining commodity prices influences the demand for explosives while the effect of maize and other crop production affects the market demand for fertiliser.

Property, plant and equipment

All production facilities of Sasol Nitro are located in South Africa. Our 330 ktpa ammonia plant in Sasolburg uses natural gas as feedstock. This plant also produces hydrogen that is sold to the oil and metal refining industries in South Africa.

Sasol Nitro operates two nitric acid plants. The smaller 315 ktpa unit in Sasolburg is linked to a downstream ammonium nitrate plant. The ammonium nitrate produced in Sasolburg is used mainly for the production of explosive grade low-density ammonium nitrate. The 470 ktpa nitric acid plant in Secunda supplies a downstream ammonium nitrate plant linked to a 500 ktpa granulation facility that produces limestone ammonium nitrate and various other grades containing nitrogen, phosphorus and potassium. Ammonium nitrate for industrial use is sourced from both sites. A 100 ktpa Ammonium Sulphate plant will be commissioned in Secunda early in 2009.

In Phalaborwa, adjacent to the phosphate rock mine of Foskor, Sasol Nitro operates a 325 ktpa phosphoric acid plant, of which 100 ktpa capacities which was mothballed in 2004 due to adverse market conditions. In September 2005, Sasol began toll manufacturing phosphoric acid for Foskor.

From 1 April 2008, the business ceased this toll manufacturing arrangement with Foskor and started producing for its own account. Sasol Nitro manufactures a phosphoric detergent in Meyerton, Gauteng.

Sasol Nitro also manufactures bulk explosives at various mining sites and cartridge explosives in Secunda and Ekandustria. Sasol Dyno Nobel manufactures non-electronic initiation systems in Ekandustria.

Product	**Secunda**	**Sasolburg**	**Meyerton**	**Ekandustria**	**Phalaborwa**	**Other**	**Capacity**
			(Number of plants)				**(ktpa)**
Ammonia[1]	1	1					660
Sulphur	1	1					205
Granular and liquid fertilisers	2	1				3	700
Fertiliser bulk blending	1					3	300
Phosphates		1	1				50
Explosives	3	1		2			300

(1) Includes volumes produced by Sasol Synfuels.

Sasol Infrachem

Nature of the operations and its principal activities

Sasol Infrachem is the supplier of utilities and services to various Sasol business units (Sasol Polymers, Sasol Solvents, Sasol Wax, Merisol and Sasol Nitro) as well as external businesses in Sasolburg. Sasol Infrachem operates and maintains the auto thermal reformer (ATR) which reforms natural gas into synthesis gas on behalf of Sasol Gas.

From June 2004, we converted from coal gasification to natural gas reforming at Sasolburg. The environmental benefits of converting from coal to natural gas are being realised through a substantial reduction in emissions to air (including hydrogen sulphide, carbon dioxide, NOx and volatile organic compounds).

Raw materials

Coal required for maintenance of the ATR is sourced internally from Sasol Mining.

Property, plants and equipment

Production Capacity

Product	**Facilities location**	**Total**
Steam	South Africa	2,000 tonne per hour (tph)
Electricity	South Africa	176 Megawatt hour (MWh)
Water	South Africa	100 Mega litres per day (Ml/day)

Merisol

Nature of the operations and its principal activities

Merisol is a joint venture company formed in 1997 by the merger of Sasol Phenolics in Sasolburg, South Africa, with the phenolics activities of Merichem Company, based in Houston, Texas, USA. The joint venture partners each own 50% of Merisol. Merisol has a strong presence in the global market for natural phenolics and cresylics with manufacturing facilities in Sasolburg, Houston, Texas, and Oil City, Pennsylvania, USA. Merisol has an interest in the production of synthetic meta, para-cresol through a 50:50 manufacturing joint venture with Sumitomo Chemicals. Merisol also has a 20:80 venture (Merisol holding 20%) with Chang Chun of Taiwan for the production in Sasolburg of ortho-cresol novolac, a

precursor to high-performance epoxy resins used for encapsulating memory and processor chips. Merisol is the supplier of ortho-cresol feedstock and manages this plant.

Merisol manufactures the pure products, phenol, ortho-cresol, meta-cresol and para-cresol, and a diverse range of blended products, consisting of mixtures of phenol, cresols, xylenols and other phenol derivatives. These blends are known collectively as cresylic acids. Both the Sasolburg and Houston plants produce phenol- and ortho-cresol and cresylic acids. The Houston plant uses proprietary separation technologies to produce high-purity meta, para-cresol and pure meta-cresol and para-cresol, making Merisol one of the few producers of these products in the world.

Principal markets

The pure products, phenol, ortho-cresol, meta-cresol and para-cresol, are sold in competition with synthetically produced equivalents. Merisol is relatively small in the global phenol market, but strong in the South African market and in selected niche markets elsewhere.

Merisol supplies major shares of the cresol and cresylic acids global markets for:

- ortho-cresol, where the main competitors include General Electric, Lanxess, Nippon Steel Chemicals, Rutgers Chemicals and Deza;
- meta-cresol, where the main competitors include Lanxess and Honshu Chemical;
- para-cresol, where the main competitors include Degussa, Konan Chemical, Atul Chemicals and various Chinese producers;
- high purity meta, para-cresol, where the main competitors include Mitsui Chemicals, Lanxess and Sumitomo Chemicals; and
- wire enamel solvents where the main competitors are Rütgers-Chemicals, Deza, C-Chem and Mitsui Chemicals.

Merisol derives about 80% of its turnover from the North and South America, Europe and Far East markets and the balance from South Africa and other regions.

Seasonality

There is little seasonality associated with our products or the markets in which they participate. Our business is driven by market demands which are slightly higher in the second half of the financial year.

Raw materials

Merisol derives its raw material as a by-product of coal gasification that is recovered for purification and separation, mostly from Sasol. Merisol also sources synthetic meta, para-cresol from its manufacturing joint venture with Sumitomo Chemicals. About 80% of raw materials are subject to fluctuations in the oil price.

Marketing channels

Merisol markets its products worldwide through sales offices in the United Kingdom, Hong Kong, the United States and South Africa. Markets are served from product inventories held in Rotterdam, for the European market, in Houston, for the US market and exports and Sasolburg for most other markets, including Asia.

Factors upon which the business is dependent

Our plants operate using a combination of distillation and proprietary technologies developed and licensed by Sasol Technology, as well as proprietary technologies developed and licensed by Merichem, a subsidiary within the Merisol group. Being fully integrated into the Sasol operations in South Africa, we are dependent on Sasol Synfuels and Sasol Infrachem for the supply of both our raw materials and utilities (electricity, water and air).

We are in the process of obtaining the relevant data required in order to comply with the European Chemical Policy, REACH. The estimated costs of compliance over the next five years amount to approximately US$2 million.

Property, plants and equipment

Merisol's Sasolburg plant, including the tar naphtha extraction plant, uses feedstock from our coal gasification activities at Secunda. During 2007, the Houston operations completed rationalisation and streamlining of its Green Bayou plant to reduce costs.

Merisol owns a butylation plant at Oil City, Pennsylvania, producing di-butyl para-cresol and meta-cresol from meta, para-cresol and pure para-cresol feedstock made by Merisol at its Houston plant. The Oil City plant has completed an expansion project to increase meta-cresol capacity.

Production capacity

Product	Facilities location	Total (ktpa)
Phenol	South Africa, United States	45
Ortho-cresol	South Africa, United States	15
Meta-cresol and para-cresol	United States	16
Pure meta,para-cresol	United States	30
Cresylic acids and xylenols	South Africa, United States	44
High-boiling tar acids	South Africa, United States	4
Butylated products	United States	13

Other businesses

Sasol Technology

Nature of the operations and its principal activities

Sasol Technology, as the technology partner in the group, is fully committed to the growth objectives by working together with the business units and taking responsibility for the long-term research and development of technology improvements as well as developing new technologies. Through engineering and project execution activities Sasol Technology demonstrates its commitment to the delivery of functional plants to our business partners for their operation.

Directing technology

We are responsible for directing Sasol's technology future, by delivering strategies for long-term research and development, technological improvements, new and innovative technologies and cleaner technologies.

Acquiring technology research and development

The central research and development division in Sasolburg, South Africa employs approximately 600 people who focus on fundamental research, while the decentralised divisions focus on product applications. The Sasolburg research facility was expanded and modernised with the aim to:

- enhance infrastructure through enabling the installation of new pilot-plants to expand operational efficiency and flexibility;
- allow the relocation, upgrading and full integration of existing pilot plants;

enable enhanced reactor and catalyst development programs in support of our advanced Fischer-Tropsch technology development objectives;

install modern process control systems; and

improve the information generated.

The enhanced facilities allow the opportunity to commercialise new and improved petrochemical processes more effectively. The central research function has a full suite of state-of-the-art pilot plants to support both current and the development of future technologies.

Research activities are also conducted through external alliances and research collaborations with over 100 research institutions, consortia and universities worldwide. In addition, strong emphasis is placed on training. As a result of this, at least 20 of the employees from South Africa are at any given time studying abroad in a continuing effort to ensure top level in-house research competency.

Noteworthy Sasol Technology Research and Development successes over the past decade include the development of the Slurry Phase and Advanced Synthol reactors, the development of the proprietary cobalt catalyst, the low temperature Fischer-Tropsch process, decarburised carbon, ethylene tetramerisation and the 1-heptene to 1-octene conversion process.

A significant part of the research focuses on supporting the CTL and GTL technologies and associated products the production of chemicals from the primary Fischer-Tropsch products is of particular interest.

Research is also focused on the reduction of the Sasol operations' environmental footprint which includes greenhouse gas reduction, water treatment and purification. In this regard, special attention is given to water utilisation, given the location of some of the current and future plants in semi-arid areas. Reduction in greenhouse gases focuses on improving plant efficiencies, carbon dioxide capturing and understanding potential storage alternatives. The introduction of non-carbon based energy as process energy is also under review.

Commercialising technology front end engineering and technology management

All front end engineering and technology integration and management are performed by specialist Sasol Technology teams, taking the ideas from our research and development teams and engineering them into a commercial proposition for exploitation by the group. The conceptual studies, basic design and engineering management of projects are undertaken on an integrated basis with the business unit, leveraging with external technology suppliers and contractors.

Installing technology project execution and engineering

Sasol Technology is responsible for the project engineering and project management of the major capital programmes in the group. The involvement is not only focused in South Africa but also elsewhere in the world where Sasol is undertaking studies and the execution of projects. Delivery of smaller projects and shutdowns are also undertaken. These initiatives are highly leveraged with external engineering and construction contractors.

Optimising technology operations support

Technical support groups work on an integrated basis with the operations personnel of the business units to improve the profitability and optimise plant performance throughout the group.

Principal Markets

Sasol Technology partners with all business units in the Sasol group. However, in line with the group's strategic priorities Sasol Technology is focused on:

South African Energy Cluster

- expanding South African synthetic fuels capacity, specifically in the Secunda Complex; and
- additional CTL capacity in South Africa for future projects.

International Energy Cluster

- implementing prospective GTL and CTL facilities globally.

Chemical Cluster

- co-monomers, polymers and waxes.

Sasol group

- long-term strategic research in GTL, CTL, future chemicals and environmental technologies.

Property, plant and equipment

The Sasolburg research facility was expanded affording the opportunity to commercialise new and improved petrochemical processes more effectively. The central research function has a full suite of state-of-the-art pilot plants to support both current and the development of future technologies. A new product application laboratory is being commissioned in Cape Town, to more effectively research the application of our fuels at sea level.

Legal proceedings and other contingencies

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 possible and the loss is unlikely to exceed R10 million.

Nutri-Flo Nutri-Flo filed a complaint with the South African Competition Commission (the Commission) in 2002, alleging that Sasol was engaging in price discrimination, excessive pricing and exclusionary pricing. The Commission elected not to refer that complaint to the South African Competition Tribunal (the Tribunal). In November 2003, Nutri-Flo brought an urgent application before the Tribunal to interdict Sasol from implementing a new price list. By way of this application, Nutri-Flo filed an additional complaint in which, in addition to contending for contraventions on the grounds specified above, Nutri-Flo alleged that Sasol, Kynoch and Omnia were colluding to fix prices in the fertiliser industry. Nutri-Flo subsequently withdrew the application. However, the Commission investigated the additional complaint and in May 2005 referred the complaint to the Tribunal, alleging findings of prohibited horizontal practices (namely, price fixing and the prevention or lessening of competition) and abuses of dominance (namely, charging excessive prices and engaging in exclusionary conduct), and requesting the Tribunal to impose the maximum administrative penalty in terms of the South African Competition Act 89 of 1998 (the Competition Act).

Sasol raised an exception to the complaint referral on the basis that it was vague and did not disclose a clear contravention of the Competition Act. In response, the Commission filed an amended version of the complaint referral. Nutri-Flo applied to the Tribunal for leave to intervene, submitting in its application that it would institute a civil action against Sasol if the Tribunal found in favour of the Commission. The Tribunal approved that Nutri-Flo may intervene in the proceedings. The Tribunal has agreed to a proposal by the Commission that it be allowed to do a third amendment to the complaint referral to accommodate Nutri-Flo's concerns that led to it intervening, subject to such amendments being finally approved by the Tribunal after both Sasol and Nutri-Flo have been given an opportunity to consider and oppose such amendments if necessary. Should Nutri-Flo not be satisfied with the Commission's amendments, it may still file its own statement in which it makes out its case against Sasol. Consideration by the Tribunal of the Commission's proposed third amendment to the complaint referral is still to occur. On the basis purely of the Commission's second amended complaint referral, management believes that the likelihood of a finding of unlawful conduct in terms of the Competition Act is remote. However, a third amendment to the complaint referral (if finally approved by the Tribunal), and/or Nutri-Flo's statement if filed, may require a review of our current assessment. Therefore, it is currently not possible to make an estimate of the contingent liability in this matter (whether arising out of penalties that may be imposed by the Tribunal or civil lawsuits that may arise in the event of a finding of unlawful conduct).

However, Nutri-Flo has at this stage indicated that should Sasol be found by the Tribunal to have committed the prohibited practises as alleged, then it intends to sue Sasol for damages in the aggregate of about R57.5 million.

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. On 1 October 2008, the European Union found that members of the European paraffin wax industry, including Sasol Wax GmbH, formed a cartel and violated antitrust laws. A fine of €318.2 million was imposed by the European Commission on Sasol Wax GmbH (of which Sasol Wax International AG, Sasol Holdings Germany GmbH and Sasol Limited would be jointly and severally liable for €250 million). The fine is payable within three months. Sasol will be studying the reasons for the finding with a view to lodge an appeal against it. According to the statement of objections of the European Commission an infringement of antitrust laws commenced in 1992 or even earlier. In 1995, Sasol became a co-shareholder in an existing wax business located in Hamburg, Germany owned by the Schümann group. In July 2002, Sasol acquired the remaining shares in the joint venture and became the sole shareholder of the business. Sasol was unaware of these infringements before the European Commission commenced their investigation at the wax business in Hamburg in April 2005. As a result of the fine imposed on Sasol Wax, it is possible that customers may file claims against Sasol Wax for compensation of damages. The extent of such risk or amount of such claims cannot be determined at this point in time.

Profert Profert filed a complaint against Sasol in August 2004, alleging that Sasol Nitro refused to supply Profert, charged Profert discriminatory pricing in sales of limestone ammonium nitrate and engaged in exclusionary conduct to exclude Profert from the fertiliser market. In May 2006, the Commission referred the complaint to the Tribunal, alleging findings of prohibited horizontal practices (namely, entering into agreements which constructed and divided the relevant market and which substantially lessened or prevented competition in that market) and abuses of dominance (namely, refusing to supply scarce goods to competitors, discriminating on sale prices and engaging in other exclusionary acts), and requesting that the Tribunal impose the maximum administrative penalty in terms of the Competition Act. On 4 August 2006, Sasol filed a reply to the complaint referral. The matter was set down for hearing from 3 March to 14 March 2008. However, due to Profert failing to comply in time with an order by the Competition Tribunal to disclose certain documents to Sasol's attorneys prior to the hearing, the hearing was postponed indefinitely. Preparations for the hearing are proceeding. The Commission has previously indicated that it may seek to have these proceedings heard together with those regarding Nutri-Flo. On the basis of the complaint referral in its current form, we believe that the likelihood of a finding of unlawful conduct in terms of the Competition Act is remote.

However, if these proceedings are joined with those pertaining to Nutri-Flo, then our current assessment may require review. For these reasons, it is currently not possible to make an estimate of the 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 South African Competition Authorities, the parties entered into a toll manufacturing arrangement in terms of which Sasol would toll manufacture phosphoric acid for Foskor. Following a recommendation by the South African Competition Commission that the proposed merger be prohibited, the parties abandoned the merger in June 2006. Although initially contending that the toll manufacturing transaction may amount to a merger requiring a statutory merger notification in South Africa, the Competition Commission later, subsequent to the parties applying to the Competition Tribunal for a declaratory order in this regard, conceded that at face value, this arrangement, as well as a proposed four year toll manufacturing agreement, did not amount to a merger.

The Competition Commission has however informed the parties that it is investigating whether or not there were any other unlawful agreements amounting to contraventions of the Competition Act's prohibitions on restrictive horizontal practices between Foskor and Sasol relating to the toll manufacturing arrangements. As the Commission has not yet made any findings on its investigation, the likelihood of liability is remote. In the event that the Competition Commission refers the matter to the Competition Tribunal, our current assessment may require review. For this reason, it is currently not possible to make an estimate of the contingent liability.

With the increase in the price of phosphoric acid, Sasol elected to manufacture phosphoric acid for its own account and no longer in accordance with the aforementioned toll manufacturing arrangement (or the proposed four year toll manufacturing agreement). Accordingly, Sasol commenced manufacturing phosphoric acid from phosphate rock it purchases from Foskor as from 1 April 2008, when the toll manufacturing arrangement expired.

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. Plaintiffs sought compensatory and punitive damages as a result of alleged exposure to EDC. As of 30 June 2008 there is a class action and 29 lawsuits pending, brought by over 800 plaintiffs. Plaintiffs allege various personal injuries resulting from exposure to EDC while the plaintiffs were 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 coverage for costs that were incurred in connection with this litigation. The last round of settlements of over 300 claims in 2004 totalled approximately US$10 million of which Sasol NA's share was US$3 million. These cases are being vigorously defended on statute of limitations and other grounds but the likelihood of financial loss is considered possible but not probable. The loss is unlikely to exceed the amount of US$3 million for the last round of 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 into 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 (Yellow Rock) 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 Sulfur, 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 by the Louisiana Department of Natural Resources, but did not deter the filing of the suit. In March 2007, plaintiffs amended their petition to assert significant additional damages in excess of US$70 million, including loss of revenues and loss of fair market value of the oil and gas reserves adjacent to the dome. The trial took place during the week of 14 January 2008 and Yellow Rock was awarded damages in the approximate amount of US$9 million, plus pre-judgement interest of US$2 million. Subsequently the parties settled the matter. In terms of the settlement Yellow Rock has been paid an amount of US$10 million in full and final settlement, of which amount Sasol NA and its insurer each paid US$5 million.

US hearing loss cases There are presently approximately 52 hearing loss cases pending with respect to Sasol NA that are being jointly defended with ConocoPhillips. These claims for occupational hearing loss in Louisiana are not covered by Workman's Compensation. The likelihood of loss is considered probable as these claims will be settled. Sasol NA has accrued its best estimate of US$0.2 million being the probable liability for settlement of these cases at 30 June 2008.

Dorothy Molefi and others Certain plaintiffs sued Sasol Limited and National Petroleum Refiners of South Africa (Pty) Limited (Natref) and various other defendants in two claims in the United States District Court for the Southern District of New York. The plaintiffs are represented by attorney Edward Fagan. These claims are similar to many instituted against a large number of multi-national corporations worldwide under the Alien Tort Claims Act and the Torture Victim Protection Act, referred to as the related cases. The plaintiffs allege a conspiracy between the defendants and both the former "Apartheid Era Government" as well as the post 1994 democratic government in South Africa of former President Nelson Mandela and President Mbeki, resulting in the genocide of South Africa's indigenous people and other wrongful acts. Defendants in the related cases moved to dismiss the actions against them. The Molefi action against Sasol Limited and Natref was stayed in November 2004 pending a decision on the motions to dismiss in the related cases. The motion to dismiss in the related cases was granted, and plaintiffs appealed to the Second Circuit Court of Appeals. During October 2007 the appeal was decided. Plaintiffs in those related cases were successful on one of the three grounds of appeal, thus enabling the plaintiffs to amend their complaint to assert additional factual allegations to meet the requirements of the Alien Tort Claims Act. Although the claim against Sasol Limited and Natref remain stayed, the possibility exists that the plaintiffs in that case may, in light of the partially successful appeal in the related case, apply for the stay to be lifted and for the possible amendment of their lawsuit. Sasol remains of the view that the claims are without merit and the case should be dismissed on the basis that the appropriate forum, both in respect of jurisdiction and convenience, ought to be South Africa and not the United States District Court of the Southern District of New York.

Veolia Water Systems On 15 July 2008, Veolia Water Systems issued summons against Sasol Synfuels arising from a contract concluded between Sasol Synfuels and Veolia Water Systems in June

2004. The contract entailed the detailed engineering, construction and commissioning of a water desalination plant at Unit 544 of Sasol Synfuels' facilities at Secunda, South Africa. Veolia is claiming an amount of R414.6 million for breach of contract, which excludes interest, from Sasol Synfuels. The claim is currently being investigated and it is not possible to make an estimate of the contingent liability until the matter has been fully investigated and all relevant facts have been taken into account. Sasol Synfuels has instructed external counsel to defend the matter.

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.

Environmental Orders

We are 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 us 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 possible contamination, uncertainty regarding the timing and extent of remediation actions that may be required, the allocation of the environmental obligation among multiple parties, the discretion of regulators and changing legal requirements.

Our environmental obligation accrued at 30 June 2008 was R3,460 million compared to R3,355 million in 2007. Included in this balance is an amount accrued of approximately R1,692 million in respect of the costs of remediation of soil and groundwater contamination and similar environmental costs. These costs relate to the following activities: site assessments, soil and groundwater clean-up and remediation, and ongoing monitoring. Due to uncertainties regarding future costs the potential loss in excess of the amount accrued cannot be reasonably determined.

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 we have 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.

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.

The company, Solidarity, the Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union and an attorney representing the unions negotiated a mechanism to pay compensation to the dependants of people that died or to people who 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, to expeditiously make ex gratia grants to such persons 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.

We will fund the September 2004 Accident Trust to pay the grants. Whilst accepting social responsibility, we have not acknowledged legal liability in creating the trust. As at 30 June 2008, a total of 172 claims have been received, of which 152 have been finalised, resulting in payments totalling R13.8 million. Future payments are dependent on the number of applications which will still qualify and the calculation of the grants based on the applicable South African principles. Based on the calculation of claims paid so far, it is believed that the possible loss, inclusive of legal costs, is unlikely to exceed R20 million.

Augusta Bay Pollution Investigation June 2008

The local prosecutor's office in Augusta, Italy is investigating a pollution incident at Augusta Bay, allegedly caused by the infiltration of pollutants into the sea. The investigation involves all the companies located within the Melilli-Priolo-Augusta industrial area, which includes Sasol Italy. The Prosecutor's office and the involved companies have each appointed experts to evaluate the environmental situation which includes a broad range of ecological impacts. It is currently not clear what product is the cause of the pollution and Sasol Italy's potential involvement will only be able to be determined after collection and analysis of samples, sea sediments and sea water. The judge has requested the experts to file their opinions within 3 months. Depending upon the final determination of environmental impacts resulting from the investigation, administrative fines or criminal penalties may be imposed on the guilty party or parties. Therefore, it is currently not possible to make an estimate of the contingent liability in this matter. We may need to re-assess our position upon the results of the investigations and analysis becoming available.

Regulation

The majority of our operations are based in South Africa, but we also operate in numerous other countries throughout the world. In South Africa, we operate coal mines and a number of plants and facilities for the storage, processing and transportation of raw materials, products and wastes related to coal, oil, chemicals and gas. These facilities and the respective operations are subject to various laws and regulations that may become more stringent and may, in some cases, affect our business, operating results, cash flows and financial condition.

Empowerment of historically disadvantaged South Africans

Broad-based Black Economic Empowerment Act

The South African Department of Trade and Industry introduced the Broad-based Black Economic Empowerment Act (the Act). The Act's stated objectives are to:

- promote economic transformation in order to facilitate meaningful participation of black people in the economy;
- achieve a substantial change in the racial composition of ownership and management structures in new and existing enterprises;
- increase the instance of ownership and management of communities, workers and collective enterprise cooperatives in new and existing enterprises;

promote investment programs that lead to broad-based and meaningful participation by black people in the economy in order to achieve sustainable development and general prosperity; and

develop rural communities and empower local communities by enabling access to economic activities, land, infrastructure, ownership and skills.

The Act establishes a Black Economic Empowerment Advisory Council (the Council) to advise the President on BEE. In terms of the Act, the Minister of Trade and Industry may issue codes of practice on BEE, which may include:

the interpretation and definition of BEE;

qualification criteria for preferential purposes for procurement and other economic activities;

indicators and weighting to measure BEE;

guidelines for stakeholders in the relevant sectors of the economy to draw up transformation charters for their sectors;

the development of a system of reporting on the implementation of BEE; and

any other matter necessary to achieve the objectives of the Act.

The Act provides that every organ of the State must take into account any relevant code of practice issued pursuant to the Act in determining qualification criteria for the issuing of licenses and other authorisations pursuant to any law and in developing and implementing a preferential procurement policy.

The Minister of Trade and Industry may propose regulations under this Act.

Sasol Inzalo share transaction

During May 2008, the shareholders approved the Sasol Inzalo share transaction, a broad-based Black Economic Empowerment (BEE) transaction which would result in the transfer of beneficial ownership of 10% (63.1 million shares) of Sasol Limited's issued share capital before the implementation of this transaction to its employees and a wide spread of black South Africans (BEE participants). The transaction was introduced to assist Sasol, as a major participant in the South African economy, in meeting its empowerment objectives. This transaction will provide long-term sustainable benefits to all participants and will have a tenure of 10 years. The following BEE participants will acquire indirect or direct ownership in Sasol's issued share capital as follows:

Sasol employees and black managers through the Sasol Inzalo Employee Trust and Sasol Inzalo Management Trust (Employee Trusts) 4.0%;

The Sasol Inzalo Foundation 1.5%;

Selected participants 1.5%; and

The black public through:

( ) The funded invitation 2.6%; and

( ) The cash invitation 0.4%.

The Employee Trusts and the Sasol Inzalo Foundation will be funded entirely through Sasol facilitation whilst the selected participants and the black public participating, through the funded invitation, will be funded by way of equity contributions and preference share funding (including preference shares subscribed for by Sasol). The black public participating, through the cash invitation, will be financed entirely by the participants from their own resources.

The effective date of the transaction for the Employee Trusts and the Sasol Inzalo Foundation was 3 June 2008. The effective date of the transaction for the selected participants was 27 June 2007. The black public invitations remained open until 9 July 2008 and consequently this portion of the transaction was not yet effective at 30 June 2008. Refer "Item 5.A Operating results Sasol Inzalo share transaction".

Codes of good practice for broad-based black economic empowerment (the Codes)

On 6 December 2006, the South African government approved the gazetting of both Phase 1 and Phase 2 of the Codes published in November 2005 and December 2005, respectively, pursuant to the Act mentioned above. The Codes were gazetted on 9 February 2007 in Government Gazette 29617 (Main Codes) and the Minister of Trade and Industry determined that the Codes came into operation on the same date.

Progress to date includes the publishing of guidelines on the Department of Trade and Industry website, which includes the following:

- Guidelines: Equity Equivalents Programme for Multinationals; and

- Guidelines: Complex Structures and Transactions, and Fronting (previously Statement 002).

Pursuant to the gazetting of the Codes (Main Codes) and published guidelines, private sector enterprises are urged to apply the principles contained in the Codes when implementing broad-based BEE initiatives. In interactions with public entities and organs of state, it is considered essential that the private sector applies these principles to ensure full recognition for their efforts. Furthermore, it is considered desirable that the private sector also apply these principles in their interactions with one another.

Stakeholders are encouraged to align any legislation properly enacted prior to the Act, which imposes BEE objectives, with the Act and the Codes. This will apply specifically to the Liquid Fuels Charter as contained in the Petroleum Products Amendment Act and the Mining Charter as contained in the Mineral and Petroleum Resources Development Act which shall remain in force unless amended, substituted or repealed. Alignment of all such legislation, over time, will reduce any residual uncertainty.

The Mining Charter

In October 2002, the government and representatives of South African mining companies and mineworkers' unions reached broad agreement on the Mining Charter, which is designed to facilitate the participation of historically disadvantaged South Africans (HDSAs) in the country's mining industry. The Mining Charter's stated objectives include the:

- expansion of opportunities for persons disadvantaged by unfair discrimination under the previous political dispensation;

- expansion of the skills base of such persons;

- promotion of employment and advancement of the social and economic welfare of mining communities; and

- promotion of beneficiation, or the crushing and separation of ore into valuable substances or waste within South Africa.

The Mining Charter, together with a scorecard which was published on 18 February 2003 to facilitate the interpretation of and compliance with the Mining Charter (the scorecard), requires mining companies to ensure that HDSAs hold at least 15% ownership of mining assets or equity in South Africa within five calendar years and 26% ownership within ten calendar years from the enactment of the new Mineral and Petroleum Resources Development Act (MPRDA) which came into force on 1 May 2004. The Mining Charter further specifies that the mining industry is required to assist HDSAs in securing finance to fund their equity participation up to an amount of R100 billion within the first 5 calendar years after the coming into force of the aforementioned Act. Beyond this R100 billion commitment, the Mining Charter requires that participation of HDSAs should be increased towards the 26% target on a willing-seller-willing-buyer basis at fair market value.

The scorecard provides a method of indicating the extent to which applicants for the conversion of their mineral rights under the MPRDA complied with the provisions of the Mining Charter. It is intended that the entire scorecard would be taken into account in decision making. Notes attached to the scorecard provide guidance in interpreting the objectives of the Mining Charter.

On 16 March 2006, we announced the implementation of the first phase of Sasol Mining's broad-based BEE strategy through the formation of Igoda Coal, an empowerment venture with Eyesizwe Coal, a black-owned mining company. Igoda Coal will be one of South Africa's largest empowered coal export companies. Eyesizwe Coal will own 35% of Igoda Coal, while Sasol Mining holds the remaining 65%. Igoda Coal will become fully operational as a statutory business entity and take transfer of the relevant mining area from Sasol Mining once the transfer of the mining rights have been effected. It is expected that the transaction will become effective with the second phase of Sasol Mining's broad-based BEE ownership strategy, as outlined below.

On 11 October 2007, Sasol Mining announced the second phase of its broad-based BEE strategy by the formation of a black-woman controlled mining company called Ixia Coal (Pty) Limited (Ixia). Ixia is a venture with Women Investment Portfolio Holdings Limited and Mining Women Investments (Pty) Limited. The transaction is valued at R1.9 billion. This transaction brings Sasol Mining's broad-based BEE ownership component to an estimated 26% (calculated on attributable units of production). Upon the conversion of the Secunda mining rights and the procurement of financing by Ixia, the transaction will be implemented. The transaction will be financed through equity (R59 million) and a combination of third party funding and appropriate Sasol facilitation. It is currently envisaged that approximately 40% of the transaction will be funded through third party debt; however this is dependent upon market conditions prevailing at the time.

The Liquid Fuels Charter

In November 2000, following a process of consultation, the Minister of Minerals and Energy and representatives of the companies in the liquid fuels industry, including Sasol Oil, signed the Liquid Fuels Charter setting out the principles for the empowerment of HDSAs in the South African petroleum and liquid fuels industry.

The Liquid Fuels Charter requires liquid fuels companies, including Sasol Oil, to ensure that HDSAs hold at least 25% equity ownership in the South African company holding their liquid fuels assets by the 2010 calendar year. It also envisages methods of measuring progress by requiring participants in the industry to meet targets set in connection with transformation of ownership. In addition, the Liquid Fuels Charter requires that historically disadvantaged persons be given preferred supplier status, where possible, in the procurement of supplies, products, goods and services, as well as access to use and ownership of facilities.

Sasol and Exel's BEE transaction

One of our major broad-based BEE transactions was the establishment of Exel in November 1997 as a 22.5% minority shareholder. At the time of the merger with Sasol Oil, Exel was a model empowerment enterprise 77.5% owned and controlled by HDSAs. With the help of Sasol, through the secondment of specialised personnel, the provision of technical support and training, and other support services, Exel evolved rapidly from a zero base to establishing 195 retail fuel stations by December

2003. By that time, Exel had won 4% and 7% of the competitive South African liquid fuels retail and commercial markets, respectively. Exel recorded an operating profit (before interest and tax) of almost R8 million in 1998. Five years later, the company posted an annual operating profit of more than R100 million. Subsequently, Sasol Oil acquired the entire shareholding of Exel with the empowerment partners obtaining a 2% interest directly in Sasol Oil.

Sasol and Tshwarisano BEE transaction

It is our fundamental objective to comply with the terms of the Liquid Fuels Charter. We have therefore facilitated a transaction with our BEE partner in the form of Tshwarisano which acquired a 25% shareholding in Sasol Oil effective 1 July 2006. See "Item 5.A Operating results".

BEE policies and legislation

The Broad Based Black Economic Empowerment Act No.53, underpinned by the scorecard setting out clear targets for Broad Based Black Economic Empowerment (BBBEE), was promulgated into law on 9 February 2003. The scorecard measures the following areas:

- Ownership
- Management and control
- Employment equity
- Skills development
- Procurement
- Enterprise development
- Socio-economic development

As from 1 July 2006, Sasol Oil has met the 25% BEE ownership target with Tshwarisano holding 25% of the shares in Sasol Oil in line with the BEE Charter. In addition, Sasol Oil's BEE audit which was conducted by BWise (Pty) Limited, a BEE verifications agency was a strong level 5 BEE contributor. In terms of the BBBEE Scorecard, this means Sasol Oil has achieved 80% compliance and its customers can as a result claim 80% of the points under Code 500 (Procurement).

Employees

In keeping with the spirit of the Liquid Fuels Charter, as well as the Employment Equity Act, we have set employment equity targets. This requires that advantageous treatment be given to HDSAs in aspects of employment such as hiring and promotion. Employment Equity targets are set out and reviewed periodically to ensure that they are met. Special training and mentorship programmes are in place to create a work environment that is suited to the successful nurturing of HDSA staff.

Procurement

Procurement is a crucial element of BEE as set out in the Liquid Fuels Charter, as well as in other industry charters and government policy. BEE procurement affords smaller industry players the opportunity to participate meaningfully in the sector. As prescribed in the Charter, HDSA companies are accorded preferred supplier status as far as possible.

Sasol Oil has established a BEE procurement policy; an enhanced procurement governance model and unique strategies to stimulate growth in its BEE spend.

Corporate social investment

We focus on facilitating the socioeconomic development of the communities in which we operate, through partnerships with key stakeholders in these communities.

Social investments are presently channelled into five main areas:

- Education (particularly in mathematics and science);
- Job creation and capacity building;
- Health and welfare;
- Arts, culture and sport development; and
- Environment.

The Restitution of Land Rights Act

Our privately held land could be subject to land restitution claims under the Restitution of Land Rights Act 22 of 1994. Under this Act, any person who was dispossessed of rights in land in South Africa as a result of past racially discriminatory laws or practices is granted certain remedies, including, but not limited to:

- restoration of the land claimed with or without compensation to the holder;
- granting of an appropriate right in alternative state-owned land to the claimant; or
- payment of compensation by the state or the holder of the land to the claimant.

If land is restored without fair compensation, it is possible that a constitutional challenge to the restoration could be successful. Once a land claim has been lodged with the Commission on Restitution of Land Rights, the rights of any person in respect of such land are restricted in that he may not perform certain actions relating to the land, including, but not limited to, selling, leasing exchanging, donating, subdividing, rezoning or developing such land, without the consent of the Commission. The Commission is obligated to notify the land owner of such a claim lodged or any other party which might have an interest in a claim. All claims had to have been lodged with the Commission by 31 December 1998. Although this was the final date for filing claims, many claims lodged before the deadline are still being reviewed and not all parties who are subject to claims have yet been notified. We have not been notified of any land claim that could have a material adverse effect on our rights to any of our significant properties.

The Restitution of Land Rights Amendment Act became law in February 2004. Under the original Act, in the absence of a court order, the power of the Minister to acquire or expropriate land for restitution purposes is limited to circumstances where an agreement has been reached between the interested parties. The Act would entitle the Minister to expropriate land in the absence of agreement. Such an expropriation could be for restitution or other land reform purposes. Compensation payable to the owner of the land would be subject to the provisions of the Expropriation Act 63 of 1975 and section 25(3) of the Constitution which provides, in general, that compensation must be just and equitable.

Regulation of mining activities in South Africa

The Minerals Act

For the period up to 30 April 2004, all mineral rights, encompassing the right to prospect and mine, were held, either privately or by the government of South Africa. Ownership of private mineral rights was held through title deeds and constituted real rights in land, which were enforceable against

any third party. Prospecting and mining were regulated by the Minerals Act and South African common law. The Minerals Act regulated the prospecting for and the optimal exploitation, processing and utilisation of minerals. The Minerals Act required that anyone undertaking prospecting or mining operations had to compile an environmental management programme and to provide for the environmental impact of the proposed prospecting or mining activities. This programme had to be approved by the relevant Director of Mineral Development. The Minerals Act has subsequently been repealed by the implementation of the Mineral and Petroleum Resources Development Act (Act 28 of 2002), which came into effect on 1 May 2004.

Under the Minerals Act, we owned all the coal rights for the properties over which we have mining authorisations, except for small tracts of land at Secunda, which were owned by the government of South Africa and for which we have obtained the government's consent to mine in consideration for the payment of a royalty per ton of coal mined from those properties.

The Mineral and Petroleum Resources Development Act (MPRDA)

The fundamental principle of the MPRDA is the recognition that the mineral resources of the country are the common heritage of all South Africans and therefore belong to all the people of South Africa. The MPRDA vests the right to prospect and mine, including the right to grant prospecting and mining rights on behalf of the nation, in the state, to be administered by the government of South Africa. Thus, the state is the guardian of all mineral rights and has the right to exercise full and permanent custodianship over mineral resources.

The MPRDA imposes significantly more stringent environmental obligations on mining activities than the repealed Minerals Act and also introduces extensive social and labour requirements. However, it contains transitional arrangements for existing operations. Under these transitional provisions, the environmental management programs will continue in force, as the Department of Minerals and Energy (DME) introduces the more stringent requirements of the MPRDA.

The MPRDA adopts the environmental management principles and environmental impact assessment provisions of the National Environmental Management Act (NEMA). The MPRDA addresses the allocation of responsibilities for environmental damage, pollution and degradation and imposes rehabilitation obligations. It significantly extends the scope of liability of directors who may be jointly and severally liable for any unacceptable negative impact on the environment, advertently or inadvertently caused by the company. It also allows the state to take remedial action and claim costs. It maintains the requirement for an environmental management programme for all mining operations, but with more detailed specifications than under the Minerals Act, and prohibits the carrying out of mining activities before the approval of the programme. When rehabilitation is required, it is not limited to the land surface. We are in compliance with the repealed Minerals Act, and we expect to continue to be in compliance with the new legislation. The South African government is currently attending to the amendment of the MPRDA and NEMA in an effort to streamline environmental approvals.

Mining rights

Transitional provisions are included in the MPRDA, which phases out privately held mineral rights held under the repealed legislation. The transitional provisions contemplate three types of rights:

(a) mineral rights in respect of which no prospecting permit or mining authorisation has been issued and/or no prospecting or mining activities are taking place;

(b) mineral rights in respect of which prospecting permits have been issued and prospecting is taking place; and

(c) mineral rights in respect of which mining authorisations have been issued and mining is taking place.

The rights described in these three categories are defined as Old Order rights. Under category (a), the holders of mineral rights had to apply for a prospecting or mining right in their own names to replace their existing mineral rights by 30 April 2005. Under categories (b) and (c), any prospecting permit or mining authorisation granted under the previous legislation would continue to be valid for a maximum period of two or five calendar years from enactment, respectively or for the duration of the prospecting permit or mining authorisation, whichever is the shorter. After the lapse of the one-year period referred to in category (a) and the respective periods in categories (b) and (c), the mineral rights will cease to exist. Within these periods, the holders of mineral rights and prospecting permits or mining authorisations, in order to continue with their mining or prospecting operations, must apply for a new prospecting right or mining right in respect of category (a) and for conversion to new prospecting or mining rights in respect of categories (b) and (c).

Under the MRPDA, prospecting rights can be granted for an initial period of up to five years, and could be renewed once, upon application, for a period not exceeding three years. Mining rights will be valid for a maximum period of thirty calendar years, and could be renewed, upon application, for further periods, each not exceeding thirty years. Provision is made for the grant of retention permits, which would have a maximum term of three calendar years and could be renewed once, upon application for a further two calendar years.

A wide range of factors and principles will be taken into account by the Minister of Minerals and Energy when considering these applications. These factors include the applicant's access to financial resources and appropriate technical ability to conduct the proposed prospecting or mining operation, the environmental impact of the operation and, in the case of prospecting rights, considerations relating to fair competition. Other factors include considerations relevant to promoting employment and the social and economic welfare of all South Africans and showing compliance with the provisions of the Mining Charter for the empowerment of HDSAs in the mining industry. A major aspect through which this will be ensured is the Social and Labour Plan required for mining operations, which encapsulates most of the requirements of the Mining Charter.

The Mining Titles Registration Amendment Act (Act 24 of 2003) and Regulations have been implemented simultaneously with the implementation of the MPRDA and new amendments to this legislation are under consideration. Further revisions to the Act are only expected in 2009. It provides the mechanism to give effect to the provisions of the MPRDA, in particular with regard to the registration of rights under the MPRDA.

Sasol Mining held various prospecting permits or mining authorisations with respect to our existing mining operations, which are now being classified as old order rights. We applied for the conversion of our existing old order mining rights in the Secunda area and commenced with the process to apply for the conversion of the old order mining right in respect of the Mooikraal Operations near Sasolburg. All old order prospecting rights have been converted to new order prospecting rights. In addition, Sasol Mining held the rights to coal over large reserves not covered by prospecting permits or mining authorisations. In terms of the MPRDA, these were classified as unused old order rights. We have acquired prospecting rights in terms of the MPRDA over all these areas, except for one application which is still under consideration by the DME and expected to be finalised in 2009. It is the declared intent of the South African government not to disrupt operations as a result of the introduction of the new legislation. When considering applications for the conversion of old order mineral rights under the MPRDA, the Minister of Minerals and Energy must take into account, among other factors, the applicant company's compliance with the Mining Charter. We intend to undertake any appropriate action required to ensure conversion of our existing old order mining rights under the MPRDA.

The Act provides that a mining right granted under the Act may be cancelled if the mineral to which such mining right relates is not mined at an optimal rate. The MPRDA also provides that any rights granted under the MPRDA may be cancelled or suspended if activities are being conducted in contravention of the MPRDA, if any material terms or conditions of such rights are breached or if the approved environmental management programme is contravened. However, such cancellation or suspension is subject to the Minister of Minerals and Energy giving written notice of the intention to suspend or cancel the relevant right and affording the holder the opportunity to show why the right should not be cancelled or suspended.

Furthermore, royalties from mining activities will become payable to the state, as from 1 May 2009, under provisions contained in the Mineral and Petroleum Resources Royalty Bill (the Bill). The Bill was promulgated by government on 14 August 2008. The most significant feature of the Bill is that the royalty is to be determined in accordance with a formula based system and no longer to be a predetermined specific rate for the different types of minerals. It is anticipated that the Bill will have an effect on Sasol Mining with an estimated cost of R72 million in 2010. The royalty will be deductible for normal income tax purposes.

Regulation of pipeline gas activities in South Africa

The Gas Act

The Gas Act came into effect on 1 November 2005 as proclaimed by the President of South Africa. The Gas Act regulates matters relating to gas transmission, storage, distribution, liquefaction and re-gasification activities. Among its stated objectives are:

- promoting the efficient development and operation of the respective facilities and the provision of respective services in a safe, efficient, economically and environmentally responsible way;
- promoting companies in the gas industry that are owned or controlled by HDSAs;
- promoting competition and investment in the gas markets; and
- securing affordable and safe access to gas services.

The Gas Act provides for the powers of the National Energy Regulator of South Africa (NERSA) regarding pipeline gas, whose powers include the issuance of licenses for a range of activities including:

- the construction, conversion or operation of gas transmission, storage, distribution, liquefaction and re-gasification facilities; and
- trading in gas.

NERSA has the authority to determine maximum prices for distributors, reticulators and all classes of consumers where there is inadequate competition as contemplated in the South African Competition Act. NERSA may impose fines not exceeding R2 million a day, if a licensee fails to comply with its license conditions or with any provisions of the Gas Act. The Piped Gas Regulations issued in terms of section 34(1) of the Gas Act was promulgated on 20 April 2007.

In accordance with its authority to determine the format for regulatory reporting by licensed entities, NERSA published for comment the proposed Regulatory Accounting Manual (RAM) during the last quarter of 2007. We have participated in all opportunities for public comment and have embarked on a process of intensive interaction with NERSA to determine the optimal implementation strategy for compliance with the RAM. It is anticipated that the RAM will be implemented during 2009 and will require regulatory reporting and accounting activities in addition to the existing statutory accounting and reporting requirements of Sasol Gas.

The National Energy Regulator Act

The National Energy Regulator Act came into operation on 15 September 2005 as proclaimed by the President. The National Energy Regulator Act provides for the establishment of a single regulator to regulate the piped gas, petroleum pipeline and electricity industries and for the functions and composition of the energy regulator.

On 1 November 2005, NERSA, pursuant to the National Energy Regulator Act, came into existence by the appointment of the four full-time regulators, of which one is the designated chief executive officer of NERSA. The Regulator consists of nine members, including four full-time members and five part-time members. Although the full-time members of NERSA are appointed for specific portfolios (gas, electricity and petroleum pipelines), NERSA will operate as a collective and decisions will be made on a collective basis.

According to Section 35 of the Gas Act license applications for existing business activities had to be submitted to NERSA within six months from the effective date of the Gas Act (2 May 2006) by any person owning or operating gas facilities or trading in gas. Accordingly, Rompco submitted an application for the operation of a gas transmission facility. This license to operate a transmission facility was issued to Rompco on 21 February 2007. Sasol Gas submitted license applications for the operation of distribution and transmission facilities as well as for trading in gas.

All the license applications have been compiled in accordance with the Gas Act and the rules published by NERSA. In accordance with the rules, the applications were advertised, inviting objections within a 30-day period. Thereafter, NERSA has 60 days to consider the objections and responses thereon in order to decide on the granting of the licenses. Public hearings regarding the applications for operating and trading licenses by Sasol Gas took place on 17 and 26 July 2007 as well as on 31 March 2008. The issuing of these licenses has however not been completed yet. Up to 30 June 2008, NERSA has issued 31 construction licenses to Sasol Gas in respect of projects for the expansion of its existing pipeline network.

The Mozambique Gas Pipeline Agreement (Regulatory Agreement)

This agreement entered into between the Minister of Minerals and Energy of South Africa, the Minister of Trade and Industry of Mozambique and our company in connection with the introduction of natural gas by pipeline from Mozambique into South Africa is incorporated into the Gas Act through the reference thereto in Section 36 of the Act. The Gas Act provides that the terms of the agreement bind the Gas Regulator for a period until 10 years after natural gas is first received from Mozambique (26 March 2004). From the date of the conclusion of the agreement, the terms of the agreement relating to the following matters constitute conditions of the licenses to be issued to Sasol Gas and Rompco under the Gas Act:

- our rights and periods granted in respect of transmission and distribution of gas;
- third party access to the transmission pipeline from Mozambique and to certain of our pipelines;
- prices we charge for gas;
- our obligation to supply customers, distributors and reticulators with gas; and
- the administration of the agreement.

As part of the Gas Act, the Mozambique Gas Pipeline Agreement forms part of the legislation and as such it may be susceptible to the same legislative processes generally applicable to changes in legislation.

Although we negotiated a ten year regulatory dispensation (6 years remaining until 2014) with the South African government covering the supply of Mozambican natural gas to the South African market, we cannot assure you that the enactment of the Gas Act and the appointment of the NERSA will not have a material adverse impact on our business, operating results, cash flows and financial condition.

The Gas Regulator Levies Act

The Gas Regulator Levies Act was signed into law on 15 January 2003 and came into effect on 1 November 2005. It provides for the imposition of levies by the Gas Regulator on the amount of gas delivered by importers and producers to inlet flanges of transmission or distribution pipelines. These levies will be used to meet the general administrative and other costs of the gas regulation activities of NERSA and the functions performed by NERSA in this regard. In terms of the Act, NERSA has to submit a budget to the Minister of Minerals and Energy, which after approval by the Minister in conjunction with the Minister of Finance, will be relayed into a levy charged as a per gigajoule levy on the volumes of gas transported. The collection of levies commenced in September 2006 and during the NERSA financial year which ended on 31 March 2007, Sasol Gas paid a total amount of R37 million and R22 million, respectively, in levies under this Act. For the NERSA financial year ending on 31 March 2009, the levies have been determined to be R0.1456/GJ and it is anticipated that approximately R20 million will be paid in levies during this period.

Regulation of petroleum-related activities in South Africa

The Petroleum Products Amendment Act

This Amendment Act, which became effective on 17 March 2006, amends the existing Petroleum Products Act by enacting provisions regulating a range of matters including the licensing of persons involved in the manufacturing, wholesale, holding or development of sites, and retail sale of petroleum products. The Amendment Act prohibits licensed wholesalers from holding retail licenses, except for training purposes. As the Amendment Act and regulations to be promulgated there under regulate business activities conducted by Sasol Oil, Natref and Sasol Synfuels, they have applied for manufacturing licenses in respect of our plants, wholesale licenses in respect to our wholesale activities and site licenses for our retail sites. We cannot assure you that these licenses will be granted. It should be noted that, as a person conducting the aforesaid activities at the commencement of the Amendment Act, Sasol Oil and Sasol Synfuels are entitled to the issue of such licenses if they are found to be in compliance with all legal requirements in force for the operation of their respective activities. However, new site developments could be delayed given the requirements under the new regulations.

The Petroleum Pipelines Act

This Act, which was signed by the President of South Africa on 31 May 2004 and became effective on 1 November 2005, among other things, establishes a petroleum pipelines authority as custodian and enforcer of the regulatory framework applicable to petroleum pipelines.

Among the stated objectives of the Petroleum Pipelines Act are:

- promoting competition and limiting anticompetitive practices within the scope of the regulated activities;
- promoting the efficient, sustainable and orderly development, operation and use of pipelines, marine offloading facilities and storage facilities from a national and industry-specific perspective;
- ensuring the safe, efficient, economic and environmentally responsible transport and storage of crude oil and petroleum products;
- promoting fair and equitable access to pipelines, offloading and storage facilities and related commercial services; and
- promoting companies in the petroleum pipeline industry that are owned or controlled by HDSAs.

The Act provides that no person may construct, or operate, a petroleum pipeline, loading facility or storage facility without a license issued by the authority. It enables the authority to impose conditions to such licenses relating, inter alia, to:

- pipelines being licensed for crude oil or petroleum products, or both;
- interested parties being allowed to negotiate changes with licensees in the proposed routing, size and capacity of proposed pipelines;
- shippers to be provided access to pipelines and capacity to be shared among users in proportion to their needs and within commercially reasonable and operational constraints; and
- tariffs to be set by the authority for pipelines, and approved by the authority for loading and storage facilities.

The Act enables the authority to expropriate land in accordance with Section 25 of the South African Constitution if a licensee is unable to acquire such land by agreement with the owner and the land is reasonably required for facilities which will enhance the Republic's petroleum pipelines infrastructure. The Act authorises the South African Minister of Minerals and Energy to promulgate regulations and we cannot assure you that the application of the provisions of the Act, or the promulgation of regulations in terms thereof, will not have a material adverse effect on our business, operating results, cash flows and financial condition.

We have submitted applications for the issue of licenses for our depots and related infrastructure and currently await their issue.

The Petroleum Pipelines Levies Act

The Petroleum Pipelines Levies Act No. 28 of 2004 empowers the National Energy Regulator to impose levies on petroleum transported by petroleum pipelines. The levy will be based on the amount of petroleum, measured in litres, delivered by importers, refiners and producers to inlet flanges of petroleum pipelines and must be paid by the person holding the title to the petroleum immediately after it has entered the inlet flange.

In terms of the Incremental Inland Transport Recovery Mechanism (IITRM), licensed wholesalers are refunded for incremental transport cost on petrol, diesel and jet fuel incurred as a result of logistical constraints to the Inland that is not recoverable through the current zone mechanism. Licensed wholesalers, wishing to participate in the mechanism, have to register with the DME and provide the respective "shortfall" of petrol, diesel and jet fuel for twelve months from a designated date. A levy, determined by the DME, based on the shortfall volume projected by wholesalers, will be collected at source for the benefit of Central Energy Fund (CEF). Wholesalers in turn will be able to claim the incremental transport cost, calculated by subtracting the zone recovery from a calculated transport tariff that is allowed for delivery to specific depots from CEF. A levy of 1.5c/l has been included in the pricing structures for collection at source, from 7 May 2008 to start building funds.

This mechanism reduces Sasol's inland advantage as it ensures recovery on logistics cost. Although it would be against the spirit of the mechanism, the danger exists that licensed wholesales could replace Sasol volumes with own production or imports. Regular interaction with the DME to make them aware of such occurrences will be required, to discourage such practices.

Safety, health and environment

We are committed to zero harm to people, facilities and the environment. Our safety, health and environment (SH&E) performance is driven by the quest for continuous improvement that will help us achieve our vision of being a world class company.

Our combined mining, fuels and chemical operations are subject to numerous local, national and regional safety, health and environmental laws and regulations in Southern Africa, Europe, the United States, the Asia-Pacific region, the Middle East and the Indian subcontinent. Our global operations, including marketing and logistics, are also affected by international environmental conventions.

We focus on our safety, health and environmental responsibilities through our SH&E policy, strategy and minimum requirements and are committed to ensure that we operate under safe working practices, safeguard against accidents and avoid harm to people and the environment in all our businesses.

Safety, health and environmental laws and regulations affect a wide spectrum of our group activities. These statutory requirements often require permits or licenses to be obtained for the use of natural resources such as water, and for the operation of our facilities and the disposal of our waste products. They also prescribe minimum standards for the safety and health of our employees. They impose restrictions on the types and quantities of emissions that can be released into the environment, and also regulate issues of product safety, waste generation, management and ultimate disposal. It is our expectation that these laws and regulations will become more stringent in the future.

Safety, health and environment policy and management systems

We have developed a systems-oriented approach towards the management of these issues. We have moved from a division-based safety, health and environment management policy to a structure directed on a group basis. We are committed to sustainable development and legal compliance being the minimum requirement for all our operations. Matters of safety, health and environment are treated as critical business issues. Planning of safety, health and environmental issues includes the setting of targets, performance measurement, reporting and review.

In order to ensure that our safety, health and environmental performance is aligned with our group targets and objectives, corporate governance and other audits are carried out regularly. All of our businesses are required to track their performance and furnish quarterly reports to their respective operating boards to the Group Executive Safety, Health and Environment Committee and to the group Risk and Safety, Health and Environment Committee. At the highest level, the Risk and Safety, Health and Environment Committee of the Sasol Limited Board considers the major risks and liabilities, progress on our internal indicators of performance and any major incidents and events of non-compliance. For information regarding our Group Executive Safety, Health and Environment Committee and the Risk and Safety, Health and Environment Committee of the Sasol Limited Board, see also "Item 6.C Board Practices". Similar reports are also required to address significant division-specific issues. We use the findings emanating from corporate governance and other audits to implement improvement measures.

Our businesses are required to manage their safety, health and environmental risks in line with internationally accredited management systems. On safety, health and environmental management systems, with approximately 90% of businesses having achieved International Standards Organization (ISO) 14001 certification and 74% of businesses having achieved Occupational Health and Safety Advisory Service (OSHAS) 18000 certification, we are well on the way towards our group target of achieving ISO 14001 and OSHAS 18000 certification for all our businesses.

The ISO 14001 and OSHAS 18000 standards are internationally accepted standards for the development and implementation of safety, health and environmental management systems. Certification to the standard entails regular audits by an independent, accredited third party auditor. We have also set OSHAS 18001 and Process Safety Management (based on the US Occupational Safety and Health Administration and other Sasol requirements) as additional minimum corporate requirements, including a behavioural safety programme for all Sasol businesses. These systems and programmes are currently being implemented.

Health and safety

Safety. In 2008, there were regrettably three fatalities, compared to four in 2007. There were two at Sasol Mining and one at Sasol Secunda Shared Services.

Sasol appointed DuPont Safety Resources (DuPont) in November 2004 to undertake a comparative safety review of selected South African operations against international best practices in the areas of leadership, organisation, and operational and process safety. DuPont performed a second review during March 2006 to determine progress with the implementation of recommendations arising from the first review. While commendable progress was reported, the improvement programme was updated and continued. The focus during 2008 has been the implementation of the Process Safety Management system in South African operations, aiming towards full implementation by December 2009.

The performances of our US and European operations have been excellent.

Emissions. Because of the nature of some of our processes, including coal gasification for the production of petrochemical products, our operations generate relatively high carbon dioxide emissions. Our coal gasification operations are situated in South Africa, which is classified as a developing country in terms of the Kyoto Protocol and though we are largely exempt from the emissions reduction targets required under the Protocol, we have implemented a successful project to replace coal as a feedstock with natural gas at our Sasolburg chemical operations. Sasol is also committed to reducing greenhouse gas emissions in terms of our Greenhouse Gas Policy Statement. We have established an internal carbon credit management committee to facilitate the governance of carbon credits obtained through, amongst other things, the clean development mechanism. We support the voluntary Energy Efficiency Accord championed by the South African Department of Minerals and Energy.

We monitor and measure ambient air quality around our South African plants. In Lake Charles in the United States, we also are part of an authority-led initiative to monitor ambient air concentrations, in order to identify and address proactively major risks for community health in a timely manner. In addition, our operations in the United States have reduced reported emissions under the Toxic Release Inventory by over 80% since reporting began in 1987.

As expected, our hydrogen sulphide odours from coal gasification, which were within statutory limits, were eliminated when natural gas replaced coal as a feedstock at our Sasolburg operations. Significant efforts are also being made to reduce hydrogen sulphide emissions emanating from the Secunda operation. The sulphur recovery plants are being upgraded to reduce levels of hydrogen sulphide emissions and improved monitoring and control equipment will also be addressed as part of this long-term project. Sasol also conducted an international audit focusing on air pollution management at our South African operations. Findings and recommendations made during the audit are being incorporated into current improvement and business plans.

Water. Water use is increasingly becoming a source of concern, not only in mining, but in all our operations, in particular in South Africa, Qatar and other arid countries. A series of water treatment and saving programmes and projects were introduced or are currently under way to address challenges in all of our operations. We have progressed significantly in the research and development of managing the water-related impacts of our mining activities. Sasol recently endorsed the United Nations Global Compact CEO Water Mandate which presents a comprehensive approach to water management. It is a voluntary initiative developed to inspire business to positively contribute to sustainable water resource management.

Our project team of internal and external experts in mining, geohydrology, geochemistry, water and waste treatment is committed to researching innovative and cost-effective solutions to further reduce our impact on the environment.

The long-term supply of water to the Secunda complex (up to 2030) has been augmented by the Vaal River Eastern Sub-System Augmentation Project (VRESAP). The Trans-Caledon Tunnel Authority was mandated by the Minister of Water Affairs and Forestry of South Africa to fund and implement the VRESAP project to meet the growing demands of Eskom and Sasol in the Mpumalanga region. Construction of the VRESAP pipeline is currently in progress. Delays in the construction process has resulted in the expected completion date to shift from May 2008 to December 2008.

Fires, explosions and releases. The manufacture of petrochemicals involves using high volumes of flammable substances, often under high pressure and at high temperatures. Hence, managing the risk of fires, explosions and releases of hazardous substances is essential for us. In the course of our operations, we experienced a number of fires, explosions and releases of hazardous chemical substances. We have taken steps to reduce the frequency and severity of these events through the implementation of the Process Safety Management System.

Our operations in the United States are conducted in accordance with the requirements of the Occupational Safety and Health Administration Process Safety Management and US Environmental Protection Agency (US EPA) Risk Management Program regulations. Through the application of these regulations, we implement a thorough safety management process designed to minimise the risks of accidents and releases of hazardous substances.

In addition, since 11 September 2001, assessing and improving the security of chemical operations in the United States has become an important focus. Our Lake Charles plant has since evaluated plant security programs and made changes in procedures and physical security measures. As a member of the American Chemistry Council, Sasol NA has also adopted a Security Code of Management Practice, which requires that we conduct a security vulnerability analysis to identify areas in which additional security measures are necessary, and have a management system in place for other aspects of plant, distribution and cyber security.

All Sasol sites have identified and quantified their major risks with regards to major fire, explosion or releases. Risk mitigation plans are in place.

We maintain a comprehensive insurance programme to address identified risks.

Land remediation and rehabilitation. Because of our chemicals and fuels processes, we have particular legacy and current risks that we have addressed or are currently addressing. We are consolidating our regional strategies to form a group-wide strategy to address potential liabilities associated with land remediation and rehabilitation.

Our gas pipelines are buried underground in order to reduce long-term impacts. We implemented this approach for the Mozambique natural gas project, for which we used World Bank guidelines for environmental impact assessment studies.

Waste. Potential risks associated with waste are a priority for us. Historical legacies are addressed in accordance with relevant legal requirements, and cleaner production techniques are implemented to address future risks. Where we acquire new plants, the attendant risks are identified and the necessary indemnities sought from the sellers. Where we have not secured such indemnities, we are confident that such risks and attendant liabilities will not have a material effect. New waste management legislation is being finalised in South Africa and expected to be enacted towards the latter part of the 2008 calendar year. It is likely to have long-term implications on waste management practices and associated costs, but it is too early to estimate these.

The Natural Gas Conversion Project has had a significant impact on the reduction of waste produced, specifically with regards to tar and oil waste and ash at our operations in Sasolburg. The ash dump presently has a negative growth rate due to ash sales for brick making.

The South African Waste Discharge Charge System for the controlled discharge of effluent to a water body will be implemented by the Department of Water Affairs and Forestry over the next three to five years. The financial impact to Sasol has yet to be quantified, but could be substantial. Waste and waste water effluent minimisation projects are receiving specific attention.

Asbestos. We have a strategy for the risk-based phase-out of asbestos, which is being implemented by our operations. We have implemented a policy to ensure that new sources of asbestos are not procured in the construction of new facilities worldwide. Remaining asbestos on some of our older facilities is managed according to a set of Sasol requirements in the absence of statutory phase out requirements. Asbestos is removed and disposed of under strict regulatory requirements as plant modifications are made or as necessary for maintenance.

Product Registration. The new European Union Regulatory Framework for the Registration, Evaluation, and Authorisation of Chemicals (REACH) that came into effect on 1 June 2007, aims to improve the protection of human health and the environment while maintaining competitive trade. We acknowledge the requirements of REACH and will ensure that these substances that constitute our products and that are subject to REACH will meet these requirements. We therefore embrace the opportunity to interact with our suppliers, customers and end users to fulfill these requirements. In order to ensure continued production and sale of our products in the EU we have begun preparing the first REACH milestone, namely the pre-registration of the Sasol produced or imported substances by the end of the 2008 calendar year. Thereafter, we will adhere to the given milestones for registration by categorising our substances according to the specified volume ranges and chemicals regarded as of high concern. See "Item 4.B Business overview Sasol Solvents, Sasol Olefins & Surfactants, Sasol Wax and Merisol".

South Africa

Environmental regulation

The Constitution of the Republic of South Africa provides the framework for the environmental legislation in South Africa. Section 24 of the Constitution enshrines the right of all citizens to an environment that is not harmful to their health and well-being and provides individuals with a right to the protection of the environment. It further provides that these rights can be enforced through reasonable legislative and other measures to prevent pollution and degradation, to promote conservation and to secure an ecologically sustainable development. Further constitutional provisions provide relevant rights of enforcement, including class actions. A number of laws and regulations address specific issues relating to the protection of the environment. The following includes an analysis of some of these laws, which may be relevant to our operations.

National Environmental Management Act. The National Environmental Management Act provides for co-operative environmental governance and coordination of the environmental functions of the government. The Act regulates environmental authorisation requirements, compliance and provides for enforcement measures including provision for fines up to R5 million. The Act principally imposes a duty of care on persons who have or may pollute or degrade the environment and other responsible parties to take reasonable measures to prevent and remediate environmental damage, protects workers refusing to undertake environmentally hazardous work and provides for control over emergency incidents. It promotes access to environmental information, protects whistleblowers and allows for private prosecution and class actions. The Act was recently amended to include provisions and requirements for environmental authorisations and impact assessments. Provisions in this regard under the Environment Conservation Act were repealed. Amendments have recently been proposed to the Act and to the environmental impact assessment regulations aiming to streamline the impact assessment requirements in support of economic growth objectives. The latest amendments also provide for environmental authorisations related to mining and other activities, presently regulated under the

Mineral and Petroleum Resources Development Act, to be governed in terms of the National Environmental Management Act by the Department of Environmental Affairs and Tourism.

National Environmental Management: Biodiversity Act. This Act, deals with various issues relating to biological diversity including its management and conservation.

National Environmental Management: Protected Areas Act. This Act provides for the declaration of conservation areas. Of particular significance is that it provides for the expropriation of private land, including servitudes, in the interests of conservation. We have not been notified of any action that could have a material adverse effect on our rights to any of our significant properties.

National Mineral and Petroleum Resources Development Act. This Act makes provision for the effective management of impacts associated with mining activities. An environmental management programme (EMP) must be compiled, approved by the Department of Minerals and Energy, and regularly reviewed. The EMP is required to cover potential environmental as well as socio-economic impacts. The Act further requires the making of financial provision for the rehabilitation or management of negative environmental impacts. Amendments have also recently been proposed on this Act, specifically in relation to environmental management and authorisation provisions. These include provisions to facilitate the transfer of governance on these matters to the Department of Environmental Affairs and Tourism. The key requirements on environmental management and governance will be incorporated into the National Environmental Management Act. The Department of Minerals and Energy will remain the competent authority to consider the environmental authorisation applications for a period of three years, after the acts take effect, where after this responsibility will permanently transfer to the Department of Environmental Affairs and Tourism.

Water protection

The National Water Act provides for the equitable allocation of water for beneficial use, sustainable water resource management and the protection of the quality of water resources. The Act establishes water management procedures and protects water resources through the licensing of various uses of water. It also includes provisions for pollution prevention, remediation requirements and emergency incidents. The Department of Water Affairs and Forestry is currently implementing a Waste Discharge Charge System, which may have a significant impact on operational costs in the next three to five years.

A significant part of our operations, including mining, chemical processing and others, require use of large volumes of water. South Africa is generally an arid country and prolonged periods of drought or significant changes to current water laws could increase the cost of our water supplies or otherwise impact our operations. In this regard, the Department of Water Affairs and Forestry is implementing a Pricing Strategy aimed at allocating the appropriate price for the use of water, which may have a significant impact on operational costs. Further initiatives in this regard include the National Water Resource Strategy (which is due to be updated in 2009) and the National Water Resource Allocation Strategy, aiming to ensure the equitable distribution of water. The Department of Water Affairs and Forestry is also progressing towards establishing a state owned water resources infrastructure agency that will finance and implement all future national water infrastructure schemes.

Air protection

The National Environmental Management: Air Quality Act has recently been promulgated, enabling the Department of Environmental Affairs and Tourism (DEAT) to set ambient air quality and emission standards, declare Priority Areas for the purposes of implementation of Air Quality Management Plans, and prepare for the review of atmospheric emission licenses. It is expected that this Act will impose stricter standards on air quality management in South Africa, through the adoption of internationally accepted ambient and emission standards and that this will result in significant capital and operational costs. The Department of Environmental Affairs and Tourism recently declared the Vaal Triangle (where the Sasolburg plant is situated) and the Highveld area (where our Secunda operations are situated) as Priority Areas. The National Air Quality Management Framework was published in September 2007 and a second revision of this framework is expected to be published in September 2008. Once this is published, the National Environmental Management: Air Quality Act will take full effect. The DEAT is also finalising ambient air quality standards and point source emission standards. We are cooperating closely with the DEAT in the implementation of these requirements however we are unable to quantify the amount of additional capital expenditure required for the implementation.

Some of our processes in South Africa, especially coal gasification, result in relatively high carbon dioxide emissions. South Africa is considered a developing country in terms of the Kyoto Protocol and, accordingly, it is largely exempt from the emissions reductions required. However, DEAT developed a long term mitigation scenario for South Africa which will result in a greenhouse gas policy which may include reduction targets. We are taking measures to reduce our emissions, amongst which has been the use of natural gas from Mozambique since 2004 as a partial replacement for coal. This change reduced sulphur dioxide emissions and hydrogen sulphide odours from gasification operations in the Sasolburg region. This effort also resulted in the significant reduction of greenhouse gas emissions. In addition, we have successfully registered a nitrous oxide emission reduction project using the Clean Development Mechanism, thereby reducing greenhouse gas emissions equivalent to about a million tones of carbon dioxide a year. We further monitor air emissions at our plants to measure ambient air quality.

Waste and hazardous substances

Environment Conservation Act. The Environment Conservation Act establishes a licensing framework for the establishment, operation and closure of any waste disposal site. The DEAT is currently finalising a National Waste Management Implementation Programme, to be supported by the proposed National Waste Management Act. The National Waste Management Bill (the Bill) is being finalised and is expected to be enacted towards the latter part of the 2008 calendar year. The Bill aims to introduce legislative requirements on all aspects of waste management in a comprehensive manner. The Bill also aims to regulate contaminated land management. Once enacted, the Waste Management Act will revoke the waste management provisions under the Environment Conservation Act. DEAT is also finalising a policy setting process for thermal waste treatment for waste. This is likely to impact on future waste incineration practices within Sasol.

Hazardous Substances Act. The Hazardous Substances Act provides for the control and licensing of substances that may cause injury, ill-health or death to human beings by reason of their toxic, corrosive, irritant, strongly sensitising or flammable nature. Regulations have also been proposed by the Department of Labour providing for the adoption of the Globally Harmonised System for the classification and labelling of chemical substances. This will facilitate alignment with existing international practices.

Other environmental legislation

The National Road Traffic Act and its regulations regulate the transportation of dangerous goods and substances. The Act provides specifications for road tankers, labelling, duties of responsible persons, compatibility of multi-loads, driver training and hazardous substance documentation. The National Railway Safety Regulator Act provides for similar regulation in respect of rail transport.

The Explosives Act consolidates the laws relating to the manufacture, storage, sale, transport, importation, exportation and the use of explosives and imposes an authorisation requirement for the manufacture and storage, as well as for the import, export and sale of explosives.

The Fertilisers, Farm Feeds, Agricultural Remedies and Stock Remedies Act regulates the registration, importation, sale, acquisition, disposal or use of fertilisers, among other products.

Health and safety regulation

Occupational Health and Safety Act. The Occupational Health and Safety Act covers a number of areas of employment activity and use of machinery in South Africa, excluding mining activities. The Act imposes various obligations on employers and others to maintain a safe workplace and minimise the exposure of employees and the public to workplace hazards and establishes penalties and a system of administrative fines for non-compliance.

Mine Health and Safety Act. The principal objective of the Mine Health and Safety Act is to protect the health and safety of persons at mines by requiring that employers and others ensure that their operating and non-operating mines provide a safe and healthy working environment, determining penalties and a system of administrative fines for non-compliance and giving the Minister of Minerals and Energy the right to restrict or stop work at any mine and require an employer to take steps to minimise health and safety risks at any mine.

Compensation for Occupational Injuries and Diseases Act. The purpose of this Act is to provide for compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees in the course of their employment, or for death resulting from such injuries or diseases. The Act is administered by the Minister of Labour, through a Director-General who manages a compensation fund to which employers contribute, directly or indirectly. Where indirect contributions are made, these contributions are made to a mutual association, which acts as the insurer in respect of claims against the employers. All employers, with the exception of those in national, provincial and local government, are required either to register under the Act or to be fully insured against related liabilities.

Occupational Diseases in Mines and Works Act. This Act relates to the payment of compensation in respect of certain diseases contracted by persons employed in mines or at locations where activities ancillary to mining are conducted. Any mine (including the Sasol Mining operations) at which risk work takes place is deemed to be a controlled mine in respect of the employees for whom the employer is required to make payments to the fund for occupational diseases, in order to meet relevant claims. Persons who are employed in controlled mines are required to have a certificate of fitness, which must be renewed from time to time.

For further information, see "Item 6.C Board Practices The Risk and Safety, Health and Environment Committee".

Germany

In Germany, we operate a number of plants and facilities for the manufacture, storage, processing and transportation of chemical feedstock, products and wastes. These operations are subject to numerous laws and ordinances relating to safety, health and the protection of the environment.

General environmental care

The lack of a general environmental code in Germany means that no guideline legislation is available for general environmental care. In terms of the Act on the Assessment of Environmental Impacts, the environment impact assessment (EIA) is an instrument of preventative environmental care that is legally binding. This has been introduced in existing public procedures for the licensing of, or considerable amendment to, certain projects of relevance to the environment, including chemical facilities. The EIA is based on the co-operation between the environmental authorities and the parties intending to carry out the project.

The Environmental Information Act guarantees everyone's access to official environmental information.

Issues relating to general environmental care are addressed by the environmental provisions of the Regional Planning Act and other specific and planning law designed to ensure environmental soundness, as well as by the Environmental Liability Act, which provides for liability in the case of environmental risks. Where human life or health is disturbed and where emissions have entered the soil, water or the air, the owner of a facility is liable, even if he or she is not at fault and irrespective of whether the damage was caused as a result of a hazardous incident or during normal operations. Damage resulting from force majeure is excluded from liability. The right to the restoration of the previous state also extends to nature and the landscape. Installations that pose a particular risk to the environment must have provisions for sufficient cover, an obligation which may be met by arranging liability insurance.

Criminal law provisions are included in the Act to combat environmental crime, which targets a range of polluting activities, including water, soil and air pollution, environmentally damaging waste disposal and noise. It also addresses licensing of the operation of installations and the handling of hazardous substances and goods and particularly serious environmental offences.

Specific environmental protection legislation

Emission control. The guideline legislation to protect humans and the environment from air pollution and noise pollution is the Federal Emission Control Act. This Act and the ordinances promulgated under it provide the framework for environmental protection and the technical safety of installations. It provides for licensing for installations that are particularly susceptible to causing harmful environmental impacts, including chemical facilities or mineral oil refineries.

Regulation of hazardous substances. Provisions for the protection of humans and the environment against the harmful effects of hazardous substances and preparations are provided in the Chemicals Act, the related ordinances on the Prohibition of Certain Chemicals and the Hazardous Incidents Ordinance. New substances are subject, as laid down in European law, to a registration and notification obligation before they can be brought onto the market. Old substances that have been on the market since 1981 are assessed on the basis of relevant European regulation. Hazardous substances and preparations must be classified, labelled and packed in line with their hazardous properties, their manufacture, marketing and use may be prohibited or limited. The regulation of hazardous substances will in future be governed by a legal framework called REACH which came into effect 1 June 2007. The roll-out of REACH will start with a pre-registration phase which will take place in the six month period from 1 June 2008 to 1 December 2008, inclusive.

The Chemicals Act is complemented by the Plant Protection Act of 14 May 1998 and the Fertilisers Act, as well as by legislation on animal feedstuffs and human foodstuffs and by substance-related provisions in other areas of care of the environment. This also includes the provisions concerning the environmental impacts of genetic technology under the Genetic Technology Act.

Avoidance, recovery and disposal of waste. The Closed Substance Cycle and Waste Management Act regulates the avoidance, recovery and disposal of waste. The aim of the Act is to promote an economy based on closed substance cycles, thus conserving resources, and to guarantee the environmentally sound disposal of waste. Wherever waste cannot be avoided, recovered or used to produce energy, it must be removed from the cycle and, as a matter of principle, be disposed of within Germany in a way that is not detrimental to the common good. Under law, waste is defined as a tangible item, which falls under one of the legally determined categories of waste, and which the owner is getting rid of, desires to get rid of or must get rid of.

The Waste Transportation Act regulates the transport of waste into, out of or through the area of application of the Act and creates the basis for the establishment of a solidarity fund to finance the return of waste exported illegally.

Water protection. The guideline legislation in the field of water protection is the Federal Water Act. This requires everyone to exercise adequate care when carrying out measures which may have an impact on a water body so that water pollution or any other negative effect on water is prevented. Surface waters and groundwater are, as public utilities, subject to a public management and utilisation code, which leaves the allocation of users' rights at official discretion.

The Waste Water Charges Act complements the Water Management Act and authorises an annually rising waste water charge linked to the toxicity of the discharged waste water. Water legislation promulgated by the Federal States goes beyond merely the enforcement of the framework of federal law to determine administrative procedures and regulate issues of private water law.

Water protection is also addressed directly or indirectly by substance-related provisions in other laws, including the Chemicals Act, the Fertilisers Act and the Waste Avoidance and Waste Management Act. They also comprise provisions through which water is indirectly protected via the soil and the air.

Soil protection. The protection and care of soil as an environmental medium and part of the ecosystem is promoted by a range of environmental provisions, primarily the Federal Soil Protection Act. Soil protection measures, preventative or remedial, aim at avoiding or reducing substance inputs into the soil, or removing already existing soil damage, and at addressing the extensive land consumption caused by soil sealing.

Health and safety

The Health and Safety at Work Act provides for protection of the health and safety of employees. It places the employer under a duty to assess hazards at the workplace, to take appropriate preventive measures, and to instruct employees about measures used. The employer must take precautions for especially hazardous areas and situations and provide preventive occupational healthcare. This Act is complemented by the Safety at Work Act, which places employers under a duty to appoint appropriately qualified officers to support them in occupational health and safety matters, including ergonomic workplace design.

Italy

In Italy, we operate a number of plants and facilities for the storage and processing of chemical feedstock, products and wastes. These operations are subject to numerous laws and ordinances relating to safety, health and the protection of the environment.

General environmental care

On 28 April 2006, a new Environmental Decree (Legislative Decree 152/2006) came into force, regulating the most important environmental matters, including authorisations, emissions, water management, wastes and remediation and environmental damages. The implementation date of the authorisation took effect at the beginning of 2007, and the environmental damage section will only come into force in the 2008 calendar year. Two decrees have been issued during 2007 and January 2008. The first one changed certain rules about Environmental Impact Evaluation and the second one defined more strict rules for remediation and wastes.

European Directive 96/61/CE (Integrated Pollution Prevention and Control) provides that companies must obtain an integrated authorisation for all environmental impact. Sasol Italy has presented the documentation required to be compliant with the Directive relevant to the sites in

Terranova, Augusta and Sarroch. The documentation for Porto Torres plant has also been presented but was withdrawn as the plant is currently being idled.

Specific environmental protection legislation

Emission control. Environmental protection and the technical requirements for the licensing of all installations from which emissions emanate is now regulated by Legislative Decree 152/06, section 5.

Regulation of hazardous substances. Legislative Decree 52/1997 implemented in Italy the EU Directive relevant to classification, packaging and labelling of dangerous substances. Legislative Decree 65/2003 implemented the EU Directives relevant to classification, packaging and labelling or dangerous preparations. New substances are subject, as laid down in European law, to a registration and notification process before they can be brought onto the market. Old substances that have been on the market since 1981 are assessed on the basis of relevant European regulation. Hazardous substances and preparations must be classified, labelled and packed in line with their hazardous properties; their manufacture, marketing and use may be prohibited or limited. The regulation of hazardous substances will in future be governed by framework for REACH. The roll-out of REACH will start with a pre-registration phase which will take place in the six month period from 1 June 2008 to 1 December 2008 inclusive.

Avoidance, recovery and disposal of waste. Legislative Decree 152/06, Part 4, incorporates the principle of 'polluters pay' and further provides for cradle to the grave liability for waste.

Water protection. Legislative Decree 152/2006, Part 3, defines the authorisation procedure and discharge limits, in order to protect surface and underground water. Surface water and groundwater are, as public utilities, subject to a public management and utilisation regulation which leaves the allocation of users' rights at official discretion.

Soil protection. The protection and care of soil as an environmental medium and part of the ecosystem is promoted by Legislative Decree 152/06, which essentially follows the Ministerial decree 471/1999 with some simplification as far as documentation is concerned. Soil protection measures, preventative or remedial; aim at avoiding or reducing substance inputs into the soil, or removing already existing soil damage. The Legislative Decree sets forth both the acceptable limits and the rules for monitoring communication and reclamation.

Health and safety

In April 2008, a new Legislative Decree (LD) 81/08 which is renewing and collecting all the legislation concerning Safety and Occupational Health, with the exclusion of Major Hazards (Seveso) was published and came into effect on 14 May 2008. The new legislative decree covers the safety and health matters formerly defined by LD 626/94 and the aspect related to construction (buildings, scaffolds, etc). Some of the new rules include:

- in case of an accident causing serious injuries or fatalities, the prosecutor will be able to pursue the company together with the responsible managers;
- to avoid a sentence the company will have to demonstrate the implementation and continuous enforcement of an Occupational Health and Safety Management System;
- in case of sentence penalties are heavier than in the past;
- some new type of risk has to be evaluated, for instance work related stress;
- the LD is defining in a better way responsibilities and duties in the organisation (top managers, managers, superintendents, workers, etc); and

representatives of workers for Safety and Health problems have wider access to risk evaluation documents, with more duty of confidentiality.

United States

Environmental compliance

Sasol NA and Merisol are subject to numerous federal, state, and local 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. As with the chemical industry, 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, Sasol NA and Merisol to make significant expenditures of both a capital and expense nature. Environmental compliance expenditures for our interest in Merisol and Sasol NA's manufacturing sites for the next five years are estimated to range from US$2 million to US$5 million per year.

Indemnities dealing with historical groundwater and soil contamination as a result of RWE-DEA vinyl business continue. The Baltimore Plant has settled with the United States Environmental Protection Agency (US EPA) as a result of a benzene contaminated water spill to the slip that occurred in February 2007. Baltimore agreed to pay US$95,000 and to upgrade the treatment of storm water.

Remedial action

Active and former manufacturing sites. Sasol NA has been investigating the remediation of soil and groundwater contamination at the Lake Charles chemical complex (LCCC) and Baltimore plant sites resulting from historical operations under orders issued by Louisiana and Maryland Departments of the Environment (DoE), respectively. The Vinyl Chloride Monomer (VCM) Plant which was sold to Georgia Gulf in 1999 is also subject to US Resource Conservation and Recovery Act (RCRA) corrective action requirements. The Baltimore Plant is monitoring the natural attenuation of hydrocarbon contaminants in the groundwater and reporting regularly to Maryland DoE and is not being actively remediated. Baltimore has done a supplemental study of groundwater contamination and it is possible that the State of Maryland could require remediation of the contamination. The current costs of monitoring the VCM Plant site and any foreseeable remediation costs are not expected to be material. Any remedial costs at Baltimore are not defined but based on the amount of contamination are not expected to exceed US$100,000.

In addition to Sasol NA's operating sites, Sasol NA also has retained liability to Georgia Gulf Corporation for the remediation of three manufacturing operations sold in November 1999 and located in Aberdeen, Mississippi, Jeffersontown, Kentucky, and Oklahoma City, Oklahoma and one site where the business was sold but not the property at Mansfield, Massachusetts. The Mansfield site, which is still owned by Sasol NA, has been extensively investigated and remediated since 1991, and the remediation of groundwater and an area of soil contamination is ongoing. The Aberdeen plant site has also been investigated under several orders issued by state authorities, and several areas of contamination have been remediated. Property to the west of the Aberdeen plant was purchased in 2002 and part of the plume migrating off-site was delineated and contained on-site during 2003. Further investigations of part of the Aberdeen site are still being performed and the need for further remediation is currently being investigated.

Under the agreement for the acquisition of Sasol Chemie, most of Sasol NA's costs of remediation and contamination from historical operations at its active and sold sites are being indemnified by RWE-DEA AG, and will continue to be indemnified until at least 1 March 2023 in respect of Lake Charles and Baltimore, and in perpetuity in respect of the Mansfield, Aberdeen, Jeffersontown, and Oklahoma City sites. In addition to indemnities from RWE-DEA AG, Sasol NA also has indemnities from some of its predecessors, namely British Petroleum for Mansfield and Reichhold Chemical for Jeffersontown, for contamination resulting from those companies' operations at the sites. Sasol NA does not expect costs to remediate these sites to have a material effect on operations or results.

Calcasieu Estuary CERCLA Site. In June 1999, Sasol NA and other Calcasieu Parish industry members received letters from USEPA making demands under Section 107 of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) for past costs and future remedial investigation, remediation, and restoration costs associated with the Calcasieu Estuary. The Calcasieu Estuary, which includes the Calcasieu River and several major tributaries in the vicinity of Lake Charles, Louisiana, has received releases and discharges from industry since the 1930's. Bayou Verdine has received releases and discharges from the ConocoPhillips Lake Charles Refinery beginning in the 1940's and from the LCCC beginning in the 1960's. The "Bayou Verdine Area of Concern" is one of the areas of concern of the Calcasieu Estuary CERCLA Site.

In 1999 and 2000, ConocoPhillips and Sasol NA completed a voluntary joint remedial investigation of Bayou Verdine under the oversight of state and federal authorities. In 2001, ConocoPhillips and Sasol NA completed ecological and human health risk assessments of Bayou Verdine and in 2002 performed an Engineering Evaluation and Cost Analysis (EECA) of removal actions for Bayou Verdine under an Administrative Order on Consent with the US EPA.

Beginning in October 2002, ConocoPhillips and Sasol NA performed a sediment removal action for a relatively small area of elevated ethylene dichloride (1-2 dichloroethane or EDC) concentrations located near the confluence of Sasol NA's West Ditch and Bayou Verdine. The West Ditch Project was completed in July 2003 at a cost to Sasol NA of about US$2 million. To date, no third party claims have been filed in connection with the West Ditch Project.

The EECA also recommends removal actions for the "Main Channel Area" of Bayou Verdine. ConocoPhillips and Sasol NA intend to perform the Main Channel Removal Action under a Consent Decree which is being negotiated in 2008 and 2009. Under a Consent Decree, ConocoPhillips and Sasol NA hope to resolve all of the government's CERCLA claims against the companies in connection with the Calcasieu Estuary and will receive protection against CERCLA contribution claims by other "Potentially Responsible Parties" against the companies. An agreement in principle has been reached with US EPA and the resource trustees concerning the scope of the "Main Channel Area" and natural resource restoration projects, as well as the amount of past agency response costs to be reimbursed by Sasol NA and ConocoPhillips. Sasol NA will pay 10% of these costs.

Sasol NA's total estimated liability for its share of Bayou Verdine and the Calcasieu Estuary CERCLA Site is about US$1.9 million. Under the agreement for the acquisition of Sasol Chemie, 80% of Sasol NA's estuary related remediation costs are expected to be indemnified by RWE-DEA AG, and will continue to be indemnified until at least 1 March 2023.

Mozambique

In Mozambique, Sasol operates a processing plant and associated facilities for the extraction and processing of natural gas and condensate and transportation of natural gas. The Central Processing Facility has been in operation since February 2004. These operations are subject to numerous Mozambican laws and regulations as well as World Bank Group requirements and best practice standards.

Environmental, health and safety regulations. The Ministry for the Coordination of Environmental Affairs (MICOA) was created in 1994 to coordinate environmental affairs in Mozambique. In 1995, the Ministry drew up a National Environmental Management Programme, which is a policy document outlining the priorities for environmental management and sustainable development in Mozambique.

This programme contains a National Environmental Policy, a proposal for Framework Environmental Legislation and Environmental Legislation and an Environmental Strategy.

The Framework Environmental Law (20/97) was enacted in October of 1997. The aims of the Environmental Law are to provide a legal framework for the use and correct management of the environment and its components and to assure sustainable development in Mozambique. The Law is applicable to all public or private activities that may directly or indirectly influence the environment. It requires licensing of activities that are liable to cause significant environmental impacts. The granting of an environmental license is subject to the preparation and approval of an appropriate level of environmental impact study and management plan. The body of environmental legislation is growing and comprises the Regulation on Environmental Impact Assessment Process (45/2004 of 29 September) which revokes the 1998 Regulation (76/98 of 29 December), the Regulation on Environmental Quality and Effluent Emissions Standards (18/2004) of 2 June and the Regulation on Environmental Auditing (32/2003) of 20 August. During 2006, new legislation was enacted namely the Regulation on Environmental Inspections (11/2006) of 15 June, the Regulation on Waste Management (13/2006) of 15 June and General Directives for Environmental Impact Studies (129/2006) and the Public Participation Process (130/2006) of 19 July.

In terms of environmental protection and safety, the Petroleum Act (3/2001) and the Petroleum Operations Regulations (924/2004) require that holders of exploration and production rights conduct petroleum operations in compliance with environmental and other applicable legislation.

Sasol Petroleum Temane Limitada (SPT), our Mozambican subsidiary, was certified in terms of ISO 14001 and ISO 9001 in November 2004 and has retained certification in subsequent annual surveillance audits. SPT also achieved OHSAS 18001 certification during January 2006.

In June 2005, we signed agreements with the Mozambican government for an offshore exploration license in the Indian Ocean. Seismic activities were conducted from January to June 2007 following a comprehensive and detailed EIA process which took in excess of 13 months to complete and approve. To ensure an open and transparent process, Sasol promoted wide and active public consultation and engagement with all identified stakeholders, in line with the recently published EIA Regulations. As recommended in the EIA, Sasol undertook year long baseline and monitoring studies pertaining to the potential impacts of shallow water exploration activities on sensitive receptors. The results are currently being studied in order to determine our further course of action.

The Environmental Impact Assessments for the planned onshore expansion aimed at the de-bottlenecking of the gas processing facility and the transportation pipeline have been concluded and submitted to the environmental authorities for approval.

The onshore construction and drilling project started in 2006 is expected to be concluded by the end of the 2008 calendar year. Project activities are governed by best practice environmental management approaches as defined in the MICOA approved Environmental Management Plan and periodic reports on environmental performance are submitted to the relevant environmental authorities.

Mineral Rights. Petroleum activities are regulated by the provisions of the Law Regulating Petroleum Activities. The National Petroleum Institute administers and regulates petroleum operations on behalf of the Mozambique Government. The Mozambique government encourages the exploration and development of the country's hydrocarbon potential within a certain project framework.

EIA Regulations for the Petroleum Sector as envisaged in the EIA Regulations (Decree 45/2004) are being compiled by the National Petroleum Institute. No information is currently available as to when these would be passed.

In accordance with the constitution of Mozambique, the land and the natural resources of the soil and the subsoil of the territorial waters and continental shelf are the property of the state, which determines the conditions for their development and use.

Qatar

Environmental regulation. All public or private development plans, including industrial, agricultural and infrastructure projects are required to follow the Environmental Protection Law and obtain an environmental authorisation permit from the Supreme Council for the Environment and Natural Reserves (SCENR). SCENR is also responsible for environmental protection and conservation in Qatar.

The Environmental Protection Law, Decree-Law No. (30) of 2002 aims to meet the following objectives; (1) protection of the environment, (2) prevention of pollution (short-and long-term) (3) sustainable development by developing natural resources for the benefit of the present and future generations, (4) the protection of society, human health and other living creatures, and (5) protection of the environment from the damaging effect of activities outside of the State of Qatar.

The Executive By-Law for the Environmental Protection Law, Issued vide the Decree Law No. 30 for the Year 2002 (the By-Law) stipulates specific standards and regulations to meet the objectives of The Environmental Protection Law. This includes regulations on determining the environmental impact of projects (requirements to conduct an EIA), emergency response plans for environmental disasters, hazardous wastes and materials, air pollution, water pollution, protection of marine environment. There are also 8 Annexes to this By-Law, including:

Air protection. Annex (3) of the By-Law stipulates standards for air quality for different industries including petrochemical industries as well as ambient air quality standards.

Water protection. Annex (4) of the By-Law provides standards for pollutants in case of discharges to the water environment and also prohibits some non decaying solid and liquid substances from discharge into water environments.

Waste and hazardous substances. Annex (7) of the By-Law regulates the management and trans-boundary movement of hazardous wastes.

Annex (8) of the By-Law regulates the import, production, handling and transportation of hazard materials including the categorisation, labelling, separation and packing of hazardous materials.

Consent to Operate (CTO). This is Oryx GTL's operating permit and is renewable on an annual basis. This permit stipulates general monitoring requirements, wastewater quality standards, point source air emission standards, overall noise level limit, handling and storage of hazardous wastes, chemical use, records and emergency response programmes.

Other environmental legislation. Qatar is a signatory to the following: Kyoto Protocol to the United Nations Framework Convention on Climate Change (Non Annex 1 country), Stockholm Convention on Persistent Organic Pollutants, Basel Convention on the Control of Trans-boundary Movements of Hazardous Wastes and Disposal, Amendment to the Basel Convention on the Control of Trans-boundary Movements of Hazardous Wastes and their Disposal, Montreal Protocol on Substances that Deplete the Ozone Layer, Amendment to the Montreal Protocol on Substances that Deplete the Ozone Layer, Vienna Convention for the Protection of the Ozone Layer, United Nations Framework Convention on Climate Change.

The State of Qatar has implemented Clean Development Mechanism (CDM), an initiative to reduce the emission of greenhouse gases. Gas flaring mitigation and the reduction of carbon emissions were among the two key areas focused on by Qatar as part of its commitment towards CDM.

The Environmental Design Basis (EDB) stipulates the environmental standards that should be followed during the project phase.

Health and safety regulation. All medical professionals (including nurses, lab technicians, physiotherapists) have to be registered to practice in Qatar with the National Health Authority (NHA). Oryx GTL comply with all Qatar National Health Guidelines which is in line with World Health Organization (WHO) standards. Oryx GTL's health center is licensed with the NHA through Qatar Petroleum (QP).

The Labour Law No (14) of the Year 2004. This law does not apply to employees and workers of Ministries and other governmental organs, public institutions, corporations and companies which are established by Qatar Petroleum (QP) by itself or with others, armed forces, casual workers, domestic employees, working members of employer's family and workers employed in agriculture and grazing. The Labour Law covers safety, vocational health and social care as well as work injuries and compensation thereof. Some sections (i.e. heat stress sections) do not apply to Oryx GTL.

Requirements for the Establishment and Operation of First Aid Stations within Ras Laffan Industrial City (QPR-MSR-001, 25/04/2006). This procedure describes the level of first aid services which may be provided at project specific locations in accordance with established international best practice by providing minimum and general requirements. This procedure assists organisations within Ras Laffan Industrial City (i.e. Oryx GTL) in determining requirements for a first aid station on-site.

Occupational Health and Safety Administration (OSHA). There is no regulatory authority for safety or health in Qatar and therefore Oryx GTL used the internationally recognised OSHA standards as guidelines where applicable.

Other countries

In a number of other countries we are engaged in various activities that are regulated by local and international laws, regulations and treaties. In Malaysia, China, Iran and other countries, we operate plants and facilities for the storage, processing and transportation of chemical substances, including feedstock, products and waste. In the United Arab Emirates, Nigeria, Gabon and other countries, we are involved, or are in the process of being involved, in exploration, extraction, processing or storage and transportation activities in connection with feedstock, products and waste relating to natural gas, petroleum and chemical substances. Our operations in the respective jurisdictions are subject to numerous laws and regulations relating to exploration and mining rights and the protection of safety, health and the environment.

4.C Organisational Structure

Sasol Limited is the ultimate parent of the Sasol group of companies. Our wholly owned subsidiary, Sasol Investment Company (Pty) Limited, a company incorporated in the Republic of South Africa, holds our interests in companies incorporated outside South Africa. The following table presents each of Sasol's significant subsidiaries (including direct and indirect holdings), the nature of business, percentage of shares of each subsidiary owned and the country of incorporation at 30 June 2008.

Name	Nature of business	Percentage ownership	Country of incorporation
Sasol Mining (Pty) Limited	Coal mining activities	100	South Africa
Sasol Synfuels (Pty) Limited	Production of liquid fuels, gases and chemical products and refining of tar acids	100	South Africa
Sasol Technology (Pty) Limited	Engineering services, research and development and technology transfer	100	South Africa
Sasol Financing (Pty) Limited	Management of cash resources, investment and procurement of loans	100	South Africa
Sasol Investment Company (Pty) Limited	Holding company of the group's foreign investments	100	South Africa
Sasol Chemical Industries Limited	Production and marketing of mining explosives, gases, petrochemicals, fertilisers and waxes	100	South Africa
Sasol Gas Holdings (Pty) Limited	Holding company for the group's gas interests	100	South Africa
Sasol Oil (Pty) Limited	Marketing of fuels and lubricants	75	South Africa
Republic of Mozambique Pipeline Investments Company (Pty) Limited	Owning and operating 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	50	South Africa
Sasol Chemical Holdings International (Pty) Limited	Investment in the Sasol Chemie group	100	South Africa
Sasol Chemicals Europe Limited	Marketing and distribution of chemical products	100	United Kingdom
Sasol Chemicals Pacific Limited	Marketing and distribution of chemical products	100	Hong Kong
Sasol Financing International plc	Management of cash resources, investment and procurement of loans	100	Isle of Man
Sasol Gas Limited	Marketing, distribution and transportation of pipeline gas and the maintenance of pipelines used to transport gas	100	South Africa
Sasol Group Services (Pty) Limited	Supplier of functional core and shared services to the Sasol Group of companies	100	South Africa
Sasol Oil International Limited	Buying and selling of crude oil	75(1)	Isle of Man
Sasol Petroleum International (Pty) Limited	Exploration, production, marketing and distribution of petroleum and natural gas	100	South Africa

Name	Nature of business	Percentage ownership	Country of incorporation
Sasol Polymers International Investments (Pty) Limited	Holding company for Sasol Polymers' foreign investments	100	South Africa
Sasol Synfuels International (Pty) Limited	Develop and implement international GTL and CTL ventures	100	South Africa
Sasol Wax International Aktiengesellschaft	Holding company for Sasol Wax operations	100	Germany
Sasol Wax GmbH	Production, marketing and distribution of waxes and wax related products	100	Germany
Tosas Holdings (Pty) Limited	Investment holding company	75(1)	South Africa
National Petroleum Refiners of South Africa (Pty) Limited	Refining crude oil	47.73(1)	South Africa
Sasol Chemie GmbH and Co. KG	Investment in the Sasol Germany GmbH, Sasol Solvents Germany GmbH and Sasol Olefins and Surfactants GmbH	100	Germany
Sasol Germany GmbH	Production, marketing and distribution of olefin and surfactant products	100	Germany
Sasol Solvents Germany GmbH	Production and marketing of solvents	100	Germany
Sasol Italy SpA	Manufacturing, trading and transportation of oil products, petrochemicals and chemical products and derivatives	99.9	Italy
Sasol North America Inc.	Manufacturing of commodity and speciality chemicals	100	United States

(1) This represents our effective holding through our 75% interest in Sasol Oil (Pty) Limited.

4.D Property, plants and equipment

Plants and facilities

We operate coal mines and a number of plants and facilities for the storage, processing and transportation of oil, chemicals and gas related raw materials, products and wastes. For a detailed discussion regarding the use, capacity and products of these facilities provided for each business see "Item 4.B Business Overview".

Coal mining facilities

Our main coal mining facilities are located at the Secunda Mining Complex, consisting of underground mines (Bosjesspruit, Brandspruit, Middelbult, Syferfontein and Twistdraai export mine) and Sigma: Mooikraal near Sasolburg.

Pages M-1 to M-3 include maps showing the location of our coal properties and major manufacturing plants in South Africa.

Our Secunda facilities

Our main manufacturing facilities are located at Secunda and they are the base for our Synfuels operations and a range of our chemical industries operations, including explosives, fertilisers, monomers

and polymers, solvents and tar. The approximate size of this property is 82.5 square kilometres (km^2) with operating plants accounting for 8.35 km^2.

Our Sasolburg facilities

Our facilities at Sasolburg are the base for a number of our chemical industries operations, including ammonia, explosives, fertilisers, mining chemicals, phenols, solvents, polymers, tars and wax operations. The approximate total size of these properties is 51.4 km^2.

The size of the Natref refinery, also based in Sasolburg, is approximately 1.1 km^2.

Our Mozambican facilities

Our natural gas processing operations in Mozambique are operated by Sasol Petroleum Temane Limitada (a subsidiary of Sasol Petroleum International). These facilities, located some 700 km north of the Mozambican capital, Maputo, on a site of approximately 400,000 m^2, extract and process natural gas from the Temane gas field. The processed gas is supplied to the South African gas market, utilising an underground high pressure pipeline, some 865 km in length and owned by Rompco.

Our facilities in Germany

Various operations of Sasol Solvents are based at two locations in Germany, the most significant of these facilities is Moers (site size approximately 808,000 m^2; plant size 400,000 m^2).

Various operations of Sasol Olefins & Surfactants, are based at a number of locations in Germany, most significant of these facilities are at Brunsbüttel (site size approximately 1.5 million m^2; plant size 500,000 m^2) and Marl (site size approximately 160,000 m^2; plant size 75,000 m^2).

Sasol Wax facilities are based in Hamburg (site size approximately 160,000 m^2; plant size 100,000 m^2).

Our facilities in Italy

Various operations of Sasol Olefins & Surfactants are based at a number of locations in Italy. The primary facilities are at Augusta (site size approximately 1.35 million m^2; plant size 220,000 m^2) and Terranova (site size approximately 353,000 m^2; plant size 200,000 m^2).

Our facilities in the United States

Various operations of Sasol Olefins & Surfactants are based at a number of locations in the United States. The most significant of these facilities is located at Lake Charles, Louisiana (site size approximately 3 million m^2; plant size 540,000 m^2).

Merisol also has operations based at Oil City, Pennsylvania and Houston and Winnie, Texas.

Sasol Wax's production facility is located in Richmond, California. Sales and marketing activities are also conducted from its office in Shelton, Connecticut.

For more information regarding capital expenditure in respect of these properties and the related facilities and operations, see "Item 4.A History and development of the company Capital expenditure" for a description of our material plans to construct, expand and enhance our facilities.

Our facilities in Qatar

Oryx GTL is a gas-to-liquids plant, with a nominal design capacity of 34,000 bpd located at Ras Laffan Industrial City, situated along the northeast coast of Qatar.

Mining properties and operations

Mine systems and their production capacity

Sasol Mining operates six mines, the annual nominated capacities and actual production values are indicated in the following table:

Nominated capacity and production

Mine	Nominated capacity per year(1) (Mt)	2008 actual production (Mt)	2007 actual production (Mt)
Bosjesspruit (Secunda)	8.1	7.3	7.6
Brandspruit (Secunda)	8.3	7.7	7.7
Middelbult (Secunda)	8.6	7.6	8.1
Syferfontein (Secunda)	8.6	9.3	8.4
Twistdraai Export (Secunda)	9.6	9.2	10.1
Sigma: Mooikraal (Sasolburg)	1.8	1.7	1.4

(1) The 2008 nominated capacity of the mines is the expected maximum production of that mine during normal operational hours.

All mines employ the underground bord and pillar mining method, using continuous miners. At Sasolburg, the Sigma Mine was first established in 1950. In the Secunda area, production at the first two mines, Brandspruit and Bosjesspruit, commenced in 1977. Twistdraai and Middelbult followed during the early 1980s, while Syferfontein started production in 1992. In 1996, the Twistdraai Export Mine was commissioned. The mine boundaries are extended based on ongoing studies and new planning. All the production equipment is either replaced or overhauled on a regular basis according to a managed maintenance system.

Processing operations

Export business Secunda operations. The export business was initiated in August 1996 as part of a growth strategy. To date, a total of 39 Mt of coal has been exported, beneficiated from 105 Mt at the Twistdraai Export Plant from 1996 through 2008. Coal is fed to the beneficiation plant from the existing Twistdraai Export Mine. The beneficiation plant produces primary export product with an ash content of approximately 10.3% as well as a secondary product for the Sasol Synfuels market.

The export beneficiation plant has a design throughput capacity of 10.5 Mt per year. In the 2008 financial year, 9.1 Mt was processed. The plant consists of a primary and secondary stage. The primary stage comprises three modules with two feed streams each. The coal is fed at a rate of 550 tons per hour into two 800 millimetre (mm) diameter dense medium cyclones per feed stream. There are a total of 18 cyclones in the primary stage. The secondary stage consists of two modules with two 1,000 mm diameter dense medium cyclones.

The run of mine (ROM) coal is transported via overland conveyor belts to the export beneficiation plant from the Twistdraai export mine. The export product is loaded onto trains by means of a rapid load-out system, and then transported to the Richards Bay Coal Terminal in KwaZulu-Natal.

The existing capacity at the Richards Bay Coal Terminal is 72 Mt per year. Sasol Mining has a 5% share in this terminal, which relates to the existing entitlement of 3.6 Mt per year. It is expected that the planned Richards Bay Coal Terminal expansion project will increase the total throughput capacity to 82 Mt.

Sasol Coal Supply Secunda operations. Sasol Coal Supply operates the coal handling facility between Sasol Mining and Sasol Synfuels by stacking and blending coal on six stockpiles of 110,000 tons each.

The Sasol Coal Supply operation has a stockpile capacity of 660,000 tons, which is turned over approximately 1.5 times per week. In addition, there is a reserve stockpile capacity of more than 2.5 Mt. The objectives of this facility are:

- to homogenise the coal quality supplied to Sasol Synfuels;
- to keep the Sasol Synfuels bunkers full with a product that conforms to customer requirements;
- to maintain a buffer stockpile to ensure even supply; and
- to prevent fine coal generation.

The daily coal supply to Sasol Synfuels is approximately 110,000 tons.

Coal exploration techniques

Sasol Mining's geology department employs several exploration techniques in assessing the geological risks associated with the exploitation of the coal deposits. These techniques are applied in a mutually supportive way to achieve an optimal geological model of the relevant coal seams, targeted for production purposes. The Highveld Basin is considered to be structurally complex when compared to the other coalfields in South Africa where mining activities are taking place. As a result, Sasol Mining bases its geological modelling on sufficient and varied geological information. This approach is utilised in order to achieve a high level of support to the production environment.

Core recovery exploration drilling. This is the primary exploration technique that is applied in all exploration areas, especially during reconnaissance phases. In and around operational mines, the average vertical borehole density varies from 1:10 to 1:15 (boreholes per hectare), while in medium term mining areas, the average borehole density is in the order of 1:25. Usually, the drilling depth ranges from 200 m to 250 m. Depths of the boreholes drilled vary, depending on the depth to the Pre-Karoo basement, which vary from 160 m to 380 m. The major application of this technique is to locate the coal horizons, to determine coal quality and to gather structural information about dolerite dykes and sills, and the associated de-volatilisation. This information is used to compile geological models and forms the basis of geological interpretation.

Directional drilling (surface to in-seam). Directional drilling from surface to in-seam has been successfully applied for several years. A circular area with a radius of approximately 2 km of coal deposit can be covered by this method, from one drill site. The main objective of this approach is to locate dolerite dykes and steep dipping dolerite sills, as well as faults with displacements larger than the coal seam thickness.

Horizontal drilling. This technique is applied to all operational underground mines and supplies short-term (minimum three months) exploration coverage per mining section. No core is usually recovered, although core recovery is possible, if required. The main objective is to locate dolerite dykes and steep dipping sills intersecting the coal mining horizon, by drilling horizontal holes in the coal seam from a mined out area. A drilling reach of up to 1 km is possible, although the average length is usually 800 m in undisturbed coal.

Aeromagnetic surveys. All exploration areas are usually aero-magnetically surveyed before the focused exploration is initiated. The main objective is to locate magnetic dolerite sills and dykes, as well as large-scale fault zones.

Airborne electro-magnetic surveys. Due to the occurrences of non-magnetic dolerite dykes and sills, it has been necessary to survey certain exploration areas electro-magnetically to pinpoint these structures to optimise mine deployment.

Geophysical wireline surveys of directional boreholes. Geophysical surveys are routinely conducted in the completed directional drilled boreholes. This results in the availability of detailed information leading to increased confidence of the surface directional drilling results. This technique has also been applied in underground directional drilling with excellent results.

Secunda operations

The coal supplied to Sasol Synfuels is the raw coal mined from the four mines supplying Sasol Synfuels exclusively and the secondary product from the export mine's beneficiation plant.

Extensive geological exploration has been done in the coal resource areas. Additional exploration is undertaken to update and refine the geological models, which allows accurate forecasting of geological conditions and coal qualities, for the effective planning and utilisation of the coal reserves.

Computation and storage of geological information

Geological information is stored in a Sequel Server database. Data validation and quality checking through several in-house methods is conducted regularly. Data modelling is conducted by manual interpretation and computer-derived geological models, using the Minex 5 edition of the GEMCOM/MINEX software. Reserves and composite qualities are computed using established and recognised geo-statistical techniques.

General stratigraphy

The principal coal horizon, the Number 4 Lower Coal Seam, provides some 86.6% of the total proven and probable reserves. The Number 4 Lower Coal Seam is one of six coal horizons occurring in the Vryheid Formation of the Karoo Supergroup, a permo-carboniferous aged, primarily sedimentary sequence. The coal seams are numbered from the oldest to the youngest.

Characteristics of the Number 4 Lower Coal Seam. The Number 4 Lower Coal Seam is a bituminous hard coal, characterised by the following borehole statistics:

- The depth to the base of the seam ranges from 40 m to 241 m with an average depth of 135 m below the surface topography. All the current mining done on this seam is underground.

- The floor of the seam dips gently from north to south at approximately 0.5 degrees.

- The thickness of the seam varies in a range up to 10 m with a weighted average thickness of 3.3 m. In general, thinner coal is found to the south and thicker coal to the west adjacent to the Pre-Karoo basement highs.

- The inherent ash content (air dried basis) is an average 24.5%, which is in line with the coal qualities supplied during the past 30 years to Sasol Synfuels.

- The volatile matter content is tightly clustered around a mean of 22.8% (air dried).

- The total sulphur content (air dried), which primarily consists of mineral sulphur in the form of pyrite and minor amounts of organic sulphur, averages 1.08% of the total mass of the coal.

The other potential coal seam is:

- The Number 2 Coal Seam, which provides an additional tonnage to the reserve in one area and is being evaluated in a number of other areas to provide supplemental reserve tonnage.

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Mining parameters and assumptions used during reserve estimation

Minimum mining height (meters): the minimum mining height used is 2.2 m. The exception is Bosjesspruit mine, where the height is 1.5 m.

Maximum mining height (meters): the maximum mining height used is 4.8 m (Syferfontein).

Primary safety factor[(1)]: the safety factor used in the mine planning, for primary development, in normal ground conditions is 1.8.

Secondary safety factor[(1)]: the safety factor used in the mine planning, for secondary development, in normal ground conditions is 1.6.

Minimum dry ash free volatile matter content: the dry ash free volatile matter content gives an indication of devolatilised coal. During estimations, areas with a dry, ash free volatile matter content of less than 28% are excluded, and considered to be devolatilised coal areas.

Geological loss factor: the geological loss factors vary in the respective blocks from 4.2% (Syferfontein) to 35% (Block 5 East). The geological loss factor is a discount factor applied to the gross in situ tonnage to take into account as yet unobserved geological features, which may occur. The geological loss factor is therefore a function of the borehole density and known geological complexity of the area, as well as the judgment of the competent person involved.

Mine layout losses: the mine layout loss factors, expressed as a percentage of the in situ coal reserves vary between 11% (Rooipoort) and 28% (Block 5 East). The mine layout loss factor is a discount factor required to account for the expected loss of coal reserves, due to actual mining activities, not reaching the defined boundary of the mineable in situ coal reserve block. The mine layout loss factors applied are therefore a function of the complexity of the depicted actual and anticipated geological structures and the actual historical loss factors experienced.

Mine method losses: this is the coal left behind in the roof due to not mining the full seam. The reason for this being safety, leaving a protective layer of coal in the roof of the coal seam. Losses reported are 13% for Syferfontein, 0.3% for Twistdraai and 9.1% for Sigma: Mooikraal

Mining losses: mining loss factor, expressed as a percentage of the mineable in situ coal reserve, vary between 40.4% (Twistdraai) and 50.6% (Syferfontein). The mining loss factor is the discount factor required to account for the expected loss of coal reserves, due to actual mining activities, which requires support pillars to be left in situ. The mining loss factors applied are therefore a function of the mining method used and planned to be used, as well as the actual historical loss factors experienced.

Contamination factor: the contamination factor expressed as a percentage of the extractable coal reserve, vary between 0% (Syferfontein) and 2.7% (Middelbult). The contamination factor refers to the extraneous coal and non-coal material which is unintentionally added to the practical mining horizon, as a result of the mining operations. The contamination factors applied are therefore a function of expected geological conditions in the immediate roof and floor of the mining horizon, as well as the actual and historical contamination factors experienced.

Superficial moisture factor: the superficial moisture factor, expressed as a percentage of the extractable coal reserve, vary between 5% (Middelbult) and 3.1% (Block 5 East). The superficial moisture refers to the extraneous moisture added to the extracted coal as a result of the mining operations. The factors applied are therefore based mostly on the historical factors experienced.

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(1)
The safety factor is calculated by dividing the strength of the pillar by the stress acting on the pillar. The strength of the pillar is determined by the inherent strength of the coal material, the width of the pillar and the height of the pillar. The stress on the pillar is the result of the pillar load, which is determined by the depth of mining, the pillar width and the board width.

Reserve estimation (remaining reserves at 31 March 2008)

We have approximately 3.9 billion tons (Bt) of gross in situ proven and probable coal reserves in the Secunda Deposit and approximately 1.3 Bt of recoverable reserves. The coal reserve estimations are set out in table 1 below. The different reserve areas are depicted on a map on page M-4, as well as whether a specific reserve area has been assigned to a specific mine.

Table 1.

Coal reserve estimations(1) as at 31 March 2008, in the Secunda area where Sasol Mining has interim statutory rights (old order mining rights), for which applications were submitted to convert to mining rights in terms of the Mineral and Petroleum Resources Development Act, Act 28 of 2002.

Reserve area	Gross in situ coal resource(2) (Mt)(5)	Geological discount (Mt)(5)	Mine layout losses (Mt)(5)	Extraction rate (%)	Recoverable reserves(3) (Mt)(5)	Beneficiated yield (%)	Proven/ probable
Middelbult Mine	746	119	96	48	256	100	Proven
Bosjesspruit Mine	406	32	24	53	185	100	Proven
Twistdraai Mine	77	4	20	60	47	P52,S27(4)	Proven
Syferfontein Mine	565	24	38	48	205	100	Proven
Brandspruit Mine	210	11	70	54	70	100	Proven
Rooipoort Area	339	40	84	61	134	P35,S45(6)	Probable
Evander Town(7)	30				(7)		Probable
Secunda Town(7)	88				(7)		Probable
Block 2, number 4 seam	810	219	108	59	273	100	Probable
Block 2, number 2 seam	370	100	49	59	125	100	Probable
Block 5 East	184	64	22	51	47	100	Probable
Block 3 South	141	38	19	58	52	100	Probable
Total Secunda Area	**3,965**				**1,394**		

(1) The coal reserve estimations in this table were compiled under supervision of Ms Karin van der Merwe and Mr. Jakes Lock. The "South African Code for Reporting of Minerals Resources and Minerals Reserves (The SAMREC Code 2007 edition)" dealing with competence and responsibility, paragraph 7, state Documentation detailing Exploration Results, Mineral Resources and Mineral reserves from which a Public Report is prepared, must be prepared by, or under the direction of, and signed by a Competent Person. Paragraph 9 states: A 'Competent Person' is a person who is registered with SACNASP, ECSA or PLATO, or is a Member or Fellow of the SAIMM, the GSS or a Recognised Overseas Professional organisation (ROPO). The Competent Person must comply with the provisions of the relevant promulgated Acts. Mr. JD Conradie, on behalf of Gemecs (Pty) Limited performed a comprehensive and independent audit of the coal resource/reserve estimations in February 2007. The estimates was certified as correct by one of the Gemecs (Pty) Ltd directors, Mr. CD van Niekerk (Pr.Nat.Sci), who signed the statement in his capacity as a competent person and auditor. The current estimation still is in line with the audited reserve and resource statement of February 2007. The estimation of the reserves is compliant with the definition and guidelines as stated in the SAMREC and JORC codes, as well as SEC Industry Guideline 7.

(2) The gross in situ coal resource is an estimate of the coal tonnage, contained in the full coal seam above the minimum thickness cut off and relevant coal quality cut off parameters. No loss factors are applied and seam height does not include external dilution or contamination material.

(3) The recoverable coal reserve is an estimate of the expected recovery of the mines in these areas and is determined by the subtraction of losses due to geological and mining factors and the addition of dilatants such as moisture and contamination.

(4) The P% of P52 refers to the export product yield from the recoverable coal reserve and the S% of S27 refers to secondary product yield, which will be supplied to the Synfuels factory. The balance of this is discard material.

(5) Mt refers to 1 million tons. Reference is made of tons, each of which equals 1,000 kilograms, approximately 2,205 pounds or 1,102 short tons.

(6) The Rooipoort area contains some coal which can be beneficiated for the export market. Investigations to prove the viability of beneficiation are underway.

(7) The probable reserves identified underneath the town of Secunda and Evander are excluded at this stage from the reserve statement, due to the uncertainty whether the reserves will be exploited, due to the perceived spirit and intent of current legislation.

Coal qualities per associated reserve estimation (remaining reserves at 31 March 2008)

In tables 2 and 3, additional information regarding coal qualities is provided.

Table 2.

Coal qualities, on an air dry basis, in respective coal reserve areas, where Sasol Mining has interim statutory rights (old order mining rights), in the Secunda mining complex, for which applications were submitted to convert to mining rights, in terms of the Mineral and Petroleum Resources Development Act, Act 28 of 2002.

Reserve area	Wet/ dry tons	Average inherent moisture content (%)	Average superficial moisture content (%)	Assigned/ unassigned	Steam/ metallurgical coal	Heat value (air dry basis) MJ/kg	Sulphur (air dry basis)
Middelbult Mine	Wet	4.2	5.0	Assigned	Steam	20.9	0.9
Bosjesspruit Mine	Wet	3.7	4.2	Assigned	Steam	21.0	1.1
Twistdraai Mine	Wet	3.9	3.7	Assigned	Steam	20.9	1.1
Syferfontein Mine	Wet	5.9	4.3	Assigned	Steam	21.8	0.7
Brandspruit Mine	Wet	4.1	3.7	Assigned	Steam	18.5	1.3
Rooipoort Area	Wet	4.2	4.3	Assigned	Steam	21.6	1.1
Evander Town	Wet	4.3	3.1	Unassigned	Steam	21.1	0.8
Secunda Town	Wet	3.8	3.1	Unassigned	Steam	21.6	1.0
Block 2, number 4 seam	Wet	4.3	4.5	Unassigned	Steam	21.5	0.9
Block 2, number 2 seam	Wet	3.9	4.5	Unassigned	Steam	19.6	0.7
Block 5 East	Wet	3.7	3.1	Unassigned	Steam	20.8	1.0
Block 3 South	Wet	3.4	3.5	Unassigned	Steam	21.9	0.7

Table 3.

Coal qualities, on an as received basis, in respective coal reserve areas, where Sasol Mining has interim statutory rights (old order mining rights), in the Secunda mining complex, to convert to mining rights in terms of the Mineral and Petroleum Resources Development Act, Act 28 of 2002.

Reserve area	Wet/ dry tons	Average inherent moisture content (%)	Average superficial moisture content (%)	Assigned/ unassigned	Steam/ metallurgical coal	Heat value (as received basis) MJ/kg	Sulphur (as received basis)
Middelbult Mine	Wet	4.2	5.0	Assigned	Steam	19.8	0.8
Bosjesspruit Mine	Wet	3.7	4.2	Assigned	Steam	20.2	1.0
Twistdraai Mine	Wet	3.8	4.1	Assigned	Steam	20.6	1.1
Syferfontein Mine	Wet	5.9	4.3	Assigned	Steam	20.8	0.7
Brandspruit Mine	Wet	4.1	3.7	Assigned	Steam	17.8	1.3
Rooipoort Area	Wet	4.2	4.3	Assigned	Steam	20.6	1.0
Evander Town	Wet	4.3	3.1	Unassigned	Steam	21.1	0.8
Secunda Town	Wet	3.8	3.1	Unassigned	Steam	20.9	1.0
Block 2, number 4 seam	Wet	4.3	4.5	Unassigned	Steam	20.8	0.9
Block 2, number 2 seam	Wet	3.9	4.5	Unassigned	Steam	19.0	0.7
Block 5 East	Wet	3.7	3.1	Unassigned	Steam	20.3	1.0
Block 3 South	Wet	3.4	3.5	Unassigned	Steam	21.1	0.7

Criteria for proven and probable

Over and above the definitions for coal reserves, probable coal reserves and proven coal reserves, set forth in Industry Guide 7, under the US Securities Act of 1933, as amended, which are included in our glossary, we consider the following criteria to be pertinent to the classification of the reserves.

Probable reserves are those reserve areas where the drill hole spacing is sufficiently close in the context of the deposit under consideration, where conceptual mine design can be applied, and for which all the legal and environmental aspects have been considered. Probable reserves can be estimated with a lower level of confidence than a proven coal reserve. Currently this classification results in variable drill spacing depending on the complexity of the area being considered and is generally less than 500 metres, although in some areas it may extend to 880 metres. The influence of increased drilling in these areas should not materially change the underlying geostatistics of the area on the critical parameters such as seam floor, seam thickness, ash and volatile content.

Proven reserves are those reserves for which the drill hole spacing is generally less than 350 metres, for which a complete mine design has been applied which includes layouts and schedules resulting in a full financial estimation of the reserve. This classification has been applied to areas in the production stage or for which a detailed feasibility study has been completed.

Legal rights on coalfields

Mineral rights were substituted with interim statutory rights in accordance with the transitional provisions of the Mineral and Petroleum Resources Development Act (Act 28 of 2002), which came into effect on 1 May 2004. Sasol, therefore, hold these interim statutory rights (Old Order mining rights), to mine more than 98% of the mineral rights previously owned in the Secunda area. Sasol holds four Old Order mining rights, (previously Section 9 mining authorisations under the repealed Minerals Act), consisting of 157,000 hectares of coal rights. In terms of the aforementioned transitional provisions, Sasol must apply to have these interim old order mining rights converted to new order mining rights by 30 April 2009. Applications for the conversion of the four Secunda Complex Old

Order mining rights, which comprises the total reserve area depicted in table 1 and plan in attachment page M-4, have been submitted to the Department of Minerals and Energy during April 2006. See also "Item 4.B Business Overview Regulation of mining activities in South Africa". In respect of the Mooikraal Operation in the Free State, an application for the conversion of the old order mining right will be submitted during the latter part of the 2008 calendar year.

Sasolburg operations

Exploration history

The Northern Free State area was first explored in the late 1930s. The exploration was conducted by drilling core recovery boreholes over the current Sasolburg area. Some boreholes were initially drilled by the South African government. The Sigma mine was established in 1950. Subsequent drilling by the General Mining and Finance Corporation in the 1960s identified more coal reserves in the southwest of the existing Sigma Mine as well as extensions to the south and east. Page M-3 includes a map showing the location of our Sasolburg coal operations.

Drilling conducted by Sasol Mining has continued to the present. All analytical work was initially done by the state laboratory, the Fuels Research Institute. More recently, it was conducted by the laboratories of the South African Bureau of Standards in Pretoria (now Coal and Mineral Technology).

Coal seam geology

There are two primary coal seams of importance, the Number 2 Coal Seam and the Number 3 Coal Seam. These coal seams are separated by a carbonaceous mudstone to siltstone parting and consist of a number of coal plies and carbonaceous mudstone interburdens. The individual coal plies are numbered from the base upwards and selected mining horizons are identified on the basis of the coal quality required. The major controlling factor on the coal development is the pre-Karoo basement.

Selective mining within coal seams implies that strict horizon control is exercised to maintain mining on the selected horizon. This has been done very successfully at the old Sigma underground operations and at the Mohlolo underground operation. The same principles which were applied when mining the old Sigma and Mohlolo underground operations are applied at the Sigma: Mooikraal Mine. In the visible coal seam a well-defined sulphide marker within the seam assists in the identification and verification of the pre-determined minable horizon underground, even in areas where the coal seam is displaced by faulting.

In general, the quality of the coal (the ash yield or the fixed carbon content) deteriorates from the base of the coal seam to the top of the coal seam.

In-seam occurrence of inorganic material is rare in the selected mineable area and may consist of locally developed carbonaceous mudstone lenses. Inorganic material occurs mainly towards the top of the coal seam, but has been excluded from the selected mineable horizon.

Sigma Mine has been active since 1950 and has completed total extraction of board and pillar and longwall mining on both the major coal seams. The operations at the Mohlolo underground mines, developed from the highwalls of the Wonderwater strip mine, were closed during the 2006 calendar year.

The development of the Sigma: Mooikraal mine is on schedule and production started during 2006. The current expected production for 2008 is 1.7 Mt per year, where the number 3 B seam is mined.

Selected mining horizon

The determination of the selected mining horizon is driven primarily by the required coal quality for the steam process at Sasol Infrachem. In order to define the mining horizon, detailed sampling, with associated coal seam descriptions, are conducted. From this, both a visual and chemical correlation of the plies are made.

Reserve estimation

Sasol Mining has 28 Mt proven recoverable coal reserves for supply to Sasol Infrachem for steam generation from the number 3B coal seam. The reserve estimation is depicted in Table 4 below.

Table 4.

Coal reserve estimation[1] of proven and probable reserves, in areas where Sasol Mining has interim statutory rights (old order mining rights) in the Sasolburg mining complex, to be converted to mining rights pursuant to the Mineral and Petroleum Resources Development Act, Act 28 of 2002.

Reserve area	Coal seam	Gross in situ coal resource[2] (Mt)[5]	Geological discount (Mt)[5]	Mine layout losses (Mt)[5]	Extraction Rate (%)	Recoverable Coal reserves[3&4] (Mt)[5]	Proven/ probable
Sigma: Mooikraal	3B	79	10	9	42	26	Proven
Sigma: Mooikraal (Remainder)	3B	65	8	6	41	21	Probable
Sigma: Mooikraal South (devol)[6]	3B	64	8	6	42	24	Probable
Total Sasolburg area		**208**				**71**	

(1)
The coal reserve estimations in this table were compiled under supervision of Ms Karin van der Merwe and Mr. Jakes Lock. The "South African Code for Reporting of Minerals Resources and Minerals Reserves (The SAMREC Code 2007 edition)" dealing with competence and responsibility, paragraph 7, state: Documentation detailing Exploration Results, Mineral Resources and Mineral reserves from which a Public Report is prepared, must be prepared by, or under the direction of, and signed by a Competent Person. Paragraph 9 states: A 'Competent Person' is a person who is registered with SACNASP, ECSA or PLATO, or is a Member or Fellow of the SAIMM, the GSS or a Recognised Overseas Professional organisation (ROPO). The Competent Person must comply with the provisions of the relevant promulgated Acts. Mr. JD Conradie, on behalf of Gemecs (Pty) Limited performed a comprehensive and independent audit of the coal resource/reserve estimations in February 2007. The estimates was certified as correct by one of the Gemecs (Pty) Ltd directors, Mr. CD van Niekerk (Pr.Nat.Sci), who signed the statement in his capacity as a competent person and auditor. The current estimation still is in line with the audited reserve and resource statement of February 2007. The estimation of the reserves is compliant with the definition and guidelines as stated in the SAMREC and JORC codes, as well as SEC Industry Guideline 7.

(2)
The gross in situ coal resource is an estimate of the coal tonnage, contained in the full coal horizon, selected for mining, above the minimum thickness cut off a relevant coal quality cut off parameters. No loss factors are applied and seam height does not include external dilution or contamination material.

(3)
Recoverable coal reserve refers to the economically mineable coal, inclusive of diluting and contaminating material, and allows for losses that may occur when material is mined.

(4)
At Sasolburg, no coal beneficiation is conducted with 100% of the recoverable coal supplied to the client.

(5)
Mt refers to 1 million tons. One ton equals 1,000 kilograms, approximately 2,205 pounds or 1,102 short tons.

(6)

In the southern portion of the Sigma: Mooikraal reserve area, the coal is overlain by a dolerite sill, which had an effect on the coal seam which is planned to be mined. The reserves in this area are therefore indicated as probable reserves. The reserves' minebility will be proven once mining is attempted in this area.

Coal qualities per associated reserve estimation (remaining reserves at 31 March 2008)

In tables 5 and 6 additional information regarding coal qualities is provided.

Table 5.

Coal qualities on an Air Dry Basis, per reserve estimation area, in areas where Sasol Mining has interim statutory rights (old order mining rights) in the Sasolburg mining complex, to be converted to mining rights in terms of the Mineral and Petroleum Resources Development Act, Act 28 of 2002.

Reserve area	Wet/ dry tons	Average inherent moisture content (%)	Average superficial moisture content (%)	Assigned/ unassigned	Steam/ metallurgical coal	Heat value (air dry basis) MJ/kg	Sulphur (air dry basis)
Sigma: Mooikraal	Wet	5.0	3.2	Assigned	Steam	20.3	0.5
Sigma: Mooikraal (Remainder)	Wet	5.9	3.2	Assigned	Steam	18.7	0.5
Sigma: Mooikraal South (devol)	Wet	4.7	3.2	Assigned	Steam	21.7	0.6

Table 6.

Coal qualities on an as received basis, per reserve estimation area, in areas where Sasol Mining has interim statutory rights (old order mining rights), in the Sasolburg mining complex, to be converted to mining rights pursuant to the Mineral and Petroleum Resources Development Act, Act 28 of 2002.

Reserve area	Wet/ dry tons	Average inherent moisture content (%)	Average superficial moisture content (%)	Assigned/ unassigned	Steam/ metallurgical coal	Heat value (as received basis) MJ/kg	Sulphur (air dry basis)
Sigma: Mooikraal	Wet	5.0	3.2	Assigned	Steam	19.3	0.5
Sigma: Mooikraal (Remainder)	Wet	5.9	3.2	Assigned	Steam	17.6	0.5
Sigma: Mooikraal South (devol)	Wet	4.7	3.2	Assigned	Steam	20.7	0.6

Oil and gas production and exploration operations

SPI, our dedicated oil and gas exploration and production company, currently has reserves in two fields:

In Gabon, the company holds a 27.75% non-operated interest in the offshore Etame license. An internally determined assessment of oil reserves was conducted during June 2008. As this license is a Production Sharing Contract, reserves reported represent the net economic interest volumes attributable to the company, after deduction for royalties, grossed up for income taxes.

In Mozambique, the company holds a 70% operated interest in the Pande and Temane Petroleum Production Agreement gas fields. An internally determined assessment of gas reserves was conducted during June 2008. In respect of Mozambican gas the standard pressure base used is 14.70 Psia and the standard temperature is 59°F in accordance with the specifications set by the Government of Mozambique. Reserves reported represent the net economic interest volumes attributable to the company, after deduction of production tax. Additionally, the Proved Developed and Undeveloped volumes booked are restricted to the take-or-pay quantities defined in the gas sales agreement for the remainder of the 25-year term. A phased approach to field development has been followed and only the Temane field has currently been developed. Development of the Pande field is under way and production will commence in 2009.

Reserve and production disclosure

See unaudited supplemental oil and gas information to "Item 18. Financial statements" for further disclosures of oil and gas operations.

	Crude Oil and Condensate			Natural Gas		
	Mozambique	Other areas	Total	Mozambique	Other areas	Total
	Millions of barrels			Billions of cubic feet		
Proved developed and undeveloped reserves						
Balance at 30 June 2005	7.3	9.8	17.1	1,367.9		1,367.9
Revisions	0.3	0.2	0.5	(6.7)		(6.7)
Extensions and discoveries	0.1		0.1			
Production	(0.4)	(1.4)	(1.8)	(55.1)		(55.1)
Balance at 30 June 2006	7.3	8.6	15.9	1,306.1		1,306.1
Revisions	(1.0)	1.3	0.3	28.7		28.7
Production	(0.7)	(1.4)	(2.1)	(58.2)		(58.2)
Balance at 30 June 2007	5.6	8.5	14.1	1,276.6		1,276.6
Revisions	(0.6)	(0.7)	(1.3)	2.8		2.8
Production	(0.5)	(1.8)	(2.3)	(65.4)		(65.4)
Balance at 30 June 2008	4.5	6.0	10.5	1,214.0		1,214.0
Proved developed reserves						
At 30 June 2006	3.1	3.0	6.1	373.5		373.5
At 30 June 2007	2.7	6.2	8.9	371.6		371.6
At 30 June 2008	2.1	5.4	7.5	277.3		277.3

The table above records estimates of the reserve quantities held by Sasol, through its various operating entities under Sasol Petroleum International (Pty) Limited.

ITEM 4A. UNRESOLVED STAFF COMMENTS

There are no unresolved written comments from the SEC staff regarding our periodic reports under the Exchange Act received more than 180 days before 30 June 2008.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

This section should be read in conjunction with our consolidated financial statements included in "Item 18. Financial Statements" as at 30 June 2008 and 2007, and for the years ended 30 June 2008, 2007 and 2006, including the accompanying notes, that are included in this annual report on Form 20-F. The following discussion of operating results and the financial review and prospects as well as our consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Certain information contained in the discussion and analysis set forth below and elsewhere in this annual report includes forward-looking statements that involve risks and uncertainties. See "Item 3.D Key information Risk factors" for a discussion of significant factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in this annual report.

5.A Operating results

Company and business overview

Sasol is an integrated energy and chemical company. We add value to coal, oil and gas reserves, using these feedstocks to produce liquid fuels, fuel components and chemicals through our unique, proprietary technologies. We mine coal in South Africa and produce gas in Mozambique and oil in Gabon, and our chemical manufacturing and marketing operations span the globe. In South Africa we refine imported crude oil and retail liquid fuel products through our network of retail convenience centres. We also supply fuels to other distributors in the region and gas to industrial customers.

We maintain extensive chemical manufacturing and marketing operations, mostly in South Africa, Europe, the United States of America (USA), the Middle East and Asia.

In South Africa, we refine imported crude oil and retail liquid fuels through a network of 406 Sasol retail convenience centres and Exel service stations. We also supply fuels to oil companies operating in South Africa and other distributors in South Africa and sub-Saharan Africa. Through Sasol Synfuels International (SSI) and Sasol Chevron, we are pursuing international opportunities to commercialise our CTL and GTL technology. We brought our first international GTL plant, Oryx GTL, into operation in 2007 and we are developing a GTL plant in Nigeria. We are promoting our CTL technology in China and India.

We employ approximately 34,000 people worldwide and remain one of South Africa's largest investors in capital projects, skills development and technological research and development.

In 2006, we announced our intention to consider the divestiture of the Sasol Olefins & Surfactants (O&S) business subject to fair value being received. In March 2007, we announced that we terminated the planned divestiture process of the Sasol O&S business and will retain this business. We believe that it was in shareholders' interests not to pursue the divestiture since fair value for the business could not be obtained. A number of restructuring and other opportunities to improve business performance have been identified and are currently being executed as part of a turn-around programme due to last for the next two to four years.

The group has nine reportable segments that comprise the structure used by the GEC to make key operating decisions. While the information is presented by cluster, the underlying business unit information in each of the clusters is still presented to the GEC and board. We have continued to present each of the business units as reporting segments.

Whilst Sasol Petroleum International (SPI) and Sasol Synfuels International (SSI) do not meet the quantitative criteria for disclosure as a separate segment, it is expected to become a significant contributor to the group's performance in future years as the upstream supplier of resources for the group's GTL and CTL activities. Consequently, the GEC has chosen to include SPI and SSI as reportable operating segments as we consider this presentation to be appropriate in light of their strategic importance to the group.

We divide our operations into the following segments:

South African energy cluster:

- Sasol Mining
- Sasol Gas
- Sasol Synfuels
- Sasol Oil
- Other includes costs related to the pre-feasibility study for the expansion of our synthetic fuels capacity in South Africa known as Project Mafutha.

International energy cluster:

- Sasol Synfuels International
- Sasol Petroleum International

Chemical cluster:

- Sasol Polymers
- Sasol Solvents
- Sasol Olefins & Surfactants
- Other Chemicals includes Sasol Wax, Sasol Nitro, Merisol, Sasol Infrachem and other chemical businesses

Other businesses:

- Other includes Sasol Technology, Sasol Financing and the group's central administration activities.

External factors and conditions

Our business, operating results, cash flow and financial condition are subject to the influence of a number of external factors and conditions. These include conditions in the markets in which we sell our products, including the fluctuations in the international price of crude oil, effect of fluctuations in the currency markets, most notably in the exchange rate between the rand and the US dollar, cyclicality in the prices of chemical products, the effect of coal prices on export coal operations and the effects of inflation on our costs. Other factors which may influence our business and operating results include economic, social, political and regulatory conditions and developments in the countries in which we operate our facilities or market our products. See "Item 3.D Key information Risk factors".

Fluctuations in refining margins and crude oil, natural gas and petroleum products prices

Through our participation in the Natref refinery, we are exposed to fluctuations in refinery margins resulting from fluctuations in international crude oil and petroleum product prices. We are also exposed to changes in absolute levels of international petroleum product prices through our synfuels operations. Fluctuations in international crude oil prices affect our results mainly through their indirect effect on the Basic Fuel Price (BFP) formula. A key factor in the BFP is the Mediterranean and

Singapore (for petrol) or the Arab Gulf (for diesel) spot price. See "Item 4.B Business overview Sasol Synfuels", "Sasol Oil" and "Sasol Petroleum International". Furthermore, prices of petrochemical products and natural gas are also affected by fluctuations in crude oil prices.

Market prices for crude oil, natural gas and petroleum products fluctuate as they are subject to local and international supply and demand fundamentals and factors over which we have no control. Worldwide supply conditions and the price levels of crude oil may be significantly influenced by international cartels, which control the production of a significant proportion of the worldwide supply of crude oil, and by political developments, especially in the Middle East.

The volatility of the crude oil price is illustrated in the following table, which shows the annual high, low and average of the European Brent crude oil price (free on board) in US dollars for the past ten years and to 28 September in the 2008 calendar year:

	US dollars per barrel (US$/b)		
Financial year	**Average(1)**	**High**	**Low**
1998	16.15	21.29	10.77
1999	12.60	16.98	9.10
2000	24.03	31.93	17.25
2001	28.38	37.43	22.23
2002	23.24	29.22	16.51
2003	27.83	34.94	22.82
2004	31.30	39.22	25.51
2005	46.17	58.50	35.36
2006	62.45	74.45	52.84
2007	63.95	78.26	49.95
2008 (through 30 June)	95.51	139.38	67.73
July 2008	132.72	143.95	122.46
August 2008	113.24	124.16	108.72
September 2008	97.32	104.94	85.85

Source: Energy Information Administration (US Department of Energy)

(1) The average price was calculated as an arithmetic average of the quoted daily spot price.

On 30 September 2008, the price of European Brent crude oil was US$93.71/b.

Significant changes in the price of crude oil, natural gas and petroleum products over a sustained period of time may lead us to alter our production, which could have a material impact on our turnover. Decreases in the price of crude oil and petroleum products can have a material adverse effect on our business, operating results, cash flows and financial condition.

Other factors which may influence the aggregate demand and hence affect the markets and prices for products we sell may include changes in economic conditions, the price and availability of substitute fuels, changes in product inventory, product specifications and other factors. In recent years, prices for petroleum products have fluctuated widely.

We make use of derivative instruments, including commodity 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. While the use of these derivative instruments provides some protection against short-term volatility in crude oil prices, it does not protect against longer-term trends in crude oil prices.

As a result of the group's substantial capital investment programme and cash flow requirements, we deemed it necessary to shield the group's income from fluctuations in crude oil prices by means of appropriate hedging strategies. In 2006, we hedged the equivalent of approximately 30% of Sasol Synfuels' production by entering into a zero cost collar pursuant to which the group was protected at average crude oil prices below US$45.00/b but able to take advantage of higher crude oil prices, only incurring a cash outflow should 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. The market value of the collar resulted in a charge to the income statement of R93 million for the year ended 30 June 2006.

In 2007, we hedged the equivalent of approximately 30% of Sasol Synfuels' production (45,000 bpd) and the Sasol Petroleum International (SPI) Gabon operation's production by entering into a zero cost collar pursuant to which the group was protected at average crude oil prices below US$63.00/b but able to take advantage of higher crude oil prices, only incurring a cash outflow should average crude oil prices be above US$83.60/b. A net profit of R211 million was achieved after a realised profit of R408 million related to the 2007 hedge, as a result of the crude oil price falling below the floor of the hedge, and a revaluation loss of R197 million related to the 2008 hedge.

In 2008, we hedged the crude oil equivalent of approximately 30% of our Sasol Synfuels' production (45,000 bpd) by means of a zero cost collar in terms of which the group was protected at crude oil prices below US$62.40/b and benefited from crude oil prices up to US$76.75/b. A similar crude oil hedge was entered for the planned production from Sasol Petroleum International's West African output for a range between US$64.10/b and US$75/b. However, we incurred a cash outflow as crude oil prices exceeded the cap of US$76.75/b during the hedging period. As a result of the significant increase in crude oil prices during the 2008 financial year (average dated brent was US$95.51/b in 2008 compared to US$63.95/b in 2007), the settlement of the oil hedge in May 2008 and June 2008 resulted in a net cash outflow of R2.3 billion for the year ended 30 June 2008. See "Item 11. Quantitative and qualitative disclosure about market risk".

We believe this hedging strategy remains appropriate and have again hedged the crude oil equivalent of approximately 30% (16.4 million barrels) of Sasol Synfuels' planned production by means of a zero cost collar for the 2009 financial year. This crude oil hedge was entered into in August 2008 with a cap of US$228/b and a floor of US$90/b. A similar crude oil hedge has been entered into for approximately 30% (550,000 barrels) planned production from Sasol Petroleum International's West African output for a range between US$90/b and US$240/b.

In 2009, 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$51 million (R402 million). 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$16 million (R131 million) for each US$1/b change in the average crude oil price above or below the range of the collar.

Exchange rate fluctuations

The rand is the principal functional currency of our operations. However, a large part of our group's turnover is denominated in US dollars and some part in euro, derived either from exports from South Africa or from our manufacturing and distribution operations outside South Africa. Approximately 90% of our turnover is linked to the US dollar as petroleum prices in general and the price of most petroleum and chemical products are based on global commodity and benchmark prices which are quoted in US dollars. A significant part of our capital expenditure is also US dollar denominated, as it is directed to investments outside South Africa or constitutes materials, engineering and construction costs imported into South Africa.

After the significant weakening of the rand against the US dollar in 2002, the rand appreciated against the US dollar between 2003 and 2005. This appreciation had a negative impact on our operating results over this period. There was a marginal weakening of the rand against the US dollar in 2006 of approximately R0.20 per US dollar. In 2007, the rand had weakened further with the average rate for 2007 being R7.20 per US dollar compared to R6.41 per US dollar in 2006. During 2008, the rand has weakened slightly further against the US dollar, with the average exchange rate for 2008 being R7.30 per US dollar compared to R7.20 per US dollar in 2007. This weakening in the rand had a positive impact on our operating results in 2008. Similarly, the strengthening of the euro against the US dollar over the last three years has negatively impacted the profitability of our European operations where our costs are euro based and a significant portion of our turnover is US dollar based.

Although the exchange rate of the rand is primarily market determined, its value at any time may not be an accurate reflection of the underlying value of the rand, due to the potential effect of, among other factors, exchange controls. These regulations also affect our ability to borrow funds from non-South African sources for use in South Africa or to repay these funds from South Africa and, in some cases, our ability to guarantee the obligations of our subsidiaries with regard to these funds. These restrictions have affected the manner in which we have financed our acquisitions outside South Africa and the geographic distribution of our debt. See "Item 10. Additional information".

The average exchange rate for the year has a significant effect on our turnover and our operating profit. In 2009, for budgeting and forecasting purposes, we estimate that for every R0.10 weakening or strengthening in the annual average rand/US dollar exchange rate, our operating profit will increase or decrease by approximately R832 million, as applicable.

We manage our foreign exchange risks through the selective use of forward exchange contracts and cross currency swaps. We use forward exchange contracts to reduce foreign currency exposures arising from imports into South Africa. Forward exchange contracts which result in exposure of more than R100 million require pre-approval from our GEC. We apply the following principal policies in order to protect ourselves against the effects (on our South African operations) on the volatility of the rand against other major currencies as well as an anticipated long-term trend of a devaluing rand:

- All major capital expenditure in foreign currency is hedged on commitment of expenditure or on approval of the project (with South African Reserve Bank approval), by way of forward exchange contracts; and

- All imports in foreign currency in excess of an equivalent of US$50,000 per transaction are hedged on commitment by way of forward exchange contracts.

See "Item 11. Quantitative and qualitative disclosure about market risk".

Cyclicality in petrochemical products prices

The demand for our chemical products is cyclical. Typically, higher demand during peaks in industry cycles leads producers to increase production capacity, at which point prices decrease. Most commodity chemical prices tend, over the longer term, to track the crude oil price. However, over the past 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.

On average, we experienced a 20% and 45% increase in the polymer and ammonia product prices in 2008, compared to 2007, and a 12% increase in solvent product prices. Although peaks in these cycles have in the past been characterised by increased market prices and higher operating margins, such peaks have prompted further world wide capital investment which has led to supply exceeding demand and a resultant reduction in selling prices and operating margins.

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. Our strategy for our commodity chemicals business, therefore, is wherever possible to invest in the value chain of raw materials to final products. As a result of this approach, 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.

Coal prices

Approximately 8.64% of our coal production is sold to external markets (3.4 million tons (Mt) sold to the export market, predominantly in Europe and 0.9 Mt sold to the South African market). External sales to these markets represented approximately 28.25% of the total turnover generated by Sasol Mining during 2008.

Export coal sales prices are compared to the published international coal price indices to track performance. Sasol Mining's policy is to sell at prices partially on an American Petroleum Standard Index (API) related basis, and partially on fixed prices. Sales at fixed prices are not extended beyond nine months forward. Internal coal sales are made to Sasol Synfuels and Infrachem. Coal sales prices into this market are negotiated on a five year contractual basis and are subject to periodic price adjustments. Transfer price negotiations are at arms length. The short-term coal sales contract to Eskom from the Brandspruit Mine was terminated in February 2008. The contract has not been extended and coal from the Secunda reserves has been retained to supply our Synfuels plant.

The average free on board Richards Bay price index for the past seven financial years:

Inflation

Whilst over recent years, inflation and interest rates have been at relatively low levels, the economy of South Africa, though currently well managed, at various times in the past has had high inflation and interest rates compared to the USA and Europe. Should these conditions recur, this would increase our South African-based costs.

High interest rates could adversely affect our ability to ensure cost-effective debt financing in South Africa. Sasol expects the impact of changes in the inflation rates on our international operations to be less significant.

The history of the South African consumer price index (CPI) and producer price index (PPI) is illustrated in the following table, which shows the average increase in the index for the past 10 calendar years and the annual percentage change on a monthly basis in calendar year 2008:

Calendar year	**CPI**	**PPI**
1998	6.9%	3.6%
1999	5.2%	5.8%
2000	5.4%	9.2%
2001	5.7%	8.4%
2002	9.2%	14.2%
2003	5.8%	1.7%
2004	1.4%	0.6%
2005	3.4%	3.1%
2006	4.7%	7.7%
2007	7.1%	10.9%
January 2008	9.3%	10.4%
February 2008	9.8%	11.3%
March 2008	10.6%	11.9%
April 2008	11.1%	12.4%
May 2008	11.7%	16.4%
June 2008	12.2%	16.8%
July 2008	13.4%	18.9%
August 2008	13.7%	19.1%

Source: Statistics South Africa

Reclassification of Sasol Olefins & Surfactants (Sasol O&S)

Previously we had announced our intention to consider the divestiture of the Sasol O&S business subject to fair value being received and substantial work was undertaken to prepare the business for sale and attempt to sell it. In March 2007, we announced our decision to terminate the divestiture process and retain and restructure the business, for which we are envisaging a time frame of two to four years. The reason for the termination of the sale was that fair value could not be obtained.

A restructuring programme has been implemented and the shut down for an indefinite period of Baltimore, USA and Porto Torres, Italy LAB facilities as well as normal paraffin production in Augusta, Italy have been announced to date. The overall turnaround process focuses on fixed and variable cost reduction, margin improvement, disposal or shutdown of underperforming assets and an organisational overhaul. Certain provisions amounting to R405 million had been recognised through the income statement in 2007 relating mainly to restructuring and environmental rehabilitation costs.

Since 2008, the turnaround process has started to bear fruit. Capacity reductions through LAB plant closures have rebalanced the market, while margin improvements have resulted from higher prices. The organisational restructuring is however still in its early phase. It is still anticipated that the full turnaround programme will only be completed in the next two to four years. In addition, several restructuring and turnaround provisions associated with the retention and turnaround of the Sasol O&S business amounting to R216 million were recognised in the current year.

Our operations are subject to various laws and regulations in the countries in which we operate

The group operates in numerous countries throughout the world and is subject to various laws and regulations which may become more stringent. Our mining, gas and petroleum-related activities in South Africa are subject to, amongst others, the following laws or regulations:

- The Broad-based Black Economic Empowerment Act;
- The Gas Act;
- The Gas Regulator Levies Act;
- The Minerals Act;
- The Mineral and Petroleum Resources Development Act (MPRDA);
- The Mineral and Petroleum Royalty Bill;
- The National Energy Regulator Act;
- The Petroleum Products Act and the Petroleum Products Amendment Act;
- The Petroleum Pipelines Act;
- The Petroleum Pipelines Levies Act; and
- The Restitution of Land Rights Act.

We are also subject to various local, national and regional safety, health and environmental laws and regulations. Our global operations are also impacted by international environmental conventions. See "Item 4. Business overview" and "Item 3.D Key information Risk factors" for the details of the various laws and regulations which may impact on our operating results, cash flows and financial condition.

In South Africa, our operations are required to comply with certain procurement, employment equity, ownership and other regulations which have been designed to address the country's specific transformation issues. These include the Mining Charter, the Liquid Fuels Charter, and the Broad-based Black Economic Empowerment Act along with the various Codes of Good Corporate Practice for broad-based Black Economic Empowerment, the MPRDA and the Restitution of Land Rights Act. See "Item 4.B Business overview".

Broad-based Black Economic Empowerment (BEE) transactions

Sasol Mining BEE transaction

We announced on 16 March 2006, the first phase implementation of Sasol Mining's broad-based empowerment strategy for compliance with the Mining Charter and the MPRDA through the formation of Igoda Coal (Pty) Limited (Igoda Coal), a 65:35 BEE venture with Eyesizwe Coal (Pty) Limited. Igoda Coal will comprise the full value chain of Sasol Mining's coal export business the Twistdraai Colliery and beneficiation plant at Secunda in Mpumalanga Province, the marketing and logistics components of its coal export business, as well as Sasol Mining's interest in the Richards Bay Coal Terminal. The finalisation of this transaction is still subject to the granting of the new order rights and finance.

On 11 October 2007, Sasol Mining announced the second phase of its broad-based BEE strategy by the formation of a black-woman controlled mining company called Ixia Coal (Pty) Limited (Ixia). Ixia is a venture with Women Investment Portfolio Holdings Limited and Mining Women Investments (Pty) Limited. The transaction is valued at R1.9 billion. This transaction brings Sasol Mining's broad-based BEE ownership component to an estimated 26% (calculated on attributable units of production). Upon the conversion of the Secunda mining rights and the procurement of financing by Ixia, the transaction will be implemented. The transaction will be financed through equity (R59 million) and a combination of third party funding and appropriate Sasol facilitation. It is currently envisaged that approximately 40% of the transaction will be funded through third party debt; however this is dependent upon market conditions prevailing at the time.

Both of the Sasol Mining BEE transactions were not yet effective at 30 June 2008.

Sasol and Tshwarisano BEE transaction

In compliance with the Liquid Fuels Charter, we entered into a R1.45 billion transaction with our BEE partner Tshwarisano LFB Investment (Pty) Limited (Tshwarisano). Tshwarisano acquired a 25% shareholding in Sasol Oil (Pty) Limited from Sasol Limited with effect from 1 July 2006. The financing of the transaction has been provided in part through the issue of preference shares by Tshwarisano to Standard Bank South Africa Limited (Standard Bank), and in part by application of the subscription proceeds from the issue of the ordinary shares to Tshwarisano ordinary shareholders. The Tshwarisano ordinary shareholders in turn raised the funding to subscribe for the ordinary shares through the issue of preference shares to Standard Bank. Over time, Tshwarisano and its ordinary shareholders will redeem their respective preference shares with the proceeds of dividends distributed by Sasol Oil. As part of this arrangement, Sasol Oil has amended its dividend policy such that it is required to pay out up to a maximum on one times earnings for that financial year by way of dividends. The actual dividend paid shall be the maximum possible amount, taking into account certain specified ratios relating to net debt to shareholders' equity and earnings before interest, tax, depreciation and amortisation to net interest. The dividend paid may not be less than one third of earnings.

In certain limited default circumstances, which include Tshwarisano being in default on the repayment of the preference shares, Standard Bank may require that a trust (consolidated by Sasol Limited) established in the context of the transaction to acquire the preference shares held by Standard Bank or, alternatively, to subscribe for new preference shares issued by Tshwarisano to enable Tshwarisano to redeem the preference shares held by Standard Bank. In addition and in the same limited default circumstances, the trust may acquire the ordinary shares held by its ordinary shareholders. As a result, the trust may own all or a portion of the outstanding securities issued by Tshwarisano. This would enable the trust to place these securities in another transaction in compliance with the Liquids Fuel Charter. Neither Tshwarisano nor its ordinary shareholders would owe any amounts to this trust or any other person. We have guaranteed the trust's obligation to make payment in these circumstances. This guarantee was valued at R39 million at the time of the transaction.

Sasol Inzalo share transaction

During May 2008, the shareholders approved the Sasol Inzalo share transaction, a broad-based Black Economic Empowerment (BEE) transaction, which would result in the transfer of beneficial ownership of 10% (63.1 million shares) of Sasol Limited's issued share capital before the implementation of this transaction to its employees and a wide spread of black South Africans (BEE participants). The transaction was introduced to assist Sasol, as a major participant in the South African economy, in meeting its empowerment objectives. This transaction will provide long-term sustainable benefits to all participants and will have a tenure of 10 years. The following BEE participants will acquire indirect or direct ownership in Sasol's issued share capital as follows:

Sasol employees and black managers through the Sasol Inzalo Employee Trust and Sasol Inzalo Management Trust (Employee Trusts) 4.0%;

The Sasol Inzalo Foundation 1.5%;

Selected participants 1.5%; and

The black public through:

The funded invitation 2.6%; and

The cash invitation 0.4%.

The Employee Trusts and the Sasol Inzalo Foundation will be funded entirely through Sasol facilitation whilst the selected participants and the black public participating, through the funded invitation, will be funded by way of equity contributions and preference share funding (including preference shares subscribed for by Sasol). The black public participating through the cash invitation, will be financed entirely by the participants from their own resources.

The effective date of the transaction for the Employee Trusts and the Sasol Inzalo Foundation was 3 June 2008. The effective date of the transaction for the selected participants was 27 June 2008. The black public invitations remained open until 9 July 2008 and consequently this portion of the transaction was not yet effective at 30 June 2008.

Sasol Inzalo Employee Trust and Sasol Inzalo Management Trust

On 3 June 2008, staff members that are South African residents or who are migrant workers that do not participate in the Sasol Share Incentive Scheme and the Sasol Share Appreciation Rights Scheme, participate in the Sasol Inzalo Employee Trust (Employee Scheme), while all senior black staff that are South African residents participate in the Sasol Inzalo Management Trust (Management Scheme). The share rights which entitle the employees from the inception of the scheme to receive ordinary shares at the end of the 10 years, vest according to the unconditional entitlement as follows:

after three years: 30%

thereafter: 10% per year until maturity

Participants in the Employee Scheme were granted share rights to receive 850 Sasol ordinary shares. The allocation of the shares in the Management Scheme is based on seniority and range from 5 000 to 25 000. 12% of the allocated shares has been set aside for new employees appointed during the first five years of the transaction. On resignation, within the first three years from the inception of the transaction, share rights granted will be forfeited. For each year thereafter, 10% of such share rights will be forfeited for each year or part thereof remaining until the end of the transaction period. On retirement, death or retrenchment the rights will remain with the participant.

The Sasol ordinary shares were issued to the Employee Trusts, funded by contributions from Sasol, which collectively subscribed for 25.2 million Sasol ordinary shares at a nominal value of R0.01 per share subject to the following pre-conditions:

right to receive only 50% of ordinary dividends paid on Sasol ordinary shares; and

Sasol's right to repurchase a number of shares at a nominal value of R0.01 per share at the end of year ten in accordance with a predetermined formula.

The participant has the right to all ordinary dividends received by the Employee Trusts for the duration of the transaction.

After Sasol has exercised its repurchase right and subject to any forfeiture of share rights, each participant will receive a number of Sasol ordinary shares in relation to their respective share rights. Any shares remaining in the Employee Trusts after the distribution to participants may be distributed to the Sasol Inzalo Foundation.

Sasol Inzalo Foundation

On 3 June 2008, the Sasol Inzalo Foundation (the Foundation), which is incorporated as a trust and being registered as a public benefit organisation, subscribed for 9.5 million Sasol ordinary shares at nominal value of R0.01 per share. The primary focus of the Foundation is skills development and capacity building of black South Africans, predominantly in the fields of mathematics, science and technology.

The pre-conditions of subscription for Sasol ordinary shares by the Foundation includes the right to receive dividends of 5% of the ordinary dividends declared in respect of Sasol ordinary shares held by the Foundation and Sasol's right to repurchase a number of Sasol ordinary shares from the Foundation at a nominal value of R0.01 per share at the end of ten years in accordance with a predetermined formula. After Sasol has exercised its repurchase right, the Foundation will going forward receive 100% of dividends declared on the Sasol ordinary shares owned by the Foundation.

Selected participants

On 27 June 2008, selected BEE groups (selected participants) which include Sasol customers, Sasol suppliers, Sasol franchisees, women's groups, trade unions and other professional associations, through a funding company, subscribed for 9.5 million Sasol preferred ordinary shares. The shares, which have not yet been allocated to selected participants, have been subscribed for by a facilitation trust, which is funded by Sasol. As at 30 June 2008, 1.1 million Sasol preferred ordinary shares were issued to the facilitation trust. The selected participants contribute equity between 5% to 10% of the value of their underlying Sasol preferred ordinary shares allocation, with the balance of the contribution being funded through preference share debt, including preference shares subscribed for by Sasol.

The selected participants are entitled to receive a dividend of up to 5% of the dividend declared on the Sasol preferred ordinary shares in proportion to their effective interest in Sasol's issued share capital, from the commencement of the fourth year of the transaction term of ten years, subject to the financing requirements of the preference share debt.

At the end of the transaction term, the Sasol preferred ordinary shares will automatically be Sasol ordinary shares and will then be listed on the JSE Limited. The Sasol ordinary shares remaining in the funding company after redeeming the preference share debt and paying costs may then be distributed to the selected participants in proportion to their shareholding. The funding company, from inception, has full voting and economic rights with regard to its shareholding of Sasol's total issued share capital.

Black public invitations

Funded invitation

The members of the black public participating in the funded invitation, through a funding company, have subscribed for 16.1 million Sasol preferred ordinary shares. The black public contribute equity between 5% to 10% of their underlying Sasol preferred ordinary shares allocation, with the balance of the contribution being funded through preference share debt, including preference shares subscribed for by Sasol.

Participants in the funded invitation may not dispose of their shares for the first three years after inception. Thereafter, for the remainder of the transaction term, trading in the shares will be allowed with other black people or black groups through an over-the-counter trading mechanism. Participants in the funded invitation may not encumber the shares held by them before the end of the transaction term.

The black public are entitled to receive a dividend of up to 5% of the dividend on the Sasol preferred ordinary shares in proportion to their effective interest in Sasol's issued share capital, from the commencement of the fourth year of the transaction term of ten years, subject to the financing requirements of the preference share debt.

At the end of the transaction term, the Sasol preferred ordinary shares will automatically be Sasol ordinary shares and will then be listed on the JSE Limited. The Sasol ordinary shares remaining in the funding company after redeeming the preference share debt and paying costs may then be distributed to the black public in proportion to their shareholding. The funding company will have, from inception, full voting and economic rights with regard to its interest in Sasol's issued share capital.

Cash invitation

The cash invitation allows members of the black public to invest directly in 2.8 million Sasol BEE ordinary shares. The Sasol BEE ordinary shares cannot be traded for the first two years of the transaction and, for the remainder of the transaction term, can only be traded between black people and black groups. Participants in the cash invitation are entitled to encumber their Sasol BEE ordinary shares, provided that these shares continue to be owned by members of the black public for the duration of the transaction term. At the end of the transaction term, the Sasol BEE ordinary shares will automatically be Sasol ordinary shares and will then be listed on the JSE Limited.

Preference shares

The preference share funding comprises A, B and guaranteed C preference shares which are funded by external financiers and D preference shares funded by Sasol. The funding companies are required to maintain, *inter alia*, minimum share cover ratios in respect of the A and B preference shares, being the ratio between the value of the Sasol preferred ordinary shares and the amount required to redeem the preference shares. The maintenance of the ratio is dependent upon the Sasol ordinary share price and the dividends paid by Sasol on the Sasol preferred ordinary shares. Sasol has call options to purchase some or all of the outstanding A, B and C preference shares. Currently, the minimum share cover ratio will be breached when the Sasol ordinary share price falls below approximately R210 per share. In addition, a further condition to the guaranteed C preference shares is that the Sasol group must maintain a net debt to earnings before interest, taxation, depreciation and amortisation cover ratio of 2.5 times.

The preference share debt is accounted for in the statement of financial position and should the preference share covenants described above be breached, Sasol will be required to raise the necessary funding in order to either exercise the call option or alternatively, honour the call under the guarantee.

Accounting for transaction

At 30 June 2008, the transaction has been accounted for as follows:

All special purpose entities created to facilitate the transaction have been consolidated into the Sasol group results from the applicable effective dates of the transaction.

An amount of R76.7 million has been recognised in the income statement and in the share-based payment reserve in the statement of changes in equity in respect of the share-based payment expense related to the Employee Trusts. This represents the current year's expense taking into account the vesting conditions of the rights granted over the tenure of the transaction. The total share-based payment expense of R4,948 million in respect of the rights granted at 30 June 2008 will be recognised on a straight-line basis over the vesting period of the transaction.

R1,357 million has been recognised in the income statement and in the share-based payment reserve in the statement of changes in equity in respect of the share-based payment expense related to the shares issued to the selected participants as at 30 June 2008. An estimated amount of R174 million will be recognised in 2009 as share-based payment expense when the remainder of the shares are issued to selected participants.

The preference shares issued to the financiers in respect of the selected participants have been recognised in the statement of financial position for an amount of R2,215 million, including accrued finance charges. The C preference shares issued to the financiers have been guaranteed by Sasol Limited. Deferred loan costs of R19.9 million have also been recognised in the statement of financial position.

On 9 July 2008, the black public invitations of the Sasol Inzalo share transaction closed. The cash invitation was oversubscribed by 13% and the funded invitation was more than 300% oversubscribed. A share-based payment expense of R2.4 billion and preference share debt of R4.2 billion related to the issue of shares to the black public will be recognised in the 2009 financial year. Based on the weighted average number of shares issued at 30 June 2008, the share-based payment expense would decrease the earnings per share by R4.07.

The total share-based payment expense expected to be recognised in the 2009 financial year is estimated to be R3.7 billion.

Competition from products originating from countries with low production costs

Certain of our chemical production facilities are located in developed countries, including the USA and the European countries. Economic and political conditions in these countries result in relatively high labour costs and, in some regions, inflexible labour markets, compared to others. Increasing competition from regions with lower labour costs and feedstock prices, for example the Middle East and China, exercises pressure on the competitiveness of our chemical products and, therefore, on our profit margins and may result in the withdrawal of particular products or closure of facilities.

Engineering contract costs

The increase worldwide in large engineering contracts has resulted in a shortage of engineering resources and strains in that industry. These have impacted on some of our projects and have affected construction timing schedules and costs. Whilst higher international crude oil prices may boost post-commissioning income streams and compensate for construction delays and higher capital costs, these strains in the engineering industry are nevertheless a cause for concern and may impact on our project plans and growth ambitions. In order to mitigate the shortage of in the availability of engineering resources, we have entered into long-term relationship agreements with large reputable engineering contractors, both locally in South Africa and internationally. By doing so, this should provide Sasol with preferential access to the resource pools of these engineering contractors on a global basis in order to sustain our projects and growth plans.

Human Immune Deficiency Virus (HIV)/Acquired Immune Deficiency Syndrome (AIDS) in sub-Saharan Africa

HIV/AIDS is a healthcare challenge faced by our South African and other sub-Saharan operations. Managing AIDS remain a priority for Sasol and for South Africa as a whole. Accurate data regarding the actual prevalence of AIDS in South Africa is not available. Based on an actuarial study, which excludes the positive impact of any prevention and management intervention programme, we estimate that, while the percentage of infected employees may not rise significantly in the forthcoming years, there will be a significant increase in the number of AIDS-related fatalities. See "Item 6.D Employees".

Our integrated Sasol HIV/AIDS Response Programme (SHARP) remained focused on reducing the rate of HIV infection throughout our South African operations and extending the quality of life of infected employees by providing managed health care. The programme is tailored for the culture and needs of every business unit. Each Sasol business site has a dedicated SHARP task team responsible for implementing and sustaining a site-specific response team.

As a result of our collaborative approach, we have had one of the highest uptakes of voluntary counselling and testing (VCT) in South Africa. VCT has been integrated in to the occupational health centres and are offered as part of wellness programmes within the business units.

We incur costs relating to the medical treatment and loss of infected personnel, as well as the related loss of productivity. We also incur costs relating to the recruitment and training of new personnel. We are not in a position to accurately quantify these costs, specifically where costs are dependent on the rate of employee participation and changes in treatment costs.

Although Sasol does not expect HIV/AIDS currently to materially and adversely affect its operations and results, it is not possible to determine with certainty that costs incurred in managing HIV/AIDS and the impact of HIV/AIDS in general would remain at current levels and no assurance can be given in this regard.

Significant accounting policies and estimates

The preparation of our consolidated financial statements requires management to make estimates and assumptions that affect the reported results of its operations. Some of our accounting policies require the application of significant judgements and estimates by management in selecting the appropriate assumptions for calculating financial estimates. By their nature, these judgements are subject to an inherent degree of uncertainty and are based on our historical experience, terms of existing contracts, management's view on trends in the industries in which we operate and information from outside sources and experts. Actual results may differ from those estimates.

Our significant accounting policies are described in more detail in the notes to the consolidated financial statements. See "Item 18. Financial statements". This discussion and analysis should be read in conjunction with the consolidated financial statements and related notes included "Item 18. Financial statements".

Management believes that the significant accounting policies affecting more significant judgements and estimates used in the preparation of Sasol's consolidated financial statements, could potentially impact our financial results and future financial performance.

We evaluate our estimates, including those relating to asset retirement obligations, trade receivables, inventories, investments, intangible assets, income taxes, share-based payments, pension and other post-retirement benefits and contingencies and litigation on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making our judgements about carrying values of assets and liabilities that are not readily available from other sources.

Share options and other share-based payments

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 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 July for year end until 2 days after publication of the results as well as at any other time during which they have access to price sensitive information.

We recognised share-based payment expense for the years indicated:

	2008	**2007**	**2006**
Share-based payment expense (Rand in millions)*	**140**	186	169
Weighted average grant-date fair value (Rand per share)		64.35	58.74

The unrecognised share-based payment expense related to non-vested share options, expected to be recognised over a weighted average period of 1.4 years, amounted to R197 million at 30 June 2008 (2007 R337 million).

The weighted average assumptions at grant date that were used for option grants in the respective periods are as follows:

		2008	**2007**	**2006**
Risk free interest rate at grant date	%	*	7.75	8.00
Expected volatility	%	*	34	34
Expected dividend yield	%	*	3.8	4.0
Vesting period	years	*	2, 4 & 6	2, 4 & 6

*
Following the introduction of the Sasol Share Appreciation Rights Scheme in 2007, no further options have been granted in terms of the Sasol Share Incentive Scheme. The share-based payment expense recognised in the current year relates to options granted in previous years and is calculated based on the assumptions applicable to the year in which the options were granted.

The risk free interest rate for periods within the contractual term of the share options is based on South African government bonds in effect at the time of grant and 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 payment expenses requires a significant degree of judgement to be applied by management.

The Sasol Share Appreciation Rights Scheme

A new share appreciation rights scheme was adopted during March 2007. The objectives of the scheme remain similar to that of the Sasol Share Incentive Scheme. The Sasol Share Appreciation Rights Scheme allows certain senior employees the right to participate in the performance of the Sasol Limited share price, in return for services rendered, through the payment of cash incentives which are based on the market price of the Sasol Limited share. Allocations are linked to the performance of both the group and the individual.

Rights 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 appreciation rights equals the closing market price of the underlying shares on the trading day immediately preceding the granting of the right. In terms of the new share appreciation rights scheme, the number of rights available through the scheme together with the number of share options available under the previous Sasol Share Incentive Scheme shall not at any time exceed 80 million shares/rights.

On resignation, share appreciation rights which have not yet vested will lapse and share appreciation rights which have vested may be taken up at the employee's election before their last day of service. Payment on appreciation rights forfeited will therefore not be required. On death, all appreciation rights vest immediately and the deceased estate has a period of twelve months to exercise these rights. On retirement the appreciation rights 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 July for year end until 2 days after publication of the results as well as at any other time during which they have access to price sensitive information.

We recognised share-based payment expense for the years indicated:

	2008	**2007**
Share-based payment expense (Rand in millions)	**208**	4
Average fair value of rights issued during year	**211.56**	81.58

No unimplemented share appreciation rights have vested at year end. The total unrecognised share-based payment expense related to non-vested share options, expected to be recognised over a weighted average period of 1.7 years, amounted to R651 million at 30 June 2008 (2007 R63 million).

These rights are recognised as a liability at fair value in the statement of financial position until the date of settlement.

The fair value of these rights is determined at each reporting date and the unrecognised cost amortised to the income statement over the period that the employees provide services to the company.

The weighted average assumptions at 30 June that were used for option grants in the respective periods are as follows:

		2008	2007
Risk free interest rate at date of valuation	%	**11.12 11.26**	9.02 9.05
Expected volatility	%	**35.73**	29.22
Expected dividend yield	%	**3.44**	3.60
Expected forfeiture rate	%	**3.30**	3.25
Vesting period	years	**2, 4 & 6**	2, 4 & 6

The risk free interest rate for periods within the contractual term of the share rights is based on South African government bonds in effect at each reporting date and the expected volatility in the value of the share options granted is determined using the historical volatility of the Sasol share price. The expected dividend yield is determined using the historical dividend yield of the Sasol ordinary shares.

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

Sasol Inzalo share transaction

During May 2008, our shareholders approved our broad-based BEE transaction valued at approximately R24 billion (at R380 per share), which would result in the transfer of beneficial ownership of 10% (63.1 million shares) of Sasol Limited's issued share capital, before the implementation of this transaction, to our employees and a wide spread of black South Africans (BEE participants).

The effective date of the transaction as it pertains to the Employee Trusts and the Sasol Inzalo Foundation is 3 June 2008. The effective date of the transaction in respect of the selected participants is 27 June 2008. The black public invitation remained open until 9 July 2008 and as such this portion of the transaction was not yet effective at 30 June 2008.

Components of the transaction	**2008 (% allocated)**	**Value of shares issued 2008 (Rm)**	**Share-based payment expense recognised 2008 (Rm)**
Sasol Inzalo Employee Trust and Sasol Inzalo Management Trust[1]	4.0	9,235	77
Sasol Inzalo Foundation[2]	1.5	3,463	
Selected participants	1.5	3,463	1,357
Black public invitations[3]	3.0		
	10.0	**16,161**	**1,434**

(1) The unrecognised share-based payment expense related to non-vested Employee and Management Trusts share rights, expected to be recognised over a weighted average period of 2.9 years amounted to R4,872 million at 30 June 2008.

(2) No share-based payment expense is recognised for the Sasol Inzalo Foundation.

(3) No share-based payment expense has been recognised at 30 June 2008 as the black public invitations remained open until 9 July 2008.

The components of the transaction are detailed below:

	Total	(i) Employee and Management Trusts	(ii) Sasol Inzalo Foundation	(iii) Selected participants	(iv) Black public invitations*
Shares and share rights granted	40,151,859	22,302,000	9,461,882	8,387,977	
Shares and share rights available for allocation	4,003,591	2,929,686		1,073,905	
Shares and share rights unissued at year end	18,923,764				18,923,764
	63,079,214	**25,231,686**	**9,461,882**	**9,461,882**	**18,923,764**
Vesting periods of shares and share rights granted					
Already vested	17,849,859		9,461,882	8,387,977	
Within three years	6,690,600	6,690,600			
Three to five years	4,460,400	4,460,400			
Five to ten years	11,151,000	11,151,000			
	40,151,859	**22,302,000**	**9,461,882**	**8,387,977**	

* Transaction not yet effective at 30 June 2008.

The share-based payment expense was calculated using an option pricing model reflective of the underlying characteristics of each part of the transaction. It is calculated using the following assumptions at grant date.

		Employee Trusts 2008	Selected participants 2008
Valuation model		Monte Carlo model	Black-Scholes model
Exercise price	**R**	366.00	366.00
Risk free interest rate	(%)	11.8	10.7
Expected volatility	(%)	34	34
Expected dividend yield	(%)	2.67 4.5	3.0
Vesting period		10 years	

The risk-free rate for periods within the contractual term of the share rights is based on the South African government bonds in effect at the time of the grant. The expected volatility in the value of the share rights granted is determined using the historical volatility of the Sasol share price and the expected dividend yield of the share rights granted is determined using the historical dividend yield of the Sasol ordinary shares.

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

Estimation of oil and gas reserves

The estimation of oil and gas reserves under the United States Securities and Exchange Commission (SEC) rules requires "geological and engineering data (that) demonstrate with reasonable certainty (reserves) to be recoverable in future years from known reservoirs under existing economic and operating conditions, i.e. prices and costs as of the date the estimate is made. Refer to Table 4, "Proved reserve quantity information," on page G-4 for the estimates for the year ended 30 June 2008 and to Table 5, "Standardised measure of discounted future net cash flows", on page G-6 for our standardised discounted future net cash flow information in respect of proved reserves for the year ended 30 June 2008, which were based on year end prices at the time.

Estimates of oil and gas reserves are inherently imprecise, require the application of judgement and are subject to future revision. Accordingly, financial and accounting measures (such as the standardised measure of discounted cash flows, depreciation and amortisation charges and asset retirement obligations), that are based on proved reserves are also subject to change.

Proved reserves are estimated by reference to available reservoir and well information, including production and pressure trends for producing reservoirs, in some cases, subject to definitional limits. Proved reserves estimates are attributed to future development projects only where there is significant commitment to project funding and execution and for which applicable governmental and regulatory approvals have been secured or are reasonably certain to be secured.

Furthermore, estimates of proved reserves only include volumes for which access to markets is assured with reasonable certainty. All proved reserves estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans. See "Item 4.D Information on the company Property, plants and equipment". There were no material revisions to our oil and gas reserves during 2008. Upward revisions in oil reserve estimates for 2007 were enabled by additional performance history resulting in increased confidence in reserve levels and the effect of higher crude prices in the extension of the economic production profile. In 2006, there were no material revisions to our oil and gas reserves.

Our mineral assets included under property, plant and equipment and assets under construction on the statement of financial position consist of the following:

- 5% interest in the OPL249 (Nsiko) licence in deepwater Nigeria;
- 0.375% interest in OPL249 (Bswap) licence in deepwater Nigeria;
- 6% interest in the OPL247 licence in deepwater Nigeria;
- 5% interest in the OPL214 licence in deepwater Nigeria;
- 5.1% interest in the JDZ1 licence in the Joint Development Zone between Nigeria and Sao Tome/Principe;
- 85% of the Block 16/19 licence offshore Mozambique;
- 100% of the PSA licence onshore Mozambique;
- 70% of the PPA licence onshore Mozambique; and
- 27.75% of the Etame marine permit offshore Gabon.

With the exception of the PPA licence in Mozambique and the Etame marine permit in Gabon, none of these assets currently hold any reportable reserves and development plans will be filed once exploration work is completed at which time any discovered reserves will be reported separately.

Depreciation of coal mining assets

We calculate depreciation charges on coal mining assets using the units-of-production method, which is based on our proved and probable reserves. Proved and probable reserves used for the depreciation of life-of-mine assets are the total proved and probable reserves assigned to that specific mine (accessible reserves) or complex which benefit from the utilisation of those assets. Inaccessible reserves are excluded from the calculation. A unit is considered to be produced once it has been removed from underground and taken to the surface, passed the bunker and been transported by conveyor over the scale at the shaft head. The lives of the mines are estimated by our geology department using interpretations of mineral reserves, as determined in accordance with Industry Guide 7 under the US Securities Act of 1933, as amended. The estimate of the total reserves of our mines could be materially different from the actual coal mined. The actual usage by the mines may be impacted by changes in the factors used in determining the economic value of our mineral reserves, such as the coal price and foreign currency exchange rates. Any change in management's estimate of the total expected future lives of the mines would impact the amortisation charge recorded in our consolidated financial statements, as well as our estimated asset retirement obligations. See "Item 4.D Information on the company Property, plants and equipment".

Fair value and useful life of intangible assets

In assessing the recoverability of goodwill (which requires the assessment of fair value of the reporting unit) and other intangible assets, we must make assumptions (including inflation, exchange rates and oil and chemicals product prices amongst others) regarding estimated future cash flows and other factors to determine the recoverable amount of the respective assets. If these estimates or their recoverable amount assessments change in the future, we may need to record impairment charges for these assets. Identifiable intangible assets with definite useful lives, such as patents, trademarks and licenses, are currently amortised on a straight-line basis, over their estimated useful lives.

Useful lives of long-lived assets

Given the significance of long-lived assets to our financial statements, any change in the depreciation period could have a material impact on our results of operations and financial condition.

In assessing the useful life of long-lived assets, we use estimates of future cash flows and expectations regarding the future utilisation pattern of the assets to determine the depreciation to be charged on a straight-line basis over the estimated useful lives of the assets or units-of-production method where appropriate. Annually, we review the useful lives and economic capacity of the long-lived assets with reference to any events or circumstances that may indicate that an adjustment to the depreciation period is necessary. The assessment of the useful lives takes the following factors into account:

- The expected usage of the asset by the business. Usage is assessed with reference to the asset's expected capacity or physical output;
- The expected physical wear and tear, which depends on operational factors such as the number of shifts for which the asset is to be used, the repair and maintenance programme of the business and the care and maintenance of the asset while idle;
- Technological obsolescence arising from changes or improvements in production or from a change in the market demand for the output of the asset;
- Legal or similar limits on the use of the asset, such as expiry dates and related leases; and
- Dependency or co-dependency on supply of raw materials.

There were no significant changes to the useful lives of our long-lived assets (other than oil and gas and coal mining assets as discussed above) during 2008, 2007 and 2006.

Impairment of long-lived assets

Long-lived assets are reviewed using economic valuations to calculate impairment losses whenever events or a change in circumstance indicate that the carrying amount may not be recoverable. In carrying out the economic valuations, an assessment is made of the future cash flows expected to be generated by the assets, taking into account current market conditions, the expected lives of the assets and our latest budgets. The actual outcome can vary significantly from our forecasts, thereby affecting our assessment of future cash flows. Assets whose carrying values exceed their estimated recoverable amount, determined on a discounted basis, are written down to an amount determined using discounted net future cash flows expected to be generated by the asset. The expected future cash flows are discounted based on Sasol's Weighted Average Cost of Capital (WACC) which, at 30 June 2008, was 11.75% for our South African operations and 7.25% for our operations in Europe and the USA. Discount rates for all other countries are based on their specific risk rate. Refer to the discussions included below under the Segment overview for the financial impact of the impairment assessments performed during the current year.

Environmental and asset retirement obligations

We have significant obligations to remove plant and equipment, rehabilitate land in areas in which we conduct operations upon termination of such operations and incur expenditure relating to environmental contamination treatment and cleanup. Environmental and asset retirement obligations are primarily associated with our mining and petrochemical operations around the world.

An accrual for environmental matters are recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated. Expenditure related to environmental contamination treatment and cleanup incurred during the production of inventory in normal operations is expensed. The estimated fair value of dismantling and removing these facilities is accrued for as the obligation arises, if estimable, concurrent with the recognition of an increase in the related asset's carrying value. Estimating the future asset removal expenditure is complex and requires management to make estimates and judgements because most of the removal obligations will be fulfilled in the future and contracts and regulations often have vague descriptions of what constitutes removal. Future asset removal costs are also influenced by changing removal technologies, political, environmental, safety, business relations and statutory considerations.

The group's environmental and asset retirement obligation accrued at 30 June 2008 was R3,460 million compared to R3,355 million in 2007.

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.

An increase in the discount rate by one percentage point would result in a decrease in the long-term obligations recognised of approximately R363 million and a decrease of one percentage point would result in an increase of approximately R468 million.

Employee benefits

We provide for our obligations and expenses for pension and provident funds as they apply to both defined contribution and defined benefit schemes, as well as post-retirement healthcare benefits. The amount provided is determined based on a number of assumptions and in consultation with an independent actuary. These assumptions are described in Note 21 to "Item 18. Financial statements" and include, among others, the discount rate, the expected long-term rate of return on pension plan assets, healthcare cost inflation and rates of increase in compensation costs. The nature of the assumptions is inherently long-term, and future experience may differ from these estimates. For example, a one percentage point increase in assumed healthcare cost trend rates would increase the accumulated post-retirement benefit obligation by R846 million to R3,092 million.

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.

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 recognised in 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.

The group provides post-retirement healthcare benefits to certain of its retirees. The entitlement to 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.

While management believes that the assumptions used are appropriate, significant changes in the assumptions may materially affect our pension and other post-retirement obligations and future expense.

In terms of the Pension Funds Second Amendment Act 2001, the Sasol Pension Fund in South Africa undertook a surplus apportionment exercise as at December 2002. The surplus apportionment exercise, and the 31 December 2002 statutory valuation of the fund, was approved by the Financial Services Board on 26 September 2006. Payments of benefits to former members in terms of the surplus apportionment scheme have been substantially completed and an amount of R102 million has been set aside for members that have not claimed their benefits. Based on the latest actuarial valuation of the fund and the approval of the trustees of the surplus allocation, the company has an unconditional entitlement to only the funds in the employer surplus account and the contribution reserve. The estimated surplus due to the company amounted to approximately R176 million as at 31 March 2008 and has been included in the pension asset recognised in the current year.

Fair value estimations of financial instruments

We base fair values of financial instruments on listed market prices, where available. If listed market prices are not available, fair value is determined based on other relevant factors, including dealers' price quotations and price quotations for similar instruments traded in different markets. Fair value for certain derivatives are based on pricing models that consider current market and contractual prices for the underlying financial instruments or commodities, as well as the time value and yield curve or fluctuation factors underlying the positions. Pricing models and their underlying assumptions impact the amount and timing of unrealised gains and losses recognised, and the use of different pricing models or assumptions could produce different financial results. See "Item 11. Quantitative and qualitative disclosures about market risk".

Deferred tax

We apply significant judgement in determining our provision for income taxes and our deferred tax assets and liabilities. Temporary differences arise between the carrying values of assets and liabilities for accounting purposes and the amounts used for tax purposes. These temporary differences result in tax liabilities being recognised and deferred tax assets being considered based on the probability of our deferred tax assets being recoverable from future taxable income. 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. We provide deferred tax using enacted or substantively enacted tax rates at the reporting date on all temporary differences arising between the carrying values of assets and liabilities for accounting purposes and the amounts used for tax purposes unless there is a temporary difference that is specifically excluded in accordance with IFRS. The carrying value of our net deferred tax assets assumes that we will be able to generate sufficient future taxable income in applicable tax jurisdictions, based on estimates and assumptions.

Secondary Taxation on Companies

In South Africa, we pay both income tax and Secondary Taxation on Companies (STC). STC is levied on companies currently at a rate of 10% (2007 12.5%) of dividends distributed. The Minister of Finance in his budget speech delivered during February 2008 announced that STC would be replaced by a dividend withholding tax imposed on shareholders. The effective date is expected to be during the latter part of the 2009 calendar year. In the case of liquidations, STC is only payable on undistributed earnings earned after 1 April 1993. The tax becomes due and payable on declaration of a dividend. When dividends are received in the current year that 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 payable.

We do not provide for deferred tax at the tax rate applicable to distributed earnings. We believe that this is consistent with the accounting principle that does not allow the accrual of dividend payments if a dividend is declared after year end. If we were to provide for deferred taxes on the potential STC arising on our undistributed earnings, should these be declared as dividends, there would be the following effects on our reported results:

Statement of financial position	**2008**	**2007**
	(Rand in millions)	
Net deferred tax liability as reported	**6,993**	7,459
Increase in the deferred tax liability	**8,672**	6,524
Net deferred tax liability based on the tax rate applicable to distributed earnings	**15,665**	13,983
Shareholders' equity as reported	**76,474**	61,617
Decrease in shareholders' equity	**(8,672)**	(6,524)
Shareholders' equity after the effect of providing for deferred tax using the tax rate applicable to distributed earnings	**67,802**	55,093

Income statement	**2008**	**2007**	**2006**
		(Rand in millions)	
Income tax as reported	**(10,129)**	(8,153)	(6,534)
Increase in income tax	**(2,148)**	(202)	(1,328)
Income tax after providing for deferred tax at the rate applicable to distributed earnings	**(12,277)**	(8,355)	(7,862)
Earnings attributable to shareholders as reported	**22,417**	17,030	10,406
Decrease in earnings attributable to shareholders	**(2,148)**	(202)	(1,328)
Earnings attributable to shareholders after providing for deferred tax at the rate applicable to distributed earnings	**20,269**	16,828	9,078

We expect that R1,885 million of undistributed earnings earned before 1 April 1993 of two dormant companies will be distributed without attracting STC of R170 million.

Commitments and contingencies

Management's current estimated range of liabilities relating to certain pending liabilities for claims, litigation, tax matters and environmental remediation is based on management's judgement and estimates of the amount of loss. The actual costs may vary significantly from estimates for a variety of reasons. A liability is recognised for these types of contingencies if management determines that the loss is both probable and estimable. We have recorded the estimated liability where such amount can be determined. As additional information becomes available, we will assess the potential liability related to our pending litigation proceedings and revise our estimates. Such revisions in our estimates of the potential liability could materially impact our results of operation and financial position. See "Item 5.E Off-balance sheet arrangements".

OUR RESULTS OF OPERATIONS

The financial results for the years ended 30 June 2008, 2007 and 2006 below are stated in accordance with IFRS as issued by the IASB.

Results of operations

	2008	2007	Change 2008/2007	Change 2008/2007	2006	Change 2007/2006	Change 2007/2006
	(Rand in millions)			(%)	(Rand in millions)		(%)
Turnover	**129,943**	98,127	31,816	32	82,395	15,732	19
Cost of sales and services rendered	**(74,634)**	(59,997)	(14,637)	(24)	(48,547)	(11,450)	(24)
Gross profit	**55,309**	38,130	17,179	45	33,848	4,282	13
Other operating income	**635**	639	(4)		533	106	20
Other operating expenditure	**(22,128)**	(13,148)	(8,980)	(68)	(17,169)	4,021	23
Operating profit	**33,816**	25,621	**8,195**	32	**17,212**	**8,409**	49
Net other (expenses)/income	**(159)**	82	(241)	(293)	(96)	178	185
Profit before tax	**33,657**	25,703	**7,954**	31	**17,116**	**8,587**	50
Income tax	**(10,129)**	(8,153)	(1,976)	(24)	(6,534)	(1,619)	(25)
Profit	**23,528**	17,550	**5,978**	34	**10,582**	**6,968**	66
Attributable to							
Shareholders	**22,417**	17,030	5,387	32	10,406	6,624	64
Minority interest	**1,111**	520	591	114	176	344	195
	23,528	17,550	**5,978**	34	**10,582**	**6,968**	66

Overview

Higher average annual international oil prices (dated Brent US$95.51/b for 2008 compared to US$63.95/b for 2007 and US$62.45/b in 2006) boosted operating profit in all three years. The benefit of higher oil prices was, however, mostly realised in the energy and fuel-related businesses and to a lesser extent in the group's chemical businesses which have been adversely impacted by the effect of higher crude oil prices on the cost of their feedstock. This benefit was further enhanced by the positive impact of the slightly weaker rand during 2008 (average rate R7.30 per US dollar for 2008 compared to R7.20 per US dollar for 2007 and R6.41 per US dollar 2006).

Turnover

Turnover consists of the following categories:

	2008	2007	Change 2008/2007	Change 2008/2007	2006	Change 2007/2006	Change 2007/2006
	(Rand in millions)			(%)	(Rand in millions)		(%)
Sale of products	**128,492**	96,785	31,707	33	81,172	15,613	19
Services rendered	**889**	918	(29)	(3)	714	204	29
Commission and marketing income	**562**	424	138	33	509	(85)	(17)
Turnover	**129,943**	**98,127**	**31,816**	32	**82,395**	**15,732**	19

The primary factors contributing to these increases were:

	Change 2008/2007 (Rand in millions)	%	Change 2007/2006 (Rand in millions)	%
Turnover, 2007 and 2006 respectively	**98,127**		82,395	
Exchange rate effects	**4,417**	4	8,512	10
Product prices	**25,732**	26	6,672	8
crude oil	***8,321***	8	*694*	1
other products (including chemicals)	***17,411***	18	*5,978*	7
Net volume increases	**2,029**	2	548	1
Once off impacts[1]	**(362)**			
Turnover, 2008 and 2007 respectively	**129,943**		98,127	

(1) Primarily includes the effects of flaring losses incurred during the completion and commissioning of the selective catalytic cracker (SCC) at Sasol Synfuels in 2008.

Cost of sales and services rendered

Cost of sales of products. The cost of sales in 2008 amounted to R74,160 million, an increase of R14,726 million, or 25%, compared to R59,434 million in 2007 which increased by 23% from R48,125 million in 2006. The increase over the past two years is due to the increase in the crude oil price and other feedstock prices. The increase in cost of sales of products in 2008 was mainly due to the increase in crude oil prices on our energy related businesses, which generates the majority of the group's operating profit, and the weakening of the rand/US dollar exchange rate. The increase in 2007 compared to 2006 was mainly due to the increase in the crude oil price and other feedstock prices as well as the weakening of the rand/US dollar exchange rate. Compared to turnover from the sale of products, cost of sales of products was 58% in 2008, 61% in 2007 and 58% in 2006.

Cost of services rendered. Cost of services rendered amounted to R474 million in 2008, a decrease of R89 million, or 16%, compared to R563 million in 2007 which increased by 33% from R422 million in 2006. The decrease was mainly due to the higher refinery margins attained by Natref which resulted in an increase in the turnover from services rendered. The increase in 2007 compared to 2006 was in line with the increase in turnover from services rendered. Compared to turnover from services rendered, the cost of services rendered was 53% in 2008, 61% in 2007 and 59% in 2006.

Other operating income

Other operating income in 2008 amounted to R635 million, which represents a decrease of R4 million or 0.6%, compared to R639 million in 2007. Included in operating income for the 2008 year is a gain on hedging activities realised by Sasol Financing on foreign exchange contracts of R128 million, bad debts recovered of R9 million and R133 million in respect of deferred income received related to emission rights.

Other operating income in 2007 amounted to R639 million, which represents an increase of R106 million or 20%, compared to R533 million in 2006. Included in operating income for the 2007 year is a gain on hedging activities of R91 million, bad debts recovered of R60 million and R185 million in respect of deferred income received related to emission rights.

Other operating expenditure

Other operating expenditure consists of the following categories:

	2008	2007	Change 2008/2007	Change 2008/2007	2006	Change 2007/2006	Change 2007/2006
	(Rand in millions)			(%)	(Rand in millions)		(%)
Translation gains/(losses)	**300**	(232)	532	229	243	(475)	(195)
Marketing and distribution expenditure	**(6,931)**	(5,818)	(1,113)	19	(5,234)	(584)	11
Administrative expenditure	**(6,697)**	(6,094)	(603)	10	(4,316)	(1,778)	41
Other expenses	**(8,800)**	(1,004)	(7,796)	776	(7,862)	6,858	(87)
Other operating expenditure	**(22,128)**	(13,148)	(8,980)	68	(17,169)	4,021	23

The variances in operating costs and expenses are described in detail in each of the various reporting segments, included in the Segment overview below.

Translation gains/(losses). Translation gains arising primarily from the translation of monetary assets and liabilities amounted to R300 million in 2008. The gain recognised is due to the weakening of the rand/US dollar exchange rate towards the end of the year closing at R7.83 at 30 June 2008 compared to the closing rate at 30 June 2007 of R7.04 per US dollar. The closing rate is used to translate to rand all our monetary assets and liabilities denominated in a currency other than the rand at the reporting date and as a result a net gain was recognised on these translations in 2008. Also included is a foreign exchange loss of R557 million related to the realisation of the foreign currency translation reserve. In 2007, foreign exchange losses of R232 million was recognised, as the rand had strengthened marginally against the US dollar towards the end of the year closing at R7.04 per US dollar compared to the closing exchange rate at 30 June 2006 at R7.17 per US dollar. A net foreign exchange gain of R243 million was recognised in 2006.

Marketing and distribution expenditure. These costs comprise marketing and distribution of products as well as advertising, salaries and expenses of marketing personnel, freight, railage and customs and excise duty. Marketing and distribution costs in 2008 amounted to R6,931 million, R5,818 million in 2007 and R5,234 million in 2006. Compared to sales of products, marketing and distribution costs represented 5% in 2008 compared to 6% in 2007 and 2006. The variation in these costs has been contained to inflationary levels during the years under review.

Administrative expenditure. These costs comprise expenditure of personnel and administrative functions, including accounting, information technology, human resources, legal and administration, pension and post-retirement healthcare benefits. Administrative expenses in 2008 amounted to R6,697 million, an increase of R603 million, or 10%, compared to R6,094 million in 2007 which increased by 41% from R4,316 million in 2006. The increase in 2008 is mainly related to higher corporate costs due to inflation and weakening of the rand against the US dollar, increased costs associated with the establishing and advancing of various growth initiatives at SPI and SSI and additional administration costs incurred in the start-up businesses, including Arya Sasol Polymers and the Oryx GTL plant.

Other expenses. Other expenses in 2008 amounted to R8,800 million, an increase of R7,796 million, compared to R1,004 million in 2007 which decreased by 87% from R7,862 million in 2006. This amount includes impairments of R821 million (2007 R208 million and 2006 R897 million), reversal of impairments of R381 million (2007 nil and 2006 R140 million), scrapping of assets of R96 million (2007 R204 million and 2006 R281 million) and net profit on the disposal of property, plant and equipment of R91 million (2007 a net profit of R53 million and 2006 a net loss of R66 million). Other expenses also includes the effects of our crude oil hedging activities amounting to a net loss of R2,428 million (2007 a gain of R211 million and 2006 a loss of R93 million) as well as the share-based payment expenses of R1,782 million (2007 R190 million and 2006 R169 million). In 2007, we recorded the reversal of a portion of the fair value write-down of disposal group held for sale of R803 million due to the termination of the divestiture process (2006 fair value write-down of R3,196 million). In addition, a profit of R349 million (2007 profit of R696 million and 2006 loss of R198) was realised on the disposal of businesses. Details of the impairments, scrapping of assets and profit/(loss) on disposals are detailed in the Segment overview.

The effects of remeasurement items[(1)] recognised for the year ended 30 June are set out below:

	2008	**2007**	**2006**
	(Rand in millions)		
South African Energy Cluster			
Sasol Mining	**7**	13	16
impairments			
scrapping of assets	***8***	*16*	*25*
profit on disposal of property, plant and equipment	***(1)***	*(3)*	*(9)*
profit on disposal of business			
Sasol Gas	**104**	(370)	(138)
impairments	***104***		*67*
scrapping of assets		*1*	
profit on disposal of business		*(371)*	*(205)*
Sasol Synfuels	**25**	64	187
impairments			
scrapping of assets	***27***	*72*	*205*
profit on disposal of property, plant and equipment	***(2)***	*(8)*	*(18)*
Sasol Oil	**(20)**	2	8
impairments	***11***	*10*	*5*
scrapping of assets		*13*	*3*
profit on disposal of property, plant and equipment	***(31)***	*(21)*	
International Energy Cluster			
Synfuels International	**396**		
impairments	***362***		
loss on repurchase of participation rights in GTL project	***34***		
Petroleum International	**(27)**		82
(profit)/loss on disposal of property, plant and equipment	***(27)***		*82*
Chemical Cluster			
Sasol Polymers	**(12)**	9	17
impairments			*23*
scrapping of assets		*5*	*2*
profit on disposal of property, plant and equipment	***(12)***	*(3)*	*(8)*
loss on disposal of business		*7*	
Sasol Solvents	**104**	146	(105)
impairments	***269***	*57*	*26*
reversal of impairment of property, plant and equipment	***(191)***		*(140)*
scrapping of assets	***38***	*89*	*7*
(profit)/loss on disposal of property, plant and equipment	***(12)***		
loss on disposal of business			*2*

	2008	2007	2006
	(Rand in millions)		
Chemical Cluster (continued)			
Sasol Olefins & Surfactants	**(27)**	(707)	4,143
impairments	***62***	*118*	*912*
reversal of impairment of property, plant and equipment	***(96)***		
reclassification (from)/to disposal group held for sale		*(803)*	*3,196*
scrapping of assets	***3***		*21*
loss/(profit) on disposal of property, plant and equipment	***4***	*(22)*	*14*
Other Chemicals	**229**	14	52
impairments	***13***	*20*	*34*
reversal of impairment of property, plant and equipment	***(94)***		
scrapping of assets	***3***	*7*	*9*
(profit)/loss on disposal of property, plant and equipment	***(10)***	*4*	*9*
(profit)/loss on disposal of business	***(111)***	*(17)*	
(profit)/loss on disposal of investments	***(129)***		
realisation of foreign currency translation reserve	***557***		
Other businesses	**(81)**	(311)	10
impairments		*3*	
scrapping of assets	***28***	*1*	*10*
profit on disposal of business and equipment	***(1)***	*(315)*	
profit on disposal of investments	***(108)***		
Remeasurement items included in other operating expenses	**698**	(1,140)	4,272

(1) Remeasurement items include impairments, reversal of impairments, scrapping of assets and (profits)/losses on disposals of businesses and property, plant and equipment.

Operating profit

The main factors contributing to the increase in operating profit were:

	Change 2008/2007 (Rand in millions)	%	Change 2007/2006 (Rand in millions)	%
Operating profit, 2007 and 2006 respectively	**25,621**		17,212	
Exchange rate effects[1]	**2,500**	10	3,935	23
Net product and feedstock price increases[2]	**12,355**	48	2,754	16
crude oil effects	***4,913***	19	*696*	4
effect of the crude oil zero cost collar	***(2,483)***	(10)	*326*	2
other products (including chemicals)	***9,925***	39	*1,732*	10
Inflation on other operating costs	**(3,105)**	(12)	(1,780)	(10)
Net volume and productivity effects[3]	**(930)**	(4)	(1,912)	(11)
Effects of remeasurement items[4]	**(1,838)**	(7)	5,412	31
Other effects[5]	**(787)**	(3)		
Operating profit, 2008 and 2007 respectively	**33,816**		25,621	

(1) This arises primarily from the effects of the average US dollar exchange rate during the year on both turnover and operating expenses.

(2)
This arises primarily from the effects of changes in product and feedstock prices on turnover and cost of sales and services rendered.

(3)
This arises primarily from the effects of plant volumes and productivity on costs of sales and services rendered.

(4)
This arises primarily from the effects of remeasurement items refer to previous analysis.

(5)
These primarily includes the effects of the additional IFRS 2 charge in 2008 relating to the Sasol Inzalo share transaction and the positive impact effect of only one phase shutdown at Sasol Synfuels compared to a total and phase shutdown during 2007.

Net other (expenses)/income

Net other (expenses)/income consist of the following:

	2008	2007	Change 2008/2007	Change 2008/2007	2006	Change 2007/2006	Change 2007/2006
	(Rand in millions)			(%)	(Rand in millions)		(%)
Dividends received	**10**	34	(24)	(71)	36	(2)	(6)
Share of profit of associates	**254**	405	(151)	(37)	134	271	202
Interest received	**725**	791	(66)	(8)	305	486	159
Finance costs	**(1,148)**	(1,148)			(571)	(577)	(101)
interest incurred	**(2,734)**	(2,137)	(597)	(28)	(2,019)	(118)	(6)
interest capitalised	**1,586**	989	597	60	1,448	(459)	(32)
Net other (expenses)/income	**(159)**	82	(241)	293	(96)	178	(185)

The share of profit of associates (net of tax) amounted to R254 million in 2008 compared to R405 million in 2007 and R134 million in 2006. The decrease in 2008 is attributable to the decrease in the share of associates profit earned during the year.

Interest received amounted to R725 million in 2008 compared to R791 million in 2007 and R305 million in 2006. The decrease in the interest received during 2008 is attributable to the decrease in cash and cash equivalents available to the group during 2008. The increase in the interest received during 2007 and 2006, respectively, is attributable to the significant increase in cash and cash equivalents available to the group during 2007 and 2006.

Interest incurred in 2008 amounted to R2,734 million, an increase of 28% from 2007, of which R1,586 million was capitalised, compared to interest incurred of R2,137 million in 2007 and R2,019 million in 2006, of which R989 million and R1,448 million was capitalised for the respective years. The increase in 2008 is mainly due to increasing interest rates from 2007 to 2008 of approximately 250 basis points and the 17% increase in net debt from 2007. The effect of higher interest rates and increased capital expenditure on assets under construction and property, plant and equipment in 2008 has resulted in a higher interest capitalised charge for the year. Included in interest incurred is an amount of R307 million in 2008, R263 million in 2007 and R264 million in 2006 related to notional interest primarily in respect of environmental and asset retirement obligations.

Income tax

Income tax expense in 2008 amounted to R10,129 million, an increase of 25%, compared to R8,153 million in 2007 which increased by 25% from R6,534 million in 2006.

The income statement charge consists of the following:

	2008	2007	2006
	(Rand in millions)		
Current tax			
South African normal tax	**8,497**	6,016	5,644
Secondary tax on companies (STC)	**637**	529	555
Foreign tax	**387**	248	421
Total current tax	**9,521**	6,793	6,620
Deferred tax			
South African	**345**	952	236
Foreign	**263**	408	(322)
Total deferred tax expense/(income)	**608**	1,360	(86)
Income tax expense for the year	**10,129**	8,153	6,534

The increase in taxation is broadly in line with the increase in net income before taxation. The effective tax rate was 30.1% in 2008, 31.7% in 2007 and 38.2% in 2006. The difference between the South African statutory tax rate of 28% in 2008 and 29% in 2007 and 2006 and the effective tax rate results mainly from STC which is levied at a rate of 10% (2007 and 2006 12.5%) on dividends paid, differences in foreign tax rates, disallowed expenditure (mainly expenditure related to the Sasol Inzalo share transaction in 2008) and the effect of changes in tax rates both in South Africa and Germany.

Minority interest

Minority interest in 2008 amounted to R1,111 million compared to R520 million in 2007 and R176 million in 2006. The significant increase in 2008 is mainly attributable to the increase in profits earned from certain operations of Sasol Oil, in which outside shareholders have a 25% interest. In 2007, the minority interest increased due to the sale of a 25% shareholding in Sasol Oil to Tshwarisano effective 1 July 2006. In addition, Sasol disposed of a further 25% in Rompco during 2007, resulting in the minority interest in this entity increasing to 50%.

Segment overview

The following is a discussion of our segment results. Segmental financial performance is measured on a management basis. This approach is based on the way in which the GEC organises segments within our group for making operating decisions and assessing performance. The Segment overview included below is based on our segment results.

Inter-segment turnover was entered into under terms and conditions substantially similar to terms and conditions which would have been negotiated with an independent third party.

Turnover per segment

	South African energy cluster					International energy cluster		Chemical cluster					
	Sasol Mining	Sasol Gas	Sasol Synfuels	Sasol Oil	Other	Sasol Synfuels International	Sasol Petroleum International	Sasol Polymers	Sasol Solvents	Sasol Olefins & Surfactants	Other Chemicals	Other businesses	Total
	(Rand in millions)												
2008													
External turnover	2,470	2,563	982	52,500		1,788	1,228	11,162	15,585	28,125	13,315	225	129,943
% of external turnover	2%	2%	1%	40%		1%	1%	9%	12%	22%	10%		100%
Inter-segment turnover	5,009	2,134	38,634	498		5	743	142	1,597	655	3,115	4,048	56,580
% of inter-segment turnover	9%	4%	68%	1%			1%		3%	1%	6%	7%	100%
Total turnover	**7,479**	**4,697**	**39,616**	**52,998**		**1,793**	**1,971**	**11,304**	**17,182**	**28,780**	**16,430**	**4,273**	**186,523**
2007													
External turnover	1,694	2,075	976	37,816		65	777	9,305	12,509	22,012	10,470	428	98,127
% of external turnover	2%	2%	1%	39%			1%	9%	13%	22%	11%		100%
Inter-segment turnover	4,348	1,627	28,108	375			623	105	1,257	570	2,652	2,416	42,081
% of inter-segment turnover	10%	4%	67%	1%			1%		3%	2%	6%	6%	100%
Total turnover	**6,042**	**3,702**	**29,084**	**38,191**		**65**	**1,400**	**9,410**	**13,766**	**22,582**	**13,122**	**2,844**	**140,208**
2006													
External turnover	1,517	1,663	915	32,243		161	649	7,537	10,485	18,545	8,530	150	82,395
% of external turnover	2%	2%	1%	39%			1%	9%	13%	23%	10%		100%
Inter-segment turnover	3,949	1,546	24,734	544			588	102	1,181	550	2,353	1,301	36,848
% of inter-segment turnover	11%	4%	67%	1%			2%		3%	2%	6%	4%	100%
Total turnover	**5,466**	**3,209**	**25,649**	**32,787**		**161**	**1,237**	**7,639**	**11,666**	**19,095**	**10,883**	**1,451**	**119,243**

Operating profit/(loss) per segment

	South African energy cluster					International energy cluster		Chemical cluster					
	Sasol Mining	Sasol Gas	Sasol Synfuels	Sasol Oil	Other	Sasol Synfuels International	Sasol Petroleum International	Sasol Polymers	Sasol Solvents	Sasol Olefins & Surfactants	Other Chemicals	Other businesses	Total
Operating profit/(loss) 2008 (Rm)	1,393	1,785	19,416	5,507	(53)	(621)	1,004	1,511	2,382	1,512	1,200	(1,220)	33,816
% of total	4%	5%	58%	16%		(2%)	3%	5%	7%	4%	4%	(4%)	100%
Operating profit/(loss) 2007 (Rm)	1,171	1,936	16,251	2,417		(763)	300	1,089	1,104	1,140	959	17	25,621
% of total	5%	8%	63%	9%		(3%)	1%	4%	4%	5%	4%		100%
Operating profit/(loss) 2006 (Rm)	1,227	1,526	13,499	2,432		(642)	600	822	908	(3,567)	360	47	17,212
% of total	7%	9%	79%	14%		(4%)	4%	5%	5%	(21%)	2%		100%

Segment review

South African energy cluster

Sasol Mining results of operations

	2008	2007	Change 2008/2007	Change 2008/2007	2006	Change 2007/2006	Change 2007/2006
	(Rand in millions)			(%)	(Rand in millions)		(%)
Turnover							
External	2,470	1,694	776	46	1,517	177	12
Inter-segment	5,009	4,348	661	15	3,949	399	10
Total turnover	**7,479**	**6,042**	**1,437**	24	**5,466**	**576**	11
Operating costs and expenses[(1)]	(6,086)	(4,871)	(1,215)	25	(4,239)	(632)	15
Operating profit	**1,393**	**1,171**	**222**	19	**1,227**	**(56)**	(5)
Operating margin (%)	19	19			22		

(1) Operating costs and expenses net of other income.

Results of operations 2008 compared to 2007

Total turnover increased by 24% from R6,042 million to R7,479 million mainly due to a 25% increase in the coal rand per ton selling price for 2008 compared to 2007, improved coal quality, greater sales volumes at higher prices to Sasol Synfuels, and the positive impact of the weaker rand during 2008 (average rate R7.30 per US dollar for the 2008 year compared to R7.20 per US dollar for the 2007 year).

Sasol Mining also benefited from higher dollar based export sales prices where the average free on board Richards Bay coal price increased by 51% in rand terms, but this was partially negated by a decrease in export volumes from 3.7 Mt in 2007 to 3.4 Mt in 2008 due to 18% decrease in railing capacity resulting in lower volume off take and the recent conclusion of a short-term contract to supply utility coal to Eskom.

Against the backdrop of a decrease in production volumes, operating costs and expense increases were contained to 25%, including the price of higher coal purchases and inflation.

The main factors contributing to the increase in operating profit were:

	Change 2008/2007 (Rand in millions)	%
Operating profit 2007	1,171	
Exchange rate effects	64	5
Net product price increases	329	28
Inflation on other operating costs	(214)	(18)
Net volume and productivity effects	37	3
Effects of remeasurement items	6	1
Operating profit 2008	1,393	

Results of operations 2007 compared to 2006

Total turnover increased by 11% from R5,466 million to R6,042 million mainly due to a 12% increase in the coal rand per ton selling price for 2007 compared to 2006, improved coal quality, higher export volumes with record sales of 3.74 Mt (2006: 3.59 Mt) and the positive impact of the weaker rand

during 2007 (average rate R7.20 per US dollar for the 2007 year compared to R6.41 per US dollar for the 2006 year).

Against the backdrop of reduced production volumes, operating costs and expense increases were contained to 15%, including the price of higher coal purchases and inflation.

The main factors contributing to the decrease in operating profit were:

	Change 2007/2006 (Rand in millions)	%
Operating profit 2006	1,227	
Exchange rate effects	118	10
Net product price increases	381	31
Inflation on other operating costs	(196)	(16)
Net volume and productivity effects	(362)	(30)
Effects of remeasurement items	3	
Operating profit 2007	1,171	

Remeasurement items for the years ended 30 June

Operating costs and expenses include the effect of the following remeasurement items:

	2008	2007	2006
	(Rand in millions)		
Scrapping of property, plant and equipment	8	16	25
Profit on disposal of property, plant and equipment	(1)	(3)	(9)
Total loss	7	13	16

During 2008, 2007 and 2006 numerous assets with small carrying values were retired from use and the remaining carrying values attributable to these assets were written off. Other smaller assets were disposed of realising a gain of R1 million in 2008 (2007 R3 million, 2006 R9 million).

Sasol Gas results of operations

	2008	2007	Change 2008/2007	Change 2008/2007	2006	Change 2007/2006	Change 2007/2006
	(Rand in millions)			(%)	(Rand in millions)		(%)
Turnover							
External	2,563	2,075	488	24	1,663	412	25
Inter-segment	2,134	1,627	507	31	1,546	81	5
Total turnover	**4,697**	**3,702**	**995**	27	**3,209**	**493**	15
Operating costs and expenses[(1)]	(2,912)	(1,766)	(1,146)	65	(1,683)	(83)	5
Operating profit	**1,785**	**1,936**	**(151)**	(8)	**1,526**	**410**	27
Operating margin (%)	38	52			48		

(1) Operating costs and expenses net of other income.

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Results of operations 2008 compared to 2007

Sasol Gas experienced strong growth and reported a 27% increase in total turnover from R3,702 million in 2007 to R4,697 million in 2008. The positive increase was attributable to higher sales volumes due to a stronger demand from Sasol's operations in Sasolburg and Secunda and to South African customers, most notably from the metals, retail, mining and metallic sectors. The business again benefited from higher selling prices, which are based on indices linked to producer price inflation and alternative energy prices, specifically oil products, and the weakening of the rand against the US dollar.

Operating cost and expenses increased by 32% after the effects of the impairment of R104 million of the dedicated pipeline and the profit of R371 million recognised on the disposal of a 25% interest in Rompco to CMG in 2007. This increase was in line with the increased external gas sales through continued cost containment.

The main factors contributing to the decrease in operating profit were:

	Change 2008/2007 (Rand in millions)	(%)
Operating profit 2007	1,936	
Exchange rate effects	3	
Net product price increases	260	13
Inflation on other operating costs	(45)	(2)
Net volume and productivity effects	105	5
Effects of remeasurement items	(474)	(24)
Operating profit 2008	1,785	

Results of operations 2007 compared to 2006

Sasol Gas experienced strong growth and achieved a 15% increase in total turnover from R3,209 million to R3,702 million in 2007. The increase was attributable to higher sales to the Sasol chemicals operations in Sasolburg, Sasol Synfuels at Secunda and to South African industrial and commercial customers, mostly in Gauteng, Mpumalanga and KwaZulu-Natal. The business again benefited from higher selling prices, which are based on indices linked to producer price inflation and alternative energy prices, specifically oil products and the weakening of the rand against the US dollar.

Operating costs and expenses increased by 5% after the effects of the profit of R346 million recognised on the disposal of a 25% interest in Rompco to CMG. This increase was in line with the increased external gas sales through continued cost containment.

The main factors contributing to the increase in operating profit were:

	Change 2007/2006 (Rand in millions)	(%)
Operating profit 2006	1,526	
Exchange rate effects	(2)	
Net product price increases	142	9
Inflation on other operating costs	(28)	(2)
Net volume and productivity effects	66	5
Effects of remeasurement items	232	15
Operating profit 2007	1,936	

Remeasurement items for the years ended 30 June

Operating costs and expenses include the effect of the following remeasurement items:

	2008	2007	2006
	(Rand in millions)		
Impairment of property, plant and equipment	**104**		67
Scrapping of property, plant and equipment		1	
Profit on disposal of business		(371)	(205)
Total loss/(gain)	**104**	(370)	(138)

The impairment in 2008 is as a result of the fact that Sasol Gas was required to supply both hydrogen-rich (HRG) and natural gas during a period of converting customers to natural gas. A dedicated pipeline was built from Sasolburg to continue the supply of HRG. Upon completion of the natural gas conversion project, the pipeline was intended to be utilised in a number of applications. In 2008, most of the alternative applications have been proven to be unsuccessful or not technically viable, resulting in the remaining portion of the pipeline being impaired for an amount of R104 million.

During 2007, numerous assets with small carrying values were retired from use and the remaining carrying values attributable to these assets were written off. The profit on the disposal of business relates to the sale of a 25% interest in Rompco to CMG in 2007.

The impairment in 2006 is a result of the fact that Sasol Gas was required to supply both hydrogen-rich and natural gas during the period of converting customers to natural gas. A dedicated pipeline was built from Sasolburg to continue to supply hydrogen-rich gas. Upon completion of the natural gas conversion project, this pipeline was intended to be utilised in a number of applications which have proved not to be feasible. A portion of the pipeline with no alternative use to Sasol Gas has been impaired.

Sasol Synfuels results of operations

	2008	2007	Change 2008/2007	Change 2008/2007	2006	Change 2007/2006	Change 2007/2006
	(Rand in millions)			(%)	(Rand in millions)		(%)
Turnover							
External	982	976	6	1	915	61	7
Inter-segment	38,634	28,108	10,526	37	24,734	3,374	14
Total turnover	**39,616**	**29,084**	**10,532**	36	**25,649**	**3,435**	13
Operating costs and expenses[(1)]	(20,200)	(12,833)	(7,367)	57	(12,150)	(683)	6
Operating profit	**19,416**	**16,251**	**3,165**	19	**13,499**	**2,752**	20
Operating margin (%)	49	56			53		

(1) Operating costs and expenses net of other income.

Results of operations 2008 compared to 2007

Total turnover increased by 36% from R29,084 million to R39,616 million on the strength of higher product prices that have reached record levels due to increasing crude oil prices and the effect of the weakening of the rand against the US dollar.

Production volumes were marginally higher in 2008 due to increased production efficiency resulting from increased natural gas intake and the effect of only one phase shutdown compared to a total and phase shutdown during 2007. However, this benefit was partially offset by flaring losses incurred during the completion and commissioning of the selective catalytic cracker (SCC) plant which had an adverse effect on production volumes. Ongoing programmes are being followed to improve plant reliability, availability and efficiency of operations.

Operating costs and expenses include the effects of our crude oil hedging activities amounting to R2,211 million due to the average crude oil price exceeding the zero cost collar cap of US$76.75/b. The remaining increase in operating costs is mainly due to higher coal and feedstock prices as well as the need to import high-octane fuel blending components to meet demand during the plant shutdown.

The main factors contributing to the increase in operating profit were:

	Change 2008/2007 (Rand in millions)	**(%)**
Operating profit 2007	16,251	
Exchange rate effects	358	2
Net product and feedstock price	5,007	31
crude oil effects	6,997	43
effect of crude oil hedge	(2,402)	(15)
other products	412	3
Inflation on other operating costs	(1,519)	(9)
Net volume and productivity effects	(1,575)	(10)
Once off impact of shut down maintenance[(1)]	855	5
Effects of remeasurement items	39	
Operating profit 2008	19,416	

(1) Primarily includes the positive impact effect of only one phase shutdown in 2008 at Sasol Synfuels compared to a total and phase shutdown during 2007.

Results of operations 2007 compared to 2006

Total turnover increased by 13% from R25,649 million to R29,084 million on the strength of higher product prices and the weakening of the rand against the US dollar. Overall production volumes decreased by 2.8% due to two maintenance shutdowns of the plant and instability in our support utilities. During 2007, Sasol Synfuels experienced unplanned production outages of approximately three phase factory production days in total resulting from power surges due to internal equipment failures. An amount of R240 million has been incurred to date to on an equipment replacement programme to remediate this matter.

Operating costs and expenses increased mainly because of higher coal and gas feedstock prices, as well as the need to import high-octane fuel blending components to meet demand during the plant shutdowns.

The main factors contributing to the increase in operating profit were:

	Change 2007/2006 (Rand in millions)	(%)
Operating profit 2006	13,499	
Exchange rate effects	2,836	21
Net product and feedstock price	1,561	12
crude oil effects	1,265	10
effect of crude oil hedge	322	2
other products	(26)	
Inflation on other operating costs	(920)	(7)
Net volume and productivity effects	172	1
Once off impact of shut down maintenance(1)	(1,020)	(8)
Effects of remeasurement items	123	1
Operating profit 2007	16,251	

(1) Primarily includes the effects of the delay of the scheduled maintenance shutdown of the plant from 2006 to 2007.

Remeasurement items for the years ended 30 June

Operating costs and expenses include the effect of the following remeasurement items:

	2008	2007	2006
	(Rand in millions)		
Scrapping of property, plant and equipment	**27**	72	205
Profit on disposal of property, plant and equipment	**(2)**	(8)	(18)
Total loss	**25**	64	187

The remeasurement items in 2008 include the scrapping of the basic engineering package amounting to R11 million for the Benzene Alkylation Badger and Pre-heating of Reformer Feed Gas projects, as these projects did not meet the appropriate specifications for which they were originally intended. The remainder of the balance relates primarily to the scrapping of other smaller items of R16 million.

The remeasurement items in 2007 include the scrapping of property, plant and equipment during the year primarily related to the scrapping of the sulphur debottlenecking project in Secunda (R64 million).

The remeasurement items in 2006 primarily include the scrapping of property, plant and equipment during the year of the remaining carrying value of costs capitalised as part of the C4 Skeletal Isomerisation scheme of R81 million, R79 million for items of property, plant and equipment which formed part of the sulphur recovery project and the remaining carrying value of R10 million on the Circulating Fluidised Bed reactors were scrapped during the year.

Sasol Oil results of operations

	2008	2007	Change 2008/2007	Change 2008/2007	2006	Change 2007/2006	Change 2007/2006
	(Rand in millions)			(%)	(Rand in millions)		(%)
Turnover							
External	52,500	37,816	14,684	39	32,243	5,573	17
Inter-segment	498	375	123	33	544	(169)	(31)
Total turnover	**52,998**	**38,191**	**14,807**	39	**32,787**	**5,404**	16
Operating costs and expenses[(1)]	(47,491)	(35,774)	(11,717)	33	(30,355)	(5,419)	18
Operating profit	**5,507**	**2,417**	**3,090**	128	**2,432**	**(15)**	(1)
Operating margin (%)	10	6			7		

(1) Operating costs and expenses net of other income.

Results of operations 2008 compared to 2007

The business increased total turnover by 39% from R38,191 million to R52,998 million mainly due to higher product prices and higher pricing contracts with various customers. Total liquid sales increased to 9.98 million m^3 compared to 9.69 million m^3 for 2007. Increased sales volumes were underpinned by the growth in the commercial business and the expansion of our retail convenience centres from 391 in the prior year to 406 in 2008.

Operating profit increased by 128% from R2,417 million to R5,507 million mainly due to the realisation of consistently higher sales prices throughout the year and a positive slate variance. The crude oil throughput at our Natref refinery increased by 12% to 3.54 million m^3 as a result of optimisation opportunities and export market stability. This increased level of production in 2008 resulted in reduced imports to meet contractual obligations.

Operating costs and expenses increased by 33% mainly as a result of higher crude feedstock prices.

The main factors contributing to the increase in operating profit were:

	Change 2008/2007 (Rand in millions)	(%)
Operating profit 2007	2,417	
Exchange rate effects	606	25
Net product and feedstock price increases	2,726	113
Inflation on other operating costs	(236)	(10)
Net volume and productivity effects	(28)	(1)
Effects of remeasurement items	22	1
Operating profit 2008	5,507	

Results of operations 2007 compared to 2006

The results of Sasol Oil remained fairly static for this year. Turnover increased by 16% from R32,787 million to R38,191 million on the back of high international product prices, the weakening of the rand/US dollar exchange rate as well as improved sales volumes. Total liquid fuel sales increased to 9.69 million m^3 compared to 9.61 million m^3 for 2006. Both wholesale and retail volumes contributed to this improvement. Sasol Oil operates retail convenience centres under the Sasol and Exel banners and

we have extended our retail network to 391 service stations (169 Sasol retail convenience centres and 222 Exel service stations). This compares favourably with the 376 reported last year.

Operating costs increased by 18% from R30,355 million to R35,744 million due to increased international feedstock prices together with higher levels of petrol, diesel and fuel component imports. Imports were necessitated due to the lower production volumes resulting from refinery shutdowns and difficulties at the Sasol Synfuels operations.

The main factors contributing to the decrease in operating profit were:

	Change 2007/2006 (Rand in millions)	(%)
Operating profit 2006	2,432	
Exchange rate effects	136	6
Net product and feedstock price increases	(151)	(6)
Inflation on other operating costs	(138)	(6)
Net volume and productivity effects	132	5
Effects of remeasurement items	6	
Operating profit 2007	2,417	

Remeasurement items for the years ended 30 June

Operating costs and expenses include the effect of the following remeasurement items:

	2008	**2007**	**2006**
	(Rand in millions)		
Impairment of property, plant and equipment	**11**		4
Impairment of intangible assets		10	1
Scrapping of property, plant and equipment		13	3
Profit on disposal of property, plant and equipment	**(31)**	(21)	
Total (gain)/loss	**(20)**	2	8

A truckstop was opened in Sasolburg in November 2004 at a cost of R44 million. Due to the withdrawal of a key customer and other transporters, resulting in declining volumes in the wash bay, an impairment of R11 million was recognised in 2008.

The South African government expropriated a retail convenience centre owned by Sasol Oil as part of the Gautrain Rapid Link Project for the construction of a railway transportation system in 2008. The company was compensated for the assets acquired as well as the loss of future income and realised a profit of R24 million. The remaining R7 million relates to the profit on disposal of various smaller other items.

The remeasurement items in 2007 include the impairment of commercial contracts. Sasol Oil will no longer supply fuel products to a specific bulk customer in terms of an existing commercial contract as a result of the implication of new wholesale licensing legislation which came into effect during 2007. This necessitated the impairment of a commercial contact of R10 million. Further during 2007, numerous assets with small carrying values were retired from use and the remaining carrying values attributable to these assets were written off.

The remeasurement items in 2006 include the impairment of property, plant and equipment related to a truckstop in Sasolburg of R4 million and the impairment of intangible assets of R1 million related to commercial contracts acquired with Exel Petroleum, established in the allocation of the purchase price which were impaired during the year as these contracts were performing worse than expected.

International energy cluster

Sasol Synfuels International (SSI) results of operations

	2008	2007	Change 2008/2007	Change 2008/2007	2006	Change 2007/2006	Change 2007/2006
	(Rand in millions)			(%)	(Rand in millions)		(%)
Turnover							
External	1,788	65	1,723	2,650	161	(96)	(60)
Inter-segment	5		5				
Total turnover	**1,793**	**65**	**1,728**	2,658	**161**	**(96)**	(60)
Operating costs and expenses(1)	(2,414)	(828)	(1,586)	192	(803)	(25)	3
Operating loss	**(621)**	**(763)**	**142**	19	**(642)**	**121**	19

(1) Operating costs and expenses net of other income.

Results of operations 2008 compared to 2007

Sasol Synfuels International (SSI) hosts the growth ambitions of the group relating to gas-to-liquids (GTL) and coal-to-liquids (CTL) ventures. Total turnover increased significantly from R65 million to R1,793 million 2008 due to the first full year's results from the Oryx GTL facility in Qatar, a 49:51 joint venture with Qatar Petroleum, and increased production capacity at Oryx GTL. The production ramp up of Oryx GTL met our expectations during the year and for the month of June 2008, the plant averaged production of more than 22,000 barrels a day.

In 2008, Sasol entered into negotiations to reduce its interest in the Escravos GTL (EGTL) project in Nigeria from 37.5% to 10%, while still providing full technical and manpower support to the project. Agreement in principle has been reached and it is envisaged that the definitive agreements will be finalised by 31 October 2008, subject to relevant regulatory approvals. The significant change in the total estimated cost of the project, the delay in completion, along with other factors impacting on the project's economics had resulted in an impairment of the project of R362 million in 2008. As a result, our interest in the project has been classified as a disposal group held for sale at 30 June 2008. Our remaining 10% interest will be classified appropriately upon conclusion of the agreements.

The majority of the operating costs are associated with the start up of the Oryx GTL facility in 2008, but also include the costs associated with establishing and advancing the various GTL and CTL opportunities. Included in operating costs is an impairment of our interest in EGTL and the refund of Chevron's participation right for the Oryx expansion project. Provisions raised in respect of guarantees related to the Oryx and EGTL operations increased by R325 million (including the effects of translation) in 2008.

The main factors contributing to the decrease in operating loss were:

	Change 2008/2007 (Rand in millions)	(%)
Operating loss 2007	(763)	
Exchange rate effects	11	1
Net product and feedstock price increases	(1)	
Inflation on other operating costs	(69)	(9)
Net volume and productivity effects	692	91
Management intervention	(95)	(12)
Effects of remeasurement items	(396)	(52)
Operating loss 2008	(621)	

Results of operations 2007 compared to 2006

The Oryx GTL facility was started up 2007 and produced on specification product. The business is confident that we will resolve the remaining technical challenges and steadily increase production throughput.

The turnover generated during 2007 relates to sales of catalyst for our Oryx GTL plant. External sales decreased in 2007 compared to 2006 due to lower catalyst sales resulting from the operational challenges experienced at Oryx GTL. The operating costs are associated with establishing and advancing the various GTL and CTL opportunities. An operating loss of R763 million was incurred in the year as a direct consequence of our increased activity in this respect. Provisions raised in respect of guarantees related to the Oryx and EGTL operations increased by R140 million in 2007.

Remeasurement items for the years ended 30 June

Operating costs and expenses include the effect of the following remeasurement items:

	2008	2007	2006
	(Rand in millions)		
Impairment of property, plant and equipment	**362**		
Loss on repurchase of participation right in GTL project	**34**		
Total loss	**396**		

During the year, it has been determined that a material increase in capital expenditure is expected in respect of the construction of the EGTL plant in Nigeria, with the project completion date also being postponed. Sasol entered into negotiations to reduce its interest in the project to 10% with an impairment of R362 million being recognised in 2008 based on the EGTL plant's fair value less costs to sell.

Further, SSI had agreed that Chevron would pay an amount of US$5 million in respect of a participation right related to the Oryx 2 project in 2004. In October 2007, the agreement between Sasol and Chevron was amended and US$5 million was refunded to Chevron resulting in a loss of R34 million being realised.

Sasol Petroleum International results of operations

	2008	2007	Change 2008/2007	Change 2008/2007	2006	Change 2007/2006	Change 2007/2006
	(Rand in millions)			(%)	(Rand in millions)		(%)
Turnover							
External	1,228	777	451	58	649	128	20
Inter-segment	743	623	120	19	588	35	6
Total turnover	**1,971**	**1,400**	**571**	41	**1,237**	**163**	13
Operating costs and expenses[1]	(967)	(1,100)	133	(12)	(637)	(463)	73
Operating profit	**1,004**	**300**	**704**	235	**600**	**(300)**	(50)

(1) Operating costs and expenses net of other income and including exploration costs.

Results of operations 2008 compared to 2007

The increase in Sasol Petroleum International's (SPI) total turnover of 41% was mainly due to higher crude oil and gas prices, increased sales volumes from our Gabon and Mozambique operations and the positive impact of the weakening of the rand against the US dollar.

Natural gas sales from the Temane plant in Mozambique to Sasol Gas in 2008 amounted to 106.9 MGJ, a 9.3% increase on the prior year's 97.8 MGJ.

In Gabon, gross production from the Etame Permit averaged 20,774 bpd during 2008 (2007: 18,600 bpd), with net sales revenue per barrel of R566.16/b compared to R376.23/b in 2007.

Operating costs decreased due to a decrease in total exploration costs amounting to R221 million for 2008 compared to R526 million for 2007. This was mainly as a result of reduced exploration activity in Blocks 16 and 19 in Mozambique.

The main factors contributing to the increase in operating profit were:

	Change 2008/2007 (Rand in millions)	(%)
Operating profit 2007	300	
Exchange rate effects	59	20
Net product and feedstock price increases	353	117
crude oil effects	319	106
other products	34	11
Inflation on other operating costs	(61)	(20)
Net volume and productivity effects	326	109
Effects of remeasurement items	27	9
Operating profit 2008	1,004	

Results of operations 2007 compared to 2006

The increase in SPI's total turnover of 13% was mainly due to higher oil prices and the positive impact of the weakening of the rand against the US dollar.

Natural gas sales from the Temane plant in Mozambique to Sasol Gas in 2007 amounted to 97.8 MGJ, a 3.8% increase on the previous year's 94.2 MGJ.

In Gabon, gross production from the Etame Permit averaged 18,600 bpd during 2007 (2006: 18,000 bpd), with net sales revenue per barrel of R376.23/b compared to R327.76/b in 2006.

Operating costs increased due to total exploration costs amounting to R526 million for 2007 compared to R123 million for 2006.

Remeasurement items for the years ended 30 June

Operating costs and expenses include the effect of the following remeasurement items:

	2008	2007	2006
	(Rand in millions)		
(Profit)/loss on disposal of property, plant and equipment	**(27)**		82
Total (gain)/loss	**(27)**		82

In 2008, SPI disposed of its 50% interest in the Dussafu Marine Permit realising a net profit of R33 million on the disposal thereof. Various other assets were retired from use and disposed off realising a loss of R6 million in 2008.

In 2006, SPI disposed of 30% of its participating interest in the central processing facility in Mozambique realising a loss of R82 million.

Chemical Cluster

Sasol Polymers results of operations

Our polymer-related activities are managed in two separate entities, Sasol Polymers (Pty) Limited, a division of Sasol Chemical Industries Limited, and Sasol Polymers International Investments (Pty) Limited, a subsidiary of the Sasol Investment Company (Pty) Limited.

	2008	2007	Change 2008/2007	Change 2008/2007	2006	Change 2007/2006	Change 2007/2006
	(Rand in millions)			(%)	(Rand in millions)		(%)
Turnover							
External	11,162	9,305	1,857	20	7,537	1,768	23
Inter-segment	142	105	37	35	102	3	3
Total turnover	**11,304**	**9,410**	**1,894**	20	**7,639**	**1,771**	23
Operating costs and expenses[1]	(9,793)	(8,321)	(1,472)	18	(6,817)	(1,504)	22
Operating profit	**1,511**	**1,089**	**422**	39	**822**	**267**	32
Operating margin (%)	13	12			11		

(1) Operating costs and expenses net of other income.

Results of operations 2008 compared to 2007

Sasol Polymers experienced strong growth and achieved a 20% increase in total turnover from R9,410 million in 2007 to R11,304 million in 2008. The increase was mainly due to increased margins, higher international polymer selling prices and the weakening of the rand against the US dollar.

The effect of a higher crude oil price and weakening of the rand has negatively impacted on oil-derived feedstock prices resulting in increased cost of sales. Other operating costs and depreciation increased in 2008 compared to 2007 as a result of the final commissioning of Project Turbo in 2008.

Production volumes increased during 2008 mainly due to the commissioning of the second polypropylene plant in Secunda, which has been operating since December 2007 and the Arya Sasol

Polymers Company ethane cracker which has been operating steadily in 2008 and exporting ethylene. This benefit has been partly negated by the reduced ethylene production during the shut down and delayed start-up of the Project Turbo selective catalytic cracker (SCC).

The main factors contributing to the increase in operating profit were:

	Change 2008/2007 (Rand in millions)	(%)
Operating profit 2007	1,089	
Exchange rate effects	353	33
Net product and feedstock price	(73)	(7)
crude oil	(1,500)	(138)
other products	1,427	131
Inflation on other operating costs	(151)	(14)
Net volume and productivity effects	272	25
Effects of remeasurement items	21	2
Operating profit 2008	1,511	

Results of operations 2007 compared to 2006

The increase in Sasol Polymers total turnover from R7,639 million in 2006 to R9,410 million in 2007, was mainly due to higher international polymer selling prices and a weaker rand.

The weaker rand, however, negatively impacted on feedstock prices and coupled with higher oil prices resulted in increased cost of sales. Other operating costs and depreciation increased in 2007 compared to 2006 as a result of Project Turbo.

In the first half of 2007, the South African operations were impacted by the planned maintenance shutdowns of Synfuels and resulting in feedstock restrictions. The depressed volumes and operating efficiencies led to lower operating profits, which were also impacted by higher feedstock prices. In the second half of 2007, plant operations stabilised and domestic demand for our products strengthened, led by the construction boom in South Africa. Despite the impact of the plant shutdowns, Sasol Polymers' operating profit increased by 32% to R1,089 million.

The main factors contributing to the increase in operating profit were:

	Change 2007/2006 (Rand in millions)	(%)
Operating profit 2006	822	
Exchange rate effects	396	48
Net product and feedstock price	532	65
crude oil	(212)	(26)
other products	744	91
Inflation on other operating costs	(84)	(10)
Net volume and productivity effects	(585)	(71)
Effects of remeasurement items	8	
Operating profit 2007	1,089	

Remeasurement items for the years ended 30 June

Operating costs and expenses include the effect of the following remeasurement items:

	2008	2007	2006
	(Rand in millions)		
Impairment of property, plant and equipment			23
Scrapping of property, plant and equipment		5	2
Profit on disposal of property, plant and equipment	**(12)**	(3)	(8)
Loss on disposal of business		7	
Total (gain)/loss	**(12)**	9	17

Various projects and assets were retired from use and disposed off realising a profit of R12 million in 2008 (2007 R3 million, 2006 R8 million).

In 2007, Sasol Polymers disposed of their 50% interest in DPI Holdings (Pty) Limited and realised a loss of R7 million.

In 2006, the impairment of property, plant and equipment was mainly due to DPI Holdings, in which Sasol had a 50% interest, which was classified as a disposal group held for sale during 2006, after identifying a potential buyer and approval by the Sasol Polymers divisional board to divest. The classification of DPI Holdings as held for sale necessitated the impairment of the net assets to the fair value less costs to sell.

Sasol Solvents results of operations

	2008	2007	Change 2008/2007	Change 2008/2007	2006	Change 2007/2006	Change 2007/2006
	(Rand in millions)			(%)	(Rand in millions)		(%)
Turnover							
External	15,585	12,509	3,076	25	10,485	2,024	19
Inter-segment	1,597	1,257	340	27	1,181	76	6
Total turnover	**17,182**	**13,766**	**3,416**	25	**11,666**	**2,100**	18
Operating costs and expenses[(1)]	(14,800)	(12,662)	(2,138)	17	(10,758)	(1,904)	18
Operating profit	**2,382**	**1,104**	**1,278**	116	**908**	**196**	22
Operating margin (%)	14	8			8		

(1) Operating costs and expenses net of other income.

Results of operations 2008 compared to 2007

Sasol Solvents produced strong results with total turnover increasing by 25% from R13,766 million to R17,182 million in 2008. This was mainly due to higher product prices as a result of strong global demand and the positive impact of the weakening of the rand against the US dollar.

In Germany, the business continued to struggle against higher feedstock costs and compressed margins. The strength of the euro against the US dollar enabled major competitors to export competitively into Europe at aggressive prices and also prohibited exports from the region to traditional markets. This directly resulted in a decision to reduce the production of certain plants in Germany during 2008.

In spite of the reduction in Germany, total production volumes for Sasol Solvents in 2008 increased to by 6% to 1.79 Mt from 1.69 Mt in 2007. Total sales volumes increased from 1.69 Mt to 1.72 Mt in 2008.

Notwithstanding the margin pressure in Germany, the higher selling prices that were achieved in the market resulted in operating profit increasing by 116% from of R1,104 million in 2007 to R2,382 million in 2008.

Operating costs and expenses increased by 17% mainly due to higher feedstock and energy costs.

The main factors contributing to the increase in operating profit were:

	Change 2008/2007 (Rand in millions)	(%)
Operating profit 2007	1,104	
Exchange rate effects	575	52
Net product and feedstock price	840	76
crude oil	(1,042)	(94)
other products	1,882	170
Inflation on other operating costs	(229)	(20)
Net volume and productivity effects	50	4
Effects of remeasurement items	42	4
Operating profit 2008	2,382	

Results of operations 2007 compared to 2006

Sasol Solvents produced a solid performance with total turnover increasing by 18%. This was mainly due to higher product prices and the positive impact of the weakening of the rand against the US dollar. This performance was offset by lower sales volumes due to the lack of product availability brought about by lower than planned production in the first half of 2007 and an unplanned shutdown in March 2007 for the South African operations. In Germany, operational difficulties and compressed margins for iso propyl alcohol, forcing a cut back in production, negatively impacted sales volumes. Total sales volumes decreased from 1.79 Mt to 1.69 Mt.

Operating costs and expenses increased due to higher feedstock costs, the loss of Rhodium catalyst of R54 million and the impairment of emission rights of R30 million.

The main factors contributing to the increase in operating profit were:

	Change 2007/2006 (Rand in millions)	(%)
Operating profit 2006	908	
Exchange rate effects	269	30
Net product and feedstock price	312	34
crude oil	(106)	(12)
other products	418	46
Inflation on other operating costs	(39)	(4)
Net volume and productivity effects	(95)	(10)
Effects of remeasurement items	(251)	(28)
Operating profit 2007	1,104	

Remeasurement items for the years ended 30 June

Operating costs and expenses include the effect of the following remeasurement items:

	2008	2007	2006
	(Rand in millions)		
Reversal of impairment of property, plant and equipment	**(191)**		(140)
Impairment of property, plant and equipment	**269**	12	
Impairment of intangible assets		30	26
Impairment of investments		15	
Scrapping of property, plant and equipment	**38**	89	7
Loss on disposal of business			2
Profit on disposal of property, plant and equipment	**(12)**		
Total loss/(gain)	**104**	146	(105)

During 2005, the Sasol Solvents n-Butanol plant in South Africa was impaired due to a decline in the economics of the business caused by a decrease in n-Butanol sales prices and poor asset utilisation. During the current year the economics of the business has improved due to an increase in n-Butanol prices and significantly improved asset utilisation. The previous impairment was reassessed, with management concluding that the increase in the selling price is sustainable to the extent that a reversal of R191 million of the previous impairment was recognised during 2008.

Also during 2008, feedstock prices into the ethanol business at the Herne site in Germany increased substantially while sales prices decreased due to an oversupply of ethanol on the European market. Due to a decline in the economics of the business and the impact on the site as a whole, an impairment of the Herne site amounting to R261 million has been recognised.

In addition, the dithiophosphate plant in Sasolburg was shut down during 2008 and an impairment of R8 million was recognised.

The scrapping of property, plant and equipment relates to in process consumption of Rhodium catalyst amounting to R29 million. A further R5 million relates to in process consumption associated with other catalysts. The remaining scrapping of R4 million relates to other smaller assets.

During 2007 the following impairments were recognised:

Fine chemicals business as a result of recurring losses in the fine chemicals business, an impairment of R12 million was recognised.

Emission rights as a result of the decrease in the market price of emission allowances during 2007, an impairment of R30 million was recognised.

European Pipeline Development Company (EPDC) In March 2007, EPDC was liquidated and an impairment of the investment in EPDC was recognised amounting to R15 million.

During 2007, the following items of property, plant and equipment assets were scrapped:

Rhodium catalysts in Secunda R54 million.

Triethoxy Butane plant in Sasolburg R14 million.

Hexene Dedicated Control System in Secunda R6 million.

Bottom section of Synthol Light Oil plant in Secunda R6 million.

Other smaller assets R9 million.

The remeasurement items in 2006 include:

Reversal of a previously recognised impairment During 2005, an impairment was recognised of R140 million for Octene train 3 project due to increases in the capital costs. The successful outcome of negotiations over the selling price of the product which were finalised during the last quarter of 2005, has resulted in the return (based on a discounted cash flow model) expected to be generated by this plant exceeding the expected cost of construction. As a result, due to the change in economic circumstances, the impairment has been reversed.

Impairment of intangible assets includes:

1. Impairment of Acrylates train 2 technology license (South Africa) An impairment of the technology license for the second train of R14 million was recognised due to uncertainty regarding the expected product mix that will be manufactured and the decision to postpone the project due to the current de-bottlenecking of train one.

2. Impairment of emission rights (carbon credits) The group accounts for emission rights granted by government as an indefinite life intangible asset. This intangible asset is recognised at the fair value of the allowance on the date it is granted. No amortisation is provided and the intangible asset is tested for impairment at least annually. Due to the decrease in the market price of emission rights during the year, from €26.00 to €16.00 per right (one right unit entitles the holder the right to emit one ton of carbon dioxide per year), the carrying value of the intangible asset at year-end was impaired by R12 million.

Sasol Olefins & Surfactants (O&S) results of operations

	2008	2007	Change 2008/2007	Change 2008/2007	2006	Change 2007/2006	Change 2007/2006
	(Rand in millions)			(%)	(Rand in millions)		(%)
Turnover							
External	28,125	22,012	6,113	28	18,545	3,467	19
Inter-segment	655	570	85	15	550	20	4
Total turnover	**28,780**	**22,582**	**6,198**	27	**19,095**	**3,487**	18
Operating costs and expenses(1)	(27,268)	(21,442)	(5,826)	27	(22,662)	1,220	5
Operating profit/(loss)	**1,512**	**1,140**	**372**	33	**(3,567)**	**4,707**	132

(1) Operating costs and expenses net of other income.

Results of operations 2008 compared to 2007

On 30 March 2007, it was announced that Sasol O&S would be retained within Sasol and that the divesture process had ceased, with the intention to improve the division's business performance. The business turnaround process which is expected to be sustained for two to four years is proceeding to plan with fixed cost reduction, portfolio restructuring and the attainment of higher margins contributing to strengthening the business results in 2008.

Total turnover increased by 27% from R22,582 million to R28,780 million in 2008 due to higher selling prices. Operating profit increased as a result of improved margins and initial benefits in the restructuring process, which included the shutdown of the Baltimore, USA, and Porto Torres, Italy, linear alkyl benzene plants as well as cost reductions in all remaining units.

The effect of a higher oil price has negatively impacted on oil-derived feedstock prices resulting in increased cost of sales of approximately 26%, but this was offset to some extent by lower fixed costs. A

50% alcohols joint venture plant with a capacity of 60,000 tons per annum was successfully commissioned during the year in Lianyangang, China.

Included in operating costs and expenses is the impairment of assets of R62 million and reversal of impairment of Sasol North America Alcohols (Lake Charles) of R96 million. In addition, several restructuring and turnaround provisions associated with the retention and turnaround of the Sasol O&S business amounting to R216 million was recognised in the current year.

The main factors contributing to the increase in operating profit were:

	Change 2008/2007 (Rand in millions)	(%)
Operating loss 2007	1,140	
Exchange rate effects	256	22
Net product and feedstock price	1,156	101
Inflation on other operating costs	(116)	(10)
Net volume and productivity effects	(146)	(13)
Once off items[1]	(98)	(8)
Effects of remeasurement items	(680)	(59)
Operating profit 2008	1,512	

(1) Includes effects of restructuring costs recognised in 2008 and 2007.

Results of operations 2007 compared to 2006

On 30 March 2007, it was announced that Sasol O&S would be retained within Sasol and that the divesture process had ceased, with the intention to improve the division's business performance. The business has continued to build on its groundwork of the last four years, with emphasis on reducing other operating costs in a sustainable manner, improving customer relations, lifting productivity and optimising its portfolio of surfactants, surfactant intermediates and specialty inorganic chemicals in the face of tougher market conditions.

However, in 2007, the business was once again hampered by tougher market conditions in the form of higher feedstock and energy costs combined with declining midcut alcohol prices, mainly on the alcohol part of the business.

Total turnover increased by 18% from R19,095 million in 2006 to R22,582 million in 2007 due to higher selling prices. Higher feedstock prices adversely affected operating profit, but this was offset by lower other operating costs. Included in operating costs and expenses is the net reversal of the fair value write-down recorded on Sasol O&S of R803 million as part of the process of reclassifying Sasol O&S to continuing operations. In addition, a restructuring provision associated with the retention of the Sasol O&S business of R405 million was recognised in 2007.

The main factors contributing to the increase in operating profit were:

	Change 2007/2006 (Rand in millions)	(%)
Operating loss 2006	(3,567)	
Exchange rate effects	53	1
Net product and feedstock price	(286)	(8)
crude oil	(277)	(8)
other products	(9)	
Net volume and productivity effects	90	3
Effects of remeasurement items	4,850	136
Operating profit 2007	1,140	

Remeasurement items for the years ended 30 June

During the years under review operating costs and expenses include the effect of the following remeasurement items:

	2008	2007	2006
	(Rand in millions)		
Impairment of property, plant and equipment	**62**	12	825
Impairment of intangible assets		106	83
Impairment of goodwill			4
Reversal of impairment of property, plant and equipment	**(96)**		
Scrapping of property, plant and equipment	**3**		21
Loss/(profit) on disposal of property, plant and equipment	**4**	(22)	14
Fair value (reversal of write down)/write down		(803)	3,196
Total (gain)/loss	**(27)**	(707)	4,143

The remeasurement items in 2008 include:

Impairment of property, plant and equipment includes further impairments recognised in the Sasol Italy's Inorganics business unit of R10 million and Sasol North America's Alkylates business unit of R44 million due to continued losses at these operations. In addition, impairments of R8 million related to other smaller assets were recognised.

Reversal of impairment of property, plant and equipment at 30 June 2007, the total assets of Sasol North America's Alcohols cash generating unit had been fully impaired due to the economics of the business. During the current year, management has commenced with the implementation of a turnaround strategy, resulting in a reversal of R96 million of the previously recognised impairment.

The remeasurement items in 2007 include:

The impairment of Sasol Germany of R12 million;

The impairment of intangible assets due to the decrease in the market price of emission rights during the year. The carrying value of the intangible asset at 30 June 2007 was impaired by R106 million; and

Upon the decision to terminate the divestiture process related to the Sasol O&S business and the reclassification as held for use, the assets were measured at the lower of value-in-use at the

date of the decision not to sell and the carrying amount before the assets were classified as held for sale in 2006. This resulted in the reversal of the fair value write down of R803 million.

The remeasurement items in 2006 include:

Impairment of property, plant and equipment includes:

1. Impairment of the organics business unit (Sasol Italy) The organics business unit of Sasol Italy comprises the Augusta alkylates and alcohols plants, the Sardinian alkylates plant and the Terranova surfactants plant. Based on current market conditions (i.e. high oil derived feedstock prices, pressure on sales prices due to over supply in the market, amongst other) the assets of the cash generating unit have been impaired by R791 million to their estimated recoverable amount based on the value in use.

2. Impairment of Sasol Gulf assets (Sasol United Arab Emirates) A significant increase in the production capacity in the Middle East and the Gulf has increased the competitiveness of the surfactants market. After the performance of an impairment review, based on value in use, the entire carrying value of the assets of R18 million was impaired.

3. Impairment of inorganic specialities plant (Sasol Italy) In the previous year, the carrying value of this plant was impaired. During the current year, in order to support the business requirements of the global Sasol O&S business unit, further capital expenditure was incurred on continuing operation of this plant. This expenditure, while meeting the requirements for capitalisation in order to continue operating the plant, was reviewed for impairment. The plant continues to incur losses and therefore all additional expenditure of R16 million on this asset has been impaired.

Impairment of intangible assets Due to the decrease in the market price of emission rights during the year, from €26.00 to €16.00 per right (one right unit entitles the holder the right to emit one ton of carbon dioxide per year), the carrying value of the intangible asset at year-end was impaired by R83 million.

After a review of valuations and bids received from interested parties, which confirmed our valuation, it was necessary to write-down the net asset value of the Sasol O&S business to its fair value less costs to sell. This resulted in a reduction of net asset value and a charge to the income statement of R3,196 million (R2.8 billion after tax).

Other Chemicals results of operations

Other chemical business includes Sasol Nitro, Sasol Wax, Merisol, Infrachem and various smaller chemical businesses.

	2008	2007	Change 2008/2007	Change 2008/2007	2006	Change 2007/2006	Change 2007/2006
	(Rand in millions)			(%)	(Rand in millions)		(%)
Turnover							
External	13,315	10,470	2,845	27	8,530	1,940	23
Inter-segment	3,115	2,652	463	17	2,353	299	13
Total turnover	**16,430**	**13,122**	**3,308**	25	**10,883**	**2,239**	21
Operating costs and expenses[1]	(15,230)	(12,163)	(3,067)	25	(10,523)	(1,640)	(16)
Operating profit	**1,200**	**959**	**241**	25	**360**	**599**	166
Sasol Nitro							
Total turnover	5,964	4,170	1,794	43	3,402	768	23
Operating profit	1,267	610	657	108	466	144	31
Sasol Wax							
Total turnover	6,570	5,574	996	18	4,584	990	22
Operating profit	381	629	(248)	(39)	276	353	128
Merisol							
Total turnover	844	740	104	14	555	185	33
Operating profit/(loss)	143	27	116	429	(11)	38	345
Sasol Infrachem							
Total turnover	2,908	2,526	382	15	2,270	256	11
Operating loss	(510)	(237)	(273)	(115)	(297)	60	20

(1) Operating costs and expenses net of other income.

Results of operations 2008 compared to 2007

Sasol Nitro, which comprises our South African ammonia, fertilisers, phosphates and explosives portfolios, increased operating profit by 108% from R610 million in 2007 to R1,267 million in 2008 primarily as a result of improved margins in ammonia, fertilisers and phosphates as well as a 6% volume growth. Included in operating profit is the reversal of impairment on the Phalaborwa site of R94 million and the profit of R114 million realised on the disposal of 50% of our investment in Sasol Dyno Nobel.

Sasol Wax produces and markets wax and wax related products to commodity and specialty wax markets globally. Total turnover has increased by 18%, primarily as a result of an increased proportion of higher value products in the overall product portfolio. The strategy to focus on higher value-adding products has led the division in Germany to become substantially less dependent on low margin sales and has materialised in increased volumes into applications such as industrial waxes, adhesives, coatings and construction board. Operating profit increased by 49% excluding the effect of R557 million included in remeasurement items relating to the realisation of exchange losses on the re-denomination of a loan from rand to euro that was accounted for as part of the net investment in a foreign operation.

Merisol, our 50:50 cresylic acids joint venture with Merichem Company, produces about a third of the world's phenolics. Total turnover increased by 14% from R740 million to R844 million in 2008 mainly due to higher selling prices. Amid higher feedstock prices, the average price of phenol rose by

12%, while cresylic prices were on average 15% stronger leading to operating profit of R143 million in 2008 compared to R27 million in 2007.

Sasol Infrachem's total turnover increased by 15% from R2,526 million to R2,908 million in 2008 due to higher selling prices as a result of the implementation of a revised pricing model for utilities and services provided. This benefit was offset by higher processing fees for natural gas (R103 million) and higher maintenance costs (R136 million) resulting in an operating loss of R510 million in 2008 compared to R237 million in 2007. Gas production increased by 4% from 36.6 MGJ to 38.0 MGJ.

Results of operations 2007 compared to 2006

Sasol Nitro, benefited from a strong performance with sales volumes up R144 million and margins up R25 million compared to 2006. The weaker rand against the US dollar contributed R42 million compared to the prior year. In addition, the business benefited from a once off bad debt recovery of R57 million related to a previously impaired long-term receivable. This has been offset by inflation on cost of R44 million, higher other operating costs of R41 million to grow the business and an increase in the asset retirement obligation mainly at the Phalaborwa plant of R41 million.

Sasol Wax increased operating profit from R269 million in 2006 to R629 million in 2007 primarily as a result of improved product margins across all product ranges and a focus on higher value-add blends. Through continuous product development the business has expanded its activities in higher value adding markets and applications such as industrial waxes, adhesives, coatings and construction board.

A ramp-up in production in Merisol's South African operations, and the closure of the labour intensive front-end business in Houston, USA, in the first half of 2007, led to a significant reduction in our cost base and a better financial performance. In the second half of 2007, we experienced a recovery in the US business and reported stable production in South Africa. Merisol increased sales to 105 kt from 99 kt due to the completion of the turnaround project, and fewer disruptions to production. Higher volumes, coupled with an increase in selling prices, boosted turnover to R740 million from R555 million. Amid higher feedstock prices, the average price of phenol rose by more than a quarter, while cresylic prices were on average 6% stronger leading to operating profit of R27 million for the year compared to an operating loss of R11 million for last year.

Sasol Infrachem's actual 2007 operating loss of R237 million is R60 million, or 20%, lower than in 2006. This was made possible by the higher than normal inflationary increases in sales prices due to the new Sasol Infrachem pricing model for utilities provided and services rendered, and the change in the environmental rehabilitation provision as a result of scheduling changes of projects and the effect of PPI and discount rates (R32 million). Gas production decreased by 3% from 37.7 MGJ to 36.6 MGJ.

Remeasurement items for the years ended 30 June

Operating costs and expenses includes the effect of the following remeasurement items:

	2008	2007	2006
	(Rand in millions)		
Impairment of property, plant and equipment	**13**	20	34
Reversal of impairment of property, plant and equipment	**(94)**		
Scrapping of property, plant and equipment	**3**	7	9
(Profit)/loss on disposal of property, plant and equipment	**(10)**	4	9
Profit on disposal of business	**(111)**	(17)	
Profit on disposal of investments	**(129)**		
Realisation of foreign currency translation reserve	**557**		
Total loss	**229**	14	52

The remeasurement items in 2008 include:

Impairment of property, plant and equipment relating mainly to Asphacell GmbH, a joint venture of Sasol Wax. The company has reported operating losses since its inception due to the continued lack of market penetration and increases in the cost of raw materials and plant maintenance. In November 2007, the Sasol Wax Supervisory Board authorised management to start exploratory discussions for the divestment in Asphacell. It was determined at that point to recognise an impairment of R11 million on the assets of Asphacell.

Impairment of property, plant and equipment related to the Sasol Nitro magnesium nitrate plant of R2 million. During the year, the tolling arrangement with Foskor at the Phalaborwa site was terminated and Sasol Nitro began manufacturing for its own account. This resulted in a reversal of a previously recognised impairment of R94 million related to this site.

Profit on disposal of business Sasol Nitro disposed of 50% of its investment in Sasol Dyno Nobel (Pty) Limited in September 2007 to form a joint venture, realising a profit of R114 million. During the year, Sasol Chemical Industries Limited disposed of its investment in African Amines (Pty) Limited, realising a loss of R3 million.

Profit on disposal of investments In July 2007, Sasol Wax disposed of its 31% investment in Paramelt RMC BV, operating in the Netherlands, realising a profit of R129 million.

Realisation of foreign currency translation reserve In June 2008, Sasol Wax realised an exchange loss of R557 million on the re-denomination of a loan, from rand to euro, that was accounted for as part of the net investment in a foreign operation.

Other businesses results of operations

Other businesses include Sasol Financing, Sasol Technology and the group's corporate head office function.

	2008	2007	Change 2008/2007	Change 2008/2007	2006	Change 2007/2006	Change 2007/2006
	(Rand in millions)			(%)	(Rand in millions)		(%)
Turnover							
External	225	428	(203)	(47)	150	278	185
Inter-segment	4,048	2,416	1,632	68	1,301	1,115	86
Total turnover	**4,273**	**2,844**	**1,429**	50	**1,451**	**1,393**	96
Operating costs and expenses(1)	(5,493)	(2,827)	(2,666)	94	(1,404)	(1,423)	101
Operating profit/(loss)	**(1,220)**	**17**	**(1,237)**	(7,276)	**47**	**(30)**	(64)

(1) Operating costs and expenses net of other income.

Results of operations 2008 compared to 2007

Operating loss for 2008 includes a realised profit of R108 million related to the sale FFS Refiners (Pty) Limited by Sasol Investment Company (Pty) Limited. Operating loss was adversely impacted by the additional share-based payment expenses relating to Sasol Inzalo (R1,434 million) and the effect of the weakening of the rand against the US dollar.

Results of operations 2007 compared to 2006

Operating profit for 2007 includes a realised profit of R315 million related to the sale of Sasol Limited's 25% interest in Sasol Oil to Tshwarisano with effect from 1 July 2006. Operating profit was adversely impacted by the additional costs incurred on specific corporate projects (R117 million), the cost related to incentive bonuses at corporate level (R143 million) and the cost of the guarantee issued in respect of the Tshwarisano transaction (R39 million). In addition, Sasol Technology under recovered its costs from group entities for 2007.

Remeasurement items for the years ended 30 June

Operating costs and expenses includes the effect of the following remeasurement items:

	2008	2007	2006
	(Rand in millions)		
Impairment of assets		3	
Profit on disposal of property, plant and equipment	**(1)**		
Scrapping of property, plant and equipment	**28**	1	10
Profit on disposal of business		(315)	
Profit on disposal of investments	**(108)**		
Total (gain)/loss	**(81)**	(311)	10

During 2008, the Sasol Investment Company (Pty) Limited disposed of its investment in FFS Refiners (Pty) Limited realising a profit of R108 million.

An extensive asset verification exercise was performed at Sasol Technology during the year and items identified as assets which should be scrapped amounted to R27 million.

RECENT ACCOUNTING PRONOUNCEMENTS

The following IFRS accounting standards, interpretations and amendments to published accounting standards which are applicable to the group have been issued by the IASB, but not yet effective, have not been adopted in the current year:

IAS 23 (Revised) Borrowing Costs

The effective date for adoption of this standard is for periods commencing on or after 1 July 2009. This standard will be adopted by the group for the year ending 30 June 2010. The standard will have minimal impact on the financial statements of the group as it is the groups current policy to capitalise borrowing costs on qualifying assets.

IAS 27 (Amendment) Consolidated and Separate Financial Statements

The effective date for adoption of this standard is for periods commencing on or after 1 July 2009. This standard will be adopted by the group for the year ending 30 June 2010. Management is in the process of considering the relevant financial implications. This standard is, however, expected to have a minimal impact on the group.

IFRS 3 (Revised) Business Combinations

The effective date for adoption of this standard is for periods commencing on or after 1 July 2009. This standard will be adopted by the group for the year ending 30 June 2010. All business combinations entered into after the effective date will be accounted for in accordance with this standard.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

The effective date for adoption of this interpretation is for periods commencing on or after 1 October 2008. The interpretation will be adopted by the group for the year ending 30 June 2010. This interpretation is not expected to have a material impact on the group as the group does not currently have hedges on any net investments in foreign operations.

IAS 39 (Amendment) Eligible Hedged Items

The effective date for adoption of this standard is for periods commencing on or after 1 July 2009. This standard will be adopted by the group for the year ending 30 June 2010. This standard is not expected to have a material impact on the group as the group does not apply hedge accounting in the situations as described in the amendment.

IFRS 1 and IAS 27 (Amendment) Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

The effective date for adoption of this standard is for periods commencing on or after 1 January 2009. This standard will be adopted by the group for the year ending 30 June 2010. The cost of subsidiaries, jointly controlled entities and associates acquired after the effective date will be accounted for in accordance with this standard.

IFRS 5 (Amendment) Non-current Assets Held for Sale and Discontinued Operations

The effective date for adoption of this standard is for periods commencing on or after 1 July 2009. This standard will be adopted by the group for the year ending 30 June 2009. Management is in the process of considering the relevant financial implications. This standard is, however, expected to have a minimal impact on the group.

Various improvements to IFRSs

A number of standards have been amended as part of the IASB's improvement project. Management is in the process of considering the relevant amendments to the standards and determining the financial implications and impact on the group.

5.B Liquidity and capital resources

Liquidity

Management believes that cash on hand and funds from operations, together with our existing borrowing facilities, will be sufficient to cover our reasonably foreseeable working capital and debt requirements. We finance our capital expenditure from funds generated out of our business operations, existing borrowing facilities and, in some cases, additional borrowings to fund specific projects.

The following table provides a summary of our cash flows for each of the three years ended 30 June 2008, 2007 and 2006:

	2008	2007	2006
	(Rand in millions)		
Net cash retained from operating activities	**17,954**	15,811	14,185
Net cash utilised in investing activities	**(10,844)**	(10,545)	(12,283)
Net cash utilised by financing activities	**(8,415)**	(2,893)	(1,277)

The cash generated by 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 net cash retained is applied primarily to invest in our capital investment programme.

Operating activities

Net cash retained from operating activities has increased for the past three years in succession to R17,954 million in 2008 from R15,811 million in 2007 and R14,185 million in 2006. Cash flows retained from operating activities include the following significant cash flows:

	2008	2007	Change 2008/2007	Change 2008/2007	2006	Change 2007/2006	Change 2007/2006
	(Rand in millions)			(%)	(Rand in millions)		(%)
Cash generated by operating activities	**34,740**	28,432	6,308	22	24,535	3,897	16
Income tax paid	**(9,572)**	(7,251)	(2,321)	32	(5,389)	(1,862)	35
Dividend paid	**(5,766)**	(4,613)	(1,153)	25	(3,660)	(953)	26

In 2008, we saw a further increase in the average dated Brent crude oil price to US$95.51/b from the average of US$63.95/b in 2007 and US$62.45/b in 2006. This increase in the crude oil price has had a positive impact on our operating profit and cash generated by operating activities. Cash generated by operating activities has increased by 22% to R34,740 million in 2008 and by 16% to R28,432 million in 2007. In line with operating profit generated by our businesses, the most significant contributor to our cash generated by operations is Sasol Synfuels. The increase in tax paid during the year is due to the increase in taxable profit as discussed under the operating results above.

Dividends paid amounted to R5,766 million in 2008 compared to R4,613 million in 2007 and R3,660 million in 2006. Our dividend distribution policy is to distribute increasing dividends on a regular basis, to the extent permitted by our earnings. In particular, we intend to distribute dividends, provided our annual attributable earnings represent a range of 2.5 to 3.5 times the amount distributed in the form of dividends. The average rate of earnings to dividend distributions in the past five years was approximately 2.6 times. Our dividend cover for 2008 is 2.8 which is within the target range.

Investing activities

Net cash utilised in investing activities has decreased from R12,283 million in 2006 to R10,545 million in 2007 and increased to R10,844 million in 2008.

Cash flows utilised in investing activities include the following significant cash flows:

	2008	2007	Change 2008/2007	Change 2008/2007	2006	Change 2007/2006	Change 2007/2006
	(Rand in millions)			(%)	(Rand in millions)		(%)
Additions to non-current assets[(1)]	**(10,855)**	(12,045)	1,190	(10)	(13,296)	1,251	(9)
Acquisition of businesses	**(431)**	(285)	(146)	51	(147)	(138)	(94)
Disposal of businesses	**693**	2,200	(1,507)	(69)	587	1,613	275

(1) Includes additions to property, plant and equipment, assets under construction and intangible assets.

The increase in additions to non-current assets is primarily due to an increase in capital expenditure on projects to expand our operations which includes the following key projects:

Projects[(1)]	Business categories	30 June 2008	30 June 2007	30 June 2006
		(Rand millions)		
Sasol Oil distribution network	Sasol Oil	**223**	91	59
Oryx GTL and Escravos GTL[(2)]	Sasol Synfuels International	**865**	2,426	1,734
2nd Catalyst plant, Netherlands	Sasol Synfuels International	**366**		
16th Oxygen train	Sasol Synfuels	**304**		
Mozambique expansion	Sasol Petroleum International	**454**	266	
Petroleum West Africa development	Sasol Petroleum International	**235**	339	
Arya Sasol Polymer (Iran)	Sasol Polymers	**457**	774	1,590
Project Turbo	Sasol Polymers	**362**	1,169	2,608
2nd and 3rd Octene trains	Sasol Solvents	**323**	708	714
Other smaller projects	Various	**1,663**	1,172	1,010
		5,252	**6,945**	7,715

(1) The amounts include business development costs and our group's share of capital expenditure of joint ventures. The amounts exclude borrowing costs capitalised. These amounts were approved by our board of directors. We hedge all our major South African capital expenditure in foreign currency immediately upon commitment of the expenditure or upon approval of the project.

(2) Sasol provides financing for 50% of the capital expenditure on the EGTL joint venture. The engineering procurement and construction contract was converted from a fixed-price to a cost-reimbursable contract. In 2008, Sasol entered into negotiations and agreed in principle to reduce its interest in the Nigerian GTL project from 37.5% to 10%. Upon conclusion of the definitive agreements, the funding of the capital expenditure on the EGTL project will be reduced proportionately to our 10% economic interest plus our share of the NNPC loan.

In addition we invested R5,603 million, R5,100 million and R5,581 million on non-current assets in 2008, 2007 and 2006, respectively, to enhance existing operations.

During 2008, we acquired businesses for a net amount of R431 million (2007: R285 million and 2006: R147 million). The 2008 acquisitions comprise primarily of the acquisition of a 50% interest in Sasol Dia Acrylates (R229 million), the acquisition of a 30% interest in Tosas Holdings (Pty) Limited (R110 million), the acquisition of a 50% interest in both Lux International Corporation and Merkur Vaseline GmbH & Co. KG (R87 million) and the remaining 40% interest in Peroxide Chemicals (Pty) Limited (R5 million).

During 2008, we disposed of businesses for a net amount of R693 million (2007: R2,200 million and 2006: R587 million). The 2008 disposals comprise primarily of the sale of a 50% interest in Sasol Dyno Nobel (R275 million), an investment in Paramelt RMC BV, operating in the Netherlands (R251 million), investment in FFS Refiners (Pty) Limited in South Africa (R147 million) and our joint venture investment in African Amines (Pty) Limited in South Africa (R20 million).

Financing activities

The group's operations are financed primarily by means of its operating cash flows. Cash shortfalls are usually short-term in nature and are met primarily from short-term banking facilities. Long-term capital expansion projects and acquisitions of businesses are financed by a combination of floating and fixed rate debt. This debt is usually in the measurement currency of the project or acquisition being financed and we aim to negotiate repayment terms that match the expected cash flow to be generated by the asset or the business acquired. Net cash utilised by financing activities was R8,415 million, R2,893 million and R1,277 million in 2008, 2007 and 2006, respectively. The following significant cash flows are included in financing activities:

	2008	2007	Change 2008/2007	Change 2008/2007	2006	Change 2007/2006	Change 2007/2006
	(Rand in millions)			(%)	(Rand in millions)		(%)
Share repurchase programme	**(7,300)**	(3,669)	(3,631)	99		(3,669)	100
Repayment of short-term debt	**(2,292)**	(1,053)	(1,239)	118	(3,911)	2,858	(73)
Repayment of long-term debt	**(4,588)**	(1,034)	(3,554)	344	(1,326)	292	(22)
Proceeds from short-term debt	**1,942**	1,918	24	1	973	945	97
Proceeds from long-term debt	**3,806**	1,021	2,785	273	2,631	(1,610)	(61)

At the annual general meeting held on 23 November 2006 and 30 November 2007, the shareholders authorised the directors to undertake a general repurchase by Sasol Limited, or its subsidiaries, to repurchase Sasol Limited shares up to 10% of our issued share capital. Up to 30 June 2008 through our subsidiary, Sasol Investment Company (Pty) Limited, we had purchased 37,093,117 ordinary shares representing 5.86% of the issued share capital of the company, excluding the Sasol Inzalo share transaction, for R10,969 million at a cumulative average price of R295.73 per share.

During 2008, preference share debt of R2.2 billion was raised related to the Sasol Inzalo share transaction. Refer to "Item 5.A Operating results". In 2008, we settled the Eurobond debt of approximately R2 billion and the Sasol Dia Acrylates debt of approximately R651 million.

Capital resources

Sasol Financing and Sasol Financing International act as our group's financing vehicles. All our group treasury, cash management and borrowing activities are facilitated through Sasol Financing and Sasol Financing International. The Group Executive Committee and senior management meet regularly, to review and, if appropriate, approve the implementation of optimal strategies for the effective management of the group's financial risk. Our cash requirements for working capital, share repurchases, capital expenditures and acquisitions, over the past three years has been primarily financed through a combination of funds generated from operations and borrowings. In our opinion, our working capital is sufficient for present requirements. 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:

	2008	2007
	(Rand in millions)	
Long-term debt, including current portion	**16,803**	16,434
Short-term debt	**2,375**	2,546
Bank overdraft	**914**	545
Total debt	**20,092**	19,525
Less cash and cash equivalents	**(4,435)**	(5,987)
Net debt	**15,657**	13,538

Our debt profile has moved significantly toward a longer-term bias which is a reflection of both our capital investment programme and the favourable results generated by operating activities over the last three years.

The group has borrowing facilities with major financial institutions of R51,352 million (2007 R41,112 million). Of these facilities, R20,092 million (2007 R19,525 million) has been utilised at year end.

There were no events of default for the years ended 30 June 2008 and 30 June 2007.

Banking facilities and debt arrangements at 30 June 2008

	Expiry date	Currency	Rand equivalent	Utilisation
			Rm	Rm
Sasol Financing				
Uncommitted facilities				
Commercial banking facilities	Various (short-term)	Rand	**5,575**	**1,287**
Commercial paper programme	None	Rand	**6,000**	
Other commercial banking facilities	Various (short-term)	Rand	**8,711**	
Committed facility				
Revolving credit facility (syndicated)	May 2010	Euro	**2,468**	
Commercial banking facilities	Various (short-term)	Rand	**3,800**	
Sasol Financing International				
Uncommitted facilities				
Commercial banking facilities	Various (short-term)	Euro	**164**	
Committed facility				
Revolving credit facility	May 2010	Euro	**2,468**	**358**
Debt arrangement				
Eurobond	June 2010	Euro	**3,694**	**3,694**
Other Sasol businesses				
Asset based finance				
Republic of Mozambique Pipeline Investments Company (Pty) Limited	December 2015	Rand	**3,498**	**2,444**
Oryx GTL Limited (QSC)	December 2015	US dollar	**2,451**	**2,451**
Sasol Petroleum Temane Limitada	June 2015	Euro and Rand	**1,001**	**1,001**
Debt arrangements				
Arya Sasol Polymer Company	May 2015	Euro	**2,876**	**2,792**
National Petroleum Refiners of South Africa (Pty) Limited	Various	Rand	**1,792**	**1,124**
Sasol Inzalo Groups Funding (Pty) Limited	October 2011 to October 2018	Rand	**2,215**	**2,215**
Property finance leases				
Sasol Oil (Pty) Limited and subsidiaries	Various	Rand	**726**	**726**
Other banking facilities and debt arrangements	Various	Various	**3,913**	**2,000**
			51,352	**20,092**
Comprising				
Long-term debt				**16,803**
Short-term debt				**2,375**
Bank overdraft				**914**
				20,092

Besides our normal commercial banking facilities, the majority of which is in South Africa, another facility to fund short-term funding requirements in South Africa is our commercial paper programme of R6 billion, normally at fixed interest rates. We had no exposure on the programme at 30 June 2008.

We manage our short-term debt interest rate exposure by making use of a combination of commercial banking facilities with variable interest rates and commercial paper issues at fixed interest rates.

Debt profile

We actively monitor and manage our cash flow requirements and to the extent that core long-term financing requirements are identified, we will finance these with longer-term debt issues.

	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
			(Rand in millions)		
Maturity profile long-term debt	1,121	4,816	4,271	6,595	16,803

We endeavour to match the tenure of our debt with the nature of the asset or project being financed.

Covenants

The group is subject to certain covenants on its debt facilities relating to earnings, debt cover, net asset value, amongst others. There were no events of default in the year ended 30 June 2008.

The covenant terms above are defined contractually in each of the agreements for the above facilities using definitions agreed to between the parties derived from amounts published in the financial statements of Sasol prepared in terms of IFRS for any year and adjusted in terms of the agreed definitions.

Moody's assigned Sasol Aa3.za long-term and Prime-1.za short-term South African national scale credit ratings and a global Baa1 rating. Standard and Poors affirmed the long-term foreign-currency rating as BBB+ equivalent to Moody's global Baa1 rating.

For information regarding our material commitments for capital expenditure see "Item 4.A History and development of the company".

5.C Research and development, patents and licenses

Research and development

Our research and development function consists of a central research and development division in South Africa, which focuses on fundamental research while our decentralised divisions focus on applications. The central research function has a full suite of state-of-the-art pilot plants to support both current and future technology being developed.

Our application research and development capabilities are focused around four areas:

- technical service;
- analytical service;
- plant support; and
- new applications, products and processes.

Total expenditure on research in years 2008, 2007 and 2006 was R761 million, R690 million and R249 million, respectively. Development costs capitalised in 2008, 2007 and 2006 amounted to R57 million, R55 million and R60 million, respectively. For further information regarding our research and development activities, see "Item 4.B Business overview Sasol Technology".

5.D Trend information

Our financial results since the end of 2008 have been principally affected by fluctuations in dated Brent crude oil prices and a further weakening of the rand to US dollar.

In recent months, the derived European Brent crude oil spot price has decreased from the year end level as at 30 June 2008 of US$138.40/b to US$93.71/b on 30 September 2008 with a high of US$143.95/b and a low of US$85.85/b during that period. Given the current uncertain political environment in certain major oil producing countries the oil price has been volatile and this volatility is expected to continue in the foreseeable future. As discussed above, a high oil price generally results in increased profitability for our group.

The rand to US dollar exchange rate was R7.83 at 30 June 2008. After trading in a range of between R7.18 and R8.01 to the US dollar during July to September 2008, the rand weakened further reaching R8.32 per US dollar at 30 September 2008 with a high of R8.39 per US dollar and a low of R7.18 per US dollar during that period. Whilst the exchange rate during the current year has been relatively less volatile than in previous years we are unable to forecast whether this will continue in the foreseeable future.

5.E Off-balance sheet arrangements

We do not engage in off-balance sheet financing activities and do not have any off-balance sheet debt obligations, off-balance sheet special purpose entities or unconsolidated affiliates.

Guarantees

As at 30 June 2008, the group has issued the following guarantees for which the liabilities have not been included in the statement of financial position.

	Note	Maximum potential amount 2008 (Rand in millions)
In respect of GTL ventures	i	**7,634**
Commercial paper holders	ii	**6,000**
To RWE-DEA AG	iii	**370**
Customs and excise	iv	**137**
Other guarantees and claims	v	**1,037**

i. Sasol Limited has issued the following significant guarantees for the obligations of various of its subsidiaries in respect of the GTL Ventures. These guarantees relate to the construction and funding of Oryx GTL Limited in Qatar and Escravos GTL in Nigeria, including amongst others:

A completion guarantee has been issued for Sasol's portion of the project debt of Oryx GTL Limited capped at US$343 million (R2,686 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. The project was commissioned during 2007.

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 (R963 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. The project was commissioned during 2007.

A performance guarantee for the obligations of subsidiaries 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 (R1,958 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 (R1,958 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 2008, no outstanding obligation to third parties existed.

iii. Various performance guarantees issued in favour of RWE-DEA.

iv. Various guarantees issued in respect of the group's customs and excise obligations.

v. Included in other guarantees are environmental guarantees of R113 million, R80 million in respect of security for the supply of water and electricity and R450 million relating to general operational obligations.

Product warranties

The group provides product warranties with respect to certain products sold to customers in the ordinary course of business. These warranties typically provide that products sold will conform to specifications. The group generally does not establish a liability for product warranty based on a percentage of turnover or other formula. The group accrues a warranty liability on a transaction-specific basis depending on the individual facts and circumstances related to each sale. Both the liability and the annual expense related to product warranties are immaterial to the consolidated financial statements.

5.F Tabular disclosure of contractual obligations

Contractual obligations/commitments. The following significant contractual obligations existed at 30 June 2008:

Contractual obligations (excluding capital expenditure)	**Total amount**	**Within 1 year**	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**More than 5 years**
			(Rand in millions)				
Operating leases	7,516	750	634	518	424	397	4,793
External long-term debt	16,803	1,121	4,816	1,392	1,450	1,429	6,595
External short-term debt	2,375	2,375					
Purchase commitments	39,352	6,661	5,881	4,496	3,155	2,428	16,731
Bank overdraft	914	914					
Finance leases	1,464	169	143	143	141	135	733
Total	**68,424**	**11,990**	**11,474**	**6,549**	**5,170**	**4,389**	**28,852**

Purchase commitments have increased from R15,418 million in 2007 to R39,352 million in 2008 as a result of additional purchase contracts entered into by Sasol O&S during 2008 following the decision to retain and restructure the Sasol O&S business.

In addition to the above obligations, on 1 October 2008, the European Union found that members of the European wax industry, including Sasol Wax GmbH, formed a cartel and violated antitrust laws. A fine of €318.2 million (approximately R3.7 billion) was imposed by the European Commission on Sasol Wax. The fine is payable within three months.

Capital commitments. Commitments are budgeted, approved and reported in accordance with our management policy for segmental reporting.

The following table sets forth our authorised capital expenditure as of 30 June:

Capital expenditure	**2008 (Rand in millions)**
Authorised and contracted for	24,457
Authorised but not yet contracted for	17,722
Authorised capital expenditure	42,179
Less expenditure to date	(17,131)
Unspent capital commitments	**25,048**

For more information regarding our planned capital expenditure see "4.A History and development of the company Capital expenditure".

It is estimated that the expenditure will be incurred as follows:

Contractual commitments	**Total amount**	**Within 1 year**	**1 to 2 years**	**2 to 5 years**	**Over 5 years**
		(Rand in millions)			
Capital commitments	25,048	17,068	5,382	2,383	215

The above amounts are as reported to our Board. They exclude capitalised interest but include business development costs and our group's share of capital expenditure of proportionately consolidated investees.

We make use of forward exchange contracts and cross currency swaps to hedge all our major capital expenditure in foreign currency (i.e. contracts in South Africa contracted in a currency other than the rand) immediately upon commitment of expenditure or upon approval of the project. See "Item 11. Quantitative and qualitative disclosure about market risk".

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

6.A Directors and senior management

We are managed by our Board of Directors (Board), the Group Executive Committee (GEC) and the chief executive. Corporate governance structures and processes are regularly reviewed and adapted to accommodate internal corporate developments and to reflect national and international best practice.

We comply with the South African Companies Act and the JSE Listings Requirements, as well as the applicable US corporate governance requirements of the SEC, the New York Stock Exchange (NYSE) and US legislation such as the Sarbanes-Oxley Act. In addition we have compared our corporate governance practices to those required to be applied by domestic US companies listed on the NYSE and have confirmed to the NYSE that we comply in all significant respects with such NYSE corporate governance standards. We endorse the principles of the South African Code of Corporate Practices and Conduct (SA Code) as recommended in the King II report.

The board of directors

Our Articles of Association provide that our Board consists of a maximum of sixteen directors of whom a maximum of five may be executive directors. During the financial year, our Board of Directors comprised fifteen directors, of which eleven were non-executive and four were executive directors. All the non-executive directors, with the exception of Messrs. Pieter Cox, Anshuman Jain, and Mrs. Hixonia Nyasulu, were considered to be independent in accordance with the SA Code and the rules of the NYSE. Mr. Sam Montsi resigned as non-executive director with effect from 1 August 2008.

The offices of chairman and chief executive are separate and the office of the chairman is filled by a non-executive director. Mr. Pieter Cox has been our chairman since 1 January 2006 and Mr. Pat Davies our chief executive since 1 July 2005. On 8 September 2008, Sasol Limited announced that Mr. Pieter Cox will retire as the chairman of our Board after the annual general meeting on 28 November 2008. Mrs. Hixonia Nyasulu will replace Mr. Cox as the chairman on that date.

Our Board currently comprises the following:

Name	Position	Age	Member since	Current term expires[(1)]
Pieter Vogel Cox	Non-executive chairman	65	January 1996	November 2008[(2)]
Lawrence Patrick Adrian Davies	Chief executive	57	August 1997	November 2008
Elisabeth le Roux Bradley	Independent non-executive director	69	February 1998	December 2008[(3)]
Brian Patrick Connellan	Independent non-executive director	68	November 1997	November 2008
Hendrik George Dijkgraaf	Independent non-executive director	61	October 2006	November 2009
Victoria Nolitha Fakude	Executive director	43	October 2005	November 2009
Mandla Sizwe Vulindlela Gantsho	Independent non-executive director	46	June 2003	November 2008
Anshuman Jain	Non-executive director	45	July 2003	November 2008
Imogen Nonhlanhla Mkhize	Independent non-executive director	45	January 2005	November 2009
Anthony Madimetja Mokaba	Executive director	47	May 2006	November 2008
Thembalihle Hixonia Nyasulu	Non-executive director	54	June 2006	November 2008
Kandimathie Christine Ramon	Executive director	41	May 2006	November 2008
Jürgen Erich Schrempp	Independent non-executive director	63	November 1997	November 2008
Thomas Alexander Wixley	Independent non-executive director	68	March 2007	November 2009

(1) Under our Articles of Association, one-third of the serving directors shall retire at the annual general meeting of the company or, if the total number of serving directors who shall retire does not constitute a multiple of three, the number of directors who shall retire shall be the number, adjusted upwards, that is the closest to one-third. The number of directors that will retire at the annual general meeting in future years can therefore not be determined accurately in advance. In addition, directors who are appointed by the board during the year shall retire at the annual general meeting. Directors appointed for the first time after 27 October 1997, will retire (in spite of re-election in the interim) and are eligible for re-election on the date on which five years from his or her initial appointment expires.

(2) Mr. Cox has not made himself available for re-appointment after the annual general meeting.

(3) Under our Articles of Association, directors should retire at the end of the year that they reach the age of 70 years, unless directors vote unanimously otherwise. Mrs Bradley has not made herself available for re-appointment after 2008.

Pieter Cox has been our non-executive chairman since January 2006. He joined the group in 1971 and became a director in 1996. From 1997 to 2005, he served as chief executive of our group. In 1993, he was appointed managing director and chief executive of Polifin Limited. In May 1996, he became chief operating officer of Sasol Limited and served in this role prior to assuming the position of chief executive of Sasol. He received a Bachelor of Science Engineering (Metallurgy) degree in 1966 and a Bachelor of Science Engineering (Mining) degree in 1968 from the University of the Witwatersrand, South Africa. He attended the Executive Programme at Stanford Business School in the United States in 1990. He received honorary doctorates from the University of the Free State, South Africa and the University of St Andrews, Scotland in 2006. He will step down as director after the annual general meeting on 28 November 2008.

Pat Davies became our chief executive on 1 July 2005 and has been our director since 1997. He is also a director of several other companies in the group. He joined the group in 1975 and has been responsible for various portfolios, the most recent of which was the oil, gas and liquid fuels businesses, including Sasol Synfuels, Sasol Petroleum International, Sasol Synfuels International, Sasol Oil, Sasol Gas and Sasol Technology. He was also responsible for the globalisation of Sasol's GTL technology. He received a Bachelor of Science Engineering (Mechanical) from the University of Natal, South Africa in 1975 and attended the Management Programme at Harvard Business School in the United States in 1986.

Elisabeth Bradley has been our director since 1998. She is currently chairman of Toyota SA (Pty) Limited and Wesco Investments Limited. She is also a director of several other companies, including Standard Bank Group Limited and the Tongaat-Hulett Group Limited. She is deputy chairman of the South African Institute of International Affairs and chairman of the Centre for Development and Enterprise. She received her Bachelor of Science from the University of the Free State, South Africa in 1961 and a Master of Science from the University of London in 1964.

Brian Connellan has been our director since 1997. From 1990 to 2000, he served as executive chairman of Nampak Limited and from 2000 to 2001 as non-executive chairman of Nampak. He was a director of Nampak until September 2005. He is also a director of several other companies, including ABSA Group Limited, Reunert Limited and Illovo Sugar Limited. He is past councillor of the South African Foundation, The Corporate Forum and The Institute of Directors and a contributor to both King Reports on Corporate Governance in South Africa. He received his Certificate in Theory of Accountancy from Witwatersrand University, South Africa in 1961 and became a chartered accountant in 1963.

Henk Dijkgraaf became our director in 2006. He is the former chief executive officer of the Dutch natural gas companies, GasTerra, Gasunie and Nederlandse Aardolie Maatschappij (NAM) and held various positions in the Royal Dutch Shell group between 1972 and 2003 in the Netherlands, Malaysia, Gabon, Syria and the United Kingdom including the positions of president, Shell Nederland BV, director, Shell Exploration and Production and chief executive, Gas, Power and Coal. He is a member of the boards of Eneco Holding and of the Royal Tropical Institute KIT and deputy chairman of the Netherlands Institute for the Near East (NINO). He obtained a Master of Science (Mining Engineering) from Delft University in 1972 and attended the Senior Executive Programme at the Massachusetts Institute of Technology in the United States in 1987.

Nolitha Fakude became our director in 2005. She is responsible for the world-wide Human Resources for the group as well as stakeholder relationships, corporate affairs and transformation. She is also a director of several other companies in the group. Before joining Sasol, she was a member of the group executive committee at Nedbank Group Limited. She was also a director of Harmony Gold

Mining Company Limited, BMF Investment Limited and Woolworths Holdings Limited. She holds Bachelor of Arts and Honours degrees in Psychology from the University of Fort Hare and attended the Senior Executive Programme at Harvard Business School in the United States in 1999.

Mandla Gantsho has been our director since 2003. He is the Vice President Operations: Infrastructure, Private Sector & Regional Integration of the African Development Bank, prior to which he was chief executive officer and managing director of the Development Bank of Southern Africa. His current directorships include Group Five Limited and AfroCentric Investment Corporation Limited. He obtained a Bachelor of Commerce from the University of Transkei in 1983 and a Certificate in Accountancy Theory and a Bachelor of Commerce (Honours) in Financial Management from the University of Cape Town, South Africa in 1985 and 1986, respectively. He became a chartered accountant in 1987. He also obtained a Masters in Science from The George Washington University in 2002 and a Doctorate in Philosophy from the University of Pretoria, South Africa in 2006. He was appointed by the Board on the understanding with the South African government that he will represent the government's interests in our major shareholders, the Public Investment Corporation Limited and the Industrial Development Corporation Limited. On 30 November 2007, the South African government confirmed in writing that it no longer regards him as representative of their interests.

Anshu Jain has been our director since 2003. He has been a member of the group executive committee of Deutsche Bank AG since 2002. He joined Deutsche Bank in 1995 and is currently a managing director and head of global markets at Deutsche Bank. Prior to this appointment he was a managing director of Merrill Lynch in New York. He obtained a Bachelor of Arts (Honours) in economics from Delhi University in 1983 and a Master of Business Administration in Finance from the University of Massachusetts in 1985.

Imogen Mkhize has been our director since 2005. She is a director of Murray & Roberts Holdings Limited, Illovo Sugar Limited, Mondi plc and Mondi Limited, Allan Gray Limited and Mobile Telephone Networks (Pty) Limited. She is also a member of the Financial Markets Advisory Board and the Harvard Business School Alumni Board. Previously, she was the executive chairman of the Zitek Group and the managing director of Lucent Technologies South Africa. In 2001, the World Economic Forum recognised her as a Global Leader for Tomorrow. She obtained a Bachelor in Science in Information Systems from Rhodes University in 1984 and a Masters in Business Administration from Harvard Business School in 1995.

Benny Mokaba became our director in 2006. He is responsible for the South African energy cluster including Sasol Mining, Sasol Synfuels, Sasol Oil, Sasol Gas and Sasol Mafutha. He is also a director of several other companies in the group. Before joining Sasol, he was the executive chairman and regional vice president of Shell Southern Africa (Pty) Limited. He also worked for, among others, the Development Bank of Southern Africa. He was acting director general in the national department of welfare, headed Steinmüller Africa (Pty) Limited and was chairman of Siemens Southern Africa (Pty) Limited. He obtained a Bachelor of Arts (Honours) degree from Fort Hare University, South Africa in 1986 and a MSW from Boston College. He completed a PhD on a Fulbright Scholarship at Brandeis University in Waltham, Massachusetts in the United States in 1993. He completed the Advanced Executive Programme at the University of South Africa in 1997.

Hixonia Nyasulu became our director in 2006. She is the executive chairman of Ayavuna Women's Investments (Pty) Limited. She indirectly owns 5.1% of the shares in Tshwarisano LFB Investment (Pty) Limited, which acquired 25% of our subsidiary, Sasol Oil (Pty) Limited, on 1 July 2006. Ms. Nyasulu is also a director of Tshwarisano and Sasol Oil. She is also a director of Barloworld Limited, the Tongaat-Hulett Group Limited, Unilever plc and Unilever NV and a member of the JP Morgan SA advisory board. She has a Bachelor of Arts in Social Work and a Bachelor of Arts (Honours) degree in Psychology. She also holds an Executive Leadership Development Programme certificate from the Arthur D Little Management Education Institute (Cambridge, Massachusetts) and attended the International Programme for Board Members at the Institute of Management Development in Lausanne, Switzerland in 1997. On 8 September 2008, Sasol Limited announced that Mrs. Nyasulu will replace Mr. Cox as the chairman on 28 November 2008.

Christine Ramon became our director in 2006. She is the chief financial officer and a director of several other companies in the group. Before joining Sasol, she was the chief executive officer of Johnnic Holdings Limited, prior to which she held several senior positions including acting chief operating officer and financial director. She started her career with Coopers & Lybrand and progressed to audit manager at their offices in South Africa and Italy. During this time she was, amongst other things, seconded to the Independent Electoral Commission as deputy finance director. She is also a non-executive director of Transnet Limited. In 2006, the World Economic Forum recognised her as a Young Global Leader. She obtained a Bachelor of Accounting Science and Honours degrees from the University of South Africa in 1988 and 1989, respectively and became a chartered accountant in 1990. She attended the Senior Executive Programme at Harvard Business School in the United States in 1999.

Jürgen Schrempp has been our director since 1997. He is the former chairman of the board of management of Daimler AG and a director of Compagnie Financière Richemont SA, Iron Mineral Beneficiation Services (Pty) Limited, Jonah Capital (Pty) Limited, South African Airways and Mercedes-Benz South Africa (Pty) Limited. He is founding chairman of the Southern Africa Initiative of German Business (SAFRI), and a member of the South African President's International Investment Council. He is chairman emeritus of the Global Business Coalition on HIV/AIDS and honorary Consul-General in Germany of the Republic of South Africa. He has received numerous national and international awards, including the Order of Good Hope, South Africa's highest civilian award. He holds a Professorship of the Federal State of Baden-Württemberg, Germany and Honorary Doctorates from the University of Graz, Austria and the University of Stellenbosch, South Africa. On 8 September 2008, Sasol Limited announced that Professor Jürgen Schrempp was appointed senior lead independent director with effect from 28 November 2008.

Tom Wixley became our director in 2007. He was the chairman of Ernst & Young (South Africa) from 1991 until his retirement in 2001. He joined Ernst & Young in 1960 and became a partner in 1970. He is a member of the Actuarial Governance Board of the Actuarial Society of South Africa and the chairman of the ad hoc Committee on Corporate Law Reform of the South African Institute of Chartered Accountants. He is deputy chairman of Anglo Platinum Limited, chairman of New Corpcapital Limited, and a director of African Life Assurance Company Limited, Clover Industries Limited and Avusa Limited, amongst others. He obtained a Bachelor of Commerce degree from the University of Cape Town in 1959 and qualified as a chartered accountant in 1963.

Chief executive

Our chief executive, who is appointed by the Board, is responsible for the day-to-day management and the strategic direction of the company. Our Board may from time to time confer upon our chief executive any of their powers as they deem fit, and may confer, recall, revoke, vary or alter these powers.

Senior management

The following is a list of our senior executive officers, constituting the Group Executive Committee, whose current areas of responsibility we set out below:

Name	Position and areas of responsibility
Lawrence Patrick Adrian Davies	Chief executive.
Kandimathie Christine Ramon	Chief financial officer.
Johannes Albertus Botha	Group general manager, responsible for Sasol Olefins & Surfactants.
Abraham de Klerk	Group general manager, responsible for operations excellence, including health, safety and the environment, integration across business units and skills development.
Victoria Nolitha Fakude	Executive director responsible for group human resources, key stakeholder relationships and transformation.
Reiner Konrad Groh	Group general manager, responsible for Sasol's chemicals business.
Nereus Louis Joubert	Group general manager and Company Secretary, responsible for legal, procurement and supply chain, insurance, risk management and internal audit functions.
Anthony Madimetja Mokaba	Executive director responsible for the energy businesses in South Africa, including Sasol Mining, Sasol Synfuels, Sasol Oil, Sasol Gas and Sasol Mafutha.
Giullean Johann Strauss	Group general manager responsible for Sasol Petroleum International, Sasol Synfuels International and Sasol Chevron.
Jan Adrian van der Westhuizen	Group general manager responsible for Sasol Shared Services, group information management and the Functional Excellence initiative.
Rynhardt van Rooyen	Group general manager.

Hannes Botha has been a group general manager since 2003. As from 1 July 2007, he became responsible for Sasol Olefins and Surfactants, prior to which he was responsible for Sasol Technology, Sasol's liquid fuel business, gas business and Sasol Synfuels. He joined Sasol in 1981 as a divisional manager and after acting as general manager responsible for manufacturing facilities and engineering activities of various plants, was promoted to managing director of Sasol Synfuels in 1993 and the managing director of Sasol Oil in 1998. He is a director of several companies in the group. He obtained his Bachelor of Science (Electrical Engineering) in 1970 from the University of Pretoria, South Africa and his Master of Business Leadership from the University of South Africa in 1980. Mr. Botha reached retirement age in January 2008 but has remained as a GEC member at the company's request. He will go on retirement in the 2009 financial year.

Bram de Klerk became a group general manager in 2003. He has been responsible for operations excellence, including health, safety and the environment, integration and skills development since August 2006. Prior to that he was responsible for Sasol Technology and safety, health and the environment. He was the managing director of Sasol Synfuels from 1998 until 2003 and was appointed a director of Sasol Technology in September 2003. He joined Sasol in 1973 as an assistant design engineer and became managing director of National Petroleum Refiners of SA (Pty) Limited in 1993. He is a director of several companies in the Sasol group. He received a Bachelor of Science (Mechanical Engineering) from the University of Pretoria, South Africa in 1973 and a Master of Business Administration from the University of Potchefstroom, South Africa in 1978.

Reiner Groh became the group general manager responsible for Sasol's global chemical business on 1 January 2007. He joined Sasol in 2001 as a result of the Condea acquisition where he had been Managing Director of Condea Chemie GmbH. In 2002 he became responsible for Sasol Solvents. He also serves on a number of boards in the Sasol group. He obtained a Doctorate in Chemistry from the University of Saarbrücken in Germany in 1979.

Nereus Joubert has been our company secretary since joining Sasol in 1994 and a group general manager since 2003. Currently he is responsible for the group company secretarial, legal, procurement and supply chain, insurance, risk management and internal audit functions and serves on the boards of several of the companies of the Sasol group. He obtained a Bachelor of Law degree, a post-graduate Bachelor of Law degree and a Doctor of Law degree from Rand Afrikaans University, South Africa (now the University of Johannesburg) in 1978, 1980 and 1985, respectively, and attended the Advanced Management Programme at Harvard Business School in the United States in 2000. He also conducted post doctoral research at the University of Saarland, Germany as an Alexander Von Humboldt scholar during 1989 and 1993. Prior to joining the company, he was a professor of law and vice dean of the faculty of law of the Rand Afrikaans University, South Africa (now the University of Johannesburg).

Lean Strauss became the group general manager in August 2005, responsible for Sasol Synfuels International, Sasol Petroleum International and Sasol Chevron. He joined Sasol in 1982 as an investment officer of the Sasol Pension Fund. He spent most of his career with Sasol Oil and held the positions of general manager, manufacturing and supply as well as general manager, marketing. He was appointed general manager of Sasol Gas in 1997 and managing director of Sasol Nitro in 2002. He is also a director of several companies in the Sasol group. He obtained Bachelor of Commerce and Honours degrees from the University of Stellenbosch prior to joining Sasol and a Masters of Commerce degree in Business Management from the Rand Afrikaans University (now the University of Johannesburg) in 1986.

Jannie van der Westhuizen has been a group general manager since 2003. He is responsible for Sasol Shared Services, group information management and the Functional Excellence initiative. He joined Sasol Mining in April 1997 as managing director. He is a director of several companies in the group. He obtained his Bachelor of Science (Industrial Engineering) in 1972, a Master of Business Administration in 1975 and in 1979 a Post Graduate Diploma in Mining (cum laude) from the University of Pretoria, South Africa. He attended the Executive Management Programme in 1991 at the Pennsylvania State University, United States, as well as the Stanford Executive Programme in 2002 at Stanford University, United States.

Rynhardt van Rooyen has been a group general manager since 2003. He is currently handing over his responsibilities and transferring his knowledge and skills to the company in anticipation of his retirement early in calendar year 2009. Until 2002, he was responsible for the group financial function and intimately involved in the establishment of Sasol II and III and many of Sasol's joint ventures. He joined Sasol in 1977 as a senior accounting officer. He is a director of several companies in the group. He obtained a Bachelor of Commerce from the University of the Orange Free State, South Africa in 1971 and a Bachelor of Computationis (with Honours) degree from the University of South Africa in 1975. He became a chartered accountant in 1976 and is registered with the South African Institute of Chartered Accountants. In 1986, he attended the Executive Management Programme and in 1994, the Strategic Purchasing Management Programme at the Pennsylvania State University in the United States.

See above for biographies of our executive directors.

6.B Compensation

Compensation of senior management under the JSE Listings Requirements. We are not required to, and do not otherwise, disclose compensation paid to individual senior managers.

Group remuneration philosophy and policy

Recognising that the group operates in an international environment and that its performance depends on the quality of its people, the Sasol remuneration philosophy:

- plays an integral part in supporting and achieving Sasol's defined strategic objectives;
- is designed to motivate and reinforce individual and team performance;
- embraces fair and defensible differentiation;
- is applied equitably, fairly and consistently in relation to job responsibility, the employment market and personal performance; and
- integrates financial and non-financial rewards and benefits.

Sasol's remuneration policy was reviewed during 2008 to ensure that it remains appropriate for the needs of the group. The global remuneration policy, as adopted by the compensation committee, aspires to a holistic approach to remuneration, which is competitive and flexible, thereby enhancing the retention of employees. The key objectives of the global remuneration policy are to:

- support the attainment of Sasol's defined strategic objectives;
- attract, retain and motivate key and talented people;
- ensure that Sasol offers competitive and flexible remuneration in the markets Sasol operates in;
- encourage superior performance, rewarding individual, team and business performance; and
- create a values-driven organisational culture by supporting Sasol's core values of customer focus, winning with people, excellence in all we do, continuous improvement, integrity and safety.

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

- aims to provide competitive market-related rewards in the specific labour markets in which Sasol's employees are employed;
- determines the value proposition of the various positions within job families or functions;
- ensures that performance management influences the remuneration components and incentives; and
- applies good governance to remuneration practices within approved structures.

Policy on directors' fees and remuneration

The directors are appointed to the Sasol Limited board based on their ability to contribute competencies and experience appropriate to achieving the group's objectives as an international business. The purpose of the policy in respect of directors' fees and 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 the remuneration principles adopted, the compensation committee aims to encourage long-term performance and the continuous alignment of such performance with the strategic direction and specific value drivers of the business.

Executive directors

At present, the remuneration of executive directors of Sasol Limited consists of two components: a fixed component and a variable component comprising an annual executive performance incentive and long-term incentives in terms of the Sasol Share Incentive Scheme and/or the Sasol Share Appreciation Rights Scheme. Both fixed and variable components are designed to ensure that a substantial portion of the remuneration package is linked to the achievement of the company's strategic objectives and improved group business performance thereby aligning incentives awarded to improving shareholder value. The Share Appreciation Rights Scheme was implemented with effect from March 2007 and will fully replace the Sasol Share Incentive Scheme in time.

A portion of the approved cash salary and the annual performance incentive elements of the executive directors' remuneration are determined and paid in terms of separate employment agreements concluded between Sasol Holdings (Netherlands) BV and the respective executive directors for services rendered outside South Africa. The remuneration paid by Sasol Holdings (Netherlands) BV is calculated with reference to the time spent by these directors on services rendered offshore for Sasol Holdings (Netherlands) BV.

Fixed remuneration

Following established practice, the fixed packages of the executive directors are reviewed annually in October. Adjustments to the fixed packages are determined with reference to the scope and nature of an individual's role and his or her performance and experience. The fixed packages are also compared with the upper-quartile pay levels of other South African companies of comparable size and complexity, to ensure market competitiveness and performance excellence. The review also takes into account any change in the scope of the role performed by the individual, changes required to meet the principles of the remuneration policy 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, vehicle benefits, vehicle insurance and security services.

Retirement and risk benefits, including life cover and death-in-service benefits are provided to executive directors subject to the rules of the Sasol Pension Fund. During the year, contributions calculated as a percentage of the pensionable income are paid to contributory retirement schemes established and/or approved by the group and subject to the rules of the pension fund. The rate of contribution for each executive director is calculated on the basis of the assumption that executive directors will retire at the age of 60 years.

Annual performance incentive

In addition to salary and benefits, each executive director participates in an executive performance incentive scheme determined annually by the compensation committee. This incentive scheme is designed to reward and motivate the achievement of agreed group financial, business unit financial (where applicable), business unit strategic and performance objectives linked to the key performance areas of their respective management portfolios.

The approved principles of the executive performance incentive scheme for the year 1 July 2007 to 30 June 2008 comprise group, business and strategic performance criteria and metrics. Group performance is based on attributable earnings per share growth in excess of inflation. Improved group business results determine 60% of the executive directors' incentive bonuses and 70% of the incentive bonus of the chief executive. The balance of the incentive bonuses are determined by the extent to which key strategic business and other objectives are achieved. In total, the chief executive may earn an annual incentive bonus of up to 100% of fixed remuneration, and the executive directors up to 70%.

The performance criteria and metrics of the various Sasol businesses vary depending on business-specific strategic value drivers and key objectives as approved by the relevant subsidiary or divisional boards. Financial targets relate mainly to operating profit improvements and fixed cash cost savings. 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) to ensure continued focus on these important business objectives.

At its meeting of 7 September 2007, the compensation committee considered an overall assessment of the performance of the executives participating in the incentive plan against the agreed group financial targets and the levels of achievement against their strategic and other key performance objectives within their respective areas of accountability. The annual incentives for the 2007 financial year were subsequently approved by the board at its meeting of 7 September 2007.

For details of the shares held by our directors named in Item 6.A see "Item 6.E Share ownership".

The following tables summarise the compensation received by our executive and non-executive directors in 2008.

Compensation

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

Executive Directors	**Salary**	**Annual incentives[1]**	**Retirement funding**	**Other benefits**	**Total 2008**	**Total 2007 R'000**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Pat Davies	5,758	6,314	1,060	497	**13,629**	12,084
Nolitha Fakude	2,925	2,309	589	448	**6,271**	4,758
Benny Mokaba	3,386	2,545	681	631	**7,243**	3,958
Trevor Munday[2]		4,360		16,165	**20,525**	9,760
Christine Ramon	2,948	2,239	593	352	**6,132**	3,547
Pieter Cox[3]	n/a	n/a	n/a	n/a	**n/a**	1,038
Total	**15,017**	**17,767**	**2,923**	**18,093**	**53,800**	**35,145**

(1) Incentives awarded, based on the group results for the 2007 financial year.

(2) Mr. Munday retired as en employee with effect from 1 July 2007.

(3) Annual incentive paid to Mr. Cox as executive director for the period 1 July 2005 to 30 September 2005 and calculated as a percentage of fixed remuneration as at 30 September 2005.

Benefits disclosed in the table above as "other benefits" include:

Executive directors	Vehicle benefits	Medical benefits	Vehicle insurance fringe benefits	Security benefits	Exchange rate fluctuation(1)	Other	Total other benefits 2008	Total other benefits 2007
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Pat Davies	382	24	3	13	75		**497**	504
Nolitha Fakude	298	30	3	104	13		**448**	387
Benny Mokaba	298	27	2	298	5	1	**631**	349
Trevor Munday				27		16,138(2)	**16,165**	807
Christine Ramon	298	29	3	9	13		**352**	344
Pieter Cox	n/a	n/a	n/a	n/a	n/a		**n/a**	n/a
Total	**1,276**	**110**	**11**	**451**	**106**	**16,139**	**18,093**	**2,391**

(1) Rand equivalent of exchange rate fluctuations on cash salary and incentives of offshore components.

(2) Payments made to Mr. Munday include a payment of R16 million in respect of a restraint of trade which became effective after his retirement on 1 July 2007 and proceeds of a retirement policy payable on retirement (R138,000).

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(2)	Annual incentive(1),(2)	Retirement funding	Other benefits(2)	Total 2008	Total 2007
	R'000	R'000	R'000	R'000	R'000	R'000
Total	28,333	11,715	3,408	11,031	**54,487**	35,200
Number of members(3)					**7**	8

(1) Refers to incentives awarded, based on the company results for the 2007 financial year.

(2) Other benefits include vehicle benefits, medical benefits, vehicle insurance fringe benefits and exchange rate fluctuations.

(3) One member resigned as a group executive committee member with effect from 1 March 2008.

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

Non-executive directors	Board meeting fees(4)	Committee fees(4)	Share incentive trustee fees	Total 2008	Total 2007
	R'000	R'000	R'000	R'000	R'000
Elisabeth Bradley	322	368	57	**747**	581
Warren Clewlow(1)					319
Brian Connellan	322	523	86	**931**	809
Pieter Cox (Chairman)	3,233(2)	517		**3,750**	3,658
Henk Dijkgraaf(3)	828	232		**1,060**	495
Mandla Gantsho	322	168		**490**	423
Anshuman Jain(3)	747			**747**	676
Imogen Mkhize	322	88		**410**	373
Sam Montsi	322	365	57	**744**	676
Hixonia Nyasulu	322	100		**422**	351
Jürgen Schrempp(3)	742	155		**897**	821
Tom Wixley	322	191		**513**	141
Total	7,804	2,707	200	**10,711**	9,323

(1) Retired as a non-executive director of Sasol Limited with effect from 1 January 2007.

(2) Includes R2,661,000 paid by subsidiaries.

(3) Board meeting fees paid in US dollars. Rand equivalent of US$99,000 at actual exchange rates.

(4) Includes fees for *ad hoc* meetings attended during the year.

Long-term incentive plans applicable to executive directors and senior management

For details on our long-term incentive plans applicable to executive directors named in Item 6.A see "Item 6.E Share ownership".

Directors' service contracts

There are no fixed-term service contracts for executive and non-executive directors. Executive directors have standard employee service agreements with notice periods of up to 12 months.

An executive director is required to retire from executive management and the Board at the age of 60, unless requested by the Board to extend his or her term. A non-executive director is required to retire from the Board at the end of the calendar 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 year in which he or she turns 73.

6.C Board practices

The board of directors

Refer to item 6.A Directors and Senior Management for the composition of our board of directors (the Board) and information with respect to their terms of office.

Appointment, retirement and re-election of directors

Our directors are elected by our shareholders at the annual general meeting. The Board may appoint any person as a director, either to fill a vacancy or as an addition to the Board, provided that the total number of directors does not at any time exceed the maximum of 16 directors of which a maximum of five may be executive directors. Directors appointed by the Board in this manner are required to retire at the next annual general meeting following their appointment, but are eligible for re-election. There is no requirement in the Articles of Association that directors must hold qualifying shares. If the number of persons nominated as directors does not exceed the number of vacancies available, then the nominated directors may be deemed to have been duly elected.

At the annual general meeting of the company, one-third of the serving directors shall retire or, if the total number of serving directors who shall retire does not constitute a multiple of three, the number of directors who shall retire shall be the number, adjusted upwards, that is the closest to one-third.

A director who was appointed for the first time at an annual general meeting or by the Board after 27 October 1997 shall retire five years after the date of his initial appointment or re-appointment. Directors who have retired in this manner are eligible for automatic re-election by the shareholders if they were re-appointed after retirement by either the Board or the shareholders.

Directors' service contracts do not provide for any benefits upon termination of employment other than retirement benefits in terms of the rules of the applicable pension fund, medical fund and share incentive or share appreciation rights scheme.

Board procedures and matters

The Board has adopted a Board Charter of which a copy is available on our website (*www.sasol.com*). 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 various board committees;
- matters reserved for final decision-making or pre-approval by the Board; and
- the policies and practices of the Board in respect of matters such 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 performance evaluation of directors and members of Board committees.

A quorum for a Board resolution comprises five directors, three of whom must be non-executive. The Board meets at least four times a year. It approves the strategic direction of the company defined by the chief executive, maintains full and effective control over the company and monitors the executive management through a structured approach to reporting and accountability. However, the company adopts a decentralised approach to the day-to-day running of the businesses of the group.

The non-executive directors are chosen for their experience, business skills and acumen and bring independent, experienced judgement to bear on issues of strategy, performance and resources, including key appointments, standards of conduct, protection of stakeholders' interests and the setting of company policy. Considerations of gender and racial diversity, as well as diversity in respect of business, geographic and academic backgrounds, are taken into account when appointments to the Board are considered.

Newly appointed directors are inducted in the company, board matters and their duties as directors in accordance with their specific needs.

The effectiveness and performance of the Board, its committees and the individual directors and members of the Board and its committees are reviewed annually by the Nomination and Governance Committee.

Our Board is supported by the advice and services of the Company Secretary, who is appointed 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 in connection with their legal duties and responsibilities and the manner in which such duties and responsibilities, including not dealing in the company's securities during restricted periods, should be discharged. A report on directors' dealings in the company's securities is tabled at each Board meeting and publicly disclosed in accordance with the applicable JSE and NYSE listings requirements.

The directors are entitled to seek independent professional advice at the company's expense about the company's affairs and have access to any information they may require in discharging their duties as directors.

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 charters of the Audit Committee, the Compensation Committee, the Nomination and Governance Committee and the Risk and Safety, Health and Environment Committee (Risk and SHE Committee) form part of the Board Charter and are available on our website (*www.sasol.com*).

Our subsidiaries, as well as their operating businesses, have also established board and committee structures to ensure the maintenance of high standards and best practice with respect to corporate governance and internal control throughout. The business of group subsidiaries and divisions is decentralised. We retain decision-making involvement in respect of a defined list of material matters in respect of the businesses of our subsidiaries. This list includes matters such as the appointment of directors, strategy charters, large capital expenditure and mergers, acquisitions and disposals. The boards of our main subsidiaries and divisions are constituted in such a way that a majority of directors of each main subsidiary or divisional board are non-executive directors of the subsidiary or division.

The Compensation Committee

The Compensation Committee was established in 1989 and currently comprises four members, three of whom are independent non-executive directors, including the chairman. The members are Henk Dijkgraaf (chairman), Elisabeth Bradley, Brian Connellan and Pieter Cox. Mr. Sam Montsi resigned as a member on 15 June 2008. In line with the recommendations of the South African Code on Corporate Governance (King II), the chief executive attends the meetings of the committee, but is requested to leave the meeting before decisions are made.

The Compensation Committee meets at least twice a year to discuss and determine the group's remuneration policy and strategy and is empowered to obtain such external or other independent professional advice as it considers necessary to carry out its duties.

The mandate of the Compensation Committee is to:

- provide guidance on the evaluation of the performance of executive directors;
- review and recommend to the board the remuneration of executive directors;
- review and approve proposals for general salary and wage adjustments in the group;
- approve principles on which short-term incentives for all staff are based;
- approve the formulae on which all grants pursuant to the Sasol group's long-term incentive schemes to staff are based; and
- approve the overall cost of remuneration increases awarded to staff.

Refer to Item 6.B Compensation for information on our group remuneration philosophy and policy.

The Nomination and Governance Committee

The Nomination and Governance Committee was formed during 2002 and is currently comprised of five directors, three of whom are independent non-executive directors. The members of this committee are Pieter Cox, Elisabeth Bradley, Hixonia Nyasulu, Jürgen Schrempp and Tom Wixley. In line with the requirements of the SA Code, Mr. Pieter Cox, the current chairman of the Board, is also the chairman of the Nomination and Governance Committee. Mr. Wixley was appointed with effect from 15 June 2008 in the place of Mr. Sam Montsi who stepped down on that date and resigned as a director with effect from 1 August 2008. The Nomination and Governance Committee meets at least twice a year.

The functions of the Nomination and Governance Committee include reviewing and making recommendations to the Board on the general corporate governance framework of the group, the composition and performance of the Board, its committees, individual directors and committee members, candidates to fill board and committee vacancies as and when they arise, legal compliance and the company's ethics policy and programmes.

The Audit Committee

The Audit Committee was established in 1988 and is an important element of the Board's system of monitoring and control. The Audit Committee meets at least three times a year. All the members of the Audit Committee are independent non-executive directors, financially literate and have extensive audit committee experience. Current members of the Audit Committee are Brian Connellan (chairman), Elisabeth Bradley, Tom Wixley and Mandla Gantsho. Dr. Mandla Gantsho was appointed with effect from 4 July 2008. Mr. Brian Connellan has been determined by the Board as the Audit Committee financial expert within the meaning of the Sarbanes-Oxley Act.

The Audit Committee has been established primarily to assist the board in overseeing:

- the quality and integrity of the company's financial statements (including group financial statements) and public disclosures in respect thereof;
- the qualification and independence of the external auditors for Sasol and all group companies;
- the scope and effectiveness of the external audit function for Sasol and all group companies;
- the effectiveness of the group's internal controls and internal audit function; and

compliance with legal and regulatory requirements to the extent that it might have an impact on financial statements.

In addition to the responsibilities above, the Sasol Limited Board has appointed the Audit Committee to perform on behalf of all South African subsidiaries of Sasol, the functions listed in section 270A(1) of the South African Companies Act.

In addition, all major Sasol subsidiaries and divisions have governance committees which provide assurance to the Sasol Limited Audit Committee and assist the respective subsidiary and divisional boards by examining and reviewing the subsidiary or division's annual financial statements prior to submission and approval by the relevant boards and monitoring the effective functioning of the subsidiary or division's internal and disclosure controls.

The Board has delegated extensive powers in accordance with the South African Companies Act, King II and US corporate governance requirements to the Audit Committee to perform the above functions. In line with these requirements, the Audit Committee has, among other things, determined which categories of non-audit services provided by the external auditors should be pre-approved by the Audit Committee.

The Audit Committee meets regularly with the group's external and internal auditors and managers to consider risk assessment and management, to review the audit plans of the external auditors, and to review accounting, auditing, financial reporting, corporate governance and compliance matters. The Audit Committee approves the external auditors' engagement letter on 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. The Audit Committee usually makes recommendations and refers matters for information or approval to the Board.

Both the Audit Committee and the Board are satisfied that 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.

The Risk and Safety, Health and Environment (SHE) Committee

The Risk and SHE Committee was formed during 2002. It is comprised of four executive and three non-executive directors. They are Henk Dijkgraaf (chairman), Brian Connellan, Pieter Cox, Pat Davies, Nolitha Fakude, Imogen Mkhize, Benny Mokaba and Christine Ramon, Mr. Henk Dijkgraaf replaced Mr. Sam Montsi as chairman with effect from 15 June 2008. The committee meets at least twice a year. The functions of the committee include reviewing and assessing the integrity of our risk management process including effective management of risk policies and strategies in respect of safety, health and environmental matters.

The Group Executive Committee (GEC)

Our Board has delegated a wide range of matters relating to the management of our group to the GEC, including financial, strategic, operational, governance, risk and functional issues. Its focus is on the formulation of our group strategy and policy and the alignment of group initiatives and activities. The GEC meets weekly and reports directly to our Board.

For the members of the GEC see "Item 6.A Directors and Senior Management".

The Group Business Committee (GBC)

During the year, the GEC's functioning was supported by the group business committee. The group business committee consists of the managing directors of Sasol's most significant businesses and representatives from enterprise functions. The focus of the committee is on common tactical and operational matters pertaining to Sasol's businesses as well as selected governance and policy issues.

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 the chairman of the committee reports to the GEC. The term of office of the chairman is one year.

The role of the GBC is currently under review.

6.D Employees

We have developed and implemented six values group-wide in order to support our vision, culture and strategic goals. The six Sasol values *customer focus, winning with people, safety, excellence in all we do, continuous improvement and integrity* have been rolled out to all of our employees. We continue to focus to fully integrate behaviour in accordance with our values in our performance management system.

Our human resources strategy

We refined our group human resources (HR) development and management strategy to ensure its alignment with, and more effective support of, our business strategy. This is part of a wider commitment to make Sasol an employer of choice while pursuing growth opportunities. Because of our strong presence in South Africa, we remain sensitive to national socioeconomic transformation issues and continue to progress our employment equity (EE) and workplace transformation initiatives.

Our workforce composition at 30 June is presented below:

Region	2008	2007	2006
South Africa	27,899	26,417	25,728
Europe	3,707	3,696	4,003
North America	791	811	855
Other	1,531	936	874
Total	**33,928**	**31,860**	**31,460**

	2008	2007	2006
Employees by segment			
South African energy cluster			
Mining	7,329	6,904	7,084
Gas	218	217	194
Synfuels	4,791	4,586	6,135
Oil	2,187	2,047	1,719
International energy cluster			
Synfuels International	458	629	364
Petroleum International	272	226	184
Chemicals cluster			
Polymers	2,178	1,815	2,393
Solvents	1,839	1,754	1,781
Olefins & Surfactants	3,143	3,279	3,527
Other chemicals	5,682	5,394	5,446
Other business	5,831	5,009	2,633
Total	**33,928**	**31,860**	**31,460**

Our vision to become a respected global enterprise and our rapid growth over the last decade necessitates the application of accelerated development programmes for our employees. In South

Africa we invested more than R345 million in employee training and development. This investment includes in-house technical training, and self-learning centres. An additional R54 million was invested in 626 undergraduate and 94 postgraduate bursaries, with emphasis on developing scientific, engineering and technological skills.

To ensure effective talent management planning, we have finalised ten-year HR development plans for all businesses. We approved an enhanced strategy aimed at attracting and retaining top talent. This integrated approach allows us to identify and develop high-calibre leadership, and fill critical and new positions quickly and with confidence. Our strategic approach to planning HR allows us to anticipate future talent needs and to develop talent pools of sufficient depth and experience to meet those needs.

We have also provided training to 226 Nigerians for our Escravos GTL plant. This training commenced in August 2005 and 94 people have already completed the training and were relocated to the Escravos GTL plant. The remaining trainees are expected to complete the training by end of the 2009 calendar year.

Promoting workplace equity and diversity

We continued to increase the percentage of employees drawn from historically disadvantaged groups. People from designated groups Africans, Coloureds, Indians, and women comprise 69% of our South African workforce, as compared with 67% in 2007. At year end, people from designated groups held 51% of Sasol managerial, professional and supervisory posts. This is an improvement on the 47% reported on last year, and the 43% in 2006.

All our South African businesses maintain employment equity forums to ensure we stay focused on achieving targets. We endeavour to nurture workplaces that are open, transparent and free from all forms of discrimination. We also promote employee equity and diversity in all the countries in which we operate in harmony with global best practices.

Encouraging positive labour relations

We enjoy constructive relationships with representative trade unions throughout the group. About 51% of our employees in South Africa belong to unions. We experienced industrial action at only one operation, at Secunda, which led to 900 lost employee days over three working days.

Joint forums between trade unions and management remain active as part of our willingness to sustain constructive dialogue. These forums discuss wages, conditions of employment, health and safety, training and development, community care and HIV/AIDS, among other important issues. All representative unions and pensioners are represented on our medical scheme board and senior employees serve on the boards of union retirement funds.

Promoting employee well-being

Sasol's employee assistance programme (EAP) plays an increasingly important role in developing and maintaining a healthy workforce. Focusing on the psycho-social risks of our employees and their dependants, the EAP provides confidential, professional consultation on any personal problem at no cost to employees. Employee satisfaction is tracked every two years through an independent external attitude survey of employees and management. The results of the survey are benchmarked against similar global companies.

HIV/AIDS challenge in our South African operations

Recognising the significant challenge of managing South Africa's HIV/AIDS pandemic, we launched the Sasol HIV/AIDS Response Programme (SHARP) in September 2002. This initiative which involved input from business, trade union, community representatives and independent experts is an integrated approach focused on reducing the rate of infection throughout the group, and extending the quality of life of infected employees through the provision of managed healthcare. In developing SHARP, an intensive group-wide risk assessment was undertaken to understand the impact of HIV/AIDS on our operations and communities.

The programme is tailored for the culture and needs of every business unit. Each Sasol business site has a dedicated SHARP task team responsible for implementing and sustaining a site-specific response team.

Through the SHARP initiative we are:

- implementing measures to eliminate discrimination on the basis of a person's HIV/AIDS status;
- encouraging a behavioural change though our HIV/AIDS education and awareness programs;
- providing access to free and confidential voluntary counselling and testing (VCT);
- providing treatment of opportunistic illnesses such as tuberculosis, as well as treatment of sexually transmitted infections;
- providing managed healthcare, including antiretroviral treatment (ART) for employees; and
- reducing and managing the total cost to Sasol of the business impact and response to HIV/AIDS.

A principal focus of SHARP is the provision of VCT, an essential first step in facilitating appropriate access to healthcare options and a critical component of promoting behavioural change. As a result of our collaborative approach, we have had one of the highest uptakes for VCT in South Africa. Voluntary counselling and testing has been integrated in to the occupational health centres and are offered as part of wellness programmes within the business units.

An important focus over the last year has been on providing comprehensive workplace education and training programs in our South African businesses. In the year ahead we will be extending our activities to cover our service providers and our franchise network of fuel retailers. Through this initiative we have already provided training and awareness programs, as well as a referral network for VCT and health care services, to 300 franchisees and 5,000 forecourt employees. We are also working with the provincial and local government as well as non governmental organisation (NGO) to identify opportunities to improve the level of services within the community.

Through our corporate social investment department we have partnered with numerous community-based organisations to increase awareness and improve access to care in the communities in which we operate.

Occupational health and safety

Three fatalities occurred in the workplace in 2008. This compares with four fatalities in both our 2007 and 2006 financial years. Our goal remains zero fatalities. Our fatal accident rate (calculated as the number of employees and service providers per 100 million working hours) was 1.79 compared with 2.60 in 2007.

Important safety initiatives were undertaken as part of our comprehensive change management programme aimed at ensuring safety remains a core value and our first priority. The effectiveness of our safety improvement plan was demonstrated by the improvement in our safety record. By 30 June 2008, we achieved a recordable case rate (RCR) of 0.50. This compares with 0.75 in 2007 and 0.93 in 2006. Progress to date and targets are being reviewed by way of defining a safety roadmap to guide us towards meeting our revised long-term RCR target of 0.3 by June 2013.

6.E Share ownership

Shareholdings of directors and officers

The aggregate beneficial shareholding at 30 September 2008 of the directors of the company and the group executive committee named under "Item 6.B Compensation" and their associates (none of which have a holding greater than 1%) in the issued ordinary share capital of the company are detailed below.

	2008			2007		
Beneficial shareholdings	**Number of shares[(1)]**	**Number of share options[(2)]**	**Total beneficial shareholding**	**Number of shares[(1)]**	**Number of share options[(2)]**	**Total beneficial shareholding**
Executive directors						
Pat Davies	86,912	264,200	351,112	41,906	260,700	302,606
Nolitha Fakude	1,500	600	2,100			
Christine Ramon	54,474		54,474			
Non-executive directors						
Elisabeth Bradley	97,494[(4)]		97,494	298,000		298,000
Brian Connellan	10,500		10,500	10,500		10,500
Pieter Cox[(3)]	281,409	116,700	398,109	261,409	176,700	438,109
Imogen Mkhize	19,539		19,539			
Hixonia Nyasulu	1,450		1,450			
Tom Wixley	1,300		1,300	1,300	n/a	1,300
Total	**554,578**	**381,500**	**936,078**	613,115	437,400	1,050,515

(1) Includes units held in the Sasol Share Savings Trust.

(2) Including share options which have vested or which vest within sixty days of 30 June 2008.

(3) The share options implemented were granted to Mr. Cox when he was an executive director.

(4) Mrs. Bradley's share ownership was restated to include only those shares in respect of which she or her associates have beneficial ownership.

Beneficial shareholding for 2008 disclosed in the table above includes shares allotted to the following black directors and their associates following the implementation of the Sasol Inzalo share transaction on 8 September 2008:

	Number of Sasol BEE ordinary shares	**Number of Sasol Inzalo ordinary shares**
Executive directors		
Christine Ramon		40,474
Non-executive directors		
Imogen Mkhize	313	18,626
Hixonia Nyasulu		1,450
Total	**313**	**60,550**

The Sasol BEE ordinary shares rank *pari passu* with Sasol ordinary shares in all respects except that they are not listed and cannot be traded for the first two years and will have limited trading rights for a period of eight years thereafter. Sasol Inzalo Public Limited (Sasol Inzalo) indirectly held 2.3% of the issued capital of Sasol on 8 September 2008 in the form of unlisted Sasol preferred ordinary shares.

The Sasol Inzalo ordinary shares cannot be traded for the first three years and will have limited trading rights for a period of seven years thereafter.

Share ownership of senior managers under the JSE Listings Requirements

	2008			2007		
Beneficial shareholdings	Number of shares(1)	Number of share options(2)	Total beneficial shareholding	Number of shares(1)	Number of share options	Total beneficial shareholding
Group executive committee(3)	**126,974**	**180,600**	**307,574**	78,095	195,400	273,495

(1) Includes units held in the Sasol Share Savings Trust.

(2) Including share options which have vested or which vest within 60 days of 30 June 2008.

(3) Excluding the executive directors disclosed separately in the table above.

We are not required to, and do not otherwise, disclose share ownership of individual senior managers in the share capital of the company.

Long-term incentive plans applicable to executive directors and senior management

Senior management, including executive directors, participate in the Sasol Share Incentive Scheme, which has been replaced by the Share Appreciation Rights Scheme (SAR scheme) with effect from 1 March 2007. Although no new share option grants will be made in terms of the Sasol Share Incentive Scheme, existing unimplemented share options are unaffected by the introduction of the SAR scheme. These schemes are designed to recognise the contributions of senior staff to the value added to the group's financial position and performance and to retain key employees. Within the limits imposed by the company's shareholders, the board and the JSE, share appreciation rights are, subject to certain performance criteria, granted to executive directors and senior staff in proportion to their contribution to the business and the group's performance. The award of share appreciation rights also depends on pre-determined factors and performance criteria.

The purpose of the SAR scheme is to provide qualifying employees the opportunity to receive long-term incentive remuneration payments based on the increase in value of Sasol shares over certain prescribed periods of time. The SAR scheme does not entitle participants to any rights to Sasol shares. In terms of the scheme, participants are awarded conditional rights to claim a future cash amount calculated with reference to the increase in the market value on the JSE of a Sasol ordinary share between the date of the grant of the right and the exercise of the right.

Options (in terms of the Share Incentive Scheme) or share appreciation rights (in terms of the SAR scheme) vest as follows:

two years first third

four years second third

six years final third

Options and share appreciation rights are exercisable up to a maximum of nine years from the date of allocation.

On retirement at normal retirement age the share options or share appreciation rights vest immediately and can be exercised before the expiry of the nine year period referred to above. On resignation, share options or rights which have not yet vested will lapse unless decided otherwise by the Sasol Limited board or the appropriate delegated authority (trustees of the Sasol Share Incentive

Scheme or SAR scheme committee). Share options or rights which have vested may be taken up before the last day of service.

The trustees of the Sasol Share Trust granted share options in terms of the Sasol Share Incentive Scheme up to 28 February 2007. Thereafter, from 1 March 2007, share appreciation rights in terms of the SAR scheme were granted by the scheme committee of the SAR scheme in the following circumstances:

- upon promotion of an employee to the qualifying level for share appreciation rights; and

- upon appointment to the group on the qualifying level subject to satisfactory performance over a period of six months following the appointment.

In addition, the scheme committee has the power to approve the award of annual supplementary share appreciation rights to existing participants of the scheme. The formulae in terms of which such awards are made are approved by the scheme committee. The scheme committee consists of the members of the compensation committee.

In terms of the current formulae the number of shares on which share appreciation right incentive payments are calculated, is based on the following:

- for promotions and new appointments the number of shares is determined by a multiple of the total annual cash salary of a participant divided by the moving average share price over 24 months, prior to the grant of the share appreciation right; and

- for supplementary share appreciation rights, the number of shares is determined, amongst others, by an individual performance rating factor and the extent to which the company's profit growth targets have been met. An individual participant's performance is based on an assessment of the participants' annually agreed performance targets. 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 as compared to the consumer price index.

Share option and share appreciation right grants made during the year under review were based on the approved formula of a ten times multiple of annual total cash remuneration for the chief executive subject to the application of both the individual and company performance factors. The executive directors appointed during the 2007 financial year were granted share options on the approved formula of seven times annual total cash remuneration.

On 16 May 2008, Sasol shareholders approved the Sasol Inzalo black economic empowerment (BEE) transaction. As part of this transaction, senior black management, including black executive directors and members of the group executive committee, participate in the Sasol Inzalo Management Scheme and were awarded rights to Sasol ordinary shares. The rights, which entitle the employees from the inception of the scheme to receive ordinary shares at the end of the ten years, being the tenure of the transaction, subject to Sasol's right to repurchase some of the shares issued to the Sasol Inzalo Management Trust (Management Trust) in accordance with a pre-determined repurchase formula. The formula takes into account the underlying value of the shares on 18 March 2008, the dividends not received by the Management Trust as a result of the pre-conditions attached to those shares and the price of Sasol ordinary shares at the end of the ten years.

The rights also entitle the holder thereof, from inception of the scheme, to receive, in proportion to their respective rights, ordinary dividends received by the Management Trust on the Sasol ordinary shares during the ten year period. The Management Trust subscribed for the ordinary shares on the pre-condition that it would receive only 50% of the ordinary dividends paid on the Sasol ordinary shares.

On retirement at normal retirement age, early retirement, dismissal due to operational requirements or on leaving the employ of Sasol due to ill health during the tenure of the Sasol Inzalo transaction, the black managers will retain their entire allocation of rights until the end of the ten year period, subject to Sasol's repurchase right referred to above. The nominated beneficiaries or heirs of those black managers, who die at any time during the transaction period, will succeed to their entire allocation of rights. On resignation within the first three years of having been granted these rights, all rights will be forfeited. On resignation after three years or more from being granted the rights, the black managers will forfeit 10% of their rights for each full year or part thereof remaining from the date of resignation until the end of the transaction period. Black managers who leave the employ of Sasol during the ten year period by reason of dismissal, for reasons other than operational requirements, will forfeit their rights to Sasol ordinary shares.

Following the introduction of the Share Appreciation Rights Scheme in 2007, no further options have been granted in terms of the Sasol Share Incentive Scheme.

The share options implemented during 2008 are indicated in the following table:

Share options implemented during 2008 directors

	Balance at beginning of year (number)	Granted[2] (number)	Average offer price per share[2] (Rand)	Grant date[2]	Share options implemented (number)	Effect of resignations (number)	Balance at end of year (number)
Executive directors							
Pat Davies	649,900				13,600		**636,300**
Nolitha Fakude	121,900				40,000		**81,900**
Benny Mokaba	94,000						**94,000**
Christine Ramon	81,700						**81,700**
Non-executive directors							
Pieter Cox[1]	176,700				60,000		**116,700**
Total share options	**1,124,200**				**113,600**		**1,010,600**

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

(2) No share options were granted during the period under review as a result of the replacement of the Sasol Share Incentive Scheme with the Share Appreciation Rights Scheme with effect from 1 March 2007.

The share appreciation rights granted to our executive directors through our Share Appreciation Rights Scheme are indicated in the following table:

Share appreciation rights granted during 2008 directors

	Balance at beginning of year (number)	Granted (number)	Average offer price per share (Rand)	Grant date	Share options implemented (number)	Effect of resignations (number)	Balance at end of year (number)
Executive directors							
Pat Davies		55,200	294.50	12 Sep 2007			**55,200**
Nolitha Fakude		17,100	294.50	12 Sep 2007			**17,100**

Total share appreciation rights	**72,300**	**72,300**

The number of Sasol Inzalo Management Scheme share rights granted to our executive directors in terms of our Sasol Inzalo share transaction is indicated in the following table:

Sasol Inzalo Management Scheme share rights granted during 2008 directors

	Balance at beginning of year (number)	Share rights granted (number)	Value of underlying share[(1)] (Rand)	Grant date	Effect of resignations (number)	Balance at end of year (number)
Executive directors						
Nolitha Fakude		25,000	366.00	3 June 2008		**25,000**
Benny Mokaba		25,000	366.00	3 June 2008		**25,000**
Christine Ramon		25,000	366.00	3 June 2008		**25,000**
Total Sasol Inzalo Management Scheme share rights		**75,000**				**75,000**

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(1) The value of the underlying share of R366.00 is the 60 day volume weighted average price of Sasol ordinary shares to 18 March 2008. The shares were issued to the Sasol Inzalo Management Trust at R0.01 per share.

Share options implemented and share appreciation rights granted during 2008 group executive committee

	Balance at beginning of year (number)	Effect of change in composition of GEC	Granted (number)	Average offer price per share (Rand)	Grant date	Share options implemented (Rand)	Balance at end of year (number)
Share options[(1) & (2)]	695,300					135,700	559,600
Share appreciation rights	58,400	(25,500)	124,100	294.50	12 Sept 2007		157,000

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

(2) Includes share options issued to individuals during the year before they became members of the group executive committee.

Share options implemented directors

This table presents information regarding share options implemented during the period 1 July 2007 through 30 June 2008.

	Implementation dates	share options implemented	Average offer price per share	Market price per share	Gain on implementation of share options 2008	2007
		(number)	(Rand)		R'000	R'000
Executive directors						
Pat Davies	17 April 2008	13,600	42.30	439.00	**5,395**	8,762
Nolitha Fakude					**6,258**	
	25 October 2007	30,000	219.50	331.60	**3,363**	
	22 May 2008	10,000	219.50	509.01	**2,895**	
Trevor Munday						22,922
Non-executive directors						
Pieter Cox(1)	17 April 2008(2)	60,000	111.20	449.48	**20,297**	3,601
Total		113,600			**31,950**	35,285

(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 implementation of the share options. The gain on the implementation of these shares options was determined using the closing share price on the date of implementation. These holdings have been disclosed in the beneficial shareholding table.

Share options implemented group executive committee

This table presents information regarding share options implemented during the period 1 July 2007 through 30 June 2008.

	share options implemented	Gain on implementation of share options 2008	2007
	(number)	R'000	R'000
Group executive committee(1) & (2)	135,700	**38,406**	38,416

(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 15,700 share options on which the shares were retained by members. A gain of R4,144,735 on the implementation of these share 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 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
			(numbers)			
Executive directors						
Pat Davies	277,800	42,600	141,100	174,800		**636,300**
Nolitha Fakude	600		40,600	40,700		**81,900**
Benny Mokaba		31,300		62,700		**94,000**
Christine Ramon		27,200		54,500		**81,700**
Non-executive directors						
Pieter Cox[(1)]	116,700					**116,700**
Total	**395,100**	**101,100**	**181,700**	**332,700**		**1,010,600**

(1) The share options were granted to Mr. P V Cox when he was an executive director.

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

	Already vested	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
			(numbers)			
Executive directors						
Pat Davies			18,400	18,400	18,400	**55,200**
Nolitha Fakude			5,700	5,700	5,700	**17,100**
Total			**24,100**	**24,100**	**24,100**	**72,300**

Share options and share appreciation rights outstanding at the end of the year vest during the following periods:

	Already vested	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
			(numbers)			
Group executive committee[(1)]						
Share options	188,600	99,000	103,900	168,100		**559,600**
Share appreciation rights		19,500	41,400	67,500	28,600	**157,000**

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

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

7.A Major shareholders

Refer to Item 18 for the authorised and issued share capital of Sasol Limited.

The listed ordinary share capital of 667,894,516 ordinary shares as at 30 September 2008 included the following shares issued pursuant to the implementation of our Sasol Inzalo black economic empowerment (BEE) transaction on 3 June 2008:

23,339,310 ordinary shares of no par value issued to The Sasol Inzalo Employee Trust;

1,892,376 ordinary shares of no par value issued to The Sasol Inzalo Management Trust; and

9,461,882 ordinary shares of no par value issued to The Sasol Inzalo Foundation.

On 27 June 2008, 9,461,882 Sasol preferred ordinary shares of no par value were issued to Sasol Inzalo Groups Funding (Pty) Limited. These shares are unlisted and carry a cumulative preferred dividend right, where a dividend has been declared for a period of ten years from the date of issue. Except for the aforementioned, the Sasol preferred ordinary shares rank *pari passu* with the ordinary shares and differ only in the fact that they are not listed and trading in these shares are restricted.

On 8 September 2008, a further 16,085,199 Sasol preferred ordinary shares of no par value were issued to Sasol Inzalo Public Funding (Pty) Limited. On the same date, a total of 2,838,565 Sasol BEE ordinary shares of no par value were issued to members of the South African Black public and The Sasol Inzalo Public Facilitation Trust. The Sasol BEE ordinary shares issued to The Public Facilitation Trust will be transferred to members of the public in due course. The Sasol BEE ordinary shares rank *pari passu* with the ordinary shares and differ only in the fact that they are not listed and trading will be restricted for ten years from date of issue.

Also included in the issued share capital of Sasol Limited as at 30 September 2008 were 40,179,411 ordinary shares with no par value, held by our wholly-owned subsidiary, Sasol Investment Company (Pty) Limited (SIC).

To the best of our knowledge, Sasol Limited is not directly or indirectly owned or controlled by another corporation or the government of South Africa or any other government. We believe that no single person or entity holds a controlling interest in our share capital.

In accordance with the requirements of the Companies Act of South Africa, the following beneficial shareholdings exceeding 5% in the aggregate were disclosed or established from inquiries as of 30 June 2008:

	2008		2007		2006	
	Number of shares	**% of shares**	**Number of shares**	**% of shares**	**Number of shares**	**% of shares**
Public Investment Corporation Limited (PIC)	114,405,311	17.14	113,579,545	18.0	94,158,063	13.8
Industrial Development Corporation of South Africa (IDC)	53,266,887	7.98	53,266,887	8.5	53,266,887	7.8
Sasol Investment Company (Pty) Limited (SIC)	37,093,117	5.86	14,919,592	2.4	60,111,477	8.8

Although the number of Sasol ordinary shares held by the PIC increased from 113,579,545 to 115,139,671 at 30 September 2008, both the PIC and IDC's holding, as a percentage of total ordinary shares outstanding, decreased relative to 2007 owing to the increase in total issued shares as a result of the Sasol Inzalo share transaction.

The voting rights of major shareholders do not differ from the voting rights of other shareholders. The shares held by SIC are held as treasury shares on which no dividends are paid outside the group and no voting rights are exercised.

As of 29 August 2008, 54,005,499 ordinary shares, or approximately 8.1% of our share capital, were held in the form of ADRs. As of 29 August 2008, 318 record holders in the United States held approximately 24.1% of our issued share capital in the form of either ordinary shares or ADRs.

7.B Related party transactions

There have been no material transactions during the most recent three years, other than as described below, nor are there proposed to be any material transactions at present to which we or any of our subsidiaries are or were a party and in which any senior executive or director, or 10% shareholder, or any relative or spouse thereof or any relative of such spouse, who shared a home with this person, or who is a director or executive officer of any parent or subsidiary of ours, had or is to have a direct or indirect material interest. Furthermore, during our three most recent years, there has been no, and at 30 June 2008 there was no, outstanding indebtedness to us or any of our subsidiaries owed by any of our executive or independent directors or any associate thereof.

In a transaction aimed at obtaining compliance with the Liquid Fuels Charter's requirements on black economic empowerment, we entered into an agreement with effect from 1 July 2006 with Tshwarisano LFB Investment (Pty) Limited (Tshwarisano), in terms of which Tshwarisano acquired 25% of our subsidiary, Sasol Oil (Pty) Limited (Sasol Oil) for a purchase consideration of R1,450 million. Our director, Ms T H Nyasulu, is also a director of Sasol Oil and Tshwarisano, and indirectly holds 1.275% of the shares of Sasol Oil through her 5.1% holding in Tshwarisano.

During the year group companies, in the ordinary course of business, entered into various purchases and sale transactions with associates, joint ventures and certain other related parties. 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.

Material related party transactions were as follows:

	30 June 2008	**30 June 2007**	**30 June 2006**
		(Rand in millions)	
Sales and services rendered to related parties			
Third parties	944	160	250
Joint Ventures	1,975	1,759	1,446
Associates	742	632	424
Retirement funds		4	
Total	**3,661**	**2,555**	**2,120**
Purchases from related parties			
Third parties	1,056	832	600
Joint Ventures	88	135	131
Associates	795	712	360
Retirement funds	338	374	224
Total	**2,277**	**2,053**	**1,315**

Amounts due to and from related parties are disclosed in the respective notes to the financial statements for the respective balance sheet line items. See "Item 18 Financial Statements".

7.C Interests of experts and counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

8.A Consolidated statements and other financial information

See "Item 18. Financial Statements" for our financial statements, related notes and other financial information filed with this annual report on Form 20-F.

Dividend policy

Our dividend distribution policy is to distribute increased dividends on a regular basis to the extent permitted by our earnings. More specifically, we intend to distribute dividends, provided our annual attributable earnings represent a range of 2.5 to 3.5 times the amount distributed in the form of dividends. The average rate of earnings to dividend distributions in the past five years was approximately 2.6 times. Our dividend cover for 2008 of 2.8 times is within the target range. We distribute dividends twice a year. On the declaration of a dividend, the company includes the 10% in respect of secondary tax on companies on this dividend in its computation of the income tax expense for the corresponding period.

See "Item 10.B Memorandum and articles of association Rights of holders of our securities".

Legal proceedings

For information regarding our legal proceedings see "Item 4.B Business overview Legal proceedings".

8.B Significant changes

The following developments have occurred subsequent to 30 June 2008:

On 9 July 2008, the black public invitations of the Sasol Inzalo share transaction closed. The Cash Invitation was oversubscribed by 13% and the Funded Invitation was more than 300% oversubscribed. A share-based payment expense of R2.4 billion and preference share debt of R4.2 billion related to the issue of shares to the black public will be recognised in the 2009 financial year. Based on the weighted average number of shares issued at 30 June 2008, the share-based payment expense would decrease the earnings per share by R4.07.

Effective 1 August 2008, Sasol entered into crude oil hedges for approximately 30% (16.4 million barrels) of its Sasol Synfuels production for the remainder of the 2009 financial year. This was achieved by entering into zero cost collar contracts in terms of which the group is protected, on the 16.4 million barrels, against crude oil prices below US$90/b but will benefit from crude oil prices up to US$228/b. A similar crude oil hedge has been entered into for 550,000 barrels of Sasol Petroleum International's West African output for a range between US$90/b and US$240/b.

Sasol Oil acquired the remaining 49.9% of Exelem Aviation (Pty) Limited for a purchase consideration of US$1.7 million.

On 1 October 2008, the European Union found that members of the European wax industry, including Sasol Wax GmbH, formed a cartel and violated antitrust laws. A fine of €318.2 million was imposed by the European Commission on Sasol Wax. The fine is payable within three months. See "Item 4.B Business overview Legal proceedings".

ITEM 9. THE OFFER AND LISTING

9.A Offer and listing details

The following table sets forth, for the years indicated, the reported high and low quoted prices for the ordinary shares on the JSE and of our ADRs on the NYSE from 9 April 2003 and of the ADRs on the NASDAQ prior to the delisting of our ADRs on 8 April 2003 from NASDAQ.

	Shares (Price per share in rand)		ADRs (Price per ADR in US$)	
Period	**High**	**Low**	**High**	**Low**
2003	121.55	75.50	12.78	8.34
2004	111.50	75.10	16.50	10.40
2005	192.12	66.23	28.96	15.61
2006	283.00	180.00	46.31	26.99
2007	281.75	214.00	39.84	28.24
First quarter	280.00	228.80	39.42	29.54
Second quarter	266.99	233.00	37.09	30.00
Third quarter	260.00	214.00	36.50	28.24
Fourth quarter	281.75	228.99	39.84	32.31
2008				
First quarter	334.98	252.52	47.05	34.27
Second quarter	367.48	295.00	55.73	43.08
Third quarter	422.00	295.00	55.22	40.27
Fourth quarter	518.00	433.00	67.92	45.95
April	463.40	367.98	59.87	45.95
May	518.00	433.00	67.92	54.70
June	489.50	450.20	62.66	56.10
July	471.00	376.11	58.91	49.72
August	433.79	360.50	55.86	49.08
September	428.00	312.00	51.47	36.69

9.B Plan of distribution

Not applicable.

9.C Markets

The principal trading market for our shares is currently the JSE. Our American Depositary Shares (ADS), have been listed on the New York Stock Exchange since 9 April 2003, each representing one common ordinary share of no par value, under the symbol "SSL". The Bank of New York Mellon Inc. is acting as the Depositary for our ADSs and issues our ADRs in respect of our ADSs.

9.D Selling shareholders

Not applicable.

9.E Dilution

Not applicable.

9.F Expenses of the issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

10.A Share capital

Not applicable.

10.B Memorandum and articles of association

Sasol Limited is incorporated in South Africa as a public company under the Companies Act of South Africa and is registered with the South African Registrar of Companies under registration number 1979/003231/06. Our corporate seat is in Johannesburg, South Africa. According to our Memorandum, our company's main business includes, among other things, to act as an investment holding company, an investment company and a management company and, whether on its own and/or in collaboration with other agencies:

- to prospect for coal, oil, petroleum and related substances;
- to acquire mineral and other rights;
- to acquire, exploit and mine coal, oil, petroleum and related substances and beneficiate and refine them into gaseous, liquid and solid fuels, petrochemicals and other products;
- to convert, process and beneficiate any product with or without the addition of other products in any other way whatsoever; and
- to market these products.

Our board of directors

Appointment, retirement and re-election of directors. Our directors are elected by our shareholders at the annual general meeting. The board of directors may appoint any person qualifying as a director in terms of the South African Companies Act, either to fill a vacancy or as an addition to the board, provided that the total number of directors does not at any time exceed the maximum of 16 directors. Directors appointed by the board in this manner are required to retire at the next annual general meeting following their appointment, but are eligible for re-election. There is no requirement in our Articles of Association that directors must hold qualifying shares. If the number of persons nominated as directors does not exceed the number of vacancies available, then the nominated directors may be deemed to have been duly elected.

At the annual general meeting of the company, one-third of the serving directors shall retire or if the total number of serving directors who shall retire does not constitute a multiple of three, the number of directors who shall retire shall be the number, adjusted upwards, that is the closest to one-third.

A director who has been appointed for the first time at an annual general meeting or by the board of directors after 27 October 1997 shall retire five years after the date of his initial appointment or reappointment. Directors who have retired in this manner are eligible for automatic re-election by the shareholders, if they have been nominated for reappointment after retirement by either the board or the shareholders.

Any director reaching 70 years of age shall retire at the end of that year, provided that, subject to the Articles of Association, the board may, by unanimous resolution on a year-to-year basis, extend a director's term of office until the end of the year in which the director turns 73.

Remuneration. The board of directors determines the remuneration of the executive directors on recommendation of the Compensation Committee. In accordance with the South African Code of Corporate Practices and Conduct ("King II") the proposed fees of non-executive directors as recommended by the board are submitted to the shareholders in annual general meeting for approval prior to implementation and payment. The Companies Act prohibits loans or any form of credit or guarantee to be provided by us to any member of our board. Our Compensation Committee determines the Group's human resources policy and the remuneration of directors and senior management. See "Item 6.C Board Practices Board committees The compensation committee".

Interested transactions. A director in his capacity as a member of the board or one of its committees can participate in and vote on all decisions put before a meeting of the board or the respective committee. Nothing contained in our Articles of Association prohibits a director from voting on any decisions put before a meeting of the board or one of its committees, whether or not a director has a personal interest or is in any manner involved in the matter. However, directors are required to declare in the manner prescribed by the Companies Act any interest, whether direct or indirect, material or otherwise, in any other company, partnership or corporate body, of which a director of ours is a director or shareholder, or any contract or transaction in which they have an interest in any manner. In terms of the Board Charter, directors are appointed on the express understanding and agreement that they may be removed by the Board if and when they develop an actual or prospective material, enduring conflict of interest with the company or a group company.

Managing Director. Under our Articles of Association, the directors may appoint one or more of their number to the office of managing director or managing directors, or may appoint employees of the company in any other capacity, and may remove or dismiss them from office and appoint others in their place. Such an appointment is made by an independent quorum of directors and for a period not exceeding five years per appointment.

Disclosure of interests in shares

The Companies Act requires disclosure of beneficial ownership interests in a company's securities. Pursuant to Section 140A of the Companies Act, where the securities of an issuer are registered in the name of a person and that person is not the holder of the beneficial interests in all of the securities held by the registered shareholder, the registered shareholder is obliged, at the end of every three-month period, to disclose to the issuer the identity of each person on whose behalf the registered holder holds securities and the number and class of securities issued by that issuer held on behalf of each such person. Moreover, the issuer of securities may, by notice in writing, require a person who is a registered shareholder and whom the issuer knows, or has reasonable cause to believe, to have a beneficial interest in a security issued by the issuer, to confirm or deny whether it holds that beneficial interest and, if the security is held for another person, to disclose the identity of the person on whose behalf a security is held.

The addressee of the notice will also be required to give particulars of the extent of the beneficial interest held during the three years preceding the date of the notice. All issuers of securities are obliged to establish and maintain a register of disclosures of interests in their securities as described above and to publish in their annual financial statements a list of the persons who hold beneficial interests equal to or in excess of 5% of the total number of securities of that class issued by the issuer, together with the extent of those beneficial interests.

Rights of holders of our securities

Dividend rights. The board may declare a dividend to be paid to the registered holders of shares. The directors may also pay to the shareholders such interim dividend as they consider justified from the profit of the company. No dividends shall be paid except out of the profits or accumulated distributable reserves of the company and no dividends bear interest against the company.

All shares have equal rights to dividends, with the exception of:

The ordinary shares subscribed for by The Sasol Inzalo Employee Trust and The Sasol Inzalo Management Trust on the pre-condition that they will receive only 50% of the ordinary dividends paid on the ordinary shares and none of the extra-ordinary dividends for a period of ten years from the effective date;

The ordinary shares subscribed for by The Sasol Inzalo Foundation on the pre-condition that it will receive only 5% of the ordinary dividends paid on the ordinary shares and none of the extra-ordinary dividends, for a period of ten years from the effective date;

The Sasol preferred ordinary shares which carry a cumulative preferred ordinary dividend right, where a dividend has been declared for a period of ten years from the date of issue. This preferred dividend rights ranks ahead of the dividend rights of other ordinary shares, including the Sasol BEE ordinary shares. It will be paid as follows:

( ) R16.00 per annum for each of the first three years until 30 June 2011;

( ) R22.00 per annum for each of the next three years until 30 June 2014;

( ) R28.00 per annum for each of the last four years until 30 June 2018.

Dividends may be declared, either free of, or subject to, the deduction of any income tax and any other tax or duty which may be chargeable. Dividends are declared payable to shareholders registered at a date subsequent to the date of the declaration of the dividend as determined by the rules of the JSE. The dates applicable to the dividend payment are determined in accordance with the JSE listing requirements.

Dividends which remain unclaimed after a period of 12 years may be declared forfeited by the board and revert to our company. All unclaimed dividends may be invested or otherwise utilised by the directors for the benefit of the company until claimed.

Any dividend may be paid and satisfied, either in whole or in part, by the distribution of specific assets and, in particular, of shares or debentures of any other company, or in cash or in any one or more of such ways as the directors may, at the time of the declaration of the dividend, determine and direct. Any dividend or other sum payable in cash to a shareholder may be paid by cheque, warrant, coupon or otherwise as the directors may decide.

It is our policy to declare dividends in rand and the board may at the time of declaring a dividend make such regulations as they may deem appropriate with regard to the payment in any currency and the rate of exchange, subject to the approval of the South African Reserve Bank. For further information on our dividend policy, see "Item 8.A Consolidated Statements and Other Financial Information".

Holders of ADRs on the relevant record date will be entitled to receive any dividends payable in respect of the shares underlying the ADRs, subject to the terms of the Deposit Agreement. Cash dividends will be paid by the Depositary to holders of ADRs in accordance with the Deposit Agreement.

Voting rights. Every shareholder, or representative of a shareholder, who is present at a shareholders' meeting has one vote on a show of hands, regardless of the number of shares he holds or represents, unless a poll is demanded. On a poll, a shareholder is entitled to one vote per ordinary share held.

Shareholders are entitled to appoint a proxy to attend, speak and vote on a poll at any meeting on their behalf. Proxies need not be shareholders. Cumulative voting is not permitted.

Rights of non-South African shareholders. There are no limitations imposed by South African law or our Articles of Association on the rights of non-South African shareholders to hold or vote our shares. Acquisitions of shares in South African companies are not generally subject to review by the SARB. However, its approval may be required in certain cases where share acquisition is financed by South African lenders.

Rights of minority shareholders. Majority shareholders of South African companies have no fiduciary duties under South African common law to minority shareholders. However, shareholders may, under the Companies Act, seek court relief upon establishing that they have been unfairly prejudiced by the company.

General meeting of shareholders

In accordance with our Articles of Association, our annual general meeting is required to be held each year within six months from the end of our financial year, and within 15 months after the date of our last preceding annual general meeting.

Notices. We are required by law and our Articles of Association to provide at least 21 days' notice of any annual general meeting and any meeting at which special resolutions are proposed, and at least 14 days' notice of all other meetings. Meetings of shareholders may be attended by shareholders on record in our share register or by their proxies who need not be registered shareholders. Annual general meetings shall be described as such in the notice convening the meeting. All other meetings shall be called general meetings and shall also be described as such in the respective notice.

Notice under our Articles of Association must be in writing and must be given or served on any shareholder, either by delivery or by post, properly addressed, at his or her address shown in the register of shareholders. Any notice to shareholders must simultaneously be communicated to the JSE.

We are required, upon request by at least 100 shareholders or shareholders holding not less that 5% of our total share capital, to give notice to our shareholders of any resolution that may be duly proposed and any resolution intended to be proposed at a general meeting or annual general meeting.

Attendance at meetings. Beneficial shareholders whose shares are not registered in their own name, or beneficial owners who have dematerialised their shares, are required to contact the registered shareholder or their Central Securities Depository Participant (CSDP), as the case may be, for assistance to attend and vote at meetings.

Quorum. No business may be transacted at any general meeting unless the requisite quorum is present at the commencement of proceedings. The quorum for the approval of special resolutions is shareholders holding in the aggregate not less than one-fourth of the total votes of all shareholders entitled to vote at the meeting, present in person or by proxy. In all other cases, the quorum is three shareholders present in person or by proxy and entitled to vote or, if a shareholder is a corporate body, represented by a proxy.

In case the required quorum of shareholders is not present within ten minutes from the time appointed for the meeting, the meeting will stand adjourned to take place on a day determined by the shareholders present, which may be no earlier than seven days and no later than 21 days after the date of the meeting, at the same time and venue, or if such venue is not available, another venue appointed by the directors present. If no shareholders are present, the day and the venue of the adjourned meeting shall be determined by the directors. If no quorum is present within ten minutes from the time appointed for the adjourned meeting, those shareholders who are present in person shall form a quorum. If the meeting at which a quorum is not present is convened upon the request of shareholders, this meeting will be dissolved. There is no quorum requirement when an ordinary general meeting is reconvened, but only those topics which were on the agenda of the adjourned general meeting may be discussed and voted upon.

Manner of voting. At a general meeting, a resolution put to vote will be decided by a show of hands, unless a poll is demanded by:

- the chairman;
- not less than five shareholders having the right to vote at such meeting;
- a shareholder or shareholders representing not less than one-tenth of the total voting rights of all shareholders having the right to vote at the meeting; or
- shareholders entitled to vote at the meeting and holding in total not less than one-tenth of the issued share capital of the company.

A special resolution is required in connection with the following, amongst other matters:

- liquidation or winding up of the company;
- all increases or decreases in our share capital and shares;
- change of company name or conversion from one company type into another;
- amendments to our Memorandum and Articles of Association;
- acquisitions of our own shares; and
- amendment of any rights attached to our shares.

For the approval of special resolutions, three-quarters of shareholders present in person or by proxy must vote in favor of the resolution on a show of hands or on a poll.

Unless otherwise specified by applicable law or in our Articles of Association, resolutions will be approved by a majority of the votes recorded at the meeting either by show of hands or by proxy. In the event of a tie, the chairman will have a casting vote.

Changes in share capital and preemptive rights

We may, by special resolution in general meeting, increase our share capital by a sum divided into shares of a number, or increase our shares without par value to a number, as we may deem appropriate. We may also increase our share capital consisting of shares without par value by transferring reserves or profits to our stated capital, with or without a distribution of shares. New shares are issued to persons, on terms and conditions and with the rights and privileges attached thereto, as may be determined in general meeting.

Subject to any authority given to our directors in our Articles of Association, we may, prior to the issue of new shares, direct that they be offered in the first instance, either at par or at a premium or at a stated value in the case of shares without par value, to all our shareholders in proportion to the amount of capital held by them, or take any other measure with regard to the issue and allotment of the new shares.

We may also, by special resolution, cancel, vary or amend shares or any rights attached to shares which, at the time of the passing of the relevant resolution, have not been taken up by any person or which no person has agreed to take up, and we may reduce the amount of our share capital by the amount of the shares so cancelled.

Unissued shares placed under the control of directors. Subject to the provisions of the Companies Act and the listing requirements of the JSE, we may, in a general meeting, place the balance of the ordinary shares not allotted under the control of the directors with general authorisation to allot, and issue such shares at such prices and upon such terms and conditions as they deem fit, provided that no such issue of such shares will be made which could effectively transfer the control of the company without prior approval of the shareholders in a general meeting.

Trading in our own shares

We may resolve by special resolution to buy back any of our issued shares in accordance with the provisions of the Company laws of South Africa and any other applicable rule of law or regulation. Such resolution may grant a general approval or a specific approval for a particular acquisition.

Regulation of repurchases of own shares. The South African Companies Act authorises a company to repurchase its own issued shares, provided its articles of association permit doing so. The approval must be in the form of a special resolution, either as a general or a specific approval for a specific repurchase. If the approval is a general approval, it only remains valid until the next general meeting of the company following the grant of such general approval. A company may only repurchase its own shares provided that certain solvency and liquidity requirements are met immediately subsequent to the repurchase. A company may not repurchase its own shares if this would result in there being no shares left in issue other than convertible or redeemable shares.

Any shares repurchased by the company will be cancelled as issued shares and treated as authorised shares. Subsidiary companies may, in accordance with the principles stated above, acquire shares in their holding company up to a total maximum of 10% of the issued shares of the holding company. A subsidiary may not exercise voting rights in respect of its shares in its holding company, unless the subsidiary is acting in a representative capacity or as a trustee.

The JSE listing requirements provide that a company may only conduct a specific repurchase subject to the following conditions, among others:

- in the case of an offer to all shareholders, that the offer be *pro rata* to their existing holdings, or from shareholders specifically named; and

- that authorisation be given in terms of a special resolution of the company by the shareholders, excluding controlling shareholders, their associates, any party acting in concert and any shareholder that is participating in the repurchase and is not regarded as being public.

In accordance with the JSE listing requirements, the repurchase by a company of its own shares may not exceed 20% of the company's issued share capital of that class in any one financial year. Companies may only conduct a general repurchase of their securities on the JSE and the repurchase price may not be greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction was effected.

Rights on liquidation

Should the company be wound up, the assets remaining after payment of the debts and liabilities of the company and the costs of liquidation shall be distributed among the shareholders in proportion to the number of shares respectively held by each of them.

Upon winding up, any part of our assets, including any shares or securities of other companies, may, with the sanction of a special resolution of our shareholders, be divided in specie among our shareholders or may, with the same sanction, be vested in trustees for the benefit of such shareholders, and the liquidation of the company may be finalised and the company dissolved.

Form and transfer of shares

In accordance with the Share Transactions Totally Electronic (STRATE) settlement system of the JSE, Sasol ordinary shares were dematerialised as of 19 November 2001. STRATE introduced the dematerialisation of share certificates in a central securities depository and contractual rolling and electronic settlement. Shares traded electronically in STRATE are settled five days after trade.

Sasol preferred ordinary shares and Sasol BEE ordinary shares are held in certified form. The share certificates will be held in custody for a period of ten years from the date of first issue.

The dematerialisation of shares has not been mandatory and, although the majority of our share capital has been dematerialised, shareholders who have elected to do so have still retained their share certificates. Transfer of shares in certificated form is effected by means of a deed.

10.C Material contracts

We do not have any material contracts, other than contracts entered into in the ordinary course of business.

10.D Exchange controls

The following is a general outline of South African exchange controls. This outline may not apply to former residents of South Africa. Investors should consult a professional advisor as to the exchange control implications of their particular investments.

South African law provides for exchange control regulations which are administered by the Exchange Control Department of the South African Reserve Bank (SARB) and are applied throughout the Common Monetary Area (CMA) (South Africa, the Kingdoms of Lesotho and Swaziland and the Republic of Namibia) and regulate transactions involving South African residents, including natural persons and legal entities.

The Government has from time to time stated its intention to relax South Africa's exchange control regulations when economic conditions permit such action. In recent years, the Government has incrementally relaxed aspects of exchange control for financial institutions and individuals. It is, however, impossible to predict with any certainty when the government will remove exchange controls in their entirety.

The comments below relate to exchange controls in force at the date of this annual report. These controls are subject to change at any time without notice.

Overseas financing and investments

Overseas debt. We, and our South African subsidiaries, need SARB approval to raise foreign loans since the country will be placing itself in a position where the foreign creditor has a call on the country's foreign exchange reserves at the time of repayment. This also applies to loan commitments as a result of the non-payment of imports or services rendered.

Funds raised outside the Common Monetary Area by our non-South African subsidiaries are not restricted under South African exchange control regulations and can be used for overseas investment, subject to any conditions imposed by the SARB in connection with such overseas investment. We, and our South African subsidiaries, would, however, require SARB approval in order to provide guarantees for the obligations of any of our subsidiaries with regard to funds obtained from non-residents of the Common Monetary Area.

Debt raised outside the Common Monetary Area by our non-South African subsidiaries must be repaid or serviced by those foreign subsidiaries. Without SARB approval, we cannot use cash we earn in South Africa to repay or service such foreign debts.

We may retain dividends declared by our foreign subidiaries offshore and it may be used for any purpose, without any recourse to South Africa, except to fund investments or loans into the Common

Monetary Area and the Southern Africa Development Community (integrated by Angola, Botswana, Democratic Republic of the Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe) via a non-resident entity.

Raising capital overseas. A listing by a South African company on any stock exchange other than the JSE in connection with raising capital requires permission from the SARB. If a foreign listing were to result in a South African company being redomiciled, it would also need the approval of the Minister of Finance.

Under South African exchange control regulations, we must obtain approval from the SARB regarding any capital raising activity involving a currency other than the rand. In granting its approval, the SARB may impose conditions on our use of the proceeds of the capital raising activity outside South Africa, including limits on our ability to retain the proceeds of this capital raising activity outside South Africa or a requirement that we seek further SARB approval prior to applying any of these funds to any specific use. Any limitations imposed by the SARB on our use of the proceeds of a capital raising activity could adversely affect our flexibility in financing our investments.

Overseas investments. Under current exchange control regulations, we, and our South African subsidiaries, can invest overseas without prior SARB approval, where the investment is below R50 million per calendar year.

Should the foreign investment be more than R50 million per calendar year, prior SARB approval is required and such foreign investments will only be allowed if the investment meets certain criteria including one of national interest, as determined by the SARB. In accordance with the latest amendments to the South African exchange control regulations There is no limitation placed on us with regard to the amount of funds that we can transfer from South Africa for an approved overseas investment. The SARB may, however, request us to stagger the capital outflows relating to large foreign investments in order to limit the impact of such outflows on the South African economy and the foreign exchange market.

The SARB also requires us to provide them with the annual financial statements of all our foreign subsidiaries.

Investment in South African companies

Inward investment. A foreign investor may invest freely in shares in a South African company. Foreign investors may also sell shares in a South African company and transfer the proceeds out of South Africa without restriction. Acquisitions of shares or assets of South African companies by non-South African purchasers are not generally subject to review by the SARB when the consideration is in cash, but may require SARB review in certain circumstances, including when the consideration is equity in a non South African company or when the acquisition is financed by a loan from a South African lender.

Dividends. There are no exchange control restrictions on the remittance in full of dividends declared out of trading profits to non-residents of the Common Monetary Area.

Transfer of shares and ADSs. Under South African exchange control regulations, our shares and ADSs are freely transferable outside South Africa among persons who are not residents of the Common Monetary Area. Additionally, where shares are sold on the JSE on behalf of our shareholders who are not residents of the Common Monetary Area, the proceeds of such sales will be freely exchangeable into foreign currency and remittable to them. SARB may also require a review to establish that the shares have been sold at market value and arm's length. Any share certificates held by non-resident shareholders will be endorsed with the words "non-resident". The same endorsement, however, will not be applicable to ADSs held by non-resident shareholders.

10.E Taxation

South African taxation

The following discussion summarises the South African tax consequences of the ownership and disposition of shares or ADSs by a US holder (as defined below). This summary is based upon current South African tax law and the convention between the governments of the United States and the Republic of South Africa for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital gains, signed on 17 February 1997 (the Treaty). In addition, this summary is based in part upon representations of the Depositary, and assumes that each obligation provided for in, or otherwise contemplated by the Deposit Agreement and any related agreement, will be performed in accordance with its respective terms.

The following summary of the South African tax considerations does not address the tax consequences to a US holder that is resident in South Africa for South African tax purposes or whose holding of shares or ADSs is effectively connected with a permanent establishment in South Africa through which such US holder carries on business activities or who is not the beneficial recipient of the dividends or returns or, in the case of an individual who performs independent personal services, who has a fixed base situated therein or the source of the transaction is deemed to be in South Africa, or who is otherwise not entitled to full benefits under the Treaty.

The statements of law set forth below are subject to any changes (which may be applied retroactively) in South African law or in the interpretation thereof by the South African tax authorities, or in the Treaty, occurring after the date hereof. For the purposes of the Treaty and South African tax law, a United States resident that owns Sasol ADSs will be treated as the owner of Sasol shares represented by such ADSs. Holders are strongly urged to consult their own tax advisors as to the consequences under South African, US federal, state and local, and other applicable laws, of the ownership and disposition of shares or ADSs.

Taxation of dividends

South Africa currently imposes a corporate tax known as Secondary Tax on Companies (STC), at the rate of 10%, on the distribution of earnings in the form of dividends on the company declaring the dividend. STC is a recognised form of tax in terms of the Treaty, but is not a withholding tax on dividends. South Africa currently does not impose any withholding tax or any other form of tax on dividends paid to US holders with respect to shares or ADSs. The Minister of Finance, however, in his Budget Speech delivered during February 2008, announced that STC would be replaced by a dividend withholding tax, at the same rate of 10%, to be imposed on individual and non-resident corporate shareholders and draft legislation was published during June 2008 .. The effective date is expected to be during late 2009/early 2010, in order to afford the Ministry of Finance time to finalise the renegotiation of appropriate double taxation conventions to permit the imposition of such a tax on foreign shareholders.

On the introduction of such a withholding tax, on dividends paid to a US holder with respect to shares or ADSs, the Treaty, as it currently stands, and in the absence of any renegotiation, would limit the rate of this tax to 5% of the gross amount of the dividends where a US corporate holder holds directly at least 10% of the voting stock of Sasol and to 15% of the gross amount of the dividends in all other cases, resulting in the latter category of shareholders paying the 10% rate prescribed by South African tax law.

Taxation of gains on sale or other disposition

Prior to 1 October 2001, in the absence of a capital gains tax, gains realised on the sale or other disposition of shares held by a US holder as a capital asset were not subject to taxation in South

Africa. From 1 October 2001, South Africa has introduced a tax on capital gains, which only applies to South African residents and to non-residents if the sale is attributable to a permanent establishment of the non-resident or if it relates to an interest in immovable property in South Africa. With effect from 1 October 2007, gains realised on the sale of shares will automatically be deemed to be of a capital nature and, therefore, subject to capital gains tax, where such shares have been held for a continuous period of three years or more by the holder thereof. The meaning of the word "resident" is different for individuals and corporations and is governed by the South African Income Tax Act of 1962 (the Act) and by the Treaty. In the event of conflict, the Treaty which contains a tie breaker clause or mechanism to determine residency if a holder is resident in both countries, will prevail. In terms of the Act and the Treaty, a US resident holder of shares or ADSs will not be subject to capital gains tax on the disposal of securities held as capital assets unless such securities constitute the assets linked to a permanent establishment in South Africa. In contrast, gains on the disposal of securities which are not capital in nature are usually subject to income tax. However, even in the latter case, a US resident holder will not be subject to income tax unless the US resident holder carries on business in South Africa through a permanent establishment situated therein. In such a case, this gain may be subject to tax in South Africa, but only so much as is attributable generally to that permanent establishment for so long as it does not constitute a share repurchase resulting in the purchase price being deemed to be a dividend.

Stamp duty and uncertified securities tax

Stamp duty and uncertificated securities tax on the issue of securities was abolished with effect from 1 January 2006. On a subsequent registration or transfer of shares, stamp duty is generally payable for shares not sold through the JSE, the exchange conducted by JSE and uncertificated securities tax, or UST, is generally payable for on-market transactions (shares sold through the JSE in dematerialised form), each at 0.25% of the market value of the shares concerned. Stamp duty is payable in South Africa regardless of whether the transfer is executed within or outside South Africa. A transfer of a dematerialised share can only occur in South Africa. There are certain exceptions to the payment of stamp duty where, for example, the instrument of transfer is executed outside of South Africa and registration of transfer is effected in any branch register kept by the relevant company, subject to certain provisions set forth in the South African Stamp Duties Act of 1968.

Although technically, under the terms of current legislation, it could be interpreted that transfers of ADSs between non-residents of South Africa could attract either stamp duty or UST, such transfers have not to date attracted either stamp duty or UST. However, if securities are withdrawn from the deposit facility or the relevant deposit agreement is terminated, either stamp duty or UST will be payable on the subsequent transfer of the shares. An acquisition of shares from the Depositary in exchange for ADSs representing the relevant underlying securities will also render an investor liable to pay South African stamp duty or UST in South Africa at the same rate as stamp duty or UST on a subsequent transfer of shares, upon the registration of the investor as the holder of the applicable shares on the company's register.

With effect from 1 July 2008, a single security transfer tax of 0.25% has been introduced and is applicable to all secondary transfers of shares and similar principles to those above will apply.

United States Federal Income Taxation

The following is a general summary of certain material US federal income tax consequences of the ownership and disposition of shares or ADSs to a US holder (as defined below) that holds its shares or ADSs as capital assets. This summary is based on US tax laws, including the Internal Revenue Code of 1986, as amended (the Code), Treasury regulations, rulings, judicial decisions, administrative pronouncements, South African tax laws, and the Treaty, all as currently in effect as of the date of this annual report, and all of which are subject to change or changes in interpretation, possibly with retroactive effect. In addition, this summary is based in part upon the representations of the Depositary and the assumption that each obligation in the Deposit Agreement relating to the ADSs and any related agreement will be performed in accordance with its terms.

This summary does not address all aspects of US federal income taxation that may apply to holders that are subject to special tax rules, including US expatriates, insurance companies, tax-exempt organisations, banks, financial institutions, regulated investment companies, persons subject to the alternative minimum tax, securities-broker dealers, traders in securities who elect to apply a mark-to-market method of accounting, investors that actually or constructively own 10% or more of the share capital or voting stock of Sasol, persons holding their shares or ADSs as part of a straddle, hedging transaction or conversion transaction, persons who acquired their shares or ADSs pursuant to the exercise of employee stock options or similar derivative securities or otherwise as compensation, or persons whose functional currency is not the US dollar. Such holders may be subject to US federal income tax consequences different from those set forth below.

As used herein, the term "US holder" means a beneficial owner of shares or ADSs that is:

(a) a citizen or individual resident of the United States for US federal income tax purposes;

(b) a corporation (or other entity taxable as a corporation for US federal income tax purposes) created or organised in or under the laws of the United States or any state thereof;

(c) an estate whose income is subject to US federal income taxation regardless of its source; or

(d) a trust if a court within the United States can exercise primary supervision over the administration of the trust and one or more US persons are authorised to control all substantial decisions of the trust.

If a partnership (or other entity treated as a partnership for US federal income tax purposes) holds shares or ADSs, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. A partner in a partnership that holds shares or ADSs is urged to consult its own tax advisor regarding the specific tax consequences of the ownership and disposition of the shares or ADSs.

US holders should consult their own tax advisors regarding the specific South African and US federal, state and local tax consequences of owning and disposing of shares or ADSs in light of their particular circumstances as well as any consequences arising under the laws of any other taxing jurisdiction. In particular, US holders are urged to consult their own tax advisors regarding whether they are eligible for benefits under the Treaty.

For US federal income tax purposes, a US holder of ADSs should be treated as owning the underlying shares represented by those ADSs. The following discussion (except where otherwise expressly noted) applies equally to US holders of shares and US holders of ADSs. Furthermore, deposits or withdrawals of shares by a US holder for ADSs or ADSs for shares will not be subject to US federal income tax.

Taxation of dividends

The gross amount of any distributions, including the amount of any South African withholding tax thereon, paid to a US holder by Sasol generally will be taxable as dividend income to the US holder for US federal income tax purposes, based on the US dollar value of the distribution calculated by reference to the spot rate in effect on the date the distribution is actually or constructively received by the US holder, in the case of shares, or by the Depositary, in the case of ADSs. For foreign tax credit limitation purposes, dividends paid by Sasol will constitute income from sources outside the United States. Dividends paid by Sasol will not be eligible for the dividends-received deduction generally allowed to US corporations in respect of dividends received from other US corporations. At present, South Africa does not impose a withholding tax on dividends or any other form of tax on dividends paid to US holders with respect to shares. The South African government, however, has recently announced its intent to enact a dividend withholding tax, at the rate of 10%, which is expected to become effective during 2009. Refer to "Taxation South African taxation Taxation of dividends". Once the dividend withholding tax becomes effective, US holders who are eligible for benefits under the current Treaty will be subject to a maximum tax of 15% on the gross amount of dividend distributions paid by Sasol, unless South African domestic tax law provides for a lower rate.

The amount of any distribution paid in foreign currency, including the amount of any South African withholding tax thereon, will be included in the gross income of a US holder of shares in an amount equal to the US dollar value of the foreign currency calculated by reference to the spot rate in effect on the date of receipt, regardless of whether the foreign currency is converted into US dollars. If the foreign currency is converted into US dollars on the date of receipt, a US holder of shares generally should not be required to recognise foreign currency gain or loss in respect of the dividend. If the foreign currency received in the distribution is not converted into US dollars on the date of receipt, a US holder of shares will have a basis in the foreign currency equal to its US dollar value on the date of receipt.

Any gain or loss recognised upon a subsequent conversion or other disposition of the foreign currency will be treated as US source ordinary income or loss. In the case of a US holder of ADSs, the amount of any distribution paid in a foreign currency ordinarily will be converted into US dollars by the Depositary upon its receipt. Accordingly, a US holder of ADSs generally will not be required to recognise foreign currency gain or loss in respect of the distribution. Special rules govern and specific elections are available to accrual method taxpayers to determine the US dollar amount includable in income in the case of taxes withheld in a foreign currency. Accrual basis taxpayers therefore are urged to consult their own tax advisors regarding the requirements and elections applicable in this regard.

Subject to certain limitations, South African withholding taxes, if any, will be treated as foreign taxes eligible for credit against a US holder's US federal income tax liability. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed by Sasol with respect to shares or ADSs generally will constitute foreign source "passive category income" or , in the case of certain US holders, "general catergory income". The use of foreign tax credits is subject to complex conditions and limitations. In lieu of a credit, a US holder who itemises deductions may elect to deduct all of such holder's foreign taxes in the taxable year. A deduction for foreign taxes is not subject to the same limitations applicable to foreign tax credits. US holders are urged to consult their own tax advisors regarding the availability of foreign tax credits.

Certain US holders (including individuals) are eligible for reduced rates of US federal income tax (at a maximum rate of 15%) in respect of "qualified dividend income" received in taxable years beginning before 1 January 2011. For this purpose, qualified dividend income generally includes dividends paid by a non-US corporation if, among other things, the US holders meet certain minimum holding periods and the non-US corporation satisfies certain requirements, including that either:

(i) the shares or the ADSs with respect to which the dividend has been paid are readily tradable on an established securities market in the United States; or

(ii) the non-US corporation is eligible for the benefits of a comprehensive US income tax treaty (such as the Treaty) which provides for the exchange of information.

Sasol currently believes that dividends paid with respect to its shares and ADSs should constitute qualified dividend income for US federal income tax purposes and Sasol anticipates that its dividends will be reported as qualified dividends on Form 1099-DIV delivered to US holders. Each individual US holder of shares or ADSs is urged to consult his own tax advisor regarding the availability to him of the reduced dividend tax rate in light of his own particular situation and regarding the computations of his foreign tax credit limitations with respect to any qualified dividend income paid by Sasol to him, as applicable.

The US Treasury has expressed concern that parties to whom ADSs are released may be taking actions that are inconsistent with the claiming of creditability of withholding taxes or the reduced tax rates in respect of qualified dividends by US holders of ADSs. Accordingly, the analysis of the foreign tax credits or availability of qualified dividend treatment could be affected by future actions that may be taken by the US Treasury with respect to ADSs.

Taxation of capital gains

If a US holder is a resident of the United States for purposes of the Treaty, such holder generally will not be subject to South African tax on any capital gain or loss if it sells or exchanges its shares or ADSs. Special rules apply to individuals who are potentially residents of more than one country. Refer to "South African Taxation Taxation of gains on sale or other disposition" above.

Upon a sale, exchange or other disposition of shares or ADSs, a US holder generally will recognise capital gain or loss for US federal income tax purposes in an amount equal to the difference between the US dollar value of the amount realised on the disposition and the US holder's adjusted tax basis, determined in US dollars, in the shares or ADSs. Such gain or loss generally will be US source gain or loss, and generally will be treated as a long-term capital gain or loss if the holder's holding period in the shares or ADSs exceeds one year at the time of disposition. The deductibility of capital losses is subject to significant limitations. If the US holder is an individual, any capital gain generally will be subject to US federal income tax at preferential rates if specified minimum holding periods are met.

The tax basis of shares purchased with foreign currency will generally be the US dollar value of the purchase price on the date of purchase, or the settlement date for the purchase, in the case of shares traded on an established securities market that are purchased by a cash basis US holder (or an accrual basis US holder that so elects). The amount realised on a sale or other disposition of shares for an amount in foreign currency will be the US dollar of this amount on the date of sale or disposition. On the settlement date, the US holder will recognise the US source foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference (if any) between the US dollar value of the amount received based in the exchange rates in effect on the date of sale or other disposition and the settlement date. However, in the case of shares traded on an established securities market that are sold by a cash basis US holder (or an accrual basis US holder that so elects), the amount realised will be based on the exchange rate in effect on the settlement date for the sale, and no exchange gain or loss will be recognised at that time. If an accrual basis US holder makes an election described above, it must be applied consistently from year to year and cannot be revoked without the consent of the Internal Revenue Service.

Passive foreign investment company considerations

Sasol believes that it will not be classified as a Passive Foreign Investment Company (PFIC) for US federal income tax purposes for the taxable year ended 30 June 2008. US holders are advised, however, that this conclusion is a factual determination that must be made annually and thus may be subject to change. If Sasol were to be classified as a PFIC, the tax on distributions on its shares or ADSs and on any gains realised upon the disposition of its shares or ADSs may be less favourable than as described herein. Furthermore, dividends paid by a PFIC are not "qualified dividend income" and are not eligible for the reduced rates of taxation for certain dividends. US holders should consult their own tax advisors regarding the application of the PFIC rules to their ownership of the shares or ADSs.

US information reporting and backup withholding

Dividend payments made to a holder and proceeds paid from the sale, exchange, or other disposition of shares or ADSs may be subject to information reporting to the IRS. US federal backup withholding generally is imposed at a current rate of 28% on specified payments to persons who fail to furnish required information. Backup withholding will not apply to a holder who furnishes a correct taxpayer identification number or certificate of foreign status and makes any other required certification, or who is otherwise exempt from backup withholding. US persons who are required to establish their exempt status generally must provide IRS Form W-9 (Request for Taxpayer Identification Number and Certification). Non-US holders generally will not be subject to US information reporting or backup withholding. However, these holders may be required to provide certification of non-US status (generally on IRS Form W-8BEN) in connection with payments received in the United States or through certain US-related financial intermediaries.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a holder's US federal income tax liability. A holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the IRS and furnishing any required information.

10.F Dividends and paying agents

Not applicable.

10.G Statement by experts

Not applicable.

10.H Documents on display

All reports and other information that we file with the SEC may be obtained, upon written request, from the Bank of New York, as Depositary for our ADSs at its Corporate Trust office, located at 101 Barclay Street, New York, New York 10286. These reports and other information can also be inspected without charge and copied at prescribed rates at the public reference facilities maintained by the SEC in Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. These reports may also be accessed via the SEC's website (*www.sec.gov).* Also, certain reports and other information concerning us will be available for inspection at the offices of the NYSE. In addition, all the statutory records of the company and its subsidiaries may be viewed at the registered address of the company in South Africa.

10.I Subsidiary information

Not applicable. For a list of our subsidiaries see Exhibit 8.1 to this annual report on Form 20-F.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a group, we are exposed to various market risks associated with our underlying assets, liabilities and anticipated transactions. We continuously monitor these exposures and enter into derivative financial instruments to reduce these risks. We do not enter into derivative transactions on a speculative basis. All fair values have been determined using current market pricing models.

The principal market risks (i.e. the risk of losses arising from adverse movements in market rates and prices) to which we are exposed are:

- foreign exchange rates applicable on conversion of foreign currency transactions as well as on conversion of assets and liabilities to rand;
- commodity prices, mainly crude oil prices; and
- interest rates on debt and cash deposits.

Refer to Item 18. "Financial Statements Note 63 Financial risk management and financial instruments" of the consolidated financial statements for a qualitative and quantitative discussion of the group's exposure to these market risks.

The following is a breakdown of our debt arrangements and a summary of fixed versus floating interest rate exposures for operations.

Liabilities notional	**2009**	**2010**	**2011**	**2012**	**2013**	**Thereafter**	**Total**
				(Rand in millions)			
Fixed rate (Rand)	65	22	22	49	52	1,418	1,628
Average interest rate	11.89%	10.26%	10.24%	10.22%	10.16%	10.10%	
Variable rate (Rand)	2,125	492	501	531	539	3,195	7,383
Average interest rate	13.82%	13.93%	14.11%	14.33	14.69	15.18%	
Fixed rate (US$)	185	198	211	225	241	1,395	2,455
Average interest rate	3.79%	3.79%	3.79%	3.79%	3.79%	3.79%	
Variable rate (US$)	187	66	43	32	5	9	342
Average interest rate	4.10%	4.06%	5.78%	8.97%	3.81%	3.81%	
Fixed rate (Euro)	95	3,794	110	108	86	141	4,334
Average interest rate	3.31%	3.32%	3.15%	3.52%	4.22%	5.22%	
Variable rate (Euro)	602	244	505	505	505	439	2,800
Average interest rate	6.75%	6.98%	7.09%	7.01%	6.85%	6.31%	
Fixed rate (other currencies)	532						532
Average interest rate	22.80%						
Variable rate (other currencies)	618						618
Average interest rate	5.31%						
Total	**4,409**	**4,816**	**1,392**	**1,450**	**1,428**	**6,597**	**20,092**

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES

(a) Disclosure controls and procedures

The company's Chief Executive and Chief Financial Officer, based on their evaluation of the effectiveness of the group's disclosure controls and procedures (required by paragraph (b) of 17 CFR 240.13a-15) as of the end of the period covered by this annual report of Form 20-F, have concluded that, as of such date, the company's disclosure controls and procedures were effective.

(b) Management's annual report on internal control over financial reporting

Management of Sasol is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended. Under Section 404 of the Sarbanes-Oxley Act of 2002, management is required to assess the effectiveness of Sasol's internal control over financial reporting as of the end of each fiscal year and report, based on that assessment, whether the Company's internal control over financial reporting is effective.

Sasol's internal control over financial reporting is a process designed under the supervision of the chief executive and chief financial officer to provide reasonable assurance as to the reliability of Sasol's financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting practice, and that receipts and expenditures are being made only in accordance with authorisations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management assessed the effectiveness of Sasol's internal control over financial reporting as of 30 June 2008. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in "Internal Control Integrated Framework". Based on this assessment, our management has determined that, as of 30 June 2008, Sasol's internal control over financial reporting was effective.

(c) The effectiveness of internal control over financial reporting as of 30 June 2008 was audited by KPMG Inc., independent registered public accounting firm, as stated in their report on page F-1 of this Form 20-F.

(d) Changes in internal control over financial reporting

There were no changes in our internal control over financial reporting that occurred during the year ended 30 June 2008 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16.

Item 16A. Audit committee financial expert

Mr. Brian Connellan, the chairman and an independent member of the audit committee, was determined by our board to be an audit committee financial expert within the meaning of the Sarbanes-Oxley Act, in accordance with the Rules of the NYSE and the SEC.

Item 16B. Code of ethics

Our code of ethics consists of four fundamental ethical principles responsibility, honesty, fairness and respect. The code is supported by a "guidelines to the code of ethics" document which provides details on 15 ethical standards. These ethical standards cover issues such as bribery and corruption, fraud, insider trading, legal compliance, conflicts of interests, human rights and discrimination. They include a commitment to conducting our business with due regard to the interests of all our stakeholders and the environment. The code embodies a requirement of compliance with all applicable laws and regulations as a minimum standard. We have an established ethics forum to monitor and report on ethics, discuss best practice and compliance requirements, and to recommend amendments to the code and guide as required.

Employee performance compared against our values, which incorporate the code of ethics, is assessed as part of our performance appraisal system. Any amendment or waiver of the code as it relates to our chief executive or chief financial officer will be posted on our website within five business days following such amendment or waiver. No such amendments or waivers are anticipated.

The code of ethics has been communicated to all employees, suppliers, service providers and customers and is available on our internet website. Our website address is *www.sasolethics.com*.

We have been operating an independent ethics reporting telephone line through external advisors since 2002. This confidential and anonymous ethics hotline provides an impartial facility for all stakeholders to report fraud and other deviations from ethical behaviour. These calls are monitored and the progress on their resolution is reported to the audit committee on a regular basis. We view the following hotlines as an essential mechanism for maintaining the highest levels of ethical behaviour: South Africa: 0800016017; Germany: 08001825967; Italy: 800786522; Singapore: 8002700010; United Kingdom: 08000324498; United States of America: 18004891727.

During the year we witnessed a noticeable increase in the use of the ethics hotline. This is attributed to an increased awareness and understanding of expected as a consequence of a focused awareness and communication campaign. Our code of ethics guides our interactions with all government representatives. Our policy prohibits contributions to political parties or government officials since they may be interpreted as an inducement for future beneficial treatment, and as interference in the democratic process.

Item 16C. Principal accountant fees and services

The following table sets forth the aggregate audit and audit-related fees, tax fees and all other fees billed by our principal accountants (KPMG Inc.) for each of the 2008 and 2007 years:

	Audit fees	Audit-related fees	Tax fees	All other fees	Total(1)
		(rand millions)			
2008	75		2	2	79
2007	69	6	3	2	80

(1) In respect of our audit committee approval process, all of the non-audit and audit fees paid to KPMG Inc. have been approved by the audit committee.

Audit fees consist of fees billed for the annual audit of the company's consolidated financial statements, review of the group's internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act and the audit of statutory financial statements of the company's subsidiaries, including fees billed for assurance and related services that are reasonably related to the performance of the audit or reviews of the company's financial statements that are services that only an external auditor can reasonably provide.

Audit-related fees consist of the review of documents filed with regulatory authorities, consultations concerning financial accounting and reporting standards, review of security controls and operational effectiveness of systems, due diligence related to acquisitions and employee benefit plan audits.

Tax fees include fees billed for tax compliance services, including assistance in the preparation of original and amended tax returns; tax consultations, such as assistance in connection with tax audits and appeals; tax advice relating to acquisitions, transfer pricing, and requests for rulings or technical advice from tax authorities; and tax planning services and expatriate tax compliance, consultation and planning services. All other fees consist of fees billed which are not included under audit fees, audit related fees or tax fees.

Audit committee approval policy

In accordance with our audit committee approval policy, all audit and non-audit services performed for us by our independent accountants were approved by the audit committee of our board of directors, which concluded that the provision of such services by the independent accountants was compatible with the maintenance of that firm's independence in the conduct of its auditing functions.

The approval policy provides for categorical approval of permissible non-audit services and requires the specific pre-approval by the audit committee, prior to engagement, of such services, other than audit services covered by the annual audit engagement letter, provided that all such fees must be less than 20% of the total audit fees for Sasol's annual audit engagement, unless otherwise directed by the audit committee. In addition, services to be provided by the independent accountants that are not within the category of approved services must be approved by the audit committee prior to engagement, regardless of the service being requested and the amount, but subject to the restriction above.

Requests or applications for services that require specific separate approval by the audit committee are required to be submitted to the audit committee by both management and the independent accountants and must include a detailed description of the services to be provided and a joint statement confirming that the provision of the proposed services does not impair the independence of the independent accountants. No work was performed by persons other than the principal accountant's employees on the principal accountant's engagement to audit Sasol Limited's financial statements for 2008.

Item 16D. Exemptions from the listing standards for audit committees

Not applicable.

Item 16E. Purchases of equity securities by the issuer and affiliated purchasers

Period	Total number of shares repurchased	Average price paid per share	Total number of shares purchased as part of publicly announced programmes	Maximum number of shares that may yet be purchased under the programmes(1)
For the year ended 30 June 2008				
Balance at 30 June 2007	14,919,592		14,919,592	47,558,743
2007-07-01 to 2007-07-31				47,558,743
2007-08-01 to 2007-08-31				47,558,743
2007-09-01 to 2007-09-30	3,259,727	304.07	3,259,727	44,299,016
2007-10-01 to 2007-10-31	6,021,364	324.84	6,021,364	38,277,652
2007-11-01 to 2007-11-30	6,292,469	337.05	6,292,469	32,542,043
2007-12-01 to 2007-12-05	6,599,965	336.49	6,599,965	25,942,078
2007-12-06 to 2007-12-31				25,942,078
2008-01-01 to 2008-01-31				25,942,078
2008-02-01 to 2008-02-28				25,942,078
2008-03-01 to 2008-03-31				25,942,078
2008-04-01 to 2008-04-30				25,942,078
2008-05-01 to 2008-05-31				25,942,078
2008-06-01 to 2008-06-30				25,942,078
2008-07-01 to 2008-07-31				25,942,078
2008-08-01 to 2008-08-31				25,942,078
2008-09-01 to 2008-09-30	3,086,294	346.07	3,086,294	22,855,784
	40,179,411		**40,179,411**	

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(1) The authorisation given to directors to undertake a repurchase of 10% of the issued securities on 24 November 2004, expired on 2 December 2005, and was not renewed until 3 October 2006. This authority was again renewed by shareholders at our general meeting held on 23 November 2006 and 30 November 2007, respectively. The maximum number of shares that may be repurchased increased to 63,035,195 on 30 November 2007.

As at 30 June 2006, Sasol Investment Company (Pty) Limited (SIC), a wholly-owned subsidiary of Sasol Limited, held 60,111,477 shares representing 8.80% of the issued share capital of the company, which had been repurchased on the open market at an average price of R60.67 per share from 9 May 2000. Pursuant to a specific authority granted by shareholders at a meeting of shareholders held on 3 October 2006, the company repurchased these shares from SIC on 10 October 2006 whereupon they were cancelled and restored to authorised share capital.

Up to 30 September 2008 through our subsidiary, Sasol Investment Company (Pty) Limited, we had purchased 40,179,411 ordinary shares representing 6.35% of the issued share capital of the company, excluding the Sasol Inzalo share transaction, for R12,037 million at a cumulative average price of R299.59 per share. These shares are held as treasury shares and do not carry any voting rights.

a.

At the general meeting of 3 October 2006, the shareholders authorised the directors to undertake a repurchase of issued securities limited to a maximum of 10% of the company's issued securities at the time that the authority was granted. This authority was again renewed by shareholders at our general meeting held on 23 November 2006 and 30 November 2007, respectively. The company's issued securities as at 30 November 2007 was 630,351,948 (23 November 2006 624,783,350). For more information on the general requirements for trading in own shares refer to "Item 10.B Memorandum and Articles of Association".

b.

The repurchase is limited to a maximum of 10% of the company's issued securities at the time the authority was granted and no acquisition can be made at a price more than 10% above the weighted average of the market value of the securities for the 5 business days immediately preceding the date of such acquisition.

c.

In terms of the South African Companies Act, 1973 the general authority granted to the directors by shareholders on 30 November 2007 to acquire the company's issued securities will be valid only until the company's next annual general meeting, which is scheduled for 28 November 2008. The general authority granted to the directors on 3 October 2006 expired at the annual general meeting held on 30 November 2007. In terms of the South African Companies Act, 1973 the authorisation is only valid until the next annual general meeting following the grant of such a general approval.

d.

No programme was terminated prior to the expiration date.

PART III

ITEM 17. FINANCIAL STATEMENTS

Sasol is furnishing financial statements pursuant to the instructions of Item 18. of Form 20-F.

ITEM 18. FINANCIAL STATEMENTS

The following consolidated financial statements, together with the auditor's report of KPMG Inc. are filed as part of this annual report on Form 20-F:

Index to Consolidated Financial Statements for the years ended 30 June 2008, 2007 and 2006

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Sasol Limited

We have audited the accompanying consolidated statements of financial position of Sasol Limited and its subsidiaries as of 30 June 2008 and 30 June 2007, and the related consolidated income statements, statements of comprehensive income, the statements of changes in equity and statements of cash flows for each of the years in the three-year period ended 30 June 2008. We also have audited Sasol Limited's internal control over financial reporting as of 30 June 2008, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Sasol Limited's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying management's report on internal control over financial reporting. Our responsibility is to express an opinion on these consolidated financial statements and an opinion on Sasol Limited's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sasol Limited and its subsidiaries as of 30 June 2008 and 30 June 2007, and its financial performance and cash flows for each of the years in the three-year period ended 30 June 2008, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, Sasol Limited maintained, in all material respects, effective internal control over financial reporting as of 30 June 2008, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ KPMG Inc.
Registered Auditors

Johannesburg, South Africa

6 October 2008

Sasol Limited Group

Statement of Financial Position

at 30 June

	Note	2008	2008	2007
		Unaudited		
		US$m*	**Rm**	**Rm**
ASSETS				
Property, plant and equipment	3	**7,965**	**66,273**	50,611
Assets under construction	4	**1,405**	**11,693**	24,611
Goodwill	5	**105**	**874**	586
Other intangible assets	6	**116**	**964**	629
Investments in securities	7	**67**	**557**	472
Investments in associates	8	**100**	**830**	692
Post-retirement benefit assets	9	**69**	**571**	363
Long-term receivables and prepaid expenses	10	**166**	**1,385**	1,585
Long-term financial assets	11	**83**	**689**	296
Deferred tax assets	23	**175**	**1,453**	845
Non-current assets		**10,251**	**85,289**	80,690
Investments in securities	7	**9**	**78**	70
Assets held for sale	12	**461**	**3,833**	334
Inventories	13	**2,414**	**20,088**	14,399
Trade receivables	14	**2,745**	**22,838**	14,733
Other receivables and prepaid expenses	15	**289**	**2,407**	2,184
Short-term financial assets	16	**40**	**330**	22
Cash restricted for use	17	**98**	**814**	646
Cash	17	**533**	**4,435**	5,987
Current assets		**6,589**	**54,823**	38,375
Total assets		**16,840**	**140,112**	119,065
EQUITY AND LIABILITIES				
Shareholders' equity		**9,192**	**76,474**	61,617
Minority interest		**303**	**2,521**	1,652
Total equity		**9,495**	**78,995**	63,269
Long-term debt	18	**1,885**	**15,682**	13,359
Long-term financial liabilities	19	**4**	**37**	53
Long-term provisions	20	**540**	**4,491**	3,668
Post-retirement benefit obligations	21	**550**	**4,578**	3,781
Long-term deferred income	22	**45**	**376**	2,765
Deferred tax liabilities	23	**1,015**	**8,446**	8,304
Non-current liabilities		**4,039**	**33,610**	31,930
Liabilities in disposal groups held for sale	12	**17**	**142**	35
Short-term debt	24	**420**	**3,496**	5,621
Short-term financial liabilities	25	**8**	**67**	383
Short-term provisions	26	**339**	**2,819**	2,693
Short-term portion of deferred income	22	**20**	**167**	44
Tax payable	27	**183**	**1,522**	1,465
Trade payables and accrued expenses	28	**1,766**	**14,694**	9,376
Other payables	29	**443**	**3,686**	3,704
Bank overdraft	17	**110**	**914**	545

Current liabilities	**3,306**	**27,507**	23,866
Total equity and liabilities	**16,840**	**140,112**	119,065

* US dollar information has been presented for the year ended 30 June 2008 on an unaudited basis solely for the convenience of the reader and is computed at the noon buying rate for customs purposes of R8.32/US dollar, as reported by the Federal Reserve Bank of New York on 30 September 2008.

Sasol Limited Group

Income Statement

for the year ended 30 June

	Note	2008	2008	2007	2006
		Unaudited			
		US$m*	Rm	Rm	Rm
Turnover	30	**15,618**	**129,943**	98,127	82,395
Cost of sales and services rendered	31	**(8,970)**	**(74,634)**	(59,997)	(48,547)
Gross profit		**6,648**	**55,309**	38,130	33,848
Other operating income	32	**76**	**635**	639	533
Marketing and distribution expenditure		**(833)**	**(6,931)**	(5,818)	(5,234)
Administrative expenditure		**(805)**	**(6,697)**	(6,094)	(4,316)
Other operating expenditure		**(1,022)**	**(8,500)**	(1,236)	(7,619)
Other expenses		**(1,058)**	**(8,800)**	(1,004)	(7,862)
Translation gains/(losses)	33	**36**	**300**	(232)	243
Operating profit	34	**4,064**	**33,816**	25,621	17,212
Finance income	37	**88**	**735**	825	341
Share of profit of associates (net of tax)	38	**31**	**254**	405	134
Finance expenses	39	**(138)**	**(1,148)**	(1,148)	(571)
Profit before tax		**4,045**	**33,657**	25,703	17,116
Taxation	40	**(1,217)**	**(10,129)**	(8,153)	(6,534)
Profit		**2,828**	**23,528**	17,550	10,582
Attributable to					
Owners of Sasol Limited		**2,694**	**22,417**	17,030	10,406
Minority interests in subsidiaries		**134**	**1,111**	520	176
		2,828	**23,528**	17,550	10,582
		US$	**Rand**	**Rand**	Rand
Per share information					
Earnings per share	42	**4.48**	**37.30**	27.35	16.78
Diluted earnings per share	42	**4.42**	**36.78**	27.02	16.51

* US dollar information has been presented for the year ended 30 June 2008 on an unaudited basis solely for the convenience of the reader and is computed at the noon buying rate for customs purposes of R8.32/US dollar, as reported by the Federal Reserve Bank of New York on 30 September 2008.

Sasol Limited Group

Statement of Comprehensive Income

for the year ended 30 June

	Note	2008	2008	2007	2006
		Unaudited			
		US$m*	Rm	Rm	Rm
Profit for year		**2,828**	**23,528**	17,550	10,582
Other comprehensive income					
Effect of translation of foreign operations	43	**415**	**3,452**	(258)	1,152
Effect of cash flow hedges	43	**31**	**261**		430
Investments available-for-sale	43		**(1)**		
Tax on other comprehensive income	43	**(7)**	**(60)**		(65)
Other comprehensive income, net of tax	43	**439**	**3,652**	(258)	1,517
Total comprehensive income		**3,267**	**27,180**	17,292	12,099
Attributable to					
Owners of Sasol Limited		**3,132**	**26,062**	16,772	11,912
Minority interests in subsidiaries		**135**	**1,118**	520	187
		3,267	**27,180**	17,292	12,099

* US dollar information has been presented for the year ended 30 June 2008 on an unaudited basis solely for the convenience of the reader and is computed at the noon buying rate for customs purposes of R8.32/US dollar, as reported by the Federal Reserve Bank of New York on 30 September 2008.

Sasol Limited Group

Statement of Changes in Equity

for the year ended 30 June

	Share capital (note 44)	Share-based payment reserve (note 45)	Foreign currency translation reserve (note 46)	Investment fair value reserve	Cash flow hedge accounting reserve	Sasol Inzalo share transaction (note 45)	Share repurchase programme (note 47)	Retained earnings	Shareholders' equity	Minority interest	Total equity	Total equity Unaudited
												US$ in
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	millions*
Balance at 30 June 2005	3,203	611	(1,336)	2	(335)		(3,647)	45,255	43,753	253	44,006	
Shares issued on implementation of share options	431								431		431	
Share-based payment expense		169							169		169	
Change in shareholding of subsidiaries										14	14	
Total comprehensive income for year			1,147		359			10,406	11,912	187	12,099	
Dividends paid								(3,660)	(3,660)	(75)	(3,735)	
Balance at 30 June 2006	3,634	780	(189)	2	24		(3,647)	52,001	52,605	379	52,984	
Shares issued on implementation of share options	332								332		332	
Cancellation of shares	(338)						3,647	(3,309)				
Repurchase of shares							(3,669)		(3,669)		(3,669)	
Share-based payment expense		186							186		186	
Change in shareholding of subsidiaries			4						4	1,161	1,165	
Total comprehensive income for year			(258)					17,030	16,772	520	17,292	
Dividends paid								(4,613)	(4,613)	(408)	(5,021)	
Balance at 30 June 2007	3,628	966	(443)	2	24		(3,669)	61,109	61,617	1,652	63,269	7,605
Shares issued on implementation of share options	475								475		475	57
Shares issued on Sasol Inzalo share transaction	16,161					(16,161)						
Costs on implementation of Sasol Inzalo share transaction	(88)								(88)		(88)	(11)
Repurchase of shares							(7,300)		(7,300)		(7,300)	(877)
Share-based payment expense		1,574							1,574		1,574	189
Acquisition of businesses (refer note 54)								(100)	(100)		(100)	(12)
Change in shareholding of subsidiaries										306	306	37
Total comprehensive income for year			3,449	(1)	197			22,417	26,062	1,118	27,180	3,267
Dividends paid								(5,766)	(5,766)	(555)	(6,321)	(760)
Balance at 30 June 2008	20,176	2,540	3,006	1	221	(16,161)	(10,969)	77,660	76,474	2,521	78,995	9,495

* US dollar information has been presented for the year ended 30 June 2008 on an unaudited basis solely for the convenience of the reader and is computed at the noon buying rate for customs purposes of R8.32/US dollar, as reported by the Federal Reserve Bank of New York on 30 September 2008.

Sasol Limited Group

Statement of Cash Flows

for the year ended 30 June

	Note	2008	2008	2007	2006
		Unaudited			
		US$m*	Rm	Rm	Rm
Cash receipts from customers		**14,838**	**123,452**	97,339	80,229
Cash paid to suppliers and employees		**(10,663)**	**(88,712)**	(68,907)	(55,694)
Cash generated by operating activities	48	**4,175**	**34,740**	28,432	24,535
Finance income received	51	**115**	**957**	1,059	444
Finance expenses paid	39	**(289)**	**(2,405)**	(1,816)	(1,745)
Tax paid	27	**(1,150)**	**(9,572)**	(7,251)	(5,389)
Cash available from operating activities		**2,851**	**23,720**	20,424	17,845
Dividends paid	52	**(693)**	**(5,766)**	(4,613)	(3,660)
Cash retained from operating activities		**2,158**	**17,954**	15,811	14,185
Additions to non-current assets		**(1,305)**	**(10,855)**	(12,045)	(13,296)
Additions to property, plant and equipment	3	**(260)**	**(2,167)**	(1,544)	(978)
Additions to assets under construction	4	**(1,042)**	**(8,671)**	(10,479)	(12,291)
Additions to other intangible assets	6	**(2)**	**(17)**	(22)	(27)
Non-current assets sold	53	**22**	**184**	193	542
Repurchase of participation right in GTL project	41	**(4)**	**(34)**		
Acquisition of businesses	54	**(51)**	**(431)**	(285)	(147)
Cash/(overdraft) acquired on acquisition of businesses	54	**2**	**19**		(113)
Disposal of businesses	55	**83**	**693**	2,200	587
(Cash)/overdraft disposed of on disposal of businesses	55	**(3)**	**(31)**	33	(1)
Purchase of investments		**(5)**	**(42)**	(79)	(62)
Proceeds from sale of investments					16
(Increase)/decrease in long-term receivables		**(42)**	**(347)**	(562)	191
Cash utilised in investing activities		**(1,303)**	**(10,844)**	(10,545)	(12,283)
Share capital issued on implementation of share options		**57**	**475**	332	431
Costs on implementation of Sasol Inzalo share transaction		**(11)**	**(88)**		
Share repurchase programme		**(877)**	**(7,300)**	(3,669)	
Contributions from minority shareholders		**22**	**185**		
Dividends paid to minority shareholders		**(66)**	**(555)**	(408)	(75)
Proceeds from long-term debt	18	**457**	**3,806**	1,021	2,631
Repayments of long-term debt	18	**(551)**	**(4,588)**	(1,034)	(1,326)
Proceeds from short-term debt	24	**233**	**1,942**	1,918	973
Repayments of short-term debt	24	**(275)**	**(2,292)**	(1,053)	(3,911)
Cash effect of financing activities		**(1,011)**	**(8,415)**	(2,893)	(1,277)
Translation effects on cash and cash equivalents of foreign operations	46	**38**	**324**	(24)	(133)
(Decrease)/increase in cash and cash equivalents		**(118)**	**(981)**	2,349	492

Cash and cash equivalents at beginning of year		**731**	**6,088**	3,244	3,224
Net reclassification (to)/from held for sale		**(93)**	**(772)**	495	(472)
Cash and cash equivalents at end of year	17	**521**	**4,335**	6,088	3,244

* US dollar information has been presented for the year ended 30 June 2008 on an unaudited basis solely for the convenience of the reader and is computed at the noon buying rate for customs purposes of R8.32/US dollar, as reported by the Federal Reserve Bank of New York on 30 September 2008.

Sasol Limited Group

Notes to the Financial Statements

A. ACCOUNTING POLICIES AND FINANCIAL REPORTING TERMS

B. BUSINESS SEGMENT INFORMATION

C. OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

Sasol Limited Group

Notes to the Financial Statements (Continued)

A. Accounting policies and 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 2008. Except as otherwise disclosed, these policies are consistent in all material respects with those applied in previous years.

Financial reporting terms

These definitions of financial reporting terms are 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, holding a material long-term interest, has significant influence over financial and operating policies.
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:

South African energy cluster

Sasol Mining
Sasol Gas
Sasol Synfuels
Sasol Oil

International energy cluster

Sasol Synfuels International
Sasol Petroleum International

Chemical cluster

Sasol Polymers
Sasol Solvents
Sasol Olefins & Surfactants
Other chemical businesses including:
- Sasol Wax
- Sasol Nitro
- Merisol
- Sasol Infrachem

Classified as "other businesses" in the segment report:

Sasol Technology
Sasol Financing
Corporate head office functions

In the notes to the financial statements, where items classified as "other businesses" are material, the amounts attributable to these businesses have been specified.

Sasol Limited Group

Notes to the Financial Statements (Continued)

A. Accounting policies and financial reporting terms (Continued)

Company	A legal business entity registered in terms of the applicable legislation of that country.
Entity	Sasol Limited, a subsidiary, joint venture, associate or special purpose entity.
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, associates and special purpose entities.
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.
Subsidiary	Any entity over which the group has the power to exercise control.
Special purpose entity	An entity established to accomplish a narrow and well defined objective, including the facilitation of the group's black economic empowerment transactions.

General accounting terms

Acquisition date	The date on which control in subsidiaries, special purpose entities, joint control in joint ventures and significant influence in associates commences.

Assets under construction	A non-current asset which includes expenditure capitalised for work in progress in respect of activities to develop, expand or enhance items of property, plant and equipment, intangible assets and exploration assets.
Cash generating unit	The smallest identifiable group of assets which can generate cash inflows independently from other assets or groups of assets.
Commissioning date	The date that an item of property, plant and equipment, whether acquired or constructed, is brought into use.

Sasol Limited Group

Notes to the Financial Statements (Continued)

A. Accounting policies and financial reporting terms (Continued)

Consolidated group financial statements	The financial results of the group which comprise the financial results of Sasol Limited and its subsidiaries, special purpose entities, 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.
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. To the extent that, in determining the cash flows, the risks specific to the asset or liability are taken into account in determining those cash flows, they are not included in determining the discount rate.
Disposal date	The date on which control in subsidiaries, special purpose entities, 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.

Sasol Limited Group

Notes to the Financial Statements (Continued)

A. Accounting policies and financial reporting terms (Continued)

Functional currency	The currency of the primary economic environment in which the entity operates.
Long-term	A period longer than twelve months from the reporting date.
Mineral assets	Capitalised expenditure relating to producing coal, oil and gas properties including development costs and previously capitalised exploration assets.
Other comprehensive income	Comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement and includes the effect of translation of foreign operations, cash flow hedges, available-for-sale financial assets and changes in revaluation reserves.
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 fair value less costs to sell 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 or jointly 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 an entity issues equity instruments, share options or incurs a liability to pay cash based on the price of the entity's equity instruments to another party as compensation for goods received or 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.

Sasol Limited Group

Notes to the Financial Statements (Continued)

A. Accounting policies and financial reporting terms (Continued)

Turnover	Comprises revenue generated by operating activities and includes sales of products, services rendered, license fees and royalties net of indirect taxes, rebates and trade discounts.

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 with a maturity period of three months or less at date of purchase.
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 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 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.

Sasol Limited Group

Notes to the Financial Statements (Continued)

A. Accounting policies and financial reporting terms (Continued)

Financial guarantee	A contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of the debt instrument.
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. Such a financial asset is classified as a non-current asset, except when it has a maturity within twelve months from the reporting 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 an available-for-sale financial asset.
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 issued by the International Accounting Standards Board and applicable legislation. The consolidated financial statements were approved for issue by the Board of Directors on 5 September 2008 and are subject to approval by the Annual General meeting of shareholders on 28 November 2008.

During the current financial year, the following accounting standards, interpretations and amendments to published accounting standards were adopted:

IAS 1 (Amendment), Presentation of Financial Statements (added disclosures about an entity's capital); and

IFRS 7 Financial Instruments: Disclosures.

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Sasol Limited Group

Notes to the Financial Statements (Continued)

A. Accounting policies and financial reporting terms (Continued)

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

IAS 1 (Amendment), Presentation of Financial Statements (includes adjusted presentation of owner changes in equity and of comprehensive income);

IAS 1 (Amendment), Presentation of Financial Statements and IAS 32, Financial Instruments: Presentation (Puttable Financial Instruments and Obligations Arising on Liquidation);

IFRS 2 (Amendment), Share-based Payment (Vesting Conditions and Cancellations);

IFRIC 12, Service Concession Arrangements; and

IFRIC 14, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

These newly adopted standards did not significantly impact our financial results.

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:

IAS 23 (Revised), Borrowing Costs;

IAS 27 (Amendment), Consolidated and Separate Financial Statements;

IFRS 3 (Revised), Business Combinations;

IFRIC 16, Hedges of a Net Investment in a Foreign Operation;

IAS 39 (Amendment), Eligible Hedged Items;

IFRS 1 and IAS 27 (Amendment), Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate;

IFRS 5 (Amendment), Non-current Assets Held for Sale and Discontinued Operations; and

Various improvements to IFRSs.

Principal accounting policies

Basis of preparation of financial results

The consolidated financial statements are prepared using the historic cost convention except that, as set out in the accounting policies below, certain items, including derivatives and available-for-sale financial assets, 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.

Sasol Limited Group

Notes to the Financial Statements (Continued)

A. Accounting policies and financial reporting terms (Continued)

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.

Special purpose entities The financial results of special purpose entities (SPE) are consolidated into the group's results from the date that the group controls the SPE until the date that control ceases. Control is based on an evaluation of the substance of the SPE's relationship with the group and the SPE's risks and rewards.

Joint ventures The proportionate share of the financial results of joint ventures are consolidated into the group's results from acquisition date until 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 as other comprehensive income, except where the movement in equity reserves relates to the group in its capacity as owner where it is recognised in the statement of changes in equity. 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.

The total carrying value of associates, including goodwill, is evaluated annually for impairment or when conditions indicate that a decline in fair value below the carrying amount is other than temporary. 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 and charged to the income statement as part of equity accounted earnings of those associates.

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.

Sasol Limited Group

Notes to the Financial Statements (Continued)

A. Accounting policies and financial reporting terms (Continued)

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. To the extent that transactions occur regularly throughout the year, they are translated at the average rate of exchange for the year since this is deemed to provide a good approximation of the actual exchange rates at which those transactions occurred.

Monetary assets and liabilities are translated into the functional currency of the entity at the rate of exchange ruling at the reporting date. Foreign exchange gains and losses resulting from the translation and settlement of monetary assets and liabilities are recognised in the income statement, except when they relate to cash flow hedging activities in which case these gains and losses are recognised as other comprehensive income and are included 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 except for significant individual transactions which are translated at the exchange rate ruling at that date. All assets and liabilities, including fair value adjustments and goodwill arising on acquisition, are translated at the rate of exchange ruling at the reporting date. Differences arising on translation are recognised as other comprehensive income and are included in the foreign currency translation reserve.

On consolidation, differences arising from the translation of the net investment in a foreign operation are recognised as other comprehensive income and are included in the foreign currency translation reserve.

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

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. Costs capitalised for work in progress in respect of activities to develop, expand or enhance items of property, plant and equipment are classified as part of assets under construction.

Finance expenses, net of finance income, are capitalised on qualifying assets.

Sasol Limited Group

Notes to the Financial Statements (Continued)

A. Accounting policies and financial reporting terms (Continued)

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, other than mineral assets, is depreciated to its estimated residual value on a straight-line basis over its expected useful life. Mineral assets are depreciated in accordance with the policy set out below on exploration, evaluation and development. The depreciation methods, estimated remaining useful lives and residual values are reviewed at least annually. The depreciation rates applied are provided in note 3.

Exploration, evaluation and development

Oil and gas 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 assets under construction. 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 assets and mineral assets on producing oil and gas properties is based on the units-of-production method calculated using estimated proved developed oil and gas reserves, on

Sasol Limited Group

Notes to the Financial Statements (Continued)

A. Accounting policies and financial reporting terms (Continued)

a field-by-field basis. Depreciation of property acquisition costs, capitalised as part of mineral assets in property, plant and equipment, is based on the units-of-production method calculated using estimated proved oil and gas reserves, on a field-by-field basis.

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

Expenditure on producing mines or development properties is capitalised when excavation or drilling is incurred to extend reserves or further delineate existing proved and probable coal reserves. All development expenditure incurred after the commencement of production is capitalised to the extent that it gives rise to probable future economic benefits.

Life-of-mine coal assets are depreciated using the units-of-production method. A unit is considered to be produced once it has been removed from underground and taken to the surface, passed the bunker and has been transported by conveyor over the scale of the shaft head. The calculation is based on proved and probable reserves assigned to that specific mine (accessible reserves) or complex which benefits from the utilisation of those assets. Inaccessible reserves are excluded from the calculation. Other coal mining assets are depreciated on the straight-line method over their estimated useful lives.

Business combinations

The purchase method is used when a business is acquired. A business may comprise an entity, group of entities or an unincorporated operation including its operating assets and associated liabilities.

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 total of all identifiable assets and liabilities included in the business combination 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. To the extent that these identifiable assets and liabilities, were already owned by the group, the adjustment to fair values related to these assets and liabilities is recognised directly in the statement of changes in equity.

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. Goodwill is tested at each reporting date for impairment.

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.

Sasol Limited Group

Notes to the Financial Statements (Continued)

A. Accounting policies and financial reporting terms (Continued)

Other intangible assets

Intangible assets, other than goodwill (refer policy above on business combinations), are stated at cost less accumulated amortisation and impairment.

These 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 in note 6.

Intangible assets with indefinite useful lives are not amortised but are tested at each reporting date for impairment. The assessment that the estimated useful lives of these assets are indefinite is 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 costs can be measured reliably, the products or processes are technically feasible, future economic benefits are probable, and the group intends to and has sufficient resources to complete development and to use or sell the asset. All remaining development expenditure is charged to the income statement.

Cost includes expenditure on materials, direct labour and an allocated proportion of project overheads.

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 term of the patents or trademarks is capitalised. All other expenditure is charged to the income statement when incurred.

Emission rights Emission rights (allowances) received from a government or a government agency and expenditure incurred on purchasing allowances are capitalised as indefinite life intangible assets at the quoted market price on acquisition date and are subject to an annual impairment test.

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 as held for sale 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

Sasol Limited Group

Notes to the Financial Statements (Continued)

A. Accounting policies and financial reporting terms (Continued)

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 fair value less costs to sell.

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

If a non-current asset or disposal group is classified as held for sale, but the criteria for classification as held for sale are no longer met, the disclosure of such non-current asset or disposal group as held for sale is ceased.

On ceasing such classification, the non-current assets are reflected at the lower of:

- the carrying amount before classification as held for sale adjusted for any depreciation or amortisation that would have been recognised had the assets not been classified as held for sale; or

- the recoverable amount at the date the classification as held for sale ceases. The recoverable amount is the amount at which the asset would have been recognised after the allocation of any impairment loss arising on the cash generating unit as determined in accordance with the group's policy on impairment of non-financial assets.

Any adjustments required to be made on reclassification are recognised in the income statement on reclassification, and included in income from continuing operations.

Where the disposal group was also classified as a discontinued operation, the subsequent classification as held for use also requires that the discontinued operation be included in continuing operations. Comparative information relating to the classification as a discontinued operation is restated accordingly.

Impairment of non-financial assets

The group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date 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 impairment test is performed on all goodwill, intangible assets not yet in use and intangible assets with indefinite useful lives at each reporting date.

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 inflows 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 recognised in 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 included in the existing cash-generating units of producing properties that are located in the same geographic region.

Financial assets

The group classifies its financial assets into the following categories:

- held-to-maturity financial assets;
- loans and receivables;
- available-for-sale financial assets; and
- derivative instruments (set out below).

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 at each reporting date.

Financial assets are recognised on transaction date when the group becomes a party to the contracts and thus obtains rights to receive economic benefits and are derecognised when these rights no longer exist.

Financial assets are stated initially on transaction date at fair value including transaction costs. Held-to-maturity financial assets and loans and receivables are subsequently stated at amortised cost using the effective interest rate method. Available-for-sale financial assets are subsequently stated at fair value at the reporting date.

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

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 which would affect the market value of those securities. 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.

Sasol Limited Group

Notes to the Financial Statements (Continued)

A. Accounting policies and financial reporting terms (Continued)

An assessment is performed at each reporting 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 as other comprehensive income from the investment fair value reserve and recognised in the income statement. Impairments charged to the income statement on available-for-sale financial assets are not reversed.

Derivative financial instruments and hedging activities

All derivative financial instruments are initially recognised at fair value and are subsequently stated at fair value at the reporting date. Attributable transaction costs are recognised in the income statement when incurred. Resulting gains or losses on derivative instruments, excluding designated and effective hedging instruments, are recognised in 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 these risks. To the extent that a derivative instrument has a maturity period of longer than one year, the fair value of these instruments will be reflected as a non-current asset or liability.

The group's criteria for a derivative instrument to be designated as a hedging instrument 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 recognised as other comprehensive income and is classified as a cash flow hedge accounting reserve until the underlying transaction occurs. The ineffective part of any gain or loss is recognised in 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, as other comprehensive income, to the underlying asset or liability on the transaction date. Other cash flow hedge gains or losses are recognised in 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 recognised in the income statement.

Inventories

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

Sasol Limited Group

Notes to the Financial Statements (Continued)

A. Accounting policies and financial reporting terms (Continued)

Cost includes expenditure incurred in acquiring, manufacturing and transporting the inventory to its present location. Manufacturing costs include an allocated portion of production overheads which are directly attributable to the cost of manufacturing such inventory. The allocation is determined based on the greater of normal production capacity and actual production. The costs attributable to any inefficiencies in the production process are charged to the income statement as incurred.

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.

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 receivable. The amount of the impairment is charged to the income statement.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying value which is deemed to be fair value. Bank overdrafts are offset against cash and cash equivalents in the statement of cash flows.

Cash restricted for use

Cash which is subject to restrictions on its use is stated separately at carrying value in the statement of financial position.

Share capital

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

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 statement of changes in equity.

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

Sasol Limited Group

Notes to the Financial Statements (Continued)

A. Accounting policies and financial reporting terms (Continued)

liability for at least twelve months after the reporting date. Debt is derecognised when the obligation in the contract is discharged, cancelled or has expired. 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 finance expenses based on the effective interest rate method.

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 finance expenses 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.

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 finance expense in the income statement.

Environmental rehabilitation 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 did not relate to the initial construction of a related 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

Sasol Limited Group

Notes to the Financial Statements (Continued)

A. Accounting policies and financial reporting terms (Continued)

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.

Employee benefits

Short-term employee benefits Short-term employee benefits are those that are paid within twelve months after the end of the period in which the services have been rendered. Remuneration to employees is charged to the income statement. Provision is made for accumulated leave, incentive bonuses and other short-term employee benefits.

Pension benefits 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.

Surpluses and deficits in the various plans are not offset.

Defined benefit post-retirement healthcare 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.

Sasol Limited Group

Notes to the Financial Statements (Continued)

A. Accounting policies and financial reporting terms (Continued)

Share-based payments

The group has equity-settled and cash-settled share-based compensation plans. The equity-settled schemes allow certain employees the option to acquire ordinary shares in Sasol Limited over a prescribed period. 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, with a corresponding increase in equity, 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. These share options are not subsequently revalued.

The cash-settled scheme allows certain senior employees the right to participate in the performance of the Sasol Limited share price, in return for services rendered, through the payment of cash incentives which are based on the market price of the Sasol Limited share. These rights are recognised as a liability at fair value in the statement of financial position until the date of settlement. The fair value of these rights is determined at each reporting date and the unrecognised cost amortised to the income statement as employee costs over the period that the employees provide services to the company.

Fair value is measured using the Black Scholes, Binomial tree and Monte-Carlo option pricing models where applicable. The expected life used in the models 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. The fair value takes into account the terms and conditions on which these incentives are granted and the extent to which the employees have rendered service to the reporting date.

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 statement of financial position 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.

Black economic empowerment (BEE) transactions

To the extent that an entity grants shares or share options in a BEE transaction and the fair value of the cash and other assets received is less than the fair value of the shares or share options granted, such difference is charged to the income statement in the period in which the transaction becomes effective. Where the BEE transaction includes service conditions the difference will be charged to the income statement over the period of these service conditions. A restriction on the transfer of the shares or share options is taken into account in determining the fair value of the share or share option.

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.

Sasol Limited Group

Notes to the Financial Statements (Continued)

A. Accounting policies and financial reporting terms (Continued)

Current tax The current tax charge is the calculated tax payable on the taxable income for the year using enacted or 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 and on any tax losses. No deferred tax is provided on temporary differences relating to:

- the initial recognition of 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 the reporting 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 of 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.

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.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost.

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.

Sasol Limited Group

Notes to the Financial Statements (Continued)

A. Accounting policies and financial reporting terms (Continued)

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 or effective control;
- 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.

The group enters into exchange agreements with the same counterparties for the purchase and sale of inventory that are entered into in contemplation of one another. When the items exchanged are similar in nature, these transactions are combined and accounted for as a single exchange transaction. The exchange is recognised at the carrying amount of the inventory transferred.

Further descriptions of the recognition of revenue for the various reporting segments are included under the accounting policy on segmental reporting.

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 reporting 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.

Finance expenses

Finance expenses are capitalised against qualifying assets as part of property, plant and equipment.

Such finance expenses 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 finance expenses are charged to the income statement.

Where funds are borrowed specifically for the purpose of acquiring or constructing a qualifying asset, the amount of finance expenses eligible for capitalisation on that asset is the actual finance expenses incurred on the borrowing during the period less any investment income on the temporary investment of those borrowings.

Sasol Limited Group

Notes to the Financial Statements (Continued)

A. Accounting policies and financial reporting terms (Continued)

Where funds are made available from general borrowings and used for the purpose of acquiring or constructing qualifying assets, the amount of finance expenses 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 finance expenses capitalised will not exceed the amount of borrowing costs incurred.

Dividends payable

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

Segment information

Reporting segments

The group has nine main reportable segments that comprise the structure used by the Group Executive Committee (GEC) to make key operating decisions and assess performance. The group's reportable segments are operating segments that are differentiated by the activities that each undertakes and the products they manufacture and market. Each business utilises different technology, manufacturing and marketing strategies.

The group evaluates the performance of its reportable segments based on operating profit. The group accounts for inter-segment sales and transfers as if the sales and transfers were entered into under the same terms and conditions as would have been entered into in a market related transaction.

The financial information of the group's reportable segments is reported to the GEC for purposes of making decisions about allocating resources to the segment and assessing its performance.

The group has formed significant joint ventures to promote Sasol technology and products internationally. The group is promoting and marketing its gas-to-liquids (GTL) technology for converting remote or flared natural gas into new-generation, low-emission GTL diesel, GTL naphtha and other products. It is envisaged that Sasol Synfuels International (SSI) through the recent development of the GTL plants in Qatar and Nigeria will contribute to the growing of a global GTL business in the future.

Whilst Sasol Petroleum International (SPI), like SSI, does not meet the quantitative criteria for disclosure as a separate segment, it is expected to become a significant contributor to the group's performance in future years as the upstream supplier of resources for the group's GTL and CTL activities.

Consequently the GEC has chosen to include SSI and SPI as reportable operating segments even though SSI and SPI do not meet any of the quantitative thresholds as the GEC believes that such information would be useful to the users of the financial statements.

Sasol Limited Group

Notes to the Financial Statements (Continued)

A. Accounting policies and financial reporting terms (Continued)

South African energy cluster

Sasol Mining

Sasol Mining's activities include the mining and supply of coal to other segments including Sasol Synfuels, other entities and to third parties.

Sasol Mining sells coal under both long-term and short-term contracts at a price determinable from the agreements. Turnover is recognised upon delivery of the coal to the customer, which, in accordance with the related contract terms is the point at which the title and risks and rewards of ownership pass to the customer, prices are fixed or determinable and collectability is reasonably assured. Shipping and handling costs are included in turnover when billed to customers in conjunction with the sale of the product.

The related costs of sales are recognised in the same period as the supply of the coal and include any shipping and handling costs incurred. All inter-segment sales are conducted at market related prices.

Sasol Gas

Sasol Gas' activities include the marketing of clean-burning pipeline gas sourced from Sasol Synfuels and natural gas from the Mozambican gas fields.

Sasol Gas sells gas under long-term contracts at a price determinable from the supply agreements. Turnover is recognised at the intake flange of the customer where it is metered, which is the point at which the title and risks and rewards of ownership passes to the customer, and where prices are determinable and collectability is reasonably assured. Gas analysis and tests of the specifications and content are performed prior to delivery.

Transportation and handling costs are included in turnover when billed to customers in conjunction with the sale of a product. The related costs of sales are recognised in the same period as the turnover.

Sasol Synfuels

Sasol Synfuels' activities include the production, using natural gas, from Sasol Gas, and synthesis gas derived from coal, supplied by Sasol Mining, using in-house technology to convert this into a wide range of liquid fuels intermediates and petrochemicals. Sasol Synfuels also provides chemical feedstock to, amongst others Sasol Polymers and Sasol Solvents.

Sasol Synfuels sells synthetic fuels, chemical feedstock and industrial pipeline gas under contracts at prices determinable from the agreements. Turnover is recognised for the liquid fuel intermediates and petrochemicals when the title and risks and rewards of ownership pass to the customer, which is when the product has passed over the appropriate weigh bridge or flow meter, prices are fixed or determinable and collectability is reasonably assured.

Sasol Oil

Sasol Oil is responsible for the group's crude oil refining activities and for blending and marketing of all liquid fuels and lubricants.

Sasol Limited Group

Notes to the Financial Statements (Continued)

A. Accounting policies and financial reporting terms (Continued)

Sasol Oil sells liquid fuels products under both short-term and long-term agreements for both retail sales and commercial sales including sales to other oil companies. The prices are regulated and fixed by South African law for retail sales, and the prices are fixed and determinable according to the specific contract with periodic price adjustments for commercial sales and sales to other oil companies. Laboratory tests of the fuel specifications and content are performed prior to delivery. Turnover is recognised under the following arrangements:

Commercial sales transactions and sales to other oil companies: when product is delivered to the customer site, which is the point where the risks and rewards of ownership and title of the product transfer to the customer, and collectability is reasonably assured.

Dealer-owned supply agreements and franchise agreements: upon delivery of the product to the customer, which is the point where the risks and rewards of ownership of the product transfer to the customer. Title under these contracts is retained to enable recovery of the goods in the event of customer default on payment. The title to the goods does not enable the group to dispose of the product or rescind the transaction, and cannot prevent the customer from selling the product.

Turnover for the supply of fuel is based on measurement through a flow-meter into customers' tanks. Shipping and handling costs are included in turnover when billed to customers in conjunction with the sale of a product. The related costs of sales are recognised in the same period as the turnover.

Other

This segment currently includes costs related to the pre-feasibility study for the expansion of our synthetic fuels capacity in South Africa known as Project Mafutha.

International energy cluster

Sasol Synfuels International (SSI)

SSI is responsible for developing, implementing and managing international business ventures based on Sasol's Fischer-Tropsch synthesis technology. SSI is also involved in the development of GTL fuels and production of other chemical products from GTL derived feedstock.

SSI is currently involved in the establishment of two GTL production facilities in Qatar and Nigeria and is conducting feasibility studies for both GTL and coal-to-liquids (CTL) facilities at various other locations around the world.

Turnover is derived from the sale of goods produced by the operating facilities and is recognised when, in accordance with the related contract terms, the title and risks and rewards of ownership pass to the customer, prices are fixed or determinable and collectability is reasonably assured. Shipping and handling costs are included in turnover when billed to customers in conjunction with the sale of the products. Turnover is also derived from the rendering of engineering services to external partners in joint ventures upon the proof of completion of the service.

Sasol Limited Group

Notes to the Financial Statements (Continued)

A. Accounting policies and financial reporting terms (Continued)

Sasol Petroleum International (SPI)

SPI develops and manages upstream interests in oil and gas exploration and production in Mozambique, South Africa, Gabon, Equatorial Guinea and Nigeria. It produces gas from Mozambique's Temane field and oil in Gabon through its share in the offshore Etame field.

SPI sells natural gas under a long-term contract to Sasol Gas and oil to customers under long-term contracts at a price determinable from the agreements. Turnover is recognised at the intake flange of the customer where it is metered, which is the point at which the title and risks and rewards of ownership passes to the customer, and where prices are determinable and collectability is reasonably assured.

Chemical cluster

Sasol Polymers

Sasol Polymers focuses on the production of monomers, polypropylene, polyethylene, vinyls and other chemical products through its respective businesses.

Sasol Solvents

Sasol Solvents primarily manufactures and markets globally a range of oxygenated solvents, comonomers and chemical intermediates to various industries.

Sasol Olefins & Surfactants

Sasol Olefins & Surfactants manufactures and markets globally a diverse range of surfactants, surfactant intermediates, alcohols, monomers and inorganic speciality chemicals.

Other chemical businesses

Other chemical businesses include Sasol Wax (production and marketing of wax and wax related products), Sasol Nitro (production and marketing of ammonia and ammonia derivative products), Merisol (manufacturing and marketing of phenolics and cresylics) and Sasol Infrachem (manufacturing of synthesis gas).

The businesses in the chemical cluster sell much of their products under contracts at prices determinable from such agreements. Turnover is recognised upon delivery to the customer which in accordance with the related contract terms, is the point at which the title and risks and rewards of ownership transfer to the customer, prices are determinable and collectability is reasonably assured. Turnover on consignment sales is recognised on consumption by the customer, when title and the risks and rewards of ownership pass to the customer, prices are determinable and collectability is reasonably assured. Product quality is safeguarded through quality assurance programmes.

Sasol Limited Group

Notes to the Financial Statements (Continued)

A. Accounting policies and financial reporting terms (Continued)

The date of delivery related to the above Chemical cluster is determined in accordance with the contractual agreements entered into with customers which are briefly summarised as follows:

Delivery terms

	Title and risks and rewards of ownership pass to the customer
Ex-Tank sales	When products are loaded into the customer's vehicle or unloaded from the seller's storage tanks.
Carriage Paid To (CPT)	On delivery of products to a specified location (main carriage is paid for by the seller).
Free on Board (FOB)	When products are loaded into the transport vehicle customer is responsible for shipping and handling costs.
Cost Insurance Freight (CIF) and Cost Freight Railage (CFR)	When products are loaded into the transport vehicle seller is responsible for shipping and handling costs which are included in the selling price.
Proof of Delivery (POD)	When products are delivered to and signed for by the customer.
Consignment Sales	As and when products are consumed by the customer.

Other Businesses

Other businesses include the group's treasury, research and development activities and central administration activities.

Critical accounting estimates and judgements

Management of the group makes estimates and assumptions concerning the future in applying its accounting policies. The resulting accounting estimates may, by definition, not equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are detailed in the notes to the financial statements where applicable.

Management continually evaluate estimates and judgements based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Sasol Limited Group

Notes to the Financial Statements (Continued)

A. Accounting policies and financial reporting terms (Continued)

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 reclassified amounts included in long-term receivables as part of property, plant and equipment, having risks and rewards more closely aligned to those incidental to ownership.

Sasol Italy has reviewed its post retirement pension benefit obligations and has reclassified the amounts related to post retirement pension benefit obligations from long-term provisions to post-retirement benefit obligations.

Certain additional disclosure has been provided in respect of the current year. To the extent practicable, comparative information has also been provided.

Sasol Limited Group
Notes to the Financial Statements (Continued)

B. Business segment information

	Property, plant and equipment, assets under construction and other intangible assets		Other non-current assets*		Current assets		Total consolidated assets*		Non-current liabilities*		Current liabilities*		Total consolidated liabilities*	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
South African Energy cluster	**30,299**	27,974	**610**	421	**17,895**	11,799	**48,804**	40,194	**7,007**	7,149	**8,135**	5,991	**15,142**	13,140
Mining	**4,112**	3,912	**386**	329	**776**	596	**5,274**	4,837	**746**	743	**788**	624	**1,534**	1,367
Gas	**5,421**	5,324	**16**	24	**533**	450	**5,970**	5,798	**2,285**	2,498	**404**	380	**2,689**	2,878
Synfuels	**16,486**	14,655	**111**	42	**1,675**	1,467	**18,272**	16,164	**1,874**	1,684	**1,472**	1,281	**3,346**	2,965
Oil	**4,280**	4,083	**97**	26	**14,906**	9,286	**19,283**	13,395	**2,102**	2,224	**5,471**	3,706	**7,573**	5,930
Other					**5**		**5**							
International Energy cluster	**8,806**	12,822	**5**	659	**6,331**	1,785	**15,142**	15,266	**3,768**	6,191	**1,812**	1,394	**5,580**	7,585
Synfuels International	**4,928**	9,956	**5**	659	**5,959**	1,488	**10,892**	12,103	**2,813**	5,191	**1,482**	908	**4,295**	6,099
Petroleum International	**3,878**	2,866			**372**	297	**4,250**	3,163	**955**	1,000	**330**	486	**1,285**	1,486
Chemical cluster	**38,201**	33,911	**3,565**	2,606	**27,935**	19,668	**69,701**	56,185	**7,567**	6,271	**11,735**	7,766	**19,302**	14,037
Polymers	**19,239**	17,513	**1,641**	1,241	**4,496**	2,968	**25,376**	21,722	**2,914**	2,119	**2,349**	1,324	**5,263**	3,443
Solvents	**9,457**	8,647	**454**	352	**5,458**	4,550	**15,369**	13,549	**646**	1,067	**1,706**	1,329	**2,352**	2,396
Olefins & Surfactants	**5,914**	4,771	**746**	524	**12,111**	8,454	**18,771**	13,749	**2,361**	1,703	**5,049**	3,463	**7,410**	5,166
Other	**3,591**	2,980	**724**	489	**5,870**	3,696	**10,185**	7,165	**1,646**	1,382	**2,631**	1,650	**4,277**	3,032
Other businesses	**1,624**	1,144	**726**	308	**2,662**	5,123	**5,012**	6,575	**6,822**	4,015	**4,303**	7,250	**11,125**	11,265
Total	**78,930**	75,851	**4,906**	3,994	**54,823**	38,375	**138,659**	118,220	**25,164**	23,626	**25,985**	22,401	**51,149**	46,027

* Excludes tax and deferred tax.

Sasol Limited Group
Notes to the Financial Statements (Continued)

B. Business segment information (Continued)

	External turnover			Intersegment turnover			Total turnover			Translation gains/(losses)			Effect of remeasurement items (before tax) (refer note 41)			Operating profit/(losses)			Contribution t attributable earnings	
	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm		Rm	Rm	Rm	Rm	Rm	Rm
n																				
	58,515	42,561	36,338	**46,275**	34,458	30,773	**104,790**	77,019	67,111	**96**	(160)	(39)	**(116)**	291	(73)	**28,048**	21,775	18,684	**18,251**	14,090
g	**2,470**	1,694	1,517	**5,009**	4,348	3,949	**7,479**	6,042	5,466	**(7)**	(11)	2	**(7)**	(13)	(16)	**1,393**	1,171	1,227	**1,053**	814
	2,563	2,075	1,663	**2,134**	1,627	1,546	**4,697**	3,702	3,209	**(6)**	(8)	(10)	**(104)**	370	138	**1,785**	1,936	1,526	**904**	1,163
ls	**982**	976	915	**38,634**	28,108	24,734	**39,616**	29,084	25,649	**(5)**	1	(35)	**(25)**	(64)	(187)	**19,416**	16,251	13,499	**13,582**	11,076
	52,500	37,816	32,243	**498**	375	544	**52,998**	38,191	32,787	**114**	(142)	4	**20**	(2)	(8)	**5,507**	2,417	2,432	**2,765**	1,037
																(53)			**(53)**	
tional																				
	3,016	842	810	**748**	623	588	**3,764**	1,465	1,398	**(2)**	(47)	22	**(369)**		(82)	**383**	(463)	(42)	**318**	(726)
ls tional	**1,788**	65	161	**5**			**1,793**	65	161	**(16)**	(15)	(18)	**(396)**			**(621)**	(763)	(642)	**(189)**	(653)
um tional	**1,228**	777	649	**743**	623	588	**1,971**	1,400	1,237	**14**	(32)	40	**27**		(82)	**1,004**	300	600	**507**	(73)
cal	**68,187**	54,296	45,097	**5,509**	4,584	4,186	**73,696**	58,880	49,283	**153**	(46)	133	**(294)**	538	(4,107)	**6,605**	4,292	(1,477)	**5,627**	3,921
ers	**11,162**	9,305	7,537	**142**	105	102	**11,304**	9,410	7,639	**296**	12	29	**12**	(9)	(17)	**1,511**	1,089	822	**1,485**	1,443
ts	**15,585**	12,509	10,485	**1,597**	1,257	1,181	**17,182**	13,766	11,666	**404**	(1)	128	**(104)**	(146)	105	**2,382**	1,104	908	**2,015**	742
& ants	**28,125**	22,012	18,545	**655**	570	550	**28,780**	22,582	19,095	**32**	(48)	(11)	**27**	707	(4,143)	**1,512**	1,140	(3,567)	**1,279**	1,241
	13,315	10,470	8,530	**3,115**	2,652	2,353	**16,430**	13,122	10,883	**(579)**	(9)	(13)	**(229)**	(14)	(52)	**1,200**	959	360	**848**	495
ses	**225**	428	150	**4,048**	2,416	1,301	**4,273**	2,844	1,451	**53**	21	127	**81**	311	(10)	**(1,220)**	17	47	**(1,779)**	(255)
	129,943	98,127	82,395	**56,580**	42,081	36,848	**186,523**	140,208	119,243	**300**	(232)	243	**(698)**	1,140	(4,272)	**33,816**	25,621	17,212	**22,417**	17,030

Sasol Limited Group
Notes to the Financial Statements (Continued)

B. Business segment information (Continued)

	Cash flow information									Capital commitments								
	Cash flow from operations (refer note 49)			Depreciation and amortisation			Additions to non-current assets			Property, plant and equipment			Other intangible assets			Number of employees		
	2008	**2007**	**2006**	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**
	Rm	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**
South african Energy cluster	**30,297**	23,031	21,048	**(2,146)**	(2,026)	(2,036)	**4,531**	3,578	4,495	**13,575**	9,501	4,029	**12**	16	28	**14,525**	13,754	15,132
Mining	**2,097**	1,819	1,896	**(650)**	(659)	(646)	**997**	927	782	**781**	654	676	**9**	10	6	**7,329**	6,904	7,084
Gas	**2,193**	1,863	1,724	**(289)**	(271)	(258)	**466**	214	142	**1,110**	1,410	212				**218**	217	194
Synfuels	**20,062**	16,553	14,351	**(720)**	(631)	(661)	**2,305**	1,874	2,847	**10,656**	6,864	2,682	**1**	6	21	**4,791**	4,586	6,135
Oil	**5,998**	2,796	3,077	**(487)**	(465)	(471)	**762**	563	724	**1,028**	573	459	**2**		1	**2,187**	2,047	1,719
Other	**(53)**						**1**											
International Energy cluster	**2,406**	1,094	1,476	**(537)**	(346)	(258)	**2,637**	3,415	1,947	**7,198**	5,902	5,791	**9**	1	26	**730**	855	548
Synfuels International	**1,168**	540	561	**(286)**	(90)	(17)	**1,508**	2,544	1,748	**3,448**	3,414	4,095	**1**	1	15	**458**	629	364
Petroleum International	**1,238**	554	915	**(251)**	(256)	(241)	**1,129**	871	199	**3,750**	2,488	1,696	**8**		11	**272**	226	184
Chemical cluster	**9,144**	5,758	4,573	**(2,365)**	(1,529)	(1,881)	**3,168**	4,642	6,692	**3,398**	2,747	4,504	**33**	13	8	**12,842**	12,242	13,147
Polymers	**2,483**	1,874	1,396	**(783)**	(544)	(404)	**1,001**	2,042	4,365	**559**	753	2,210	**19**	3	2	**2,178**	1,815	2,393
Solvents	**2,947**	1,682	1,260	**(477)**	(434)	(395)	**939**	1,087	1,039	**1,021**	946	1,411	**10**			**1,839**	1,754	1,781
Olefins & Surfactants	**2,060**	945	1,301	**(775)**	(219)	(768)	**555**	1,095	1,008	**912**	443	762	**3**	7		**3,143**	3,279	3,527
Other	**1,654**	1,257	616	**(330)**	(332)	(314)	**673**	418	280	**906**	605	121	**1**	3	6	**5,682**	5,394	5,446
Other businesses	**297**	(192)	1,187	**(164)**	(121)	(101)	**519**	410	162	**782**	387	242	**41**	8		**5,831**	5,009	2,633
Total	**42,144**	29,691	28,284	**(5,212)**	(4,022)	(4,276)	**10,855**	12,045	13,296	**24,953**	18,537	14,566	**95**	38	62	**33,928**	31,860	31,460

Sasol Limited Group
Notes to the Financial Statements (Continued)

B. Business segment information (Continued)

Geographic segment information

	Total turnover			External turnover			Operating profit/(loss)			Total consolidated assets*		Additions to non-current assets (by location of assets)		Capital commitments of non-current assets	
	2008	**2007**	**2006**	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
	Rm	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**
South Africa	**122,533**	91,490	78,203	**67,632**	50,908	42,909	**26,877**	22,259	18,541	**79,511**	70,320	**6,914**	6,538	**16,850**	11,804
Rest of Africa	**7,842**	6,373	5,164	**7,098**	5,747	5,150	**1,044**	701	1,254	**10,067**	12,580	**2,060**	2,775	**6,380**	5,370
Mozambique	**898**	899	188	**154**	275	174	**462**	(13)	483	**4,611**	4,254	**909**	536	**3,439**	2,192
Nigeria	**456**	142	190	**456**	140	190	**(298)**	(15)	(6)	**4,350**	7,288	**1,012**	2,046	**2,674**	2,986
Rest of Africa	**6,488**	5,332	4,786	**6,488**	5,332	4,786	**880**	729	777	**1,106**	1,038	**139**	193	**267**	192
Europe	**29,882**	23,060	18,545	**29,204**	22,448	17,836	**3,263**	1,757	(1,632)	**22,115**	14,944	**988**	832	**1,340**	764
Germany	**8,904**	7,060	5,313	**8,262**	6,513	4,909	**114**	190	(20)	**9,917**	7,527	**469**	590	**940**	208
Italy	**3,738**	3,154	2,533	**3,734**	3,153	2,533	**115**	1,108	(2,335)	**4,105**	2,615	**145**	158	**232**	168
Rest of Europe	**17,240**	12,846	10,699	**17,208**	12,782	10,394	**3,034**	459	723	**8,093**	4,802	**374**	84	**168**	388
North America	**14,148**	11,310	10,403	**14,094**	11,258	9,839	**991**	691	(1,220)	**8,177**	6,551	**89**	400	**302**	76
United States of America	**12,926**	10,398	9,578	**12,872**	10,346	9,048	**905**	779	(1,223)	**8,006**	6,418	**89**	400	**302**	76
Rest of North America	**1,222**	912	825	**1,222**	912	791	**86**	(88)	3	**171**	133				
South America	**2,592**	1,387	1,249	**2,592**	1,387	1,249	**849**	(5)	(18)	**453**	225		1		
Southeast Asia and Australasia	**2,628**	1,943	1,420	**2,548**	1,890	1,420	**581**	214	171	**2,241**	1,626	**7**	7		
Middle East and India	**2,740**	1,695	1,565	**2,733**	1,672	1,536	**(7)**	(125)	64	**14,059**	10,798	**729**	1,343	**164**	480
Iran	**301**	103	104	**298**	82	91	**(45)**	(3)	24	**8,346**	5,804	**457**	774	**96**	332
Qatar	**154**	19	74	**151**	11	59	**(298)**	(282)	(104)	**5,044**	4,472	**268**	564	**68**	148
Rest of Middle East and India	**2,285**	1,573	1,387	**2,284**	1,579	1,386	**336**	160	144	**669**	522	**4**	5		
Far East	**4,158**	2,950	2,694	**4,042**	2,817	2,456	**218**	129	52	**2,036**	1,176	**68**	149	**12**	81
	186,523	140,208	119,243	**129,943**	98,127	82,395	**33,816**	25,621	17,212	**138,659**	118,220	**10,855**	12,045	**25,048**	18,575

* Excludes deferred tax.

Sasol Limited Group

Notes to the Financial Statements (Continued)

C. Other explanatory notes to the financial statements

Changes to comparative information

	Note
Reclassification of comparative information	**1**
Accounting standards not yet effective	**2**

1 Reclassification of comparative information

1.1 Reclassification from long-term provisions to post-retirement benefit obligations

The group has reclassified amounts from an employee fund in Italy, previously included in long-term provisions, as part of post-retirement benefit obligations, having risks and rewards more closely aligned to those of pension benefits. Management concluded that the classification of these amounts as post-retirement benefit obligations better reflects the underlying nature of the liability. The reclassification had no impact on earnings.

The effect of the reclassification in the statement of financial position is:

	2007 Rm
Post-retirement benefit obligations	
Balance as previously reported	3,661
Effect of reclassification from long-term provisions	120
Restated balance	3,781

	2007 Rm
Long-term provisions	
Balance as previously reported	3,788
Effect of reclassification to post-retirement benefit obligations	(120)
Restated balance	3,668

1.2 Reclassification from long-term receivables and prepaid expenses to property, plant and equipment

The group has reclassified amounts previously included in long-term receivables as part of property, plant and equipment, having risks and rewards more closely aligned to those incidental to ownership. Management concluded that the classification of these amounts as property, plant and equipment better reflects the underlying nature of the asset. The reclassification had no impact on earnings, other than the nature of the expense recognised being reclassified to that of depreciation on property, plant and equipment.

Sasol Limited Group

Notes to the Financial Statements (Continued)

1 Reclassification of comparative information (Continued)

The effect of the reclassification in the statement of financial position is:

	2007
	Rm
Property, plant and equipment	
Cost as previously reported	99,159
Accumulated depreciation and impairment as previously reported	(48,644)
Carrying value as previously reported	50,515
Effect of reclassification from long-term receivables and prepaid expenses	103
Costs capitalised in previous years	150
Increase in depreciation in previous years	(47)
Reclassification to depreciation during current year	(7)
Restated balance	50,611
Cost	99,309
Accumulated depreciation and impairment	(48,698)

	2007
	Rm
Long-term receivables and prepaid expenses	
Balance as previously reported	1,674
Effect of reclassification to property, plant and equipment	(89)
Long-term receivables and prepaid expenses in previous years	(96)
Short-term portion of long-term receivables in previous years	7
Restated balance	1,585

2 Accounting standards not yet effective

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

IAS 23 (Revised) Borrowing Costs

The effective date for adoption of this standard is for periods commencing on or after 1 July 2009. This standard will be adopted by the group for the year ending 30 June 2010. The standard will have minimal impact on the financial statements of the group as it is the group's current policy to capitalise borrowing costs on qualifying assets.

IAS 27 (Amendment) Consolidated and Separate Financial Statements

The effective date for adoption of this standard is for periods commencing on or after 1 July 2009. This standard will be adopted by the group for the year ending 30 June 2010. Management is in the process of considering the relevant financial implications. This standard is, however, expected to have a minimal impact on the group.

Sasol Limited Group

Notes to the Financial Statements (Continued)

2 Accounting standards not yet effective (Continued)

IFRS 3 (Revised) Business Combinations

The effective date for adoption of this standard is for periods commencing on or after 1 July 2009. This standard will be adopted by the group for the year ending 30 June 2010. All business combinations entered into after the effective date will be accounted for in accordance with this standard.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

The effective date for adoption of this interpretation is for periods commencing on or after 1 October 2008. The interpretation will be adopted by the group for the year ending 30 June 2010. This interpretation is not expected to have a material impact on the group as the group does not currently have hedges on any net investments in foreign operations.

IAS 39 (Amendment) Eligible Hedged Items

The effective date for adoption of this standard is for periods commencing on or after 1 July 2009. This standard will be adopted by the group for the year ending 30 June 2010. This standard is not expected to have a material impact on the group as the group does not apply hedge accounting in the situations as described in the amendment.

IFRS 1 and IAS 27 (Amendment) Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

The effective date for adoption of this standard is for periods commencing on or after 1 January 2009. This standard will be adopted by the group for the year ending 30 June 2010. The cost of subsidiaries, jointly controlled entities and associates acquired after the effective date will be accounted for in accordance with this standard.

IFRS 5 (Amendment) Non-current Assets Held for Sale and Discontinued Operations

The effective date for adoption of this standard is for periods commencing on or after 1 July 2009. This standard will be adopted by the group for the year ending 30 June 2009. Management is in the process of considering the relevant financial implications. This standard is, however, expected to have a minimal impact on the group.

Various improvements to IFRSs

A number of standards have been amended as part of the IASB's improvement project. Management is in the process of considering the relevant amendments to the standards and determining the financial implications and impact on the group.

Sasol Limited Group

Notes to the Financial Statements (Continued)

Non-current assets

	Note	2008	2007
		Rm	**Rm**
Property, plant and equipment	3	**66,273**	50,611
Assets under construction	4	**11,693**	24,611
Goodwill	5	**874**	586
Other intangible assets	6	**964**	629
Investments in securities	7	**557**	472
Investments in associates	8	**830**	692
Post-retirement benefit assets	9	**571**	363
Long-term receivables and prepaid expenses	10	**1,385**	1,585
Long-term financial assets	11	**689**	296
Deferred tax assets	23	**1,453**	845
		85,289	80,690

Sasol Limited Group

Notes to the Financial Statements (Continued)

3 Property, plant and equipment

	Note	2008	2007
		Rm	Rm
Cost			
Balance at beginning of year (adjusted for reclassification)	1	**99,309**	68,844
Acquisition of businesses	54	**(222)**	31
Additions		**2,111**	1,620
to enhance existing operations		**1,712**	1,225
to expand operations		**399**	395
Finance expenses capitalised	39	**6**	8
Transfer from assets under construction	4	**16,698**	10,121
Net transfer to other intangible assets	6	**(3)**	(6)
Transfer to inventories		**(148)**	(3)
Net reclassification from held for sale			19,550
Translation of foreign operations	46	**7,031**	441
Disposal of businesses	55	**(2)**	
Disposals and scrapping		**(1,254)**	(1,297)
Balance at end of year		**123,526**	99,309
Comprising			
Land		**885**	716
Buildings and improvements		**6,946**	4,571
Retail convenience centres		**1,184**	1,094
Plant, equipment and vehicles		**104,108**	83,263
Mineral assets		**10,403**	9,665
		123,526	99,309
Accumulated depreciation and impairment			
Balance at beginning of year (adjusted for reclassification)	1	**48,698**	28,915
Acquisition of businesses	54	**(322)**	
Current year charge	34	**5,020**	3,743
Impairment of property, plant and equipment	41	**447**	19
Reversal of impairment of property, plant and equipment	41	**(381)**	
Fair value write-down of disposal group held for sale			
Reversal of fair value write-down of disposal group held for sale			(486)
Net transfer from/(to) other intangible assets	6	**2**	(4)
Transfer to inventories		**(51)**	(3)
Net reclassification from held for sale			17,084
Translation of foreign operations	46	**4,949**	481
Disposal of businesses	55		(2)
Disposals and scrapping		**(1,109)**	(1,049)
Balance at end of year		**57,253**	48,698

Sasol Limited Group

Notes to the Financial Statements (Continued)

3 Property, plant and equipment (Continued)

	Note	2008	2007
		Rm	**Rm**
Comprising			
Land		**253**	178
Buildings and improvements		**3,352**	2,514
Retail convenience centres		**222**	172
Plant, equipment and vehicles		**48,417**	41,282
Mineral assets		**5,009**	4,552
		57,253	48,698
Carrying value			
Land		**632**	538
Buildings and improvements		**3,594**	2,057
Retail convenience centres		**962**	922
Plant, equipment and vehicles		**55,691**	41,981
Mineral assets		**5,394**	5,113
Balance at end of year		**66,273**	50,611
Business segmentation			
South African Energy cluster		**25,752**	22,071
Mining		**3,962**	3,508
Gas		**5,097**	5,222
Synfuels		**12,853**	9,589
Oil		**3,840**	3,752
International Energy cluster		**5,928**	5,875
Synfuels International		**4,240**	4,036
Petroleum International		**1,688**	1,839
Chemical cluster		**33,660**	22,016
Polymers		**16,506**	8,665
Solvents		**8,922**	6,707
Olefins & Surfactants		**5,358**	4,038
Other		**2,874**	2,606
Other businesses		**933**	649
Total operations		**66,273**	50,611

Sasol Limited Group

Notes to the Financial Statements (Continued)

3 Property, plant and equipment (Continued)

2008	Land	Buildings and improvements	Retail convenience centres	Plant, equipment and vehicles	Mineral assets	Total
	Rm	Rm	Rm	Rm	Rm	Rm
Cost						
Balance at beginning of year (adjusted for reclassification)	716	4,571	1,094	83,263	9,665	**99,309**
Acquisition of businesses				**(222)**		**(222)**
Additions	4	**91**	**54**	**1,118**	**844**	**2,111**
to enhance existing operations	4	**86**		**778**	**844**	**1,712**
to expand operations		**5**	**54**	**340**		**399**
Finance expenses capitalised				**6**		**6**
Reclassification of property, plant and equipment	18	**96**		**(90)**	**(24)**	
Transfer from assets under construction		**1,504**	**39**	**14,757**	**398**	**16,698**
Net transfer to other intangible assets					**(3)**	**(3)**
Transfer to inventories		**(2)**		**(11)**	**(135)**	**(148)**
Translation of foreign operations	149	**710**	**1**	**6,124**	**47**	**7,031**
Disposal of businesses				**(2)**		**(2)**
Disposals and scrapping	(2)	**(24)**	**(4)**	**(835)**	**(389)**	**(1,254)**
Balance at 30 June 2008	**885**	**6,946**	**1,184**	**104,108**	**10,403**	**123,526**
Accumulated depreciation and impairment						
Balance at beginning of year (adjusted for reclassification)	178	2,514	172	41,282	4,552	**48,698**
Acquisition of businesses				**(322)**		**(322)**
Current year charge	1	**262**	**51**	**3,849**	**857**	**5,020**
Impairment of property, plant and equipment	16	**68**		**363**		**447**
Reversal of impairment of property, plant and equipment		**(14)**		**(367)**		**(381)**
Reclassification of property, plant and equipment	5	**51**		**(56)**		
Transfer from other intangible assets				**2**		**2**
Transfer to inventories				**(1)**	**(50)**	**(51)**
Translation of foreign operations	53	**489**	**1**	**4,371**	**35**	**4,949**
Disposals and scrapping		**(18)**	**(2)**	**(704)**	**(385)**	**(1,109)**
Balance at 30 June 2008	**253**	**3,352**	**222**	**48,417**	**5,009**	**57,253**
Carrying value at 30 June 2008	**632**	**3,594**	**962**	**55,691**	**5,394**	**66,273**
Carrying value at 30 June 2007	538	2,057	922	41,981	5,113	**50,611**

Sasol Limited Group

Notes to the Financial Statements (Continued)

3 Property, plant and equipment (Continued)

	2008	2007
	Rm	Rm
Additions to property, plant and equipment (cash flow)		
To enhance existing operations	**1,768**	1,149
current year additions	**1,712**	1,225
adjustments for non-cash items		
movement in environmental provisions capitalised	**56**	(76)
To expand operations	**399**	395
current year additions	**399**	395
adjustments for non-cash items		
mineral rights received		
Per the statement of cash flows	**2,167**	1,544
Additional disclosures		
Leased assets		
Carrying value of capitalised leased assets (included in plant, equipment and vehicles)	**845**	856
cost	**1,228**	1,207
accumulated depreciation	**(383)**	(351)
Finance lease additions included in additions above	**55**	77
Replacement information		
Estimated replacement cost of property, plant and equipment	**343,602**	274,352
Cost of assets not replaceable	**2,845**	2,608
Cost price of fully depreciated and fully impaired assets still in use	**17,005**	13,419
Carrying value of assets committed as security for debt (refer note 18)	**12,966**	11,216

Depreciation rates	
Buildings and improvements	2 5%
Retail convenience centres	3 5%
Plant	4 25%
Equipment	10 33%
Vehicles	20 33%
Mineral assets	Life of related reserve base

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.

Sasol Limited Group

Notes to the Financial Statements (Continued)

3 Property, plant and equipment (Continued)

Capital commitments

Capital commitments, excluding capitalised interest, include all projects for which specific board approval has been obtained up to the reporting date. Projects still under investigation for which specific board approvals have not yet been obtained are excluded from the following:

	2008	2007
	Rm	Rm
Authorised and contracted for	**24,258**	28,367
Authorised but not yet contracted for	**17,662**	11,697
Less expenditure to the end of year	**(16,967)**	(21,527)
	24,953	18,537
to enhance existing operations	**8,567**	8,822
to expand operations	**16,386**	9,715
Comprising		
Subsidiary companies	**21,755**	14,409
Proportionate share of joint ventures	**3,198**	4,128
as per joint venture disclosure	**675**	
Escravos GTL (EGTL)*	**2,523**	
	24,953	18,537

* Relates to the capital commitments of Sasol's 37,5% interest in EGTL that has been been classified as an asset held for sale (refer note 12).

	2008	2007
	Rm	Rm
Estimated expenditure		
Within one year	**16,973**	12,671
One to two years	**5,382**	4,105
Two to three years	**1,861**	1,095
Three to four years	**353**	291
Four to five years	**169**	136
More than five years	**215**	239
	24,953	18,537

Sasol Limited Group

Notes to the Financial Statements (Continued)

3 Property, plant and equipment (Continued)

	2008	2007
	Rm	Rm
Business segmentation		
South African Energy cluster	**13,575**	9,501
Mining	**781**	654
Gas	**1,110**	1,410
Synfuels	**10,656**	6,864
Oil	**1,028**	573
International Energy cluster	**7,198**	5,902
Synfuels International	**3,448**	3,414
Petroleum International	**3,750**	2,488
Chemical cluster	**3,398**	2,747
Polymers	**559**	753
Solvents	**1,021**	946
Olefins & Surfactants	**912**	443
Other	**906**	605
Other businesses	**782**	387
Total operations	**24,953**	18,537

Sasol Limited Group

Notes to the Financial Statements (Continued)

3 Property, plant and equipment (Continued)

Significant commitments at 30 June 2008 include:

Project	Business unit	2008	2007
		Rm	Rm
Mozambique natural gas pipeline	Gas	**889**	1,133
Open cycle turbine power generation	Synfuels	**2,321**	2,003
Gas heat exchange reformers	Synfuels	**1,259**	1,292
16th Oxygen train	Synfuels	**1,140**	
Oxygen ESD replacement	Synfuels	**472**	271
10th SAS Reactor	Synfuels	**431**	491
Electrical infrastructure expansion	Synfuels	**405**	140
Project Turbo	Synfuels	**338**	418
Combined waste heat boilers	Synfuels	**271**	
Air heaters	Synfuels	**268**	
Benzene specifications	Synfuels	**203**	214
Alterations to dispatch loading area	Oil	**240**	47
Escravos GTL (EGTL)(1)	Synfuels International	**2,523**	2,694
3rd Catalyst plant	Synfuels International	**690**	
Mozambique development	Petroleum International	**3,359**	1,988
Ethylene Purification Unit 5	Polymers	**218**	
2nd Maleic Anhydride train	Solvents	**488**	
2nd methyl iso-butyl ketone plant	Solvents	**236**	269
Infrachem laboratory	Infrachem	**224**	8
Other smaller projects	Various	**8,978**	7,569
		24,953	18,537

(1) Sasol provides risk based financing for 50% of the capital expenditure on the EGTL venture (refer note 12).

Funding

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

Sasol Limited Group

Notes to the Financial Statements (Continued)

4 Assets under construction

	Note	2008	2007
		Rm	Rm
Cost			
Balance at beginning of year		**24,611**	23,176
Acquisition of businesses	54	**(16)**	
Disposal of businesses	55		(1)
Additions		**8,886**	10,475
to enhance existing operations		**4,023**	3,918
to expand operations		**4,863**	6,557
Finance expenses capitalised	39	**1,580**	981
Impairment of assets under construction	41	**(371)**	
Reversal of fair value write-down of disposal group held for sale			134
Transfer to inventories			(248)
Reclassification of Escravos GTL to held for sale	12	**(7,235)**	
Net reclassification from held for sale			757
Projects capitalised		**(16,809)**	(10,218)
property, plant and equipment	3	**(16,698)**	(10,121)
intangible assets	6	**(111)**	(97)
Translation of foreign operations	46	**1,066**	(349)
Disposals and scrapping		**(19)**	(96)
Balance at end of year		**11,693**	24,611
Comprising			
Property, plant and equipment under construction		**10,618**	24,123
Other intangible assets under construction		**164**	42
Exploration assets		**911**	446
		11,693	24,611
Business segmentation			
South African Energy cluster		**4,350**	5,626
Mining		**147**	396
Gas		**308**	82
Synfuels		**3,550**	4,959
Oil		**345**	189
International Energy cluster		**2,845**	6,894
Synfuels International		**664**	5,890
Petroleum International		**2,181**	1,004
Chemical cluster		**3,836**	11,620
Polymers		**2,675**	8,844
Solvents		**291**	1,749
Olefins & Surfactants		**287**	703
Other		**583**	324
Other businesses		**662**	471
		11,693	24,611

Sasol Limited Group

Notes to the Financial Statements (Continued)

4 Assets under construction (Continued)

2008	Property, plant and equipment under construction	Other intangible assets under construction	Exploration assets	Total
	Rm	Rm	Rm	Rm
Cost				
Balance at 30 June 2007	24,123	42	446	**24,611**
Acquisition of businesses	(16)			**(16)**
Additions	8,319	**139**	**428**	**8,886**
to enhance existing operations	3,917	**106**		**4,023**
to expand operations	4,402	**33**	**428**	**4,863**
Finance expenses capitalised	1,580			**1,580**
Impairment of assets under construction	(371)			**(371)**
Reclassification of assets under construction	(85)	**85**		
Reclassification of Escravos GTL to held for sale	(7,235)			**(7,235)**
Projects capitalised	(16,698)	**(111)**		**(16,809)**
Translation of foreign operations	1,020	**9**	**37**	**1,066**
Disposals and scrapping	(19)			**(19)**
Balance at 30 June 2008	**10,618**	**164**	**911**	**11,693**

	Note	2008	2007
		Rm	Rm
Additions to assets under construction (cash flow)			
To enhance existing operations		3,825	3,933
current year additions		4,023	3,918
adjustments for non-cash items			
cash flow hedge accounting		(198)	21
environmental provisions capitalised			(6)
To expand operations		4,846	6,546
current year additions		4,863	6,557
adjustments for non-cash items			
cash flow hedge accounting		(17)	(11)
Per the statement of cash flows		8,671	10,479

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 assets under construction.

Capital expenditure

Significant projects to enhance operations include:

The most significant expenditure to enhance existing operations is at Sasol Synfuels including the sulphuric acid plant amounting to R280 million (2007 R364 million) and Benzene specification

Sasol Limited Group

Notes to the Financial Statements (Continued)

4 Assets under construction (Continued)

amounting to R116 million (2007 Rnil million). Other projects include mining renewal, refurbishment projects and smaller waste and environment related projects.

Significant projects to expand operations include:

Project	Business unit	2008	2007
		Rm	Rm
16th Oxygen train	Synfuels	**304**	
Sasol Oil distribution network	Oil	**223**	91
Oryx GTL and Escravos GTL	Synfuels International	**865**	2,426
2nd Catalyst plant, Netherlands	Synfuels International	**366**	
Mozambique expansion	Petroleum International	**454**	266
Petroleum West Africa development	Petroleum International	**235**	339
Project Turbo	Polymers	**362**	1,169
Arya Sasol Polymers (Iran)	Polymers	**457**	774
2nd and 3rd Octene trains	Solvents	**323**	708
Other smaller projects	Various	**1,257**	773
		4,846	6,546

5 Goodwill

	Note	2008	2007
		Rm	Rm
Balance at beginning of year		**586**	266
Acquisition of businesses	54	**144**	212
Impairment	41		(4)
Fair value write-down of disposal group held for sale			
Reversal of fair value write-down of disposal group held for sale			201
Reclassification to held for sale			(94)
Translation of foreign operations	46	**144**	5
Carrying value at end of year		**874**	586
Business segmentation			
Olefins & Surfactants		**250**	198
Solvents		**249**	194
Wax		**195**	81
Nitro		**95**	95
Oil		**85**	18
Total operations		**874**	586

The recoverable amount of goodwill is determined annually based on value-in-use calculations as described in note 41.

Sasol Limited Group

Notes to the Financial Statements (Continued)

6 Other intangible assets

	Note	2008	2007
		Rm	**Rm**
Cost			
Balance at beginning of year		**2,861**	2,188
Acquisition of businesses	54	**49**	10
Additions		**274**	74
to enhance existing operations		**267**	70
to expand operations		**7**	4
Net transfer from property, plant and equipment	3	**3**	6
Assets under construction capitalised	4	**111**	97
Transfer from inventories		**1**	
Net reclassification from held for sale			882
Translation of foreign operations	46	**315**	37
Disposals and scrapping		**(622)**	(433)
Balance at end of year		**2,992**	2,861
Comprising			
Software		**1,177**	1,461
Patents and trademarks		**896**	633
Emission rights		**305**	59
Other intangible assets		**614**	708
		2,992	2,861

Sasol Limited Group

Notes to the Financial Statements (Continued)

6 Other intangible assets (Continued)

	Note	2008	2007
		Rm	**Rm**
Accumulated amortisation and impairment			
Balance at beginning of year		**2,232**	1,413
Acquisition of businesses		**(7)**	
Current year charge	34	**192**	279
Impairment of assets	41	**3**	167
Fair value write-down of disposal group held for sale			18
Net transfer (to)/from property, plant and equipment	3	**(2)**	4
Net reclassification from held for sale	12		593
Translation of foreign operations	46	**196**	19
Disposals and scrapping		**(586)**	(261)
Balance at end of year		**2,028**	2,232
Comprising			
Software		**932**	1,197
Patents and trademarks		**738**	581
Emission rights		**7**	55
Other intangible assets		**351**	399
		2,028	2,232
Carrying value			
Software		**245**	264
Patents and trademarks		**158**	52
Emission rights		**298**	4
Other intangible assets		**263**	309
		964	629

Sasol Limited Group

Notes to the Financial Statements (Continued)

6 Other intangible assets (Continued)

2008	Software	Patents and trademarks	Emission rights	Other intangible assets	Total
	Rm	Rm	Rm	Rm	Rm
Cost					
Balance at 30 June 2007	1,461	633	59	708	**2,861**
Acquisition of businesses	(9)	**58**			**49**
Additions	10	**5**	**257**	**2**	**274**
to enhance existing operations	5	**5**	**257**		**267**
to expand operations	5			**2**	**7**
Reclassification of other intangible assets	1			**(1)**	
Net transfer from/(to) property, plant and equipment	1	**(1)**		**3**	**3**
Assets under construction capitalised	77	**32**		**2**	**111**
Transfer from inventories	1				**1**
Translation of foreign operations	43	**171**	**46**	**55**	**315**
Disposals and scrapping	(408)	**(2)**	**(57)**	**(155)**	**(622)**
Balance at 30 June 2008	**1,177**	**896**	**305**	**614**	**2,992**
Accumulated amortisation and impairment					
Balance at 30 June 2007	1,197	581	55	399	**2,232**
Acquisition of businesses	(7)				**(7)**
Current year charge	119	**15**		**58**	**192**
Impairment of assets	1	**2**			**3**
Transfer to property, plant and equipment	(1)	**(1)**			**(2)**
Translation of foreign operations	31	**143**	**8**	**14**	**196**
Disposals and scrapping	(408)	**(2)**	**(56)**	**(120)**	**(586)**
Balance at 30 June 2008	**932**	**738**	**7**	**351**	**2,028**
Carrying value at 30 June 2008	**245**	**158**	**298**	**263**	**964**
Carrying value at 30 June 2007	264	52	4	309	**629**

All intangible assets were acquired from third parties.

Additions to other intangible assets (cash flow)	2008	2007
	Rm	Rm
To enhance existing operations	**10**	18
current year additions	**267**	70
adjustments for non-cash item emission rights received	**(257)**	(52)
To expand operations	**7**	4
Per the statement of cash flows	**17**	22

Sasol Limited Group

Notes to the Financial Statements (Continued)

6 Other intangible assets (Continued)

Additional disclosures	**2008**	**2007**
	Rm	**Rm**
Cost price of fully amortised and fully impaired assets still in use	**1,045**	998
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 other 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.

	2008	**2007**
	Rm	**Rm**
Estimated future aggregate amortisation		
Within one year	**167**	172
One to two years	**113**	130
Two to three years	**83**	87
Three to four years	**65**	62
Four to five years	**38**	39
More than five years	**200**	135
	666	625
Assets not subject to amortisation (emission rights)	**298**	4
	964	629

	2008	**2007**
	Rm	**Rm**
Business segmentation of emission rights		
Olefins & Surfactants	**212**	
Solvents	**69**	
Wax	**14**	
Merisol	**3**	
	298	

The recoverable amount of emission rights is determined based on the related market price thereof.

Sasol Limited Group

Notes to the Financial Statements (Continued)

6 Other intangible assets (Continued)

Capital commitments

Capital commitments include all projects for which specific board approval has been obtained at the reporting date. Projects still under investigation for which specific board approvals have not yet been obtained are excluded from the following:

	2008	2007
	Rm	**Rm**
Authorised and contracted for	**199**	49
Authorised but not yet contracted for	**60**	23
Less expenditure to the end of year	**(164)**	(34)
	95	38

These capital commitments are in respect of subsidiary companies only.

Funding

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

7 Investments in securities

	Note	2008	2007
		Rm	**Rm**
Investments available-for-sale	7.1	**288**	230
long-term investments		**210**	160
short-term investment*		**78**	70
Investments held-to-maturity	7.2	**347**	312
Investments in securities per statement of financial position		**635**	542
long-term portion		**557**	472
short-term portion		**78**	70

* 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 had been completed.

Sasol Limited Group

Notes to the Financial Statements (Continued)

7 Investments in securities (Continued)

7.1 Investments available-for-sale

	Note	2008	2007
		Rm	Rm
At cost			
Balance at beginning of year		**230**	226
Investments purchased		**6**	7
Impairment of investments	41		(9)
Revaluation to fair value		**(1)**	
Transfer to investments in associates		**(1)**	
Translation of foreign operations	46	**54**	6
Balance at end of year		**288**	230

Fair value of investments available-for-sale

The fair value of the unlisted equity investments cannot be determined reliably as there are no market price information available on these investments. According to management's valuation, these investments are carried at their original cost in the statement of financial position.

At 30 June, the group's investments available-for-sale and their carrying values were

Name	Country of incorporation	Nature of business	Interest	2008	2007
			%	Rm	Rm
Investments available-for-sale					
Aetylen Rohrleitungsgesellschaft GmbH & Co KG	Germany	Pipeline business	**20**	**185**	143
sEnergy Insurance Limited	Bermuda	Insurance	**6**	**78**	70
Other			**various**	**25**	17
				288	230

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

7.2 Investments held-to-maturity

	2008	2007
	Rm	Rm
At amortised cost		
Balance at beginning of year	**312**	240
Reinvestment of funds	**35**	72
Investments matured		

Balance at end of year	**347**	312

Sasol Limited Group

Notes to the Financial Statements (Continued)

7 Investments in securities (Continued)

Fair value of investments held-to-maturity

The fair value of investments held-to-maturity is determined using a discounted cash flow method using market related rates at 30 June. The market related rates used to discount estimated cash flows were between 10.0% and 10.1% (2007 8.3% and 8.6%).

	Carrying value 2008	Fair value 2008
	Rm	Rm
Investments held-to-maturity	**347**	**347**

At 30 June, the group's investments held-to-maturity and their carrying values were

Name	Country of incorporation	Nature of business	Interest rate at 30 June 2008	2008	2007
			%	Rm	Rm
Investments held-to-maturity					
Long-term fixed deposits with fixed interest and fixed or determinable maturity dates	South Africa	Investment*	10.0-10.1	**347**	312

* 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.

8 Investments in associates

	Note	2008	2007
		Rm	Rm
Investments at cost		**271**	238
Share of post-acquisition reserves		**559**	454
		830	692
Estimated fair value of investments in associates		**3,790**	3,145
Dividends received from associates	51	**235**	247

Goodwill included in carrying amount of investments in associates

Movement in post-acquisition reserves of the associates	**105**	132
Key financial information of associates*		
Total assets	**6,978**	6,273
Total liabilities	**2,201**	2,209
Total turnover	**5,576**	6,306
Total operating profit	**2,611**	3,453
Total profit	**1,936**	3,177

* The financial information provided represents the full results of the associates.

Sasol Limited Group

Notes to the Financial Statements (Continued)

8 Investments in associates (Continued)

At 30 June 2008, the group's associates, interest in those associates and the total carrying value were:

Name	Country of incorporation	Nature of business	Interest	Carrying value 2008	2007
			%	Rm	Rm
Optimal Olefins Malaysia Sdn Bhd*	Malaysia	Ethane and propane gas cracker	12	**686**	568
Wesco China Ltd	Hong Kong	Trading and distribution of plastics raw materials	40	**127**	111
Paramelt RMC BV**	The Netherlands	Speciality wax blender			
Other			various	**17**	13
				830	692

* Although the group holds less than 20% of the voting power of Optimal Olefins Malaysia Sdn Bhd, the group exercises significant influence as a member of Sasol's senior management serves on the board of directors of the company.

** The investment in Paramelt RMC BV previously recognised as an investment in associate, was classified as held for sale at 30 June 2007 and has been disposed of during the current financial year.

None of the group's investments in associates are publicly traded and therefore no quoted market prices are available. Therefore, the fair value of investments in associates is determined using a discounted cash flow method using market related rates at 30 June.

There are no significant restrictions on the ability of the associates to transfer funds to Sasol Limited in the form of cash dividends or repayment of loans or advances.

9 Post-retirement benefit assets

	2008	2007
	Rm	Rm
Post-retirement benefit assets	**571**	363

For further details of post-retirement benefit assets, refer note 21.

Sasol Limited Group

Notes to the Financial Statements (Continued)

10 Long-term receivables and prepaid expenses

	Note	2008	2007
		Rm	Rm
Total long-term receivables (after reclassification)		**1,499**	1,579
Short-term portion	15	**(167)**	(13)
		1,332	1,566
Long-term prepaid expenses		**53**	19
	1	**1,385**	1,585
Comprising			
Long-term joint venture receivables		**868**	574
Long-term interest-bearing loans		**353**	300
Long-term interest-free loans		**111**	692
		1,332	1,566
Maturity profile			
Within one year		**167**	13
One to two years		**12**	260
Two to three years		**324**	342
Three to four years		**282**	9
Four to five years		**285**	14
More than five years		**429**	941
		1,499	1,579
Currency analysis			
Euro		**1,234**	797
US dollar		**180**	706
Rand		**81**	75
Other currencies		**4**	1
		1,499	1,579

Fair value of long-term loans and receivables

The fair value of long-term receivables is determined using a discounted cash flow method using market related rates at 30 June.

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 in the prior year relate primarily to the amount due from a partner in the construction of the Escravos GTL joint venture and were considered fully recoverable. In the current year these loans were reclassified as held for sale.

	2008 fair value	2007 fair value

	Rm	Rm
Long-term receivables	**1,499**	1,579

Sasol Limited Group

Notes to the Financial Statements (Continued)

10 Long-term receivables and prepaid expenses (Continued)

Collateral

The group holds no collateral over the long-term receivables.

11 Long-term financial assets

	2008	2007
	Rm	**Rm**
Forward exchange contracts	**11**	8
Cross currency swaps	**665**	243
Interest rate derivatives	**13**	45
Commodity derivatives		
Arising on long-term derivative financial instruments	**689**	296
used for cash flow hedging	**13**	67
held for trading	**676**	229

Long-term financial assets include the revaluation of in-the-money long-term derivative instruments, refer to note 63.

Fair value of derivative financial instruments

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

Forward exchange contracts and 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 forward exchange contracts and 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 commodity derivatives

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

Sasol Limited Group

Notes to the Financial Statements (Continued)

11 Long-term financial assets (Continued)

Current assets

	Note	2008	2007
		Rm	Rm
Investments in securities	7	**78**	70
Assets held for sale	12	**3,833**	334
Inventories	13	**20,088**	14,399
Trade receivables	14	**22,838**	14,733
Other receivables and prepaid expenses	15	**2,407**	2,184
Short-term financial assets	16	**330**	22
Cash restricted for use	17	**814**	646
Cash	17	**4,435**	5,987
		54,823	38,375

12 Disposal groups held for sale

	2008	2007
	Rm	Rm
Assets held for sale		
Escravos GTL	**3,833**	
Sasol Dyno Nobel (Pty) Limited		146
Paramelt RMC BV		121
FFS Refiners (Pty) Limited		39
African Amines (Pty) Limited		21
Cirebelle business		7
	3,833	334
Liabilities in disposal groups held for sale		
Escravos GTL	**(142)**	
Sasol Dyno Nobel (Pty) Limited		(32)
African Amines (Pty) Limited		(3)
	(142)	(35)

12.1 Escravos GTL (EGTL)

During the year, Sasol decided in principle that it would not continue with its current 37.5% participation in the EGTL project. As a result, Sasol entered into negotiations with Chevron Nigeria Limited to reduce its interest from 37.5% to 10%. Based on management's estimate of fair value to be obtained from the sale, the EGTL net assets have been impaired by R362 million to their fair value less costs to sell.

Sasol Limited Group

Notes to the Financial Statements (Continued)

12 Disposal groups held for sale (Continued)

Consequently, EGTL is no longer proportionally consolidated as a joint venture and the assets are classified as a disposal group held for sale. Once the sale has been concluded, the 10% interest retained by Sasol will be classified accordingly.

	2008 Rm
Net assets transferred to assets held for sale	
Non-current assets	**7,940**
Assets under construction	**7,235**
Long-term receivables	**705**
Current assets	**1,420**
Inventories	**226**
Trade receivables	**1**
Other receivables and prepaid expenses	**421**
Cash restricted for use	**772**
EGTL assets transferred to assets held for sale	**9,360**
Non-current liabilities	**(4,985)**
Long-term provisions	**97**
Long-term deferred income	**(3,820)**
Deferred tax liabilities	**(1,262)**
Current liabilities	**(684)**
Trade payables and accrued expenses	**(525)**
Other payables	**(159)**
EGTL liabilities transferred to assets held for sale	**(5,669)**
	3,691
EGTL assets held for sale consists of the following	
Total investment in EGTL project	**3,833**
27.5% interest in EGTL project to be disposed	**2,811**
10.0% interest in EGTL project to be retained	**1,022**
Deferred tax liability	**(142)**
	3,691

12.2 Sasol Dyno Nobel (Pty) Limited

Following the acquisition in September 2006, of the remaining 40% of Sasol Dyno Nobel (Pty) Limited in South Africa, Sasol Nitro entered into negotiations to sell 50% of this entity to form a joint venture. On 17 September 2007, Sasol Nitro disposed of 50% of its investment and realised a profit of R114 million.

12.3 Paramelt RMC BV

On 10 July 2007, Sasol Wax disposed of its investment in Paramelt RMC BV in the Netherlands, realising a profit of R129 million.

Sasol Limited Group

Notes to the Financial Statements (Continued)

12 Disposal groups held for sale (Continued)

12.4 FFS Refiners (Pty) Limited

In August 2007, Sasol Investment Company (Pty) Limited disposed of its investment in FFS Refiners (Pty) Limited in South Africa and realised a profit of R108 million.

12.5 African Amines (Pty) Limited

On 13 November 2007, Sasol Chemical Industries Limited disposed of its joint venture investment in African Amines (Pty) Limited in South Africa and realised a loss of R3 million.

13 Inventories

	Note	2008	2007
		Rm	**Rm**
Carrying value			
Crude oil and other raw materials		**5,755**	3,226
Process material		**1,153**	993
Maintenance materials		**1,905**	1,476
Work in process		**473**	429
Manufactured products		**10,539**	8,116
Consignment inventory		**263**	159
		20,088	14,399
Inventories carried at net realisable value			
(taken into account in the carrying value of inventories above)			
Crude oil and other raw materials		**35**	20
Process material		**230**	55
Maintenance materials		**17**	58
Manufactured products		**860**	616
		1,142	749
Write-down of inventories to net realisable value			
Crude oil and other raw materials		**2**	1
Process material		**10**	24
Maintenance materials		**1**	1
Manufactured products		**92**	45
Income statement charge	34	**105**	71
Inventory obsolescence			
(taken into account in the carrying value of inventories above)			
Balance at beginning of year		**322**	171
Raised during year		**132**	65
Utilised during year		**(124)**	(2)
Released during year		**(22)**	(9)
Transfer from/(to) held for sale			94
Translation of foreign operations		**29**	3
Acquisition of business			

Balance at end of year	**337**	322

Sasol Limited Group

Notes to the Financial Statements (Continued)

13 Inventories (Continued)

	2008	**2007**
	Rm	**Rm**
Business segmentation		
South African Energy cluster	**7,433**	5,365
Mining	**539**	412
Gas	**93**	79
Synfuels	**1,303**	1,190
Oil	**5,498**	3,684
International Energy cluster	**694**	621
Synfuels International	**666**	593
Petroleum International	**28**	28
Chemical cluster	**11,942**	8,403
Polymers	**1,394**	1,084
Solvents	**1,711**	1,767
Olefins & Surfactants	**5,824**	3,966
Other	**3,013**	1,586
Other businesses	**19**	10
Total operations	**20,088**	14,399

No inventories are encumbered.

Sasol Limited Group

Notes to the Financial Statements (Continued)

14 Trade receivables

	2008	2007
	Rm	Rm
Trade receivables	**18,864**	12,076
Related party receivables	**952**	484
third parties	**664**	238
joint ventures	**288**	246
Impairment of trade receivables	**(144)**	(118)
Receivables	**19,672**	12,442
Duties recoverable from customers	**1,826**	1,625
Value added tax	**1,340**	666
	22,838	14,733
Currency analysis		
Euro	**5,406**	3,572
US dollar	**5,506**	3,074
Rand	**8,069**	5,414
Pound sterling	**123**	94
Other currencies	**568**	288
	19,672	12,442
Impairment of trade receivables		
Balance at beginning of year	**(118)**	(166)
Raised during year	**(60)**	(46)
Utilised during year	**14**	45
Released during year	**33**	60
Net reclassification (from)/to held for sale		(10)
Translation of foreign operations	**(13)**	(1)
Disposal of businesses		
Balance at end of year	**(144)**	(118)

Age analysis of trade receivables

	Carrying value 2008	Impairment 2008	Carrying value 2007	Impairment 2007
	Rm	Rm	Rm	Rm
Not past due date	**17,084**	**18**	10,990	18
Past due 0 30 days	**1,414**	**12**	828	4
Past due 31 150 days	**248**	**16**	168	21
Past due 151 days 1 year	**28**	**21**	42	27
More than 1 year	**90**	**77**	48	48
	18,864	**144**	12,076	118

Trade receivables that are not past the due date are not considered to be impaired, except in situations where they are part of individually impaired trade receivables. The individually impaired

Sasol Limited Group

Notes to the Financial Statements (Continued)

14 Trade receivables (Continued)

trade receivables mainly relate to certain customers who are trading in difficult economic circumstances.

	2008	2007
	Rm	Rm
Credit risk exposure in respect of trade receivables is analysed as follows		
Business segmentation		
South African Energy cluster	**8,688**	5,744
Mining	**192**	165
Gas	**316**	299
Synfuels	**273**	235
Oil	**7,902**	5,045
Other	**5**	
International Energy cluster	**1,188**	268
Synfuels International	**992**	99
Petroleum International	**196**	169
Chemical cluster	**12,948**	8,690
Polymers	**2,254**	1,407
Solvents	**3,094**	2,145
Olefins & Surfactants	**5,371**	3,818
Other	**2,229**	1,320
Other businesses	**14**	31
Total operations	**22,838**	14,733

Fair value of receivables

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

Collateral

The group holds no collateral over trade receivables.

Security

Trade receivables with a carrying value of R14 million has been committed as security for debt (refer note 18).

Sasol Limited Group

Notes to the Financial Statements (Continued)

14 Trade receivables (Continued)

Geographic segmentation of trade and other receivables and prepaid expenses

	2008	2007
	Rm	Rm
South Africa	**12,276**	7,991
Rest of Africa	**609**	938
Europe	**7,387**	5,058
North America	**1,784**	1,413
South America	**446**	220
South-East Asia and Australasia	**747**	311
Middle East and India	**983**	508
Far East	**1,013**	478
	25,245	16,917

15 Other receivables and prepaid expenses

	Note	2008	2007
		Rm	Rm
Fuel related receivables*		**550**	38
Insurance related receivables		**300**	608
Capital projects related receivables		**63**	82
Employee related receivables		**48**	34
Other receivables		**954**	1,242
		1,915	2,004
Short-term portion of long-term receivables	10	**167**	13
Other receivables		**2,082**	2,017
Prepaid expenses		**325**	167
		2,407	2,184
Currency analysis			
Euro		**477**	352
US dollar		**531**	1,156
Rand		**768**	440
Other currencies		**139**	56
		1,915	2,004

* Relates to the underrecovery by Sasol Oil on regulated fuel prices, which will be recovered by future increases in the regulated fuel price.

Fair value of other receivables

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

Sasol Limited Group

Notes to the Financial Statements (Continued)

16 Short-term financial assets

	2008	2007
	Rm	Rm
Forward exchange contracts	**262**	13
Cross currency swaps		
Interest rate derivatives	**37**	8
Commodity derivatives	**31**	1
Arising on short-term derivative financial instruments	**330**	22
used for cash flow hedging	**276**	19
held for trading	**54**	3

Short-term financial assets include the revaluation of in-the-money derivative instruments, refer to note 63.

Fair value of derivative financial instruments

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

Forward exchange contracts and 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 forward exchange contracts and 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 commodity derivatives

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

17 Cash and cash equivalents

	2008	2007
	Rm	Rm
Cash restricted for use	**814**	646
Cash	**4,435**	5,987
Bank overdraft	**(914)**	(545)
Per the statement of cash flows	**4,335**	6,088
Cash restricted for use		
In trust	**241**	15
In joint ventures	**204**	289
In cell captive insurance companies	**162**	143
Held as collateral	**96**	101
Other	**111**	98
	814	646

Sasol Limited Group

Notes to the Financial Statements (Continued)

17 Cash and cash equivalents (Continued)

Included in cash restricted for use:

Cash held in trust of R241 million (2007 R15 million) is restricted for use and is being held in escrow to fund statutory obligations for mining rehabilitation which is in progress;

Cash held in joint ventures can only be utilised by the joint venture to fund the business as set out in the joint venture agreement;

Cell captive insurance company funds of R162 million (2007 R143 million) to which the group has restricted title. The funds are restricted solely to be utilised for insurance purposes;

Cash deposits of R96 million (2007 R101 million) serving as collateral for bank guarantees; and

Other cash restricted for use include customer foreign currency accounts to be used for the construction of reactors where the contractor pays in advance. The cash can be utilised only for these designated reactor supply projects.

	2008	**2007**
	Rm	**Rm**
Currency analysis		
Euro	**244**	38
US dollar	**172**	291
Rand	**236**	152
Other currencies	**162**	165
	814	646
Cash		
Cash on hand and in bank	**2,945**	2,635
Foreign currency accounts	**705**	143
Short-term deposits	**785**	3,209
	4,435	5,987
Currency analysis		
Euro	**821**	458
US dollar	**2,633**	1,844
Rand	**499**	3,353
Pound sterling	**63**	73
Other currencies	**419**	259
	4,435	5,987
Bank overdraft	**(914)**	(545)

Currency analysis		
Euro	**(542)**	(390)
US dollar	**(20)**	(3)
Rand	**(341)**	(145)
Other currencies	**(11)**	(7)
	(914)	(545)

Sasol Limited Group

Notes to the Financial Statements (Continued)

17 Cash and cash equivalents

Fair value of cash and cash equivalents

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

Non-Current Liabilities

	Note	2008	2007
		Rm	Rm
Long-term debt	18	**15,682**	13,359
Long-term financial liabilities	19	**37**	53
Long-term provisions	20	**4,491**	3,668
Post-retirement benefit obligations	21	**4,578**	3,781
Long-term deferred income	22	**376**	2,765
Deferred tax liabilities	23	**8,446**	8,304
		33,610	31,930

18 Long-term debt

	Note	2008	2007
		Rm	Rm
Total long-term debt		**16,803**	16,434
Short-term portion	24	**(1,121)**	(3,075)
		15,682	13,359
Analysis of long-term debt			
At amortised cost			
Secured debt		**7,469**	7,300
Preference shares		**2,215**	
Finance leases		**753**	767
Unsecured debt		**6,461**	8,458
Unamortised loan costs		**(95)**	(91)
		16,803	16,434
Reconciliation			
Balance at beginning of year		**16,434**	16,015
Acquisition of businesses	54	**257**	
Loans raised		**3,806**	1,021
Loans repaid		**(4,588)**	(1,034)
Amortisation of loan costs		**19**	38
Effect of cash flow hedge accounting		**1**	
Disposal of businesses	55		303
Net reclassification from held for sale			29
Translation effect of foreign currency loans		**356**	(54)
Translation of foreign operations	46	**518**	116

Balance at end of year	**16,803**	16,434

Sasol Limited Group

Notes to the Financial Statements (Continued)

18 Long-term debt (Continued)

	2008	2007
	Rm	Rm
Currency analysis		
Euro	**6,723**	5,252
US dollar	**2,638**	3,404
Rand	**7,346**	7,534
Other	**96**	244
	16,803	16,434
Interest bearing status		
Interest bearing debt	**16,166**	15,834
Non-interest bearing debt	**637**	600
	16,803	16,434
Maturity profile		
Within one year	**1,121**	3,075
One to two years	**4,816**	1,553
Two to three years	**1,392**	4,398
Three to four years	**1,450**	1,276
Four to five years	**1,429**	1,256
More than five years	**6,595**	4,876
	16,803	16,434
Related party long-term debt included in long-term debt		
Third parties	**134**	107
Joint ventures	**803**	460
	937	567
Business segmentation		
Financing	**3,715**	5,261
Polymers	**2,861**	2,278
Synfuels International	**2,454**	2,346
Gas	**2,410**	2,606
Oil	**2,012**	2,120
Petroleum International	**972**	1,043
Olefins & Surfactants	**140**	77
Solvents	**1**	654
Other	**2,238**	49
	16,803	16,434

Sasol Limited Group

Notes to the Financial Statements (Continued)

18 Long-term debt (Continued)

Fair value of long-term debt

The fair value of long-term debt 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. Market related rates were used to discount estimated cash flows based on the underlying currency of the debt. The fair value of non-current debt and other payables with variable interest rates approximates their carrying amounts.

	2008	2007
	Rm	Rm
Total long-term debt (before unamortised loan costs)	**16,672**	16,170

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 (2008 R153 billion and 2007 R123 billion).

Terms of repayment	Security	Business	Currency	Interest rate at 30 June 2008	2008	2007
					Rm	Rm
Secured debt						
Repayable in semi-annual instalments ending December 2016	Secured by assets under construction with a book value of R3,847 million (2007 R3,717 million)	Synfuels International (Oryx GTL)	US dollar	Libor + 0.75%	**2,451**	2,346
Repayable in semi-annual instalments ending between June 2015 and December 2017	Secured by plant with a book value of R2,946 million (2007 R3,064 million)	Gas (Rompco)	Rand	Jibar + 0.4% to 2.5%	**1,844**	2,042
Repayable in semi-annual instalments ending between 2012 and 2016	Secured by assets under construction with a book value of R3,870 million (2007 R2,019 million)	Polymers (Arya)	Euro and US dollar	Euribor + 0.5%; Libor + 0.5%; and Fixed 2.6%	**2,008**	1,718
Repayable in semi-annual instalments ending 2015	Secured by plant and equipment with a book value of R1,301 million (2007 R1,383 million)	Petroleum International	Euro and Rand	Jibar + 1.15% to 2.5% and Euribor + 2.5%	**1,001**	1,077
Repayable in quarterly instalments ending December 2012	Secured by a mortgage over property, plant and equipment with a book value of R126 million	O&S (Yihai)	US dollar and Chinese renminbi	Variable 3.8% to 6.9%; and Fixed 6.5% to 8.0%	**126**	58
Repayable in March 2014	Secured by the shares in the company borrowing the funds	Oil (Petromoc)	US dollar	Fixed 17.9%	**13**	11
Repayable in quarterly instalments ending June 2009	Secured by trade receivables with a book value of R14 million (2007 R21 million)	Gas (Spring Lights)	Rand	Jibar + 2.4%	**11**	21
Other secured debt		Various	Various	Various		2

	15	
Settled during the financial year		25
	7,469	7,300

Sasol Limited Group

Notes to the Financial Statements (Continued)

18 Long-term debt (Continued)

Terms of repayment	Security	Business	Currency	Interest rate at 30 June 2008	2008	2007
					Rm	Rm
Preference shares						
A preference shares repayable in semi-annual instalments between October 2011 and October 2018[(1)]	Secured by Sasol preferred ordinary shares held by the company	Other (Inzalo)	Rand	Fixed 11.2%	**901**	
B preference shares repayable October 2018[(2)]	Secured by Sasol preferred ordinary shares held by the company	Other (Inzalo)	Rand	Fixed 13.3%	**363**	
C preference shares repayable October 2018[(3)]	Secured by guarantee from Sasol Limited	Other (Inzalo)	Rand	Variable 11.3%	**951**	
					2,215	
Finance leases						
Repayable in monthly instalments over 10 to 30 years ending 2033	Secured by plant and equipment with a book value of R743 million (2007 R720 million)	Oil	Rand	Variable 8.3% to 19.3%	**726**	720
Half yearly payments until April 2009	Secured by buildings with a book value of R6 million (2007 R12 million)	Polymers	Rand	Fixed 20.8%	**17**	30
Other smaller finance leases	Underlying assets	Various	Various	Various	**10**	17
					753	767
Total secured debt					**10,437**	8,067

Sasol Limited Group

Notes to the Financial Statements (Continued)

18 Long-term debt (Continued)

Terms of repayment	Business	Currency	Interest rate at 30 June 2008	2008	2007
				Rm	Rm
Unsecured debt					
Repayable on maturity in June 2010	Financing	Euro	Fixed 3.375%	**3,694**	2,850
Repayable in semi-annual instalments ending December 2017	Oil	Rand	Variable 12.8% to 13.7%	**919**	699
Repayable in semi-annual instalments ending June 2013	Polymers (Arya)	Euro	Euribor + 3.0%	**784**	450
Loan from iGas (minority shareholder) in Republic of Mozambique Pipeline Investments Company (Pty) Limited. No fixed repayment terms	Gas (Rompco)	Rand		**300**	300
Loan from CMG (minority shareholder) in Republic of Mozambique Pipeline Investments Company (Pty) Limited. No fixed repayment terms	Gas (Rompco)	Rand		**300**	300
Repayable in semi-annual instalments ending January 2014	Oil	Rand	Fixed 11.55%	**205**	249
No fixed repayment terms	Oil	Rand	Fixed 8.0%	**135**	107
Repayable in equal semi-annual instalments over 6.5 years until February 2010	Polymers (Petlin)	US dollar	Variable 5.1% to 5.6%	**51**	70
Repayable in annual instalments ending March 2009	Polymers (Petlin)	US dollar	Variable 5.5%	**19**	10
Other unsecured debt	Various	Various	Various	**54**	24
Settled during the financial year	Various	Various	Various		3,399
Total unsecured debt				**6,461**	8,458
Total long-term debt				**16,898**	16,525
Unamortised loan costs (amortised over period of debt using effective interest rate method)				**(95)**	(91)
				16,803	16,434
Repayable within one year included in short-term debt (refer note 24)				**(1,121)**	(3,075)
				15,682	13,359

Long-term debt raised during year

(1) A preference shares debt raised within special purpose entities as part of the Sasol Inzalo share transaction (refer note 45). Dividends on these preference shares are payable in semi-annual instalments ending October 2018. It is required that 50% of the debt be repaid between October 2011 and October 2018, with the balance of the debt repayable at that date. The A Preference shares are secured by a first right over the Sasol preferred ordinary shares held by the special purpose entities. It therefore has no direct recourse against Sasol Limited. The Sasol preferred ordinary shares held may not be disposed of or encumbered in any way.

(2) B preference shares debt raised within special purpose entities as part of the Sasol Inzalo share transaction. Dividends on these preference shares are payable in semi-annual instalments ending October 2018. The principal amount is repayable on maturity during October 2018. The B Preference shares

are secured by a second right over the Sasol preferred ordinary shares held by the special purpose entities. It therefore has no direct recourse against Sasol Limited.

(3) C preference shares debt raised within special purpose entities as part of the Sasol Inzalo share transaction. Dividends and the principal amount on these preference shares are payable on maturity during October 2018. The C Preference shares are secured by a guarantee from Sasol Limited.

Sasol Limited Group

Notes to the Financial Statements (Continued)

18 Long-term debt (Continued)

Banking facilities and debt arrangements at 30 June 2008

	Expiry date	Currency	Rand equivalent	Utilisation
			Rm	Rm
Sasol Financing				
Uncommitted facilities				
Commercial banking facilities	Various (short-term)	Rand	**5,575**	**1,287**
Commercial paper programme	None	Rand	**6,000**	
Other commercial banking facilities	Various (short-term)	Rand	**8,711**	
Committed facility				
Revolving credit facility (syndicated)	May 2010	Euro	**2,468**	
Commercial banking facilities	Various (short-term)	Rand	**3,800**	
Sasol Financing International				
Uncommitted facilities				
Commercial banking facilities	Various (short-term)	Euro	**164**	
Committed facility				
Revolving credit facility	May 2010	Euro	**2,468**	**358**
Debt arrangement				
Eurobond	June 2010	Euro	**3,694**	**3,694**
Other Sasol businesses				
Asset based finance				
Republic of Mozambique Pipeline Investments Company (Pty) Limited	December 2015	Rand	**3,498**	**2,444**
Oryx GTL Limited (QSC)	December 2015	US dollar	**2,451**	**2,451**
Sasol Petroleum Temane Limitada	June 2015	Euro and Rand	**1,001**	**1,001**
Debt arrangements				
Arya Sasol Polymer Company	May 2015	Euro	**2,876**	**2,792**
National Petroleum Refiners of South Africa (Pty) Limited	Various	Rand	**1,792**	**1,124**
Sasol Inzalo Groups Funding (Pty) Limited (preference shares)	October 2011 to October 2018	Rand	**2,215**	**2,215**
Property finance leases				
Sasol Oil (Pty) Limited and subsidiaries	Various	Rand	**726**	**726**
Other banking facilities and debt arrangements	Various	Various	**3,913**	**2,000**
			51,352	**20,092**
Comprising				
Long-term debt				**16,803**
Short-term debt				**2,375**
Bank overdraft (refer note 17)				**914**
				20,092

Sasol Limited Group

Notes to the Financial Statements (Continued)

18 Long-term debt (Continued)

Financial covenants

The group is in compliance with its debt covenants, none of which are expected to represent material restrictions on funding or investment policies in the foreseeable future.

19 Long-term financial liabilities

	2008	2007
	Rm	Rm
Financial guarantees recognised	**53**	56
Less amortisation of financial guarantees	**(9)**	(3)
	44	53
Less short-term portion of financial guarantees	**(7)**	
Arising on long-term financial instruments	**37**	53

In terms of the sale of 25% in Sasol Oil (Pty) Limited to Tswarisano LFB Investment (Pty) Limited during 2007, facilitation for the financing requirements has been provided. A financial liability for the fair value of this guarantee, amounting to R39 million was recognised. This liability is being released over the period of the guarantee using the effective interest rate method.

In terms of the sale of 25% in Republic of Mozambique Pipeline Investments Company (Pty) Limited to Companhia de Mocambicana de Gasoduto during 2007, facilitation for the financing requirements has been provided. A financial liability for the fair value of this guarantee, amounting to R17 million was recognised. This liability is being released over the period of the guarantee using the effective interest rate method.

Fair value of long-term financial guarantees

The fair value of long-term financial guarantees were calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date, consistent with the method of calculation at the inception of the guarantee. These interest rates used range between 11.2%-12.2%.

	2008	2007
	Rm	Rm
Fair value of financial guarantees	**43**	53

Sasol Limited Group

Notes to the Financial Statements (Continued)

20 Long-term provisions

	Note	2008	2007
		Rm	**Rm**
Balance at beginning of year (adjusted for reclassification)		**4,568**	3,929
Capitalised in property, plant and equipment and assets under construction		**(56)**	82
Operating income charge		**880**	352
increase for year		**1,268**	850
reversal of unutilised amounts		**(65)**	(89)
effect of change in discount rate		**(323)**	(409)
Notional interest	39	**307**	263
Utilised during year (cash flow)		**(522)**	(789)
Reclassification from held for sale		**97**	706
Translation of foreign operations	46	**340**	25
Balance at end of year		**5,614**	4,568
Less short-term portion	26	**(1,123)**	(900)
Long-term provisions		**4,491**	3,668
Comprising			
Environmental		**3,460**	3,355
Other		**2,154**	1,213
provision against guarantees		**874**	502
restructuring costs		**346**	176
share appreciation rights		**212**	4
long-term supply obligation		**135**	135
long-term insurance obligation			
other		**587**	396
		5,614	4,568

Sasol Limited Group

Notes to the Financial Statements (Continued)

20 Long-term provisions (Continued)

	2008	2007
	Rm	Rm
Business segmentation		
South African Energy cluster	**2,235**	2,112
Mining	**491**	508
Gas	**77**	53
Synfuels	**1,515**	1,359
Oil	**152**	192
International Energy cluster	**652**	402
Synfuels International	**535**	318
Petroleum International	**117**	84
Chemical cluster	**1,518**	1,153
Polymers	**87**	42
Solvents	**73**	59
Olefins & Surfactants	**794**	500
Other	**564**	552
Other businesses	**86**	1
Total operations	**4,491**	3,668
Expected timing of future cash-flows		
Within one year	**1,123**	900
One to two years	**604**	549
Two to three years	**560**	245
Three to four years	**338**	282
Four to five years	**185**	116
More than five years	**2,804**	2,476
	5,614	4,568
Estimated undiscounted obligation	**17,342**	16,222

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.

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.

Sasol Limited Group

Notes to the Financial Statements (Continued)

20 Long-term provisions (Continued)

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.

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

	2008	2007
	Rm	**Rm**
Increase in the discount rate	**(363)**	(404)
amount capitalised to property, plant and equipment	**(60)**	(98)
amount recognised in income statement	**(303)**	(306)
Decrease in the discount rate	**468**	450
amount capitalised to property, plant and equipment	**109**	84
amount recognised in income statement	**359**	366

	Environmental 2008	Other 2008	Total 2008
	Rm	**Rm**	**Rm**
Balance at beginning of year (adjusted for reclassification)	**3,355**	**1,213**	**4,568**
Capitalised in property, plant and equipment	**(56)**		**(56)**
Operating income charge	**3**	**877**	**880**
increase for year	**375**	**893**	**1,268**
reversal of unutilised amounts	**(51)**	**(14)**	**(65)**
effect of change in discount rate	**(321)**	**(2)**	**(323)**
Notional interest	**260**	**47**	**307**
Utilised during year (cash flow)	**(259)**	**(263)**	**(522)**
Reclassification from held for sale		**97**	**97**
Translation of foreign operations	**157**	**183**	**340**
Balance at end of year	**3,460**	**2,154**	**5,614**

21 Post-retirement benefit obligations

	Note	2008	2007
		Rm	**Rm**
Post-retirement healthcare benefits	21.1	**2,246**	2,027
Pension benefits	21.2	**2,444**	1,797
Total post-retirement benefit obligations		**4,690**	3,824
Less short-term portion			
post-retirement healthcare benefits	26	**(24)**	(24)
pension benefits	26	**(88)**	(19)
		4,578	3,781

Sasol Limited Group

Notes to the Financial Statements (Continued)

21 Post-retirement benefit obligations (Continued)

21.1 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.

United States of America

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

	South Africa	United States of America
For the year ended 30 June		
Last actuarial valuation	31 March 2008	30 June 2008
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 determined in consultation with independent actuaries

	South Africa		United States of America	
	2008	**2007**	**2008**	**2007**
	%	%	%	%
At valuation date				
Healthcare cost inflation				
Initial	**8.3**	6.5	**7.0**	7.5
Ultimate	**8.3**	6.5	**5.5**	5.5
Discount rate	**9.3**	8.0	**6.0**	6.0

Sasol Limited Group

Notes to the Financial Statements (Continued)

21 Post-retirement benefit obligations (Continued)

Reconciliation of projected benefit obligation to the amount recognised in the statement of financial position

	South Africa		United States of America		Total	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**
	Rm	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**
For the year ended 30 June						
Projected benefit obligation	**2,181**	2,040	**357**	343	**2,538**	2,383
Unrecognised prior service cost			**(2)**	3	**(2)**	3
Unrecognised actuarial losses	**(218)**	(267)	**(72)**	(92)	**(290)**	(359)
Total post-retirement healthcare obligation	**1,963**	1,773	**283**	254	**2,246**	2,027
Less short-term portion			**(24)**	(24)	**(24)**	(24)
Non-current post-retirement healthcare obligation	**1,963**	1,773	**259**	230	**2,222**	2,003

Reconciliation of the total post-retirement healthcare obligation recognised in the statement of financial position

	South Africa		United States of America		Total	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**
	Rm	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**
For the year ended 30 June						
Total post-retirement healthcare obligation at beginning of year	**1,773**	1,616	**254**		**2,027**	1,616
Service cost	**68**	58	**5**	8	**73**	66
Finance expense	**160**	135	**21**	20	**181**	155
Recognised actuarial losses	**3**		**7**	13	**10**	13
Past service cost recognised			**(5)**	(5)	**(5)**	(5)
Benefits paid	**(41)**	(36)	**(25)**	(20)	**(66)**	(56)
Translation of foreign operations			**26**	(6)	**26**	(6)
Curtailments and settlements				(6)		(6)
Reclassification from held for sale				250		250
Total post-retirement healthcare obligation at end of year	**1,963**	1,773	**283**	254	**2,246**	2,027

Sasol Limited Group

Notes to the Financial Statements (Continued)

21 Post-retirement benefit obligations (Continued)

Reconciliation of projected benefit obligation

	South Africa		United States of America		Total	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**
	Rm	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**
For the year ended 30 June						
Projected benefit obligations at beginning of year	**2,040**	1,728	**343**		**2,383**	1,728
Service cost	**68**	58	**5**	8	**73**	66
Finance expense	**160**	135	**21**	20	**181**	155
Actuarial (gains)/losses	**(46)**	155	**(24)**	12	**(70)**	167
Benefits paid	**(41)**	(36)	**(25)**	(20)	**(66)**	(56)
Translation of foreign operations			**37**	(6)	**37**	(6)
Curtailments and settlements				(6)		(6)
Reclassification from held for sale				335		335
Projected benefit obligation at end of year	**2,181**	2,040	**357**	343	**2,538**	2,383

Net post-retirement healthcare costs recognised in the income statement

	South Africa		United States of America		Total	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**
	Rm	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**
For the year ended 30 June						
Service cost	**68**	58	**5**	8	**73**	66
Finance expense	**160**	135	**21**	20	**181**	155
Recognised net actuarial losses	**3**		**7**	13	**10**	13
Past service cost			**(5)**	(5)	**(5)**	(5)
Curtailments and settlements				(6)		(6)
Net periodic benefit cost	**231**	193	**28**	30	**259**	223

Sensitivity analysis

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the post-retirement healthcare benefits. A one percentage-point change in assumed healthcare cost trend rates could increase or decrease the relevant amount to:

	South Africa	United States of America

	% point increase	% point decrease	% point increase	% point decrease
	Rm	Rm	Rm	Rm
2008				
Total service and finance expense components	**286**	**197**	**28**	**24**
Accumulated post-retirement benefit obligations	**2,712**	**1,920**	**380**	**331**
2007				
Total service and finance expense components	236	160	26	26
Accumulated post-retirement benefit obligations	2,444	1,721	341	337

Sasol Limited Group

Notes to the Financial Statements (Continued)

21 Post-retirement benefit obligations (Continued)

21.2 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 the United States of 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 Sasol Pension Fund (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 2,095,208 Sasol Limited shares valued at R966 million at year end (2007 2,395,208 shares at R637 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 R176 million (2007 R92 million) in the statement of financial position represents the accumulated excess of the actual contributions paid to the pension fund in excess of the accumulated pension liability and the surplus that arose prior to 31 December 2002, to which the company is entitled in terms of the Surplus Apportionment Scheme.

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, 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.

Sasol Limited Group

Notes to the Financial Statements (Continued)

21 Post-retirement benefit obligations (Continued)

In terms of the Pension Funds Second Amendment Act 2001, the Sasol Pension Fund in South Africa undertook a surplus apportionment exercise as at December 2002. The surplus apportionment exercise, and the 31 December 2002 statutory valuation of the fund, was approved by the Financial Services Board on 26 September 2006. Payments of benefits to former members in terms of the surplus apportionment scheme have been substantially completed and an amount of R102 million has been set aside for members that have not claimed their benefits.

Based on the latest actuarial valuation of the fund and the approval of the trustees of the surplus allocation, the company has an unconditional entitlement to only the funds in the employer surplus account and the contribution reserve. The estimated surplus due to the company amounted to approximately R176 million as at 31 March 2008 and has been included in the pension asset recognised in the current year.

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 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. The fair value of investment properties owned by the Sasol Pension Fund is R2,718 million as at 30 June 2008 (2007 R2,340 million).

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 contribution section, are paid by the members and Sasol at fixed rates. Contributions to the defined contribution fund by the group for the year ended 30 June 2008 amounted to R716 million (2007 R612 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.

Sasol Limited Group

Notes to the Financial Statements (Continued)

21 Post-retirement benefit obligations (Continued)

Pension fund assets

The assets of the pension funds are invested as follows:

	South Africa		United States of America	
	2008	**2007**	**2008**	**2007**
	%	%	%	%
At 30 June				
Equities				
local	**60**	59	**49**	49
foreign	**7**	13	**18**	17
Fixed interest	**9**	10	**27**	30
Property	**19**	18		
Other	**5**		**6**	4
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 their 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.

Sasol Limited Group

Notes to the Financial Statements (Continued)

21 Post-retirement benefit obligations (Continued)

The trustees target the plans' asset allocation within the following ranges within each asset class

	South Africa[1]		United States of America	
	Minimum	**Maximum**	**Minimum**	**Maximum**
	%	%	%	%
Asset classes				
Equities				
local	50	60	25	75
foreign		15		25
Fixed interest	10	25	20	40
Property	10	25		20
Other		10		20

(1) Members of the 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 R22 million, R18,725 million and R168 million for the low portfolio, moderate balanced portfolio and aggressive portfolio, 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	**United States of America**	**Europe**
For the year ended 30 June			
Last actuarial valuation	31 March 2008	30 June 2008	30 June 2008
Full/interim valuation	Full	Full	Full
Valuation method adopted	Projected unit credit	Projected unit credit	Projected unit credit

The plans have been assessed by the actuaries and have been found to be in sound financial positions.

Principal actuarial assumptions

Weighted average assumptions used in performing actuarial valuation determined in consultation with independent actuaries

	South Africa		**United States of America**		**Europe**	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**

	%	%	%	%	%	%
At valuation date						
Discount rate	**9.3**	8.0	**6.1**	6.0	**6.0**	5.0
Expected return on plan assets	**9.9**	8.8	**7.8**	7.8		
Average salary increases	**7.8**	6.0	**3.1**	2.9	**3.0**	2.8
Average pension increases	**4.0**	2.9			**2.1**	1.8

Assumptions regarding future mortality are based on published statistics and mortality tables.

Sasol Limited Group

Notes to the Financial Statements (Continued)

21 Post-retirement benefit obligations (Continued)

Reconciliation of the funded status to amounts recognised in the statement of financial position

	South Africa		Foreign		Total	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**
	Rm	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**
For the year ended 30 June						
Projected benefit obligation (funded obligation)	**5,250**	4,754	**819**	778	**6,069**	5,532
Plan assets	**(5,838)**	(5,381)	**(871)**	(842)	**(6,709)**	(6,223)
Projected benefit obligation (unfunded obligation)			**2,453**	2,034	**2,453**	2,034
Unrecognised actuarial net (losses)/gains	**187**	314	**(352)**	(444)	**(165)**	(130)
Asset not recognised due to asset limitation	**225**	221			**225**	221
Net liability/(asset) recognised	**(176)**	(92)	**2,049**	1,526	**1,873**	1,434
Comprising						
Prepaid pension asset (refer note 9)	**(176)**	(92)	**(395)**	(271)	**(571)**	(363)
Pension benefit obligation			**2,444**	1,797	**2,444**	1,797
Long-term portion			**2,356**	1,778	**2,356**	1,778
Short-term portion			**88**	19	**88**	19
Net liability/(asset) recognised	**(176)**	(92)	**2,049**	1,526	**1,873**	1,434

Reconciliation of projected benefit obligation (funded obligation)

	South Africa		Foreign		Total	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**
	Rm	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**
For the year ended 30 June						
Projected benefit obligation at beginning of year	**4,754**	3,582	**778**	36	**5,532**	3,618
Service cost	**7**	7	**32**	31	**39**	38
Interest cost	**367**	276	**51**	50	**418**	326
Actuarial losses	**100**	1,088	**19**	92	**119**	1,180
Member contributions	**3**	2			**3**	2
Benefits paid	**(355)**	(277)	**(69)**	(68)	**(424)**	(345)
Translation of foreign operations			**84**	(15)	**84**	(15)
Curtailments and settlements			**(76)**	(5)	**(76)**	(5)
Transfer from defined contribution plan[1]	**374**	395			**374**	395
Surplus allocation		(319)				(319)
Reclassification from held for sale				657		657

Projected benefit obligation at end of year	**5,250**	4,754	**819**	778	**6,069**	5,532

Sasol Limited Group

Notes to the Financial Statements (Continued)

21 Post-retirement benefit obligations (Continued)

Reconciliation of projected benefit obligation (unfunded obligation)

	Foreign		Total	
	2008	**2007**	**2008**	**2007**
	Rm	**Rm**	**Rm**	**Rm**
For the year ended 30 June				
Projected benefit obligation at beginning of year	**2,034**	1,198	**2,034**	1,198
Acquistion of businesses	**16**		**16**	
Service cost	**74**	68	**74**	68
Interest cost	**103**	87	**103**	87
Actuarial (gain)/loss	**(268)**	8	**(268)**	8
Benefits paid	**(82)**	(61)	**(82)**	(61)
Translation of foreign operations	**576**	77	**576**	77
Plan amendments		(74)		(74)
Reclassification from held for sale		731		731
Projected benefit obligation at end of year	**2,453**	2,034	**2,453**	2,034

Reconciliation of plan assets of funded obligation

	South Africa		Foreign		Total	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**
	Rm	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**
For the year ended 30 June						
Fair value of plan assets at beginning of year	**5,381**	4,640	**842**	23	**6,223**	4,663
Actual return on plan assets	**431**	1,319	**(61)**	56	**370**	1,375
Plan participant contributions	**3**	2			**3**	2
Employer contributions	**4**	4	**144**	83	**148**	87
Benefit payments	**(355)**	(277)	**(68)**	(68)	**(423)**	(345)
Translation of foreign operations			**90**	46	**90**	46
Transfer from defined contribution plan[(1)]	**374**	395			**374**	395
Transfer to defined contribution plan[(2)]		(383)				(383)
Surplus allocation		(319)				(319)
Curtailments and settlements			**(76)**		**(76)**	
Reclassification from held for sale						