

SASOL  
reaching new frontiers



*people and performance*

*annual review and summarised  
financial information 2007*

## about sasol

Sasol is an integrated oil and gas company with substantial chemical interests. We mine coal in South Africa and produce gas in Mozambique, converting these into synthetic fuels and chemicals through our world-renowned, proprietary technology. We have chemical manufacturing and marketing operations that span the globe.

In South Africa we also refine imported crude oil and retail liquid fuel products through a network of Sasol retail convenience centres and Exel service stations, as well as supplying fuels to other distributors in the region. In addition, we supply gas to many industrial customers.

Formed in 1950, we started production in 1955. We employ over 31 000 people worldwide, and remain one of South Africa's largest investors in capital projects, skills development and research and development. Sasol is listed on the JSE in South Africa and on the New York Stock Exchange in the United States of America.



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*At Sasol we apply our leading expertise and proven technology to provide cleaner global energy solutions and chemical building blocks for a wide range of products. As we build on our strong track record, we believe our ability to meet the needs of all our stakeholders will enable us to sustain high standards of performance at home and abroad.*

*Our inclusive approach means we strive to transform our business and create shareholder value, achieve world-class standards of safety and productivity, drive performance and do so responsibly, and ensure sustainable profits and truly empowered people.*

*Through our commitment to business unit focus and functional excellence we aim to be a people-centred **and** a high-performance global company.*

## **about this report**

*Sasol's reporting aims to provide a balanced, understandable, complete and easily comparable view of its business, performance and prospects over the course of a financial year. Alongside the ongoing stakeholder interactions and communications expected of a responsible global organisation committed to accountability, Sasol produces a full suite of reporting publications.*

*In addition to this annual review, which includes summarised financial information for the year ended 30 June 2007, stakeholders are advised to read Sasol's annual financial statements, our Form 20-F (produced in accordance with US Securities and Exchange Commission (SEC) regulations) as well as our sustainable development report (produced in accordance with the Global Reporting Initiative (GRI) guidelines). These reports provide a complete view of the group's business, strategy, performance against objectives, and prospects.*

*Stakeholders are advised to refer to important information about the forward-looking statements used in this report, on page 86.*

## financial and operating performance

### highlights

- ⊙ Operating profit up **18%** (excluding Sasol O&S).
- ⊙ Headline earnings per share up **10%**.
- ⊙ Total dividend up **27%** to **R9,00** per share.
- ⊙ Oryx GTL producing on specification product.
- ⊙ **68** projects worth **R3,4 billion** reach ready-for-operation stage.
- ⊙ Capital expenditure of **R12 billion**, **54%** in South Africa.
- ⊙ Sasol O&S retained – turnaround in progress.
- ⊙ BEE transformation progressing well – **10 %** ownership transaction at Sasol Limited announced.

### challenges

- ⊙ Planned maintenance shutdowns at Sasol Synfuels constrain production volumes.
- ⊙ Global construction and engineering skills shortage forces delays in capital projects.
- ⊙ Although Oryx GTL plant demonstrates design intent, some technological problems affect ramp-up of production.
- ⊙ Advances made on Project Turbo but ongoing modifications required on first-of-its-kind technology.

## financial review

		% change 2007 vs 2006	2007 Rand	2006 Rand	2005 Rand	2007 US\$	2006 US\$	2005 US\$
Turnover	million	19	98 127	82 395	69 239	13 629	12 854	11 150
Operating profit	million	49	25 621	17 212	14 386	3 559	2 685	2 317
Attributable earnings	million	64	17 030	10 406	9 449	2 366	1 624	1 521
Earnings per share		63	27,35	16,78	15,39	3,80	2,62	2,48
Headline earnings per share		10	25,37	22,98	17,29	3,52	3,59	2,78
Dividend per share		27	9,00	7,10	5,40	1,27	1,01	0,84
Net asset value per share		19	100,55	84,45	70,94	14,28	11,78	10,64
Wealth created	million	35	42 561	31 506	27 583	5 911	4 915	4 442
Market capitalisation	million	(11)	166 968	187 825	122 379	23 564	26 391	18 263
Total assets	million	15	119 065	103 158	88 178	16 912	14 387	13 220

# sustainable development performance

## highlights

- Continuing improvements in our overall safety performance, with 19% reduction in recordable case rate.
- Success in rolling out our values-driven leadership programme.
- Significant improvement in our stakeholder relationships.
- Continuing strong financial performance, providing the foundation for sustainable growth.
- Progress in implementing our energy efficiency initiatives.
- Progressing black economic empowerment (BEE) deals, including Eyesizwe Coal (Pty) Ltd and Siyanda Biodiesel (Pty) Ltd.
- Significant community involvement through our corporate social investment programmes.

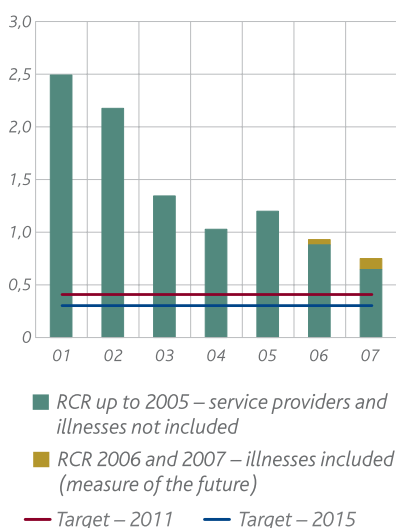
## challenges

- Four work-related fatalities.
- Increase in transportation incidents.
- Increase in number of reportable fires, explosions and releases.

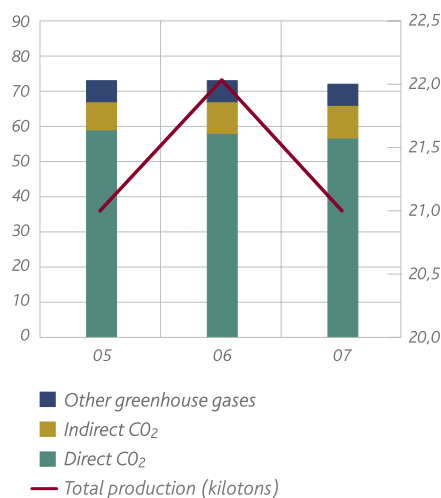
## key focus areas

- Further entrenching a shift in behaviour and attitude towards safety.
- Managing our global greenhouse gas emissions.
- Developing, attracting and retaining the talent to meet our growth objectives.
- Promoting meaningful BEE throughout our operations and within our sphere of influence (South African operations).
- Ensuring sufficient access to affordable water to meet long-term growth plans.

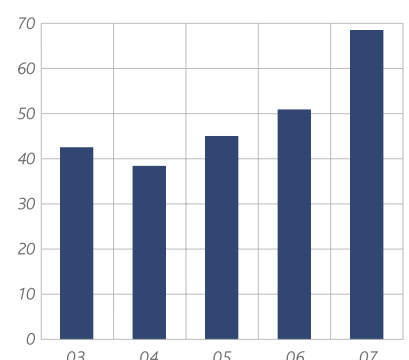
**Recordable case rate (RCR)**  
(recordable cases per 200 000 hours)



**Greenhouse gas emissions (million tons)**



**Wealth created per share (Rand)**



## *people and products*

*Sasol touches us when we work, sleep, play, read, travel and communicate...*

### *South African and international energy clusters*



*Coal mining; synfuels and chemical feedstock production; liquid fuels production and marketing; gas marketing and distribution; oil and gas exploration and production; and development of international gas-to-liquids and coal-to-liquids ventures.*

### *Chemical cluster*



*Local and international production and marketing of a wide range of surfactants, surfactant intermediates, speciality inorganic chemicals, alcohols, esters, ketones and other solvents, comonomers, monomers and polymers, including polyethylene, polypropylene and polyvinyl chloride.*



*Production and marketing of ammonia and ammonia-based compounds, fertilisers, commercial explosives, hydrogen and other speciality gases, sulphur, waxes and waxy oils, and cresols and other cresylics, as well as alkylamines.*



Our treasure chest of products touches the lives of millions of people around the globe each day, whether they are working, sleeping, playing, reading, travelling or communicating. We manufacture many of the ingredients in products that contribute to our quality of life – from unleaded petrol for transport to polyethylene bags, and from computer and cellphone microchip coatings to paints, toiletries, medicines and sports equipment.



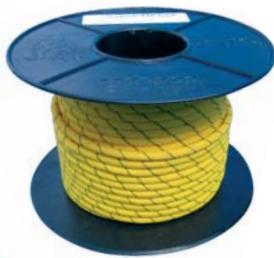
**End products**

- Petrol
- Diesel
- Jet fuel
- Illuminating paraffin
- Liquefied petroleum gas
- Lubricants
- Bitumen
- Speciality carbon products
- Pipeline gas
- Chemical feedstock



**End products**

- Detergents and soaps
- Catalysts
- Paints and coatings
- Perfumes and deodorants
- Pharmaceuticals
- Compact and digital video discs
- Pipe, conduit and electrical accessories
- Cable
- Woven polypropylene carpets
- Automotive components
- Plastic film and packaging



**End products**

- Household cleaning liquids
- Agricultural and horticultural fertilisers
- Explosives for mining and quarrying
- Food coatings
- Polishes and coatings
- Microchip coatings
- Sun protection creams
- Water treatment
- Candles



## board of directors\*



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**01 Pieter Cox (64)** BSc Eng (Mining), BSc (Metal)

*Non-executive chairman*

*Chairman of the nomination and governance committee and member of the compensation committee and the risk and safety, health and environment committee.*

*Joined the group in 1971. In 1985 he was appointed group general manager. He was appointed chief executive officer of Polifin Limited in 1993; chief operating officer of Sasol Limited in May 1996; chief executive of Sasol Limited in 1997 and deputy chairman and chief executive in March 2001. He retired in 2005. Awarded honorary doctorates from the University of the Free State, South Africa and the University of St Andrews, Scotland.*

*Appointed to the Sasol board in 1996.*

### Executive directors

**02 Pat Davies (56)** BSc Eng (Mech)

*Chief executive*

*Member of the risk and safety, health and environment committee.*

*Joined the group in 1975. Before his appointment as chief executive in 2005, he was responsible for the globalisation of Sasol's GTL technology as well as the group's oil and gas business, including Sasol Synfuels, Sasol Petroleum International, Sasol Synfuels International, Sasol Oil, Sasol Gas and Sasol Technology. He is a director of all major companies in the group.*

*Appointed to the Sasol board in 1997.*

**03 Nolitha Fakude (42)** BA (Hons)

*Executive director*

*Member of the risk and safety, health and environment committee.*

*Responsible for worldwide group human resources, corporate affairs, stakeholder relations and transformation. Before joining Sasol she was a member of the group executive committee at Nedbank Group Limited. She is a director of several other companies in the Sasol group.*

*Appointed to the Sasol board in 2005.*

**04 Benny Mokaba (46)** BA (Hons), PhD

*Executive director*

*Member of the risk and safety, health and environment committee.*

*Responsible for the SA energy cluster, comprising Sasol Mining, Sasol Synfuels, Sasol Oil and Sasol Gas. Before joining Sasol he was executive chairman and regional vice-president of Shell Southern Africa. He has also worked for the Development Bank of Southern Africa, was head of Steinmüller Africa and chairman of Siemens Southern Africa. He is a director of several other companies in the Sasol group.*

*Appointed to the Sasol board in 2006.*

**05 Christine Ramon (40)** CA(SA)

*Executive director and chief financial officer*

*Member of the risk and safety, health and environment committee.*

*Before joining Sasol she was chief executive of Johnnic Holdings Limited. Prior to this she held several senior positions, including acting chief operating officer and financial director at Johnnic Holdings Limited. She is a non-executive director of Transnet and a director of several other companies in the Sasol group.*

*Appointed to the Sasol board in 2006.*

### Non-executive directors

**06 Elisabeth Bradley (68)** BSc, MSc

*Independent non-executive director*

*Member of the audit committee, nomination and governance committee and the compensation committee.*

*Chairman of Toyota SA (Pty) Limited and Wesco Investments Limited. She is also a director of several other companies, including Standard Bank Group Limited, the Tongaat-Hulett Group Limited and AngloGold Ashanti Limited. She is deputy chairman of the South African Institute of International Affairs and chairman of the Centre for Development and Enterprise.*

*Appointed to the Sasol board in 1998.*

**07 Brian Connellan (67)** CA(SA)

*Independent non-executive director*

*Chairman of the audit committee and member of the risk and safety, health and environment committee and compensation committee.*

*Former executive and non-executive chairman of Nampak Limited. Director of Tiger Brands Limited, Absa Group Limited, Reunert Limited and Illovo Sugar Limited. He is past councillor of the South Africa Foundation, the Corporate Forum and the Institute of Directors and a contributor to both King Reports on corporate governance in South Africa.*

*Appointed to the Sasol board in 1997.*

\*Information as at 30 September 2007.





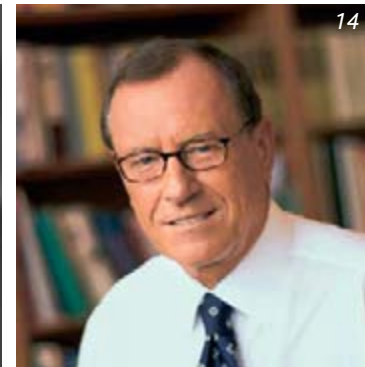
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**08 Henk Dijkgraaf (60) MSc Eng (Mining)**  
*Independent non-executive director*

*Chairman of the compensation committee and member of the risk and safety, health and environment committee.*

*Former chief executive officer of the Dutch natural gas companies, Gas Terra, Gasunie and NAM and previously held various positions at the Royal Dutch Shell Group, including president of Shell Nederland BV, former chief executive, Gas Power and Coal as well as former director of Shell Exploration and Production. He is a member of the boards of Eneco Holdings and of the Royal Tropical Institute KIT and deputy chairman of the Netherlands Institute for the Near East.*

*Appointed to the Sasol board in October 2006.*

**09 Mandla Gantsho (45) CA(SA), MSc, PhD**

*Non-executive director*

*He is the vice-president operations: infrastructure, private sector and 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. From 1999 to 2000 he was seconded, as advisor, to a vice-president of the International Finance Corporation in Washington, DC.*

*Appointed to the Sasol board in 2003.*

**10 Anshu Jain (44) BA (Hons), MBA**  
*Non-executive director*

*A managing director and head of global markets of Deutsche Bank AG and member of the group executive committee. Previously a managing director of Merrill Lynch in New York.*

*Appointed to the Sasol board in 2003.*

**11 Imogen Mkhize (44) BSc, MBA**  
*Independent non-executive director*

*Member of the risk and safety, health and environment committee.*

*Director of Murray and Roberts Holdings Limited, Illovo Sugar Limited, Mondi Limited, Datacentrix Holdings Limited, Allan Gray Limited and Mobile Telephone Networks (Pty) Limited. She is a member of the Financial Markets Advisory Board and the Harvard Business School Alumni Board.*

*Appointed to the Sasol board in 2005.*

**12 Sam Montsi (62) BA Econ, MA Dev Econ**  
*Independent non-executive director.*

*Chairman of the risk and safety, health and environment committee and member of the nomination and governance committee and compensation committee.*

*Chairman of Montsi Investments (Pty) Limited. He is a director of Independent News and Media (SA) (Pty) Limited, Business Arts South Africa and companies in which Montsi Investments has invested.*

*Appointed to the Sasol board in 1997.*

**13 Hixonia Nyasulu (53) BA (Hons)**  
*Non-executive director*

*Member of the nomination and governance committee.*

*Executive chairperson of Ayavuna Women's Investments (Pty) Limited. Director of Anglo Platinum Limited, the Tongaat-Hulett Group (Pty) Limited and Unilever plc/NV. She is a member of the JP Morgan SA advisory board.*

*Appointed to the Sasol board in 2006.*

**14 Jürgen Schrempp (63) BSc Eng**  
*Independent non-executive director*

*Member of the nomination and governance committee.*

*Former chairman of the board of management of DaimlerChrysler AG and director of Vodafone Group, Compagnie Financière Richemont SA, South African Airways and non-executive chairman of Daimler Chrysler South Africa. Founding chairman of the Southern Africa Initiative of German Business and a member of the South African President's International Investment Council. Chairman emeritus of the Global Business Coalition on HIV/Aids and Honorary Consul-General in Germany of the Republic of South Africa.*

*Appointed to the Sasol board in 1997.*

**15 Tom Wixley (67) CA(SA)**  
*Independent non-executive director*

*Member of the audit committee.*

*Former chairman of Ernst & Young where he was a partner for 31 years. Deputy chairman of Anglo Platinum, chairman of New Corpcapital Limited and a director of African Life Assurance Company Limited, Clover Industries Limited and Johnnic Communications Limited. Member of the Actuarial Governance Board of the Actuarial Society of SA and chairman of the ad hoc committee on corporate law reform of the South African Institute of Chartered Accountants.*

*Appointed to the Sasol board on 8 March 2007.*

*It gives me pleasure to report on a very good year for Sasol. The group delivered record financial results and significant progress was made on several key fronts, notably safety and transformation.*

*I wish, in particular, to commend Pat Davies and his new executive team for their effective leadership of the group. I also acknowledge, with appreciation, the valuable guidance provided by the non-executive members of Sasol's board.*

*energy and opportunity*



*Pieter Cox*  
*Chairman*

Warren Clewlow and Trevor Munday retired from the board in December 2006. On behalf of the board, I extend our appreciation to both Warren and Trevor for their significant contribution to Sasol over many years and wish them well. I am pleased to welcome Henk Dijkgraaf and Tom Wixley to the board, appointed as non-executive directors in October 2006 and March 2007 respectively. Henk brings extensive international experience in the oil and gas industry to the board, and Tom a wealth of specialist financial and accounting expertise.

### **Sustaining our financial performance**

Our record financial performance was achieved in a macroeconomic environment similar to 2006. Favourable crude oil prices and a weakening rand benefited our energy businesses, and despite the higher oil-related feedstock costs, our chemicals businesses improved prices and margins. For the financial year ending 30 June 2007, attributable earnings per share rose 63% to R27,35. Headline earnings per share, which in 2006 excluded the effect of the R3,2 billion fair value write-down in respect of Sasol Olefins & Surfactants (O&S), rose 10% to R25,37.

In March 2007 we announced the termination of the planned divestiture of Sasol O&S. A comprehensive restructuring initiative is underway and will be completed over the next three to five years. The board is confident in the ability of the new management team of Sasol O&S to restore profitability and acceptable returns despite challenging market conditions.

The group's operating cash flow remained robust, allowing for strong dividend growth, the reactivation of our share repurchase programme and a reduction in gearing despite capital expenditure of R12 billion. We project capital expenditure of about R50 billion over the next three financial years, 50% of which is expected to be spent by the South African energy businesses.

Our gearing at year end of 22% was below our 30% to 50% target range. Giving effect to our growth strategy and the planned 10% Sasol Limited black economic empowerment (BEE) transaction should bring the gearing back into our target range within the next two years.

The board declared a final dividend of R5,90 per share, bringing the total dividend for the year to R9,00 per share, a 27% increase on the prior year. The dividend cover was 3,0 times, falling within our target range of 2,5 to 3,5 times.

### **Improving our safety performance**

Safety remains a foremost priority for Sasol. Sustainable financial and operational performance must never be at the expense of our



In addition to many education and training initiatives, Sasol has announced a R140 million investment in an artisan skills development programme in cooperation with government and organised labour.

## **“Investing in our people goes hand in hand with effective capital investment.”**

employees and the communities in which we operate. Following the extensive intervention in 2005 and 2006, entailing the review and restructuring of our safety management processes, safety performance improved materially during the past year.

Regretfully this improvement was overshadowed by four fatalities. This is unacceptable, given our zero tolerance approach to fatalities, and we will continue to search for ways to eliminate them. On behalf of the board, I extend our condolences to the families of the men who died.

### **Investing in South Africa's growth**

South Africa has benefited from a prolonged upswing in the global commodity cycle fuelled largely by demand from the Asian economies. The government's fiscal policy has proven effective in positioning South Africa favourably among the emerging markets, and the country has found favour with global investors. The ambitious initiatives introduced by the government to stimulate and grow the economy on a sustainable basis are adding impetus. As these initiatives grow in stature and momentum builds, the country's GDP growth rate is expected to approach the government's target of 6% a year.

South Africa posted its eighth year of solid GDP growth in calendar 2006, touching 5% for the year. This extended boom has helped to create jobs but has also put pressure on the country's infrastructure. Interruptions in power supply have become more frequent, road and rail networks are under strain and the demand for liquid fuel products now exceeds the country's refining capacity. A number of sizeable infrastructure development projects, such as the Gautrain rapid rail project and 2010 Fifa World Cup stadiums, are also driving up the cost of construction and skills.

Sasol has an important role to play in relieving this pressure. We are expanding our own power generation capacity to free up capacity on the national grid. Over the next nine years we will increase liquid fuels production by 20% at Secunda. We also continue to work closely with government on a potential new inland synthetic fuels refinery to serve the future energy needs of South Africa's economic heartland.

It was pleasing to note the decision of the National Treasury not to impose a windfall tax on profits earned by synthetic fuels producers. We welcome the grounds for this decision based on government's clearly stated aim to provide a climate of certainty for the liquid fuels industry and to establish a sound basis for investment and growth.

As the country's largest liquid fuels supplier, private investor and tax payer, Sasol has a significant impact on the economy. We employ over 27 000 people locally and our direct and indirect contribution to South Africa's GDP is around 3% annually. Of the over R50 billion in capital we have invested over the past ten years, three-quarters has been in South Africa.

Investing in our people goes hand in hand with effective capital investment. Sasol's key research and development facilities are based in South Africa, comprising the largest team of research scientists in industry in Africa, including some 200 PhDs. Our leadership in developing and commercialising technology is a major competitive advantage for Sasol, but is contingent on continuously improving our skills base.

Adding to our many education and training initiatives, we announced a R140 million investment in an industry-wide artisan skills development programme, in cooperation with our government and organised labour. Our focus is to deepen the national skills pool, thereby supporting fixed capital formation and future growth. We will also continue to channel considerable resources into improving the teaching of maths and science at school level. This is critical to improve, over time, the competitiveness of our labour resource in a technology-driven global environment. While all our initiatives are designed to enable Sasol to maintain its competitive advantage, we are cognisant of the need for all stakeholders to invest in creating additional capacity for the country as a whole.

### **Transforming our business**

Our desire to be a national champion drives not only our economic contribution, but also our desire to make a commensurate impact on developmental priorities, including the transformation of South Africa to an equitable economy and society. A primary component of building a sustainable democratic South Africa is meaningful black economic empowerment (BEE), to which Sasol is deeply committed. We are committed to BEE in its most broad-based form and over the past year have continued to advance employment equity, preferential procurement, skills development, enterprise development and community involvement.

Following the BEE transactions at Sasol Oil and Sasol Mining in the prior year, subject to shareholder approval, we intend undertaking a significant Sasol Limited BEE ownership equity transaction in 2008. The transaction will entail the sale of a proposed 10% of Sasol Limited's issued share capital and will be the single largest broad-based BEE ownership transaction to date in South Africa. Besides demonstrating Sasol's commitment to meeting the objectives set out in the Department of Trade and Industry's Codes of Good Practice for Broad-Based BEE, gazetted in February 2007, the transaction is designed to generate benefits for both Sasol and South Africa on a sustainable basis. Besides the size of the proposed transaction, it is also groundbreaking in its overarching ambition to create a legacy of skills development and capacity building in the local economy.

### **Confronting major socioeconomic issues**

We continue to allocate resources to managing HIV/Aids through our integrated Sasol HIV/Aids Response Programme (SHARP), launched in September 2002. This initiative focuses on reducing the rate of HIV infection of our employees in our South African operations, and extending the quality of life of infected employees by providing managed healthcare. Business units, trade unions, community representatives and independent experts all contributed to the design of SHARP. In the last year we extended the provision of our HIV/Aids services to include on-site service providers and Sasol franchisees.

Crime remains a serious concern for all South Africans, and has a high profile within the international community. In the most recent global competitiveness index published by the World Economic Forum, South Africa fell six places to 46th, with crime cited as a main constraint to the business environment. As sobering as this may be, over the past year I have been impressed by the willingness of government and business to engage frankly on this issue, and by the constructive partnerships that have been formed to marshal resources.

Sasol is active in a number of ways in the drive to make South Africa a safer place, notably by partnering with Business Against Crime, a non-profit organisation mandated to support government in the fight against crime. The organisation plays a pivotal role by harnessing the resources and skills of business, and aims to facilitate a close working relationship between government and industry bodies. It also ensures the alignment of business-wide and other relevant NGOs' crime-fighting initiatives.

On balance, we need to recognise how far South Africa has progressed as a young democracy with pressing socioeconomic issues and facing unyielding competition from other developing countries. The confidence needed for local and foreign institutions and corporations to continue investing in South Africa must be preserved, particularly as the country's top leadership changes over the next year. Ongoing statesmanship and disciplined leadership will be required to ensure good stewardship going forward.

### **New dynamics and new opportunities**

The mounting calls for cleaner transport fuels amid growing concerns about the security of supply of crude oil is becoming a global issue. As a consequence, gas-to-liquids (GTL) and coal-to-liquids (CTL) alternatives are expected to feature prominently in the energy mix of the future. Sasol, with its proprietary technology and track record, has an important role to play.

The opportunities for Sasol to commercialise its CTL technology both in South Africa and globally are considerable. China, India and the USA have large populations and are rich in coal and deficient in oil and gas. CTL allows value to be added to plentiful coal deposits in providing cost-effective energy solutions. Similarly, our involvement in developing the

world's first GTL projects, alongside strong international and local partners, is allowing gas-rich countries like Qatar and Nigeria to monetise gas reserves and unlock economic value.

The pursuit of these opportunities requires a considered and courageous long-term strategic approach by Sasol. We have not escaped the global skills shortages that have put pressure on the schedule and budgetary expectations of capital projects worldwide. We have also experienced our share of teething problems implementing new technologies in the last year.

Sasol, however, is no stranger to projects of groundbreaking scale and complexity. Based on our track record of over a half-century of successfully developing, implementing and operating large-scale synthetic fuels and chemicals plants, the board remains confident that the challenges we encounter while commercialising our technology will be systematically and expeditiously overcome.

### **Facing the complex challenges of clean energy**

GTL and CTL opportunities must be viewed alongside significant environmental considerations. Global environmental awareness gained ground during the year with climate change given priority by many of the world's top decision makers. The Stern Review on the Economics of Climate Change was released in October 2006 and developing countries have started to ratify the Kyoto II Protocol. Hollywood's award of an Oscar to Al Gore's film on climate change, *An Inconvenient Truth*, is an indication of the growing pervasiveness of this issue in mainstream debate.

Sasol is uniquely positioned to make a major contribution in the search for alternative energy by partnering with governments and businesses to exploit opportunities for energy security, while also enacting clear policies on environmental protection and climate change. Our commitment to act responsibly underpins all our growth ambitions and specifically includes targets to reduce the energy intensity and emissions of our operations, as well as developing new ways to reduce Sasol's carbon footprint.

Whilst the issue of climate change is surely one of the most significant challenges facing the energy sector, there is no single solution. I do believe, however, that Sasol's innovative spirit and technological leadership will enable us to find new ways of doing things. We must realise that real change takes a united effort and it is contingent not only on energy producers but also on energy consumers to deal with the economic and social risks of climate change. We must all learn to use our resources more efficiently, to understand the consequences of our actions more exactly, integrate our efforts more fully and learn to optimise our impact on the environment that sustains our every endeavour.

### **Acknowledgments and closing**

Sasol's success is determined, in large measure, by the combined energy invested by our people around the world in a growing range



***“The achievements of the last year would not have been possible without the commitment and loyalty of every Sasol employee.”***

*of projects and issues, only a few of which I have acknowledged in this statement. Whether it is safety, skills development, BEE, reducing carbon emissions or building a state-of-the-art facility in another part of the world, our efforts are guided by internationally accepted best practice and uncompromising quality, integrity and transparency in conducting and reporting on our operations.*

*We strive to maintain the highest standards in everything we do and it is pleasing to record a number of respected awards we received over the year. Sasol was rated first in the prestigious Ernst & Young Award for Excellence in Corporate Reporting in South Africa for the third consecutive year. The group won the Investment Analysts’ Society Award for Best Chairman’s Statement for the third time in the past four years, and took top honours at the annual Sustainability Reporting Awards administered by the Association of Chartered Certified Accountants (ACCA). Sasol’s 2006 report was judged Best Sustainability Report in the extractive industries sector and overall winner.*

*Our ability to succeed in our vision to be a world-class, globally competitive South African company is predicated on our ability to fully leverage the skills, technology and leading-edge thinking we have developed throughout Sasol. This institutional knowledge and*

*courageous spirit, applied in cooperation with our exceptional strategic partners locally and internationally, is the basis for sustainable returns for all our stakeholders in the years ahead.*

*The achievements of the last year would not have been possible without the commitment and loyalty of every Sasol employee. On behalf of the board, I thank you for your dedicated efforts. We continue to find inspiration in our relationships with our customers, suppliers and business partners and our thanks are due to them for their ongoing support. We are appreciative of the constructive relations we have maintained with major unions. We remain a committed partner to governments around the world in our common and critically important endeavour to supply alternative energy solutions responsibly, while investing broadly in the positive and sustainable development of the markets in which we are active.*

**Pieter Cox**  
Chairman

*According to the International Energy Agency's latest report, the tight supply situation in the global energy market can be expected to continue for the foreseeable future. The report warns of a substantial oil supply shortage within the next five years. Alongside similar forecasts by other reputable research organisations, this has highlighted the need to secure alternative energy supplies, resulting in an increasing interest in natural gas and coal worldwide.*

## *growth and sustainability*





Pat Davies  
Chief executive

The global economy grew by 5,2% in the past year, extending the strongest economic cycle in recent times. In large part due to China's and India's rapid industrialisation, robust global demand has continued to support commodity prices, including energy. Spurred by strong demand and supply concerns, dated Brent crude oil prices averaged US\$63,88 a barrel in the year under review, ending 2% up on the prior year.

In South Africa, economic growth remained strong. Fixed investment accelerated sharply and consumer spending remained firm despite rising interest rates. This helped the country achieve its longest period of growth in recent history. The South African rand weakened in the year, depreciating by over 12% against the US dollar.

Together with high product prices, these factors helped Sasol to another year of record financial results. Turnover of R98 127 million was 19% higher than the R82 395 million recorded in the prior year, and we lifted operating profit by 49% to R25 621 million from R17 212 million. This reflects the effects of the reincorporation in continuing operations in the income statement of Sasol Olefins & Surfactants (O&S), following our decision in March 2007 to halt the planned divestiture. Excluding Sasol O&S, operating profit was 18% higher than the prior year – a more accurate reflection of our profitability. It is pleasing to note that Sasol's compound annual growth rate in operating profit since 2004 has amounted to an impressive 41%.

Notwithstanding capital expenditure of around R12 billion for the year, made up of capital to fund growth of R7 billion and capital to sustain and enhance existing operations of R5 billion, our return on equity for the year was 29,8%, as compared to 21,6% the year before.

These strong results were achieved despite two planned maintenance shutdowns at Sasol Synfuels, which also affected some of our other businesses, reducing offtake for Sasol Mining and output of certain of our downstream chemical facilities.

Sasol continued to deliver significant economic value as a mainstay of the South African economy, making a direct and indirect contribution of about R55 billion, or 3% of South Africa's annual GDP in the last year. By supplying 37% of the country's fuel needs through Sasol Synfuels and our share in the Natref refinery, as well as producing many of the basic chemical building blocks required in a range of industries, we saved the country some R30 billion in foreign exchange.

Our contribution to the continent's economic progress also continues to grow as we expand our investments in other African countries, primarily our natural gas expansion project in Mozambique, our new gas-to-liquids (GTL) partnership in Nigeria and accelerating exploration and development activities in other African countries.

Our plans to expand the synthetic fuels capacity at Secunda by 20% over the next nine years will augment this economic value added.



Sasol's comprehensive skills development programme, Project TalentGro, is aimed at improving our internal skills development capability.



## “Our goal is to operate with zero safety incidents and we are determined to achieve this by entrenching a shift in safety attitudes and behaviours.”

Similarly, we are proceeding with a pre-feasibility study into a greenfields coal-to-liquids (CTL) facility in partnership with the South African Government, known as Project Mafutha. The pre-feasibility study is expected to be completed during 2008. We note government's aim to provide clarity and a firm basis for the success of growth projects such as Project Mafutha, which could help to sustainably address our country's energy needs while affording Sasol and our stakeholders a promising investment opportunity.

In July 2007 the National Treasury announced that it would not proceed with a windfall tax on the profits earned by synthetic fuels producers. We appreciate the constructive way in which this decision was made, which resulted in a win-win outcome for all, and we find government's vision for the growth of the synthetic fuels sector to be highly encouraging.

### Entrenching a safety culture

As one of our six shared values at Sasol, we continue to give top priority to improving our safety performance. In the year our key safety measure, the internationally applied recordable case rate (RCR)\*, improved to 0,75 from 0,93 in the prior year. This was achieved as we broadened the RCR definition to include not only staff but also service providers working on our sites, as well as occupational illnesses. The 2006 results have been restated to reflect this change and to provide a fair comparison with 2007. Our target remains a RCR of 0,5, considered in line with global best practice, moving lower to 0,3 by 2015.

While the concerted effort made across the group to continue the positive trend in overall safety performance is commendable, it is with deep regret that we report four fatalities. I extend my personal sympathy to the families, friends and colleagues of Isiaha Modise, Johan Wilken, Jozeph Mahlangu and Uwe Cloos who lost their lives in Sasol's service in the last year.

We want to ensure that everyone who works at Sasol's offices and production facilities around the world gets home safely at the end of every shift and workday. Our aim is to operate with zero safety incidents.

### Reducing our environmental footprint

In the past year global understanding and awareness of the impact of greenhouse gas (GHG) emissions on our climate has grown significantly. We recognise that human activity is contributing to climate change, which places a specific responsibility on us to pursue ways of reducing our impact on the environment.

Sasol Nitro's GHG abatement programme, announced in July 2007, is the first project of its kind to be registered in South Africa under the Clean Development Mechanism of the Kyoto Protocol. This project is anticipated to reduce nitrous oxide emissions by an amount equivalent to around one million tons of carbon dioxide per year.

This project is a first step in demonstrating our ability to apply innovative technologies to shrink our carbon footprint, among other

initiatives in development that include investigating carbon capture and storage. In particular, we believe CTL plants lend themselves to this technique as they make it possible to capture the carbon dioxide produced as a by-product of the coal conversion process. We also continue to investigate and promote the production of fuel from renewable energy and raw material sources, such as the gasification of biomass.

We are committed to achieving at least a 10% reduction in GHG emissions per ton of product, off a 2005 base, by July 2015. We have also undertaken to reduce the emissions of certain volatile organic compounds by at least 50%, on the 2005 baseline, by July 2015.

Sasol is a signatory to the South African Government's Energy Efficiency Accord. In the period under review we submitted our first annual performance report to the authorities. Under this accord we are committed to reducing energy consumption per unit produced by 15% by 2015, with 2000 as the base year. In Europe, we have set up a team to manage compliance with the extensive requirements of the European Union's regulations on the Registration, Evaluation and Authorisation of Chemicals (REACH).

### Developing and empowering our people

Guided by our shared value of "winning with people", we have accelerated our investments in focused skills development and talent management initiatives. We know that to build sustainable capacity and win with people, we need to strengthen our organisational culture. We want to make sure that Sasol is a fulfilling place to build a career; that it is recognised as an empowering environment where shared values bind us, and the efforts of all employees make a real contribution to realising challenging strategic ambitions.

Our Enterprise initiative is a wide-reaching culture change programme that aims to embed a values-driven leadership style across the group, and evolve an ethos suitable for success in today's business environment. This is one of our most important group initiatives. It challenges us to change our behaviour as leaders and evolve our leadership style to give everyday meaning to our values. I am pleased to note the positive change already evident among Sasol's top management and the higher awareness of how important values-driven leadership is to Sasol's future. The shifting demands on leaders in rapidly changing operating environments will mean that this initiative will require ongoing focus.

Like many other businesses and institutions worldwide, Sasol faces a shortage of skills. This is particularly acute in South Africa in part due to the skills required to deliver the country's extensive infrastructure development programme. With skills development of particular importance to the country in achieving higher growth rates, it is worth noting that Sasol has increased learnership and apprentice training twofold since 2004. Further, our comprehensive skills development programme, Project TalentGro, is a multi-pronged approach aimed at improving our internal skills development capability as well as contributing to external skills development initiatives, in partnership with government and other employers.

\* The recordable case rate (RCR) is a standard international measure for reporting work-related injuries and illnesses and other safety incidents resulting in injury. The RCR is the number of fatalities, lost workday cases, restricted work cases, medical treatments beyond first-aid cases and accepted illnesses, for every 200 000 employee hours worked, reported on a 12-month moving average basis.

In the year we set up a new division to manage the recruitment and training requirements associated with the accelerated roll-out of initiatives to support our expansion projects. We invested in excess of R84 million in training and development, with more than 25 000 employees undergoing some form of training over the period.

In addition to our normal training allotment in the year, we allocated R140 million to an industry-wide artisan training scheme that will enable 830 entry-level learners to qualify as artisans over three years. Another initiative to enhance South Africa's technical competence is our investment of almost R250 million over the next eight years into teaching and research capacity in chemistry and chemical engineering at selected South African universities. This forms part of our ongoing collaboration with higher education institutions to build national competence in these fields.

A major risk to building sustainable capacity is health-related risk, including HIV/Aids. It is pleasing to report that our SHARP initiative, designed in collaboration with relevant stakeholders to respond comprehensively to HIV/Aids, achieved one of the highest uptakes for voluntary counselling and testing in South Africa. By year end, 80% of our employees in South Africa had undergone voluntary testing. To date, 7% of our South African employees have tested HIV-positive, well below our estimated actuarial prevalence rate of 19%. All permanent employees in South Africa were provided with access to medical aid in the year. With all employees having access to health insurance, we were able to move away from providing on-site treatment, giving employees greater choice in health services. We are extending our HIV/Aids services to include on-site service providers, as well as Sasol franchisees.

### **Advancing broad-based transformation**

I am delighted to report another year of strong progress in our transformation initiatives. Although it is the equity deals that tend to make headlines, we give equal weight to the other pillars of broad-based black economic empowerment (BEE). Important work is being done throughout Sasol to increase management diversity, improve employment equity, increase support for preferential procurement and drive the development of BEE enterprises. We also continue to promote broader social development through many well-established corporate social investment programmes.

In September 2007 we were proud to announce the first terms for a BEE ownership transaction that will set new benchmarks not only in its value, but in the size of its employee ownership component as well as its broad-based reach. A unique feature of the transaction will be its black public share offer. A 10% interest in Sasol Limited, worth R17,9 billion at R285 per share, will be transferred into the hands of some 27 000 employees (4%), the South African black public (3%), selected BEE groups (1,5%) and the Sasol Foundation (1,5%), which will be established to focus on skills development and building economic capacity among historically disadvantaged communities throughout South Africa.

The transaction will be funded through a combination of equity, third-party funding and facilitation by Sasol. No discount on the shares is proposed and to mitigate potential dilution of interests held by existing shareholders, we may consider a share buy-back programme through a scheme of arrangement. We are confident that we can execute this ambitious transaction in a way that delivers

sustainable benefit to Sasol and all its stakeholders, and contributes meaningfully to realising South Africa's socioeconomic objectives over the long term.

It has been just over a year since Tshwarisano LFB Investment (Pty) Limited took a 25% stake in Sasol Oil's liquid fuels business in a transaction worth R1,45 billion. We are appreciative of their active participation and input to the business thus far, and from this strong start we believe the partnership will continue to add value to this business for many years to come. Sasol Mining's first phase empowerment transaction, to create coal export group Igoda Coal, met all its first-year commitments, giving us confidence that its prospects for sustainable growth are good. A second BEE deal at Sasol Mining will be announced in due course.

During the year we made progress in attracting and developing managers from historically disadvantaged groups in South Africa. At year end, the representation of people from designated groups in managerial, professional and supervisory posts was over 47% from 43% a year earlier. Designated groups, as defined by the Employment Equity Act, include African, Coloured and Indian, women and people with disabilities. We increased the number of employees recruited from the designated groups to 66,5% of our South African workforce from 64,9% in the prior year.

Stimulating entrepreneurial activity and broad-based economic development, our annual procurement expenditure with BEE suppliers rose 40% to R4,2 billion. In KwaZulu-Natal, we expanded the area serviced by our BEE gas marketing partner, Spring Lights Gas, to the whole province. Our incubator for small businesses, ChemCity, continues to do well, providing resources and support to small, medium and micro enterprises and helping downstream chemical and associated businesses grow from humble beginnings.

Sasol's corporate social investment (CSI) initiatives are underpinned by our desire to promote people-centred sustainable development at community level and are focused on those regions where our operational footprint is largest. In South Africa, we invested around R36 million in socioeconomic development projects, excluding bursaries of R28,5 million, mostly in the Sasolburg and Secunda communities and along the route of the Mozambique-to-Secunda gas pipeline. Our operations abroad also continued to make meaningful contributions to community projects, particularly through the volunteer work done by employees.

### **Investing in renewing our existing assets**

Last year we reported that we had embarked on Project DNA, aimed at developing a business structure to support our global growth plans as a multi-product international organisation. Based on an extensive diagnostic review of Sasol's business model we have begun to implement its recommendations.

One of these has been to cluster our businesses along common business drivers. Clustering, which involves creating logical linkages between related businesses allowing for strategic consistency and operational efficiency, has been increasingly adopted by world-class companies to become recognised best practice. In the last year we formalised the group's structure into three focused business clusters – South African energy cluster, international energy cluster and chemical cluster – and our reporting this year follows this structure.

***“In September 2007 we were proud to announce the first terms for a BEE ownership transaction that will set new benchmarks.”***

Another recommendation of the review was to set up shared services where appropriate, and we have made progress implementing Sasol Group Services. In parallel, we established Sasol Secunda Shared Services to leverage synergies among Secunda-based businesses.

### **Building profitable business based on our technology**

A central theme on Sasol's strategic agenda is to commercialise our technological lead. Built up over five decades, Sasol is positioned to make a major contribution to viable alternative energy solutions. We remain the only company worldwide running a CTL facility and are involved in the world's first GTL projects, based on our low-temperature Fischer-Tropsch (FT) technology, the Sasol Slurry Phase Distillate™ process.

Partnerships are a primary enabler of our growth strategy and we continue to develop our alliances with like-minded organisations, such as Chevron, with whom we are jointly pursuing global GTL opportunities. Forming partnerships with state-owned entities, like we have in Qatar and Mozambique, is similarly imperative to our future growth. Our discussions on CTL engagements are progressing in countries including the USA, China and India that are rich in coal and importers of crude oil. CTL production provides these countries with a viable opportunity for greater energy security through Sasol's technology, expertise and track record.

Apart from helping to secure energy supply, CTL and GTL projects provide an array of benefits that promote domestic economic growth. They enable countries to develop under-utilised natural gas and coal resources, create jobs, boost government revenues and reduce foreign exchange spending on imported liquid fuels. Furthermore, as we continue to develop new generations of cleaner technology and interventions, so these alternatives may also come to contribute significantly to managing and over time reducing the environmental footprint of the global transportation energy industry.

Sasol is projecting capital expenditure of about R50 billion, of which about half is in Southern Africa. As a specialist business responsible for technological innovation and optimisation, Sasol Technology plays a central role in directing these developments. Our intellectual capital in Sasol Technology is focused not only on ensuring the optimal functioning of our plants and processes, but also in finding new ways to reduce the impact of our activities on the environment. Sasol Technology defends one of the group's most important sustainable competitive advantages: its technological lead; and strives to break new ground in production and in environmental stewardship.

Sasol Financing is also an important enabler in developing our business, and ensures the longer term funding requirements of the group are secured cost-effectively and appropriate to the specific application. During the year Sasol Financing facilitated competitive funding for our projects around the world and coordinated financial

market risk management. Following on from the success of a similar hedge for the prior year, Sasol Financing was instrumental in arranging for Sasol Synfuels to hedge oil price risk on around 30% of its fuel production for the 2008 financial year.

### **South African energy cluster**

In the past few years, the liquid fuels industry in South Africa has witnessed a substantial increase in domestic consumption of its products, tracking the country's strong economic performance. According to the South African Petroleum Industry Association, petrol sales increased by 2,2% in the first six months of calendar 2007 from the same period in the prior year, whereas diesel sales expanded a healthy 11,1% on the same basis.

Given the acceleration in energy demand expected in South Africa, capacity expansion in our domestic market presents an attractive opportunity for future growth. As long-term energy supplies become more uncertain, maintaining energy security is important to South Africa, which imported a large quantity of refined fuel in the past year.

Our plan to expand synthetic fuels production capacity in South Africa by 20% over the next nine years will add the equivalent of 30 000 barrels per day to production volumes. Furthermore, the expansion will be fuelled mainly by natural gas, with the added environmental benefit of this feedstock releasing fewer emissions per ton of product.

On Project Mafutha, we continue to work closely with government to advance the construction of a CTL plant in a coal-rich inland region as another option in maintaining a measure of self-sufficiency in future energy supply. This is in line with recommendations made by a special task team, the Moerane Investigating Team, set up by the Minister of Minerals and Energy to investigate strategic options to avoid future energy constraints after the national fuel shortages of December 2005. If it goes ahead, Project Mafutha could add around half of the fuel volumes of our Secunda plant to the country's supply, besides its meaningful broader socioeconomic benefits for South Africa.

In the last year we increased our exploration activity in Mozambique to secure the feedstock necessary for the planned expansion of Sasol Synfuels at Secunda. Sasol Gas also began preparatory work on our plans to ultimately double the capacity of our natural gas pipeline from Mozambique.

Despite delays in optimising the technology, which for the first time is being used to crack gaseous rather than liquid feedstocks, we made progress in our Project Turbo initiative to produce cleaner fuels and expand our polymers facilities. Although the selective catalytic cracker (SCC) has produced blendable fuel products, modifications were required and are underway to achieve reliable operation. The SCC will

supply the feedstock required by our third polyethylene plant, which has successfully completed its warranty runs, and our second polypropylene plant, construction of which has been completed after some delays.

Sasol Mining was affected by the planned maintenance shutdowns at Sasol Synfuels, and cut back coal production to avoid a build-up of inventories, given increased coal purchases in line with a strategic 20-year deal aimed at enhancing long-term coal reserves.

The planned maintenance shutdowns led to imports of fuel components by Sasol Synfuels, and refined products by Sasol Oil. Despite this, Sasol Oil performed reliably and made progress in an initiative to refocus its commercial business, with a particular emphasis on boosting its logistics infrastructure and retail network.

Sasol Gas enjoyed another good year, increasing sales volumes and operating profit, and made progress on preparing to double our natural gas capacity in the next 10 years. By signing up more clients and increasing sales, Sasol Gas continued the penetration of this more environmentally benign energy.

### **International energy cluster**

The start-up of the Oryx GTL project in Qatar this year was a significant milestone for Sasol. This facility is the first demonstration of our latest generation GTL technology outside of South Africa. During the initial start-up period all systems and process units, including the three main technologies, were successfully tested and demonstrated design intent, and we shipped superior quality diesel to market in July 2007.

Starting up technically complex and first-of-a-kind facilities always presents new challenges. In addition to the expected teething problems in commissioning this plant, we encountered a technical problem that has constrained operating rates. However, we have made significant progress in dealing with this problem and are confident that the remaining challenges will be resolved. We expect Oryx GTL to contribute to operating profit in financial year 2008.

The lessons being learned at Oryx GTL are being transferred to Escravos GTL (EGTL), a second GTL project at Escravos in the Niger delta, which is being developed with Sasol Chevron, the Nigerian National Petroleum Association and Chevron Nigeria. Although the remote location of the site combined with the worldwide engineering skills shortage has led to some delays, we are looking forward to the delivery of the first plant modules in the first half of calendar 2008 and expect beneficial operation of EGTL in 2010.

Interest in our CTL technology remains strong. In the year we advanced our negotiations in China, the USA and India on the potential of capitalising on their large coal reserves. To support these efforts we expanded our presence in Beijing and opened an office in Mumbai.



Oryx GTL in Qatar is the first demonstration of Sasol's latest generation GTL technology outside of South Africa.



## **“Sasol Petroleum International stepped up its exploration activity in the year, with pleasing results from its operations in Mozambique, Gabon and Nigeria.”**

While we are keen to help others secure alternative energy solutions, we also recognise the benefit of acquiring our own upstream hydrocarbon resources. To this end, Sasol Petroleum International stepped up its exploration activity in the year, with pleasing results from its operations in Mozambique, Gabon and Nigeria.

### **Chemical cluster**

Growing our chemicals business remains an important feature of our growth strategy. We are constantly seeking new opportunities to capitalise on our feedstock advantages by leveraging our technology and expertise to derive new commercial benefits and new markets for our products.

Sasol Polymers laid the groundwork to double its capacity in the period ahead. Despite the delays in Project Turbo, the business continues to work hard to achieve optimal performance in this exciting initiative and is well-positioned to benefit in the years ahead.

Despite our disappointment at not securing fair value for Sasol O&S, we are confident that the new management team will maximise value in the business through their rigorous restructuring programme. Decisive action, such as closing down some production capacity, has already been taken to initiate a turnaround. We will continue to critically assess all aspects of Sasol O&S and re-evaluate our strategy in due course.

Sasol Solvents remains a reliable performer and lifted its contribution to group profits in the year on the strength of achieving higher solvents margins, despite some production disappointments. It is also making progress on a number of capital projects to expand capacity, in particular of methyl iso-butyl ketone – which will make Sasol the second largest producer of this solvent worldwide.

Sasol Nitro made significant strides in the year to expand its explosives business. Its fertiliser portfolio also did well, thanks largely to a recovery in maize plantings, and its prospects remain good should the regional agriculture market develop as we expect. Sasol Wax's contribution to group profits is growing, proving the benefits of our FT technology in niche applications.

We continue to make strong progress in our joint venture between Sasol Polymers Germany GmbH and the National Petrochemical Company of Iran, Arya Sasol Polymer Company. The project is virtually complete and we are on track to realise beneficial operation in the first quarter of 2008.

### **Prospects for the year ahead**

We have established a solid foundation for sustainable growth into the future. Our safety record is improving and we have made great strides in transformation in South Africa, as well as continuing to invest significantly in improving our environmental footprint. We have the financial strength to support our growth plans and will commission new production capacity in the new financial year, which should start to flow through to our earnings late in 2008 and into the following financial year as these plants reach full operating capacity.

We will focus strongly on controlling cash costs per unit of production in the year ahead, balanced against the need to further enhance the reliability and efficiency of our facilities, and driving up our overall production rate. However, we do expect increased costs associated with our growth programme.

Taking all these factors into account, we expect our earnings in 2008 to be in line with those achieved in the year under review, although this outlook excludes the effects of our empowerment deals.

### **Making a positive contribution**

Sasol has long been an organisation that makes a positive contribution. Our renewed focus on living our values, however, has re-energised our desire to make a positive impact on the lives of our employees, communities and society in general. This is achieved by not only exceptional business performance but also by the way in which we conduct our business. This approach is about performance **and** people orientation, short-term results **and** long-term sustainable growth, production results **and** safety. We are motivated by the impact that this inclusive approach can have on all our stakeholders.

I would like to thank all Sasol's people for their hard work in what has proved to be a challenging and stimulating year. In particular, I express my appreciation to my group executive colleagues, who have risen to the challenge with equanimity, determination and good nature. I look forward to working closely with them in the year ahead.

As we aim to grow in these times of unprecedented opportunity and challenge, we intend to make good on our undertakings to all our stakeholders. We will act beyond reproach in the many interactions that determine our progress as a patriotically South African and increasingly global business. Our stated intention is to be a high performance and a people-centred organisation. Sasol's future will be built upon a sensitive and inclusive approach to growth at home and abroad, and an expectation of giving our very best in all aspects.

Pat Davies  
Chief executive

*market driven and building on our strengths*

*Sasol's strategy is to leverage our core competitive advantages by replicating the successful Sasol business model to create several integrated hubs based on natural gas as well as coal, thereby substantially growing our upstream, liquid fuels and chemicals businesses, and by continuing to develop our existing asset base.*

*Our strategy remains resilient and competitive. Our ability to succeed in changing currency and market cycles, against a backdrop of global markets that have become more aggressive, shows we have the vision, values, leadership and investments to stay focused on continuous improvement and sustainable growth.*





## *progress made in 2007*

### **Qatar**

- Oryx GTL was commissioned earlier in the year.
- Work continues to raise production to design capacity.

### **Nigeria**

- First plant modules due to be delivered in 2008.

### **China**

- Full feasibility study to be launched once key enablers have been confirmed.

### **India**

- Opened a project office in India to investigate coal-to-liquids (CTL) opportunities.
- Government implementing reforms to enable CTL.

### **USA**

- Five primary coal regions identified as possible CTL sites.

### **Australia**

- GTL opportunities continue to be evaluated.

- Sasol Polymers laid the groundwork to double capacity.
- Strategy development and business turnaround continuing at Sasol O&S.
- Commissioning of the Arya Sasol ethane cracker (1 million tpa ethylene) has started.
- Low-density polyethylene (LDPE) and high-density polyethylene (HDPE) plants (each 300 000 tpa) are in pre-commissioning stage, expected to be operational by first quarter 2008.
- Third octene plant (100 000 tpa) due to come on line in first quarter 2008.
- Second MiBK plant being built in Sasolburg, with scheduled start expected first half 2009.
- Plan to double Fischer-Tropsch wax production capacity in Sasolburg.

### **Mozambique (natural gas)**

- Stable operation in Temane continued – cyclone caused limited damage with no production interruptions.
- 3D seismic survey for blocks 16/19 completed.
- Gas field development to 183 M GJ a year expected by end 2008.

### **Nigeria (oil)**

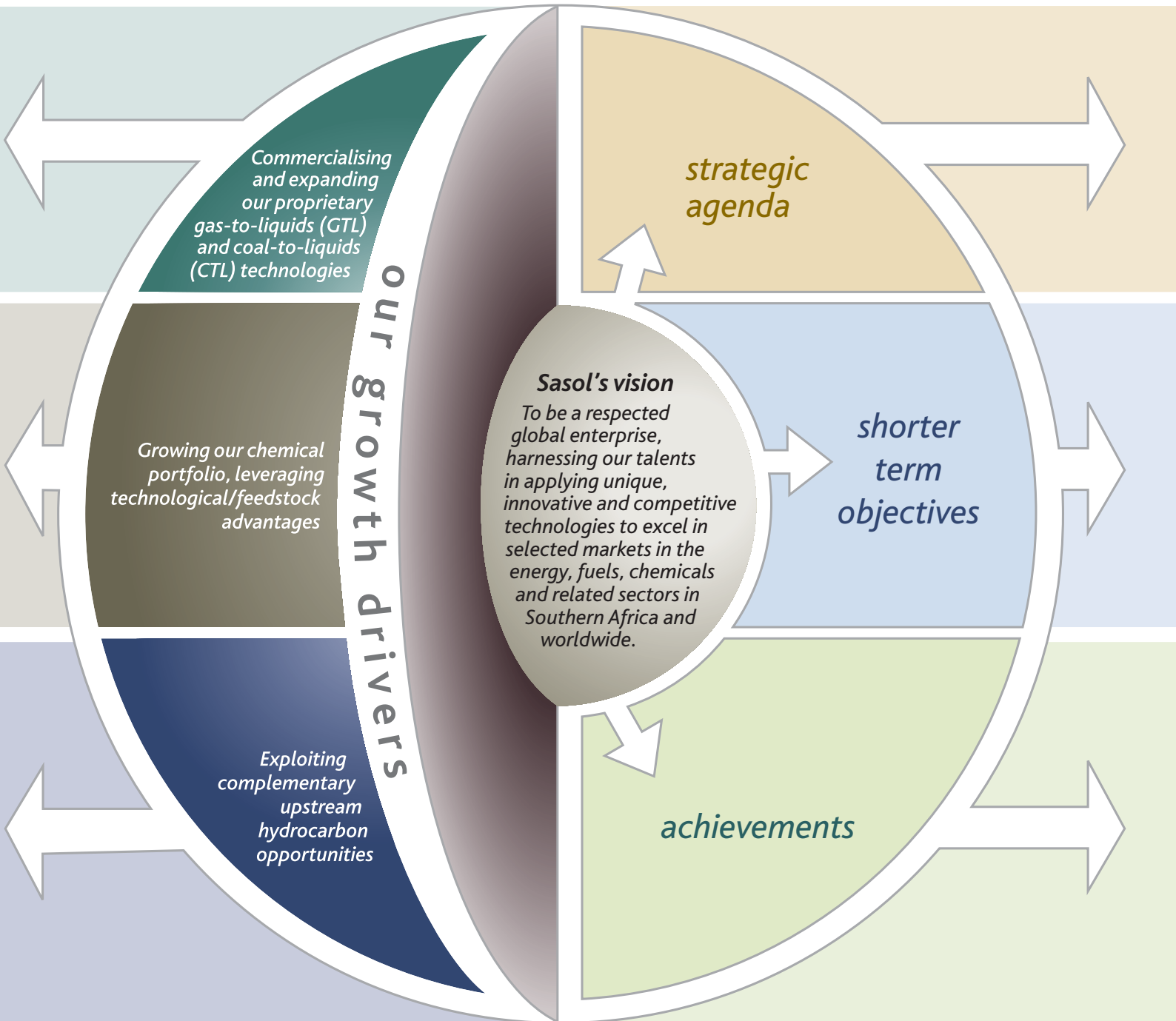
- Participation in four blocks finalised.
- Three opportunities have oil discoveries and are showing good progress.

### **Gabon (oil)**

- First production from Avouma field.
- Ebouri field to be developed.



a consistent strategic direction – our growth drivers remain unchanged



### **Nurture and grow our existing asset base**

- Focus on safety remains
- Reducing our environmental footprint
- Implementing operational excellence

- RCR combined = 0,75
- First Clean Development Mechanism (CDM) project registered
- Clean fuels programme progressing
- Signatory to SA's Energy Efficiency Accord

### **Transformation in South Africa**

- Fulfilling the requirements of the broad-based black economic empowerment (BEE) codes of good practice
- Implementing Sasol's broad-based BEE strategy

- Significant Sasol Limited broad-based BEE ownership transaction announced
- Sasol Oil's 25% BEE partnership with Tshwarisano continues to add business value
- Sasol Mining's BEE partnership, Igoda Coal, meets all its first-year commitments
- Strong progress in other pillars of BEE, notably employment equity and affirmative procurement

### **Develop and empower our people to deliver growth**

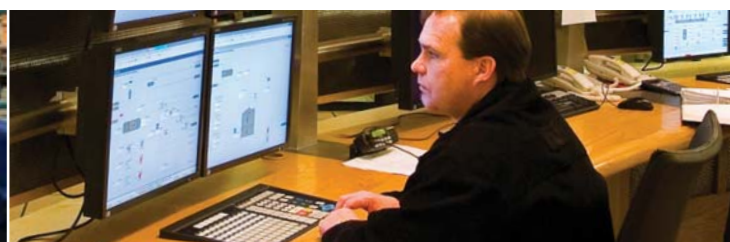
- Values-driven leadership programme
- Focus on recruiting, retaining and building skills

- Enterprise initiative progressing well
- Project TalentGro to promote skills development launched
- Review of performance management system

### **Commercialise our technology**

- Successful completion and operation of projects (Oryx, Turbo, Arya, Octene 3, Escravos GTL (EGTL))
- Technology development for GTL and CTL plants

- Sasol plans to spend about 50 billion on capital projects in the next three years
- Discussions continue with the South African Government for an inland CTL facility
- International GTL and CTL projects advancing

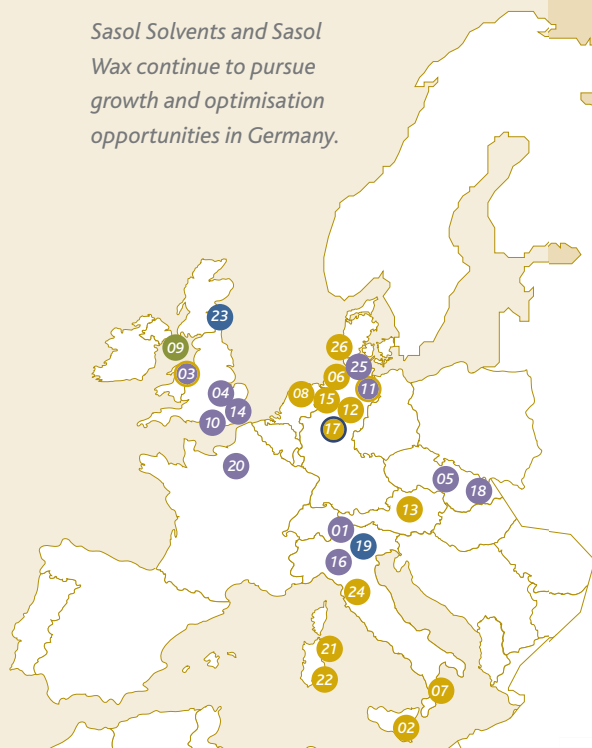


# global activities

- 01 Appenzell (Switzerland)
- 02 Augusta (Italy)
- 03 Birkenhead (United Kingdom)
- 04 Birmingham (United Kingdom)
- 05 Bratislava (Slovak Republic)
- 06 Brunsbüttel (Germany)
- 07 Crotone (Italy)
- 08 de Meern (The Netherlands)
- 09 Castletown (Isle of Man)
- 10 Farnham (United Kingdom)
- 11 Hamburg (Germany)
- 12 Herne (Germany)
- 13 Linz (Austria)
- 14 London (United Kingdom)
- 15 Marl (Germany)
- 16 Milan (Italy)
- 17 Moers (Germany)
- 18 Nováky (Slovak Republic)
- 19 Paderno Dugnano (Italy)
- 20 Paris (France)
- 21 Porto Torres (Italy)
- 22 Sarroch (Italy)
- 23 St Andrews (United Kingdom)
- 24 Terranova dei Passerini (Italy)
- 25 Witten (Germany)
- 26 Vordingborg (Denmark)

## Europe

Sasol Solvents and Sasol Wax continue to pursue growth and optimisation opportunities in Germany.



## Africa and the Middle East

Our first international gas-to-liquids (GTL) venture, Oryx GTL at Ras Laffan, Qatar, was commissioned during the year. Construction of a second GTL plant, EGTL at Escravos, Nigeria, is underway.

In the year ahead we shall bring into production a world-scale monomers and polymers production facility in partnership with the National Petrochemical Company of Iran.

- 41 Alexandria (Egypt)
- 42 Bandar Assaluyeh (Iran)
- 43 Dubai (United Arab Emirates)
- 44 Escravos (Nigeria)
- 45 Gabon
- 46 Ras Laffan (Qatar)
- 47 Offshore exploration (Nigeria)

## Southern Africa

In addition to expanding Sasol Synfuels' capacity by 20% over the next nine years, several new chemical projects are planned for Sasolburg and Secunda in South Africa. We also plan to increase our production and marketing of natural gas from Mozambique over the next few years.

- 27 Cape Town
- 28 Durban
- 29 Gaborone (Botswana)
- 30 Harare (Zimbabwe)
- 31 Johannesburg HQ
- 32 Lusaka (Zambia)
- 33 Maputo (Mozambique)
- 34 Newcastle
- 35 Phalaborwa
- 36 Sasolburg
- 37 Secunda
- 38 Vilanculos (Mozambique)
- 39 Windhoek (Namibia)
- 40 Offshore exploration (Mozambique)



**Key to map**

- Manufacturing/production
- Main Office
- Exploration
- Project
- Research

**USA**

We have streamlined some of our wax-blending and marketing operations in the USA. Our cresylic acids joint venture, Merisol, is about to complete a project to expand its meta-cresol production by 20% at Oil City, Pennsylvania, to support its growth ambitions. We have identified five primary coal regions in the USA that will be evaluated for CTL opportunities.

- 62 Houston (Texas)
- 63 Lake Charles (Louisiana)
- 64 Oil City (Pennsylvania)
- 65 Richmond (California)
- 66 Shelton (Connecticut)
- 67 Tucson (Arizona)

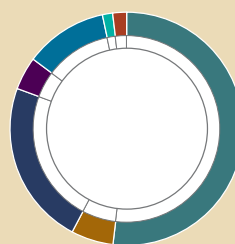
**India and the Far East**

The Far East, notably China, continues to present exciting growth opportunities. Besides expanding our polymer marketing and distribution interests, we continue our discussions with our partners in China on two potential CTL plants. We have opened a project office in India to facilitate reviewing our CTL opportunities.

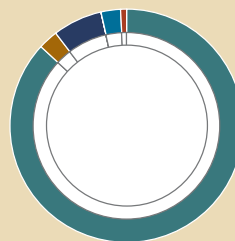
- 48 Beijing (China)
- 49 Dongguan (China)
- 50 Hangzhou (China)
- 51 Hong Kong (China)
- 52 Kertih (Malaysia)
- 53 Kuala Lumpur (Malaysia)
- 54 Mumbai (India)
- 55 Nanjing (China)
- 56 Oita (Japan)
- 57 Shanghai (China)
- 58 Singapore
- 59 Tokyo (Japan)

**Geographic analysis**

Turnover 2007



Operating profit 2007



**Australasia**

We continue to market, sell and support many of our chemicals in Australasia. These include some of our solvents, waxes, mining chemicals, alkylamines and our Expan™ ammonium nitrate.

We are also exploring opportunities, through Sasol Chevron, to develop a GTL plant in Australia.

- 60 Auckland (New Zealand)
- 61 Sydney (Australia)

## operating excellence and integration

Sasol Limited, located in Johannesburg, South Africa acts as the group's investment holding company\*

Sasol Group Services provides certain specialised services to group companies

### South African energy cluster

#### Sasol Mining p34

Contribution to group turnover	<b>4%</b>	
Rm	2007	2006
Total turnover	6 042	5 466
Operating profit	1 171	1 227

Sasol Mining mines about 45 million tons (Mt) a year of saleable coal at Secunda and Sasolburg, mostly for our South African plants, and exports about 4 Mt of coal annually. Its main operations at Secunda comprise the Bosjesspruit, Brandspruit, Middelbult, Syferfontein and Twistdraai Export operations. It has one mine in Sasolburg, Mooikraal.

#### Sasol Synfuels p36

Contribution to group turnover	<b>21%</b>	
Rm	2007	2006
Total turnover	29 084	25 649
Operating profit	16 251	13 499

Sasol Synfuels operates the world's only commercial coal-based synfuels manufacturing facility at Secunda. It produces synthesis gas through coal gasification and natural gas reforming, and uses our proprietary technology to convert synthesis gas into synthetic fuels components, chemical feedstock and pipeline gas.

#### Sasol Oil p38

Contribution to group turnover	<b>27%</b>	
Rm	2007	2006
Total turnover	38 191	32 787
Operating profit	2 417	2 432

Sasol Oil markets fuels blended at Secunda and refined through its 63,6% share in Sasolburg's Natref refinery. Products include petrol, diesel, jet fuel, illuminating paraffin, fuel oils, bitumen and lubricants. It has created 169 Sasol convenience centres and 222 Exel service centres in South Africa and exports fuels to several SADC countries.

#### Sasol Gas p40

Contribution to group turnover	<b>3%</b>	
Rm	2007	2006
Total turnover	3 702	3 209
Operating profit	1 936	1 526

Sasol Gas distributes and markets natural gas from Mozambique's Temane field and methane-rich gas produced at Sasol Synfuels in Secunda. The company delivers pipeline gas through a 2 000-kilometre pipeline network to 550 industrial and commercial customers in Gauteng, Mpumalanga, the Free State and through its Spring Lights Gas black economic empowerment venture in KwaZulu-Natal.

### International energy cluster

#### Sasol Synfuels International p44 (SSI)

Rm	2007	2006
Total turnover	65	161
Operating loss	(763)	(642)

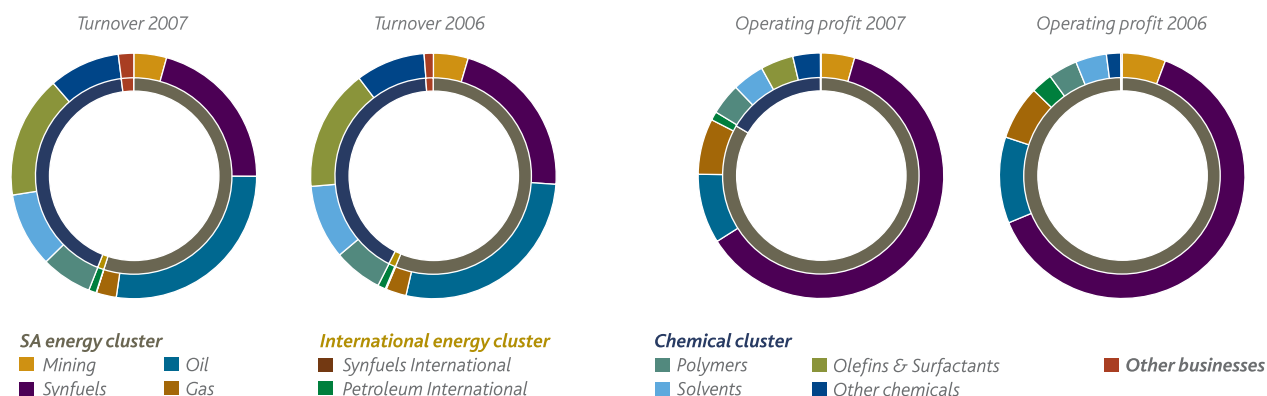
SSI and its Sasol Chevron joint venture develop and implement international ventures based on the Sasol Slurry Phase Distillate™ gas-to-liquids (GTL) process. SSI brought our first international GTL plant into production with Qatar Petroleum earlier this year. SSI also pursues opportunities based on other hydrocarbons that could be beneficiated through our coal-to-liquids (CTL) technology.

#### Sasol Petroleum International p46 (SPI)

Contribution to group turnover	<b>1%</b>	
Rm	2007	2006
Total turnover	1 400	1 237
Operating profit	300	600

SPI develops and manages our upstream interests in oil and gas exploration and production in Mozambique, South Africa, Gabon and Nigeria. It produces gas from Mozambique's Temane field and oil from the offshore Etame field in Gabon, and pursues gas exploration opportunities globally for GTL feedstock.

## Business segment performance





## Chemical cluster

### Sasol Polymers p50

Contribution to group turnover	<b>7%</b>	
Rm	2007	2006
Total turnover	9 410	7 639
Operating profit	1 089	822

Sasol Polymers operates plants at Sasolburg and Secunda and markets ethylene, propylene, polyethylene, polypropylene, polyvinyl chloride, chlor-alkali chemicals and mining reagents to a diverse domestic and international customer base. It also has operations at Kertih, Malaysia and is developing polyethylene plants in the Middle East.

### Sasol Solvents p52

Contribution to group turnover	<b>10%</b>	
Rm	2007	2006
Total turnover	13 766	11 666
Operating profit	1 106	873

Sasol Solvents operates plants in South Africa and Germany and supplies a wide range of solvents (mostly alcohols and ketones) and comonomers for the polyolefin market to customers throughout the world. It also has a joint venture in South Africa with Mitsubishi Chemical Corporation and with Huntsman Corporation in Germany.

### Sasol Olefins & Surfactants p54 (Sasol O&S)

Contribution to group turnover	<b>16%</b>	
Rm	2007	2006
Total turnover	22 582	19 095
Operating profit/(loss)	1 140	(3 567)

Sasol O&S manufactures and markets surfactants and surfactant intermediates, as well as inorganic speciality chemicals, mainly at plants in Germany, Italy, the USA and South Africa, for customers across the globe. In March 2007 Sasol announced its intention to retain and restructure this business.

### Sasol Nitro p56

Contribution to group turnover	<b>3%</b>	
Rm	2007	2006
Total turnover	4 170	3 402
Operating profit	610	466

Sasol Nitro manufactures and markets ammonia, nitric acid, ammonium nitrate-based commercial explosives and fertilisers, sulphuric acid, phosphate products and blasting accessories. It also markets ammonia, sulphur and speciality gases produced by other Sasol businesses.

### Merisol p58

Contribution to group turnover	<b>1%</b>	
Rm	2007	2006
Total turnover	740	555
Operating profit/(loss)	27	(11)

The Merisol joint venture with Merichem USA produces and markets cresols, xylenols, alkylphenols and other phenolics. It has manufacturing facilities in South Africa and the USA and joint-venture manufacturing facilities at Sasolburg and Oita, Japan.

### Sasol Wax p57

Contribution to group turnover	<b>4%</b>	
Rm	2007	2006
Total turnover	5 574	4 584
Operating profit	629	276

Sasol Wax operates wax production and marketing operations in South Africa, Germany, Austria, Britain and America and sales operations in Switzerland, France, Denmark, Malaysia, Egypt, Australia and New Zealand.

### Sasol Infrachem p58

Contribution to group turnover	<b>2%</b>	
Rm	2007	2006
Total turnover	2 526	2 270
Operating loss	(237)	(297)

Sasol Infrachem is a support business that provides a services platform for reformed natural gas production, utilities, infrastructure and site support at Sasolburg. It is responsible for our site governance at Sasolburg and our reputation management in the Free State.

## Other businesses

### Sasol Technology p60

Contribution to group turnover	<b>1%</b>	
Rm	2007	2006
Total turnover	1 905	1 265
Operating loss	(132)	(149)

Sasol Technology manages our research and development, technology and innovation, engineering and project management portfolios. It helps our businesses worldwide to pursue growth and continuous improvement, and to promote competitive advantage through technology solutions.

### Sasol Financing p62

Rm	2007	2006
Operating profit	67	101

Sasol Financing manages the group's cash, liquidity, foreign exchange trading and credit ratings. It is responsible for financial risk management pertaining to interest rate, foreign exchange and commodity price risk. The unit provides support to the group and to business units and joint ventures on financing strategies and funding requirements.

# sasol's integrated business model

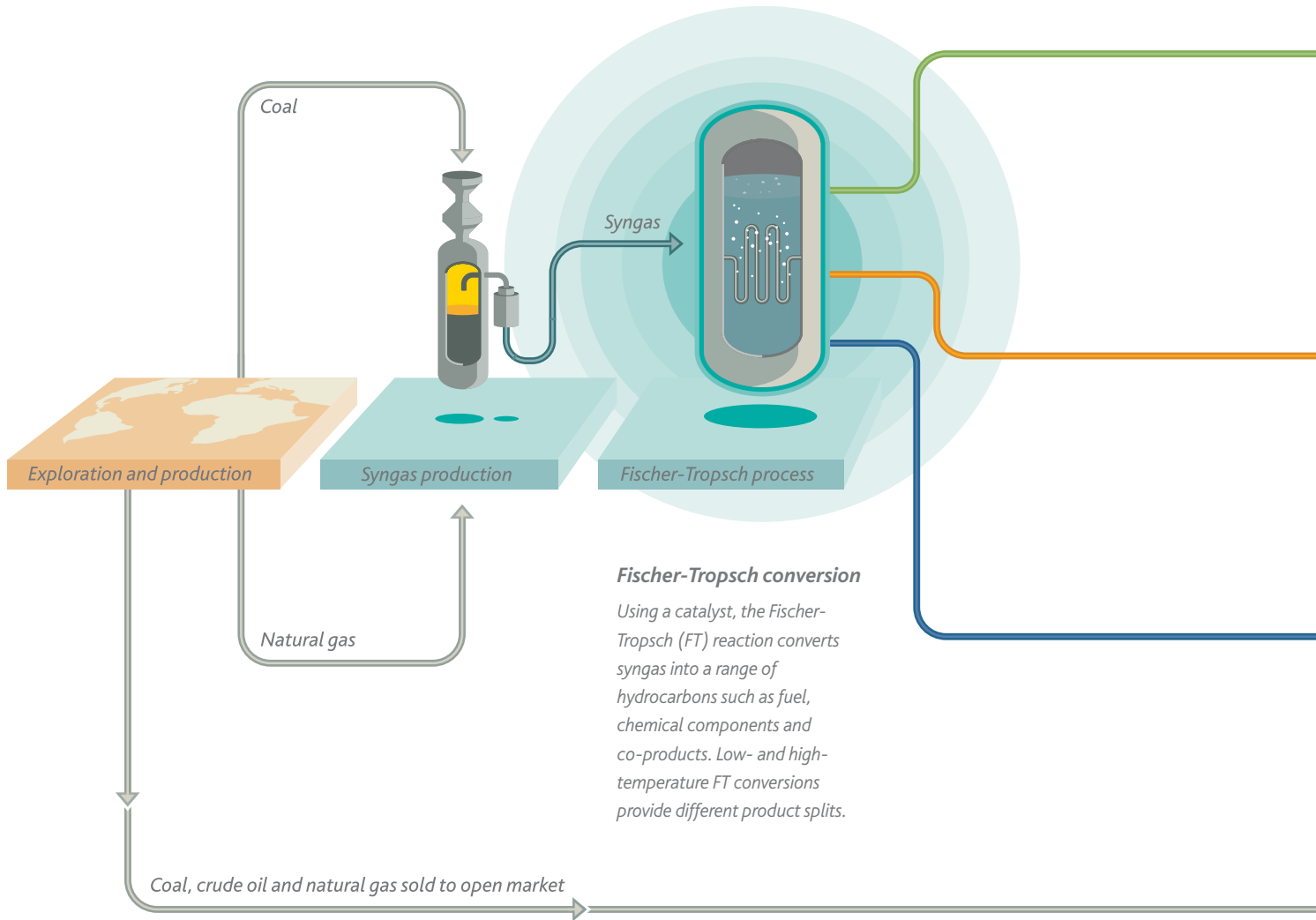
## exploiting the benefits of our proprietary technology

### Exploration and production

Sasol obtains its raw materials through its coal-mining activities, oil and gas exploration and purchases from the open market. Some raw materials are sold directly to external markets.

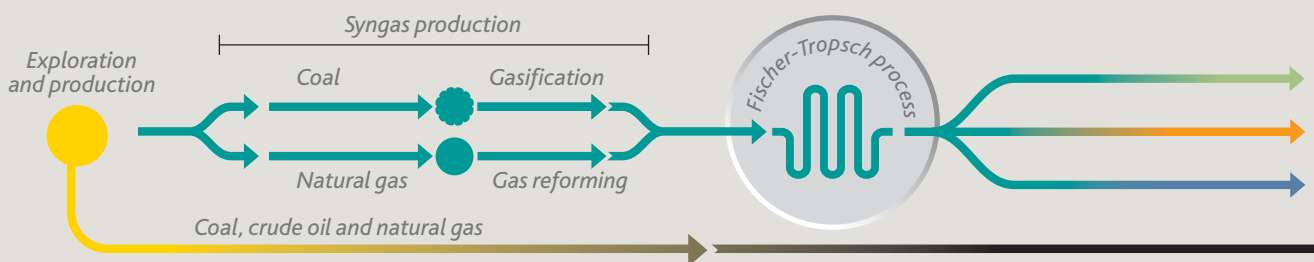
### Syngas production

Using steam and oxygen at high temperatures, coal is gasified and natural gas reformed to produce synthesis gas (syngas is a mixture of carbon monoxide and hydrogen).

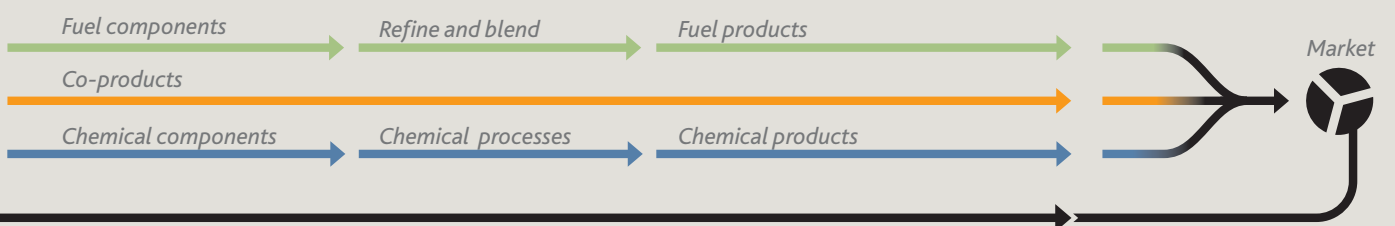
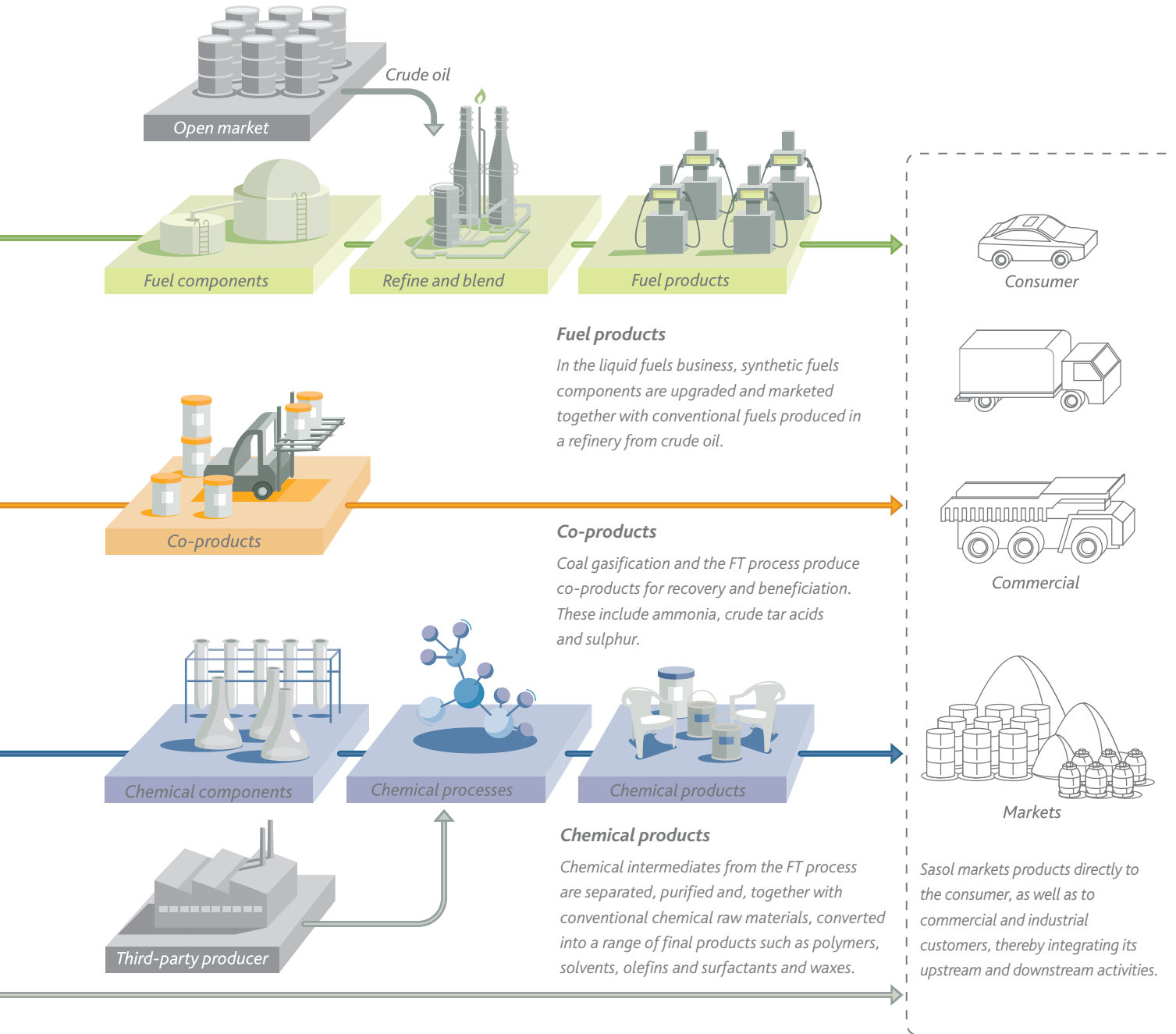


### Fischer-Tropsch conversion

Using a catalyst, the Fischer-Tropsch (FT) reaction converts syngas into a range of hydrocarbons such as fuel, chemical components and co-products. Low- and high-temperature FT conversions provide different product splits.

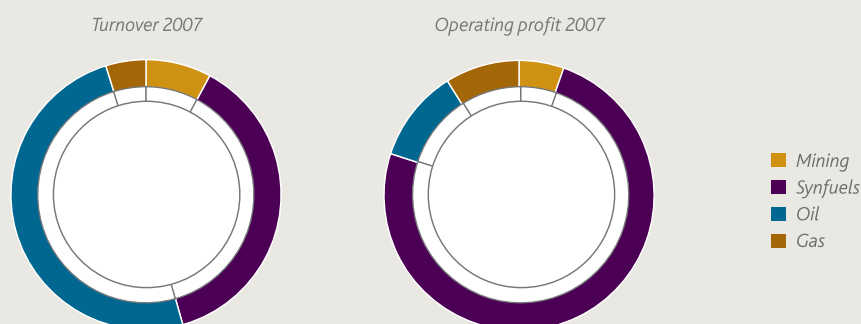






## south african energy cluster

### Business segment contributions to South African energy cluster



### South African energy cluster financial highlights

		2007	2006	% change
Turnover	Rm	77 019	67 111	15
Operating profit	Rm	21 775	18 684	17
Effect of capital items	Rm	291	(73)	
Contribution to:				
group operating profit	%	85	109	
group profit	Rm	14 090	12 323	14
Cash flow from operations	Rm	23 024	21 040	9

### South African energy cluster operational highlights

- Operating profit growth of R3,1 billion (17%).
- Continuous safety improvement.
- Employment equity and BEE procurement progressing well.
- 20% Synfuels capacity growth on track.



***“Expanding our production capacity in the domestic market is fundamental to Sasol’s future and South Africa’s future energy security.”***



*A cluster growth strategy has been developed encompassing mining life extension, synfuels and gas growth, and faster marketing expansion. In addition, a shared service platform has been established at the Secunda complex with the objective of centralising back office support, and increasing focus on production and growth activities.*

*With the South African economy on a steady growth path, demand for liquid fuels is expected to grow in the years ahead. To meet this growing demand, expanding our production capacity in the domestic market is fundamental to Sasol’s future and South Africa’s future energy security.*

*Plans are underway to increase Sasol Synfuels’ capacity by 20% over the next nine years. Three-quarters of this additional capacity at Secunda will use natural gas feedstock, with its more benign effect on the environment, and the balance will be based on exploiting our fine coal reserves.*

*In close cooperation with the South African Government, we are exploring the feasibility of another sizeable inland coal-to-liquids (CTL) refinery to serve the country’s economic heartland around Gauteng. We call this initiative Project Mafutha (meaning “oil”). At this stage, a synfuels plant with a capacity of around 80 000 barrels a day is envisaged. We have set up a dedicated team and earmarked significant funds to carry out a pre-feasibility study to pursue this opportunity.*

*If feasible, the plant will increase the alternative fuel supply to the South African economy, helping to secure greater self-reliance in the supply of South Africa’s future energy requirements. The project will involve the creation of a new town, similar to the creation of Sasolburg in the 1950s and Secunda in the 1980s. Apart from its obvious strategic importance, we estimate that the plant, the residential area and all its supporting utilities will add around one percent to the country’s GDP and create thousands of new jobs.*

*Three potential sites with abundant coal reserves are being considered. These are in the Free State, Limpopo and Mpumalanga provinces.*

**Benny Mokaba**, executive director  
South African energy cluster.

## south african energy cluster

## sasol mining

## Sasol Mining financial highlights

		2007	2006	% change
Turnover	Rm	6 042	5 466	11
Operating profit	Rm	1 171	1 227	(5)
Effect of capital items	Rm	(13)	(16)	
Contribution to:				
group operating profit	%	5	7	
group profit	Rm	814	813	
Cash flow from operations	Rm	1 819	1 896	(4)

## Sasol Mining operational highlights

		2007	2006	% change
Total sales	Mt	46,5	47,7	(3)
Total production	Mt	43,3	46,2	(6)
Sales per employee	t	6 853	6 733	2
Recordable case rate	RCR	1,16	1,08	

- Turnover increase due to higher coal prices.
- New dust suppression technology introduced.
- Anglo Coal's Isibonelo coal purchases fully introduced.

## Focusing on sustainable excellence

Sasol Mining continued to advance its business plan over the year by reducing coal production and increasing purchases from Anglo Coal's Isibonelo Colliery. This is part of a 20-year strategic deal to secure supply and meet long-term group requirements. Although our costs have increased in the short term, the effect on group cash flow is favourable as further investment in new mines has been postponed.

Our combined recordable case rate (RCR)\*, including all health cases increased to 1,16 from 1,08 due to the higher number of occupational illnesses than in 2006. The injury rate decreased to 0,73 from 0,93 as a result of an intensive effort. Our objective is to achieve a safety performance in line with the best coal-mining operations. It is with deep regret that we report two contractor fatalities on our sites during the year. We have subsequently intensified our efforts to ensure that all service providers are well versed in and rigorously uphold our safety regulations when working for Sasol Mining.

We continued to advance our environmental health programme over the year. Representatives of the coal-mining industry conducted a peer review of our dust management and management programmes aimed at preventing methane ignition. The recommendations of this review are being incorporated into our management systems. One of the recommendations was that the industry needs to invest more in research and development to improve dust suppression. In line with this recommendation, we introduced newly developed dust suppression technology in the year.

We continue to work on other technological innovations to enhance our environmental performance and productivity. We plan to roll out new technology in the next five years to update our continuous-miner control systems and integrate these with communication and information technology platforms.

## Reducing output for long-term gain

In 2007 sales volumes fell to 46,5 million tons (Mt) from 47,7 Mt. This was mainly due to two planned Sasol Synfuels maintenance shutdowns and reduced coal sales to state power utility Eskom. Turnover benefited from stronger coal prices, rising 11% to R6 042 million. It was also helped by record high coal quality sold to Sasol Synfuels in the year and record export sales through Richards Bay.

The combination of higher inflation and lower output, plus increased purchases from Isibonelo, led to a 17% increase in unit costs and operating profit dropped 5% to R1 171 million. This was in line with our business plan.

In the year our coal purchases from Isibonelo increased to 4,9 Mt from 3,1 Mt. These are set to stabilise at around 5 Mt a year until 2025.

Own production decreased 6% to 43,3 Mt. The decline was mostly due to the deliberate cutback in shifts to accommodate the lower offtake from Sasol Synfuels. Production was also affected by illegal strike action in Secunda and a slow build-up in output at our new Mooikraal mine near Sasolburg.

The Mooikraal mine became fully operational in January 2007 after initially facing some difficult geological conditions. The mine will supply around 1,9 Mt a year to Sasol Infrachem for the group's Sasolburg power station.

## “Our objective is to achieve a safety performance in line with the best coal mining operations.”

At Secunda, work on two major expansions – the R297 million Bosjesspruit Irenedale project and the R139 million iThemba Lethu shaft complex – continued within budget and on schedule.

In December 2006 we experienced a five-day unprotected strike as a new union became dominant at our sites. This was followed by another two-day strike in January. Stability has since returned to our facilities and we continue to engage constructively with trade union leadership. Despite the labour challenges, productivity per shift increased marginally for the year.

### Maintaining export performance

Production at Twistdraai Colliery was steady over the year, while the export plant processed a record 4,1 Mt of product. Total export sales were stable at 4 Mt. Despite a mild winter in Europe, coal export prices from Richards Bay have continued to move in a band around US\$50 a ton on a free-on-board (FOB) basis.

Should production at Twistdraai continue at its current rate, we estimate that its coal reserves will be depleted by 2017. We plan to gradually decrease the production rate at the mine from 2011, while increasing output from a new mine that will be developed from an adjacent reserve.

### Meeting transformation targets

The agreements relating to the establishment of Igoda Coal, our first black economic empowerment (BEE) deal, were concluded on 24 March 2006. The implementation of Igoda Coal is conditional upon the granting of conversion of old-order mining rights to new-order mining rights. This conversion is expected in the new year.

BEE ownership in our mining business will then comprise around 8%. We have also progressed negotiations for our second empowerment transaction and are well on our way to taking BEE ownership beyond the 26% required by the Mining Charter, ahead of the 2014 target date.

Besides advancing BEE ownership, we continue to further broad-based BEE in other ways, particularly employment equity.

The Mineral and Petroleum Resources Development Act, 2002, calls for the conversion of old-order mining rights by 2009. Sasol Mining has applied for conversion of our mining rights at the Secunda complex and we will apply for the conversion of those in the Free State during the year ahead. We were granted prospecting rights for most of the coal rights we held prior to the change in mining legislation.

*Thandi Kheswa, roofbolter operator and Mpho Tshangavhare, environmental recorder, working underground at Syferfontein mine, near Secunda.*



## south african energy cluster

## sasol synfuels

## Sasol Synfuels financial highlights

		2007	2006	% change
Turnover	Rm	29 084	25 649	13
Operating profit	Rm	16 251	13 499	20
Effect of capital items	Rm	(64)	(187)	
Contribution to:				
group operating profit	%	64	78	
group profit	Rm	11 076	9 278	19
Cash flow from operations	Rm	16 553	14 351	15

## Sasol Synfuels operational highlights

		2007	2006	% change
Total sales	Mt	7,38	7,50	(2)
Total production	Mt	7,33	7,54	(3)
Production per employee	t	1 597	1 229	
Recordable case rate	RCR	0,51	0,95*	

\* Increased due to employees being transferred to Secunda Shared Services.

\*\* From 2006/07 RCR reflects Sasol Synfuels and service provider statistics.

- Record contribution to profit despite two shutdowns and technical problems with the selective catalytic cracker.
- Group RCR target reached, but one fatality occurred.
- Progress on environmental improvements.
- Plans advance for a 20% capacity expansion at Secunda.

## Delivering a sound performance

Sasol Synfuels reported another year of record operating profits. This was despite lower production volumes caused by two planned maintenance shutdowns, as well as teething problems in implementing new technology to crack gaseous feedstock into fuel and chemical components. The selective catalytic cracker (SCC) is an integral part of Project Turbo, Sasol's fuel optimisation and polymer expansion project.

During the year we took important steps towards our goal of increasing output capacity by 20% within a decade. The phased expansion, which will ultimately involve a multi-billion rand investment at Secunda, is aimed at meeting South Africa's growing demand for liquid fuels.

An intensified focus on our safety improvement plan resulted in Sasol Synfuels achieving a combined recordable case rate (RCR) of 0,5 in the year from 0,95 previously (combined figures for Sasol Synfuels and service providers). It is saddening to report one fatality in a tractor accident at our ash plant. The tragic incident has deepened our desire to ensure a safer work environment and sound safety behaviour.

## Posting record profits

In the year production dropped 3% to 7,33 million tons, impacted by the two shutdowns for maintenance – compared to none in the previous year. Sasol Synfuels lifted turnover 13% to R29 084 million and boosted operating profit 20% to a record R16 251 million as stronger world energy prices and the weaker rand spurred local product prices.

Cash unit costs rose 21,8%, primarily due to the effect of the shutdowns, higher feedstock prices, SCC delays and study costs to support our growth programme. The dynamics of a growing local and global economy have put pressure on the cost of capital projects and services used in our day-to-day operating activities. Cost containment remains a key focus, and we expect improvements in the year ahead, before the impact of growth initiatives.

## Safeguarding our assets

Both shutdowns were originally scheduled for previous years but were postponed to the 2007 financial year. This was necessary to mitigate the fuel shortages experienced in South Africa's inland regions in late 2005 and to accommodate Project Turbo's extensive scope of work. The shutdowns were required for statutory plant integrity inspections, preventative maintenance work and to bring all phases in the Secunda complex back to a four-year run-cycle between shutdowns.

Operating excellence remains a key priority, and in the year we continued to work on projects to enhance the integrity and reliability of our plant and processes. This included the upgrade of our industrial information technology and electrical infrastructure.

## Reducing our environmental footprint

As part of the group-wide commitment to reduce our environmental footprint, Sasol Synfuels has embarked on several programmes. These include further containment of volatile organic compounds and the further reduction of sulphur emissions. In the year we improved the control of hydrogen sulphide and particulate matter releases. We also plan to reduce our greenhouse gas emissions by 10% per ton of product by 2015, on a 2005 basis.

## “Cost containment remains a key focus, and we expect improvements in the year ahead.”

*In 2007 we improved the quality of water released from the plant using the waste recycling facility. We made significant progress to establish a sulphuric acid plant. The facility, which will remove more hydrogen sulphide from the atmosphere, is expected to start up in the coming year.*

*The SCC was commissioned early in the year, but was later shut down for two-phase modifications following initial performance tests. This is the first time this technology – supplied by Kellogg, Brown & Root – has been used to crack gaseous rather than liquid feeds. We are continuing our efforts to ensure reliable operations from this investment.*

*Despite the delays in the SCC start-up, Sasol Synfuels met its market commitments by importing high-octane blending components, and by taking additional measures in the refinery to aid the production of unleaded fuel.*

*In addition to meeting South Africa’s new requirements for cleaner fuels, which came into effect in January 2006, we believe Project Turbo will also address most changes in fuel specifications expected in the years ahead.*

### **Preparing for expansion**

*Our plans for Sasol Synfuels’ 20% expansion are progressing well. The project involves additional gas conversion and refinery capacity, as well as increased utility supply and site infrastructure. It is being implemented as an integrated project, affecting most of the Southern African value chain and business units. Sasol Technology will manage the project, which is structured to combine improvements in energy efficiency and environmental and product specifications.*

*We recently completed work to allow for the intake of an additional 24 million gigajoules (M GJ) of natural gas a year. Currently around 5,4% of the feedstock at Secunda is derived from natural gas. We expect three-quarters of the expansion to be fuelled by this cleaner feed, the rest by coal. Some ramp-up of natural gas consumption will take place before the tenth Sasol Advanced Synthol (SAS) reactor is delivered in 2010.*

*In May we received board approval for R2,5 billion in funds for the installation of gas turbines to power a planned 280 megawatt electricity plant at Secunda. It will eventually use mainly flare gas, but will be commissioned with natural gas supplied from Sasol Petroleum International’s operations in Mozambique. This will go some way towards our 2015 commitment to improve our energy efficiency by 15%, off a 2000 base.*

*In the second phase of the expansion project, Sasol Synfuels envisages complementing the current Sasol-Lurgi medium-temperature gasifiers with high-temperature gasifiers. This will improve the efficiency and environmental footprint of our coal conversion process.*

*Estelle Marais, area leader environment, and Daan Loock, group leader land management and rehabilitation, Sasol Synfuels, Secunda.*



## south african energy cluster

## sasol oil

## Sasol Oil financial highlights

		2007	2006	% change
Turnover	Rm	38 191	32 787	16
Operating profit	Rm	2 417	2 432	(1)
Effect of capital items	Rm	(2)	(8)	
Contribution to:				
group operating profit	%	9	14	
group profit	Rm	1 037	1 390	(25)
Cash flow from operations	Rm	2 789	3 069	(9)

## Sasol Oil operational highlights

		2007	2006	% change
Crude oil processed*	M m <sup>3</sup>	3,16	3,09	2,3
White product yield	%	90,4	89,3	1,2
Total liquid fuels sales	M m <sup>3</sup>	9,69	9,61	0,8
Liquid fuels, sales per employee	m <sup>3</sup>	4 733	5 590	(15,3)
Recordable case rate	RCR	0,73	0,94	

\* Through our 63,3% interest in Natref.

- Retail network expanded and market share grows.
- Solid safety improvements but RCR still above group target.
- Imports increased during Sasol Synfuels shutdowns to meet customer commitments.

## Performing well in challenging times

Sasol Oil – which encompasses the refining, blending and marketing of liquid fuels – performed well in the year. We raised refinery throughput, bolstered our retail network and market share and reported excellent growth in Southern African fuel sales.

Profits were broadly steady, even though we increased imports of refined petroleum products to meet demand during Sasol Synfuels' and Natref's maintenance shutdowns. In an environment of high feedstock prices, we lifted refining margins, albeit marginally.

We started work on a new business optimisation plan and, along with Sasol Technology, achieved a significant breakthrough with a project to successfully transport refined white products from Durban to South Africa's inland economic heartland using the 670-kilometre crude oil pipeline.

Our new BEE shareholder, Tshwarisano LFB Investment (Pty) Limited, proved to be an active and valuable partner in directing Sasol Oil's liquid fuels business, since its 25% shareholding took effect in July 2006.

As part of our focus on customers, we ensured that we met our committed volumes, in terms of supply agreements with wholesalers, raising total liquid fuels sales to 9,69 million m<sup>3</sup> from 9,61 million m<sup>3</sup>. Turnover increased to R38 191 million from R32 787million.

Operating profit was little changed at R2 417 million from R2 432 million, held back by lower production volumes resulting from the refinery service shutdowns as well as the cost of higher imports. Sasol Oil imported 317 000 m<sup>3</sup> of unleaded 95 octane petrol (including components) and 238 000 m<sup>3</sup> of gas oil compared with 247 000 m<sup>3</sup> and 97 000 m<sup>3</sup> respectively in the previous year.

Operating costs rose marginally as we incurred spending on preparatory work on the Natref refinery to meet the even more stringent longer term fuel specifications.

Safety training remained an essential part of our operations, evident in the decrease in our combined RCR to 0,73 from 0,94.

Natref performed reliably in the year, with Sasol's 63,6% share of throughput stable at 3,16 million m<sup>3</sup>, representing about 12% of South Africa's total liquid fuels demand. This was facilitated by successfully operating the crude distillation unit at an increased throughput, which helped boost the refinery's conversion rate of crude oil into white products to 90% from 89%. During the planned 40-day shutdown in May and June the platformer reactors were replaced to improve the refinery's octane capability.

## Building our retail network

In the year Sasol Oil was able to tap into the South African fuel retail industry growth of 3,8%, by extending our retail network and increasing our market share. Our retail business grew by nearly



**“Our retail business grew by nearly 12,1%, raising our share of the market to 8,6%.”**

12,1%, raising our share of the market to 8,6% from 8% a year ago. We now have 169 Sasol convenience centres and 222 Exel service centres. This represents the addition of 23 fuel forecourts to our total in operation in the year. We expect to add 27 in the year ahead.

In neighbouring countries, Sasol Oil also boosted its presence and its sales volumes. In Swaziland, we were recently granted our operating licence, commencing deliveries to the network in August. Sasol has 36 commercial sites and seven retail facilities in the country with a total volume of 21 000 m<sup>3</sup> a year (8,5% market share).

In Mozambique, our retail sales at six sites rose by 7,6% and in June we opened a new outlet in Maputo. Our commercial business in Mozambique grew by 15%, and we expect the recent start of the Moma project to add about 1 500 m<sup>3</sup> a month to sales. Our Namibian joint venture, Namibia Liquid Fuel, continued to prosper and met its obligations to supply half of Namibia’s fuel requirements.

Overland fuel exports to the Democratic Republic of Congo, Zambia and Zimbabwe continued as in previous years.

### **Optimising our business**

After revising our strategy in May 2006, Sasol Oil recently implemented a new business optimisation programme. In particular, we are looking to develop Sasol Oil’s logistics infrastructure, devising a blueprint of distribution channels – and formulating our capital investment plan to ensure we have the right logistics to achieve the targeted growth. Another important aspect of our optimisation plan is to raise crude oil throughput at Natref and improve product yields.

### **Expanding our BEE initiatives**

The economic empowerment of historically disadvantaged South Africans remains central to Sasol Oil’s business. We believe the R1,45 billion sale of a quarter of our Sasol Oil business to Tshwarisano lays the foundation for a sustainable BEE approach. Employment equity is another key focus, with significant improvements achieved in the year, partly due to a recruitment drive of managerial and specialist skills.

The share of our Exel and Sasol convenience centre franchisees who are black South Africans (African, Indian and Coloured) rose to 46% from 37%. In the period ahead, we are on target to allocate 75% of all new service stations to black franchisees.

*Pretty Mpfana, acting marketing manager, fuel oils, in front of a new Sasol Oil fuel delivery tanker.*



## south african energy cluster

## sasol gas

## Sasol Gas financial highlights

		2007	2006	% change
Turnover	Rm	<b>3 702</b>	3 209	15
Operating profit	Rm	<b>1 936</b>	1 526	27
Effect of capital items	Rm	<b>370</b>	138	
Contribution to:				
group operating profit	%	<b>8</b>	9	
group profit	Rm	<b>1 163</b>	842	38
Cash flow from operations	Rm	<b>1 863</b>	1 724	8

## Sasol Gas operational highlights

		2007	2006	% change
Total gas sales	M GJ	<b>112,9</b>	105,7	7
Sales per employee	GJ	<b>520 681</b>	544 845	(14)
Cash fixed cost per GJ	R	<b>2,27</b>	1,86	22
Number of unscheduled supply interruptions		<b>13</b>	13	
Number of reported gas leaks		<b>5</b>	2	
Recordable case rate	RCR	<b>0,00</b>	0,86	

- *Marked safety gains as RCR drops to zero.*
- *BEE advanced with marketing area of Spring Lights Gas expanded.*
- *Preparation underway to double natural gas volumes to South Africa.*

## Posting a well-rounded performance

Sasol Gas enjoyed another strong year, increasing sales volumes and operating profit while retaining its excellent safety record. We also made headway preparing for the expansion of our natural gas business, with plans to double the volumes of natural gas supply to South Africa within the next 10 years.

Our motto "zero harm in growing" inspired us to achieve a combined RCR of zero, down from 0,86 the previous year. Not restricted to people working on our sites, our safety efforts cover the communities through which our pipeline passes, as well as our customers' facilities. To ensure the safe application of our product, we assisted customers with regular safety audits and advice on sound gas use.

Sales volumes rose 6,9% in the year to 112,9 million gigajoules (M GJ). Higher selling prices helped lift turnover 15,4% to R3 702 million from R3 209 million. Although preparatory work ahead of our planned natural gas expansion project pushed up costs, we were able to raise operating profit by 27% to R1 936 million from R1 526 million. This was augmented by the R346 million profit realised from the sale of 25% of the company that owns the 865-kilometre pipeline linking Secunda to the central processing facility in Temane. In August 2006 the state-owned Companhia Moçambicana de Gasoduto exercised its option to buy the stake in the Republic of Mozambique Pipeline Investments Company (Pty) Limited (Rompc), reducing our interest to 50% as planned.

Government-controlled South African and Mozambican companies now each own 25% of Rompc, underscoring the strategic importance of this venture to both governments.

## Growing our customer base

Total customer numbers grew by 9 to 550. Reflecting the growth and investment in the South African economy, consumption of this more environmentally benign fuel by industry continues to expand rapidly at existing facilities, as well as at new sites.

We successfully promoted gas for the co-generation of electricity and steam, with the commissioning in Newcastle of South Africa's second pipeline gas-fired co-generation plant during the year. Elsewhere in KwaZulu-Natal, we expanded the marketing area of our BEE joint venture, Spring Lights Gas, to include the whole province. Sales by Spring Lights Gas had previously been limited to Durban South. Sasol Gas retains 19 customers in the province.

A disappointment in the year was the rupture of our pipeline in Springs, Gauteng, in September 2006, interrupting supply to 37 customers for approximately 48 hours. We are relieved no-one was hurt in the incident, and have accelerated an investigation of our options to provide a backup supply for the network.

***“In the year ahead, we will embark on a detailed engineering and construction plan for the expansion of our natural gas project.”***

*Another cause for concern was the slow pace of approvals by environmental authorities of environmental impact assessments to connect new customers. The backlog delayed a number of new projects.*

*Since the Gas Act, 2001, became effective in November 2005, stakeholders have worked together with the National Energy Regulator (Nersa) to shape regulations for the industry. This process typically takes time, particularly as regulatory resources are stretched. We also continue to work closely with members of the industry and have recently revived the South African Pipeline Gas Association (SAPGA).*

### **Building network capacity**

*During the year we finished the expansion of our network at Roodekop in Gauteng. We also started extending our pipeline to Tarlton and Driefontein on the West Rand, which should be completed before the end of 2007. We continued to implement a number of inline pipeline inspection systems to manage the integrity of our pipeline and better protect our assets.*

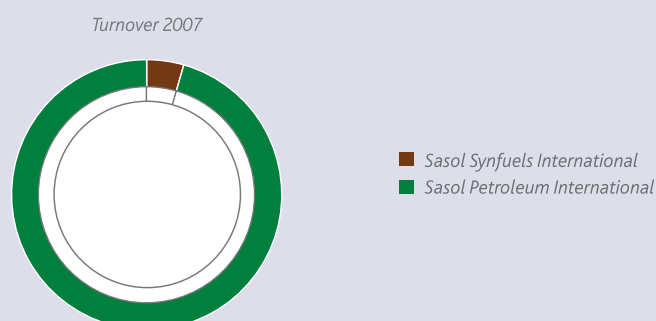
*In the year ahead we will embark on a detailed engineering and construction plan for the expansion of our natural gas infrastructure, which is being carried out by Sasol Petroleum International (SPI), Rompco, Sasol Synfuels and Sasol Technology. The project, which is to be carried out in phases, aims to double the Rompco pipeline’s capacity to 240 M GJ a year. This will secure the bulk of the feedstock needed for the 20% increase in production at Sasol Synfuels, and is dependent on SPI securing additional gas reserves in Mozambique. The first phase will include the installation of the first of five new compressor stations on the Rompco pipeline, which will enable us to transport an additional 27 M GJ of gas to South Africa. This will involve capital expenditure by Rompco of approximately R1,1 billion.*

**Theresa Langa**, technical advisor, at Sasol Gas customer, Frankwen Forge.



## international energy cluster

## Business segment contributions to international energy cluster



## International energy cluster financial highlights

		2007	2006	% change
Turnover	Rm	1 465	1 398	5
Operating loss	Rm	(463)	(42)	1 002
Effect of capital items	Rm	–	(82)	
Exploration expenditure		(526)	(123)	
Contribution to:				
group operating profit	%	(2)	0	
group profit	Rm	(726)	(119)	
Cash flow from operations	Rm	1 094	1 476	(26)

## International energy cluster operational highlights

- Oryx was commissioned earlier in the year.
- Progress made in developing Nigeria's first GTL facility.
- Project office opened in India to investigate CTL opportunities.
- Natural gas sales from the Temane field up to 98 M GJ from 94 M GJ.
- Condensate sales up by 28%.

*“We remain confident that Sasol’s experience in transforming the energy landscape in South Africa can be replicated in other parts of the world.”*



*Sasol’s strategy to expand our international energy business – based on our proprietary technology, our experience in managing and operating large-scale integrated projects and plants, and our skills base – remains a key driver of growth.*

*In an energy-hungry world where security of supply is becoming more critical, Sasol Synfuels International (SSI) and Sasol Chevron, our joint-venture company with Chevron, are helping a number of countries to add value to their natural resources and enhance their security of energy supply through plans to develop alternative, cleaner fuels from natural gas and coal. Working in parallel, Sasol Petroleum International (SPI) is advancing its exploration drive to enhance the group’s upstream gas and oil resources.*

*During the year SPI raised gas output and made good progress in securing the additional gas resources from Mozambique needed for Sasol Synfuels to increase its liquid fuels output in South Africa by a fifth, within a decade.*

*SSI brought Oryx, the world’s largest commercial gas-to-liquids (GTL) plant outside South Africa, on stream in Qatar and is collaborating closely with Sasol Technology to optimise this facility to raise current throughput. Sasol Chevron reported progress in developing Nigeria’s first GTL facility, Escravos GTL, and is in talks with other countries interested in developing their gas reserves through similar projects.*

*SSI continued to receive enquiries from countries interested in making their coal assets productive through our coal-to-liquids (CTL) offering. We have increased our staff numbers in China and established a project office in India. Along with the USA – where we are also exploring options and doing pre-feasibility work – these countries are amongst the world’s largest oil importers with some of the largest coal reserves.*

*Since our international energy initiative first took root a decade ago, the environment in which we operate has changed dramatically. Oil prices are trading near record highs. At the same time the number of capital projects has ballooned, putting pressure on available skills and increasing the cost of these projects.*

*In spite of these developments, our strategy is intact. We recognise the benefit of securing our own upstream hydrocarbon resources. We believe in the future of CTL and GTL and our ability to set up and manage these large-scale integrated projects successfully. We remain confident that Sasol’s experience in transforming the energy landscape in South Africa can be replicated in other parts of the world.*

*Lean Strauss, group general manager,  
international energy cluster.*

## international energy cluster

sasol synfuels  
international

## Sasol Synfuels International financial highlights

		2007	2006	% change
Turnover	Rm	65	161	(60)
Operating loss	Rm	(763)	(642)	19
Effect of capital items	Rm	–	–	
Contribution to:				
group operating profit	%	(3)	(4)	
group profit	Rm	(653)	(366)	
Cash flow from operations	Rm	540	561	(4)

Sasol Synfuels International  
operational highlights

- Oryx commissioned and the first superior quality GTL diesel shipped to market on 7 July 2007.
- First plant modules due to be delivered to EGTL in 2008.
- Sasol Chevron continues to explore GTL opportunities around the world.
- Discussions continue with our partners in China on two potential CTL plants.
- Indian Government implementing reforms to enable CTL.
- Five coal regions identified in the USA to be evaluated for CTL opportunities.

## Breaking new ground

Sasol Synfuels International (SSI) had an active and challenging year highlighted by the start-up of the Oryx gas-to-liquids (GTL) plant in Qatar – the world's largest commercial-scale GTL plant outside South Africa. We also increased our presence in markets where we believe SSI has significant coal-to-liquids (CTL) opportunities, took strides to expand catalyst production capacity and bolstered our skills base.

Oryx GTL, in which SSI has a 49% and Qatar Petroleum a 51% shareholding, shipped its first cargo (a blend of diesel and naphtha) to market in April 2007. High quality, environmentally benign GTL diesel, as well as GTL naphtha and liquefied petroleum gas, are being produced through the conversion of natural gas in the three-step Sasol Slurry Phase Distillate™ (Sasol SPD™) process. During the start-up of Oryx GTL, all systems and process units were successfully tested and demonstrated design intent.

Oryx GTL has experienced operational start-up challenges and, as a result, operating rates have been lower than planned. The majority of these challenges were limited to individual pieces of equipment. Higher than design levels of fine material were produced in the proprietary Fischer-Tropsch (FT) process. Over the next year we will therefore be implementing additional filtration capacity.

The lessons learned at Oryx GTL will be applied to the Escravos GTL project in Nigeria (EGTL). During the year logistical challenges experienced at the remote location of this project have been addressed.

EGTL will be ready to accept delivery of the first plant modules, currently under construction in fabrication yards in the Middle and Far East, during the first half of 2008. The modules will then be assembled on site at Escravos and first production is expected during 2010.

Apart from Oryx and EGTL, SSI and Sasol Chevron continue to evaluate other GTL opportunities elsewhere in the world. This includes a project in Australia, based on gas that will potentially be made available from Chevron's Wheatstone field. Should additional natural gas resources be made available in the Gulf's North field, an expansion of our current business in Qatar remains our future goal.

Marketing our high quality, ultra low-emission fuels is the responsibility of Sasol Synfuels International Marketing, a wholly-owned subsidiary of SSI, assisted by Sasol Chevron as marketing agent. In the year good progress was made to build awareness of the environmental and performance benefits of these fuels. Much of this work was conducted through the Alliance for Synthetic Fuels in Europe, whose other members include the diesel technology companies Daimler, Renault, Bosch and Volkswagen, together with fuel manufacturers Sasol Chevron and Royal Dutch Shell.

Hand in hand with expanding our GTL projects is a drive to add capacity to the production of catalyst required in the Sasol SPD™ process. Construction started early in the year on a second plant

**“Sasol is actively investigating CO<sub>2</sub> sequestration opportunities and other efficiency solutions in the countries where new CTL ventures are being considered.”**

situated in De Meern, The Netherlands, which will produce proprietary cobalt-based FT catalyst and is expected to start up before the end of the next financial year. BASF and SSI, together with Sasol Technology, are also advancing efforts to achieve a sustainable increase in output at the existing BASF catalyst plant at De Meern.

**Adding value to coal**

We are focusing on deploying our proven CTL technology in China, India and the USA. We recently set up a project office in Mumbai and have significantly increased our staff complement in Beijing.

In China, we are continuing discussions with our partners, the Shenhua Group Corporation and Shenhua Ningxia Coal Industry Group Company, as well as the Chinese Government on the potential of two CTL plants. Prior to conducting a full feasibility study, we need to be comfortable with the project risks and the projected economic returns.

The Indian Government has shown its willingness and commitment to consider reforms that would allow for the establishment of a CTL industry in that country. The Coal Act has been modified to allow gasification and liquefaction as an end-use for coal-mining in India.

We have identified five primary coal regions in the USA, based on large, low-cost coal reserves. These will be evaluated from technical and business perspectives before proceeding with a detailed feasibility study in a particular region.

To strengthen our CTL position, we are also exploring ways to improve the quality of our proven CTL catalysts, and to produce these catalysts in more cost-competitive and environmentally benign ways.

While growing global concerns over energy security and higher oil prices are creating significant interest in CTL, the process does generate more carbon dioxide (CO<sub>2</sub>) per ton of product compared with fuels derived from traditional crude oil refining. Sasol is actively investigating CO<sub>2</sub> sequestration opportunities and other efficiency solutions in the countries where new CTL ventures are being considered.

We have recently launched comparative life-cycle assessment or “wells-to-wheels” studies to evaluate carbon emissions from production to end-use in the various production and refining processes.

As the business hosts the GTL and CTL growth ambitions of the group, its costs are associated with the development of these opportunities. An operating loss of R763 million was incurred in the year as a direct consequence of the increased activity in this respect.

**Ramona Naidoo**, senior accountant,  
Sasol Synfuels International,  
Johannesburg.



## international energy cluster

sasol petroleum  
international

## Sasol Petroleum International financial highlights

		2007	2006	% change
Turnover	Rm	1 400	1 237	13
Operating profit	Rm	300	600	(50)
Effect of capital items	Rm	–	(82)	
Exploration expenditure	Rm	(526)	(123)	328
Contribution to:				
group operating profit	%	1	3	
group profit	Rm	(73)	247	
Cash flow from operations	Rm	554	915	(39)

## Sasol Petroleum International operational highlights

		2007	2006	% change
Total gas sales (Mozambique)	M GJ	68,5	66,0	4
Total condensate sales	b	576 961	449 462	28
Total oil sales (Gabon)	b	1,6	1,7 m	(6)
Recordable case rate	RCR	0,71	0,44	

- Good progress in securing additional gas from Mozambique.
- Oil production off Gabon increases and development of new oilfield sanctioned.
- Carbon dioxide sequestration capability progressing.

## Investing for long-term growth

Sasol Petroleum International (SPI) stepped up its global exploration activities as it continued to move towards establishing a broad portfolio of natural gas and crude oil reserves. It also remained a reliable and stable producer of natural gas and condensate from Mozambique as well as oil from Gabon.

SPI's work is closely linked to the group's gas-to-liquids and coal-to-liquids (CTL) ambitions, offering support to Sasol Synfuels International and Sasol Chevron. This clearly underscores our significant role in and contribution to the group's value chain.

During the year our focus remained firmly on consolidating and increasing our gas supply capabilities in Mozambique and sustaining our oil supply from West Africa. In addition, our global screening initiative to locate other opportunities for upstream gas acquisitions moved ahead steadily.

In partnership with Mozambique's Companhia Moçambicana de Hidrocarbonetos SARL and the International Finance Corporation, we produced and sold 98 million gigajoules (M GJ) of natural gas from the Temane field, up from 94 M GJ the previous year. This is part of our longer term goal of a phased increase in production to supply both the South African and Mozambican markets.

Gas condensate sales also increased, with SPI's share up at 576 961 barrels (b) from 449 462 b. We plan to drill a horizontal well for further appraisal of Inhassoro condensate during the 2008 drilling campaign. If successful, this will add to our condensate production.

SPI's investment in exploration in the year under review has been substantial, with the aim of securing a sustainable future. There is typically at least a five-year lag between successful exploration and production. We are targeting 80 000 b of oil equivalent a day from our operations by 2015.

In the 2007 financial year, higher oil prices and the beneficial exchange rate lifted turnover by 13% to R1 400 million. Significantly greater exploration activity had an impact on operating profit, which was also negatively influenced by the rising cost of scarce exploration talent amid high world energy prices. Operating profit before exploration expenditure increased 14% on the previous year.

Despite numerous efforts to bolster safety, our combined RCR rose to 0,71, from 0,44. This increase is attributable to the increased activity in our field work in Mozambique. SPI has focused more attention on ensuring the safety of all who work in our typically difficult and remote locations. Measures include direct management presence on site and enhanced safety training and accreditation of service providers.



*“This year around 30 wells will be drilled and construction will start on flowlines from Pande to the Temane central processing facility.”*

### **Growing our Mozambique footprint**

SPI recently launched the drilling and development campaign for our next expansion phase in Mozambique, with start-up targeted for 2010. This year around 30 wells will be drilled and construction will commence on flowlines from Pande to the Temane central processing facility, enabling the Pande field to be brought on stream in 2008. Alongside this, the three-dimensional seismic survey in offshore Block 16/19, initiated in January 2007, was completed in June and prospectivity mapping is planned to be completed by early 2008. The environmental impact assessment carried out ahead of this survey was the first of its kind in Mozambique, earning plaudits from the World Bank.

### **Developing West African resources**

In Gabon, we brought the Avouma satellite oilfield on stream in January 2007 to counter the forecast decline in production from the offshore Etame field. Gross output from both fields totalled 18 247 barrels a day (b/d), up from 18 231 b/d from Etame the previous year. Through SPI's 27,75% share, we sold for our own account 1,3 million b of crude oil into the international market. We also sanctioned the development of the adjacent Ebouri field, which is expected to come on line during the 2009 financial year. In Nigeria, we gained a fourth deep water licence. We have three licences in the exploration/appraisal phase with one licence proceeding to development in two separate projects.

### **Supporting sustainable CTL expansion**

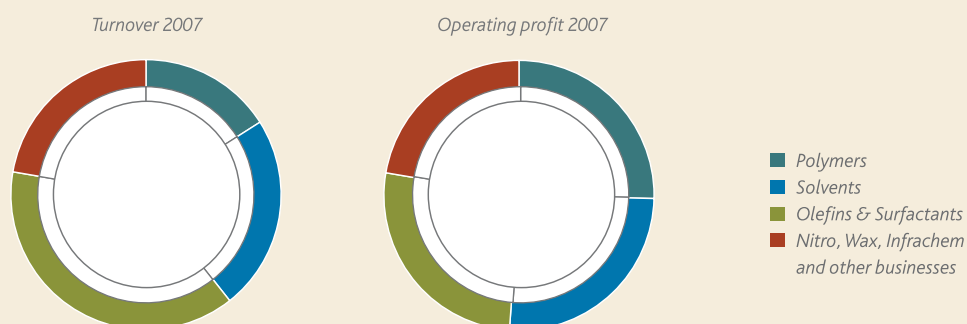
To increase the viability of the group's long-term CTL goals, SPI is building its capability in carbon dioxide (CO<sub>2</sub>) sequestration as a solution to reducing greenhouse gas emissions. Sequestering allows underground storage of CO<sub>2</sub> and/or the enhancement of hydrocarbon production. SPI is at the forefront of exploring the use of CO<sub>2</sub> to enhance and even make possible the production of coal-bed methane near the areas of our CTL operations.

**Mevace Muhai**, reservoir engineer,  
Sasol Petroleum International,  
Johannesburg.



## chemical cluster

## Business segment contributions to chemical cluster



## Chemical cluster financial highlights

		2007	2006	% change
Turnover	Rm	58 881	49 284	19
Operating profit/(loss)	Rm	4 293	(1 471)	392
Effect of capital items	Rm	538	(4 107)	
Contribution to:				
group operating profit	%	17	(9)	
group profit/(loss)	Rm	3 922	(1 422)	376
Cash flow from operations	Rm	5 760	4 579	26

## Chemical cluster operational highlights

		2007	2006	% change
Total sales	Mt	8,3	7,2	14
Total production	Mt	8,8	7,7	14
Sales per employee	t	682	556	23
Recordable case rate	RCR	0,83	0,87	



*The chemical cluster, established to channel the focus of our global chemicals businesses, had a good year despite high feedstock prices. Most businesses delivered above-budget performances, with the cluster's total operating profit before capital items surpassing budget expectations by 43% and improving by 392% on the prior year. Sasol Olefins & Surfactants (Sasol O&S) was the exception as high oil prices continued to exert pressure on its margins.*

*We made a number of leadership changes following the retirement of two of our managing directors. The benefits of new energy and fresh perspectives are already emerging at Sasol Polymers, Sasol Solvents, Sasol Nitro, Sasol Wax and our Merisol joint venture.*

*In line with the Sasol group strategy, the growth drivers for the chemical cluster are threefold. Firstly, we aim to benefit from the additional Fischer-Tropsch (FT) feedstock streams from the planned expansion of the South African energy cluster. Secondly, we are investigating opportunities outside South Africa where we can access competitive conventional petrochemical feedstock. In the longer term, we also plan to leverage opportunities from the international energy cluster's growth ambitions.*

*In March Sasol terminated the planned divestiture of Sasol O&S as no offers that met our expectations had been received. We thus believed it was in the best interests of shareholders to retain Sasol O&S and improve its performance. Much of the planning for a rigorous turnaround was put in place during the period that Sasol O&S was for sale. This has allowed us to move ahead decisively on restructuring the business, which is expected to take three to five years, after which the strategic options for Sasol O&S will be reconsidered.*

*Sasol Polymers is poised for growth in the coming year as projects to nearly double its output come on stream at a time when demand for its products is strong. Its priority is to achieve optimal performance from the Project Turbo initiatives and its investments in polymer production facilities in the Middle East, while seeking further feedstock-based opportunities.*

*Sasol Solvents expects another healthy performance in the year ahead, notwithstanding likely margin pressure as feedstock prices remain volatile. It will critically review its product portfolio and endeavour to run plants at higher capacity. A particular emphasis will be on improving the robustness of those operations that do not enjoy an integrated feedstock position.*

*Sasol Wax continues to expand its speciality application products, but high oil prices are likely to pressure margins in the year ahead. The business will optimise its production capacity of hard wax made through the FT process to support market demand, and is investigating plans to double its wax production capacity in South Africa by 2013.*

*Sasol Nitro is expected to maintain its solid performance in the year ahead, as the explosives accessory business continues to expand and the outlook for the fertiliser market remains favourable.*

*Reiner Groh, group general manager, chemical cluster.*

## chemical cluster

## sasol polymers

## Sasol Polymers financial highlights

		2007	2006	% change
Turnover	Rm	<b>9 410</b>	7 639	23
Operating profit	Rm	<b>1 089</b>	822	32
Effect of capital items		<b>(9)</b>	(17)	
Contribution to:				
group operating profit	%	<b>4</b>	5	
group profit	Rm	<b>1 443</b>	985	46
Cash flow from operations	Rm	<b>1 874</b>	1 396	34

## Sasol Polymers operational highlights

		2007	2006	% change
Total sales	Mt	<b>1,19</b>	1,17	2
Total production	Mt	<b>1,73</b>	1,81	(4)
Production per employee	t	<b>956</b>	758	26
Cash fixed cost per ton	R	<b>918</b>	774	18
Recordable case rate	RCR	<b>0,59</b>	0,54	

- Operating profit up a third as solid productivity gains are recorded.
- Steady safety performance with RCR slightly up despite wider definition.
- International distribution deals signed, securing markets for new output stream.

## Lifting profit by a third

Sasol Polymers achieved solid financial, safety and productivity results in the year, and continued to enhance customer service. Production per employee increased to 956 tons from 758 tons in the previous year. We also sealed a number of international distribution agreements, securing markets for the new output streams set to flow from our various expansion projects, which will almost double polymer output. Among these were deals to distribute plastic raw materials to Asia, Europe and Africa.

Sasol Polymers' total turnover rose 23% to R9 410 million, mainly due to stronger international product prices and a weaker rand. Although feedstock costs continued to climb, operating profit increased by 32% to R1 089 million.

Overall, it was a year of two clearly different halves. In the first six months the South African operations were affected by maintenance shutdowns, feedstock restrictions and low margins, resulting in poor profits. However, in the second six months significantly higher margins, improved stability in plant operations and healthy demand ensured a strong finish and pleasing results.

Our Malaysian joint venture, Petlin, did well in the year. The plant has achieved production levels above its design capacity on a sustained basis, leading to an increased profit contribution. Our Wesco China joint venture in Hong Kong continued to grow, providing an established channel for our products into the world's biggest market.

Safety remained a priority and we began implementing a comprehensive process safety management project. Our combined RCR\* was at 0,59 from 0,54, notwithstanding the recent inclusion of recordable illnesses into the RCR calculation. The result can be attributed to the significant additional effort ahead of the shutdowns to create safety awareness for our own employees and service providers, as well as our focused safety improvement plan.

Sasol Polymers recorded reduced effluent discharge volumes as well as lower non-methane hydrocarbon emissions. However, water usage increased, as did the vinyl chloride (VC) emissions per ton of PVC produced. Feasibility studies regarding a change in technology, which is anticipated to reduce the VC emissions, have been initiated.

We finalised the sale of our 50% stake in downstream pipe manufacturer DPI Plastics in the year, in line with our strategic intention to focus on our core business.

## Doubling polymer output

The financial year was encouraging for Sasol Polymers, as we moved towards completing a major new growth phase for the business at a time when international polymer prices and margins are high. Demand for plastics typically expands at twice the world's economic growth rate, but the polymers market currently appears to be developing faster than that, led by orders from China and India. This has helped lift gross margins.

Although the overload on the global construction and engineering industry has led to delays in capital projects the world over, including our own, we are confident our new capacity will come on line in time to benefit from the relatively robust demand for our products. Our heavy capital expenditure programme is now

**“Sasol Polymers’ total turnover rose 23% to R9 410 million, mainly due to stronger international product prices and a weaker rand.”**

slowing down, with investment of some R2,1 billion in the 2007 financial year set to drop to about R900 million in the year ahead.

We expect beneficial operation of the 300 000 tons per annum (tpa) polypropylene plant at Secunda before the end of 2007, and in the next few months we will also ramp-up production at the new 220 000 tpa low-density polyethylene (LDPE) plant. This plant has already proven its design intent, but is operating in campaign mode rather than continuously, due to the limited availability of ethylene until the selective catalytic cracker is fully operational.

As part of our efficiency drive, we decommissioned, in February, our original LDPE plant – “Poly 1” – at Sasolburg, which had given us 41 years of world-class service. This released feed for the new LDPE plant, which – along with the recently expanded linear low-density polyethylene plant – has much better economies of scale than Poly 1.

**New Middle Eastern capacity to come on stream**

Problems with the reliability of some utilities at our Middle Eastern site, coupled with the worldwide engineering skills shortage, have led to delays in work on Arya Sasol – the olefins and polyolefins joint venture between Sasol Polymers Germany GmbH and the National Petrochemical Company of Iran.

However, we are pleased to report that commissioning of the Arya Sasol ethane cracker, with capacity of one million tpa of ethylene, has started and the plant should be producing to specification on a sustainable basis in the last quarter of 2007. The LDPE and high-density polyethelene plants, each with capacity of 300 000 tpa, are in the pre-commissioning stage and should be in beneficial operation by the first quarter of calendar 2008.

Sasol Polymers Middle East is in the process of setting up a sales and marketing office in Dubai to trade the Arya Sasol product on world markets.



*David Mokomela, vinyls business marketing manager, Sasol Polymers. He is pictured in the Polymers technology centre in Modderfontein, near Johannesburg.*

## chemical cluster

## sasol solvents

## Sasol Solvents financial highlights

		2007	2006	% change
Turnover	Rm	13 766	11 666	18
Operating profit	Rm	1 106	873	27
Effect of capital items	Rm	(152)	105	
Contribution to:				
group operating profit	%	4	5	
group profit	Rm	636	687	(7)
Cash flow from operations	Rm	1 697	1 258	35

## Sasol Solvents operational highlights

		2007	2006	% change
Total sales	Mt	1,69	1,79	(2)
Total production	Mt	1,65	1,75	(2)
Production per employee	t	978	1 010	(3)
Cash fixed cost per ton	R	1 217	879	38
Recordable case rate	RCR	0,77	1,27	

- Margins up significantly despite higher feedstock prices and lower output.
- Measurable safety improvements in the year, with RCR lower.
- Successfully completed debottlenecking of plant and made good progress on other capital projects.

## Increasing our margins

Sasol Solvents remained a steady and reliable performer in the year. The business benefited from increased margins from its diverse range of solvents and chemical intermediates, despite increased oil-related feedstock costs and – in Europe – growing competition from imports.

Turnover rose to R13 766 million from R11 666 million as we increased product prices, and achieved an average 30% rise in margins. This was in spite of pressure in Europe due to the strength of the euro, which led to imports from other regions – notably the USA – becoming more competitive.

The margin increase more than compensated for the higher feedstock prices, the effects of which were more dramatic in Germany, where our operations are not backwards-integrated. Operating profit increased to R1 106 million from R873 million, also helped by the weaker rand.

Two planned maintenance shutdowns in the year at Sasol Synfuels – from which we derive our feedstock in South Africa – as well as internal operational issues led to lower production levels in the year. Total output dropped to 1,65 million tons (Mt) from 1,75 Mt the previous year.

Safety remains a top priority at Sasol Solvents, where we achieved a combined recordable case rate of 0,77 compared with 1,27 the previous year. We will continue to work hard to improve the safety of service providers on our sites.

Our comonomers business increased margins for hexene to record levels as supplies in the market tightened. For octene, new competitor capacity in Europe kept demand and supply in balance, leading to stable margins. Despite the generally good picture for margins in this business, we were not able to take full advantage of this due to production problems in Secunda, which led to lower sales volumes and dampened earnings.

Our Sasol-Huntsman maleic anhydride joint venture in Germany performed well and made a pleasing contribution to profit, reaching record output after production capacity was debottlenecked by about 10%. The profitability of our Sasol Dia Acrylates joint venture with Mitsubishi Chemical Corporation of Japan was depressed by relatively low product prices and high feedstock costs.



***“Turnover rose to R13 766 million from R11 666 million as we increased product prices, and achieved an average 30% rise in margins.”***

### ***Investing in future growth***

*We successfully completed the debottlenecking of the iso-propanol plant in Moers, Germany, as well as the propanol plant in Secunda, and have made good progress on other capital projects. This includes the third octene plant, with a capacity of 100 000 tpa, which is due to come on stream in early 2008.*

*We recently announced plans to build a second methyl iso-butyl ketone (MiBK) plant at Sasolburg, scheduled for start-up in the first half of 2009. This will complement the existing 30 000 tpa facility and make us the second largest producer of MiBK in the world. MiBK is used as a solvent in surface coating, adhesives and pharmaceuticals and in the manufacture of rubber additives used in vehicle tyres.*

*Sasol Solvents is in discussions with Mitsubishi Chemical Corporation (MCC) to dissolve the Sasol Dia Acrylates joint venture in which Sasol has a 50% shareholding and to acquire the shares held by MCC. The various agreements relating to this transaction are progressing well. The required submission to the South African competition authorities is being prepared and will be submitted after the agreement is signed by both parties.*

*We continue to invest for new growth by developing new production capacity. In 2007 we spent around R1,1 billion on capital projects, which is forecast to rise to around R1,7 billion a year by 2010. This includes plans to debottleneck various units, in line with the group’s plans to expand Sasol Synfuels’ production by 20% in the next decade.*



*Anna Christina Decker works as a skilled chemicals worker at the Sasol Solvents plant at Herne, Germany.*

## chemical cluster

## sasol olefins &amp; surfactants

## Sasol Olefins &amp; Surfactants financial highlights

		2007	2006	% change
Turnover	Rm	22 582	19 095	18
Operating profit/(loss)	Rm	1 140	(3 567)	132
Effect of capital items		707	(4 143)	
Contribution to:				
group operating profit	%	4	(21)	
group profit/(loss)	Rm	1 241	(3 360)	137
Cash flow from operations	Rm	945	1 301	(27)

## Sasol Olefins &amp; Surfactants operational highlights

		2007	2006	% change
Total sales	Mt	2,18	2,13	2
Total production and purchases	Mt	2,20	2,05	7
Sales per employee	t	666	638	4
Recordable case rate	RCR	0,37	0,38	

- Decision taken to keep Sasol O&S and restructure for profitability.
- New management team appointed and decisive actions taken to streamline operations.
- Some signs of recovery in certain market segments, with margins slowly expanding.

## Restructuring for profitability

In March 2007 Sasol decided to terminate the divestiture of the Sasol O&S business. To have pursued the sale would not have been in the best interests of Sasol shareholders.

As a leading global producer and supplier of surfactant intermediates, surfactants and inorganic specialities, we are embracing the opportunity to streamline our business and ensure it is robust and sustainable. After the tough conditions in our markets over the last few years, there are some signs of recovery in certain of our market segments, where margins are slowly expanding.

Most of our products are commodity chemicals sold in very competitive markets. In the past few years we have made a deliberate effort to move towards some higher value speciality products. This has had a positive effect on our inorganic chemicals and alcohols businesses in particular.

Relations with our customers at every level remain strong and we are grateful for their support during the planned divestiture. As we move ahead, motivating our staff will be a key priority.

## Taking decisive action

Continued losses over the past few years have reinforced the need to structurally change the business for future profitability. Fixed cash costs, raw material supply costs and the link between market prices and feedstock costs will have to be dramatically improved to ensure sustainable profitability into the future.

In June we announced the first major step in our restructuring – the shutdown of our linear alkyl benzene (LAB) plants in Baltimore in the USA and Porto Torres in Italy. Sasol O&S is a major producer of LAB and the biggest single merchant producer of linear alkyl benzene sulfonate (LAS) in Europe. LAB is the feedstock for LAS, an essential ingredient for the detergents industry.

Customers will continue to be served from our main LAB facilities at Augusta in Italy and Lake Charles in the USA, where we will further optimise plant throughput and reduce costs. Our Baltimore site will still be used as a distribution point for our products.

Another important cost-cutting initiative has been the closure of our head office in Bad Homburg in Germany. Most staff members have been redeployed in our regional offices in their home countries.

While we believe that these steps will go some way to positioning the business for profitability, we continue to assess all aspects of Sasol O&S critically. Working capital reduction will remain a major focus for us to mitigate the drag on financial performance of the high feedstock prices of recent years.

## Improving financial performance

Turnover rose 18% to R22 582 million due to higher sales volumes and the rand's depreciation against the dollar and the euro in the year. We reported an operating profit of R1 140 million from a loss of R3 567 million in the prior year after reversing the fair value write-down of the business in the year, when we reclassified it as a continuing operation. Operating profit was also aided by some cash fixed cost savings in euros. However, the business' overall profitability continued to be dampened by the impairment of cash-generating units – where the recoverable amount is less than



## *“Relations with our customers at every level remain strong.”*

*the carrying value, the provisions for restructuring costs, the high raw material, utility and energy prices, and the rand's depreciation.*

*Cash flow from operations decreased to R945 million, from R1 301 million, as margins were squeezed by higher prices for feedstock, utilities and energy.*

*Sales rose 2% to 2,18 million tons, mainly due to higher ethylene output in the USA, where the plant ran at full capacity after the previous year's production rates were affected by hurricanes in the US Gulf region. Sales per employee increased 4% to 666 tons.*

*Our safety performance was good in the year, with the combined recordable case rate (RCR) across our operations slightly improved at a world-class 0,37 from 0,38 the previous year.*

*Our alcohols and surfactants business worked hard to mitigate the impact of high feedstock costs, through active product and price management. The fourth-quarter price increase represents the first expansion, albeit small, in margins in almost three years.*

*The unprecedented rise in vegetable oil prices has led to an increase in overall product prices in the industry. However, crude oil remains our major feedstock, with vegetable oils accounting for a small portion of our input costs. Nevertheless, the industry's investment in new Southeast Asian manufacturing plants based on vegetable oils continues to buoy supply. This means that the market for alcohols and surfactants is likely to remain tough for some time to come.*

*Our alkylates and surfactants business has managed to pass on some feedstock price increases to customers in the past year, and expects to expand margins early in the new financial year as market conditions improve.*

*With its low domestic consumption and high level of exports, the Middle East has been a major source of competition due to heavy investment in new plants. However, the outlook for the market has improved as investment in new alkylate capacity has begun to slow and we are seeing consolidation among producers and markets.*

*The best performing business in the Sasol O&S portfolio remains our speciality inorganic chemicals division, where technological innovation has driven up profitability. The prospects for this business, which is mainly based on alumina, are good as customers continue to seek higher value industrial applications.*

*Our total capital expenditure is slowing down, with our most significant project – a 60 000 tons per annum joint-venture oleochemical-based alcohol plant in Lianyungang in China – soon to be commissioned. In the year ahead our capital expenditure will be focused on maintaining plant sites, staying competitive and incrementally debottlenecking production. We will also continue to invest in programmes to reduce costs and implement technology changes to make our processes and products more efficient.*

**Tamra Weemes**, R&D scientist, Sasol O&S, Lake Charles chemical complex, USA.



## chemical cluster

## sasol nitro, sasol wax, sasol infrachem and other chemical businesses

### Financial highlights

		2007	2006	% change
Turnover	Rm	<b>13 123</b>	10 884	21
Operating profit	Rm	<b>958</b>	401	139
Effect of capital items	Rm	<b>(8)</b>	(52)	
Contribution to:				
group operating profit	%	<b>4</b>	2	
group profit	Rm	<b>602</b>	266	126
Cash flow from operations	Rm	<b>1 244</b>	624	99

### Operational highlights

- Sasol Nitro benefits from turnaround in fertiliser market and lift in explosives initiator sales.
- Sasol Wax delivers a strong profit contribution.
- Sasol Infrachem improves conversion efficiencies and reduces system losses.
- Merisol establishes a good platform for growth.

## Sasol Nitro

### Delivering across the board

Sasol Nitro – made up of our ammonia, explosives and fertiliser businesses – had a good year, led by higher rand ammonia prices, a lift in sales of our explosives initiators and the recovery in the Southern African fertiliser market.

We increased sales volumes for our combined nitrogen value chain by nearly 22% to 1,7 million tons (Mt), growing turnover 23% to R4 170 million.

Higher world gas prices and shutdowns by large producers supported ammonia prices over the year. Along with a weaker rand, this led to a 6% rise in the average rand ammonia price. Sasol Nitro increased operating profit by 31% to R610 million, underpinned by strong sales in all our product ranges.

Costs associated with the robust volume growth – in explosives and fertilisers in particular – pushed total cash fixed costs up by 16,5%. However, cash fixed costs fell 4,6% on a per unit basis due to the larger volumes sold in the year.

We worked hard to improve our safety performance, and lowered our combined RCR to 0,57 from 0,63.

We are pleased to report the launch of the Sasol Nitro nitrous oxide greenhouse gas abatement project to reduce emissions from our nitric acid plants at Sasolburg and Secunda. The project, which will convert nitrous oxide into harmless nitrogen and oxygen, is the first of its kind in the world (using secondary catalyst technology) to be registered as a clean development mechanism in terms of the Kyoto Protocol.

We expect to reduce nitrous oxide greenhouse gas emissions by the equivalent of around one million tons of carbon dioxide a year. We expect the project to earn significant income through sales of the carbon credits it generates.

### Capitalising on mining growth

Sasol Nitro's explosives business grew strongly in the year as more mining companies moved to implement the technologies we use. Motivated by concerns for miners' safety, customers are replacing cap and fuse detonators and igniter cords with non-electric initiation systems. In a highly competitive market, we are pleased to have won the world's two largest platinum groups as customers.

We supply almost all of Impala Platinum's initiators, having successfully trained 750 blasting crews to safely use our products. We provide nearly a third of Anglo American Platinum's initiators and continue to educate their miners on how to use them.

To ensure we continue to benefit from the growth in mining, we entered a joint venture with leading international explosives group, Dyno Nobel, to supply technology for the local manufacture of non-electric shock tube detonators for sale in sub-Saharan Africa. Dyno Nobel acquired 50% of Sasol Dyno Nobel for R275 million on 17 September 2007, following approval for the transaction from the Competition Commission.

**“Sasol Nitro worked hard to improve its safety performance and lowered its combined RCR to 0,57 from 0,63.”**

**Benefiting from fertiliser upturn**

A recovery in South African maize plantings in the year buoyed fertiliser sales. Turnover rose to R1 544 million from R1 161 million and we returned to profitability. We expect this business to expand along with the regional agriculture market and benefit from any growth in the fledgling biodiesel industry. In this respect, we are studying the feasibility of making fuel from soya beans in partnership with a South African Government entity, CEF (Pty) Limited.

Another initiative to reduce the group’s emissions is a 100 000 tons a year ammonium sulphate plant at Secunda, which will assist us to reduce emissions per ton of product. We expect this R270 million facility to be commissioned early in 2008.

Our phosphoric acid business in Phalaborwa made a healthy recovery despite maintenance costs related to a scheduled four-yearly shutdown. This was the first full year of manufacturing phosphoric acid on behalf of the phosphate rock miner Foskor, for a pre-agreed margin. This performance bodes well for the future.

**Sasol Wax**

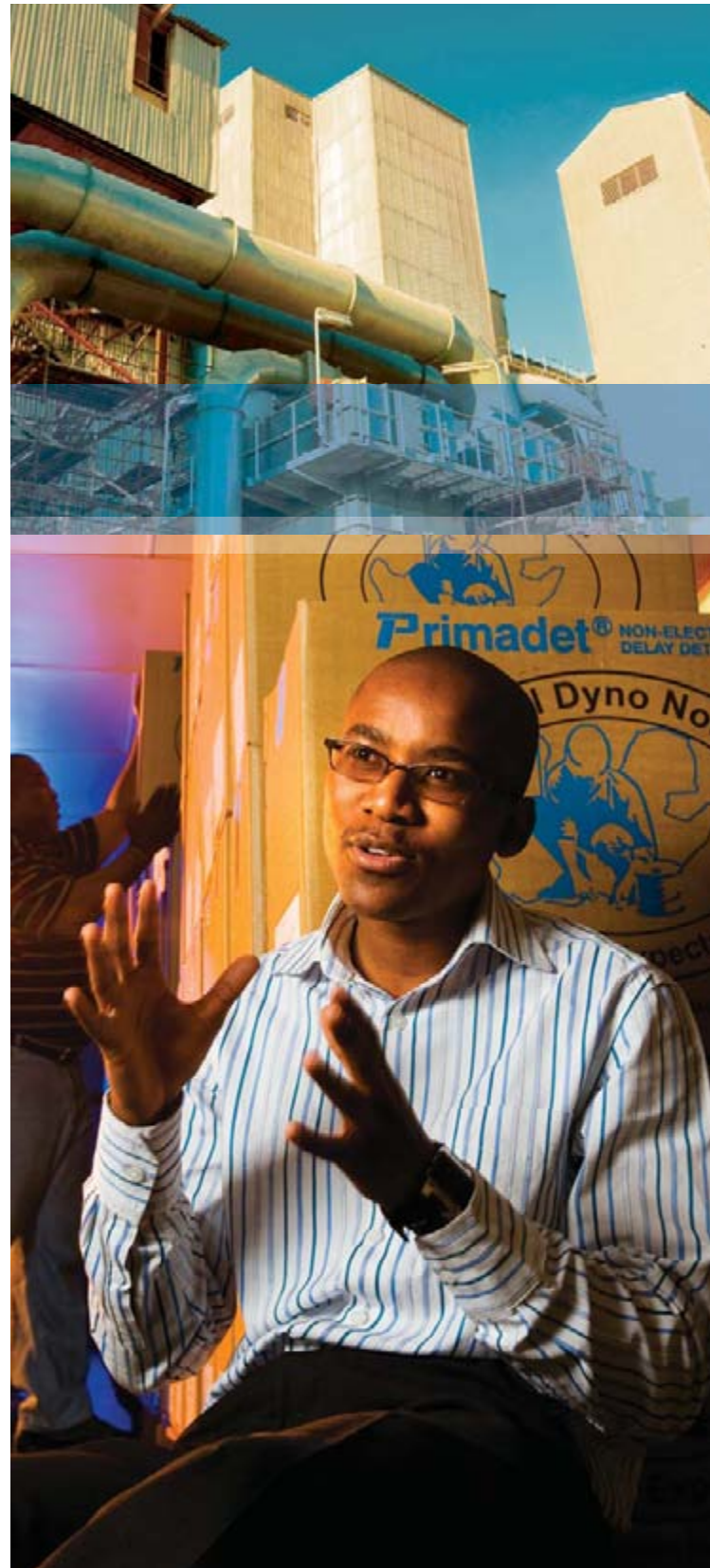
**Doubling our profits**

Sasol Wax – a leading producer and marketer of synthetic and petroleum-derived waxes – performed well in the year, more than doubling operating profit. We benefited from strong demand for specialities made of hard waxes manufactured via Sasol’s proprietary Fischer-Tropsch (FT) process at Sasolburg, or made of petroleum waxes at our facilities in Germany and elsewhere.

Rising oil prices in the past few years have pushed up feedstock prices, leading to some substitution of our product in the commodity market. This led to a loss of volumes in this segment over the year. To counter this trend, Sasol Wax has stepped up its application research to provide value-added blended products. Hence, despite lower production and sales volumes – from our German operations in particular – our total earnings were stronger for the year.

Sales volumes declined 5% to 721 000 tons, but margins improved. This enabled us to lift turnover to R5 574 million from R4 584 million and raise operating profit to R629 million from R276 million.

*Samuel Kgarimetsa, Sasol Nitro logistics coordinator for explosives (packaged and accessories), Ekandustria.*



## chemical cluster

Our combined RCR deteriorated in the year to 0,85 from 0,68. It is with deep regret that we report the death of a service provider on our Hamburg site. Following an investigation into the incident, we commissioned a safety audit of the facility in September 2007. In Sasolburg, we initiated behavioural-based observation of peers, making every individual responsible for overall safety. In Hamburg, we also stepped up our safety training for all staff.

### Strengthening our position

During the year we continued to streamline our business, honing our strategy to focus on value-added niche applications and remaining in those commodity sectors where we can achieve competitive advantages. Among these are Sasol Wax's broad product portfolio, supply flexibility and the high degree of product customisation offered to meet individual customers' needs.

In line with our efforts to optimise our business, we disposed of our wax-blending operations at Pass Christian in Mississippi during the year. We also sold our share in the Ceraven joint venture and shut down our Venezuela sales operation, but continue to service the South American market from our offices in Houston. We also agreed to sell our 31,25% share in Paramelt in The Netherlands, which was finalised in July 2007.

These steps are part of a continual review of Sasol Wax's global business to ensure we can continue to meet our customers' needs cost-effectively.

### Doubling our capacity

To pursue the growth opportunities offered by the demand in FT waxes, we announced a plan in June to double production at Sasolburg. The project will be implemented in phases in line with projected growth in key markets. The first phase is due to come on stream in 2010, and the second is scheduled for operation in 2013.

In May our Hamburg businesses received a statement of objections from the European Commission (EC), alleging that Sasol Wax GmbH and Sasol Wax International AG had infringed anti-trust laws. According to the EC's findings, the alleged violations by several members of the European paraffin wax industry began before Sasol became a shareholder in the European business in 1995. Sasol Wax continues to cooperate fully with the EC in its investigation.

Also in May, the US Department of Justice informed Sasol Wax that it had closed the anti-trust investigation into companies active in the wax business in the USA, and would not take any action against Sasol Wax.

## Sasol Infrachem

### Improving efficiencies

Sasol Infrachem – whose primary role is to reform natural gas in Sasolburg for downstream use by Sasol's chemical businesses – had a good year, in which we improved the conversion efficiencies and reduced system losses, such as flaring, of Sasolburg's two auto thermal reformers.

In the year reformed gas production decreased by 2,7% to 36,6 million gigajoules. However, due to increased efficiency, saleable gas to customers increased by 1,04%. Greater gas sales, together with the reliable supply of on-site utilities in Sasolburg, resulted in an 11% increase in turnover to R2 526 million.

Sasol Infrachem's combined RCR for the past year increased to 1,27 from 1,15, mainly due to the inclusion of 10 occupational illness cases reported in the 2007 financial year. Excluding these, an improvement of about 4% was achieved.

During the year we improved our capacity to withstand instabilities in electricity supply from South Africa's state-owned power utility Eskom. We were able to reduce our dependence on Eskom and offered the electricity supplier support during peak demand periods by increasing our own electricity generation.

We continue to focus on reducing our environmental footprint, and achieved good progress in lowering emissions in the year. We advanced the project to upgrade the Sasolburg power station's electrostatic precipitators, with another precipitator successfully upgraded. We launched a project to detect and repair leaks of volatile organic compounds from the chemical plant facilities in Sasolburg. Among our other environmental initiatives, we are spending some R300 million over seven years to clean up the legacy of coal gasification by rehabilitating ash dumps and tar pits.

As part of Sasol's commitment to the South African transformation agenda, we continue to invest considerable time and energy in the Metsimaholo Rejuvenation scheme. In the past six years Sasol has invested more than R20 million in this social development partnership with local government authorities and the community in Sasolburg. Our work was recognised in the year when we won the 2006 Premier's Gold Excellence Award in the Free State province.

## Merisol

### Establishing a platform for growth

Rejuvenation was the theme for the year for Merisol, Sasol's joint venture with Merichem Company which produces about a third of the world's phenolics. A ramp-up in production in South Africa, and the closure of some front-end business in Houston, USA, led to a significant reduction in our cost base and a better financial performance.

Merisol lifted sales to 104 707 tons from 98 773 tons thanks 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.

Our combined RCR improved to 0,98. We continue to target further improvements, and work is progressing with the implementation of a behavioural-based safety process. In our US businesses, Merisol is also implementing several recommendations of a DuPont safety assessment carried out in October 2006.

*“In June we announced a plan to double wax production at Sasol Wax in Sasolburg.”*

## **African Amines**

### **Withstanding challenging times**

*African Amines – our 50:50 alkylamines manufacturing and marketing joint venture with Air Products in South Africa – reported a 4% decrease in turnover, mainly due to lower export volumes resulting from stiff competition from the Far East. This, combined with high raw material prices, led to an 11% drop in gross profit.*

*Domestic sales volumes increased by 3%, but a significant swing in product demand put a strain on our production process. In an effort to improve efficiencies, we are installing a new process control system at our Newcastle plant in KwaZulu-Natal. All safety standards were exceeded in the year.*

*The business is in the process of being sold, with completion of the sale expected early in the new financial year.*



*Isaac Matji, general manager  
global human resources,  
Sasol Wax, Sasolburg.*

## other businesses

### sasol technology

- 68 projects worth R3,4 billion reach ready-for-operation stage.
- Staff complement up a quarter and investment in education bolstered.
- Larger scale piloting of our ethylene tetramerisation technology progressed.

#### Keeping Sasol sustainable

Sasol Technology continues to strategically position the group's technology to realise future opportunities in a sustainable way. In a demanding global environment with engineering and construction resources in short supply, Sasol Technology achieved some notable successes. These included reaching various project milestones, enhancing our technical capacity and deepening our scientific experience at home and abroad.

In the year Sasol spent R12 billion on major capital projects – around R7 billion of this was on growth projects and the rest on enhancing existing facilities. Sasol Technology was intimately involved in all these projects and is pleased to report that 68 projects worth R3,4 billion reached ready-for-operation stage. Included in this portfolio were significant modules of Project Turbo, Oryx and the Natref clean fuels initiative.

With people being our most important competitive advantage, we grew our overall staff complement by some 25% in the year and our research and development headcount at Sasolburg by over 10%.

To enhance national competence in chemistry and chemical engineering, we increased our investment in education. Over the next eight years we will invest nearly R250 million to strengthen teaching and research capacity in these fields at selected South African universities. We continued to foster strategic alliances with international research institutions, establishing advisory boards in analytical technology, coal gasification, and fuels research.

Innovations to reduce the impact of our businesses on the environment remain a major priority for Sasol Technology. We continue to drive the optimisation of current processes, focusing on energy efficiency, emissions and water utilisation. Renewable and alternative fuels are also becoming more important to sustainable competitive strategies and, among other things, we are investigating biofuels as a possible fuel blend stock.

#### Building sustainable proficiency

At the start of 2007 we embarked on a focused strategy to reposition Sasol Technology for sustainable proficiency. As part of this intervention we are reviewing leadership effectiveness, organisational design and certain business management processes.

We put added effort into improving our management of strategic technology, particularly in acquiring and directing technology solutions for new and existing ventures. To this end, we established a dedicated Sasol Technology licensing group.

Another important focus area is the operations profitability improvement group, tasked with realising the full potential and profitability of existing production technologies. Innovating to optimise group assets and secure Sasol's sustainable competitive advantages is an integral part of Sasol Technology's function.

#### Meeting complex challenges

In the year we faced the challenge of integrating seamlessly the many facets of Project Turbo's implementation, while continuing to meet final product specifications and with minimal disruption to other processes.

We faced difficulties in project delivery and optimising newly installed technology. Most notable were the delays in the ramp-up of the Oryx gas-to-liquids (GTL) project in Qatar and the selective catalytic cracker (SCC) at Secunda.

We are confident in our highly skilled team of scientists and engineers who continue to work tirelessly to implement modifications to resolve these challenges at the earliest opportunity. They have proven their ability over many years to innovate and work thoroughly and methodically to solve complex problems in making new technologies commercially viable.

#### Enhancing our proprietary technology advantage

We continue to enhance Sasol's proprietary Fischer-Tropsch (FT) technology. We have advanced programmes to improve the Sasol Slurry Phase Distillate™ process that converts gas to liquid fuels. Improvements include developing new-generation catalysts, regenerating existing catalysts and finding more cost-effective ways to generate synthesis gas.

Our research and development team enhanced our catalyst-testing proficiency by increasing our small-scale testing capabilities and installing two pilot slurry reactors. We are in the process of commissioning a new 500 barrels-a-day FT demonstration unit at Sasolburg, which will help us develop the new generation of FT GTL reactors.

Sasol Technology is also driving a project aimed at expanding capacity to produce proprietary cobalt-based FT catalyst at De Meern in The Netherlands by early 2008.

#### Accelerating growth sustainably

We continue to make progress on the larger scale piloting of our patented ethylene tetramerisation technology to produce 1-octene. We are currently focusing on resolving challenges associated with the scaling-up of this project. Despite the

## *“Innovations to reduce the impact of our businesses on the environment remain a major priority for Sasol Technology.”*

*demanding and volatile environment, construction of the third 1-octene plant in Secunda is progressing steadily.*

*Engineering is advanced on the group’s second methyl iso-butyl ketone plant at Sasolburg. We continue to investigate other chemical expansion opportunities based on both GTL and coal-to-liquids (CTL) technologies.*

*Besides our focus on commissioning Oryx GTL and solving the technical deviations identified during start-up, we also remain focused on enabling the construction of the Escravos GTL plant in Nigeria. We also did extensive studies for new GTL ventures under consideration.*

*Sasol Technology increased support to Sasol’s CTL ambitions in the year, evaluating coal suitability and potential plant designs at various sites in South Africa and abroad. Developing advanced catalysts is a key to success, so we launched a specific research programme focused on iron-based catalysis. We also began early studies on Project Mafutha, the new greenfields CTL plant being considered in South Africa in partnership with the South African Government.*

*A major challenge in CTL is its environmental footprint. We have stepped up research on reducing emissions from CTL plants, improving plant efficiencies and carbon dioxide (CO<sub>2</sub>) capturing and storage alternatives. Whereas the challenge is to model, monitor and verify the behaviour of CO<sub>2</sub> throughout the capture and sequestration process, a considerable existing global knowledge base facilitates our investigations. Our efforts include the potential to substitute carbon-derived process energy with alternative energy, such as nuclear power.*

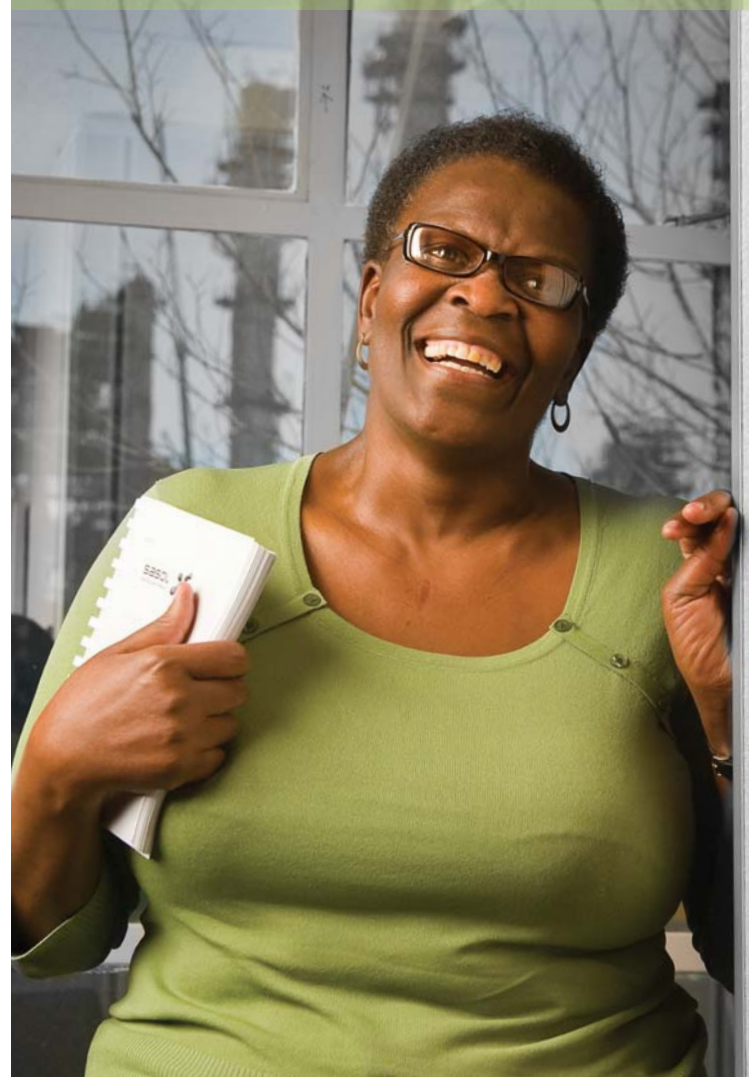
### **Advancing fuels research**

*Our commitment to excellence in research is evident in the multi-million rand investment by our fuels research group in an applied sea-level engine testing and research facility in Cape Town. Because of the increasing importance of vehicle emissions research, a heavy-duty emissions facility will form part of this investment.*

*As airline travel grows, global demand for a secure supply of jet fuel is becoming more critical. In the year we completed tests to produce fully synthetic jet fuel from the Sasol Synfuels plant. We are awaiting final approval from the international specification authorities for its use. We are also working on obtaining approvals for synthetic jet fuel we could produce in GTL and CTL plants outside South Africa.*

*In the year we established an alliance with European aircraft manufacturer Airbus to study new jet fuels, and are participating in the European Union-funded alternative jet fuel research consortium Alpha-Bird.*

**Cynthia Toekie Sekgobela,**  
senior accountant,  
Sasol Technology, Sasolburg.



## other businesses

### sasol financing

- *Sasol Financing International Plc's €400 million revolving credit facility extended.*
- *Advised on Sasol Synfuels strategic oil-price hedge for the 2008 financial year.*
- *Progress made establishing funding structures and instruments for planned group BEE transaction.*
- *Agreed project finance for China CTL.*
- *Facilitated share buyback programme.*

#### **Providing innovative financing solutions**

*Sasol Financing had a productive year, in which we successfully managed Sasol Limited's central treasury requirements and catered to the treasury and specialised funding needs of the group's subsidiaries and their joint ventures across the globe.*

*In the year Sasol continued to generate significant cash, which resulted in a drop in our debt to equity levels to 22% from 29% in the prior year. Sasol Financing is assisting the group in an ongoing review of the structure of the balance sheet. An objective of this review is to assess whether our self-imposed gearing range of 30% to 50% is still suitable, and how this compares with our peers.*

*As part of this process we began returning cash to investors through the share buyback programme authorised by shareholders at the group's annual general meeting last November. By the end of the 2007 financial year, Sasol Investment Company had repurchased 14,9 million Sasol Limited ordinary shares at an average price of R245,94. This equates to 2,4% of the group's total issued share capital. We have authority from our shareholders to buy back up to 10%.*

#### **Facilitating group expansion**

*As Sasol grows its global presence, Sasol Financing has a key role to play in helping to facilitate this expansion through securing competitive funding solutions.*

*We recently exercised an option to extend for the second time – by a year – Sasol Financing International Plc's €400 million revolving credit facility. This gives Sasol a considerable amount of flexibility in its offshore funding requirements.*

*The extension of the facility means that it has in effect become a five-year revolving credit facility secured at the more favourable terms usually afforded to three-year facilities. This is evidence of Sasol's strong credit profile among the international banking community.*

*Through our debut five-year Eurobond, which expires in 2010, we continue to bolster the group's credit profile in the global capital market. Maintaining our reputation as a sound credit risk requires our ongoing attention.*

*As part of this, one of our key responsibilities is to manage the group's credit ratings, which has a strong influence on our cost of capital. In the year both our long-term foreign currency ratings were confirmed at investment grade: by Standard & Poor's at BBB+; and by Moody's Investor Service at Baa1.*

*In the next three years Sasol plans to spend about R50 billion on capital projects at home and abroad. Sasol Financing is tasked with ensuring we can comfortably meet these expenditure requirements. Our strategic objective is to have the most appropriate funding arrangements specific to the application, in place at the right time and as cost effectively as possible, taking cognisance of the risks involved.*



**“As Sasol grows its global presence, Sasol Financing has a key role to play in helping to facilitate this expansion.”**

### **Securing competitive funding**

Sasol Financing acts as an expert business partner to Sasol business units and joint ventures for project- and company-specific specialised financing, as well as financial risk mitigation strategies and arrangements.

Project finance is by its very nature a long-term process. We provide advice to business units and their partners from the outset of any project, to ensure the inclusion in their shareholders' agreements of all the terms necessary to facilitate project financing.

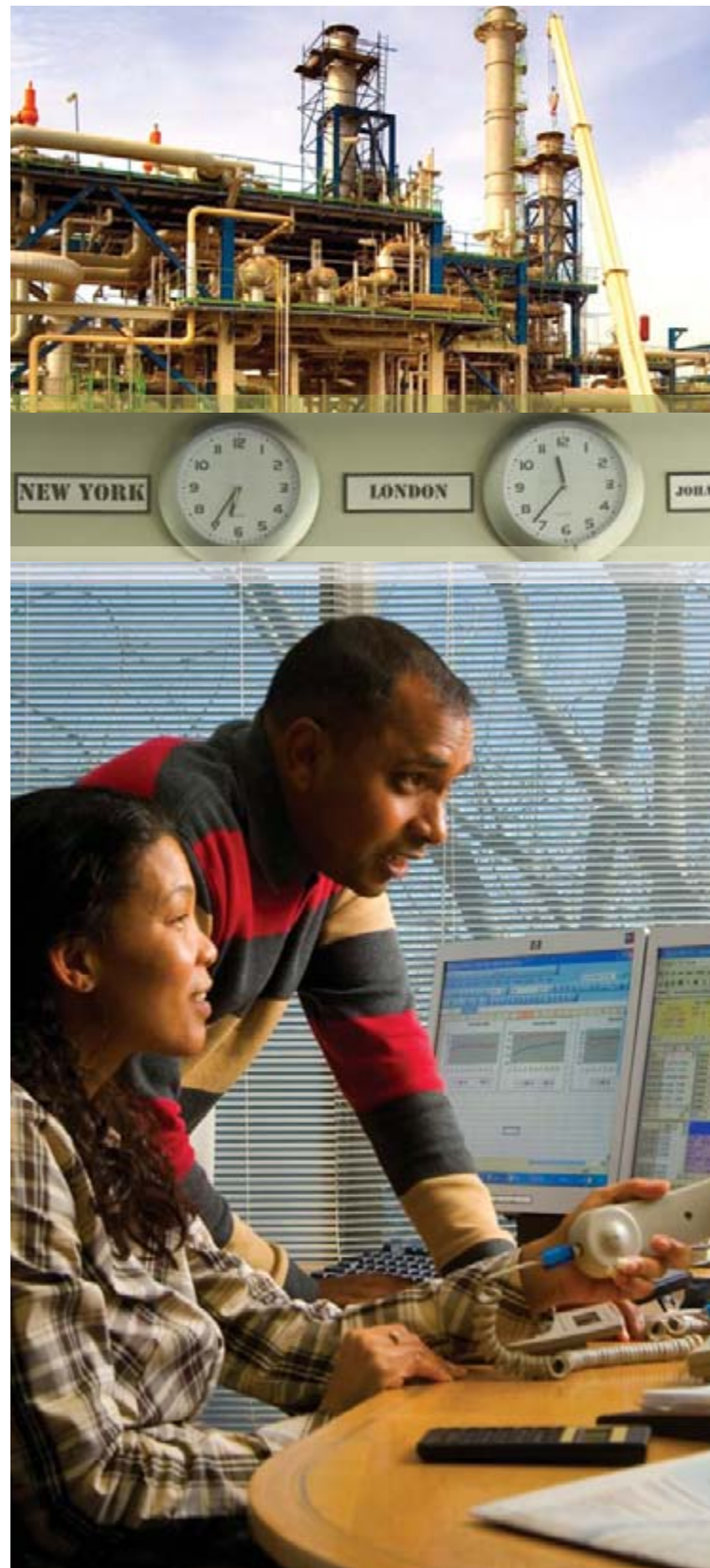
Among the many offshore activities whose funding arrangements we continued to work on over the year were Sasol Polymers Germany's joint venture in the Middle East, Sasol Synfuels International's Oryx gas-to-liquids plant in Qatar and Sasol Gas' natural gas expansion project.

By providing a guarantee to banks, Sasol Financing facilitated the purchase in the year by the Mozambique state-owned Companhia Moçambicana de Gasoduto of 25% in Republic of Mozambique Pipeline Investments Company (Pty) Limited. This company owns the pipeline which transports natural gas from Mozambique to South Africa.

In the year Sasol Financing – together with our advisors Rand Merchant Bank – devoted considerable energy to establishing appropriate funding structures and instruments to finance our planned group-level black economic empowerment (BEE) transaction.

As part of our risk management efforts, Sasol Financing recently advised Sasol Synfuels and assisted to implement its strategic oil-price hedge on 16,4 million barrels of oil, or about 30% of its fuel production, for the 2008 financial year. This offers the business a greater degree of cash flow predictability and stability. It follows on the success of a similar hedge for 2007, which resulted in additional receipts of about US\$44 million for Sasol Synfuels.

**Gavin Moonsamy and Eileen Graham**, dealers for Sasol Financing, Rosebank, Johannesburg.





*"My challenge to Sasol is to move from our comfort zone of focusing on delivering financial profits, to a zone where we make not only financial profits, which remains vitally important, but also provide gains for our people and benefits for our country and our planet."*

*Pat Davies – Sasol chief executive*

*At Sasol, our commitment to sustainable development is fundamental to our core vision and an integral part of our goal of being a globally respected, world-class company characterised by values-driven leadership.*

*In addition to upholding the values-driven basis for promoting sustainable development, we are also convinced that sustainability yields an important competitive advantage. We believe that it enhances the reputation of our business, contributes to our goal of being a global company of choice and results in improved longer term business performance through more effective risk management practices.*

*In this section of the annual review we provide a summary of our activities and performance relating to the social, economic and environmental issues that have a material impact on our core business. A more detailed review of our sustainability performance is provided in our separate sustainable development report, available online at [www.sasol.com](http://www.sasol.com). The separate report includes a specific focus on some of our most material sustainability challenges, most notably climate change, safety, skills development and black economic empowerment (BEE).*

### **2007 performance highlights**

- Continuing improvements in our overall safety performance.
- 19% reduction in recordable case rate.
- Success in rolling out our values-driven leadership programme.
- Significant improvement in our stakeholder relationships.
- Continuing strong financial performance, providing the foundation for our sustainability performance.
- Progress in implementing our energy efficiency initiatives.
- Progressing BEE deals, including Eyesizwe Coal and Siyanda Biodiesel.
- Significant community investments through our corporate social investment programmes.

### **2007 performance disappointments**

- Four work-related fatalities.
- Increase in transportation incidents.
- Increase in number of reportable fires, explosions and releases.

### **Key focus areas**

- Further entrenching a shift in behaviour and attitude towards safety.
- Managing our global greenhouse gas emissions.
- Developing, attracting and retaining the talent to meet our growth objectives.
- Promoting meaningful BEE throughout our operations and within our sphere of influence (South African operations).
- Ensuring access to water to meet long-term growth plans.

### Material safety, health and environmental (SH&E) risks at Sasol

This table identifies Sasol's material SH&E risks and briefly describes the measures in place to address these risks. Each risk has been identified through formal internal risk assessment procedures undertaken with input from our operations. The following list constitutes a subset of the group-wide risks that are described, for example, in terms of the Form 20-F and related reporting requirements of the US Securities and Exchange Commission.

Risk	Summary of measures taken to address the risk
Major fire, explosion or release of hazardous gas or vapour.	All Sasol sites have identified and quantified their major risks in these categories. Specific mitigation measures and contingency plans have been drawn up and, where required, agreed with relevant authorities. Site risks, as well as mitigation and contingency plans, are reviewed as part of SH&E corporate governance audits. A comprehensive safety improvement plan is being implemented.
Major shipping or transport incident (fire, explosion, emission, spillage or gas pipeline rupture).	In most cases, responsibility to manage these emergencies lies with third parties. Where Sasol uses third-party logistics service providers, we assess compliance with specific requirements. In addition, we provide material safety data sheets, information and advice using global emergency call centres. A group-wide target has been set to achieve at least a 50% reduction in the number of significant logistics incidents per ton of product transported, on the 2004 baseline, by July 2009.
Climate change poses a significant challenge for our business.	We have a policy statement on greenhouse gas (GHG) emissions. A group-wide target has been set to achieve at least a 10% reduction in GHG emissions per ton of product, on the 2005 baseline, by July 2015. This reduction will be facilitated by switching feedstock at new and existing facilities and improving more energy- and carbon-efficient technologies. New coal-to-liquids (CTL) and gas-to-liquids (GTL) plants will be designed for significant reductions in carbon dioxide (CO <sub>2</sub> ) emissions and allowing for CO <sub>2</sub> sequestration. We have the opportunity to make significant savings by energy efficiency improvements and to use carbon credits. We have recently registered a Clean Development Mechanism (CDM) project for the reduction of nitrous oxide emissions from our Sasol Nitro operations in South Africa, which will reduce emissions equivalent to about one million tons of carbon dioxide a year. Other projects, including potential CDM projects, are underway that will result in emissions reductions.
Changes in environmental laws (especially air, water and waste), resulting in higher costs of compliance.	In South Africa, a new Air Quality Act has been promulgated, bringing South Africa into line with international requirements for air emissions. Minimum requirements based on World Bank standards or local legislation (whichever is the more stringent) have been adopted for all new projects. We maintain a working relationship with government departments in all the major regions in which we operate.
The potential health impact of long-term exposure to harmful chemicals.	Operational personnel are subject to annual medical evaluations and are provided with personal protective equipment and necessary training. A new group-wide target has been set to achieve at least a 50% reduction in the emission of volatile organic compounds (VOCs), by July 2015.
Inherent SH&E risks in technology development (R&D, concept, design, construction and commissioning).	Provision is made for lower risk technologies and cleaner production approaches in new project design. Hazard operability studies and quantitative risk assessment are used. Additional classification tools and checklists are being developed for further improvement.
Implementation of tighter product regulations, such as new fuel regulations in South Africa, and new chemicals legislation in Europe.	Significant progress has been made in implementing product-related initiatives relating, for example, to cleaner fuels and to compliance with the EU legislation on the Registration, Evaluation, and Authorisation of Chemicals (REACH). The impact of other countries' chemical legislation will be assessed when the new regulations are available.
Availability of skills and competence to design, construct, operate and maintain plants.	Programmes are being developed to upgrade the professional and artisan training programmes in South Africa, to provide further training to Sasol employees through in-house programmes and external institutions, to stimulate recruitment globally, and to leverage external resources.
Natural disasters and epidemics or pandemics (eg SARS, avian influenza).	Business units review existing business continuity planning in anticipation of threats of various sorts. Probability and potential to disrupt business are key parameters.
Environmental liabilities due to past contamination (eg, mine water, air emissions and contaminated groundwater).	Sasol Technology has developed a group-wide approach to identifying and quantifying environmental liabilities in South Africa. This project will take several years to complete. The EU and USA sites' environmental liabilities were well characterised during the due diligence process, with relatively low residual risk. Ongoing work is being taken to remediate contaminated land throughout our South African operations. Our goal is to prevent future contamination and address all historical issues.



**Pule Letuba**, process controller at the Secunda water recycling project, checks an ozone generator unit

## Managing our economic, social and environmental performance

### Our sustainability management framework

Since committing to sustainable development as a strategic priority in 2000, we have been developing and implementing a management framework aimed at providing our businesses with the policies, governance structures, targets and management systems needed to manage the risks and opportunities associated with sustainable development.

This management framework covers all of our exploration, construction, production and marketing businesses globally that we own or over which we have operational control. We also ensure that appropriate measures are in place to manage the sustainability risks associated with those operations, such as joint-venture partnerships, over which we have significant influence and where we may be exposed to reputational risks.

Our commitment to sustainable development is coordinated at corporate level and implemented at business level, with ultimate responsibility residing with our board of directors. Since taking office in July 2005, our chief executive Pat Davies has acted as the group's first chief safety, health and environment (SH&E) officer, providing leadership in promoting a culture of values-driven leadership and driving our safety improvement plan. He is assisted on the group executive committee by Bram de Klerk who has dedicated responsibility for SH&E issues, skills development, group strategy and operational excellence, and by specialised board committees. One of these is the risk and safety, health and environment committee (see corporate governance overview).

Our group executive committee (GEC) maintains primary responsibility for the daily management of group-wide sustainability. The GEC receives strategic and operational-specific inputs from all businesses, as well as from specialised committees, one of which is the the group executive SH&E committee, which reviews performance, and considers and approves recommendations on sustainable development and SH&E guidelines and policy.

The Sasol safety, health and environmental centre, based at our Johannesburg head office, oversees group sustainability and SH&E management. The centre is responsible for global SH&E and sustainable development direction, policy, review and governance. It also provides specialist advice and support services to our businesses.

### Promoting our SH&E strategy

In terms of our SH&E strategy, our vision is to be a world-class company that is respected globally for our performance, processes and culture. To achieve this vision, we have set ourselves some goals to be achieved by 2015 for each of our six priority focus areas. Each of these goals is supported by more immediate short-term goals. We have set ambitious group-wide SH&E performance targets aimed at achieving these strategic goals. A review of our performance against each of these targets is provided on pages 70 to 75.

Strategic focus areas	Our goals for 2015
Safety and health	A recordable case rate (RCR) of 0,3.
Process safety management (PSM)	PSM systems in place and practiced where applicable.
Climate change and greenhouse gases	Reduce greenhouse gas emissions by 10% per ton of product, implement CO <sub>2</sub> capture and storage initiatives, and realise Clean Development Mechanism projects.
Proactive legal compliance	Full compliance with all applicable national and international legislation or Sasol SH&E minimum requirements, whichever is the more stringent.
Governance and assurance	Alignment of SH&E and sustainable development audits and management systems.
Stakeholder relations	Communities value Sasol's presence, and investors are satisfied with Sasol's SH&E and sustainability performance.



*Pat Davies receiving the award for the best sustainable development report from Ron Watson ACCA finance director, at the 2007 ACCA Sustainable Development Reporting Awards function.*



*Members of the Sasol community working group (SCWG), one of the company's community outreach initiatives.*

### **Managing our global impacts**

*Sasol is investing in China, Gabon, Iran, Mozambique, Nigeria and Qatar, where we are involved – or are about to become involved – in exploration, extraction, processing and transportation activities relating to natural gas, petroleum and chemicals. Our operations in these jurisdictions are subject to regulations for exploration and mining rights and protecting safety, health and the environment. All new projects and joint ventures under our management control are required to ensure compliance with our SH&E minimum requirements, based on International Finance Corporation standards. All existing business units are required to submit plans on how they propose to meet these global minimum requirements.*

### **Independently monitoring our performance**

*To ensure our performance is aligned with group policies and objectives, we undertake regular SH&E corporate governance audits throughout our global operations. The critical risks and liabilities identified during these audits are communicated at a senior level and reported to the group SH&E management meeting.*

*These internal audits are supplemented by the annual external verification audits associated with our sustainable development report, as well as by external audits undertaken as part of ISO 14001 and OHSAS 18001 (or equivalent) certification, or in fulfilment of regulatory requirements. In 2006 we appointed a single external auditing company to conduct integrated management system audits of all our South African operations with the aim of ensuring more consistent auditing standards and facilitating the sharing of best practice throughout Sasol.*

*All businesses are required to track their performance and submit quarterly reports to their boards, as well as to the group executive SH&E committee and the risk and SH&E committee of the main Sasol board. These quarterly reports outline each business' major risks and liabilities, identify progress against the group's sustainability targets and report on any major incidents and non-compliance.*

### **Reporting publicly on our sustainability performance**

*We have been recognised as among the leaders in corporate sustainability reporting since 1996, when we published our first stand-alone environmental report. Sasol's 2007 sustainable development report has been produced in accordance with the G3 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI). While we appreciate the value of the GRI in encouraging improved reporting practices and facilitating benchmarking, we are committed to reporting on those issues that are most material to our business and that are of specific interest to stakeholders, rather than adopting a tick-box approach.*

*This year Sasol won two awards at the annual Sustainability Reporting Awards administered by the Association of Chartered Certified Accountants (ACCA). Our 2006 report was judged Best Sustainability Report in the extractive industries sector, as well as Overall Winner: Best Sustainability Report. We were also the winner of the Ernst & Young Excellence in Sustainability Reporting Annual Award, and achieved fifth place in a survey (conducted by AccountAbility, the corporate social responsibility network and UNISA) on the accountability performance of the top 52 companies on the JSE.*

*In developing our 2007 sustainable development report, we conducted a series of high-level dialogues between representatives from Sasol's executive management team and external thought-leaders on the following issues deemed most material to our sustainability performance: climate change, safety and skills development. An analysis of the outcomes of these dialogues, as well as a comprehensive account of our economic, social and environmental performance, is included in our separate sustainable development report. These dialogues, together with an externally managed sustainability survey of our employees, constituted our primary mechanism of engaging stakeholders for the purposes of this year's sustainability report.*

### **Encouraging engagement and outreach**

*In addition to the public participation initiatives implemented as part of new projects and our annual sustainability reporting process, we undertake ongoing community outreach initiatives at most of our operations. These initiatives include holding public meetings, hosting explanatory tours of our operations and implementing structured systems for responding effectively to community complaints. This approach towards community outreach provides our management teams with a deeper understanding of community interests.*



A management training course at Sasol Technology, Secunda.

### **Focusing on skills development**

As a globally expanding high-technology company, our operations require a wide range of skills, from highly proficient scientists and engineers to lawyers, financial specialists and artisans. Our current and future success depends on our ability to attract, retain and develop highly skilled individuals. In South Africa, there is a recognised shortage of suitably skilled labour, and it is a challenge to acquire the required professionals to help us sustain Sasol's growth.

Our commitment to promoting skills development has been formalised into Project TalentGro. This is a multi-pronged approach aimed at improving our internal skills development capacity, expanding Sasol's operations support to grow key talent pools, and influencing the external skills development environment by participating in other initiatives and engaging industry leaders.

### **Promoting black economic empowerment**

Our biggest socioeconomic challenge in South Africa is to play a successful role in stimulating the advance of the broad-based empowerment of historically disadvantaged South Africans, particularly black people (African, Coloured and Indian).

To promote our black economic empowerment (BEE) commitment, we operate a BEE coordination office at corporate level. This office oversees the integration and coordination of all corporate and group BEE initiatives and activities in support of the codes of good practice. These activities comprise six components in our South African businesses:

- introducing into our businesses equity ownership by historically disadvantaged people;
- procuring goods and services, preferentially, from historically disadvantaged business people;
- progressing employment equity;
- building human capacity and talent in industry;
- facilitating the development of smaller BEE enterprises; and
- promoting social upliftment through corporate social investment.

Further details on our activities in each of these components of our broad-based BEE Scorecard are provided elsewhere in this annual review, and in more detail in our sustainable development report, which also includes a review of Sasol Mining's activities in terms of the requirements of the Mining Charter.

### **Upholding our code of ethics**

Our code of ethics has four fundamental ethical principles – responsibility, honesty, fairness and respect – and 15 ethical standards. These standards cover such issues as bribery and corruption, fraud, insider trading, human rights and discrimination. We have an ethics forum to monitor and report on ethics best practice and compliance requirements, and to recommend amendments to the code. Employee performance against Sasol's values, incorporating the code of ethics, is assessed as part of our mandatory employee performance management system.

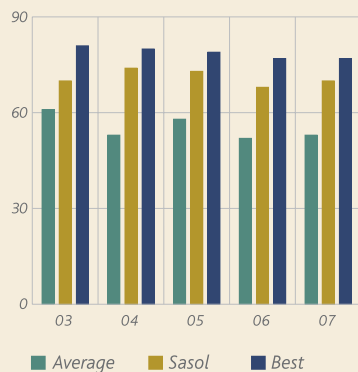
We have been operating an independent and well-supported South African-based ethics reporting telephone line since 2001. This provides stakeholders with an impartial facility to anonymously report misconduct. Our forensics team investigates all reported economic crimes, and conducts an audit to investigate and follow-up on these reported concerns.

This year we commissioned an independent study, conducted by the Ethics Institute of South Africa, to assess the levels of awareness and the perceptions within Sasol of our code of ethics and supporting activities. We are implementing measures in response to this study.

### **Respecting human rights**

In addition to ensuring compliance with the legal regimes of all the countries in which we operate, we are committed to the human rights principles of the United Nations (UN) Global Compact. As we extend our operations into countries considered to have human rights concerns, we recognise the importance of ensuring our activities comply with internationally accepted standards of behaviour, and not local legislation alone.

**Sasol's DJSI ranking** (International benchmark of sustainability performance)



Sasol invested more than R36 million in socioeconomic development projects during the year.

We recently commissioned an independent study to assess the implications of our commitment to the UN Global Compact principles on human rights. We presented the outcomes of this study at an international workshop, where we shared a platform with the former UN High Commissioner for Human Rights, Mary Robinson. The report has also been disseminated in formal UN publications and on the website of the Business and Human Rights Resource Centre. The findings of the report will inform our approach to managing human rights throughout the group.

**Participating in sustainability indices**

Sasol's overall score within the oil and gas producing sector of the Dow-Jones Sustainability Index (DJSI) improved from 68% to 70%. The average score in our industry group was 53% and the highest was 77%. Although Sasol was rated above the industry average in most criteria, our overall score was below the top decile level required for inclusion in the 2007 DJSI. This reflects the increased level of competition on the DJSI and the level of improvement of some of our peers. We will continue to focus our efforts on addressing areas of weakness with the aim of being included in the DJSI next year.

The 2007 JSE socially responsible investment (SRI) index results are not yet available. In the previous two years Sasol was included in the top six of the 30 high-impact listed companies that qualified for this index. We hope to maintain this level in 2007.

**Promoting product stewardship**

Recognising the risk management and marketing benefits associated with environmentally preferred products, particularly in the context of the global policy shift towards focusing on the impacts of products rather than processes alone, Sasol is adopting a life-cycle approach to the products we develop, manufacture, use, distribute and sell.

Since 2003 a formalised global support structure – with assigned responsibilities in each of the key companies – has been in place with the goal of ensuring a structured, group-wide response to product stewardship. We continue to play a leading role in relevant working groups of the European Chemical Industries' Council and the American Chemistry Council. We support the development of, and will adopt, the Global Harmonised System for Classification. An internal working group has been set up to ensure full compliance by Sasol with the far-reaching requirements of the EU regulations concerning the Registration, Evaluation, and Authorisation of Chemicals (REACH).

**Sustaining strong social investments**

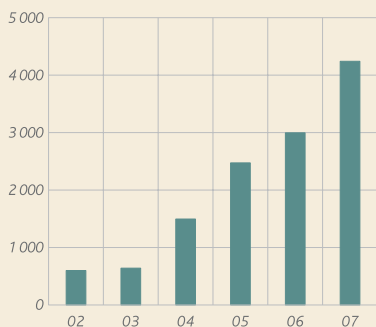
Sasol's corporate social investment (CSI) programme is guided by our vision of promoting people-centred, needs-driven sustainable development of communities, focusing on those regions where we have our largest footprint. We have committed more than R600 million to social upliftment and human development through our CSI initiatives over the last decade. These investments have been channelled into five main areas: education (35%); health and welfare (25%); job creation (25%); arts, culture and sport development (5%); and the natural environment (5%).

In South Africa we have invested more than R36 million in socioeconomic development projects during the year, mostly in the Sasolburg and Secunda communities and along the Mozambique-to-Secunda pipeline route. This investment excludes the R28,5 million committed to bursaries. While most of our social investments are undertaken in Southern Africa, important community-based initiatives are undertaken by our US and European operations. During the year, these operations and their employees contributed substantially to community projects. Employees in the USA donated thousands of volunteer hours to help with community projects.



Sasol supplies about 27% of the country's fuel needs from coal and natural gas, converted through our proprietary technology.

Sasol BEE procurement progress to date (R million)



**Turnover (permanent employees)**

Nature of action	Total
Resignation (voluntary)	1 266
Resignation (involuntary)	267

## Our sustainable development performance

### Sasol's SH&E performance targets

We have committed our global operations to meeting the following SH&E performance targets:

- to achieve an annual recordable injury case rate of not more than 0,4 by July 2011 and 0,3 by July 2015 for all employees, hired labour and service providers;
- to achieve not more than three reportable fires, explosions and releases per quarter by July 2011, and a 50% reduction in minor fires, explosions and releases on the 2006 baseline by July 2011, with the ultimate goal of zero incidents;
- to achieve at least a 50% reduction in significant logistics incidents per ton of product transported, on the 2004 baseline, by July 2009;
- to achieve at least a 10% reduction in greenhouse gas emissions per ton of product, on the 2005 baseline, by July 2015;
- to achieve at least a 50% reduction in the emission of certain volatile organic compounds (VOCs), on the 2005 baseline, by July 2015; and
- to achieve at least a 90% practice in place overall average for Responsible Care, and 90% specifically for product stewardship, by July 2011, as determined by external verification.

### Contributing to wealth in Southern Africa

On the basis of market capitalisation (R167 billion at year end), we remain a top seven company listed on the JSE. We increased group wealth creation by 36% to R42,6 billion from R31,5 billion. Of this, we distributed R11,7 billion (27%) to employees and R6,8 billion (16%) to governments in the form of taxes and related revenue. All regional operations contribute to wealth creation by adding value to coal, natural gas, crude oil and chemical feedstock.

Sasol contributes, directly and indirectly, about R55 billion, or 3%, to South Africa's national annual gross domestic product (GDP) and we supply about 27% of the country's fuel needs from coal and natural gas converted through our proprietary technology at Secunda. This – along with our production of chemicals – saves the country about R30 billion a year in foreign exchange. We are the country's single largest industrial investor and largest chemical feedstock producer. We are also the largest private-sector investor in research and development in the country, providing the bedrock for further growth and development in the region.

### Supporting BEE through procurement

By focusing our procurement expenditure in South Africa, we are able to further stimulate economic development in the region while at the same time addressing some of the inequalities of the past. This year we increased our annual procurement spend with BEE suppliers (as defined in terms of criteria relating to management and ownership) by about 42% to R4 241 million from R2 996 million. Most of our BEE spend was with companies whose BEE shareholding exceeded 50%. An important focus this year has been on monitoring and participating in the development of the new Codes of Good Practice for Broad-Based BEE, and in developing the systems that will be needed to monitor implementation and conformance with these codes.

To encourage the development of medium-sized BEE enterprises to supply goods and services to Sasol where the market would not otherwise render these, we established the Siyakha medium-business enterprise initiative. This year the first Siyakha BEE funding was released after a special signing ceremony. HEA Clothing (Pty) Limited received a loan of R450 000 to fund the purchasing of machines and equipment to manufacture overalls for Sasol and service providers. The funds will enable an increase in the business's capacity by at least R2 million a year. Projects such as these have significant potential for growth and job creation.

### Investing in our human resources

At year end Sasol had a total of 31 820 employees in our global operations. This comprises 25 071 permanent employees and 2 387 non-permanent employees in our South African companies, and 4 296 permanent and 66 non-permanent employees in our international companies. These figures exclude our international joint ventures. Net employment creation for South African companies for the year was 1 394.





*Thokozani Manzini* undergoing training on a hydraulic simulator, with mechanical training officer *Adrian Heytler* at Sasol Synfuels, Secunda.

Our employee turnover rate for the year was 7,7%, comprising 4,9% voluntary turnover and 2,8% involuntary turnover.

We enjoy constructive relationships with representative trade unions throughout the group. About 56% of our employees in South Africa are members of recognised trade unions. During the year 11 836 employee days were lost due to industrial action which equates to 0,02% of planned man-hours.

As part of our commitment to attracting, developing and retaining the best talent, we invested more than R84 million in employee training and development in the 2007 financial year, with 25 409 employees receiving training.

This investment includes in-house technical training and self-learning centres. An additional R26 million was invested in 2006/2007 in 427 undergraduate and 89 postgraduate bursaries, with the emphasis on developing scientific, engineering and technological skills. We have budgeted R34 million on bursaries for the next academic year. In addition, we will be investing almost R250 million over the next eight years to establish teaching and research capacity in chemistry and chemical engineering at selected South African universities. A primary objective is to establish world-class teaching and research capacity to ensure that Sasol has adequate access to highly skilled chemists and chemical engineers to employ in research and development.

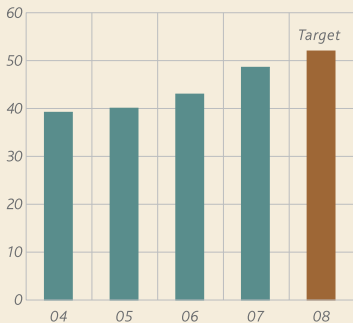
To address concerns relating to the predicted severe shortage of shutdown artisans we have started investing R140 million in a skills development programme that will enable 830 entry-level learners to qualify as artisans over the next three years. This investment, which is supported by the government and trade unions, forms part of an industry-wide initiative to address the country-wide shortage of skilled artisans.

### Promoting employee diversity

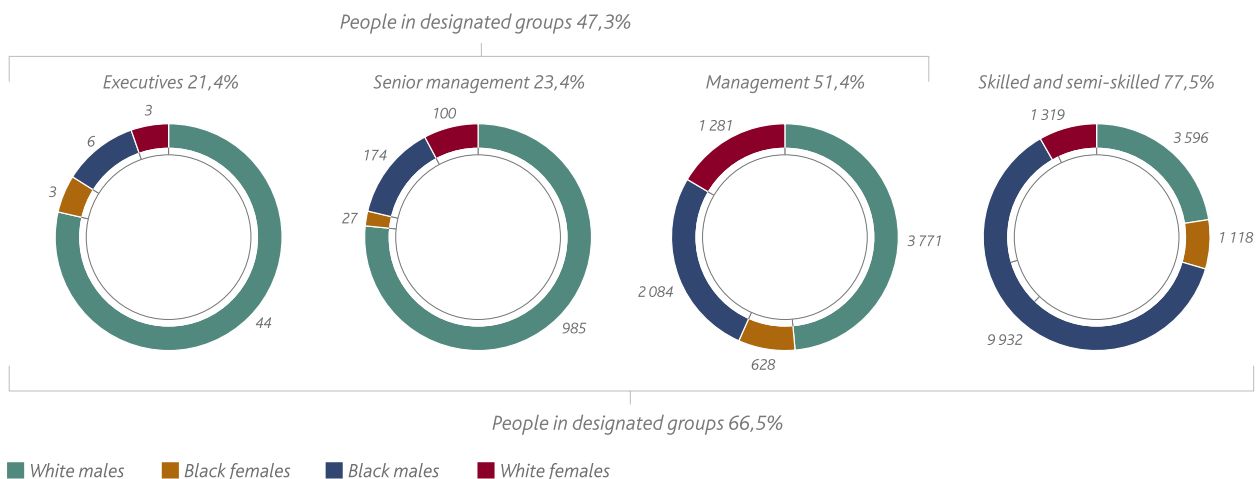
Integral to Sasol's transformation agenda, and in line with South Africa's Employment Equity Act, we continued to increase the proportion of employees drawn from historically disadvantaged groups. People from designated groups – African, Coloured, Indian, and women – comprise 66,5% of our South African workforce, as compared with 64,9% in 2006. At year end people from designated groups held 47,3% of Sasol managerial, professional and supervisory posts. This is an improvement on the 43% reported on last year, and the 39% in 2005.

An additional 32 candidates from the designated talent pool joined the Accelerated Leadership Development Programme. To date 104 managers have been trained as potential for senior management positions. Seventy-one candidates have been registered for our first group-wide Accelerated Management Development Programme, which focuses on middle management. A Women in Leadership Programme aimed at women in junior to middle management positions was also introduced this year.

**Sasol group SA diversity profile and trends**  
(Sasol level 7+ trend since 2004 – %)



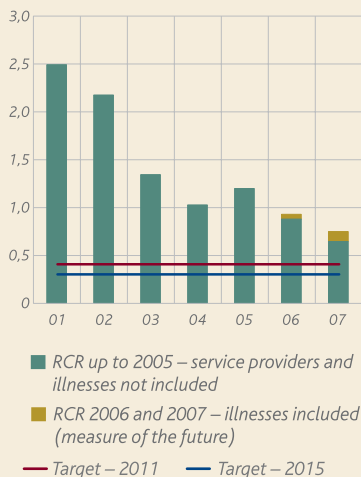
### Employment equity statistics as at 30 June 2007





**Sasol HIV/Aids Response Programme (SHARP)** focuses on reducing the rate of HIV infection throughout our Southern African operations

**Recordable case rate (RCR)**  
(recordable cases per 200 000 hours)



The RCR is the number of fatalities, lost workdays, restricted work cases, medical treatments beyond first-aid cases and accepted illnesses, for every 200 000 employee hours worked.

### Meeting the HIV/Aids challenge

The group-wide Sasol HIV/Aids Response Programme (SHARP), launched in September 2002, focuses on reducing the rate of HIV infection throughout our South African operations and improving the quality of life of infected and affected employees by providing managed healthcare. Businesses, trade unions, community representatives and independent experts all contributed to the design of SHARP.

We believe that it is as a result of this collaborative approach that we have had one of the highest uptakes for voluntary counselling and testing (VCT) in South Africa. In the 2005/2006 year, 83% of our employees in South Africa had undergone VCT – 7% of our tested South African employees are HIV-positive, which is well below our estimated actuarial prevalence rate of 19%. The majority of Sasol employees are members of medical aid schemes through which they access healthcare, and in particular, anti-retroviral therapy. On-site treatment is needed only at one of our operations.

We are extending the provision of our HIV/Aids services to include on-site service providers, as well as Sasol franchisees. For those service providers that only provide limited benefits to their employees, we offer training and awareness programmes, as well as VCT services. In addition, we have conducted an exhaustive training and awareness programme for each of the Sasol and Exel service stations. Education sessions have been provided for about 5 000 service station employees, and each service station has been provided with information on their nearest available public health resource.

### Improving our safety performance

In response to a series of safety incidents during 2004, Sasol appointed DuPont Safety Resources to perform a comprehensive safety review of our South African operations. The observations and recommendations emanating from this review formed the basis of a comprehensive group-wide safety improvement plan during the 2005 financial year. This plan is reviewed and updated as progress is achieved.

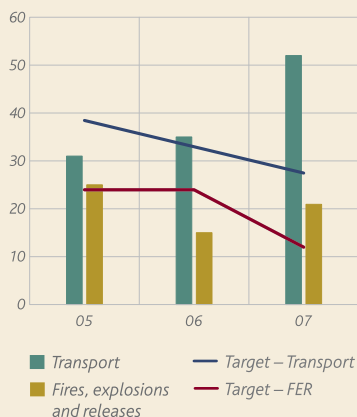
The impact of this safety improvement plan is demonstrated by the continuing improvement in our safety record. Our recordable case rate (RCR) for employees and service providers, including occupational illnesses, has improved to 0,75 in 2007 from 0,93 in 2006. While there were 147 fewer injuries in total, we regret to report that three service providers and one employee were fatally injured in workplace incidents. This compares with four fatalities in the previous year and 17 in our 2005 financial year.

Progress to date and targets are being reviewed by way of defining a safety roadmap to guide us towards meeting our longer term RCR targets of 0,4 by July 2011 and 0,3 by July 2015.

Important safety initiatives were undertaken as part of our comprehensive change management programme, with the intention of ensuring that safety remains our first priority and a core value of everyone at Sasol. We have recently approved new process safety management standards, commenced implementation of an expanded process safety management training programme, and approved a revised safety performance incentive initiative. We have developed a safety management standard for service providers, which includes provision for the sanctioning of service providers who fail to meet safety commitments. All businesses have implemented their own site-specific safety plans, the progress of which is monitored by their boards as well as the group executive SHE&E committee.

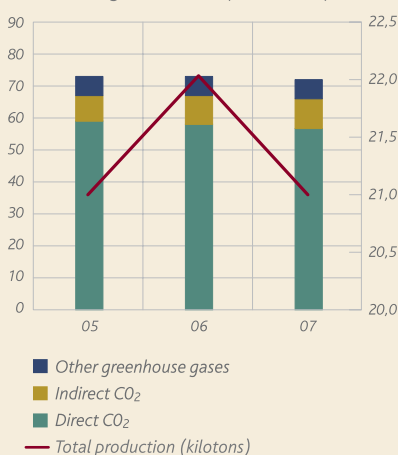


Process and transport incidents (number)



Antoinette Coetzer at the Sasol Technology R&D Ecotoxicology lab, Sasolburg

Greenhouse gas emissions (million tons)



### Targeting fewer incidents

We reported 21 significant fires, explosions and releases in 2007, compared with 15 in 2006 and 25 in 2005 (for the purposes of reporting, a fire, explosion or release is registered "significant" when it involves a fatality or lost workday case; results in damage to property or equipment of more than US\$25 000; or causes a release of chemicals in excess of a defined threshold for relevant listed substances). This increase in the number of incidents is a source of concern. Our process safety management (PSM) drive is aimed at reducing these incidents to no more than three significant fires, explosions and releases per quarter by July 2011, and a 50% reduction in minor fires, explosions and releases, on the 2006 baseline, by July 2011.

Regrettably we have also seen an increase in the rate of transport incidents on the previous year. We believe that this is due, at least in part, to more accurate reporting systems. There were 52 significant incidents, compared with 35 such incidents in financial 2006, 31 in financial 2005, and 44 in financial 2004. The predominant cause of incidents remains collisions with other vehicles, most often attributable to the other drivers. We aim to reduce the number of significant logistics incidents per 100 000 tons of product transported by 50%, on the 2004 baseline, by July 2009.

To meet this target, Sasol has a multi-pronged approach for mitigating the risk of transport incidents. This includes: Sasol's Safety and Quality Assessment System aimed at improving the safety, quality and environmental performance of all logistical service providers involved in transporting, handling and storing Sasol products; identifying and selecting appropriate transportation routes; ensuring the availability and readiness of effective emergency response services; and implementing structured measures for incident root-cause analysis and follow-up. To manage responses to incidents involving the transportation of our products internationally, we have established a global call centre that provides access to expertise on all our products in relevant languages.

### Reducing greenhouse gas emissions

Sasol considers global climate change to be one of our principal strategic challenges, not only for our existing operations, but also as we investigate opportunities to roll out our technologies globally. At year end our total emissions of greenhouse gases, measured as carbon dioxide (CO<sub>2</sub>) equivalent, was 71,4 million tons compared with 73,5 million tons in 2006 and 72,5 million tons in 2005. Our emissions inventory has been developed using the greenhouse gas reporting protocol of the World Business Council for Sustainable Development and the World Resources Institute. Our direct and indirect CO<sub>2</sub> emissions have been independently verified by KPMG.

We have recently approved a greenhouse gas policy statement and an environmental roadmap for the next 15 years, with a particular focus on greenhouse gases and water. We have committed to a group target of achieving at least a 10% reduction in greenhouse gas emissions per ton of product, on the 2005 baseline, by July 2015. We intend to achieve this by:

- implementing an enhanced carbon and energy-efficiency drive at all facilities;
- introducing renewable energy and raw material sources such as biomass to supplement existing sources;
- measuring and publicly reporting on our global greenhouse gas emissions; assessing the future implications of greenhouse gases in new and existing ventures; and
- developing and maintaining intelligence and partnerships in the alternative energy, carbon sequestration and other applicable emerging fields.

A greenhouse gas management forum has been established to give guidance and direction to the group on these issues.

We are investigating opportunities to capture and store CO<sub>2</sub> as part of our planned international expansion of our coal-to-liquids (CTL) interests. We have recently commissioned a study for a comprehensive life cycle assessment of CTL operations, accommodating CTL designs in countries such as India, China and the USA. These models will use data from the feasibility study as they become available.

We have registered a Clean Development Mechanism (CDM) project for the reduction of nitrous oxide (N<sub>2</sub>O) emissions from our Sasol Nitro operations in South Africa. It is anticipated that the project will reduce N<sub>2</sub>O emissions by an amount equivalent to about one million tons of CO<sub>2</sub> a year. Several new CDM projects are in the pipeline. Our Italian and German chemical operations have participated in the European Emission Trading Scheme to ensure that we meet our allocation requirements in terms of EU legislation. The National Allocation Plan for the 2008 – 2012 trading phase is not yet finalised. We have participated in the global Carbon Disclosure Project and are committed to continued transparency in reporting our performance. Internationally, we continue to participate in a working group of the Intergovernmental Panel on Climate Change that is examining possibilities for sequestering CO<sub>2</sub>.

### Targeting other atmospheric pollutants

Progress has been made in reducing atmospheric emissions throughout the group, primarily in South Africa where projects are being implemented within the context of the National Environment Management: Air Quality Act. This new legislation stipulates new ambient air quality standards and will, in time, include emission regulations. Air pollution improvement plans have been developed at all our operations, outlining the actions they will be taking to achieve the Sasol SH&E minimum requirements. These are based on internationally accepted environmental and health standards, and will result, among other things, in the phasing out of flaring practices at Sasol. We have earmarked substantial investments at Sasolburg and Secunda for projects aimed at improving air quality over the next 10 years. Leak detection and repair programmes are being implemented at Sasolburg and Secunda and will result in significant reductions in factory and fence-line hydrocarbon levels. Significant investments are being made to reduce hydrogen sulphide emissions from Secunda, and major capital projects are being investigated to reduce emissions of particulates, sulphur dioxides and nitrous oxides from the boilers at Secunda and Sasolburg.

### Identifying opportunities for energy efficiency and renewables

Our energy efficiency improved relative to our continuing increase in production. Our total energy usage this year was 353 million gigajoules, compared with 357 million gigajoules in 2006. Identifying and implementing additional energy-efficiency initiatives remains a priority and is part of our commitment to reduce greenhouse gas emissions. In South Africa, we are signatories to the Energy Efficiency Accord with other companies and the Department of Minerals and Energy. Through this accord, we are committed to reducing energy consumption per unit produced by 15% by 2015, with 2000 as the base year.

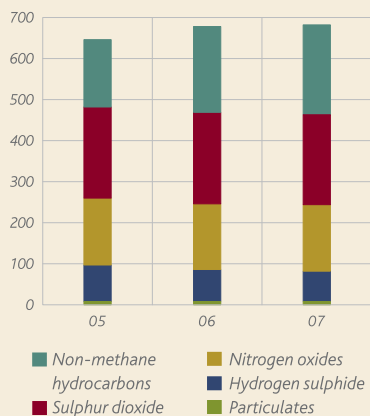
Notable energy-efficiency projects have been identified at Secunda and are in various stages of development, with large capital investment anticipated. We are currently investigating the potential contribution of renewable energy to Sasol's energy mix. The investigation includes an assessment of the available technologies, the financial viability and the implications for reducing greenhouse gas emissions associated with solar, wind, fuel cells, biodiesel and bioethanol, as well the potential for biomass-to-liquids plants.

### Managing water usage and effluent

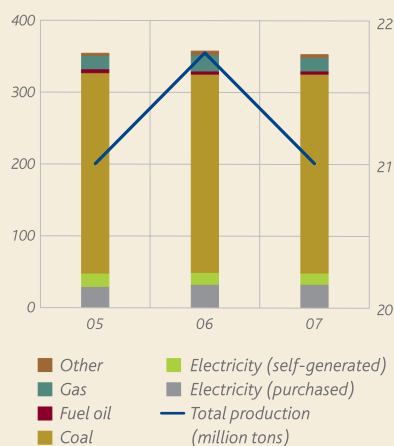
Water security is a concern in many of our operations, particularly in the Middle East, China and South Africa. To ensure effective effluent and water demand management at our operations, minimum requirements for water and effluent handling have been approved. Although the group is implementing water-demand and effluent-management projects, most of these are at an early stage.

An environmental roadmap has been prepared covering the next 15 years, which includes a specific focus on issues relating to water. This includes reviewing the water-demand impacts associated with a typical CTL facility, and assessing the implications of current and projected water supplies for our growth plans. It is apparent from these studies that we will need to drive further improvement in integrated water-management practices throughout our value chain, and that this will require proactive partnerships particularly with government and other water-intensive sectors.

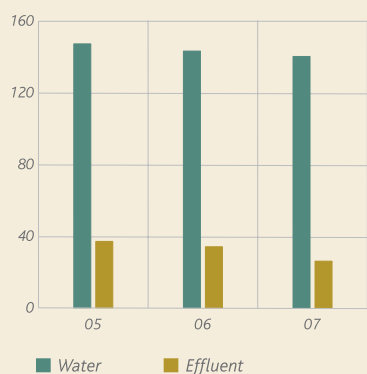
Atmospheric emissions (thousand tons)



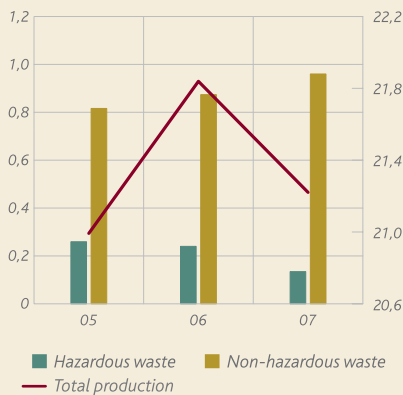
Energy use (million gigajoules)



Water use and effluent (million cubic metres)

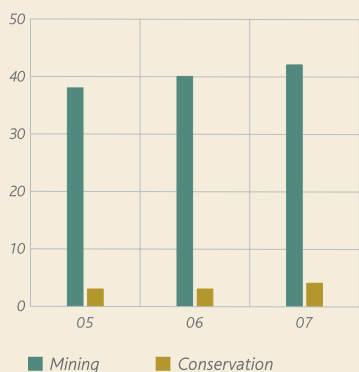


**Hazardous and non-hazardous waste**  
(thousand kilotons)



**Aarom Mahlangu** at the reverse osmosis unit for water purification of Infrachem at the Midland site.

**Land use and biodiversity** (thousand hectares)



We are undertaking initiatives in South Africa to improve water efficiency and ensure greater security of supply. In partnership with Eskom and the South African Department of Water Affairs and Forestry (DWAF), we have been participating in the Vaal Pipeline Project aimed at increasing the assurance of water supply to Eskom and Sasol Synfuels up to 2030. Construction has been proceeding on a R3,3 billion pipeline to pipe water from the upper Vaal system to Secunda. Sasol has a 40% stake in this initiative.

We are developing an integrated water systems model for the Secunda complex, while at Sasolburg, we are implementing a strategic plan for the abstraction and discharge of water. This is a key element of our vision of operating a zero waste-water discharge facility. We have partnered with DWAF and Rand Water in a scientific study to understand the causes of recurring fish deaths in the Vaal river, and to develop appropriate management plans. To date these deaths have been attributed to seasonal temperature changes, but further scientific study is necessary.

### Working to minimise waste

Cleaner production and pollution prevention principles have been integrated in our new minimum requirements with the aim of reducing future risks, while a comprehensive programme is in place to manage legacy waste in accordance with relevant legal requirements. The underlying goal is to adopt a systematic approach to integrated waste management that results in zero hazardous waste.

The recently commissioned Secunda waste-recycling facility is fully operational and a waste-water treatment plant linked to this facility has been commissioned. It is anticipated that the full benefits of these facilities for current on- and off-site waste treatment and disposal activities will soon be visible.

### Supporting land remediation

As a result of our historical chemicals and fuels processes, we have several areas where soil or ground water has been contaminated. We have made good progress towards remediating contaminated land throughout the group. In some areas, remediation was successfully completed (such as at our Klipspruit factory in South Africa), while in others, detailed surface and ground water characterisation projects have been conducted or are ongoing.

Detailed assessments of ground water contamination at our Sasolburg and Secunda facilities are continuing. The remediation of mercury contamination is ongoing at our Sasol Polymers facility at the Midlands site in Sasolburg, and the preparatory work for the remediation of the tar pits at the Sasol One site is nearing completion.

A comprehensive due diligence exercise is undertaken at all new Sasol franchisee service stations and commercial installations to reduce potential future liabilities. Remedial projects are ongoing at our US operations at Lake Charles and Baltimore, as well as at the non-operating sites of Aberdeen and Mansfield. These remedial activities are attributable to historical operations conducted before Sasol acquired the sites and are covered by relevant environmental indemnities. In Italy, remedial activities, also mostly attributable to operations conducted prior to Sasol's acquisition of these businesses, are continuing on the Augusta, Crotone, Porto Torres, Paderno and Sarroch sites.

At 30 June 2007 we had a provision of R1 407 million at Sasol Synfuels for site remediation. At Sasol Mining R420 million was provided of which R312 million has been invested in a trust fund for mine closure and rehabilitation. This figure is reviewed annually by KPMG to ensure adequate provision is made at all times.

# *sasol limited group summarised financial information*

*for the year ended 30 June 2007*

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## *people and profit*

*Sasol's complete annual financial statements, consisting of two books, are available on request.*

*Note: The financial information presented from pages 77 to 83 is a summary of our annual financial statements as set out in a separate publication entitled annual financial statements 2007 which, together with this annual review, comprise our 2007 annual report. This summarised financial information does not provide sufficient information to allow a full understanding of the results or state of affairs of the Sasol group.*

*A complete annual report and a Form 20-F (produced in accordance with the US Securities and Exchange Commission) may be obtained from the Sasol group corporate affairs department. Contact details are printed on page 86 of this report.*

## salient features

<i>for the year ended 30 June</i>		<b>2007</b>	2006 <i>Restated</i>
<b>Selected ratios</b>			
Return on equity	%	<b>29,8</b>	21,6
Return on total assets	%	<b>24,2</b>	18,5
Operating margin	%	<b>26,1</b>	20,9
Borrowing cost cover	times	<b>14,8</b>	10,1
Dividend cover	times	<b>3,0</b>	2,3
<b>Share statistics</b>			
Total shares in issue	million	<b>627,7</b>	683,0
Treasury shares (share repurchase programme)	million	<b>14,9</b>	60,1
Weighted average number of shares	million	<b>622,6</b>	620,0
Diluted weighted average number of shares	million	<b>630,3</b>	630,2
Share price (closing)	Rand	<b>266,00</b>	275,00
Market capitalisation	Rm	<b>166 968</b>	187 825
Net asset value per share	Rand	<b>100,55</b>	84,45
Dividend per share	Rand	<b>9,00</b>	7,10
– interim	Rand	<b>3,10</b>	2,80
– final	Rand	<b>5,90</b>	4,30
<b>Other financial information</b>			
Total debt (including bank overdraft)			
– interest bearing	Rm	<b>18 925</b>	17 913
– non-interest bearing	Rm	<b>600</b>	300
Borrowing costs capitalised	Rm	<b>989</b>	1 448
Capital commitments	Rm	<b>18 537</b>	14 566
– authorised and contracted	Rm	<b>28 367</b>	29 045
– authorised, not yet contracted	Rm	<b>11 697</b>	6 853
– less expenditure to date	Rm	<b>(21 527)</b>	(21 332)
Guarantees and contingent liabilities			
– total amount	Rm	<b>35 147</b>	33 212
– liability included on balance sheet	Rm	<b>13 388</b>	12 106
Significant items in operating profit			
– employee costs	Rm	<b>11 695</b>	9 551
– depreciation and amortisation of non-current assets	Rm	<b>4 015</b>	4 268
– operating lease charges	Rm	<b>707</b>	568
Directors' remuneration	Rm	<b>45</b>	32
Share options granted to directors – cumulative	'000	<b>1 124</b>	1 506
Effective tax rate	%	<b>31,7</b>	38,2
Employees at 30 June	number	<b>31 860</b>	31 460
Average crude oil price – dated Brent	US\$/barrel	<b>63,95</b>	62,45
Average rand/US\$ exchange rate	1US\$ = rand	<b>7,20</b>	6,41

The reader is referred to the definitions on pages 51 to 53 of the 2007 Sasol Limited annual financial statements.

## balance sheet

at 30 June	2007 Rm	2006 Restated Rm
<b>Assets</b>		
Property, plant, equipment	50 515	39 826
Assets under construction	24 611	23 176
Goodwill	586	266
Other intangible assets	629	775
Post-retirement benefit assets	363	80
Deferred tax assets	845	691
Other long-term assets	3 134	2 293
<b>Non-current assets</b>	<b>80 683</b>	<b>67 107</b>
Assets held for sale	334	12 115
Inventories	14 399	8 003
Trade and other receivables	16 994	12 067
Short-term financial assets	22	180
Restricted cash	646	584
Cash	5 987	3 102
<b>Current assets</b>	<b>38 382</b>	<b>36 051</b>
<b>Total assets</b>	<b>119 065</b>	<b>103 158</b>
<b>Equity and liabilities</b>		
<b>Shareholders' equity</b>	<b>61 617</b>	<b>52 605</b>
<b>Minority interest</b>	<b>1 652</b>	<b>379</b>
Long-term debt	13 359	15 021
Long-term financial liabilities	53	–
Long-term provisions	3 788	3 463
Post-retirement benefit obligations	3 661	2 461
Long-term deferred income	2 765	1 698
Deferred tax liabilities	8 304	6 156
<b>Non-current liabilities</b>	<b>31 930</b>	<b>28 799</b>
Liabilities in disposal group held for sale	35	5 479
Short-term debt	5 621	2 721
Short-term financial liabilities	383	514
Other current liabilities	17 282	12 219
Bank overdraft	545	442
<b>Current liabilities</b>	<b>23 866</b>	<b>21 375</b>
<b>Total equity and liabilities</b>	<b>119 065</b>	<b>103 158</b>

Note: The comparative periods have been restated for the effects of a change in accounting policy and the reclassification of assets under construction from property, plant and equipment and other intangible assets.



## income statement

	2007	2006
	Rm	Restated Rm
<i>for the year ended 30 June</i>		
<b>Turnover</b>	<b>98 127</b>	82 395
Cost of sales and services rendered	(59 997)	(48 547)
<b>Gross profit</b>	<b>38 130</b>	33 848
Non-trading income	639	533
Marketing and distribution expenditure	(5 818)	(5 234)
Administrative expenditure	(6 094)	(4 316)
Other operating expenditure	(1 004)	(7 862)
Translation (losses)/gains	(232)	243
<b>Operating profit</b>	<b>25 621</b>	17 212
Dividends and interest received	825	341
Income from associates	405	134
Borrowing costs (net of amounts capitalised)	(1 148)	(571)
<b>Profit before tax</b>	<b>25 703</b>	17 116
Taxation	(8 153)	(6 534)
<b>Profit</b>	<b>17 550</b>	10 582
<b>Attributable to</b>		
Shareholders	17 030	10 406
Minority interests in subsidiaries	520	176
	<b>17 550</b>	<b>10 582</b>
<b>Earnings per share</b>	Rand	16,78
<b>Diluted earnings per share</b>	Rand <sup>1</sup>	16,51

1. Diluted earnings per share is calculated taking the Sasol Share Incentive Scheme into account.

Note: The income statement has been restated for the effect of the reclassification of Sasol O&S as a continuing operation.

## cash flow statement

	2007	2006
	Rm	Restated Rm
<i>for the year ended 30 June</i>		
Cash receipts from customers	97 339	80 229
Cash paid to suppliers and employees	(68 914)	(55 702)
<b>Cash generated by operating activities</b>	<b>28 425</b>	<b>24 527</b>
Investment income	1 059	444
Borrowing costs paid	(1 816)	(1 745)
Tax paid	(7 251)	(5 389)
Dividends paid	(4 613)	(3 660)
<b>Cash available from operating activities</b>	<b>15 804</b>	<b>14 177</b>
Additions to non-current assets	(12 045)	(13 296)
Acquisition of businesses	(285)	(147)
Cash acquired on acquisition of businesses	–	(113)
Disposal of businesses	2 200	587
Cash disposed of on disposal of businesses	33	(1)
Other net cash flows from investing activities	(441)	695
<b>Cash utilised in investing activities</b>	<b>(10 538)</b>	<b>(12 275)</b>
Share capital issued	332	431
Share repurchase programme	(3 669)	–
Dividends paid to minority shareholders	(408)	(75)
(Decrease)/increase in long-term debt	(13)	1 305
Increase/(decrease) in short-term debt	865	(2 938)
<b>Cash effect of financing activities</b>	<b>(2 893)</b>	<b>(1 277)</b>
<b>Translation effects of cash of foreign operations</b>	<b>(24)</b>	<b>(133)</b>
<b>Increase in cash and cash equivalents</b>	<b>2 349</b>	<b>492</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>3 244</b>	<b>3 224</b>
Movement in cash in disposal group held for sale	495	(472)
<b>Cash and cash equivalents at end of year</b>	<b>6 088</b>	<b>3 244</b>
Comprising		
– restricted cash	646	584
– cash	5 987	3 102
– bank overdraft	(545)	(442)
	<b>6 088</b>	<b>3 244</b>



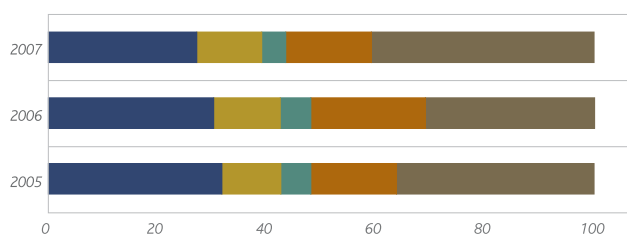
## changes in equity statement

	2007	2006
	<i>Rm</i>	<i>Restated Rm</i>
<i>for the year ended 30 June</i>		
<b>Opening balance as previously reported</b>	<b>52 352</b>	43 533
<i>Effect of change in accounting policy</i>	253	220
<b>Restated opening balance</b>	<b>52 605</b>	43 753
<i>Shares issued</i>	332	431
<i>Shares repurchased</i>	<b>(3 669)</b>	–
<i>Attributable earnings</i>	17 030	10 406
<i>as previously reported</i>		10 373
<i>effect of change in accounting policy</i>		33
<i>Dividends paid</i>	<b>(4 613)</b>	(3 660)
<i>Increase in share based payment expense</i>	186	169
<i>Movement in foreign currency translation reserve</i>	<b>(254)</b>	1 147
<i>Movement in cash flow hedge accounting reserve</i>	–	359
<b>Closing balance</b>	<b>61 617</b>	52 605
<i>Comprising</i>		
<i>Share capital</i>	3 628	3 634
<i>Share repurchase programme</i>	<b>(3 669)</b>	(3 647)
<i>Retained earnings</i>	61 109	52 001
<i>Share based payment reserve</i>	966	780
<i>Foreign currency translation reserve</i>	<b>(443)</b>	(189)
<i>Investment fair value reserve</i>	2	2
<i>Cash flow hedge accounting reserve</i>	24	24
<b>Shareholders' equity</b>	<b>61 617</b>	52 605

## value added statement

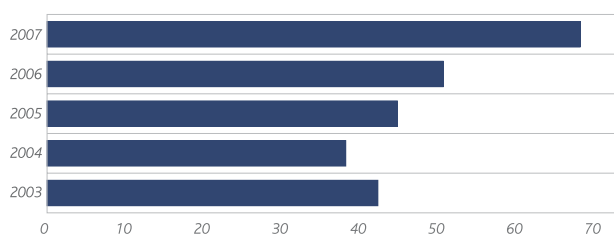
	2007 Rm	2006 Restated Rm
<i>for the year ended 30 June</i>		
<b>Turnover</b>	<b>98 127</b>	<b>82 395</b>
<i>Purchased materials and services</i>	<i>(56 796)</i>	<i>(51 364)</i>
<i>Value added</i>	<i>41 331</i>	<i>31 031</i>
<i>Investment income</i>	<i>1 230</i>	<i>475</i>
<b>Wealth created</b>	<b>42 561</b>	<b>31 506</b>
<i>Employees</i>	<i>11 695</i>	<i>9 551</i>
<i>Providers of equity capital</i>	<i>5 133</i>	<i>3 836</i>
<i>Providers of loan capital</i>	<i>1 874</i>	<i>1 755</i>
<i>Governments</i>	<i>6 793</i>	<i>6 620</i>
<i>Reinvested in the group</i>	<i>17 066</i>	<i>9 744</i>
<b>Wealth distribution</b>	<b>42 561</b>	<b>31 506</b>

Wealth distribution for 2007



■ Employees (excluding employees' tax)
 ■ Providers of equity capital  
■ Providers of debt
 ■ Governments – direct taxes
 ■ Reinvested in the group

Wealth created per share (Rand)



## headline earnings

	2007	2006
	Rm	Restated Rm
<i>for the year ended 30 June</i>		
<b>Reconciliation of headline earnings</b>		
Profit	17 550	10 582
Less minority interests	(520)	(176)
Effect of capital items	(1 140)	4 272
Impairment of assets	208	1 067
Reversal of fair value write-down	(803)	–
Reversal of impairment	–	(140)
Fair value write-down	–	3 196
Profit on disposal of assets	(749)	(132)
Scrapping of property, plant and equipment	204	281
Tax effect on reconciling items	(93)	(431)
<b>Headline earnings</b>	<b>15 797</b>	<b>14 247</b>
<b>Capital items</b>		
Mining	13	16
Synfuels	64	187
Oil	2	8
Gas	(370)	(138)
Petroleum International	–	82
Olefins & Surfactants	(707)	4 143
Polymers	9	17
Solvents	152	(105)
Other	(303)	62
<b>Capital items</b>	<b>(1 140)</b>	<b>4 272</b>
<b>Headline earnings per share</b>	<i>Rand</i> <b>25,37</b>	22,98
<b>Diluted headline earnings per share</b>	<i>Rand</i> <b>25,06</b>	22,61

## *glossary of terms*

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**Ammonium nitrate:** A colourless, crystalline compound derived from nitric acid and ammonia and used mostly for fertilisers and commercial explosives.

**Autothermal reformer:** A type of catalytic partial-oxidation reactor in which the endothermic heat needed for the reforming reactions is provided by combustion reactions of oxygen in the feed.

**Barrel (b):** A standard international petroleum industry volumetric measure equal to 42 US gallons, 35 imperial gallons or 159 litres.

**Biodiesel:** A form of diesel derived in part from renewable biotic sources such as soya beans.

**Black products:** In the context of Sasol's South African operations, secondary products from coal gasification, tars and pitches that often contain coal dust. They are difficult and expensive to process, have little commercial value and may need to be stored at production sites.

**Catalyst:** Usually a metal or metal-containing material used to accelerate a reaction between two or more chemical elements or compounds. A catalyst is not generally changed in the process, although its efficacy may reduce with time.

**Central processing facility:** A petrochemical processing plant with support infrastructure used at or near natural gas fields to conduct several processing steps on natural gas from multiple wells before the gas is fed into a transmission pipeline.

**Cetane number:** This refers to the results of a standardised test conducted to measure the combustion properties of a diesel fuel. This is the equivalent of the octane testing conducted for petrol. Cetane is a colourless, liquid, straight-chain paraffin.

**Comonomer:** A chemical, such as 1-butene, 1-hexene or 1-octene, that is blended with a monomer such as ethylene to improve or modify certain properties such as impact strength, flexibility or clarity of a polymer such as polyethylene.

**Continuous-miner:** A large, remote-controlled vehicle used in an underground colliery to cut and remove coal from a coalface with the aid of a spiked, rotating cutting drum.

**Cracker:** Petrochemical term referring to a chemical reaction vessel used for decomposing (cracking) petrochemical compounds such as naphtha, liquefied petroleum gas or waxes.

**Dieselisation:** A description of the trend presently occurring in Europe (and elsewhere) where vehicles are increasingly being fuelled by diesel, primarily due to high fuel efficiencies, tax incentives and modern, effective diesel engines.

**Ethylene:** A colourless, flammable hydrocarbon gas of the alkene series derived through Sasol's process and used principally in South Africa as feedstock for producing polyethylene and polyvinyl chloride.

**Fischer-Tropsch process:** A chemical process pioneered in Germany by Franz Fischer and Hans Tropsch in the 1920s and

subsequently evolved by Sasol. It is used to convert synthesis gas, which is reacted under temperature in the presence of a catalyst to produce a diverse spectrum of hydrocarbons for downstream processing into liquid transportation fuels and chemicals.

**FOB:** Commercial abbreviation for "free on board", a trade term requiring the seller to deliver goods on board a vessel designated by the buyer. The seller fulfils its obligations when the goods have passed over the ship's rail.

**Gas-to-liquids (GTL):** A petrochemical term referring to a process technology, plant or venture that entails the conversion of natural gas or methane into a liquid transportation fuel and related hydrocarbons such as diesel, kerosene and naphtha.

**Gasification:** The process of converting coal in a gasifier into gases and co-products under high temperature and pressure in the presence of steam and oxygen. The purified gases and co-products are then converted into desired products.

**Greenhouse gases:** Gases, usually formed anthropogenically, that contribute to the Earth's intensified greenhouse effect or global warming. Greenhouse gases include carbon dioxide, nitrous oxides, ozone, methane and chlorofluorocarbons.

**Hexene (1-hexene):** An alpha olefin emanating from the Sasol Synthol™ process. An alpha olefin is a straight-chain hydrocarbon molecule containing a single, terminal double-bond between atoms. Hexene is used mostly as a comonomer for producing certain plastics.

**Hydroformylation:** A type of carbonylation (ie, involving carbon monoxide) reaction that uses carbon monoxide and hydrogen with the aid of a catalyst to convert an olefin into an aldehyde or primary alcohol, depending on the selected reaction conditions such as pressure, temperature and catalyst type.

**Ketones:** Hydrocarbon compounds containing a carbonyl group (-CO-) in the molecule attached to two hydrocarbon radicals. Ketones include acetone, methyl ethyl ketone (MEK) and methyl iso-butyl ketone (MIBK). They are used mostly as solvents or chemical feedstock.

**Linear alkylbenzene (LAB):** An organic compound with an alkyl group bound to a benzene ring that is produced in a process involving benzene and long-chain paraffins. LAB is used as an intermediate for producing surfactants used in the detergent industry.

**Liquefied petroleum gas (LPG):** Gaseous petroleum gases such as propane, butane and pentane pressurised in liquefied form and used for heating applications.

**Methane:** The simplest alkane, methane is a gas that occurs naturally in petroleum wells, natural-gas fields and as marsh gas. Coal gas also contains a large proportion of methane.

**Methanol:** A toxic, colourless alcohol produced from various sources, including the destructive distillation of wood, the catalytic oxidation of methane and the synthesis of carbon monoxide and hydrogen in the presence of a catalyst. In it is an important intermediate chemical and it is often used as a versatile solvent.



**Monomer:** A chemical such as ethylene or propylene capable of being converted into a long-chain polymer or a synthetic resin by combining with itself or other similar molecules or compounds.

**Naphtha:** A generic term for a flammable, light distillate or hydrocarbon feedstock, or a mixture of light hydrocarbons, used for gas or petrochemical manufacture.

**Natural gas:** A mixture of hydrocarbon gases in the Earth's crust containing methane, as well as ethane, propane, butane, nitrogen, carbon dioxide and sulphur compounds such as hydrogen sulphide.

**Nitric acid:** A colourless, corrosive, fuming and unstable liquid, which Sasol derives by oxidising some of its ammonia production. It is an important intermediate for producing ammonium nitrate and its derivatives.

**Octene (1-octene):** An alpha olefin emanating from the Sasol Synthol™ process, 1-octene is a straight-chain C<sub>8</sub> hydrocarbon molecule that contains a single, terminal double-bond between atoms. It is used mostly as a comonomer for producing certain plastics.

**Pentene (1-pentene):** An alpha olefin emanating from the Sasol Synthol™ process, 1-pentene is a straight-chain C<sub>5</sub> hydrocarbon molecule that contains a single, terminal double-bond between atoms. It is used for producing certain plastics and agrochemicals.

**Polyethylene:** A common plastic that has a macromolecule comprising long-chain ethylene molecules. Polyethylene is mostly used to produce packaging materials, pipe and moulded fittings and sheath wire and cable.

**Polymer:** A compound whose molecule is formed from a large number of repeated units of one or more compounds of low molecular-weight (monomers). Synthetic polymers are used extensively in plastics. Polymers do not have a definite formula because they consist of many chains of different lengths.

**Polypropylene:** Another common plastic, this versatile material with many end-applications is derived from the polymerisation of propylene. It is used for automotive components, furniture, self-hinged containers, medical equipment, carpet backings and woven bags.

**Polyvinyl chloride (PVC):** PVC is a tough, white, solid thermoplastic that can be softened with plasticisers. Sasol produces PVC by polymerising vinyl chloride monomer derived from ethylene and chlorine. It is used for sheathing cables, moulding footwear and for moulding bottles and other packaging forms.

**Propanol:** A colourless and volatile alcohol existing in two isomers (iso-propanol and normal-propanol) used mainly as a solvent and to prepare esters such as propyl acetate.

**Propylene:** A colourless, gaseous hydrocarbon (olefin) obtained from petroleum by cracking alkanes, among other petrochemical processes. In the case of Sasol's operations, it is a co-product of the Synthol™ process that is refined before being converted downstream into polypropylene and butanol.

**Recordable case rate:** The recordable case rate (RCR) is a standard international measure for reporting work-related injuries and illnesses and other safety incidents resulting in injury. The RCR is the number of fatalities, lost workday cases, restricted work cases, medical treatments beyond first-aid cases and accepted illnesses, for every 200 000 employee hours worked, reported on a 12-month moving average basis.

**Reforming:** A generic term referring to petrochemical processes that radically change the feed molecules. For example, reforming of naphtha is used to create high-octane petrol components from the low-value naphtha. The term is also used to refer to the process of converting methane or natural gas into synthesis gas.

**Sasol Advanced Synthol™ (SAS™) reactor:** The proprietary Sasol reactor at the heart of the SAS™ process, the high-temperature version of Sasol's Fischer-Tropsch process used at Secunda to produce a synthetic form of crude oil and chemical feedstock.

**Sasol Slurry Phase Distillate™ (Sasol SPD™) process:** A proprietary version of Sasol's low-temperature Fischer-Tropsch process used to convert synthesis gas into waxes and related petrochemical streams for the end-production and marketing of waxes and/or diesel.

**Solvent:** A liquid that dissolves another substance or substances to form a solution.

**Surfactant (surface active agent):** A soluble chemical compound such as a detergent or soap that is added to a liquid to increase its spreading or wetting properties by reducing its surface tension.

**Synthesis:** The formation of more complex chemical compounds or molecules from simpler compounds or molecules, as in the Fischer-Tropsch process.

**Synthesis gas (syngas):** A mixture of carbon monoxide and hydrogen used to produce certain petrochemicals in downstream processes.

**Wax:** A liquid or solid long-chain paraffinic compound used for hot-melt adhesives, bitumen additives, construction board, tyres, extrusion of polymers, printing inks, cosmetics and candles, among other applications.

#### measurements

b	barrel (crude oil)
bcf	billion cubic feet (gas)
b/d	barrels a day
m <sup>3</sup>	cubic metre
GJ	gigajoule (one-billion joules)
km	kilometre
km <sup>2</sup>	square kilometre
MJ	million gigajoule
Mt	million tons (megaton)
t	ton, metric (1 000 kilograms)
tpa	tons per annum

## contact information

### Shareholder information helpline

We have reserved 0861 100 926 as the South African toll-free number and +27 (0) 11 373-0048 for shareholders calling from outside South Africa.

The toll-free inbound telephone helpline will enable shareholders to obtain information regarding the AGM resolutions and to provide assistance with completion of proxy forms.

### Depository Bank

The Bank of New York  
Depository Receipts Division  
101 Barclay Street  
New York 10286, New York

### Direct purchase plan

The Bank of New York maintains a sponsored dividend reinvestment and direct purchase programme for Sasol's depository receipts. As a participant in Global BuyDIRECT<sup>SM</sup>, investors benefit from the direct ownership of their depository receipts, the efficiency of receiving corporate communications directly from the depository receipt issuer, and the savings resulting from the reduced brokerage and transaction costs. Additional information is available at [www.globalbuydirect.com](http://www.globalbuydirect.com).

Questions or correspondence about Global BuyDIRECT<sup>SM</sup> should be addressed to:

The Bank of New York  
Investor Relations  
PO Box 11258  
Church Street Station  
New York, New York 10286-1258

Toll-free telephone for US Global BuyDIRECT<sup>SM</sup> participants:  
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**Forward-looking statements:** Sasol may, in this document, make statements that are not historical facts and relate to analyses and other information based on forecasts of future results and estimates of amounts not yet determinable. These are forward-looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995. Words such as "believe", "anticipate", "expect", "intend", "seek", "will", "plan", "could", "may", "endeavour" and "project" and similar expressions are intended to identify such 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 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, actual results may be very different from those anticipated. The factors that could cause our actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements are discussed more fully in our registration statement under the Securities Exchange Act of 1934 on Form 20-F filed on November 3, 2006 and in other filings with the United States Securities and Exchange Commission. Forward-looking statements apply only as of the date on which they are made, and Sasol does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

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**This annual review must be read in conjunction with our annual report under the Securities Exchange Act of 1934 on Form 20-F to be filed with the United States Securities and Exchange Commission during October 2007. The Form 20-F is available on our website at [www.sasol.com](http://www.sasol.com).**

**Note on measurement:** Besides applying barrels (b) and cubic feet (cf) for reporting on oil and gas reserves and production, Sasol applies Système International (SI) metric measures for all global operations. A ton (also spelt as tonne) denotes one metric ton equivalent to 1 000 kilograms (kg) or about 2 200 imperial pounds. Sasol's reference to a metric ton should not be confused with an imperial ton equivalent to 2 240 pounds (or about 1 016 kg). In addition, in line with a particular South African distinction under the auspices of the South African Bureau of Standards (SABS), all Sasol global reporting emanating from South Africa uses the decimal comma (eg 3,5) instead of the more familiar decimal point (eg 3.5) used in the UK, USA and elsewhere. Similarly, a hard space is used to distinguish thousands in numeric figures (eg 2 500) instead of a comma (eg 2,500). **A billion is defined as 1 000 million.**



