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Sasol Inzalo Public Limited (RF) annual financial statements

for the year ended 30 June 2013

Corporate governance report

Introduction

Sasol Inzalo Public Limited (RF) ("the company") was established for the purpose of the acquisition and ownership of ordinary shares in the share capital of Sasol Inzalo Public Funding (Pty) Ltd (RF). The company, through Sasol Inzalo Public Funding (Pty) Ltd (RF), is the indirect owner of 16 085 199 preferred ordinary shares in Sasol Limited ("Sasol"), issued as part of the Sasol Inzalo Black Economic Empowerment transaction ("the transaction"). Through the transaction in 2008, beneficial ownership of 10% of Sasol's issued share capital was transferred to a wide spread of black South Africans. The tenure of the transaction is 10 years.

With appropriate Sasol facilitation, the acquisition of the Sasol shares was funded through a combination of equity contributions and preference share funding, and is governed by financing agreements entered into between Sasol, the company and preference share funders.

The shareholders of the company comprise approximately 214 000 black individuals and black groups.

The company does not have any operations or employees; neither does it have any assets, other than its indirect investment in Sasol. All services, such as financial, information and risk management, company secretarial, legal compliance and internal audit services, are provided by Sasol Group Services (Pty) Ltd ("SGS"), a wholly-owned subsidiary of Sasol, appointed by the group as the administrative agent in terms of a Governing Agreement entered into between the company, Sasol, The Sasol Inzalo Public Facilitation Trust and Sasol Inzalo Public Funding (Pty) Ltd (RF).

Governance

Sasol Inzalo Public Limited (RF) and Sasol Inzalo Public Funding (Pty) Ltd (RF) (the group) is committed to good corporate governance and compliance with recognised best practices. The King Report on Corporate Governance for South Africa 2009 ("King III") is recognised as the definitive source on governance for companies in South Africa.

It is important to strike a balance between full compliance with King III recommendations, and the practicality of implementing the recommendations such that good corporate governance within the group is enhanced. SGS has developed good corporate governance processes in compliance with the principles of King III, which the group implements. Sasol provides a full disclosure of the corporate governance practices of the Sasol group, including the application of King III, in its integrated annual report to shareholders.

***Ethics** as the foundation of, and reason for, corporate governance*[1] remain one of the cornerstones on which effective and responsible leadership are provided throughout the group. The values of responsibility, honesty, fairness and respect underpin the framework against which the entire Sasol group measures its corporate behaviour and practices. Good corporate governance is implicit in Sasol's values, culture and processes which are continuously refined through, among others, the Sasol Code of Ethics.

Responsible leadership is provided by the board which is responsible for the performance and control of the group as provided for in the memorandum of incorporation ("the MOI") of the company.

Board powers and procedures

The board provides strategic direction, monitors performance, ensures effective risk management and compliance with applicable legislation and maintains corporate governance standards within the framework of the Governing Agreement. The Governing and financing agreements describe in detail the responsibilities and obligations of the board, which are related and limited to the maintenance of the integrity of the transaction for the 10-year duration thereof.

The directors are entitled to seek independent professional advice at Sasol's expense concerning the company's affairs and have access to any information they may require in discharging their duties as directors.

The board is satisfied that it discharged its duties and obligations as detailed in the Governing and financing agreements during the past financial year.

Composition of the board and appointment of directors

The company's MOI provides that the number of directors shall not be less than five and not more than 11. As prescribed by the MOI and the Governing Agreement, the majority of the directors shall be black people, with at least 40% of the directors being black women. As prescribed by the JSE Limited at the time the transaction was embarked upon, all the directors shall be independent directors, who are guided, as recommended by King III, by an independent, non-executive director, as chairman. The board comprises of 11 directors of which 91% are black women.

In terms of the company's MOI[2] the directors shall, for each annual general meeting, nominate a minimum of 8 (eight) persons for appointment as directors. One-third of the directors shall retire from office and be

1 King III Report

2 As at the date of this report, the MOI adopted by shareholders at the AGM on 1 December 2012 has not yet been accepted by The Companies and Intellectual Property Commission

eligible for re-election at each annual general meeting. Casual vacancies can be filled by the board and directors so appointed shall retain office only until the next following annual general meeting, and shall then retire and be eligible for re-election. Annually directors' general declarations of interests are tabled at the board for consideration and noting. In terms of the company's MOI the Sasol Inzalo Public Funding (Pty) Ltd (RF) board comprises the same directors as Sasol Inzalo Public Limited (RF).

During the financial year ended 30 June 2013, the board of Sasol Inzalo Public Limited (RF) and Sasol Inzalo Public Funding (Pty) Ltd (RF) met four times. The attendance by each director was as follows:

Sasol Inzalo Public Limited (RF) and Sasol Inzalo Public Funding (Pty) Ltd (RF)

Director	10 October 2012	24 November 2012	1 December 2012	18 March 2013
TB Boikhutso	√	√	√	√
V Doo	√	√	√	–
A Haroon	√	√	√	√
S Koyana	√	√	√	√
N Manyika	n/a	n/a	√	√
L Mogudi	√	√	√	√
CK Mokoena	√	√	√	–
DNM Mokhobo	√	–	–	–
K Njobe	√	√	√	√
L Ntsebeza	–	√	√	–
BL Sibiya	√	√	√	n/a
TP Zondi	√	√	√	√

√ Indicates attendance
n/a Indicates not a director at the time
– Indicates absence with apology

Board and audit committee

In discharging its responsibilities, the board is supported by an audit committee. The audit committee, as a statutory committee, is elected by shareholders. The board and the audit committee are empowered to obtain such external or other independent professional advice as they consider necessary to discharge their duties.

The audit committee

The audit committee is an important element of the board's system of monitoring and control. In compliance with the South African legislation, all members are independent non-executive directors. The audit committee is constituted as a statutory committee of Sasol Inzalo Public Limited (RF) and its subsidiary in respect of its statutory duties in terms of section 94(7) of the Companies Act, 71 of 2008 ("the Act"). Members are elected by shareholders at the annual general meeting.

The functions and terms of reference of the audit committee are available in the report of the audit committee on page 8 of the annual financial statements.

The audit committee obtains assurance from the administrative agent in respect of the functions specifically performed by the committee in terms of section 94(7) of the Act.

The committee consists of three independent non-executive members. During the year under review, the attendance by each member was as follows:

Member	10 October 2012	18 March 2013
S Koyana	√	√
CK Mokoena	√	–
TP Zondi	√	√

√ Indicates attendance
– Indicates absence with apology

The social and ethics committee

The board, in compliance with the requirements of the Act, established a social and ethics committee effective 1 May 2012. The board appointed Mss TB Boikhutso; L Mogudi and Prof L Ntsebeza as members of the social and ethics committee.

The board does not believe it is reasonably necessary in the public interest for the company to have a social and ethics committee, having regard to the nature and extent of the activities of the company. In this respect the company has applied for an exemption from the requirement to have a social and ethics committee. The board receives reports from Sasol Limited on its activities under social and ethics requirements of the Act.

SGS is the ***company secretary*** of the company and its subsidiary. It is staffed by suitably qualified and experienced individuals who regularly provide guidance and advice to the board and ensure the ongoing training and education of directors on their fiduciary duties and other related responsibilities.

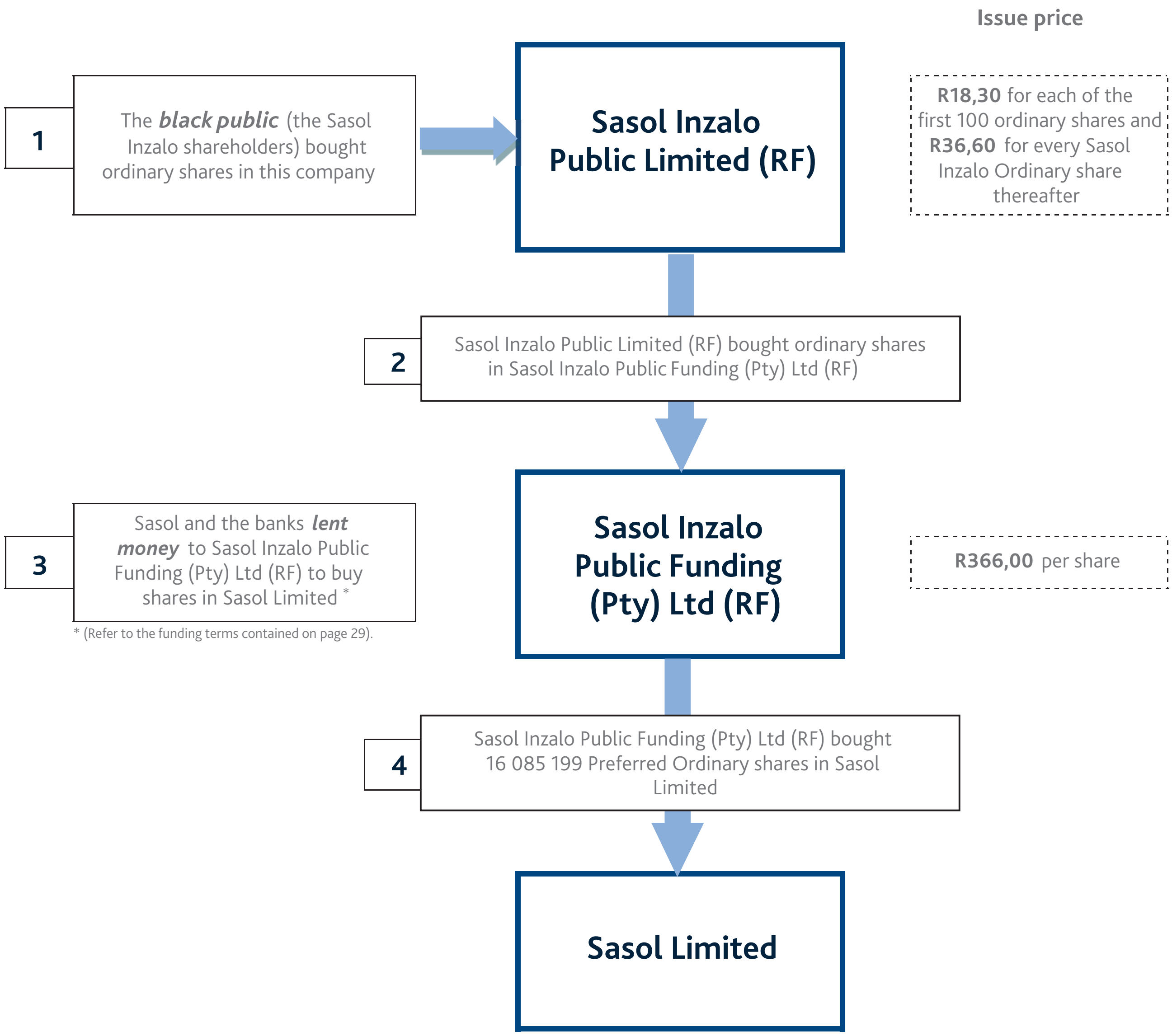
The ***governance of risk*** remains the ultimate responsibility of the board and the control of identified risks is based on the comprehensive enterprise risk management programme of SGS. The role and function of internal audit, provided by SGS and overseen by the Sasol's audit committee, including the requirements with respect to combined assurance, and the governance of risk and information technology are materially aligned with the requirements of King III.

It is of utmost importance to the group that it consistently ***complies*** with existing and new regulations impacting on its operations, and its duty to conduct business in accordance with the ***laws and regulations*** by which it is governed, is acknowledged. SGS, as the company secretary and administrative agent, is primarily responsible for ensuring compliance with the legal requirements and is supported and monitored by the internal audit, legal services and risk management departments within SGS.

The group acknowledges that ***transparency and accountability*** is achieved by among other, effective communication, which is integral in building stakeholder value. To that end, the group is committed to providing meaningful, transparent, timely and accurate financial and non-financial information to its shareholders. The group endeavours, through Sasol and SGS's disclosure controls and procedures, to present a balanced and understandable assessment of its financial position by addressing material matters of significant interest and concern in its annual financial statements.

Executive summary

The structure of the transaction



Performance for the financial year

In 2008, Sasol made Sasol Preferred Ordinary shares available so that the Black public could invest in Sasol through Sasol Inzalo. Sasol Inzalo bought Sasol Preferred Ordinary shares which were paid for partly by payment received from the black public for the Sasol Inzalo Ordinary shares (R371 million) and partly by the funding which Sasol Inzalo obtained from Sasol and the banks (R5 556 million).

4,6% ↑	Finance income	
	2013 Rm	2012 Rm
	389	372

12,7% ↓	Finance costs	
	2013 Rm	2012 Rm
	(562)	(644)

36,3% ↓	Loss for year	
	2013 Rm	2012 Rm
	(174)	(273)

25,9% ↑	Cash flow from operations	
	2013 Rm	2012 Rm
	141	112

Income statement

The **income** of the group is made up of dividends received from Sasol Limited of R389 million (2012: R372 million), at a rate of R24,20 per share per annum. The dividends received from Sasol Limited comprised a final dividend received on 3 October 2012 of R189 million for the 2012 financial year and an interim dividend received on 2 April 2013 of R200 million for the 2013 financial year.

Expenses of the group are made up of the following items:

- Agency fee payable to the Standard Bank of Southern Africa of R1 million (2012: R1 million);
- Audit fees of R131 862 (2012: R196 898); and
- Finance expenses comprising interest on the long-term debt of R562 million (2012: R644 million).

The group recorded a **net loss** of R174 million (2012: R273 million). The net loss for 2013 is lower than that of 2012 due to lower finance expenses.

In 2012 the finance expenses for the C and D preference shares were increased by 10% since inception of the transaction as a result of the abolition of Secondary Tax on Companies. The arrear accumulated preference dividends on the class C and D preference shares have been increased by 10% due to the fact that these accumulated preference dividends were never paid to the class C and D preference shareholders. This indicates the reason for the decrease in finance expenses for 2013.

Statement of financial position

The investment of the 16 085 199 Sasol Preferred Ordinary shares was revalued at the closing market price of R431,54 (2012: R342,40) per Sasol Limited ordinary share as at 30 June 2013, to a value of R6 942 million (2012: R5 508 million) in line with the group's accounting policy on the investment in Sasol Limited.

The value of the investment in Sasol Limited is R1 055 million higher (2012: R379 million lower) than the cost price of R5 887 million. A deferred tax liability to the value of R196 million (2012: R71 million (deferred tax asset)) is recognised relating to the revaluation. The net balance on the investment fair value reserve amounts to R859 million (2012: R308 million negative).

The balance of the long-term and short-term debt amounts to R6 882 million (2012: R6 677 million). In terms of the financing agreement entered into with the preference share funders, 50% of the A Preference shares will be redeemed over the financial years 2009 to 2019. The balance of the A, B, C and D Preferences shares will be redeemed in full at the end of the empowerment period[1] out of the proceeds from the sale of the Sasol Preferred Ordinary shares.

The negative shareholders' equity of R80 million (2012: R1 073 million) consists of an accumulated loss of R1 310 million (2012: R1 136 million), a positive fair value reserve of R859 million (2012: R308 million negative) and share capital of R371 million

1. A period of ten years commencing on 8 September 2008.

Cash flow management

The group generated sufficient cash from dividends received on the investment in Sasol Limited to fund operating activities, finance expenses on the A and B preference shares and to repay long-term debt during the year as contained on page 29. Cash retained from operating activities amounted to R141 million (2012: R112 million). The increase in cash retained from operating activities is mainly due to a higher dividend received from Sasol Limited.

Subsequent events

There has not been any item, transaction or event between 30 June 2013 and the date of this report that could significantly affect the operations of the group.

Appointment and resignation of directors

Mr BL Sibiya resigned as chairman of the board on 10 October 2012 and as director on 1 December 2012. Ms N Manyika was appointed as a director on 1 December 2012.

Declaration of ordinary dividend

95% of the dividend income received from Sasol Limited will be used to pay the interest to the banks for the loans and to pay its taxes and running expenses. Sasol Inzalo shareholders may be paid up to 5% of the dividends should Sasol Inzalo meet the requirements of the solvency and liquidity test.

The board of directors have not declared a dividend for the year ended 30 June 2013.

Khungeka Njobe
Director

Thandeka Zondi
Director

19 September 2013

Audited annual financial statements

for the year ended 30 June 2013

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Preparer of the audited annual financial statements

Mrs D Sinivasan, CA(SA), general manager finance: group consolidation at Sasol Group Services (Pty) Ltd, is responsible for this set of financial statements and has supervised the preparation thereof in conjunction with Mr T Honiball, senior manager finance: reporting, Sasol Group Services (Pty) Ltd.

Report of the audit committee

The audit committee has the pleasure of submitting this report to the shareholders of Sasol Inzalo Public Limited (RF) (the company) in respect of the financial year ended 30 June 2013.

The committee performed the duties and functions required in terms of the Companies Act, 71 of 2008 as amended (the Act), the King Code of Governance in South Africa 2009 (King III), its terms of reference and the terms of the Governing Agreement entered into between Sasol Limited, Sasol Inzalo Public Limited (RF), Sasol Inzalo Public Funding (Pty) Ltd (RF) and The Sasol Inzalo Public Facilitation Trust on 15 May 2008.

The board annually reviews and approves the terms of reference for the committee in terms of which responsibilities of the committee include assisting the board in overseeing:

- quality and integrity of the Sasol Inzalo Public Limited (RF)'s financial statements including the group financial statements;
- the qualification and independence of the external auditors for Sasol Inzalo Public Limited (RF) and its subsidiary, Sasol Inzalo Public Funding (Pty) Ltd (RF);
- the scope and effectiveness of the external audit function for Sasol Inzalo Public Limited (RF) and its subsidiary, Sasol Inzalo Public Funding (Pty) Ltd (RF);
- the effectiveness of the group's internal controls and internal audit function; and
- compliance with legal and regulatory requirements to the extent that it might have an impact on financial statements.

The following members of the committee were duly elected by shareholders at the annual general meeting of Sasol Inzalo Public Limited (RF) held on 1 December 2012:

Ms T P Zondi (Chairman)
Ms C K Mokoena
Dr S Koyana

In satisfying its duties, the committee in particular:

- considered compliance (legal and regulatory) requirements and reviewed the internal environment;
- nominated for appointment KPMG Inc as auditor of the company for the financial year ended 30 June 2013;
- nominated PricewaterhouseCoopers Inc (PwC) for appointment as independent auditor of the company for the financial year commencing on 1 July 2013;
- determined the fees to be paid to the auditors;
- ensured that the appointment of auditors complies with the provisions of the Act and any other legislation relating to the appointment of auditors;
- determined the nature and extent of any non-audit services which the auditors may provide;
- received and dealt with complaints relating either to the accounting practices and internal audit of the company, to the content or auditing of its financial statements, or to any related matter;
- reviewed the company's risk management plan and processes which includes information technology management; and
- reviewed the internal audit plan and considered internal audit reports.

Conclusion

The audit committee is satisfied that it has complied with all its statutory and other responsibilities assigned to it.

Following our review and having had regard to all material factors and risks that may impact on the integrity of the company's financial statements, we recommend that the annual financial statements of Sasol Inzalo Public Limited (RF) and the group annual financial statements for the year ended 30 June 2013 be approved by the board of directors.

On behalf of the audit committee

T P Zondi
Chairman

19 September 2013

Statement by the directors

The directors are responsible for the preparation and fair presentation of the group annual financial statements and the annual financial statements of Sasol Inzalo Public Limited (RF), comprising the statements of financial position at 30 June 2013, income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. In addition, the directors are responsible for preparing the directors' report.

The directors are responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for monitoring adequate accounting records and an effective system of risk management.

The directors have made an assessment of the group's ability to continue as a going concern and there is no reason to believe the business will not be a going concern in the year ahead as set out in note 18.

The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the audited annual financial statements

The audited annual financial statements for the year ended 30 June 2013 as identified above and set out on pages 12 to 32 were approved by the board of directors on 19 September 2013 and are signed on its behalf by:

Khungeka Njobe
Director

Thandeka Zondi
Director

Certificate of the company secretary

In my capacity as the company secretary, I hereby confirm, in terms of the South African Companies Act, 2008, that for the year ended 30 June 2013 Sasol Inzalo Public Limited (RF) has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act, 2008, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

Michelle du Toit
for Sasol Group Services (Pty) Ltd
19 September 2013

Directors' report

for the year ended 30 June 2013

The directors have pleasure in presenting their report for the year ended 30 June 2013.

Nature of business

During May 2008, the shareholders of Sasol Limited approved the Sasol Inzalo share transaction, a broad-based black economic empowerment (BEE) transaction, which resulted in the transfer of beneficial ownership of 10% (63 079 214 shares) of Sasol Limited's issued share capital, before the implementation of this transaction, to its employees and a wide spread of BEE participants. This transaction is expected to provide long-term sustainable benefits to all participants and has a tenure of 10 years. The transaction was introduced to assist Sasol Limited, as a major participant in the South African economy, in meeting its empowerment objectives.

The main business of the group (Sasol Inzalo Public Limited (RF) and its subsidiary, Sasol Inzalo Public Funding (Pty) Ltd (RF)) is to acquire and hold shares in Sasol Limited on behalf of the members of the black public. The principal activities of the company remained unchanged during the year.

Share capital

The authorised and issued share capital of the group remained unchanged during the year. This is consistent with the previous year.

Directorate

The directors in office during the year were:

K Njobe (Chairman)[1]
TB Boikhutso
V Doo
A Haroon
S Koyana
L Mogudi
DNM Mokhobo
CK Mokoena
TP Zondi
L Ntsebeza
N Manyika[2]
BL Sibiya[3]

Notes:

1. Ms K Njobe was appointed as chairman on 10 October 2012.
2. Ms N Manyika was appointed as a director on 1 December 2012.
3. Mr BL Sibiya resigned as chairman on 10 October 2012 and as director on 1 December 2012.

Subsequent events

There has not been any item, transaction or event between 30 June 2013 and the date of this report that could significantly affect the operations of the group.

Company secretary

Sasol Group Services (Pty) Ltd is the company secretary of Sasol Inzalo Public Limited (RF) and its subsidiary, and its addresses are:

Postal address	Physical address
PO Box 5486	1 Sturdee Avenue
Johannesburg	Rosebank
2000	2196
Republic of South Africa	Republic of South Africa

Registered office

The registered office addresses of the company are:

Postal address	Physical address
PO Box 5486	1 Sturdee Avenue
Johannesburg	Rosebank
2000	2196
Republic of South Africa	Republic of South Africa

Independent auditor's report

To the shareholders of Sasol Inzalo Public Limited (RF)

We have audited the group annual financial statements and the separate annual financial statements of Sasol Inzalo Public Limited (RF) which comprise the statements of financial position at 30 June 2013, and the income statements, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 12 to 32.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and seperate financial position of Sasol Inzalo Public Limited (RF) at 30 June 2013, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 30 June 2013, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and, accordingly, do not express an opinion on these reports.

KPMG Inc.
Registered Auditor

Per **Grathel Motau**
Chartered Accountant (SA)

19 September 2013
85 Empire Road
Parktown
2193

Accounting policies and financial reporting terms

Sasol Inzalo Public Limited (RF) is the holding company of the Sasol Inzalo Public Limited (RF) group ("the group") and is domiciled in the Republic of South Africa. The following principal accounting policies were applied by the group for the financial year ended 30 June 2013. Except as otherwise disclosed, these policies are consistent in all material respects with those applied in previous years.

Financial reporting terms

These definitions of financial reporting terms are provided to ensure clarity of meaning as certain terms may not always have the same meaning or interpretation in all countries.

Group structures	
Company	A legal business entity registered in terms of the applicable legislation of that country.
Entity	Sasol Inzalo Public Limited (RF) or a subsidiary of Sasol Inzalo Public Limited (RF).
Group	The group comprises Sasol Inzalo Public Limited (RF) and its subsidiary, Sasol Inzalo Public Funding (Pty) Ltd (RF).
Subsidiary	Any entity over which the company has the power to exercise control.
Special purpose entity	An entity established to accomplish a narrow and well-defined objective, including the facilitation of the group's (being the Sasol Limited group) black economic empowerment transactions.
General accounting terms	
Acquisition date	The date on which control in a subsidiary commences.
Consolidated group financial statements	The financial results of the group which comprise the financial results of Sasol Inzalo Public Limited (RF) and its subsidiary.
Control	The ability, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefit from its activities. When assessing the ability to control an entity, the existence and effect of potential voting rights that are presently exercisable or convertible are taken into account.
Discount rate	The rate used for purposes of determining discounted cash flows defined as the yield on relevant South African Government bonds that have maturity dates approximating the term of the related cash flows. This pre-tax interest rate reflects the current market assessment of the time value of money. To the extent that, in determining the cash flows, the risks specific to the asset or liability are taken into account in determining those cash flows, they are not included in determining the discount rate.
Disposal date	The date on which control in a subsidiary ceases.
Fair value	The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
Financial results	Comprise the financial position (assets, liabilities and equity), results of operations (revenue and expenses) and cash flows of an entity and of the group.
Functional currency	The currency of the primary economic environment in which the entity operates, which is the South African rand.
Long-term	A period longer than 12 months from the reporting date.
Other comprehensive income	Comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement and includes the effect of translation of foreign operations, cash flow hedges, available-for-sale financial assets and changes in revaluation reserves.
Presentation currency	The currency in which financial results of an entity is presented, which is the South African rand.
Prolonged decline	A decline in the fair value of an investment in an equity instrument below its cost for a minimum period of three continuous years.

General accounting terms continued	
Recoverable amount	The amount that reflects the greater of the fair value less costs to sell and value in use that can be attributed to an asset as a result of its ongoing use by the entity. In determining the value in use, expected future cash flows are discounted to their present values using the discount rate.
General instrument terms	
Related party	Parties are considered to be related if one party directly or indirectly has the ability to control or jointly control the reporting entity (Sasol Inzalo Public Limited (RF)) or exercise significant influence over the reporting entity or is a member of the key management of the reporting entity.
Revenue	Comprises dividends received and interest received.
Significant decline	A decline of 33% in the fair value of an investment in an equity instrument below its cost at the reporting date.
Financial instrument terms	
Available-for-sale financial asset	A financial asset that has been designated as available-for-sale or a financial asset other than those classified as loans and receivables, held-to-maturity investments or derivative instruments. An investment intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, is classified as a non-current available-for-sale financial asset.
Cash and cash equivalents	Comprise cash on hand, restricted cash and demand deposits.
Derivative instrument	A financial instrument: • whose value changes in response to movements in a specified interest rate, commodity price, foreign exchange rate or similar variable; • that requires minimal initial net investment; and • whose terms require or permit settlement at a future date.
Effective interest rate	The derived rate that discounts the expected future cash flows to the current net carrying amount of the financial asset or financial liability.
Equity instrument	Any financial instrument (including investments) that evidences a residual interest in the assets of an enterprise after deducting all of its liabilities.
Financial asset	Cash or cash equivalents, a contractual right to receive cash, an equity instrument or a contractual right to exchange a financial instrument under favourable conditions.
Financial liability	A contractual obligation to pay cash or transfer other benefits or an obligation to exchange a financial instrument under unfavourable conditions. This includes debt.
Financial guarantee	A contract that requires an issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of the debt instrument.
Loans and receivables	A financial asset with fixed or determinable repayments that are not quoted in an active market, other than an available-for-sale financial asset.
Monetary asset	An asset which will be settled in a fixed or determinable amount of money.
Monetary liability	A liability which will be settled in a fixed or determinable amount of money.
Transaction date	The date an entity commits itself to purchase or sell a financial instrument.

Statement of compliance

The consolidated financial statements and separate financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and Interpretations of those standards, as issued by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council and the South African Companies Act, 2008, as amended. The consolidated financial statements were approved by the board of Directors on 19 September 2013 and will be presented to the first shareholders meeting on 16 November 2013.

The following accounting standards, interpretations and amendments to published accounting standards which are relevant to the group but not yet effective, have not been adopted in the current year:

Standard	Date published	Effective date *	Anticipated impact on the group
IFRS 9, Financial Instruments	12 November 2009	1 January 2015	IFRS 9 introduced new requirements for classifying and measuring financial instruments. Subsequently, new requirements were published for the accounting for financial liabilities and the derecognition of financial instruments. As the scope of the standard will be further expanded to include impairment of assets and hedge accounting, we will review the effects of a comprehensive standard on financial instruments and consider adoption when appropriate.
IFRS 10, Consolidated Financial Statements^^	12 May 2011	1 January 2013 ^	This standard defines the principle of control and establishes control as the basis for determining which entities are included in the consolidated financial statements. This standard will not have a significant impact on the financial statements of the group as we apply the criteria for establishing control as defined in IFRS 10, Consolidated Financial Statements. The effective date for adoption of this standard is for periods commencing on or after 1 January 2013. This standard will be adopted by the group for the year ending 30 June 2014.
IFRS 12, Disclosure of Interests in Other Entities	12 May 2011	1 January 2013 ^	The standard requires an entity to disclose information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in entities that are not fully consolidated, including joint arrangements, associates and special purposes entities; and the effects of those interests on its financial position, financial performance and cash flows. The effective date for adoption of this standard is for periods commencing on or after 1 January 2013. This standard will be adopted by the group for the year ending 30 June 2014.
IAS 27 (Amendment), Separate Financial Statements^^	12 May 2011	1 January 2013 ^	Following the introduction of IFRS 10, Consolidated Financial Statements, this standard was also amended. The effective date for adoption of this standard is for periods commencing on or after 1 January 2013. This standard will be adopted by the group for the year ending 30 June 2014.

* The effective date refers to periods commencing on or after the date noted and early adoption is permitted, unless otherwise indicated.

^ Early adoption is permitted provided that the entire suite of consolidation standards is adopted at the same time.

^^ The adoption of the consolidation suite of standards is not expected to have a significant impact on total assets, total liabilities, equity and earnings.

Principal accounting policies

Basis of preparation of financial results

The consolidated financial statements and separate financial statements are prepared using the historic cost convention except that, as set out in the accounting policies below, certain items, including available-for-sale financial assets, are stated at fair value.

The consolidated financial statements are prepared on the going concern basis.

Except as otherwise disclosed, these accounting policies are consistent with those applied in previous years.

These accounting policies are consistently applied throughout the group.

Basis of consolidation of financial results

The consolidated financial statements reflect the financial results of the group. All financial results are consolidated with similar items on a line by line basis except for investment in subsidiary, which are included in the company's results as set out below.

Inter-company transactions, balances and unrealised gains and losses between entities are eliminated on consolidation. To the extent that a loss on a transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss of a non-current asset, that loss is charged to the income statement.

Subsidiary The financial results of the subsidiary are consolidated into the group's results from acquisition date until disposal date. The existence of potential voting rights that are currently exercisable or convertible are also considered when assessing whether the group controls another entity.

Investment in subsidiary

Investment in subsidiary is stated at cost less impairment losses.

Financial assets

The group classifies its financial assets into the following categories:

- available-for-sale financial assets; and
- loans and receivables.

The classification is dependent on the purpose for which the financial asset is acquired. Management determines the classification of its financial assets at the time of the initial recognition and re-evaluates such designation at least at each reporting date.

Financial assets are recognised on transaction date when the group becomes a party to the contracts and thus obtains rights to receive economic benefits and are derecognised when these rights expire or are transferred.

Financial assets with the exception of those held at fair value through profit or loss are stated initially on transaction date at fair value including transaction costs. Available-for-sale financial assets are subsequently stated at fair value at the reporting date.

Unrealised gains and losses arising from revaluation of available-for-sale financial assets are recognised as other comprehensive income and included in the investment fair value reserve. On disposal or impairment of available-for-sale financial assets, cumulative unrealised gains and losses previously recognised in other comprehensive income are included respectively in determining the profit or loss on disposal of, or impairment charge relating to, that financial asset, which is recognised in the income statement.

The fair values of financial assets are based on quoted market prices or amounts derived using a discounted cash flow model. Fair values for unlisted equity securities are estimated using valuation techniques reflecting the specific economic circumstances of the investee which would affect the market value of those securities. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment losses.

Premiums or discounts arising from the difference between the fair value of a financial asset and the amount receivable at maturity date are charged to the income statement based on the effective interest rate method.

An assessment is performed at each reporting date to determine whether objective evidence exists that a financial asset is impaired. Objective evidence that financial instruments are impaired includes indications of a debtor or group of debtors experiencing significant financial difficulty, default or delinquency of payments, the probability of a debtor entering bankruptcy, or other observable data indicating a measurable decrease in estimated future cash flows, such as economic conditions that correlate with defaults. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are charged to the income statement and are included in the allowance against loans and receivables. When a subsequent event causes the impairment loss to decrease, the impairment loss is reversed in the income statement. Loans and receivables, together with the associated allowance, are written off when there is no realistic prospect of future recovery. In the case of available-for-sale financial assets, a significant or prolonged decline in the fair value of the asset below its cost is considered an indicator of impairment. If any such evidence exists, the cumulative loss is removed as other comprehensive income from the investment fair value reserve and recognised in the income statement. Impairment losses charged to the income statement on available-for-sale financial assets are not reversed.

Financial assets and liabilities are offset and the net amount presented when the group has a legal enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial liabilities

Financial liabilities are recognised on the transaction date when the group becomes a party to a contract and thus has a contractual obligation and are derecognised when these contractual obligations are discharged, cancelled or expired.

Financial liabilities are stated initially on the transaction date at fair value including transaction costs. Subsequently, they are stated at amortised cost using the effective interest rate method.

Financial assets and liabilities are offset and the net amount presented when the group has a legal enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Other receivables

Other receivables are recognised initially at fair value and subsequently stated at amortised cost using the effective interest rate method, less impairment losses. An impairment loss is recognised when it is probable that an entity will not be able to collect all amounts due according to the original terms of the receivable. The amount of the impairment loss is charged to the income statement.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying value which is deemed to be fair value. Bank overdrafts are offset against cash and cash equivalents in the statement of cash flows.

Share capital

Issued share capital is stated in the statement of changes in equity at the amount of the proceeds received less directly attributable issue costs.

Preference shares

Preference shares are classified as liabilities if they are redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are charged to the income statement as a finance expense based on the effective interest rate method.

Debt

Debt, which constitutes a financial liability, includes short-term and long-term debt. Debt is initially recognised at fair value, net of transaction costs incurred and is subsequently stated at amortised cost. Debt is classified as short-term unless the borrowing entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Debt is derecognised when the obligation in the contract is discharged, cancelled or has expired. Premiums or discounts arising from the difference between the fair value of debt raised and the amount repayable at maturity date are charged to the income statement as finance expenses based on the effective interest rate method.

Taxation

The income tax charge is determined based on net income before tax for the year and includes deferred tax and dividend withholding tax.

Current tax The current tax charge is the calculated tax payable on the taxable income for the year using enacted or substantively enacted tax rates and any adjustments to tax payable in respect of prior years.

Deferred tax

Deferred tax is provided for using the liability method, on all temporary differences between the carrying amount of assets and liabilities for accounting purposes and the amounts used for tax purposes and on any tax losses.

The provision for deferred tax is calculated using enacted or substantively enacted tax rates at the reporting date that are expected to apply when the asset is realised or liability settled. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be realised.

The provision of deferred tax assets and liabilities reflects the tax consequences that would follow from the expected recovery or settlement of the carrying amount of its assets and liabilities.

Dividend withholding tax Dividend withholding tax is payable at a rate of 15% on dividends distributed to shareholders. This tax is not attributable to the company paying the dividend but is collected by the company and paid to the tax authorities on behalf of the shareholder. On receipt of a dividend, the dividend withholding tax is recognised as part of the current tax charge in the income statement in the period in which the dividend is received.

Revenue

Revenue is recognised at the fair value of the consideration received or receivable and consists primarily of dividends received and interest received.

Revenue is recognised when the following criteria are met:

- evidence of an arrangement exists;
- delivery has occurred or services have been rendered and the significant risks and rewards of ownership have been transferred to the purchaser;
- transaction costs can be reliably measured;
- the selling price is fixed or determinable; and
- collectability is reasonably assured.

The timing of revenue recognition is as follows. Revenue from:

- dividends received is recognised when the right to receive payment is established; and
- interest received is recognised on a time proportion basis using the effective interest rate method.

Finance expenses

Finance expenses, including dividends on preference shares classified as liabilities, are charged to the income statement using the effective interest rate method.

Critical accounting estimates and judgements

Management of the group makes estimates and assumptions concerning the future in applying its accounting policies. The resulting accounting estimates may, by definition, not equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are detailed in the notes to the financial statements where applicable.

Management continually evaluates estimates and judgements based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognised in the period in which the estimates are reviewed and in any future periods affected.

Comparative figures

Certain additional disclosure has been provided in respect of the current year. To the extent practicable, comparative information has also been provided.

Statements of financial position

at 30 June

	Note	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
Assets					
Investment in subsidiary	1			**371**	371
Investment in security	2	**6 942**	5 508	**–**	–
Deferred tax asset	3	**–**	71	**–**	–
Non-current assets		**6 942**	5 579	**371**	371
Other receivable	4	**–**	6	**–**	–
Cash	5	**56**	19	**–**	–
Current assets		**56**	25	**–**	–
Total assets		**6 998**	5 604	**371**	371
Equity and liabilities					
Shareholders' (deficit)/equity		**(80)**	(1 073)	**371**	371
Long-term debt	6	**6 715**	6 516	**–**	–
Deferred tax liability	3	**196**	–	**–**	–
Non-current liabilities		**6 911**	6 516	**–**	–
Short-term debt	7	**167**	161	**–**	–
Current liability		**167**	161	**–**	–
Total equity and liabilities		**6 998**	5 604	**371**	371

Income statements

for the year ended 30 June

	Note	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
Other expenses	8	**(1)**	(1)	**–**	–
Operating loss		**(1)**	(1)	**–**	–
Finance income	9	**389**	372	**–**	–
Finance costs	10	**(562)**	(644)	**–**	–
Loss before tax		**(174)**	(273)	**–**	–
Taxation	11	*****	*	**–**	–
Loss for year		**(174)**	(273)	**–**	–

* Nominal amount.

Statements of comprehensive income

for the year ended 30 June

	Note	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
Loss for year		**(174)**	(273)	**–**	–
Other comprehensive income/(loss), net of tax					
Items that can be subsequently reclassified to the income statement	12	**1 167**	(170)	**–**	–
Investment available-for-sale	12	**1 434**	(218)	**–**	–
Tax on other comprehensive income/(loss)	12	**(267)**	48	**–**	–
Total comprehensive income/(loss)		**993**	(443)	**–**	–

Statements of changes in equity

for the year ended 30 June

	Group				Company	
	Share capital and share premium (Note 13) Rm	Investment fair value reserve Rm	Accumulated loss Rm	Total shareholders' deficit Rm	Share capital and share premium (Note 13) Rm	Total shareholders' equity Rm
Balance at 30 June 2011	371	(138)	(863)	(630)	371	371
Total comprehensive loss for year	–	(170)	(273)	(443)	–	–
Balance at 30 June 2012	**371**	**(308)**	**(1 136)**	**(1 073)**	**371**	**371**
Total comprehensive income for year	**–**	**1 167**	**(174)**	**993**	**–**	**–**
Balance at 30 June 2013	**371**	**859**	**(1 310)**	**(80)**	**371**	**371**

Statements of cash flows

for the year ended 30 June

	Note	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
Cash utilised in operating activities	14	**(1)**	(1)	**–**	–
Finance income received	9	**395**	366	**–**	–
Finance expenses paid	10	**(253)**	(253)	**–**	–
Cash retained from operating activities		**141**	112	**–**	–
Repayment of long-term debt	6	**(104)**	(95)	**–**	–
Cash effect of financing activities		**(104)**	(95)	**–**	–
Increase in cash		**37**	17	**–**	–
Cash					
at end of year	5	**56**	19	**–**	–
at beginning of year		**19**	2	**–**	–
Increase in cash		**37**	17	**–**	–

Notes to the financial statements

for the year ended 30 June

	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
1. Investment in subsidiary				
Reflected as non-current asset				
Shares at cost			**371**	371
For further details of interest in subsidiary, refer to page 28.				
2. Investment in security				
Investment available-for-sale long-term investment	**6 942**	5 508	**–**	–
Reconciliation				
Balance at beginning of year	**5 508**	5 726	**–**	–
Revaluation to fair value	**1 434**	(218)	**–**	–
Balance at end of year	**6 942**	5 508	**–**	–
Fair value of investment available-for-sale				
The fair value of the investment available-for-sale is based on a quoted market price of the Sasol Limited ordinary share of R431,54 per share (2012: R342,40 per share) as listed on the Johannesburg Stock Exchange at 30 June 2013.				
For further details of the investment in security, refer to page 28.				
3. Deferred tax				
Reconciliation				
Balance at beginning of year	**71**	23	**–**	–
Current year charge per the statements of comprehensive income	**(267)**	48	**–**	–
Balance at end of year	**(196)**	71	**–**	–
Comprising				
Deferred tax (liability)/asset	**(196)**	71		
The deferred tax assets and liabilities are determined based on the tax status and rates of the company.				
Arising from the following temporary difference				
Asset				
Investment in security	**(196)**	71	**–**	–

In 2012, a deferred tax asset had been recognised to the extent that it was probable that the entity will generate future taxable income against which the tax loss can be utilised.

Dividend withholding tax

Dividend withholding tax is payable at a rate of 15% on dividends distributed to shareholders. This tax is not attributable to the company paying the dividend but is collected by the company and paid to the tax authorities on behalf of the shareholder. On receipt of a dividend, the company includes the dividend withholding tax on this dividend in its computation of the income tax expense in the period of such receipt.

	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
4. Other receivable				
Other receivable	–	6	–	–
Fair value of other receivable				
The carrying amount approximates fair value because of the short period to maturity of this instrument.				
Collateral				
The group holds no collateral over the other receivable which can be sold or repledged to a third party.				
5. Cash				
Cash – per the statements of cash flows	**56**	19	–	–
Fair value of cash				
The carrying value of cash approximates fair value due to the short-term maturity of these instruments.				
6. Long-term debt				
Total long-term debt	**6 882**	6 677	–	–
Short-term portion	**(167)**	(161)	–	–
	6 715	6 516	–	–
Analysis of long-term debt				
At amortised cost				
Secured debt	**4 907**	4 835	–	–
Unsecured debt	**1 990**	1 860	–	–
Unamortised loan costs	**(15)**	(18)	–	–
	6 882	6 677	–	–
Reconciliation				
Balance at beginning of year	**6 677**	6 381	–	–
Interest accrued	**559**	643	–	–
Interest paid	**(253)**	(253)	–	–
Loans repaid	**(104)**	(95)	–	–
Amortisation of loan costs	**3**	1	–	–
Balance at end of year	**6 882**	6 677	–	–

	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
6. Long-term debt continued				
Interest-bearing status				
Interest bearing debt	**6 882**	6 677	**–**	–
Maturity profile				
Within one year	**167**	161	**–**	–
Two to five years	**379**	400	**–**	–
More than five years	**6 336**	6 116	**–**	–
	6 882	6 677	**–**	–
Related party long-term debt included in long-term debt				
Sasol Limited	**1 990**	1 860	**–**	–
Fair value of long-term debt	**7 520**	7 391	**–**	–

The fair value of long-term debt is based on the quoted market price for the same or similar instruments or on the current rates available for debt with the same maturity profile and effective interest rate with similar cash flows. Market-related rates ranging between 6,21% and 10,26% per annum (2012: 6,57% and 9,57% per annum) were used to discount estimated cash flows based on the underlying currency of the debt.

Financial covenants

There were no events of default during the current year. The group is in compliance with its debt covenants, none of which are expected to represent material restrictions on funding or investment policies in the foreseeable future.

For further details of long-term debt, refer to page 29.

Borrowing powers

The company's borrowing powers are restricted by its memorandum of incorporation.

	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
7. Short-term debt				
Short-term portion of long-term debt	**167**	161	**–**	–

	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
8. Other expenses				
Audit fees	*	*	–	–
Other administrative costs	1	1	–	–
	1	1	–	–
* Nominal amount.				
9. Finance income				
Dividends received from investment available-for-sale				
South Africa	389	372	–	–
Per the statement of cash flows	395	366	–	–
10. Finance costs				
Debt	559	643	–	–
Amortisation of loan costs	3	1	–	–
Income statement charge	562	644	–	–
Total finance expenses before amortisation of loan costs	559	643	–	–
Less interest accrued on debt	(306)	(390)	–	–
Per the statements of cash flows	253	253	–	–
11. Taxation				
South African normal tax				
current year	*	–	–	–
* Nominal amount.				
Reconciliation of effective tax rate	%	%	%	%
Total income tax expense differs from the amount computed by applying the South African normal tax rate to loss before tax. The reasons for these differences are:				
South African normal tax rate	28,0	28,0	28,0	28,0
other disallowed expenditure	(91,0)	(66,0)	–	–
exempt other income	63,0	38,0	(28,0)	(28,0)
Effective tax rate	–	–	–	–

	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
12. Other comprehensive income/(loss) (net of tax)				
Components of other comprehensive income/(loss)				
Gain/(loss) on fair value of investment	**1 434**	(218)	**–**	–
Tax on other comprehensive income/(loss)	**(267)**	48	**–**	–
Other comprehensive income/(loss) for year, net of tax	**1 167**	(170)	**–**	–
Tax on other comprehensive income/(loss)				
Gross amount of fair value of investment	**1 434**	(218)	**–**	–
Tax effect of fair value of investment	**(267)**	48	**–**	–
Net effect of fair value of investment	**1 167**	(170)	**–**	–

	Number of shares	Number of shares	Number of shares	Number of shares
13. Share capital and share premium				
Authorised				
19 000 000 ordinary par value shares of R1 each	**19 000 000**	19 000 000	**19 000 000**	19 000 000
Issued				
16 085 199 ordinary shares in issue at beginning and end of year	**16 085 199**	16 085 199	**16 085 199**	16 085 199

	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
Share capital	*****	*	*****	*
Share premium	**371**	371	**371**	371

* Nominal amount.

Capital management

In terms of the memorandum of incorporation of the company and governing agreement entered into between Sasol Limited, Sasol Inzalo Public Limited (RF), Sasol Inzalo Public Funding (Pty) Ltd (RF) and The Sasol Inzalo Public Facilitation Trust on 15 May 2008, the company may not issue any unissued shares until the end of the empowerment period in September 2018. The company's capital structure is managed in accordance with the terms, conditions and restrictions of the memorandum of incorporation and governing agreement.

	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
14. Cash utilised in operating activities				
Cash flow from operations (refer note 15)	**(1)**	(1)	**–**	–
15. Cash flow from operations				
Operating loss	**(1)**	(1)	**–**	–
16. Related party transactions				
During the year, the group, in the ordinary course of business, entered into certain transactions with Sasol Limited. Sasol Limited consolidates the entities in the group as special purpose entities. The effect of these transactions is included in the financial performance and results of the Sasol group. Terms and conditions are determined on an arm's length basis.				
Material related party transactions were as follows:				
Income statement items				
Finance expenses				
Sasol Limited	**129**	160	**–**	–
Finance income				
Sasol Limited (refer note 9)	**389**	372	**–**	–
Amounts reflected as non-current assets				
Investment in subsidiary				
Sasol Inzalo Public Funding (Pty) Ltd (RF) (refer note 1)			**371**	371
Investment in security				
Sasol Limited (refer note 2)	**6 942**	5 508	**–**	–
Amounts reflected as current asset				
Other receivable				
Sasol Limited (refer note 4)	**–**	6	**–**	–
Amounts reflected as non-current liabilities				
Long-term debt				
Sasol Limited (refer note 6)	**1 990**	1 860	**–**	–

	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
16. Related party transactions continued				
Amounts paid by Sasol Limited				
During the year, Sasol Limited paid directors' fees amounting to R2 502 500 (2012: R457 500) to the following directors of the company for services rendered as directors of the company and of Sasol Inzalo Public Funding (Pty) Ltd (RF):	**2**	*	2	
	Rand	Rand	Rand	
TB Boikhutso	**255 000**	45 000	195 000	
V Doo	**240 000**	45 000	195 000	
A Haroon	**225 000**	45 000	180 000	
S Koyana	**245 000**	45 000	200 000	
L Mogudi	**210 000**	30 000	150 000	
DNM Mokhobo	**165 000**	15 000	135 000	
CK Mokoena	**202 500**	45 000	142 500	
K Njobe	**255 000**	30 000	180 000	
L Ntsebeza	**225 000**	45 000	195 000	
BL Sibiya	**282 500**	67 500	260 000	
TP Zondi	**197 500**	45 000	152 500	
	2 502 500	457 500	1 985 000	

* Nominal amount.

17. Subsequent events

There were no events subsequent to 30 June 2013.

18. Going concern

The group incurred a net loss of R174 million during the year ended 30 June 2013 and, as of that date, the group's total liabilities exceeded its total assets by R80 million. The group is regarded as a going concern due to the following: sufficient cash will be generated out of dividends received from Sasol Limited to pay for the operating expenses, dividends and repayment of capital portion on the preference shares; the A preference shares are secured by a first right over the Sasol preferred ordinary shares; the B preference shares are secured by a second right over the Sasol preferred ordinary shares and the C preference shares are secured by a guarantee from Sasol Limited. Sasol Limited will not demand the repayment of the D preference shares (notional vendor funding balance) during the empowerment period that ends in September 2018. These shares will be subordinated to the A, B and C preference shares and will not receive any cash dividends for the duration of the transaction but will, in all other respects, have the same rights, privileges and conditions as the C preference shares. The directors have made an assessment of the group's ability to continue as a going concern and there is no reason to believe the business will not be a going concern in the year ahead.

Interest in subsidiary

Name	Nature of business	Nominal issued share capital R	Interest %	Investment at cost 2013 Rm	Investment at cost 2012 Rm
Operating subsidiary					
Direct					
Sasol Inzalo Public Funding (Pty) Ltd (RF)	Investment holding company incorporated to hold shares in Sasol Limited.	1	100	**371**	371

The entity is incorporated and domiciled in the Republic of South Africa.

The company's interest in the aggregate losses of the subsidiary amounts to R174 million (2012: R273 million).

Investment in security

Name	Country of incorporation	Nature of business	Interest %	Group Carried at fair value 2013 Rm	Group Carried at cost 2013 Rm	Group Carried at fair value 2012 Rm	Group Carried at cost 2012 Rm	Company Carried at fair value 2013 Rm	Company Carried at cost 2013 Rm	Company Carried at fair value 2012 Rm	Company Carried at cost 2012 Rm
Sasol Limited	South Africa	Holding company of the Sasol group.	2,42	**6 942**	**5 887**	5 508	5 887	**–**	**–**	–	–

The details of the investment are as follows:

The group subscribed for 16 085 199 Sasol preferred ordinary shares. The Sasol preferred ordinary shares have voting rights attached to them and will automatically be Sasol ordinary shares at the end of the empowerment period in 2018. The Sasol preferred ordinary shares rank pari passu with the Sasol ordinary shares and Sasol BEE ordinary shares and differ only in the fact that they are not listed and trading is restricted. At the end of the empowerment period in 2018, the Sasol ordinary shares remaining after redeeming the preference share debt and paying costs may then be distributed to the black public in proportion to their shareholding.

The Sasol preferred ordinary shares carry a cumulative preferred dividend right where an ordinary dividend has been declared by Sasol during the term of the Sasol Inzalo share transaction, with the dividends set out as follows:

- R16,00 per annum for each of the three years until September 2011;
- R22,00 per annum for each of the next three years until September 2014; and
- R28,00 per annum for each of the last four years until 8 September 2018.

With effect from 1 April 2012, the Sasol preferred ordinary share dividend has been increased by 10% in accordance with contractual obligations. The revised dividend is as follows for the remaining years:

- R24,20 per annum for each of the next two years until September 2014; and
- R30,80 per annum for each of the last four years until 8 September 2018.

The Sasol preferred ordinary shares are pledged as security for the A and B preference shares and may not be disposed of or encumbered in any way.

Long-term debt

The company's borrowing powers are restricted by its memorandum of incorporation.

Terms of repayment	Security	Currency	Interest rate at 30 June 2013	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
Secured debt							
A preference shares repayable in semi-annual instalments by September 2018[1]	Secured by Sasol preferred ordinary shares held by the company	Rand	Fixed 11,1%	**1 338**	1 446	**–**	–
B preference shares repayable in September 2018[2]	Secured by Sasol preferred ordinary shares held by the company	Rand	Fixed 13,3%	**791**	792	**–**	–
C preference shares repayable in September 2018[3]	Secured by a guarantee from Sasol Limited	Rand	Variable 6,83%	**2 778**	2 597	**–**	–
Unsecured debt							
D preference shares repayable in September 2018[4]		Rand	Variable 6,83%	**1 990**	1 860	**–**	–
Non-participating preference share[5]		Rand	–	*****	*	**–**	–
Total secured and unsecured debt				**6 897**	6 695	**–**	–
Unamortised loan costs (amortised over period of debt using the effective interest rate method)				**(15)**	(18)	**–**	–
Total long-term debt (including short-term debt)				**6 882**	6 677	**–**	–
Repayable within one year included in short-term debt				**(167)**	(161)	**–**	–
Total long-term debt (excluding short-term debt)				**6 715**	6 516	**–**	–

* Nominal amount.

Dividend and repayment terms

1. Dividends on these preference shares are payable in semi-annual instalments ending September 2018. 50% of the debt must be repaid by September 2018, with the balance of the debt repayable at that date. The A preference shares are secured by a first right over the Sasol preferred ordinary shares held by Sasol Inzalo Public Funding (Pty) Ltd (RF). The Sasol preferred ordinary shares held may not be disposed of or encumbered in any way.

2. Dividends on these preference shares are payable in semi-annual instalments ending September 2018. The principal amount is repayable on maturity during September 2018. The B preference shares are secured by a second right over the Sasol preferred ordinary shares held by Sasol Inzalo Public Funding (Pty) Ltd (RF).

3. Through the utilisation of excess cash available, a portion of the dividends are paid semi-annually. The balance of the dividends and the principle amount outstanding on these preference shares are payable on maturity during September 2018. The C preference shares are secured by a guarantee from Sasol Limited.

4. Sasol Limited subscribed for the D preference shares. Dividends and the principal amount on these preference shares are payable on maturity during September 2018.

5. One 'A' ordinary share of R0,01 was issued to Sasol Limited during the period ended 30 June 2008. The rights to this share provide that immediately when any ordinary share is issued, it is converted to a preference share. As a result of the ordinary shares issued during the year ended 30 June 2009, the share was converted to a preference share. The preference share will be entitled in the aggregate to a dividend of R1,00 immediately prior to redemption, on 8 September 2018, and to redemption proceeds of R0,01.

Financial risk management and financial instruments

Introduction

The group is exposed in varying degrees to a variety of financial instrument related risks. The board has the overall responsibility for the establishment and oversight of the group's risk management framework. These risks are continuously monitored and managed. The group's financial risks relating to its operations are managed by the Sasol Limited group. Significant business risks are systematically identified, assessed and reduced to acceptable levels. A comprehensive risk management process has been developed to continuously monitor and control these risks.

The company's goals for long-term borrowings include an average time to maturity of at least 2 years, and an even spread of maturities.

Risk profile

Risk management and measurement relating to each of these risks is discussed under the headings below (subcategorised into credit risk, liquidity risk, and market risk) which entails an analysis of the types of risk exposure, the way in which such exposure is managed and quantification of the level of exposure in the statement of financial position.

(a) Credit risk

Credit risk, or the risk of financial loss due to counterparties not meeting their contractual obligations, is managed by only investing in high quality securities. The Sasol group central treasury function provides credit risk management for the group-wide exposure in respect of a diversified group of banks and other financial institutions. These are evaluated regularly for financial robustness especially in the current global economic environment. Management has evaluated treasury counterparty risk and does not expect any treasury counterparties to fail in meeting their obligations.

The group has potential credit risk exposure on cash investments. The exposure to credit risk is influenced by the individual characteristics, the industry and geographical area of the counterparty with whom we have transacted.

The carrying value of available-for-sale investment represents the maximum credit risk exposure. This financial asset is not considered to be impaired as it is expected to be fully recoverable.

(b) Liquidity risk

Liquidity risk is the risk that an entity will be unable to meet its obligations as they become due. The group manages liquidity risk by effectively managing its working capital and cash flows. The group finances its operations with interest received from the bank and dividend income from Sasol Limited. The group is in compliance with all of the financial covenants per its loan agreements.

The maturity profile of the contractual cash flows of financial instruments at 30 June were as follows:

	Note	Contractual cash flows* Rm	Within one year Rm	One to two years Rm	Two to three years Rm	Three to four years Rm	Four to five years Rm	More than five years Rm
2013								
Group								
Financial assets								
Loans and receivables								
Cash	5	56	56	–	–	–	–	–
Investment available-for-sale								
Investment in security	2	6 942	–	–	–	–	–	6 942
Non-derivative instruments		6 998	56	–	–	–	–	6 942
Financial liabilities								
Non-derivative instruments								
Long-term debt		(6 882)	(167)	(95)	(95)	(95)	(95)	(6 335)

*The amount disclosed is the contractual cash flows excluding finance expenses.

	Note	Contractual cash flows* Rm	Within one year Rm	One to two years Rm	Two to three years Rm	Three to four years Rm	Four to five years Rm	More than five years Rm
2013								
Company								
Financial assets								
Non-derivative instruments								
Investment in subsidiary	1	371	–	–	–	–	–	371

*The amount disclosed is the contractual cash flows excluding finance expenses.

	Note	Contractual cash flows* Rm	Within one year Rm	One to two years Rm	Two to three years Rm	Three to four years Rm	Four to five years Rm	More than five years Rm
2012								
Group								
Financial assets								
Loans and receivable								
Other receivable	4	**6**	6	–	–	–	–	–
Cash	5	**19**	19	–	–	–	–	–
Investment available-for-sale								
Investment in security	2	**5 508**	–	–	–	–	–	5 508
Non-derivative instruments		**5 533**	25	–	–	–	–	5 508
Financial liabilities								
Non-derivative instruments								
Long-term debt		**(6 677)**	(161)	(115)	(95)	(95)	(94)	(6 117)

*The amount disclosed is the contractual cash flows excluding finance expenses.

	Note	Contractual cash flows* Rm	Within one year Rm	One to two years Rm	Two to three years Rm	Three to four years Rm	Four to five years Rm	More than five years Rm
2012								
Company								
Financial assets								
Non-derivative instruments								
Investments available-for-sale								
Investment in subsidiary	1	371	–	–	–	–	–	371

*The amount disclosed is the contractual cash flows excluding finance expenses.

(c) Market risk

Market risk is the risk arising from possible market price movements and their impact on the future cash flows of the group. The market price movement that the group is exposed to includes interest rates. The group has developed policies aimed at managing the volatility inherent in this exposure which is discussed in the risk below.

Interest rate risk

Fluctuations in interest rates impact on the value of short-term investments and financing activities, giving rise to interest rate risk. Exposure to interest rate risk is particularly with reference to changes in South African interest rates. The debt of the group is structured on a combination of floating and fixed interest rates. For further details on long-term debt refer to page 29.

At the reporting date, the interest rate profile of the group's interest-bearing financial instruments was:

	Carrying value		Carrying value	
	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
Variable rate instruments				
Financial assets	**56**	19	**–**	–
Financial liabilities	**(4 762)**	(4 451)	**–**	–
	(4 706)	(4 432)	**–**	–
Fixed rate instruments				
Financial liabilities	**(2 120)**	(2 226)	**–**	–
Interest profile (variable: fixed rate as a percentage of total interest-bearing)	**69:31**	67:33		

Cash flow sensitivity for variable rate instruments

Financial instruments affected by interest rate risk include borrowings, deposits and derivative financial instruments. A change of one percent in the prevailing interest rate at the reporting date would have increased/(decreased) the income statement by the amounts shown below before the effect of tax. The sensitivity analysis has been prepared on the basis that all other variables remain constant and has been performed on the same basis for 2012.

	Income statement – 1% increase South Africa	
	Group Rm	Company Rm
30 June 2013	**(48)**	**–**
30 June 2012	(47)	–

A one percent decrease in the interest rate at 30 June would have the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.