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# Sasol Inzalo Public Limited (RF) Reviewed interim financial results

for the six months ended 31 December 2013



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Dashni Sinivasan CA(SA), General Manager Finance: Group Consolidation at Sasol Group Services (Pty) Ltd, is responsible for this set of condensed consolidated interim financial statements and has supervised the preparation thereof in conjunction with Tom Honiball, Senior Manager Finance: Reporting, Sasol Group Services (Pty) Ltd.

Sasol Inzalo Public Limited (RF) is the holding company of Sasol Inzalo Public Funding (Pty) Ltd (RF). The condensed consolidated interim financial results comprise the financial results of Sasol Inzalo Public Limited (RF) and its subsidiary (“the group”).

## **SIGNIFICANT TRANSACTIONS FOR THE SIX MONTHS ENDED 31 DECEMBER 2013**

### **Dividend income**

A dividend of R12,10 per share was received on the 16 085 199 Sasol preferred ordinary shares on 30 September 2013 for a total amount of R195 million (R195 million on 30 September 2012 and R389 million for the year ended 30 June 2013).

### **Finance costs**

Interest payable on the preference shares is accounted for in accordance with the effective interest rate method and amounted to R287 million for the period (R283 million for the period ended 31 December 2012 and R562 million for the year ended 30 June 2013).

### **Cash flows**

The finance income received of R195 million was mainly utilised to pay finance costs of R122 million and capital repayments of R56 million. The remainder of the finance cost is only payable at the end of the transaction period.

### **Investment in security**

The investment in Sasol Limited was revalued at 31 December 2013 at a closing market price of R514,50 per share to an amount of R8 276 million (R5 836 million at 31 December 2012 at a closing market price of R362,80 per share and R6 942 million at 30 June 2013 at a closing market price of R431,54 per share).

### **Investment fair value reserve**

As a result of the revaluation of the investment in security at a higher value than the original cost price, a positive investment fair value reserve of R1 944 million is recognised (R42 million negative balance at 31 December 2012 and a R859 million positive balance at 30 June 2013).

### **Long-term/short-term debt**

A summary of the terms and conditions of the preference shares at 31 December 2013 is set out on page 6.

### **Declaration of ordinary dividend number 1**

The board of directors has declared an ordinary dividend of R2,00 per share payable to ordinary shareholders on 30 April 2014.

The net dividend amount payable to shareholders, who are not exempt from the dividend withholding tax, is R1,70 per share. The record date by when persons must be recorded as shareholders in the share register of the company in order to be entitled to receive the dividend is Wednesday, 23 April 2014.

On behalf of the board



**K Njobe**  
*Chairman*

19 March 2014



**T Zondi**  
*Director*



The interim financial statements are presented on a condensed consolidated basis.

## STATEMENT OF FINANCIAL POSITION

at

	half year 31 Dec 13 Rm	half year 31 Dec 12 Rm	full year 30 Jun 13 Rm
<b>ASSETS</b>			
Investment in security	8 276	5 836	6 942
Deferred tax asset	–	9	–
<b>Non-current assets</b>	<b>8 276</b>	<b>5 845</b>	<b>6 942</b>
<b>Current assets</b>			
Cash	72	41	56
<b>Total assets</b>	<b>8 348</b>	<b>5 886</b>	<b>6 998</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity/(deficit)</b>	<b>912</b>	<b>(896)</b>	<b>(80)</b>
<b>Total equity</b>	<b>912</b>	<b>(896)</b>	<b>(80)</b>
Long-term debt	6 832	6 615	6 715
Deferred tax liability	445	–	196
<b>Non-current liabilities</b>	<b>7 277</b>	<b>6 615</b>	<b>6 911</b>
<b>Current liability</b>			
Short-term debt	159	167	167
<b>Total equity and liabilities</b>	<b>8 348</b>	<b>5 886</b>	<b>6 998</b>

## INCOME STATEMENT

for the period ended

	half year 31 Dec 13 Rm	half year 31 Dec 12 Rm	full year 30 Jun 13 Rm
Other operating expenditure	(1)	(1)	(1)
<b>Operating loss</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>
Finance income	195	195	389
Finance costs	(287)	(283)	(562)
<b>Loss before tax</b>	<b>(93)</b>	<b>(89)</b>	<b>(174)</b>
Taxation	*	–	*
<b>Loss for the period</b>	<b>(93)</b>	<b>(89)</b>	<b>(174)</b>

\* nominal amount

## STATEMENT OF COMPREHENSIVE INCOME

For the period ended

	half year 31 Dec 13 Rm	half year 31 Dec 12 Rm	full year 30 Jun 13 Rm
<b>Loss for the period</b>	<b>(93)</b>	<b>(89)</b>	<b>(174)</b>
<b>Other comprehensive income, net of tax</b>			
<b>Items that can be subsequently reclassified to the income statement</b>	<b>1 085</b>	<b>266</b>	<b>1 167</b>
Investments available-for-sale	1 334	328	1 434
Tax on items that can be subsequently reclassified to the income statement	(249)	(62)	(267)
<b>Total comprehensive income for the period</b>	<b>992</b>	<b>177</b>	<b>993</b>



## STATEMENT OF CHANGES IN EQUITY

For the period ended

	half year 31 Dec 13 Rm	half year 31 Dec 12 Rm	full year 30 Jun 13 Rm
<b>Opening balance</b>	<b>(80)</b>	(1 073)	(1 073)
Total comprehensive income for the period	<b>992</b>	177	993
<b>Closing balance</b>	<b>912</b>	(896)	(80)
<b>Comprising</b>			
Share capital and share premium	<b>371</b>	371	371
Investment fair value reserve	<b>1 944</b>	(42)	859
Accumulated loss	<b>(1 403)</b>	(1 225)	(1 310)
<b>Shareholders' equity/(deficit)</b>	<b>912</b>	(896)	(80)

## STATEMENT OF CASH FLOWS

For the period ended

	half year 31 Dec 13 Rm	half year 31 Dec 12 Rm	full year 30 Jun 13 Rm
<b>Cash flow from operations</b>	<b>(1)</b>	(1)	(1)
Finance income received	<b>195</b>	201	395
Finance costs paid	<b>(122)</b>	(127)	(253)
<b>Cash generated from operations</b>	<b>72</b>	73	141
Repayment of long-term debt	<b>(56)</b>	(51)	(104)
<b>Cash used in financing activities</b>	<b>(56)</b>	(51)	(104)
<b>Increase in cash</b>	<b>16</b>	22	37
Cash			
at end of year	<b>72</b>	41	56
at beginning of year	<b>56</b>	19	19
<b>Increase in cash</b>	<b>16</b>	22	37

## LONG-TERM/SHORT-TERM DEBT

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

Terms of repayment	Security	Interest rate at 31 Dec 13	half year 31 Dec 13 Rm	half year 31 Dec 12 Rm	full year 30 Jun 13 Rm
<b>Secured debt</b>					
A preference shares repayable in semi-annual instalments ending September 2018	Secured by Sasol preferred ordinary shares held by the group	Fixed 11,1%	1 281	1 394	1 338
B preference shares repayable in September 2018	Secured by Sasol preferred ordinary shares held by the group	Fixed 13,3%	792	792	791
C preference shares repayable in September 2018	Secured by a guarantee from Sasol Limited	Variable 6,83%	2 874	2 687	2 778
<b>Unsecured debt</b>					
D preference shares repayable in September 2018		Variable 6,83%	2 058	1 925	1 990
<b>Total secured and unsecured debt</b>			<b>7 005</b>	6 798	6 897
Unamortised loan costs (amortised over period of debt using the effective interest rate method)			(14)	(16)	(15)
<b>Total long-term debt (including short-term debt)</b>			<b>6 991</b>	6 782	6 882
Repayable within one year included in short-term debt			(159)	(167)	(167)
<b>Total long-term debt (excluding short-term debt)</b>			<b>6 832</b>	6 615	6 715



## **BASIS OF PREPARATION**

The condensed consolidated interim financial statements for the six months ended 31 December 2013 have been prepared in accordance with International Financial Reporting Standard, IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, as well as the requirements of the South African Companies Act, 2008, as amended. The condensed consolidated interim financial results were approved for issue by the Sasol Inzalo Public Limited (RF) board of directors on 19 March 2014.

The condensed consolidated interim financial statements do not include all the disclosure required for complete annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

These condensed consolidated interim financial statements have been prepared in accordance with the historic cost convention except that certain items, including available-for-sale financial assets, are stated at fair value.

The condensed consolidated interim financial statements are presented in South African rand, which is Sasol Inzalo Public Limited (RF)'s functional and presentation currency.

The condensed consolidated interim financial statements appearing in this announcement are the responsibility of the directors. The directors take full responsibility for the preparation of the condensed consolidated interim financial statements.

## **ACCOUNTING POLICIES**

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are in terms of IFRS and are consistent with those applied in the consolidated annual financial statements for the year ended 30 June 2013, except as follows:

The consolidation suite of standards, namely IFRS 10, Consolidated Financial Statements (IFRS 10), IFRS 11, Joint Arrangements (IFRS 11) and IFRS 12, Disclosure of Interests in Other Entities (IFRS 12) became effective for annual periods beginning on or after 1 January 2013. Accordingly, Sasol Inzalo Public Limited (RF) adopted these new accounting standards on 1 July 2013 which did not significantly impact our financial results for the years ended 30 June 2013 and the six months ended 31 December 2012.

### **IFRS 10, consolidated financial statements**

IFRS 10 replaces IAS 27, Consolidated and Separate Financial Statements, that addresses the accounting for consolidated financial statements and SIC-12, Consolidation – Special Purpose Entities. IFRS 10 provides a single basis for consolidation with new criteria to determine whether entities, in which the group has an interest, should be consolidated. No material subsidiaries within the group were affected. The group has applied IFRS 10 retrospectively in accordance with the transition provisions and these newly adopted standards did not significantly impact our financial results for the year ended 30 June 2013 and the six months ended 31 December 2012.



## ACCOUNTING POLICIES continued

### IFRS 11, joint arrangements

IFRS 11 replaces IAS 31, Interests in Joint Ventures, and SIC-13, Jointly-controlled Entities – Non-monetary Contributions by Venturers and changes the classification for joint arrangements. Under IFRS 11, a joint arrangement is classified as either a joint operation or a joint venture based on the rights and obligations of the parties to the arrangement, the legal form of the joint arrangement and when relevant, other facts and circumstances. IFRS 11 removes the option to proportionately consolidate joint ventures and instead, all interests in joint arrangements that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method. This standard has no impact on the group.

### IFRS 12, disclosure of interests in other entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interest in subsidiaries, joint arrangements, associates and structured entities. None of these disclosures are applicable for the condensed consolidated financial statements, unless required as a result of significant events and transactions in the period. Accordingly these disclosures will be considered in the group's annual financial statements for the year ending 30 June 2014.

### RELATED PARTY TRANSACTIONS

The group, in the ordinary course of business, entered into various transactions on an arm's length basis at market rates with its related party. The effect of these transactions is included in the financial performance and results of the group.

	half year 31 Dec 13 Rm	half year 31 Dec 12 Rm	full year 30 Jun 13 Rm
<b>Income statement items</b>			
Finance costs			
Sasol Limited	68	64	129
Finance income			
Sasol Limited	195	195	389
<b>Amounts reflected as non-current assets</b>			
Investment in security			
Sasol Limited	8 276	5 836	6 942
<b>Amounts reflected as non-current liabilities</b>			
Long-term debt			
Sasol Limited	2 058	1 925	1 990
<b>Amounts paid by Sasol Limited</b>			
Directors' Fees			
Sasol Limited	1	*	2

\* nominal amount

## INDEPENDENT REVIEW BY THE AUDITORS

These condensed consolidated interim financial statements for the six months ended 31 December 2013 have been reviewed by PricewaterhouseCoopers Inc., who expressed an unmodified conclusion thereon. The individual auditor assigned to perform the review is Mr M Naidoo. A copy of the auditor's unmodified review report on the condensed consolidated interim financial statements is available for inspection at the company's registered office, together with the condensed consolidated interim financial statements identified in the auditor's report. The auditor's report does not necessarily report on all of the information contained in this announcement of interim financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying condensed consolidated interim financial statements from the company's registered office.

**Registered office:** Sasol Inzalo Public Limited (RF), 1 Sturdee Avenue, Rosebank, Johannesburg, 2196, PO Box 5486, Johannesburg, 2000, South Africa

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**Company registration number:** 2007/030646/06, incorporated in the Republic of South Africa

**Directors (non-executive):** Ms K Njobe (Chairman), Ms T Boikhutso, Ms V Doo, Ms A Haroon, Dr S Koyana, Ms N Manyika, Ms L Mogudi, Mr MP Matlwa, Ms CK Mokoena, Prof L Ntsebeza, Ms TP Zondi.

**Company secretary:** Sasol Group Services (Pty) Ltd

