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SASOL INZALO PUBLIC LIMITED

ANNUAL FINANCIAL STATEMENTS 2010

contents

notice of annual general meeting to members

Notice is hereby given that the 3rd annual general meeting of members of **Sasol Inzalo Public Limited** (the company) will be held on **Friday, 19 November 2010** at **9:00** in The Glass House, Turbine Hall, 65 Ntemi Piliso, Newtown, Johannesburg, South Africa, for the following purposes:

1. to receive and consider the annual financial statements of the company for the year ended 30 June 2010, together with the reports of the directors and the auditors;
2. to elect, each by way of separate vote, the following persons as directors, who retire in terms of article 11.3.2 of the company's articles of association, and who are eligible and have offered themselves for re-election: [1]
   - 2.1 Ms Dawn Mokhobo (who retires by rotation)
   - 2.2 Prof Thandabantu Nhlapo (who retires by rotation)
   - 2.3 Ms Khungeka Njobe (who retires by rotation)
3. to elect, each by way of separate vote, the following persons as directors, who have been nominated in terms of article 11.3.1 of the company's articles of association. The effect of this would be that the nominees who receive the most votes will be elected to the Board[2], subject to the maximum number of vacancies at the time:
   - 3.1 Mr Andile Khumalo
   - 3.2 Ms Kgobati Magome
   - 3.3 Ms Louisa Mogudi
   - 3.4 Ms Charlotte Mokoena
   - 3.5 Dr Vuyelwa Penxa
   - 3.6 Ms Thandeka Zondi
4. to re-appoint the auditors KPMG Inc. and to note that the individual registered auditor who will undertake the audit during the financial year ending 30 June 2011 is Ms G Motau.

Each member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and, on a poll, vote in his stead. A proxy need not be a member of the company. A form of proxy is enclosed but is also obtainable from Computershare Investor Services (Pty) Limited at the address set out on page 3.

Forms of proxy must reach Computershare Investor Services (Pty) Limited on or before 9:00, South African time, on Wednesday, 17 November 2010.

A dedicated telephone number: 0861 100 926 has been reserved to assist shareholders in obtaining information regarding the meeting and to provide assistance with completion of the form of proxy.

By order of the Board

Sasol Group Services (Pty) Limited
Company Secretary

30 September 2010

1. In terms of article 11.3.2 of the company's articles of association, at least one third of the directors will retire by rotation each year and are eligible for re-election. Brief biographies of the directors that have offered themselves for re-election are included on page 2 of this notice of annual general meeting.
2. In terms of article 11.3.1 of the articles of association of the company the directors of the company shall, in respect of every annual general meeting of the company nominate 8 (eight) persons as nominees, for appointment as directors of the company ensuring the requirement for the composition of the board of directors of the company are complied with and that all the nominees have accepted their nominations in writing. Brief biographies of the directors are included on page 2 of this notice of annual general meeting.

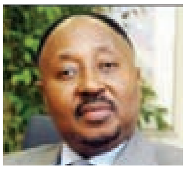
brief biographies

1. **Dawn Mokhobo**
BA (Social Science), Programme Strategic Transformation

Ms Mokhobo is a member of the Boards of Engen, Massmart and Sabvest (the latter two are both listed on the Johannesburg Stock Exchange) and Gidani (Pty) Ltd. She has been appointed to the Board of Altron and is Chairman of the Board of Wesizwe Platinum and African International Advisors (AIA).

She previously held the position of Senior Manager and Senior General Manager (Human Resources) for Eskom and Senior Divisional Health Education Manager for the Anglo-American Corporation. She has also served as Group Manager in charge of Community Development for the then Bophuthatswana Agricultural Development Corporation.

In 1993 she received the prestigious South African Businesswoman of the Year award. She was also the first Black woman to be appointed to the Management Board of Eskom.



2. **Prof Thandabantu Nhlapo**
BA (Law), LLB (Honours), DPhil in family law

Prof Nhlapo is Deputy Vice-Chancellor of the University of Cape Town ("UCT"). He also served as Deputy Chief of Mission and Deputy Ambassador of the Embassy of South Africa in Washington DC. He was also appointed by the then president, Nelson Mandela, in 1996 as full-time Commissioner on the South African Law Commission. He served as a member of the Executive Council of the International Society of Family Law, the Governing Council of the International Institute for the Unification of Private Law and the South African National Group of Arbitrators for the Permanent Court of Arbitration in terms of Article 44 of the Hague Convention.

3. **Khungeka Njobe**
B.Sc (Hons) (Biology), M.Sc (Zoology), Mastering Technology Enterprises Certificate, Management Development Programme

Ms Njobe is the Group Executive responsible for R&D outcomes including (IP management and technology transfer); human capital (including HCD); strategic communications and stakeholder relations at the Council for Scientific and Industrial Research (CSIR).

She is a member of National Advisory Council on Innovation (NACI) in South Africa and its SET 4 Women Subcommittee. She chairs the board of the South African Weather Service. She was a member of the Board of Governors of the World Water Council and chairperson of the South African National Environmental Advisory Forum.

She was voted the Most Influential Women (MIW) in the category of public institutions and enterprises in July 2009.

4. **Andile Khumalo**
CA(SA)

Mr Khumalo is the Vice President of ABASA (The Association for the Advancement of Black Accountants of Southern Africa) as well as Chief Financial Officer for MSG Afrika, a black-owned investment company with interests in, amongst others, The Jupiter Drawing Room (Advertising) and Capricorn FM (Radio). He further serves as director on the Directorate of Market Abuse, under the auspices of the Ministry of Finance dealing with insider trading, price manipulation and the reporting of false or misleading information. He previously worked for Deloitte in Houston, Texas and Investec Corporate Finance. He served as non-executive director on Wellco Health Limited and was then appointed Group Chief Financial Officer.

5. **Kgobati Magome**
Bachelor of Science in Education, Bachelor of Education, Master of Science, Post Graduate Diploma (Community Development). In the process of obtaining a PhD on "*HIV/AIDS and Education Policy making- Innovative Responses to the Challenge of Orphaned and Vulnerable Children*"

Ms Magome is an Executive Director at Community Innovations – a development facilitation organisation focusing on innovative and contextual solutions to Education, Health and Economic development. She has experience in the development of Social Development Policy, Strategy and Programmes and Stakeholder Relationship Management. She previously held the positions of Special Policy Advisor to the Minister of Education, Professional of the United Nations Development Programme (UNDP) and Senior Research Manager at the HSRC. She serves on the Boards of Transnet Foundation, Pelontle Investment Pty Ltd and Afroes Foundation.

6. **Louisa Mogudi**
M.A Sociology, B.A (English, Sociology)

Ms Mogudi is a Director of Sage Wise (Training & Executive Search) responsible for, inter alia, promoting of the company's offering to potential clients and devising of marketing strategy. She was previously a director of Fusion Consulting (Executive Search) where she undertook all the PR for the company and LMA Consulting (Special projects) where she, among others, conceptualised and implemented various social projects for social upliftment.

She was recently appointed onto the board of the South African Space Agency (SANSA) and is a member of the HR and Operations sub-committee. She is also a member of the committee of the W&R seta on International leadership.

7. **Charlotte Mokoena**
Bachelor of Social Sciences, Bachelor of Arts Honours (Human Resources Development),
Post-Graduate Diploma (Training & Performance Management)

Ms Mokoena is the Chief of Human Resources of Telkom South Africa Limited and a member of the Executive Committee. She was previously the Group Executive: Human Resources and Group Executive: Centre of Learning of Telkom South Africa Limited. She has professional experience and educational background in the broad field of human resource management development, as well as other service/people development functions.

She is the President and Chairman of the Board of IPM South Africa (Institute for People Management) and a member of the Advisory Board of The American Society for Training & Development (ASTD) South Africa Chapter. She was awarded the "Human Resources Practitioner of the Year" 2007 by IPM South Africa.

8. **Dr Vuyelwa Toni Penxa**
BSc, P.D.E., BEd, MSc (Science Education), PhD. (Public Affairs [Policy Studies])

Dr Penxa is the Managing Director of IiNgcaphephe Metallurgical Services (IMS), a company whose core business is the provision of metallurgical research and chemical analytical services to the coal mining industry.

She previously held the position of Managing Director of Onderstepoort Biological Products, Chief Executive Officer at the Safety and Security SETA (SASSETA) and Director of Quality Assurance and Development at the South African Qualifications Authority (SAQA). She has extensive experience in education and training as well as in the activities of the SETAs as prescribed by the Skills Development Act. Vuyelwa is the Invitee to the Golden Key International Honour Society membership for her excellent academic achievement in her field of study at the University of Pretoria.

9. **Thandeka Zondi**
BCom, CA(SA)

Ms Zondi is the Executive Assistant / Business Manager to the Chief Executive of Long Term Savings and Chairman of Old Mutual South Africa as well as National Board member and deputy treasurer for ABASA (The Association for the Advancement of Black Accountants of Southern Africa). She was previously a Senior Consultant and Audit Manager of Deloitte Consulting.

She is a member of the South African Institute for Chartered Accountants and of the South African Youth abroad in the UK. She was also a Spirit of the Youth mentor between 2007 and 2009.

member information helpline

We have reserved 0861 100 926 as our information helpline.

The inbound telephone helpline will enable shareholders to obtain information regarding the meeting and to provide assistance with completion of the forms of proxy.

Members may also send an e-mail to: proxy@computershare.co.za

Share Registrars

Computershare Investor Services (Pty) Limited
70 Marshall Street, Johannesburg, 2001
Republic of South Africa
P O Box 61051, Marshalltown, 2107
Republic of South Africa
Information helpline 0861 100 926
Telefax +27 (0) 11 688-5238

Company registration number

2007/030646/06

Addresses

Business address and registered office

1 Sturdee Avenue, Rosebank, 2196
Republic of South Africa

Postal and electronic addresses and telecommunication numbers

P O Box 5486, Johannesburg, 2000
Republic of South Africa
Telephone +27 (0) 11 441-3111
Telefax +27 (0) 11 788-5092
Website: www.sasol.com

report of the audit committee

This report is provided by the audit committee of Sasol Inzalo Public Limited ("the audit committee") in compliance with section 270A(1)(f) of the Companies Act, 1973 as amended (the Act).

The audit committee was appointed by the Sasol Inzalo Public Limited board in respect of the 2010 financial year as audit committee of Sasol Inzalo Public Limited and its subsidiary, Sasol Inzalo Public Funding (Pty) Limited, to perform the functions listed in section 270A(1) of the Act. During the year under review the audit committee was comprised as follows:

Mr B L Sibiya – Appointed as Chairman on 20 November 2008 and resigned as Chairman with effect from 30 June 2010
Ms A Haroon – Appointed as member with effect from 20 November 2008
Ms K Njobe – Appointed as member with effect from 20 November 2008 and became Chairman with effect from 1 July 2010
Ms B Ngonyama – Appointed as member with effect from 16 March 2010

1. Execution of functions of the audit committee

The audit committee has executed its duties and responsibilities during the financial year in accordance with its terms of reference and the Act, subject to the terms of the Governing Agreement entered into between Sasol Limited, Sasol Inzalo Public Limited, Sasol Inzalo Public Funding (Pty) Limited and The Sasol Inzalo Public Facilitation Trust on 15 May 2008.

With respect to the 2010 financial year of the company, the audit committee:

- assisted the board in overseeing the:
  - quality and integrity of the company and the group's financial statements;
  - the scope and effectiveness of the external audit function; and
  - the effectiveness of the group's internal control systems;
- nominated for appointment KPMG Inc. and Mr C H Basson as the designated auditor of the company under section 270 of the Act, both of whom, in the opinion of the audit committee, are independent of the company;
- determined the fees to be paid to KPMG Inc. as well as KPMG's terms of engagement;
- ensured that the appointment of KPMG Inc. complies with the Act and any other legislation relating to the appointment of auditors;
- determined, subject to the Act, the nature and extent of any non-audit services which KPMG Inc. may provide to the company; and
- performed other functions determined by the board.

2. Independence of external auditor

The audit committee is satisfied that KPMG Inc. is independent of the group. The conclusion was arrived at, *inter alia*, after taking into account the following factors:

- representations made by KPMG Inc. to the audit committee;
- KPMG Inc. does not, except as external auditor or in rendering permitted non-audit services, receive any remuneration or other benefit from the company;
- KPMG Inc.'s independence was not impaired by any consultancy, advisory or other work undertaken by them;
- KPMG Inc.'s independence was not prejudiced as a result of any previous appointment as auditor; and
- the criteria specified for independence by the Independent Regulatory Board for Auditors and international regulatory bodies.

On behalf of the audit committee

K Njobe
Chairman

21 September 2010

statement by the directors

The directors are responsible for the preparation and fair presentation of the group annual financial statements and annual financial statements of Sasol Inzalo Public Limited, comprising the statements of financial position at 30 June 2010, and the income statements, the statements of comprehensive income, the 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 in the manner required by the Companies Act of South Africa.

The directors' responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the group's and the company'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 (refer note 19).

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 annual financial statements

The group annual financial statements and annual financial statements for the year ended 30 June 2010 as identified in the first paragraph and set out on pages 7 to 32 were approved by the board of directors on 21 September 2010 and are signed on its behalf by:

K Njobe
Chairman

S Koyana
Director

certificate of the company secretary

In my capacity as the company secretary, I hereby confirm, in terms of the South African Companies Act, 1973, that for the year ended 30 June 2010 Sasol Inzalo Public Limited has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

M du Toit
for Sasol Group Services (Pty) Limited

21 September 2010

report of the independent auditor

To the members of Sasol Inzalo Public Limited

We have audited the consolidated annual financial statements and the annual financial statements of Sasol Inzalo Public Limited, which comprise the statements of financial position at 30 June 2010, and the income statements, the statements of comprehensive income, the 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, and the directors' report as set out on pages 7 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 in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's 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 controls 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 separate financial position of Sasol Inzalo Public Limited at 30 June 2010, 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 in the manner required by the Companies Act of South Africa.

KPMG Inc.
Registered Auditor

Per **Coenie Basson**
Chartered Accountant (SA)
Registered Auditor
Director

21 September 2010

directors' report

for the year ended 30 June 2010

The directors have pleasure in presenting their report for the year ended 30 June 2010. This report forms part of the audited annual financial statements.

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. 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 is to acquire and hold shares in Sasol Limited on behalf of the members of the black public.

Financial results

The loss after tax for the group was R264 million for the year ended 30 June 2010 (2009: R348 million). The detailed financial results for the group are attached.

Subsidiary

Sasol Inzalo Public Limited has one wholly owned subsidiary, Sasol Inzalo Public Funding (Pty) Limited, which is a company registered, incorporated and domiciled in the Republic of South Africa.

Share capital

No new ordinary shares were authorised or issued during the financial year by Sasol Inzalo Public Limited and Sasol Inzalo Public Funding (Pty) Limited.

The unissued ordinary shares of the group continue to be held in reserve. Note 15 provides further details regarding the share capital of Sasol Inzalo Public Limited and its subsidiary.

Directors

With effect from 20 November 2008, Mr S C Motau was appointed as Chairman and subsequently resigned as Chairman and director on 22 July 2009.

With effect from 20 November 2008, Ms A Haroon, Ms T Modikoe, Ms D N M Mokhobo, Prof R T Nhlapo, Ms K Njobe and Mr B L Sibiya were appointed as non-executive directors. Mr J S Sachane was appointed on 20 November 2008 and subsequently resigned as a director on 24 November 2009.

Ms D N M Mokhobo was appointed as Chairman with effect from 17 September 2009. With effect from 24 November 2009, Ms T Boikhutso, Ms V Doo, Dr S Koyana, Ms B Ngonyama and Prof L Ntsebeza were appointed as non-executive directors.

Auditors

KPMG Inc. is the auditor of Sasol Inzalo Public Limited and its subsidiary.

Company secretary

Sasol Group Services (Pty) Limited acts as company secretary for Sasol Inzalo Public Limited and its subsidiary. Its business address and registered office is 1 Sturdee Avenue, Rosebank, 2196, Republic of South Africa and its postal address is PO Box 5486, Johannesburg, 2000, Republic of South Africa.

Registered office

The registered office addresses of the company is 1 Sturdee Avenue, Rosebank, 2196, Republic of South Africa and its postal address is PO Box 5486, Johannesburg, 2000, Republic of South Africa.

Special resolution

The following special resolution was registered during the financial year:

Effective date	Resolution
Sasol Inzalo Public Funding (Pty) Limited 15 June 2010	To amend the articles of association to provide for the payment of directors' remuneration to the directors of the company.

accounting policies and financial reporting terms

Sasol Inzalo Public Limited is incorporated and domiciled in the Republic of South Africa. The following principal accounting policies were applied by the group for the financial year ended 30 June 2010. Except as otherwise disclosed, these policies are consistent in all material respects with those applied in the previous year.

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 or a subsidiary.
Group	The group comprises Sasol Inzalo Public Limited and its subsidiary, Sasol Inzalo Public Funding (Pty) Limited.
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 statement	The financial results of the group comprise the financial results of Sasol Inzalo Public Limited and its subsidiary.
Control	The ability, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain economic benefit from its activities. When assessing the ability to control an entity, the existence and effect of potential voting rights that are presently exercisable or convertible are taken into account.
Disposal date	The date on which control in a subsidiary ceases.
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.
Fair value	The value for which an asset could be exchanged or a liability settled in a market related transaction.
Financial results	Comprise the financial position (assets, liabilities and equity), results of operations (revenue and expenses) and cash flows of an entity and of the group.
Functional currency	The currency of the primary economic environment in which the entity operates which is South African Rand.
Long-term	A period longer than twelve 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 South African Rand.

General accounting terms *continued*

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.
Recoverable amount	The amount that reflects the greater of the fair value less costs to sell and value in use that can be attributed to an asset as a result of its ongoing use by the entity. In determining the value in use, expected future cash flows are discounted to their present values using the discount rate.
Related party	Parties are considered to be related if one party directly or indirectly has the ability to control or jointly control the other party or exercise significant influence over the other party in making financial and operating decisions or is a member of the key management of the group.
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.
Total shareholder's funds	Comprises shareholder's equity that is considered to be part of the permanent capital structure of the entity.

Financial instrument terms

Available-for-sale financial asset	A financial asset that has been designated as available-for-sale or a financial asset other than those classified as loans and receivables, held-to-maturity investments or derivative instruments. An investment intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, is classified as a non-current available-for-sale financial asset.
Cash and cash equivalents	Comprise cash on hand, demand deposits and other short-term highly liquid investments with a maturity period of three months or less at date of purchase.
Derivative instrument	A financial instrument: • whose value changes in response to movements in a specified interest rate, commodity price, foreign exchange rate or similar variable; • that requires minimal initial net investment; and • whose terms require or permit settlement at a future date.
Effective interest rate	The derived rate that discounts the expected future cash flows to the current net carrying amount of the financial asset or financial liability.
Equity instrument	Any financial instrument (including investments) that evidences a residual interest in the assets of an enterprise after deducting all of its liabilities.
Financial asset	Cash or cash equivalents, a right to receive cash, an equity instrument or a right to exchange a financial instrument under favourable conditions.
Financial liability	A contractual obligation to pay cash or transfer other benefits or an obligation to exchange a financial instrument under unfavourable conditions. This includes debt.
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.
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.

accounting policies and financial reporting terms *continued*

Statement of compliance

The consolidated financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and Interpretations of those standards, as issued by the International Accounting Standards Board and applicable legislation. The consolidated financial statements were approved for issue by the Board of Directors on 21 September 2010 and are subject to approval by the Annual General Meeting of shareholders on 19 November 2010.

During the current financial year, the following accounting standards, interpretations and amendments to published accounting standards were adopted:

- Various Improvement to IFRSs.

The following accounting standards, interpretations and amendments to published accounting standards were adopted prior to their effective dates:

- IAS 24 (Amendment), Related Parties; and
- Various Improvements to IFRSs.

These newly adopted standards did not significantly impact the financial results.

The following accounting standard, interpretation and amendment to published accounting standards which are relevant to the Group but not yet effective, have not been adopted in the current year:

- IFRS 9, Financial Instruments.

Principal accounting policies

1 Basis of preparation of financial results

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

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

These accounting policies are consistently applied throughout the Group.

2 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.

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.

3 Business combinations

The acquisition method is used when a business is acquired. A business may comprise an entity, group of entities or an unincorporated operation including its operating assets and associated liabilities.

On acquisition date, fair values are attributed to the identifiable assets, liabilities and contingent liabilities. A non-controlling interest at acquisition date is determined as the non-controlling shareholders' proportionate share of the fair value of the net identifiable assets of the entity acquired.

Fair values of all identifiable assets and liabilities included in the business combination are determined by reference to market values of those or similar items, where available, or by discounting expected future cash flows using the discount rate to present values.

When an acquisition is achieved in stages (step acquisition), the identifiable assets and liabilities are recognised at their full fair value when control is obtained, and any adjustment to fair values related to these assets and liabilities previously held as an equity interest is recognised in the income statement.

When there is a change in the interest in a subsidiary after control is obtained, that does not result in a loss in control, the difference between the fair value of the consideration transferred and the amount by which the non-controlling interest is adjusted is recognised directly in the statement of changes in equity.

The consideration transferred is the fair value of the group's contribution to the business combination in the form of assets transferred, shares issued, liabilities assumed or contingent consideration at the acquisition date. Transaction costs directly attributable to the acquisition are charged to the income statement.

On acquisition date, goodwill is recognised when the consideration transferred and the recognised amount of non-controlling interests exceeds the fair value of the net identifiable assets of the entity acquired. Goodwill is tested at each reporting date for impairment.

To the extent that the fair value of the net identifiable assets of the entity acquired exceeds the consideration transferred and the recognised amount of non-controlling interests, the excess is recognised in the income statement on acquisition date.

The profit or loss realised on disposal or termination of an entity is calculated after taking into account the carrying value of any related goodwill.

4 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.

5 Financial assets

The group classifies its financial assets into the following categories:

- available-for-sale financial assets; and
- derivative instruments (set out below).

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

Financial assets are recognised on transaction date when the group becomes a party to the contracts and thus obtains rights to receive economic benefits and are derecognised when these rights no longer exist.

Financial assets are stated initially on transaction date at fair value including transaction costs. Available-for-sale financial assets are subsequently stated at fair value at 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 or losses previously recognised in other comprehensive income are included respectively in determining the profit or loss on disposal of, or impairment charge relating to, that financial asset, which is recognised in the income statement.

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

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

An assessment is performed at each reporting date to determine whether objective evidence exists that a financial asset is impaired. Available-for-sale financial assets are regarded as impaired if there has been a significant or prolonged decline in its fair value below its cost. When impaired, the cumulative loss is removed as other comprehensive income from the investment fair value reserve and recognised in the income statement. Impairments charged to the income statement on available-for-sale financial assets are not reversed.

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

6 Derivative financial instruments and hedging activities

All derivative financial instruments are initially recognised at fair value and are subsequently stated at fair value at the reporting date. Attributable transaction costs are recognised in the income statement when incurred. Resulting gains or losses on derivative instruments, excluding designated and effective hedging instruments, are recognised in the income statement.

The group is exposed to market risks from changes in interest rates. The group uses derivative instruments to hedge its exposure to these risks. To the extent that a derivative instrument has a maturity period of longer than one year, the fair value of these instruments will be reflected as a non-current asset or liability. The group does not apply hedge accounting.

7 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.

8 Debt

Debt, which constitutes a financial liability, includes short-term and long-term debt. Debt is initially recognised at fair value, net of transaction costs incurred and is subsequently stated at amortised cost. Debt is classified as short-term unless an entity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Debt is derecognised when the obligation in

accounting policies and financial reporting terms *continued*

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.

9 Preference shares

Preference shares are classified as a liability if it is 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.

10 Taxation

The income tax charge is determined based on net income before tax for the year and includes deferred tax and Secondary Taxation on Companies.

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

Deferred tax Deferred tax is provided for using the liability method, on all temporary differences between the carrying values of assets and liabilities for accounting purposes and the amounts used for tax purposes and on any tax losses. No deferred tax is provided on temporary differences relating to:

- the initial recognition of goodwill;
- the initial recognition (other than in a business combination) of an asset or liability to the extent that neither accounting nor taxable profit is affected on acquisition; and
- investments in subsidiaries to the extent they will probably not reverse in the foreseeable future.

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

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

Secondary Taxation on Companies (STC) STC is recognised as part of the current tax charge in the income statement when the related dividend is declared. When dividends received in the current year can be offset against future dividend payments to reduce the STC liability, a deferred tax asset is recognised to the extent of the future reduction in STC.

11 Revenue

Revenue consists primarily of dividends received and interest received. Revenue is recognised when the following criteria are met:

- evidence of an arrangement exists; 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.

12 Finance expenses

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

13 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.

14 Comparative figures

Comparative figures are reclassified or restated as necessary to afford a proper and more meaningful comparison of results as set out in the affected notes to the financial statements (refer note 21).

statements of financial position

at 30 June

	Note	Group 2010 Rm	Group 2009 Rm	Company 2010 Rm	Company 2009 Rm
ASSETS					
Investment in subsidiary	1	–	–	371	371
Investment in security	2	4 417	4 343	–	–
Long-term financial asset	3	–	1	–	–
Deferred tax asset	4	206	216	–	–
Non-current assets		4 623	4 560	371	371
Cash and cash equivalents	5	2	1	–	–
Current asset		2	1	–	–
Total assets		4 625	4 561	371	371
EQUITY AND LIABILITIES					
Shareholders' (deficit)/equity		(1 505)	(1 305)	371	371
Long-term debt	6	6 069	5 808	–	–
Non-current liability		6 069	5 808	–	–
Short-term debt	7	61	58	–	–
Current liability		61	58	–	–
Total equity and liabilities		4 625	4 561	371	371

income statements

for the year ended 30 June

	Note	Group 2010 Rm	Group 2009 Rm	Company 2010 Rm	Company 2009 Rm
Operating expenditure		(1)	(14)	–	–
Non-trading (loss)/gain	8	(1)	1	–	–
Operating loss		(2)	(13)	–	–
Finance income	9	258	144	–	–
Finance expenses	10	(520)	(477)	–	–
Loss before tax		(264)	(346)	–	–
Taxation	13	–	(2)	–	–
Loss for year		(264)	(348)	–	–

statements of comprehensive income

for the year ended 30 June

	Note	Group 2010 Rm	Group 2009 Rm	Company 2010 Rm	Company 2009 Rm
Loss for year		**(264)**	(348)	**–**	–
Other comprehensive income/(loss) (net of tax)	14	**64**	(1 328)	**–**	–
Available-for-sale financial asset		**74**	(1 544)	**–**	–
Deferred tax on other comprehensive (income)/loss		**(10)**	216	**–**	–
Total comprehensive loss for year		**(200)**	(1 676)	**–**	–

statements of changes in equity

for the year ended 30 June

	Group				Company			
	Share capital and share premium (Note 15) Rm	Investment fair value reserve Rm	Accumulated loss Rm	Shareholders' deficit Rm	Share capital and share premium (Note 15) Rm	Investment fair value reserve Rm	Accumulated loss Rm	Shareholders' equity Rm
Balance at 30 June 2008	*	–	–	*	*	–	–	*
Shares issued	371	–	–	371	371	–	–	371
Total comprehensive loss for year	–	(1 328)	(348)	(1 676)	–	–	–	–
Balance at 30 June 2009	**371**	**(1 328)**	**(348)**	**(1 305)**	**371**	**–**	**–**	**371**
Total comprehensive loss for year	**–**	**64**	**(264)**	**(200)**	**–**	**–**	**–**	**–**
Balance at 30 June 2010	**371**	**(1 264)**	**(612)**	**(1 505)**	**371**	**–**	**–**	**371**

* nominal amount

statements of cash flows

for the year ended 30 June

	Note	Group 2010 Rm	Group 2009 Rm	Company 2010 Rm	Company 2009 Rm
Cash utilised in operating activities	16	**(1)**	(14)	**–**	–
Finance income received	9	**258**	144	**–**	–
Finance expenses paid	10	**(244)**	(161)	**–**	–
Tax paid	17	**–**	(2)	**–**	–
Cash generated/(utilised) by operating activities		**13**	(33)	**–**	–
Shares acquired in subsidiary	1	**–**	–	**–**	(371)
Purchase of investment	2	**–**	(5 887)	**–**	–
Cash utilised in investing activities		**–**	(5 887)	**–**	(371)
Share capital issued	15	**–**	371	**–**	371
Proceeds from long-term debt	6	**–**	5 556	**–**	–
Repayments of long-term debt		**(12)**	(6)	**–**	–
Cash effect of financing activities		**(12)**	5 921	**–**	371
Increase in cash and cash equivalents		**1**	1	**–**	–
Cash and cash equivalents					
– at end of year	5	**2**	1	**–**	–
– at beginning of year		**1**	–	**–**	–
Increase in cash and cash equivalents		**1**	1	**–**	–

notes to the financial statements

for the year ended 30 June

	Group 2010 Rm	Group 2009 Rm	Company 2010 Rm	Company 2009 Rm
1 INVESTMENT IN SUBSIDIARY				
Reflected as non-current asset				
Shares at cost			**371**	371
Investment in subsidiary is accounted for at cost.				
For further details of interest in subsidiary, refer page 25.				
2 INVESTMENT IN SECURITY				
Investment available-for-sale at fair value				
Long-term investment	**4 417**	4 343	**–**	–
Reconciliation				
Balance at beginning of year	**4 343**	–	**–**	–
Investment purchased	**–**	5 887	**–**	–
Revaluation to fair value (refer note 14)	**74**	(1 544)	**–**	–
Balance at end of year	**4 417**	4 343	**–**	–
Fair value of investment available-for-sale				
The fair value of the investment available-for-sale is based on a quoted market price of R274,60 per share (2009: R269,98) as listed on the JSE Limited at 30 June 2010.				
Exposure to credit risk				
The carrying value of the investment represents the maximum credit exposure.				
For further details of the investment in security, refer page 26.				
3 LONG-TERM FINANCIAL ASSET				
Interest rate derivative	**–**	1	**–**	–
Arising on long-term financial instrument used for hedging	**–**	1	**–**	–

The long-term financial asset includes the revaluation of in-the-money long-term derivative instruments, refer pages 31 to 32.

Fair value of derivative financial instruments

Long-term financial assets are stated at fair value. The fair value of derivatives is based upon market valuations.

Interest rate derivatives

The fair value of the interest rate derivative was determined by reference to a quoted market price for similar instruments.

Exposure to credit risk

The fair value of the long-term financial asset represents the maximum credit exposure.

	Group 2010 Rm	Group 2009 Rm	Company 2010 Rm	Company 2009 Rm
4 DEFERRED TAX ASSET				
Reconciliation				
Balance at beginning of year	**216**	–	–	–
Current year charge per the statement of comprehensive income	**(10)**	216	–	–
Balance at end of year	**206**	216	–	–
A deferred tax asset is determined based on the tax status and rates of the company.				
Arising from the following temporary difference:				
Asset				
Investment in security	**206**	216	–	–
A deferred tax asset has been recognised to the extent that it is probable that the entity will generate future taxable income against which the tax loss can be utilised.				
5 CASH AND CASH EQUIVALENTS				
Cash – per the statements of cash flows	**2**	1	–	–
Currency analysis				
Rand	**2**	1	–	–

Fair value of cash and cash equivalents

The carrying value of cash and cash equivalents approximates fair value due to the short-term maturity.

Exposure to credit risk

The carrying value of the cash and cash equivalents represents the maximum credit exposure.

notes to the financial statements *continued*

for the year ended 30 June

	Group 2010 Rm	Group 2009 Rm	**Company 2010 Rm**	Company 2009 Rm
6 LONG-TERM DEBT				
Total long-term debt	**6 130**	5 866	–	–
Short-term portion	**(61)**	(58)	–	–
	6 069	5 808	–	–
Analysis of long-term debt				
At amortised cost				
Secured debt	**4 539**	4 389	–	–
Unsecured debt	**1 591**	1 477	–	–
	6 130	5 866	–	–
Reconciliation				
Balance at beginning of year	**5 866**	–	–	–
Loans raised	**–**	5 556	–	–
Interest accrued	**518**	477	–	–
Interest paid	**(244)**	(139)	–	–
Unamortised loan costs (see page 27)	**2**	(22)	–	–
Loans repaid	**(12)**	(6)	–	–
Balance at end of year	**6 130**	5 866	–	–
Currency analysis				
Rand	**6 130**	5 866	–	–
Interest bearing status				
Interest bearing debt	**6 130**	5 866	–	–
Maturity profile				
Within one year	**61**	58	–	–
One to two years	**95**	13	–	–
Two to three years	**104**	95	–	–
Three to four years	**115**	104	–	–
Four to five years	**95**	115	–	–
More than five years	**5 660**	5 481	–	–
	6 130	5 866	–	–
Contractual cash flows (including finance expenses)				
Within one year	**258**	258	–	–
One to two years	**352**	256	–	–
Two to three years	**352**	353	–	–
Three to four years	**352**	353	–	–
Four to five years	**449**	353	–	–
More than five years	**9 433**	9 461	–	–
	11 196	11 034	–	–
Related party long-term debt included in long-term debt				
Sasol Limited	**1 591**	1 477	–	–

	Group 2010 Rm	Group 2009 Rm	Company 2010 Rm	Company 2009 Rm
6 LONG-TERM DEBT *continued*				
Fair value of long-term debt				
The fair value of long-term debt is based on the quoted market price for the same or similar instruments or on the current rates available for debt with the same maturity profile and effective interest rate with similar cash flows. Market related rates ranging between 7,3% and 10,06% (2009: 8,8% and 13,3%) were used to discount estimated cash flows based on the underlying currency of the debt.	**6 365**	5 340	**–**	–
Financial covenants				
There were no events of default during the current year. The group is in compliance with its debt covenants.				
For further details of long-term debt, refer page 27.				
7 SHORT-TERM DEBT				
Short-term portion of long-term debt	**61**	58	**–**	–
Currency analysis				
Rand	**61**	58	**–**	–
Security				
All short-term debt is secured.				
Fair value of short-term debt				
The carrying value of short-term debt approximates fair value because of the short period to maturity. The fair value of the short-term portion of long-term debt is disclosed in note 6.				
8 NON-TRADING (LOSS)/GAIN				
Net (loss)/gain on derivative instruments revaluation of interest rate derivative (refer note 12)	**(1)**	1	**–**	–

notes to the financial statements *continued*

for the year ended 30 June

	Group 2010 Rm	Group 2009 Rm	Company 2010 Rm	Company 2009 Rm
9 FINANCE INCOME				
Dividends received				
Investment available-for-sale: South Africa	**258**	144	–	–
10 FINANCE EXPENSES				
Long-term debt	**520**	477	–	–
Income statement charge	**520**	477	–	–
Per the statement of cash flows	**244**	161	–	–
11 AUDITOR'S REMUNERATION				
Audit fees				
KPMG	*	*	*	*
* The consolidated audit fee for the year is R116 973 (2009: R22 800). The audit fee for the company for the year is R21 762 (2009: R11 400)				
12 FINANCIAL INSTRUMENTS (LOSS)/GAIN				
Financial instruments income and expenses recognised in the income statement				
Net (loss)/gain on derivative instruments revaluation of interest rate derivative (refer note 8)	**(1)**	1	–	–

	Group 2010 Rm	Group 2009 Rm	Company 2010 Rm	Company 2009 Rm
13 TAXATION				
STC	–	2	–	–
No provision was made for normal company taxation as the entities had no taxable income.				
Reconciliation of effective tax rate	%	%	%	%
Total income tax expense differs from the amount computed by applying the South African normal tax rate to income before tax. The reasons for these differences are:				
South African normal tax rate	**28.0**	28.0	**28.0**	28.0
Increase in rate of tax due to				
STC	–	(0.7)	–	–
disallowed expenditure	**(55.3)**	(39.7)	–	–
	(27.3)	(12.4)	**28.0**	28.0
Decrease in rate of tax due to				
exempt income	**27.3**	11.7	**(28.0)**	(28.0)
Effective tax rate	–	(0.7)	–	–
The reason for the difference in effective tax rate between 2010 and 2009 is mainly as a result of the STC payment.				
14 OTHER COMPREHENSIVE INCOME/(LOSS) (NET OF TAX)				
Components of other comprehensive income/(loss)				
Income/(loss) on fair value of investment	**74**	(1 544)	–	–
Income tax on other comprehensive (income)/loss	**(10)**	216	–	–
Other comprehensive income/(loss) for year, net of tax	**64**	(1 328)	–	–
Income tax on other comprehensive income/(loss)				
Gross amount of fair value of investment	**74**	(1 544)	–	–
Tax effect of fair value of investment	**(10)**	216	–	–
Net effect of fair value of investment	**64**	(1 328)	–	–

notes to the financial statements *continued*

for the year ended 30 June

	Group 2010 Number of shares	Group 2009 Number of shares	Company 2010 Number of shares	Company 2009 Number of shares
15 SHARE CAPITAL AND SHARE PREMIUM				
Authorised				
Ordinary par value shares of R0,01 each	**19 000 000**	19 000 000	**19 000 000**	19 000 000
Issued				
'A' ordinary share in issue at beginning of year	**–**	1	**–**	1
'A' ordinary share converted into preference share	**–**	(1)	**–**	(1)
Ordinary shares in issue at beginning of year	**16 085 199**	–	**16 085 199**	–
Ordinary shares issued during year	**–**	16 085 199	**–**	16 085 199
Ordinary shares in issue at end of year	**16 085 199**	16 085 199	**16 085 199**	16 085 199

	Rm	Rm	Rm	Rm
Share capital	*	*	*	*
Share premium	**371**	**371**	**371**	**371**

* nominal amount

The unissued ordinary shares are under the control of the directors. The directors are authorised to issue these shares upon such terms and conditions as they deem fit.

The rights attaching to the 'A' ordinary share provide that immediately when any ordinary share is issued, the 'A' ordinary share is converted to a preference share. The preference share is 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. The preference share ranks, as regards return of capital, prior to the ordinary shares but will not in any way participate in any share premium.

Capital management

The group's objectives when managing capital (which includes share capital, borrowings, shareholder loans, working capital and cash and cash equivalents) is to safeguard the group's ability to continue as a going concern. In order to maintain the capital structure, the group may adjust the amount of dividends paid to shareholders or issue new shares.

	Group 2010	Group 2009	Company 2010	Company 2009
16 CASH UTILISED IN OPERATING ACTIVITIES				
Operating loss	**(2)**	(13)	**–**	–
Adjusted for non-trading loss/(gain)	**1**	(1)	**–**	–
Cash utilised in operating activities	**(1)**	(14)	**–**	–

	Group 2010 Rm	Group 2009 Rm	Company 2010 Rm	Company 2009 Rm
17 TAX PAID				
Income tax per income statement	–	2	–	–
Per the statement of cash flows	–	2	–	–
Comprising				
STC	–	2	–	–

18 RELATED PARTY TRANSACTIONS

During the year the group, in the ordinary course of business, entered into certain transactions with its subsidiary and 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.

	Group 2010 Rm	Group 2009 Rm	Company 2010 Rm	Company 2009 Rm
Material related party transactions were as follows:				
Finance income				
Sasol Limited (refer note 9)	**258**	144	–	–
Finance expenses				
Sasol Limited (refer note 10)	**114**	115	–	–
Amounts reflected as non-current assets				
Investment in subsidiary (refer note 1)				
Sasol Inzalo Public Funding (Pty) Limited			**371**	371
Investment in security				
Sasol Limited (refer note 2)	**4 417**	4 343	–	–
	4 417	4 343	**371**	371
Amount reflected as non-current liability				
Long-term debt – unsecured				
Sasol Limited (refer note 6)	**1 591**	1 477	–	–

19 GOING CONCERN

The annual financial statements have been prepared on the going concern assumption. This assumes that Sasol Inzalo Public Limited and its subsidiary will continue to be in operation for the foreseeable future and that sufficient cash will be generated out of dividend income to pay for interest on the preference shares and administrative costs.

notes to the financial statements *continued*
for the year ended 30 June

20 SUBSEQUENT EVENTS

There were no events subsequent to 30 June 2010.

21 CHANGES TO COMPARATIVE INFORMATION

Reclassification of comparative information

(i) Financial risk management and financial instruments – Sensitivity analysis

The sensitivity analysis in the prior year was based on an interest rate sensitivity of 1,5%. In the current year, an interest rate sensitivity of 1,0% was used and therefore to ensure comparability the prior year figures were restated.

(ii) Financial risk management and financial instruments – Interest rate derivative

The maturity profile of the gross contract amount of the interest rate derivative at 30 June 2009 was incorrectly classified as 'one to two years'. The disclosure relating to the maturity profile of the interest rate derivative at 30 June 2009 was corrected and restated to 'two to three years'.

22 ACCOUNTING STANDARDS NOT YET EFFECTIVE

The following accounting standard, 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.

IFRS 9, Financial Instruments

The effective date for adoption of this standard is for periods commencing on or after 1 January 2013. The standard will not have a significant impact on the financial statements of the group as the measurement and recognition of financial assets under the current IAS 39, Financial Instruments: Recognition and Measurement currently complies with the measurement criteria specified in IFRS 9, Financial Instruments.

Interest in subsidiary

Name	Nature of business	Nominal issued share capital R	Interest %	**Investment at cost 2010 Rm**	Investment at cost 2009 Rm
Operating subsidiary					
Direct					
Sasol Inzalo Public Funding (Pty) Limited	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 loss of its subsidiary for the year amounts to R264 million (2009: R348 million).

investment in security

Name	Country of incorporation	Nature of business	Interest %	**Group** Carried at fair value 2010 Rm	**Group** Carried at cost 2010 Rm	Group Carried at fair value 2009 Rm	Group Carried at cost 2009 Rm	**Company** Carried at fair value 2010 Rm	**Company** Carried at cost 2010 Rm	Company Carried at fair value 2009 Rm	Company Carried at cost 2009 Rm
Sasol Limited	South Africa	Holding company of the Sasol group	2,42	**4 417**	**5 887**	4 343	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 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 1 October 2011;
- R22,00 per annum for each of the next three years until 1 October 2014; and
- R28,00 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 (refer page 27).

long-term debt

The group's borrowing powers are unlimited by its Articles of Association.

Terms of repayment	Security	Currency	Interest rate at 30 June 2010	Group 2010 Rm	Group 2009 Rm	Company 2010 Rm	Company 2009 Rm
Secured debt							
A preference shares repayable in semi-annual instalments by September 2018 [1]	Secured by Sasol preferred ordinary shares held by the group	Rand	Fixed 10,2%	1 550	1 562	–	–
B preference shares repayable in September 2018 [2]	Secured by Sasol preferred ordinary shares held by the group	Rand	Fixed 12,1%	788	788	–	–
C preference shares repayable in September 2018 [3]	Secured by a guarantee from Sasol Limited	Rand	Variable 7,3%	2 221	2 061	–	–
Unsecured debt							
D preference shares repayable in September 2018 [4]		Rand	Variable 7,3%	1 591	1 477	–	–
Non participating preference share [5]		Rand	–	*	*	–	–
				6 150	5 888	–	–
Unamortised loan costs (amortised over period of debt using the effective interest rate method)				**(20)**	(22)	–	–
				6 130	5 866	–	–
Repayable within one year included in short-term debt				**(61)**	(58)	–	–
				6 069	5 808	–	–

* nominal amount

long-term debt *continued*

Dividend and repayment terms

[1] Dividends on these preference shares are payable in semi-annual instalments ending September 2018. It is required that 50% of the debt 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) Limited. 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) Limited.

[3] Through the utilisation of excess cash available, a portion of the dividends are paid semi-annually. The balance of the dividends and the principal 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 to liquidity, credit and interest rate risks arising from its financial instruments. 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. A comprehensive risk management process has been developed to continuously monitor and control risks. Significant business risks are systematically identified, assessed and reduced to acceptable levels.

Risk profile

Risk management and measurement relating to each of these risks is discussed under the headings below. The group's objective in using derivative instruments is for hedging purposes to reduce the uncertainty over future cash flows arising from interest rate risk exposures.

(a) Liquidity risk

Liquidity risk is the risk that the group 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 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:

2010

	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
Group								
Financial assets								
Loans and receivables								
Cash	5	2	2	–	–	–	–	–
Investment available-for-sale								
Investment in security	2	4 417	–	–	–	–	–	4 417
		4 419	2	–	–	–	–	4 417
Financial liabilities								
Measured at amortised cost								
Long-term debt *	6	11 196	258	352	352	352	449	9 433
		11 196	258	352	352	352	449	9 433
Company								
Financial assets								
Loans and receivables								
Cash	5	–	–	–	–	–	–	–
Investment available-for-sale								
Investment in subsidiary	1	371	–	–	–	–	–	371
		371	–	–	–	–	–	371
Financial liabilities								
Measured at amortised cost								
Long-term debt *	6	–	–	–	–	–	–	–
		–	–	–	–	–	–	–

* *Includes finance expenses*

** *The amount disclosed in the contractual cash flows is the future undiscounted value.*

financial risk management and financial instruments *continued*

2009

	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
Group								
Financial assets								
Loans and receivables								
Cash	5	1	1	–	–	–	–	–
Investment available-for-sale								
Investment in security	2	4 343	–	–	–	–	–	4 343
		4 344	1	–	–	–	–	4 343
Financial liabilities								
Measured at amortised cost								
Long-term debt *	6	11 034	258	256	353	353	353	9 461
		11 034	258	256	353	353	353	9 461
Company								
Financial assets								
Loans and receivables								
Cash	5	–	–	–	–	–	–	–
Investment available-for-sale								
Investment in subsidiary	1	371	–	–	–	–	–	371
		371	–	–	–	–	–	371
Financial liabilities								
Measured at amortised cost								
Long-term debt *	6	–	–	–	–	–	–	–
		–	–	–	–	–	–	–

* *Includes finance expenses*

** *The amount disclosed in the contractual cash flows is the future undiscounted value*

(b) 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 group minimises its credit risk relating to financial instruments by only transacting with creditworthy counterparties. Counterparties consist of prime financial institutions. The group does not expect any treasury counterparties to fail to meet 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 the investment available-for-sale represents the maximum credit risk exposure. This financial asset is not considered to be impaired as it is expected to be fully recoverable.

The carrying value of the investment available-for-sale and derivative instrument financial asset represents the maximum credit risk exposure.

(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 include 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

Exposure to interest rate risk on financial assets and liabilities is monitored on a continuous and pro-active basis. On 30 September 2008, the group acquired an interest rate cap to minimise the risk associated with the variable rate of interest on the C preference shares issued. The debt of the group is structured on a combination of floating and fixed interest rates. For further details on long-term debt refer page 27.

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

	Carrying value			
	Group 2010 Rm	Group 2009 Rm	**Company 2010 Rm**	Company 2009 Rm
Variable rate instruments				
Financial assets	**2**	1	**–**	–
Financial liabilities	**3 805**	3 530	**–**	–
Fixed rate instruments				
Financial liabilities	**2 325**	2 336	**–**	–

Sensitivity analysis

Cash flow sensitivity for variable rate instruments

An increase in the interest rates at the reporting date would have increased the loss by the amounts shown below before the effect of tax. This analysis assumes that all other variables remain constant and has been performed on the same basis for 2009.

	Group 1% Rm	**Company 1% Rm**
30 June 2010		
Loss before tax	**26**	**–**
30 June 2009 (restated)		
Loss before tax (refer note 21)	20	–

A decrease in the interest rates at the reporting date would have decreased the loss by the amounts shown below before the effect of tax. This analysis assumes that all other variables remain constant and has been performed on the same basis for 2009.

	Group 1% Rm	**Company 1% Rm**
30 June 2010		
Loss before tax	**26**	**–**
30 June 2009 (restated)		
Loss before tax (refer note 21)	20	–

The following interest rate derivative contracts were in place at 30 June:

	Contract amount 2010 Rm	**Average fixed rate 2010 %**	**Expiry 2010**	**Estimated fair value loss 2010 Rm**	**Contract amount 2009 Rm**	**Estimated fair value gain 2009 Rm**
INTEREST RATE DERIVATIVES						
Derivative instruments – cash flow hedge						
Interest rate cap *(relating to long-term debt)*	2 257	15,85	3 October 2011	(1)	2 021	1

financial risk management and financial instruments *continued*

The maturity profile of gross contract amounts of interest rate derivatives at 30 June were as follows:

	Contract amount 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
2010							
Interest rate cap	**2 257**	**–**	**2 257**	**–**	**–**	**–**	**–**
2009 (restated)							
Interest rate cap (refer note 21)	2 021	–	–	2 021	–	–	–

Classification of financial assets and financial liabilities

Accounting classifications and fair values

The table below sets out the group's classification of financial assets and financial liabilities, and their fair values:

	Note	2010 Fair value Rm	2010 Carrying value Rm	2009 Fair value Rm	2009 Carrying value Rm
Financial assets					
Financial assets measured at amortised cost					
Loans and receivables					
Cash	5	**2**	**2**	1	1
Financial assets measured at fair value					
Investment available-for-sale					
Investment in securities	2	**4 417**	**4 417**	4 343	4 343
Derivative instrument					
Held for trading	3	**–**	**–**	1	–
		4 419	**4 419**	4 345	4 344
Financial liabilities					
Financial liabilities measured at amortised cost					
Long-term debt	6	**6 304**	**6 069**	5 282	5 808
Short-term debt	7	**61**	**61**	58	58
		6 365	**6 130**	5 340	5 866

corporate governance report

Introduction

Sasol Inzalo Public Limited has as its main business the acquisition and ownership of ordinary shares in the share capital of Sasol Inzalo Public Funding (Pty) Limited. Through Sasol Inzalo Public Funding (Pty) Limited, the Company is the indirect owner of 16 085 199 preferred ordinary shares in Sasol Limited (Sasol), issued as part of the Sasol Inzalo BEE transaction (the Transaction). The Transaction is Sasol's broad-based BEE transaction, in terms of which beneficial ownership of 10% of Sasol's issued share capital at the time was transferred to a wide spread of black South Africans in 2008. The tenure of the Transaction is 10 years.

Funding for the acquisition of the Sasol shares was provided by a combination of equity contributions and preference share funding, with appropriate Sasol facilitation. The preference share funding is governed by the Financing Agreements entered into between Sasol Limited, the Company and preference share funders (Financing Agreements).

The Company does not have any operations nor employees neither does it have any assets, save for its indirect investment in Sasol. The shareholders of the Company comprise approximately 214 000 black individuals and black groups.

Sasol Group Services (Pty) Limited (SGS), a wholly-owned subsidiary of Sasol, was appointed by the Company as the administrative agent for the Company, and through its group enterprise functions provides all necessary services, such as financial, information management (which includes information technology) and risk management, company secretarial, legal compliance and internal audit services, to the Company in terms of a Governing Agreement entered into between the Company, Sasol, SGS and Sasol Inzalo Public Funding (Pty) Limited (the Governing Agreement). Most of the King III principles and recommendations relate to governance processes, systems and structures that are provided by SGS in terms of the Governing and Financing Agreements.

Full compliance with King III recommendations will be unnecessarily cumbersome and costly for the Company and will not necessarily enhance governance; nevertheless, through SGS, which has already developed mature processes in compliance with the principles of King III, good governance as provided for in the King III Report, is being applied where practical and reasonable. Sasol provides full disclosure of the corporate governance practices of the Sasol group, including the application of King III, in its annual report to shareholders.

Governance Structure

The values of responsibility, honesty, fairness and respect underpin the framework against which the Sasol group measures behaviour and practices. Sound corporate governance is implicit in Sasol's values, culture and processes which are continuously refined through, amongst others, the Sasol Code of Ethics.

The responsibility of performance and control of the Company is assigned to the Board through the Articles of Association (Articles) which provide that the number of directors shall not be less than 5 (five) and not more than 11 (eleven). Currently, and as prescribed, the majority of the directors are 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 are independent, who are guided, as recommended by King III, by an independent, non-executive director, as Chairman. In terms of the Articles the directors shall, for each annual general meeting, nominate a minimum of 8 (eight) persons as nominees for appointment as directors. One-third of the directors shall retire from office and be 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.

The Board is responsible, as described fully in the Governing Agreement, for providing strategic direction, monitoring of performance, ensuring effective risk management, compliance with applicable legislation and upholding corporate governance standards within the framework of the Governing Agreement. The Governing and Financing Agreements describe the responsibilities and obligations of the board of directors fully. These are related and limited to the maintenance of the integrity of the Transaction for the 10 year duration thereof.

During the period under review, the Board had two meetings with attendance as follows:[1]

Director	17 September 2009	16 March 2010
D Mokhobo (Chair)	✓	✓
T Boikhutso	n/a	✓
V Doo	n/a	✓
A Haroon	–	–
J Sachane[2]	–	n/a
S Koyana	n/a	✓
T Modikoe	–	–
B Ngonyama	✓	✓
T Nhlapo	n/a	–
K Njobe	–	✓
L Ntsebeza	n/a	✓
B Sibiya	✓	✓

1. ✓ Indicates attendance
   – Indicates absence with apology
   n/a Indicates not a member at the time
2. Retired: 24 November 2009

General declarations of interests in contracts are tabled annually by directors for consideration and noting.

No provision is presently made in the Articles for the remuneration of directors. The advisability of the non-payment of remuneration is currently under investigation in view of the difficulty of attracting additional suitably qualified and experienced directors to serve on the Board.

The Company has delegated a limited number of responsibilities to SGS but retains most of the decision making authority at board level.

corporate governance report *continued*

In fulfilling its responsibilities, the Board is supported by an Audit Committee with Terms of Reference approved by the Board and in accordance with section 270A(1) of the Companies Act, 1973. The Audit Committee acts as the audit committee of the Company and its subsidiary. The committee consists of four independent, non-executive members, which include a Chairman who is not the Chairman of the Board.

During the period under review, the Audit Committee had two meetings with attendance as follows:[3]

Director	17 September 2009	16 March 2010
B Sibiya (Chair)	✓	✓
K Njobe	✓	✓
A Haroon	–	–
B Ngonyama[4]	n/a	n/a

3. ✓ Indicates attendance
– Indicates absence with apology
n/a Indicates not a member at the time

4. Appointed on 16 March 2010

The Board does not deem it necessary to compose any other committees.

SGS is the company secretary of the Company and its subsidiary. The company secretarial services are provided by suitably qualified and experienced individuals, who discharge the duties of the Company Secretary as set out in King III. This includes training and guidance to the directors on their fiduciary and other responsibilities.

Internal Audit and governance of risk and information technology

Internal audit services are provided by SGS and are overseen by the Audit Committee. The head of internal audit reports administratively to SGS but has direct access to the chairman of the Audit Committee. The role and function of internal audit, 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.

Risk Management remains the ultimate responsibility of the Board and the control of identified risks is based on the comprehensive enterprise risk management programme executed by the risk management department of SGS.

The governance of information technology, where applicable, forms an integral part of the information management and risk management processes in place at SGS.

Compliance with laws, rules, codes and standards

It is of utmost importance to the Company that it continuously complies with existing and emerging regulation impacting on the Company, and its responsibility to conduct business in accordance with the laws and regulations by which it is governed, is recognised. The company secretarial services and financial departments of SGS are primarily responsible for ensuring compliance with the legal requirements and are supported and monitored by the internal audit, legal services and risk management departments of SGS.

Stakeholder Relations, reporting and disclosures

The Board recognises that effective communication is integral in building stakeholder value and is committed to providing meaningful, transparent, timely and accurate financial and non-financial information to identified stakeholders. In view of the nature of its business and funding structure, the Company does not prepare a sustainability report.

The Company 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.

form of proxy

Sasol Inzalo Public Limited
(Company registration number 2007/030646/06)
('the company')

Shareholder Reference Number

For use at the 3rd annual general meeting of members of Sasol Inzalo Public Limited to be held on Friday, 19 November 2010, at 9:00 South African time in The Glass House, Turbine Hall, 65 Ntemi Piliso, Newtown, Johannesburg, South Africa.

Please mark this block with an "X" if you have nominated another person to vote on your behalf.

I/We (Please print – full names)

of (address)

do hereby appoint (see note 3)

1. or failing him/her

2. or failing him/her

3. the chairman of the meeting

as my/our proxy to attend and speak and, on a poll, to vote for me/us and on my/our behalf at the annual general meeting of the company which will be held on Friday, 19 November 2009 at 9:00, South African time (see note 4).

Signed at this day of 2010

Signature

Assisted by me (where applicable)

form of proxy *continued*

Use a black pen. Mark with an X inside the boxes as shown in this example X Number of votes (insert):			
	For	Against	Abstain
1. to receive and consider the annual financial statements of the company and of the group for the year ended 30 June 2010, together with the reports of the directors and auditors			
2. to elect, each by way of separate vote, the following persons as directors, who retire in terms of article 11.3.2 of the company's articles of association, and who are eligible and have offered themselves for re-election:			
2.1 Ms Dawn Mokhobo (who retires by rotation)			
2.2 Prof Thandabantu Nhlapo (who retires by rotation)			
2.3 Ms Khungeka Njobe (who retires by rotation)			
3. to elect, each by way of separate vote, the following persons as directors, who have been nominated in terms of article 11.3.1 of the company's articles of association. The effect of this would be that the nominees who receive the most votes will be elected to the Board, subject to the maximum number of vacancies at the time:			
3.1 Mr Andile Khumalo			
3.2 Ms Kgobati Magome			
3.3 Ms Louisa Mogudi			
3.4 Ms Charlotte Mokoena			
3.5 Dr Vuyelwa Penxa			
3.6 Ms Thandeka Zondi			
4. to re-appoint the auditors, KPMG Inc.			

Each member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and, on a poll, vote in his stead. A proxy need not be a member of the company.

Please return your original completed form to:
Computershare Investor Services (Pty) Limited
PO Box 61051 Marshalltown 2107
70 Marshall Street Johannesburg 2001

Notes

1. Forms of proxy must be received by Computershare Investor Services (Pty) Limited on or before 09:00, South African time, on Wednesday, 17 November 2010.

   Forms can be posted or hand delivered to the following address:

   Computershare Investor Services (Pty) Limited
   PO Box 61051 Marshalltown 2107
   70 Marshall Street Johannesburg 2001

2. Registration at the meeting will commence two hours before the meeting and will end 15 minutes before the start of the meeting. Only members who registered before the meeting will be allowed to vote at the meeting. Members who attend the meeting are required to bring their bar coded identity document to the meeting to expedite registration.

3. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space provided, with or without deleting "the chairman of the meeting." Any such deletion must be initialled by the member. The person whose name appears first on the form of proxy and has not been deleted will be entitled to act as proxy to the exclusion of those whose names follow.

4. A member's instruction to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that member in the appropriate space provided. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the meeting, as he deems fit, in respect of all the member's votes exercisable thereat, but where the proxy is the chairman, failure to comply will be deemed to authorise the proxy to vote in favour of the resolution. A member or his proxy is not obliged to use all the votes exercisable by the member or by his proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the member or by his proxy.

5. A member's authorisation to the proxy, including the chairman of the meeting, to vote on his or her behalf, shall be deemed to include the authority to vote on procedural matters at the meeting.

6. The completion and lodging of this form of proxy will not preclude the relevant member from attending the meeting and speaking and voting in person thereat and the exclusion of any proxy appointed in terms hereof should such member wish to do so.

7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form.

8. Any alteration must be initialled by the signatory(ies)