

chief executive's review of operations

after next year's introduction of Mozambican natural gas. Ongoing test-gasifier research indicates that Sasol can achieve better coal-to-raw gas conversion rates.

Advancing fuels of the future As a result of the stricter new petrol and diesel specifications to be introduced in South Africa as from January 2006, Sasol Technology is partnering with Sasol Synfuels (Project Turbo) and with Sasol Oil and Natref (Natref Clean Fuels Project) to establish the most commercially and technologically appropriate solutions for our future production of liquid fuels in South Africa.

Sasol Technology is helping Sasol Synfuels to exploit its unique process flowsheet so as to develop an optimal, new fuels processing solution. The intention is also to undertake most of the work required to meet the yet stricter fuel specifications the South African Government envisages legislating for 2010. The project will necessitate multiple refinery unit changes, as well as some new refinery units and the installation of a selective catalytic cracker to upgrade low-octane feedstreams to produce additional tranches of ethylene, propylene and high-octane fuel components.

Renewable and alternative fuels are fast becoming important for future competitive strategies. Sasol Technology is therefore investigating biodiesel and fuel cells. For example, we are experimenting with the formulation and performance of biodiesels derived from soya beans and select Sasol chemical feedstocks. We are confident that Sasol can produce high-quality biodiesels based on renewable resources for potential use as a future fuel blend stock.

Project scope reaches new heights

The Engineering & Project Management group continues to fulfil a vital role in planning, managing and commissioning a complex array of new petrochemical plants, along with other projects aimed at expanding production capacities and enhancing plant efficiency and reliability. It is also active in progressing the Natural Gas Project and the Qatari and Nigerian GTL plants. About 150 capital projects with a record value of about R60 billion (US\$8 billion) are in various stages of execution.

Corporate issues

Primary growth drivers

Growth strategy remains sound

In recent years we have developed effective corporate and business-specific strategic planning and review processes. These processes remain under close scrutiny to ascertain their ongoing effectiveness and to ensure we retain our focus on pursuing business opportunities in a vigorous, entrepreneurial manner with due regard for sound governance principles.

During the year we maintained the impetus of our four primary growth drivers of:

- growing our chemicals portfolio;
- optimising the performance of our existing businesses;
- exploiting upstream hydrocarbon opportunities; and
- commercialising and expanding our GTL conversion technology.

These growth drivers continue to form a robust strategic framework for generating sustainable shareholder value.