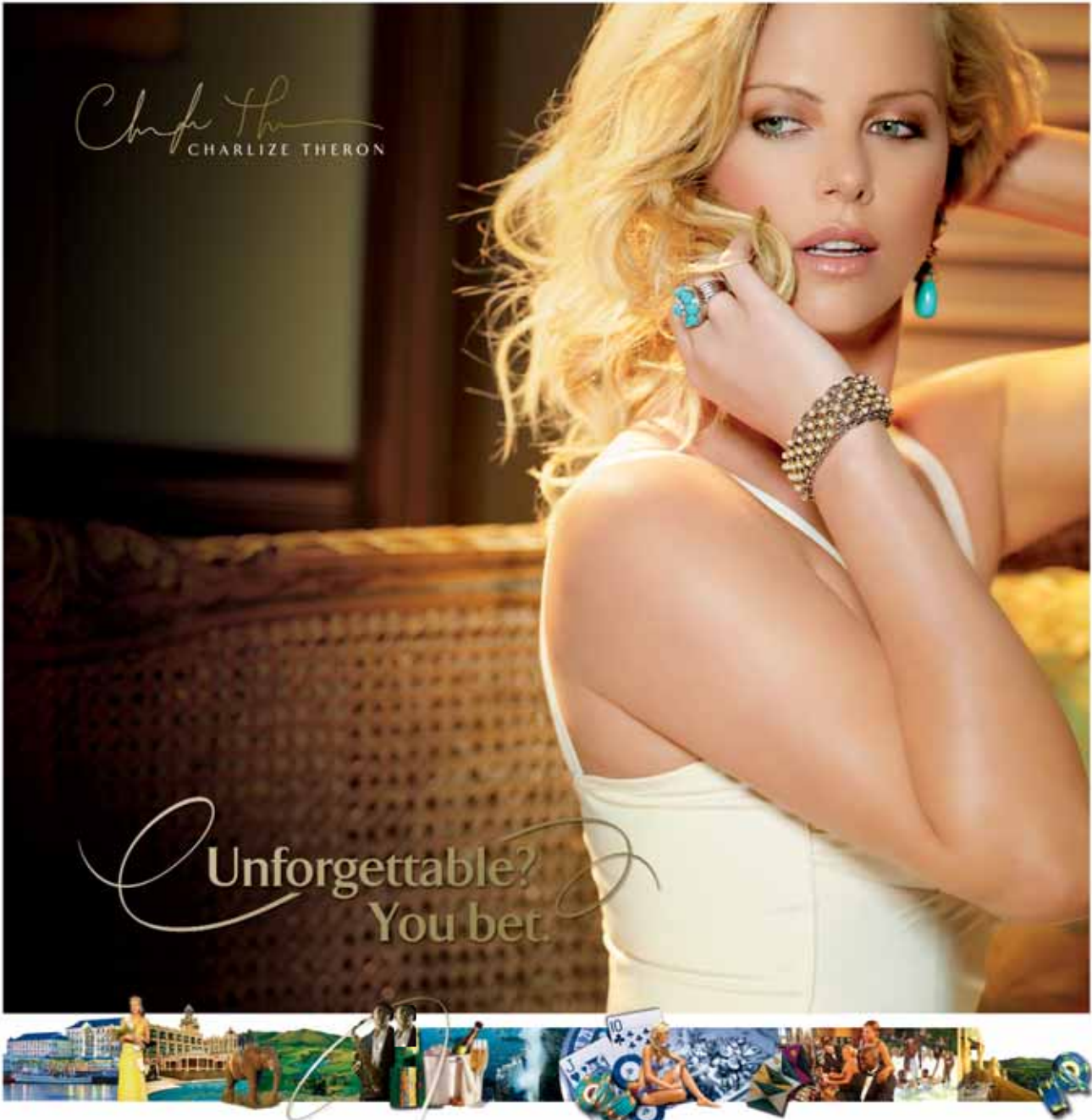


ANNUAL REPORT 2009



Sun International

A Million Thrills. One Destination.





## OUR MISSION

'We will be recognised internationally as a successful leisure group offering superior gaming, hotel and entertainment experiences, which exceed our customers' expectations.

We will create an environment in which all employees are well trained, motivated and take pride in working for the group.

Innovation, fun and an obsession with service excellence and efficiency will make Sun International a formidable competitor and provide our shareholders with superior returns.

We will at all times remain mindful of our responsibility towards all of our stakeholders, including the communities we serve.'



**Sun International**

A Million Thrills. One Destination.

01	02	04	06	10
Financial highlights	Our corporate focus	Sun International Limited group portfolio	Chairman's report	Chief Executive's report
34	48	52	53	54
Chief Financial Officer's review	Seven year review	Value added statements	Code of Ethics	Shareholders
55	69	78		
Corporate Governance report	Remuneration report	Directorate and administration		
83	145	148	149	150
Financial statements	Notice of annual general meeting	Shareholders' diary	Form of proxy	Instructions on form of proxy

**Afrisun Gauteng:** Afrisun Gauteng (Proprietary) Limited **Afrisun KZN Manco:** Afrisun KZN Manco (Proprietary) Limited **Afrisun Leisure:** Afrisun Leisure Investments (Proprietary) Limited **B-BBEE Codes:** Broad-Based Black Economic Empowerment Codes **BEE:** Black Economic Empowerment **Camara:** Chilean base interest rate **CASA:** Casino Association of South Africa **CGU:** Cash Generating Unit **CGT:** Capital Gains Tax **Company:** Sun International Limited **Companies Act:** Companies Act 1973, as amended **CSP:** Conditional Share Plan **DBP:** Deferred Bonus Plan **DCF:** Discounted Cash Flow **Dinokana:** Dinokana Investments (Proprietary) Limited **EBITDA:** Earnings before interest, tax, depreciation and amortisation **ECGBB:** Eastern Cape Gambling and Betting Board **EGP:** Equity Growth Plan **Emfuleni Manco:** Emfuleni Casino Resorts Manco (Proprietary) Limited **Emfuleni Resorts:** Emfuleni Resorts (Proprietary) Limited **Employee Share Trusts:** Sun International Employee Share Trust and Sun International Black Executive Management Trust **Gauteng Manco:** Gauteng Casino Resort Manco (Proprietary) Limited **GPI:** Grand Parade Investments Limited **Group:** Sun International IFRS: International Financial Reporting Standards **JSE:** Johannesburg Stock Exchange Limited **Kimberley Manco:** Kimberley Casino Resort Manco (Proprietary) Limited **KZL:** Kerzner International Limited **Life Esidimeni:** Life Esidimeni Group Holdings (Proprietary) Limited **Mahogany Rose:** Mahogany Rose Investments 46 (Proprietary) Limited **Mangaung Manco:** Mangaung Casino Resort Manco (Proprietary) Limited **Mangaung Sun:** Mangaung Sun

(Proprietary) Limited **Meropa:** Meropa Leisure and Entertainment (Proprietary) Limited **Meropa Manco:** Meropa Casino Resort Manco (Proprietary) Limited **MVG:** Most Valued Guest **NAV:** Net Asset Value **NRGP:** National Responsible Gambling Programme **PAYE:** Pay As You Earn PDI: Previously Disadvantaged Individuals **RAH:** Real Africa Holdings Limited **RRHL:** Royale Resorts Holdings Limited **RSP:** Restricted Share Plan **SCE:** Ster Century Europe Limited **SCME:** Ster Century Middle East Holdings Limited **SENS:** Security Exchange News Service SFIR SFI Resorts SA (Monticello) **SIBEMT:** Sun International Black Executive Management Trust **SIEST:** Sun International Employee Share Trust **SIL:** Sun International Limited **SIML:** Sun International Management Limited **SISA:** Sun International (South Africa) Limited **STC:** Secondary Tax on Companies **Sun International Investments No. 2:** Sun International Investments No. 2 Limited **SunWest:** SunWest International (Proprietary) Limited **TCN:** Tourist Company of Nigeria **TCOE:** Total Cost of Employment **Teemane:** Teemane (Proprietary) Limited **V&A:** Victoria & Alfred Waterfront (Proprietary) Limited **VAT:** Value Added Tax **Western Cape Manco:** Western Cape Casino Resort Manco (Proprietary) Limited **Wild Coast Sun:** Transkei Sun International Limited **Wild Coast Sun Manco:** Wild Coast Sun Manco (Proprietary) Limited **Winelands Manco:** Winelands Casino Manco (Proprietary) Limited **Worcester:** Worcester Casino (Proprietary) Limited

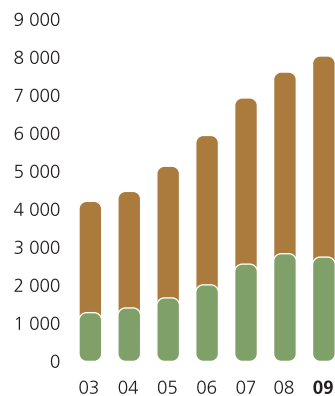
## ABBREVIATIONS:



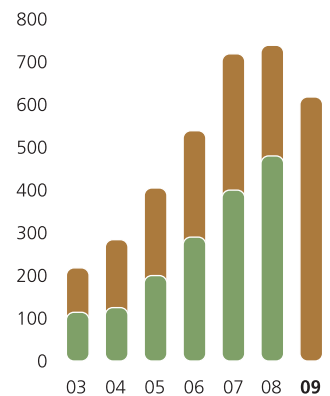
## FINANCIAL HIGHLIGHTS

for the year ended 30 June

### REVENUE AND EBITDA (Rm)



### ADJUSTED HEADLINE EARNINGS AND DIVIDENDS PER SHARE (cents)



● Revenue  
● EBITDA

● Earnings per share  
● Dividends per share

	2009 Rm	2008 Rm	Change %
<b>TRADING</b>			
Revenue	<b>8 041</b>	7 618	6
EBITDA	<b>2 746</b>	2 836	(3)
Operating profit	<b>2 014</b>	2 166	(7)
Profit before tax	<b>1 456</b>	1 732	(16)
Adjusted headline earnings	<b>600</b>	720	(17)
<b>ORDINARY SHARE PERFORMANCE</b>			
Diluted adjusted headline earnings per share (cents)	<b>618</b>	739	(16)
Dividends per share (cents)	<b>-</b>	480	-
<b>FINANCIAL RATIOS</b>			
EBITDA margin (%)	<b>34</b>	37	
Borrowings to EBITDA (times)	<b>2.3</b>	2.1	
EBITDA to interest (times)	<b>4.0</b>	5.0	
Return on net assets (%)	<b>29</b>	35	
<b>MARKET SHARE PRICE AT 30 JUNE</b>			
(Rands)	<b>76.34</b>	88.00	

Above disclosure includes adjusted headline earnings adjustments.

OUR CORPORATE FOCUS
















# HOTELS, RESORTS & CASINOS

Sun International Limited invests in and manages businesses in the hotel, resort and casino industry. The group is specifically focused on the development, operation and management of hotels, resorts and casinos. We will continue to position ourselves to take advantage of opportunities in those markets where we can achieve a strong market position benefiting from our innovation and depth of experience.



# SUN INTERNATIONAL LIMITED GROUP PORTFOLIO

## South Africa

 <p><b>SISA</b> Carousel 100%</p>	 <p><b>SISA</b> Morula 100%</p>	 <p><b>SISA</b> Sun City 100%</p>
 <p><b>SISA</b> Naledi Sun 100%</p>	 <p><b>AFRISUN GAUTENG</b> Carnival City 85% 84%</p>	 <p><b>AFRISUN KZN</b> Sibaya 63% 55%</p>
 <p><b>EMFULENI</b> Boardwalk   Fish River Sun 64% 74%</p>	 <p><b>MANGAUNG SUN</b> Windmill 70%</p>	
 <p><b>MEROPA</b> Meropa 45% 68%</p>	 <p><b>SUNWEST</b> GrandWest   The Table Bay 50% 61%</p>	
 <p><b>TEEMANE</b> Flamingo 49% 74%</p>	 <p><b>TRANSUN</b> Wild Coast Sun 70%</p>	 <p><b>WORCESTER</b> Golden Valley 48% 44%</p>

- Effective voting control
- Economic interest

**Notes:**  
Economic interest excludes shares held by the SIEST. Unless otherwise indicated the voting and economic interest of the entities are the same.

### MANAGEMENT ACTIVITIES

100%	SIML	50%	Kimberley Manco
44%	Gauteng Manco	50%	Mangaung Manco
29%	Western Cape Manco	50%	Meropa Manco
38%	Emfuleni Manco	50%	Wild Coast Sun Manco
30%	Afrisun KZN Manco	50%	Winelands Manco





## Southern Africa



**BOTSWANA**  
80%  
Gaborone Sun | Letsatsi | Marang | Menateng



**LESOTHO**  
47%  
Lesotho Sun | Maseru Sun

**NAMIBIA**  
100%  
Kalahari Sands



**SWAZILAND**  
51%  
Royal Swazi Spa | Ezulwini Sun | Lugogo Sun



**ZAMBIA**  
100%  
Royal Livingstone | Zambezi Sun

## International



**CHILE**  
40%  
Monticello

**NIGERIA**  
29%\*  
Federal Palace

*\* The group manages the property and acquired a 29% interest in August 2009. The process of acquiring a further interest is under way which will result in a 50% interest in the company.*



## CHAIRMAN'S REPORT

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'The past year has been a challenging one for the group under very trying economic conditions.'

This is my first report as chairman of South Africa's leading gaming and leisure group.

The past year has been a challenging one for the group under very trying economic conditions. The global financial crisis has resulted in South Africa experiencing its first recession in 17 years with the resultant impact on consumer spending patterns and disposable income.

Our hotels, resorts and casinos have felt the impact of the global economic slowdown. While our casino operations have generally experienced a consistency in footfall, there has been an overall trend of customers spending less per visit. Our hotels and resorts have experienced a decrease in inbound tourism as well as a decline in local and international groups and conventions business.

### THE YEAR UNDER REVIEW

Revenue for the year at R8 billion was 6% ahead of last year but in line with last year if non-comparable revenue from Monticello in Chile is excluded. Gaming revenue grew by 7% and hospitality and other revenue by 2%. EBITDA of R2.7 billion was 3% down on last year and the EBITDA margin three percentage points lower at 34.2%. The margin decline was due to the subdued revenue growth, inflationary increases in operating costs in South Africa and the loss incurred by Monticello in its first nine months of trading. EBITDA, excluding the Monticello loss, was 2% down on the prior year.

Trading at Monticello to date has been impacted by the adverse economic conditions in Chile and by delays in completion of the retail and hotel components and the permanent access and egress to the property. Revenue is, however, showing steady growth and the group remains confident that the business will perform to expectations and generate acceptable returns over the medium term.

Net interest costs increased by R104 million to R626 million primarily due to the additional funding costs associated with the Monticello project.

Adjusted headline earnings of R600 million and diluted adjusted headline earnings per share of 618 cents were 17% and 16% below last year respectively.

In light of the prevailing economic conditions, funding requirements in Chile, Nigeria and the Eastern Cape, and lower gearing levels required generally from funding institutions in the current market, the board has elected to preserve cash flows and strengthen the balance sheet. It has therefore been resolved not to declare dividends for the 2009 financial year.

### DEVELOPMENTS

#### Southern Africa

The second phase of the Sun City Main Hotel refurbishment was completed in November 2008. The R140 million comprehensive refurbishment of the Lesotho Sun hotel, casino and conference facility commenced in May 2009. Completion is anticipated during November 2009.



VALLI MOOSA

### Chile

The Monticello casino opened in October 2008. The retail and entertainment areas opened in September 2009 and the 155-room hotel will open in November 2009. The overall projected capital expenditure is now US\$247 million.

### Nigeria

The 150-room five star Federal Palace hotel opened in August 2008 following the US\$10 million furnishing of the hotel. The gaming laws in Lagos State have been promulgated and the licence to operate the casino has now been issued.

The further US\$24 million development has commenced which will include a small casino, a conference facility, swimming pool, gymnasium and minor refurbishment of the Federal Palace Towers hotel. The casino is expected to open in December 2009 and the Federal Palace Towers hotel, which is currently closed, will be reopened during 2010.

## EASTERN CAPE CASINO LICENCES

### Wild Coast Sun

The ECGBB confirmed the award of a new ten-year casino licence to the Wild Coast Sun with effect from 1 September 2009. The group has committed R340 million to refurbish, upgrade and expand the resort, including the addition of a water park. The project will commence immediately and in order to limit disruption over peak seasons and during the 2010 World Cup, is expected to be completed in the first half of the 2012 calendar year.

### Boardwalk

The Boardwalk's casino licence in Port Elizabeth expires in October 2010. A bid for a new fifteen-year casino licence was submitted on 30 January 2009 which includes plans for a five star hotel and conference centre, expanded gaming facilities and a parkade at an estimated cost of R1 billion. On 16 September 2009, the ECGBB announced Boardwalk as the preferred bidder. The final award of the licence will depend upon and follow the Eastern Cape Provincial Government's sanction of the ECGBB's decision, and the successful negotiation of the conditions of the new licence.

## BLACK ECONOMIC EMPOWERMENT PARTNERSHIPS

The board recognises and acknowledges that transformation at all levels is a fundamental business imperative in South Africa.

Our commitment to the transformation of the group through broad based empowerment is evidenced by the participation in the success of the group of our various partners at operational level, the Dinokana consortium at group level and critically, our employees through the SIEST.

Importantly, Sun International has committed itself to achieving Level 4 Contributor status in terms of the B-BBEE Codes by December 2010.

Establishing strategies to comply with the B-BBEE Codes has been a priority over the past year and the group is committed to meeting the goals set by the Provincial Licensing Authorities. One important change is the emphasis the group is placing within its social investment spend, from pure philanthropy to an increased focus on enterprise development.

Our success in attaining a number of licences in the regulated gambling industry in South Africa has enabled us to significantly enhance the wealth and influence of our various BEE partners throughout the country. This wealth creation has increased substantially over the past few years in line with the growth and performance of our operations.

## CORPORATE GOVERNANCE

Sun International remains committed to and endorses the application of the principles of good corporate practices and conduct. Considerable emphasis is placed on the identification and management of risks facing the group and our risk management philosophy is well embedded in all our operations and business processes. Sun International welcomes the recent introduction of The King Code of Governance Principles (King III) with which the group is already largely compliant.



The Palace of the Lost City

Boardwalk

The Table Bay

The board remains mindful of the need to achieve a balance between conformance, performance and leadership and control, thereby fostering an entrepreneurial culture within acceptable risk levels, aimed at promoting value creation, while at all times observing the group's broader obligations to society in terms of environmental, economic and social sustainability.

### SOCIAL RESPONSIBILITY AND SUSTAINABILITY

King III places emphasis on the incorporation of sustainability reporting into financial reports, on the basis that this would allow shareholders to make a more informed assessment of the company's economic value rather than simply its book value.

For this reason, Sun International's annual report incorporates a separate sustainability report which is integral to communicating how the group is facilitating transformation within the organisation as well as its social and environmental performance in the communities and economies in which the group conducts its business.

This report is complementary to the annual report, and provides our local stakeholders and shareholders with a more detailed and comprehensive account of Sun International's social responsibility and sustainability activities. It thus constitutes Sun International's non-financial audit of our sustainability policies and practices, allowing us to benchmark more accurately our performance and our future planning.

From an ethical and moral perspective Sun International has a duty to play a leading role in communities where

we operate through sustainable management of the health and safety impacts of our business. We embrace good corporate and responsible health and safety governance.

The group contributes 2% of net profits to its corporate social investment and enterprise development projects and plans to increase this amount to 4% by 2012. The group, in furthering its approach to enterprise development, will continue to identify suitable projects requiring support.

The group strives to achieve zero injury to people through effective management of health and safety at all our operations.

Increased consumer awareness of global environmental issues and the growing demand for environmentally responsible tourism products worldwide has led to greater management commitment to minimising our environmental impacts. Improved awareness by staff and guests has resulted in some significant achievements and the group's environmental management remains ahead of any of its competitors. The challenges created by climate change and the need for more efficient use of resources in addressing the environmental impacts of the group remain a short-term objective.

**The group contributes 2% of net profits to its corporate social investment and enterprise development projects and plans to increase this amount to 4% by 2012.**

### DIRECTORATE

Buddy Hawton retired from the board on 30 June 2009. Buddy's relationship with the group began more than 20 years ago when he was appointed to the board in 1987. In December 1989, he was appointed deputy



GrandWest



Monticello



chairman of Sun International and took up the position of executive chairman in 1995. He retired as an executive director in 2003.

We thank Buddy for his wise counsel and years of dedicated service and wish him a fulfilling retirement.



Buddy Hawton

I assumed the role of chairman of the board from 1 July 2009 and Nigel Matthews has been appointed as lead independent director from the same date.

### OUR PEOPLE

We are making inroads into achieving our employment equity targets and continue to invest in the ongoing training and development of our employees.

The investment we make in our people contributes significantly to our ability to retain our market leadership position in the gaming and leisure sector. We are confident

that we will continue to attract and retain key people in the organisation, despite the ongoing demand for good talent. Sun International remains both a competitive and preferred employer and our continued investment in the development of our people will ensure our future success.

I would like to thank my board colleagues, the management and all our staff for their commitment to service excellence, dedicated work ethic and endurance during these extremely challenging times.

Valli Moosa  
Chairman



## CHIEF EXECUTIVE'S REPORT

'The group responded quickly with cost management initiatives and was able to deliver acceptable margins under the circumstances.'

### TRADING AND GROUP OPERATING PERFORMANCE

The past year has seen a significant deterioration in global economic circumstances which has particularly impacted the group's casino operations in southern Africa and Chile and the international resort and tourism markets which experienced considerable declines in volumes. Gaming revenue throughout southern Africa has been impacted by lower levels of disposable income and discretionary spend, while hotel occupancies globally have dropped significantly.

Upward pressures on costs have also been significant as a result of higher inflation, and very significant increases in administered prices such as property rates and taxes and water and electricity tariffs. Notwithstanding this, the group responded quickly with cost management initiatives and was able to deliver acceptable margins under the circumstances. Looking forward it will be increasingly difficult to maintain margins without revenue growing at around the levels of inflation.

The group achieved growth in revenue which at R8.0 billion was 6% ahead of last year but in line with last year if Monticello is excluded. Gaming revenue increased by 7% to R6.2 billion, with slots and tables revenue up 5% and 14% respectively. Excluding Monticello these growths were just 0.5% and 1.4% respectively. Rooms revenue grew 2% over last year.

The group's management activities contributed strongly and maintained margins in line with last year. Management activities remain the second largest contributor to group results, accounting for 14% of EBITDA, and this trend is anticipated to continue in the future.

The group achieved an EBITDA margin of 34% compared to 37% in the previous year although excluding Monticello the comparable margin was 36%. This is attributable to the higher levels of gaming taxes in Chile and the additional costs and slow revenues during the initial trading periods.

### BRAND DEVELOPMENT AND CUSTOMER MANAGEMENT

Providing quality interactions and excellent service to our guests is at the centre of our business. Every interaction with a guest is an opportunity to delight them and these opportunities drive our goal to deliver consistent, memorable, quality experiences where we exceed our customers' expectations. We do this through paying attention to every detail and delivering on our brand promise of '*A Million Thrills. One Destination*'.

In the previous financial year, the group successfully introduced '*A Million Thrills. One Destination*', to the market. The objective of the brand campaign was to develop a group brand positioning to re-affirm Sun International's position as the leading hotel, resort and casino brand in southern Africa. The concept of the brand campaign was to reintroduce the Sun International group to the public – to thrill and excite them, to entice them to discover one of our many properties, and to firmly reinforce that the properties all belong to Africa's premier hotel, resort and casino group.

'*A Million Thrills. One Destination*' will continue to promise our customers exceptional experiences each time they visit one of our properties. Our multi-media brand campaign featuring Charlize Theron was first



DAVID COUTTS-TROTTER

flighted in April 2008. This campaign has captured the imagination of South Africans, and managed to successfully position our group in the minds of our customers. We recently received the TNS Sunday Times Top Brand 2009 award in the business to business hotel category.

We know, however, that our brand does not just live in our advertising campaign, but comes alive when our people deliver on our promise. It is the responsibility of every person working at Sun International to deliver on this promise and to thrill our customers. In tandem with the marketing campaign, we launched an internal group-wide brand campaign as part of our overall Customer Management strategy and programme with the aim of enhancing our service delivery across the group. Our focus for the next financial year will be on service delivery and making sure that our people are well trained, equipped and empowered to act on our service principles and standards so as to exceed guests' expectations and to continue delivering on our brand promise.

### Customer Management

Having progressed well with our customer management strategy and programme over the past three years, we will remain focused in our efforts to become even more customer-centric. The customer management strategy underpins our business strategy and supports the achievement of the group's vision and goals, providing both direction and focus. It enables the right service to be delivered to the right customers in the right way at the right time. Being continuously aware of improvement to ensure we address customer needs and wants more accurately, is an ongoing journey that aims to create

market differentiation through Sun International's ability to manage customer relationships more effectively.

Our strategy remains focused on becoming increasingly relevant to our customers and to make it as easy as possible for them to do business with us. In the past year, we invested in:

#### \* Our people:

- ~ We successfully completed the roll out of the One Sun brand alignment programme to over 21 000 of our people and launched our new staff magazine to create sustainability for the project as well as to communicate with our people to ensure that they are engaged, informed and able to deliver on our brand promise of 'A Million Thrills. One Destination'.

#### \* Our technology and customer information:

- ~ We have completed the configuration and deployment of our campaign management technology to all our gaming properties to improve our direct marketing efforts.
- ~ We have also established a centralised customer database and configured a single view of our customers' information, using MicroSoft CRM, which will be piloted and deployed in the next financial year. This tool will provide our staff with the right information to service our customers more effectively.

#### \* Our processes:

- ~ Sun International's approach to service delivery is based on many years of experience as well as industry best practices from around the world and we have developed new processes and training tools for our people so that they can deliver memorable, quality service experiences that thrill our customers as we strive to exceed their expectations.
- ~ During this year, we invested in evaluating and improving our guest interaction processes at our various touch points. We aim to improve our ability to consistently deliver exceptional guest experiences. Our approach and enhanced focus on service delivery was tested and will be rolled out to all our properties in the new financial year.
- ~ We have also begun improving our customer experience measurements and will deploy these in the near future.

We will continue to focus on these areas to entrench the initiatives and support our properties to sustain the various customer management projects as we progress with our strategy aimed at managing our customers' perceptions, interactions, experiences and relationships, so as to create relevant value when they interact with our business.







## OPERATIONAL OVERVIEW – CASINOS AND GAMING

	Revenue Rm		EBITDA Rm		EBITDA margin %	
	2009	2008	2009	2008	2009	2008
GrandWest	1 642	1 756	675	734	41.1	41.8
Carnival City	997	954	351	329	35.2	34.5
Sibaya	810	782	295	294	36.4	37.6
Boardwalk	418	451	172	185	41.1	41.1
Other gaming operations (southern Africa)	1 325	1 285	405	396	30.6	30.8
Gaming – southern Africa	5 192	5 228	1 898	1 938	36.6	37.1
Monticello – Chile	397	–	(22)	–	(5.5)	–
	5 589	5 228	1 876	1 938	33.6	37.1

EBITDA margins in the gaming division, excluding Monticello, declined slightly mainly due to lower revenue achieved at GrandWest which was particularly impacted by the consumer spending slowdown in that region. Higher costs associated with the enlarged GrandWest operation and rising property rates and taxes (particularly at Sibaya), and energy and security costs generally exacerbated the situation. Carnival City was the only gaming operation to improve its EBITDA margin largely as a result of good growth in tables revenues.

The management of costs and maintaining our operating margins have been key focus areas so as to minimise the impacts of stagnant or declining revenues on margins. I am therefore very gratified by the margins that have been achieved. This is as a result of managing our headcounts down by natural attrition, renegotiating arrangements with suppliers of goods and services, reducing energy usage, reengineering processes and carefully considering all ad hoc expenditures before incurring them.

GrandWest experienced a decline in revenues of 7% but nevertheless achieved an EBITDA margin of 41.1%. This was 0.7 percentage points below last year mainly due to the revenue decline and the higher costs associated with the enlarged facilities. The lower revenues prevailing in the Western Cape can be largely attributed to the difficult global economic circumstances which have impacted tourism to the region as well as the continued deterioration in the local financial services and textile industries.

Carnival City traded in a more competitive local market following the opening of the seventh casino in Gauteng in December 2007. Despite this, revenue grew by 5% mainly through good growth in tables revenue, and the EBITDA margin improved from 34.5% to 35.2%. Despite the additional casino, the group retained its 20.9% share of the Gauteng market for the year. The additional rooms inventory and the covered parkade which opened in June 2008 have assisted in this performance.

Sibaya performed satisfactorily with revenue up 4%. EBITDA was in line with the previous year while the EBITDA margin fell by 1.2 percentage points to 36.4%

due to increased marketing activities and property rates and taxes. The KwaZulu-Natal market grew by 6% during the year and Sibaya's share of the market at 33.7% declined by 0.7 percentage points principally due to the lower levels of play from our top end tables market.

Boardwalk's revenue fell 7% on last year, reflecting the extremely difficult economic environment in the Eastern Cape mainly as a result of the impacts of the depressed economy on the motor and related industries. At 41.1%, the EBITDA margin remained in line with last year as a result of excellent cost control.

**Carnival City traded in a more competitive local market following the opening of the seventh casino in Gauteng in December 2007.**

## GAMING INDUSTRY IN SOUTH AFRICA

The South African gaming market includes the casino, betting (mainly horse racing), limited payout machine (LPM) and bingo sectors.

Overall the legal gaming and lottery markets grew by 8% for the year ended March 2009. This can be ascribed primarily to the growth in the National Lottery revenue, which traded for the full year versus just six months in the prior year. The casino sector at 75% share continues to dominate the South African gaming market. Online gambling remains illegal in South Africa and there are therefore no statistics available for this rapidly growing sector. Despite the legal position, online casinos advertise extensively in traditional media and estimates of annual revenues for the major 'local' operators range from R0.7 billion to R1.0 billion.

## Casinos

The casino sector of the South African gaming market grew by only 2% to R13.5 billion during the year ending March 2009. Casino revenue has been impacted by reduced consumer discretionary spend due to the domestic credit squeeze, high interest rates and relatively high inflation, exacerbated by the effects of the global recession. The Eastern and Western Cape provinces have been particularly adversely affected.

## South African gaming market revenue

Sector	2009		2008		2007
	Rm	%	Rm	%	Rm
Casino	13 513	2	13 261	14	11 661
Lottery#	1 954	143	805*	(62)	2 146
Betting	1 637	(12)	1 855	27	1 458
LPM	665	28	521	51	345
Bingo	110	22	90	45	62
<b>Total</b>	<b>17 879</b>	<b>8</b>	<b>16 532</b>	<b>6</b>	<b>15 672</b>
Percentages	%		% %		%
Casino	75		80		74
Lottery	11		5		14
Betting	9		11		9
LPM	4		3		2
Bingo	1		1		1
<b>Total</b>	<b>100</b>		<b>100</b>		<b>100</b>

Statistics are for the years ending March.

# Lottery revenues as stated at 50% of ticket sales (in line with the policy of the lottery to pay out 50% of sales in prizes).

\* The lottery only traded for six months of this year.

Sources: National Gambling Board and National Lottery.

### Lottery

National Lottery revenue for the year ended March 2009 was significantly higher due to its closure for six months in the prior year but nonetheless remains 9% below the revenue to March 2007. It is tempting to conclude that the full year trading of the lottery contributed to the stagnant casino revenue. Whilst there may have been some displacement this would not have been significant. There was no significant increase in casino revenue when the National Lottery temporarily ceased operations during 2007 and consequently the converse is unlikely to have been the case.

### Betting

The betting sector includes horse-racing and the decline is attributed to the poor prevailing economic conditions

and appears to have been particularly the case in the second half of the period.

### Limited Payout Machines

Growth in the LPM sector is primarily due to the increase in the number of machines in KwaZulu-Natal and the Western Cape. LPMs are also available in Limpopo, Mpumalanga and the Eastern Cape.

### Bingo

Bingo is offered in Gauteng only and supply has grown rapidly. This is due to the operation of the Electronic Bingo Terminals which are slot machines in reality. These continue to be rolled out following an amendment to the Gauteng Gambling Act which permits the operation of these machines. This would appear to be contrary to national gambling policy and is of concern to the industry.

### Sun International's share of the South African gaming market

Province	GGR		Total number of gaming positions	
	2009 %	2008 %	2009 %	2008 %
Gauteng	20.3	19.9	25.3	25.3
Western Cape	79.5	76.2	72.0	71.6
KwaZulu-Natal	33.4	34.7	30.5	30.4
Mpumalanga	–	–	–	–
Limpopo	80.5	81.9	73.4	72.5
North West	73.1	74.3	75.2	75.3
Northern Cape	85.2	77.1	61.0	61.0
Eastern Cape	71.0	71.5	68.1	68.1
Free State	57.8	59.0	51.6	51.6
<b>South Africa</b>	<b>41.2</b>	<b>41.5</b>	<b>42.8</b>	<b>42.6</b>

Statistics are for the years ending March.

Positions are 1 per slot machine and 6 per table.

Sources: National & Provincial Gambling Boards, Sun International and CASA.



## The Golden Valley Casino



Windmill

### Market Share

Sun International's South African casinos grew revenues by 1% over the comparable period last year. Our share of the South African casino gaming market declined by 0.3% from 41.5% to 41.2% during the year ending 31 March 2009. Fair share of the market, based on gaming positions, increased marginally from 42.6% to 42.8%.

Carnival City and Morula grew market share marginally in the very competitive Gauteng market which is very pleasing considering the impact from a full year's trading at the new Silverstar casino on the West Rand.

The increase in market share in the Western Cape can be ascribed to the increase in revenue at the Golden Valley casino, due largely to the new lodge there.

In the 12 months to March, revenue at Sibaya grew by just under 2% while the KwaZulu-Natal market grew by 6% resulting in a decline in market share from 34.7% to 33.4%. The marginal decline in market share in the Limpopo province is due in part to the refurbishment of the Tusk Venda casino. The decline in market share in the North West may be due to increased competitor activity since both group casinos in this province performed well. In the Eastern Cape, a full year trading by a competitor in Queenstown has impacted the group's market share.

Gaming revenue in the Northern Cape, although reported, have not been verified by the National Gambling Board and the increase in market share shown in the table on the previous page is probably due to this.

Revenue at Flamingo grew by 4%.

### Casino Licences

The number of casino licences in South Africa remains unchanged at 40 and there have been no changes in the provincial allocations during the year under review. 38 of the 40 licences have now been issued of which the group holds 13.

Peermont Global has not commenced building the casino in Mthatha, Eastern Cape, and it seems unlikely that they will do so in the near future. There is one licence in the Free State to be issued. This licence is currently held by Sun International (Naledi Sun) pending award of the



Monticello



Casino licences

Sector	Total	Sun International	Licences trading	Licences allocated	Unallocated
Gauteng	7	2	5	-	-
Western Cape	5	2	3	-	-
Eastern Cape	5	2	2	1	-
Northern Cape	3	1	1	1	-
Free State	4	2	2	-	-
Mpumalanga	4	-	3	-	1
North West	4	2	2	-	-
Limpopo	3	1	1	-	1
KwaZulu-Natal	5	1	4	-	-
<b>Total</b>	<b>40</b>	<b>13</b>	<b>23</b>	<b>2</b>	<b>2</b>



Sasolburg licence which will result in the closure of Naledi Sun. The Sasolburg licence is currently the subject of legal action. The Naledi Sun licence, which was to have expired on 31 July 2009, has been extended for a further 30 months to 31 January 2012.

No announcement has been made in respect of the unallocated licence in Mpumalanga. The Limpopo Gambling Board has re-issued the RFP for the Burgersfort licence, however, the group has decided not to bid for this licence. A licence for a temporary casino has been issued for Kuruman in the Northern Cape, however, this casino is not yet operational.

#### MARKETING AND CUSTOMER MANAGEMENT

National and property specific marketing campaigns and promotions during the past year have been focused on leveraging the brand equity created by 'A Million Thrills. One Destination'. This promise is particularly relevant in the subdued economy as increasingly discerning consumers seek value-for-money gaming experiences offering superlative service and lots of fun and entertainment.

Considerable focus has therefore been placed on continuous improvement of the gaming experience in all of the group's casinos. This starts with a warm and engaging welcome, followed by an exciting vibe and winning feeling on the casino floor, quick and friendly service, sumptuous buffets, great restaurants and bars, thrilling entertainment, and a sincere 'thank you' as the guest departs. Consistent delivery of such a great gaming experience has been considerably enhanced by the *One Sun* brand alignment project which was very successfully conducted in all of the group's properties during the past year and is being followed by the new Touch Point project which focuses on enabling service excellence for key customer interactions.

Innovative gaming promotions and the latest slot machines and games are key ingredients of the exciting vibe and winning feeling on our casino floors. Our property gaming promotions have never been better. GrandWest's 'Tower of Fortune' promotion made for a very successful December holiday season and their 'Crack The Code' radio promotion, which used on-air and on-site activation, was so well accepted that it is currently underway again. At Sibaya the 'Get So Much Of Everything That You Love' promotion, also over the December holiday season, involved all the facilities on the complex and

generated exceptional participation by all market segments. Carnival City made excellent use of Mystery Jackpots offering tailor-made 'Roll Over Mysteries' and 'Personal Mysteries' to specific target markets.

Nationally, the 'World Series of Slots', now in its second year, was bigger and better than the first edition. There were over 52 000 participants covering all of the group's southern African casinos and culminating in 400 finalists who were hosted by Sun City in spectacular fashion. With total prizes in excess of R20 million this is without doubt South Africa's biggest and most successful slots tournament. The group wide Black Diamond blackjack and Black Pearl roulette tournaments continue to be a very popular annual fixture for our tables customers.

Sun International remains at the forefront of gaming product innovation. We consistently have the latest slot machines and games on our casino floors and the mix of games is continually optimised to our customers' needs. The group remains the only casino operator in Africa with its own gaming research and development capability and many proprietary bonusing and incentive promotional tools have been developed for use in our casinos. This provides us with a distinct competitive advantage.

#### Monticello

During the past year, we have placed a great deal of emphasis on launching and marketing the Monticello Casino and Entertainment World in Chile and recent improved trading results reflect this effort. Once complete, Monticello will be Chile's foremost casino and entertainment destination.

The casino sector of the South African gaming market grew by only 2% to R13.5 billion during the year ending March 2009.





The casino offering, with its bars, restaurants and entertainment facilities, was opened to the public in October 2008. The delay in the completion of the 'Paseo', which houses the family attractions, has limited our ability to establish the brand as a family entertainment destination.

Our strategy to date has focused primarily on those familiar with, or with an interest in casinos. This was achieved through publicising gaming promotions and resulted in a successful start to the building of the MVG database.

As at the end of June 2009, the MVG programme had nearly 114 000 members, with more than 200 Platinum, 3 300 Gold and 12 400 Silver card holders. The rate at which new members are signed continues at approximately 350 per day. The average number of daily visitors to the casino has grown by almost 50% since October 2008 to almost 3 000 at the end of the reporting period. The rate

**The MVG Platinum card, which is highly sought after by our customers, remains the best performing sector of our customer base.**

of visitation and spend per visit for the various card tiers is most encouraging, generally exceeding that of our South African customer base.

Research into customer satisfaction with the facilities on offer, the MVG programme including benefits, as well as competence and attitude of staff,

is conducted in quarterly cycles. The results to date have been most encouraging with scores generally exceeding Chilean service expectations.

Planning for the introduction to the public of Monticello as a family entertainment destination is well advanced and this programme commences shortly. The multi-media launch, backed up by significant events and public relations, will entrench Monticello even more firmly on the Chilean entertainment and leisure map.

The completion of the Monticello hotel in November 2009 will provide further impetus to the casino in increasing visitation and the total number of hours played in the casino amongst the known upper end casino players. A strong public relations and advertising drive will ensure that the hotel becomes known as the best facility in Chile for the high end casino customer.

Firmly establishing Monticello as a strong brand and destination in Chile and growing its revenues significantly is a key focus for the year ahead.

### 2010 World Cup

Plans to take advantage of the significant opportunities made possible by the 2010 FIFA World Cup Soccer Tournament are well advanced at all group casinos. Our strategy is to attract as many MVGs, tourists and spectators as possible to our casinos to watch the matches and to get them into the spirit of the tournament by giving them exciting entertainment and gaming promotions while they are there. All of the appropriate facilities and concessions will be used.

A planning committee has been established to co-ordinate efforts and share ideas and all properties have well developed marketing plans for the period of the World Cup. Advance bookings of accommodation, venues, transport, media and entertainment are currently being made.

### MVG programme

The MVG programme has retained its position as the premier casino rewards programme in Africa and has been very successfully launched in Chile where it plays a major role in the marketing of the group's Monticello casino. It will soon be launched in Nigeria at the group's Federal Palace casino in Lagos.

The MVG programme has four tiers each offering distinctive privileges to members at all Sun International

### MVG Customer segments – South Africa

	2009			2008	
	Points threshold	Active customers	Revenue contribution	Active customers	Revenue contribution
Platinum	4 500	<b>2%</b>	<b>43%</b>	2%	42%
Gold	475	<b>16%</b>	<b>42%</b>	16%	42%
Silver	50	<b>25%</b>	<b>11%</b>	24%	10%
Maroon	Free	<b>57%</b>	<b>4%</b>	58%	6%



GrandWest Arena



Katie Melua



The Temptations

hotels, resorts and casinos, with benefits becoming increasingly valuable as customers progress upward through each level. The MVG Platinum card, which is highly sought after by our customers, remains the best performing sector of our customer base.

The number of active card holders in the year ended June 2009 was marginally lower than the previous year, down by 1.8% from 355 000 to 349 000. There was, however, some movement within the card tiers as reduced spend resulted in some Platinum, Gold and Silver card holders falling into lower tiers. In absolute terms there were 7% fewer Platinum and Gold card holders this year, albeit

that in aggregate they contributed 4% more revenue than in the prior year. In aggregate these categories contributed 85% of total tracked revenue versus 84% last year indicating the importance and strength of the programme.

Sun International's highly desirable Privé Magazine, which is exclusively mailed to 30 000 southern African MVGs, continues to grow in popularity. Content has been enhanced, making this the first source of information for top tier MVGs about events and promotions at group casinos.

GrandWest



Morula



mation in the new Single Image Customer Database that was deployed this year. The pilot deployment of the SVC takes place at Carnival City in October this year and the full roll out is expected to commence in February 2010.

#### Relationship Marketing Project

The Relationship Marketing Project which the group initiated in 2007 is progressing well. This project has delivered a new customer database which provides a single view of the customer and a new campaign management system. This project forms the foundation of the group's larger Customer Management strategy.

The deployment of the new campaign management system was completed in May 2009. User adoption at the identified properties was far greater than anticipated and decentralisation of the gaming database marketing function has been achieved. The emphasis now moves to improving database marketing skills and a comprehensive coaching programme is currently underway from which we are already seeing encouraging results.

The next stage is to deploy the Single View of the Customer (SVC) technology which will allow employees at customer-facing touch points to view customer infor-

#### Entertainment

Entertainment at Sun International's casinos went from strength to strength this year, especially with GrandWest's Grand Arena assuming the expected role of Cape Town's premier large scale venue and capturing most of the 'must-see' artists and shows that played in the Mother City.

Our expectations of synergy, particularly between the Grand Arena and Carnival City's Big Top Arena, materialised with 10 major productions being staged in both venues.

Being the exclusive provider of major entertainment is an objective for which we are striving wherever possible, and this was the case with our second annual international comedy season when Wayne Brady appeared exclusively at GrandWest and Carnival City, and demonstrated to enthralled audiences why he's the undisputed king of Improv. We will also use Sun City's Superbowl in this





respect and Dana Winner was the first international artist to play at all three of our large arenas.

Variety was the order of the day, with entertainers as diverse as Kevin 'Bloody' Wilson with his unique Australian musical comedy, to international tribute shows to the Beatles and the Bee Gees, top band Maroon Five, gentle Georgian Katie Melua, the harmonies of The Ten Tenors, soulful sounds of legendary Peabo Bryson and Roberta Flack, perennial favourites Smokie, Eddie Grant, Jonathan Butler and Hugh Masekela and other top international acts.

Lord of the Dance graced the stage at GrandWest, and an equine flavour was experienced with the annual Yearling Sales, complemented for the first time by a series of shows by the internationally acclaimed SA Lipizzaners.

Once again, all around our casinos and resorts we were able to provide a constant stream of entertainers from home and abroad, catering for every section of our wide customer base.

Local artists featured included Stuart Taylor, Freshly Ground, Selealo Selota, Budhaza, Don Laka, Rebecca Molohe, Gloria Bosman, Dawnay, Garth Taylor, Lira and David Kau.

International shows and tributes even reached out around the country to our smaller venues at Meropa, Carousel, Windmill, Flamingo and Sibaya, and we will continue this trend, ensuring that top entertainment can be found throughout Sun International and not only at our larger operations.

Forthcoming attractions will include more diverse entertainment offerings than in the past, broadening our appeal as entertainment centres for the whole family.

### LEGAL MATTERS

The National Gambling Amendment Act, 2008 will regulate online gambling and will come into effect after finalisation of taxation issues and the related regulations. Comments on a Money Bill, which proposes a tax rate of 6% of GGR for online gambling activities, were submitted in March 2009. The anticipated timeframe for the completion and implementation of the regulatory framework for online gambling remains unclear but is not expected until sometime in the next financial year, at best.

The Supreme Court of Appeal declined the petition by two unlicensed operators in the North West Province for leave to appeal against the High Court judgement that ruled against the conduct of their unlicensed gambling businesses. The two operators approached the Constitutional Court with a request to have their case heard by that Court. The request has been turned down. As a result, the way has been cleared for the closure of the unlicensed operations in this province by the relevant law enforcement agencies.

The ruling by the Pretoria High Court, to the effect that Electronic Bingo Terminals (EBTs) may not be operated under bingo licences, has become academic by virtue of the passing of a Gauteng Gambling Amendment Act during April 2009 which validates the operation of EBTs under bingo licences issued in Gauteng province. The bingo operators have nonetheless pursued an application for leave to appeal to the Supreme Court of Appeal. In the second EBT case, in KwaZulu-Natal, the bingo operators have withdrawn their application for leave to appeal against the High Court ruling in favour of the industry and provincial licensing authority. In a subsequent hearing of applications for bingo licences by that board, the applicants indicated that they would not be seeking to operate EBTs under these licences at this time.

The group continues in its efforts to resolve a number of land claims with the relevant regional and national government departments. In the case of the Wild Coast Sun, the responsible authorities have not, to the group's knowledge, taken any actions to progress the matter. The Wild Coast Sun has made R2 million available to the land claimants to secure professional advice to assist in the settlement of their claim. In the matter of the Fish River land claim, the Land Claims Court heard the matter in November 2008. Judgment remains outstanding.

The Consumer Protection Act was signed by the President and gazetted during April 2009. Certain parts of the Act will come into force during April 2010 and the remainder six months later. The implementation of the Act is likely to have an impact on certain of the group's business practices. An assessment of the impacts is currently under way and the necessary steps will be taken to ensure compliance with this Act.

### CASINO ASSOCIATION OF SOUTH AFRICA

CASA continues to perform an important role as an industry spokesman and has a sound reputation amongst its stakeholders, including provincial licensing authorities, the National Gambling Board and the NRGP. CASA's principal focus over the past year has been on combating illegal casino activity, lobbying for some consistency in approach between the provinces in adopting the B-BBEE Codes, opposing the licensing of EBTs and communication of the contributions of the industry to the economy and social investment.

**Our expectations of synergy, particularly between GrandWest's Grand Arena and Carnival City's Big Top Arena, materialised with 10 major productions being staged in both venues.**





## OPERATIONAL OVERVIEW – HOTELS AND RESORTS

	Revenue Rm		EBITDA Rm		EBITDA margin %	
	2009	2008	2009	2008	2009	2008
Sun City	1 146	1 147	207	223	18.1	19.4
Wild Coast Sun	302	299	56	62	18.5	20.7
Zambia	217	208	55	63	25.3	30.3
Table Bay	199	197	65	69	32.7	35.0
Other hotels and resorts operations	486	428	127	105	26.1	24.5
	2 350	2 279	510	522	21.7	22.9

Whilst the group's hotels and resorts traded satisfactorily in the first half of the financial year, occupancies came under significant pressure in the second half primarily as a result of weaker demand from international markets. EBITDA margins deteriorated 1.2 percentage points to 21.7%. The premier resort properties – Sun City, the Table Bay and the Royal Livingstone all experienced weaker occupancies but managed to improve rates resulting in some marginal revenue growth.

Southern Africa is a 'long haul' destination for foreign travellers most of whom originate from the United Kingdom, continental Europe and United States of America where the global recession has been most prevalent, impacting on decisions to travel for both business and holiday purposes.

Again cost management has been a key focus to minimise the impacts of stagnant revenue and higher costs. Particular focus has been on managing headcounts and re-examining all controllable expenditures. Menus have been re-engineered to reduce food costs in the face of steep inflation in food prices.

Sun City achieved an occupancy rate of 74% which was ten percentage points below last year and an average room rate of R1 243, which was 7% ahead of last year. Despite strong cost controls, the lower occupancies and subdued casino environment resulted in a decline in EBITDA of 7%.

The Table Bay achieved occupancies of 67% compared to 74% last year and an average room rate of R1 930 which was 11% ahead of the previous year. EBITDA was 6% below last year.

The Royal Livingstone and Zambezi Sun achieved an aggregate occupancy of 60% compared to 76% last year at an average room rate of US\$215 which was 21% ahead of the previous year. EBITDA in US Dollar terms was 29% below last year as a result of sharply lower occupancies due to the dramatic decline in international visitor numbers.

The Wild Coast Sun revenue was impacted by the stagnant local casino demand. Some further impact is anticipated in the periods ahead as a result of the refurbishment which commences in 2010.

A key focus area in the year ahead is the establishment of the Federal Palace hotel in Nigeria and the opening of the casino by December 2009. The hotel sector in Lagos remains attractive but has become increasingly competitive with the opening of new hotels and the drop in demand as a consequence of the economic environment. The casino's design, sophistication, modernity and technology, as well as the introduction of the MVG programme will introduce a completely new gaming and entertainment experience to the market. This new facility should assist in establishing the Federal Palace as the premier entertainment destination in Lagos. The casino will also have a positive effect on occupancies over the traditionally quieter weekends.

## MARKETING

Using 'A Million Thrills. One Destination' we launched a number of new and exciting marketing initiatives to ensure that we countered the difficult trading conditions resulting from the global recession.

The proliferation of major sporting events in South Africa recently allowed for some opportunity of exposing our products, building strong relationships and packaging pre- and post-tours to stimulate occupancies.

## Customer profile

Foreign Individual Traveller and Meetings, Incentives, Conference and Exhibition (MICE) guests remain the majority of the visitors to the group's hotels and resorts from the international market. Our key source markets remain the United Kingdom and the USA, although the USA surpassed the UK for the first time to assume the number one position in respect of revenue contribution. The bulk of the major European markets reflected significant declines on last year with the exception of France and Italy. Our focus on the Brazil, Russia, India and China (BRIC) markets was reasonably successful with India producing an exceptional result. Enhanced focus on the African continent yielded solid gains due to increased airlift and penetration of new markets.

A key focus area in the year ahead is the establishment of the Federal Palace hotel in Nigeria and the opening of the casino by December 2009.

Our domestic market comprises corporate business, conference groups and leisure and gaming guests. To retain this business we have executed intensive marketing campaigns and ensured a strong direct sales drive through stringent account coverage. Enhanced customer management initiatives, educational and increased media trips were also key to retaining our customers and acquiring new ones.

**The average room rate achieved of R1 009 increased by 6% over last year and was positively impacted by the implementation of BAR.**

We have also enhanced communication with the travel trade and given greater focus to the growing conference

and event organiser industry to ensure that we are in a position to capitalise on any additional opportunities via these channels.

#### Local and international market statistics

International and national market statistics for the group's hotels and resorts for the last two years are reflected in the table below:

#### Hotel and resort occupancies and rates

	2009	2008
Total room nights available (000's)	1 077	1 058
Total room nights sold (000's)	788	837
Total occupancies achieved (%)	73.0	79.1
Local room nights sold (000's)	568	573
Local occupancies achieved (%)	52.7	54.2
International room nights sold (000's)	220	264
International occupancies achieved (%)	20.4	24.9

Occupancies at the group's hotels and resorts declined to 73%, six percentage points down on last year, with Sun City, Zambia and Table Bay particularly severely affected by the global economic downturn.

The average room rate achieved of R1 009 increased by 6% over last year and was positively impacted by the implementation of Best Available Rate (BAR).

Our international sales team had an extremely challenging year with the global economic downturn resulting in a decline of 6% in revenue compared to last year, comprising a decrease in room nights sold of 16%, albeit at average rates 11% higher.

Our national sales team was also impacted by these conditions resulting in a 13% revenue decline on last year as a result of a decrease in room nights of 19% with an 8% increase in rate.

Sports & Promotions, however, had an extremely positive year with a revenue increase of 23% mainly due to the proliferation of sporting events, including the Confederations Cup, the Lions Tour and the IPL tournament.

#### International sales offices

Our international sales offices in the UK, USA, Germany, France, Italy and Russia and our representative offices in Spain, Argentina, India, Hong Kong and Dubai give the group a distinct competitive advantage, particularly in targeting MICE business. The UK and USA remain the largest markets but looking ahead the BRIC markets and Africa will become increasingly important and intense focus will be placed on stimulating demand from these markets. The group's presence in Lagos will help stimulate Africa demand.

#### Reservations, revenue management and distribution channels

The processes in our central reservations call centre have been significantly enhanced and the operating hours extended to ensure greater efficiency and service delivery. The year ahead will see technology investment to further enhance this service. Opera, the reservations and property management system has undergone an enhancement to maximise efficiencies to our customers.

The IDEAS revenue management system and the BAR concept have been introduced whereby rates are determined by real time occupancy demand and historical trends. This has been successfully rolled out in the domestic market with a strategic plan for implementation across all market segments.

The Myfidelio system has been implemented at fifteen of our hotel properties. Myfidelio offers an advanced e-commerce solution that seamlessly connects our reservations system to the Global Distribution Systems and Alternative Distribution Systems service providers. This system provides us with an ideal channel to make our hotel inventory available to our travel trade partners globally.

#### Public relations

The past year has delivered some exceptional coverage based on solid media relations and proactive joint ventures with trade and media partners. The coverage this year has been broad, focusing on the Sun International brand and then on the unique selling points of each property.

Apart from aggressive print, radio and online exposure, the group saw a marked increase in television exposure as a result of television lifestyle programmes, which we used to showcase our hotels and resorts to TV viewers in a new and innovative way enforcing 'A Million Thrills. One Destination'.

#### Major events

The Nedbank Golf Challenge remains the most popular event on the South African golfing calendar and a major South African social highlight. The event has continued to grow over the years and allows for extensive global media coverage through print and television. Supersport have committed to being our broadcast sponsor for another five years and most significantly the Nedbank



Nedbank Golf Challenge



Miss SA Teen pageant



Henrik Stenson

group, who have been sponsors since the inception of this event, have committed as title sponsor for a further period of three years.

The Miss SA and Miss SA Teen pageants were again key events with the crowning ceremonies being held at a banquet in the Sun City Superbowl.

#### 2010 World Cup

The 2010 World Cup will be the biggest event ever staged in South Africa and will bring intense and

unprecedented focus on our country. The event has the potential to stimulate international tourism and business demand in the years ahead to enable the tourism and events industries to grow even more strongly than they have since 1994. Sun International has contracted 80% of its rooms' inventory to FIFA/Match for the period of the tournament in June/July 2010 and even with some cancellation factor, this will provide a significant boost to our revenues in 2010 and 2011.

Federal Palace



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## DEVELOPMENTS

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### SUN CITY

The second phase of the Sun City Main Hotel refurbishment comprising 170 rooms and certain back-of-house areas was completed in November 2008. The cost of the total refurbishment (phases 1 and 2) was completed at R260 million inclusive of replacement of infrastructural items, including air-conditioning, plumbing and electrical infrastructure and the refurbishment of back-of-house areas such as kitchens.

### LESOTHO

The major refurbishment of the Lesotho Sun commenced in May 2009 and is due to be completed in November 2009. The estimated spend on the refurbishment of the property is R140 million and includes enhancement to the casino, conference facilities, 158 rooms and certain back-of-house areas.

### CHILE

Construction of Monticello is nearing completion, with the casino (1 500 slots and 80 tables) having opened to the public in October 2008. The retail and entertainment



components opened in September 2009 and the 155-room hotel will commence trading in November 2009. The overall projected capital expenditure is US\$247 million with the increase principally due to the group taking over the operations and funding of the fast food and children's entertainment areas and assistance in the funding of certain concessionaires for the retail development.

### NIGERIA

The 150-room Federal Palace hotel opened in August 2008 following the US\$10 million fit out and furnishing of the hotel. The gaming laws in Lagos State have been promulgated and the licence to operate the casino has now been issued.

The further US\$24 million development has commenced which will include a 200-slot and 8-table casino, a temporary conference facility, swimming pool, gymnasium and minor refurbishment to the Federal Palace Towers hotel. The casino is expected to open in December 2009 and the Federal Palace Towers hotel, which is currently closed, will be reopened during 2010.

The process of acquiring a 49.5% interest in the Nigerian company which owns and operates the development is under way, with the group having subscribed for the first tranche of equity in August 2009. It is expected that this process will be completed before the end of the calendar year. On completion, the group will have invested US\$28 million in equity and advanced a loan to the company of US\$15 million.

### WILD COAST SUN

The Wild Coast Sun has now received its casino licence for a further ten year period to August 2019. The delays and the 2010 World Cup have required some reprogramming of the R340 million refurbishment and upgrade and hence there is some delay in the proposed expenditure. As a consequence, there is likely to be some additional cost escalation. The upgrade and expansion of the casino floor will commence immediately and should be completed by December 2009. The rooms refurbishment will commence in January 2010 and will be completed mid-2012. The convention centre upgrade and water park development will be completed during 2011. This programme should minimise disruption to guests and the negative impacts on the resort's revenue. Expenditure in the 2010 financial year should not exceed R75 million.

### BOARDWALK

The Boardwalk project is intended to commence in January 2010 and is scheduled to be completed late 2011. The new smokers' casino, convention centre and the 800-bay parkade as well as the refurbishment of the existing casino are intended to be completed by December 2010 with the 155-room hotel, spa and other facilities to be completed in 2011. Detailed planning and value-engineering of this complex project is currently under way. Expenditure in the 2010 financial year should not exceed R175 million.

### OTHER

In Namibia, the Kalahari Sands will be undergoing an extensive rooms' refurbishment that will include upgrades to the bathrooms and electrical and plumbing reticulation. The cost of the refurbishment is estimated at R54 million. A light refurbishment of the Palace at Sun City is also planned for completion prior to the commencement of the World Cup in June 2010. A softs upgrade and various improvements to the Royal Livingstone are planned for 2010. A R40 million investment in a Salon Privé and the consequent expansion of the casino footprint is likely to commence during 2010 at the Windmill casino in Bloemfontein.

## INFORMATION TECHNOLOGY

### GOVERNANCE AND GENERAL OPERATIONAL REVIEW

IT governance within the group continues to mature and is well embedded as part of the overall business process within the organisation. Some highlights are:

- \* Our networks and related systems are secure with no violations having occurred; and
- \* Internal audit scores for both IT general controls and IT security reflect best practice attainment thereby ensuring a low operational risk profile.

The operational environment continues to be stable with the availability of IT services consistent with last year at 99.8%.

The network infrastructure is one of the cornerstones of operational excellence and much work goes into ensuring the stability and agility of our networks.

The group is currently running a pilot project which is intended to virtualise the existing server footprint into a significantly reduced number of new physical servers which have numerous virtual servers assigned to them, facilitating a much lower cost of ownership, as well as a substantial reduction in power consumption and thus carbon emissions. This is in line with current 'Green IT' trends globally.

**Sun International has contracted 80% of its rooms' inventory to FIFA/Match for the period of the tournament in June/July 2010.**

### ENTERPRISE ARCHITECTURE

Over a number of years the group has developed a solid architecture strategy, with clearly articulated architectural principles. These are a key component of the technology and information management strategy and business processes. The improvement in business processes is managed mainly through key projects and will mature throughout the organisation over time. Service orientated architecture principles have also been embraced by the group and applied where it makes sense and business value is evident.

### INFORMATION ARCHITECTURE, MASTER DATA MANAGEMENT AND INTEGRATION

The past year has seen substantial improvement in information management and integration. The development of the new Sun International Customer Database (SICD) is complete, which has facilitated a single view of each of our MVGs. The SICD is the first master data management solution within the casino industry in South Africa and represents the achievement of a major milestone within the customer management programme.

### REVIEW OF SIGNIFICANT GROUP PROJECTS

The following major projects were successfully completed in the year.

- \* The first phase of the Relationship Marketing project, being the establishment of the SICD referred to above, as well as the new campaign management system. The release of the second phase, namely a real time single view of the MVG guest at all key touch points across the group is scheduled for the first half of the new financial year. This will take customer service to a new level and should contribute to a substantial improvement in the personalisation of service to our guests;
- \* The implementation of the IDEAS rooms revenue management system, which accurately forecasts occupancy and the selection of optimal rates continues to be rolled out to appropriate properties;
- \* A new system (MyFidelio) that links directly into the global distribution systems has been successfully implemented;
- \* A new tour operator system (Oceans) has been implemented for the group's inbound travel agency Dreams;
- \* The localisation of the group's proprietary casino management system into Spanish for Monticello;
- \* The first phase of the new group contact centre is under way, being the implementation of new Internet protocol enabled telephony which will utilise the current network infrastructure. Further phases will enable the contact centre with the new relationship marketing software and also provide certain self-service facilities for MVG customers;
- \* AccPac was successfully implemented at Sun City, concluding the standardisation phase of the group's accounting systems; and

- \* The upgrade of PeopleSoft to version 9 will be completed by the end of calendar 2009 enabling improved human resource servicing.

The group continues to consider a number of options with regard to future enterprise gaming systems and will shortly issue a request for proposal to a select group of vendors. The current casino management system, however, continues to deliver substantial value to the group and is in a position to support the gaming operations well past 2012.

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## SUSTAINABLE DEVELOPMENT

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*The sustainability report, which again this year is incorporated into a separate publication, details all the initiatives in this regard and is also available on [www.suninternational.com](http://www.suninternational.com)*

Sun International places a high priority on contributing constructively to the wellbeing of communities in areas in which we operate, recognising the need to share the opportunities and wealth which our business creates. Our approach to BEE is born of this philosophy, as is our extensive social investment programme (currently including certain enterprise development type initiatives). Implemented at both the corporate and unit level, we currently commit 2% of profit after tax to this purpose.

Strategically, the group will be increasing this commitment over the next five years to 4% of profit after tax by 2012, but will be separating this contribution into two components: enterprise development with a 3% of the 4% commitment and the remaining 1% allocated to social investment projects.

As market leader, we aim to be South Africa's most ethical and accountable gaming company, and believe we have a special duty to promote a culture of responsible gambling. Sun International conceptualised and founded the NRGP that is today supported by most sectors of the industry. The programme is acknowledged internationally and by local regulators to be among the foremost of its type in the world, incorporating education, research and treatment into one comprehensive approach.

Central to our understanding of good corporate citizenship is our commitment to sustainable development. Apart from the implementation of internationally recognised environmental management systems, the group actively





The Royal Livingstone

Royal Swazi Sun



Our property ratings

	2009 No of Properties	2008 No of Properties
Platinum	2	1
Gold	16	19
Silver	4	5
Not yet rated	5	2

participates in the Heritage environmental rating programme which commits us to high and demanding standards in respect of responsible tourism and business practice.

Sustainability, of course, goes further than social and environmental impacts. Importantly, it necessarily includes the economic impact that we have on society, its quality of life and the sustainable creation of wealth and alleviation of poverty, in those communities where we operate.

## BLACK ECONOMIC EMPOWERMENT

### INDUSTRY APPROACH

The group has decided to use the score from the CASA Empowerdex exercise conducted in 2006 as a basis to

implement strategies on the elements of the BEE Scorecard in terms of the B-BBEE Codes which have the greatest opportunities for improvement. The areas identified include Skills Development, Enterprise Development and Preferential Procurement. A group B-BBEE committee has been established, which has communicated targets and is the mechanism for giving direction and monitoring progress toward achieving goals on all elements of the Scorecard. The B-BBEE targets are reflected below and have been aligned with the likely provincial licensing authority targets.

The group continues to review strategies that will enable equitable representation of designated groups in all occupational levels in the workplace. This is intended to promote equal opportunity, diversity and elimination of barriers that have been identified and could have an impact on the progress on employment equity. The focus

	Targets	
	2010	2012
Ownership	21.7	21.7
Management control	3.8	5.0
Employment equity	7.5	8.5
Skills development	9.0	11.0
Preferential procurement	13.0	15.0
Enterprise development	10.0	15.0
Social economic development	5.0	5.0
<b>Total</b>	<b>70.0</b>	<b>81.2</b>
B-BBEE recognition	100	110
	Level 4	Level 3

The key focus areas include performance management and learning and development which very importantly incorporate leadership development, employee engagement and transformation.

is not only to increase the numbers of employees in designated groups, but also to enable an environment of growth and development that will ensure equitable representation in the core functions of the business and achieve various other human capital objectives. The group will also ensure compliance with the Employment Equity Act and adhere to the new regulations as set by the Department of Labour.

The group has given special attention to empowerment from an ownership perspective.

The direct interests of Dinokana, together with the SIEST, constitute 9.9% of the ownership of Sun International Limited. The effective BEE economic ownership of the group's various operations in South Africa is more significant, ranging from around 25% to as high as 67%.

Our commitment to a new order in the ownership and management of our country's tourism and leisure assets and operations also finds expression in our continuing programme to create advancement opportunities for previously disadvantaged executives and employees. Currently in South Africa, 30% of our senior management and 68% of our junior management and key technical specialists are black South Africans. We continue to invest heavily in human resources development, training, coaching and mentoring.

## HUMAN RESOURCES

### STRATEGIC INITIATIVES

Sun International has commenced with the implementation of an improved human resources strategy to ensure that the group continues to attract, motivate and retain talent within the organisation. We ensure that all employees are fairly remunerated, have access to equal opportunities and

meaningful development, adding value not only to our business, but also to the communities where they live and in which we operate.

The key focus areas include performance management and learning and development which very importantly incorporate leadership development, employee engagement and transformation.

The group is aligning performance management with the leadership pipeline and has developed a customised pipeline for the company as well as performance standards which are linked to the leadership pipeline layers. All managers and employees are currently being trained to understand the different leadership pipeline layers as well as the performance standard. The company will be implementing performance management linked to the pipeline during the course of the coming year.

The first group-wide employee engagement and satisfaction survey was conducted this year. The results are being used to improve areas where we scored poorly and to enhance the overall employee engagement throughout the group. The project is aligned directly with the customer management project to ensure that the company has engaged employees who will be able to deliver consistently high standards.

The Sun International learning and development strategy (aligned with the group's strategic goals as well as our BEE objectives where applicable) detailing key priority focus areas was documented and is being implemented by the business. The learning architecture supporting the group's learning strategy was also defined and is in the process of implementation. The learning architecture includes: roles and responsibilities; learning technology; learning curricula and content; learning processes; learning measurements and reporting; learning budgets; and vendor management. The organisation has complied with all requirements pertaining to the accreditation process and all necessary information was submitted to THETA in June 2009.

### REMUNERATION

In order to employ the best possible talent, the remuneration policy of the group is structured to attract, retain and incentivise employees, and reward performance that meets the interest of both the group and its shareholders. We attract individuals with superior skills and potential by remunerating at market medians or better, and we retain key personnel by rewarding and remunerating them commensurately.

In order to ensure that our remuneration strategy remains competitive, we participate in reputable annual executive surveys and industry surveys. Pay fairness is also achieved by ensuring internal equity of remuneration. As a general guideline, remuneration levels are set on or above the market median for comparable positions in the market.



Sun City Hotel

### SUN INTERNATIONAL EMPLOYEE SHARE TRUST

Over 8 000 of the groups' employees participate in the SIEST. Eligible employees continue to benefit through bi-annual distributions in October and April. Total distributions for the year amounted to R30.9 million, or R3 983 per employee. Participation is a major source of empowerment with employees' indirect ownership of Sun International at 5.7% through the SIEST.

Further detail of relevant employee policies and procedures is included in the sustainability report.

### BALANCE SHEET AND DIVIDEND

The group has invested significantly in the past year in Chile, Nigeria and at Sun City and Carnival City and has significant future capital commitments at Wild Coast Sun and Boardwalk. This at a time when local consumer

Fish River Sun



The Table Bay



demand for our casinos has been under significant pressure and the global economic recession has severely depressed international tourist and conference demand. Whilst costs and ongoing capital expenditures have been carefully considered and controlled and certain capital expenditures delayed, the impacts on free cash flows have been significant. This same economic environment has dramatically impacted global liquidity and the banking sector's appetite for debt financing and the pricing attached thereto.

The group currently has adequate facilities available, has attractively priced long term funding and enjoys strong support from its major long term funders. Furthermore, the group is operating comfortably within its debt covenants.

In order to ensure that the group has sufficient resources to fund its commitments in the current uncertain trading environment and to ensure the ability to refinance funding that matures in 2011 and 2012 on acceptable terms, the board decided not to pay any dividends in



2009 but to retain cash flows and strengthen the group balance sheet.

The board will again review this situation in 2010 based on the trading outlook then prevailing and the projected cash flows of the group. Despite the challenging trading environment the group's operations remain highly cash generative and enjoy strong operating margins.

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## THE TEAM

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Buddy Hawton retired as chairman on 30 June 2009. My colleagues and I on the Sun International Management Limited and Sun International Limited boards are very appreciative of the support and guidance Buddy has provided us over the years. His business acumen and extensive experience have proved invaluable in assisting and supporting our people in building Sun International into the impressive business it is today.

Rob Hellings took early retirement in June 2009 after 26 years of invaluable contribution to the group. Anthony Leeming, formerly the Corporate Financial manager, was appointed as a SIML director in the portfolio of Corporate and SIML Finance.

A number of changes took place amongst our unit General Managers during the year. Graham Vass, General Manager GrandWest, retired in June 2009 and Mike van Vuuren, former General Manager Windmill Casino, succeeded him. Lance Rossouw, formerly General Manager Botswana was transferred to Swaziland as Area General Manager. Clifford Ngakane, formerly General Manager Meropa was transferred to Boardwalk as General Manager and Derek Panaino, formerly General Manager Carousel, transferred to Carnival City to head that unit. Five new General Managers were appointed during the year: Sammy Mokhele at Meropa Casino, Harry Swart at Carousel, Derek van der Nest at Botswana, André de Mol in Lesotho and Chris van Dam at the Palace.

Finally, I'd like to express my thanks to all of our staff and to all of those service providers and concessionaires that work on our properties for their dedication and passion to provide our customers with consistently thrilling experiences.

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## FUTURE FOCUS

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Our goal is to be one of the most admired companies in South Africa and an example others follow. We are, and will remain the formidable competitor. It is this consistent focus that will inform our future strategy and focus.

We will continue to focus on growth, protecting what we have and investing in our stakeholders.

Our growth in the short to medium term will be generated primarily from Africa (Nigeria) and Latin America (Chile) and it is likely that any future opportunities will emanate

from these regions. Management will be particularly focused on establishing these new businesses, strongly growing their revenues and improving operating margins.

We will protect what we have through continued regulatory compliance, by focusing on our gaming licence and exclusivity renewals, refurbishing and improving our properties and investing significantly in our technology and customer management efforts.

The strengthening of our balance sheet through the careful management of costs, capital expenditures and cash flows is a management imperative in the year ahead.

Our investment in our stakeholders will continue through our customer management programme and the development of all of our people.

Our goal will be achieved through our values which encompass pride, passion, a sense of fun, courage and ethical behaviour all of which is built on respect and teamwork and most importantly by delivering on our promise.

*'A million thrills. One destination.'*

David Coutts-Trotter  
Chief Executive



## CHIEF FINANCIAL OFFICER'S REVIEW

'Despite higher inflation and significantly increased property rates and taxes, indirect costs, excluding Monticello, increased by only 4% on last year.'

	2009 Rm	%	2008 Rm
<b>Revenue</b>	<b>8 041</b>	6	7 618
Casino	6 234	7	5 845
Slots	5 276	5	5 002
Tables	958	14	843
Rooms	900	2	881
Food and beverage	550	4	528
Other	357	(2)	364
<b>Direct costs</b>	<b>(3 399)</b>	(10)	(3 098)
Casino – Levies and VAT	(1 353)	(9)	(1 244)
– Other	(1 149)	(12)	(1 026)
Rooms	(200)	(5)	(190)
Food and beverage	(472)	(13)	(418)
Other	(225)	(2)	(220)
<b>Gross profit</b>	<b>4 642</b>	3	4 520
<b>Indirect costs</b>	<b>(1 896)</b>	(13)	(1 684)
Administration and general	(903)	(8)	(840)
Marketing	(413)	(13)	(364)
Property costs	(574)	(22)	(472)
Other	(6)	25	(8)
<b>EBITDA</b>	<b>2 746</b>	(3)	2 836
Depreciation and amortisation	(658)	(16)	(568)
Property and equipment rental	(74)	27	(102)
<b>Operating profit</b>	<b>2 014</b>	(7)	2 166
Foreign exchange profits	34	(41)	58
Interest income	93	18	79
Interest expense	(685)	(20)	(571)
<b>Profit before tax</b>	<b>1 456</b>	(16)	1 732
Tax	(619)	13	(714)
<b>Profit after tax</b>	<b>837</b>	(18)	1 018
Minorities' interests	(237)	20	(298)
<b>Adjusted headline earnings</b>	<b>600</b>	(17)	720
Headline and adjusted headline earnings adjustments	(99)	63	(263)
<b>Profit attributable to ordinary shareholders</b>	<b>501</b>	10	457



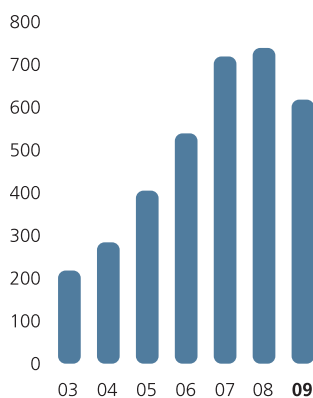
ROB BECKER

The changing economic environment, difficult trading conditions and the lower gearing levels required by funding institutions, resulted in a heightened focus on costs, capital expenditure, the balance sheet, managing the group's liquidity, debt levels and gearing capacity. Despite the significant expansion in Monticello, the group achieved comfortable gearing levels and has remained well within its debt covenants.

### FINANCIAL PERFORMANCE

The difficult trading conditions experienced by the group, and the significant increase in capital charges associated with the group's investment in Monticello, resulted in

#### DILUTED ADJUSTED HEADLINE EARNINGS PER SHARE (cents)



adjusted headline earnings of R600 million and diluted adjusted headline earnings per share of 618 cents, being 17% and 16% below last year respectively.

The income statement on page 98 has been presented on the basis of the group's election to disclose items of income and expenditure by nature in terms of IAS 1 – Presentation of Financial Statements. However, management continues to monitor financial performance by analysing direct and indirect costs and measuring EBITDA and adjusted headline earnings achievements. This additional disclosure is provided on the previous page.

The recessionary economic conditions and the impact on personal disposable income resulted in gaming revenue, excluding the new Monticello casino, improving by only 1% on last year compared to the compound growth of 16% achieved over the last four years.

Rooms revenue of R900 million was 2% ahead of the previous year with overall group occupancy of 72% (76%) at an average room rate of R915, an improvement of 8% on last year. The significant decline in occupancies is due to weaker demand from international markets and the groups and conventions sector.

The gross margin at 57.7% was 1.6 percentage points down on last year. The decrease is due to the impact of Monticello where the gaming levies and taxes are 33.6% of gaming revenue compared to the group average of 21%. The lower than expected revenues from Monticello also negatively impacted the gross margin at the property.

Despite higher inflation and significantly increased property rates and taxes, indirect costs, excluding Monticello, increased by only 4% on last year. EBITDA of R2.7 billion was 3% down on last year and the EBITDA margin was three percentage points down on last year to 34.2%. The margin decline was due to subdued revenue growth, inflationary increases in operating costs in South Africa and the loss incurred by Monticello in its first nine months of trading. EBITDA, excluding Monticello, was 2% down on the prior year. Excluding Monticello, the EBITDA margin only declined by one percentage point to 36.2%. The small decline in margin, given the growth of only 1% in comparable revenues, was achieved through focused cost management.

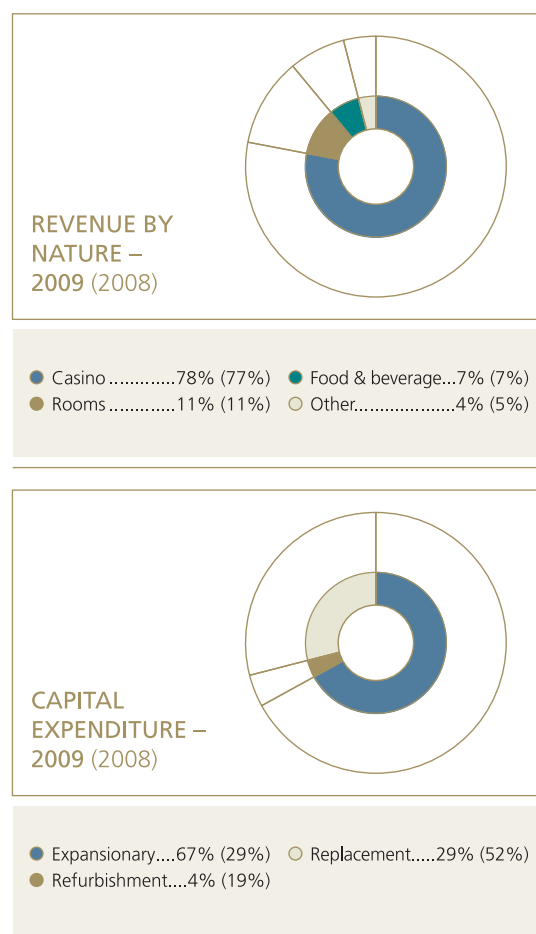
Profit before tax at R1 456 million was 16% below last year. Depreciation and amortisation charges were 16% up on the previous year (5% excluding Monticello) while the net interest costs increased by R100 million to R592 million primarily due to the additional funding costs associated with Monticello that were in part offset by the lower prevailing interest rates. Fluctuations in the value of the Rand during the course of the year, as well as foreign exchange profits in Chile, resulted in a net exchange profit of R34 million, albeit that this was lower than the R58 million profit earned last year.

Tax at R619 million was 13% lower than last year. The high overall effective tax rate of 42.5% was mainly as a result of the non-deductibility of preference share dividends, STC charges on dividend payments by subsidiaries and the losses incurred by Monticello. These factors will result in the effective tax rate remaining well above the statutory tax rate for the next few years.

Headline and adjusted headline earnings adjustments of R99 million include an impairment of goodwill of R108 million relating to Monticello, pre-opening expenses of R21 million and a gain on the realisation of R47 million of the foreign currency translation reserve on distribution of a dividend from RRHL. The impairment of goodwill is as a result of the valuation of Monticello being based on the current trading levels as required by IAS 36 – Impairment of Assets. The group is confident that the business will perform to expectations and generate acceptable returns over the medium term. In the prior year, a BEE transaction charge of R182 million was incurred on the transaction with GPI.

The group is confident that Monticello will perform to expectations and generate acceptable returns over the medium term.

The Employee Share Trusts have not been consolidated in terms of SIC 12 in the above disclosure on the basis that the group does not receive any of the economic benefits from the trusts.



KEY STATISTICS

Rooms

	Rooms revenue Rm		Number of hotel rooms		Average occupancy %		Average room rate Rands	
	2009	2008	2009	2008	2009	2008	2009	2008
GrandWest	4	3	39	39	87	94	289	212
Sun City*	417	413	1 237	1 131	74	84	1 243	1 157
Carnival City	10	9	105	105	91	91	290	262
Sibaya	18	17	154	154	85	84	379	362
Carousel	4	5	57	57	88	86	235	260
Wild Coast Sun	23	26	246	246	98	95	264	300
Morula	7	6	73	72	89	90	281	264
Zambia	129	129	363	363	60	76	1 910	1 280
Table Bay	156	155	329	329	67	74	1 930	1 739
Botswana	35	29	196	196	83	84	593	488
Swaziland	39	36	411	411	64	64	406	376
Namibia	25	21	173	173	77	77	509	427
Golden Valley	4	1	98	98	48	35	259	353
Lesotho	27	29	262	262	51	54	565	561
Naledi Sun	2	2	30	30	58	61	268	247
	<b>900</b>	<b>881</b>	<b>3 773</b>	<b>3 666</b>	<b>72</b>	<b>76</b>	<b>915</b>	<b>850</b>

\* Adjusted for rooms refurbishment of the Sun City Main Hotel.





## Casinos

	Casino revenue Rm		Weighted average number of slot machines for year		Net win per machine per month R'000		Weighted average number of gaming tables for year		Net win per table per month R'000	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
GrandWest	1 615	1 726	2 524	2 523	46	49	65	64	273	319
Sun City	370	351	601	601	43	40	38	38	134	142
Carnival City	967	915	1 750	1 738	39	38	60	60	213	157
Sibaya	778	751	1 018	1 024	50	47	36	35	387	417
Boardwalk	409	441	783	796	39	42	23	23	146	146
Carousel	292	303	700	700	31	32	16	17	155	160
Wild Coast Sun	227	217	438	438	37	36	13	13	205	188
Morula	218	213	510	510	33	32	11	10	116	118
Meropa	225	214	384	382	44	42	15	15	124	116
Windmill	203	197	300	300	47	46	13	13	209	206
Botswana	119	100	285	285	26	22	11	10	238	200
Swaziland	87	73	152	152	36	31	13	13	137	115
Flamingo	128	125	240	235	43	40	9	9	101	105
Namibia	82	80	149	152	36	35	10	10	150	137
Golden Valley	104	85	228	218	38	33	-	-	-	-
Lesotho	37	34	166	169	15	14	8	8	75	61
Naledi Sun	20	20	150	150	11	11	-	-	-	-
Monticello	353	-	1 500*	-	18	-	80*	-	144	-
	6 234	5 845	11 503	10 373	38	40	401	338	199	208

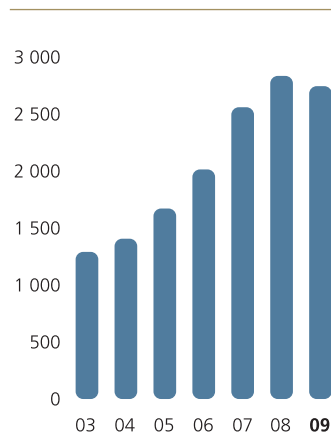
\* Not weighted, opened during the year in October 2008.

CHIEF FINANCIAL OFFICER'S REVIEW CONTINUED

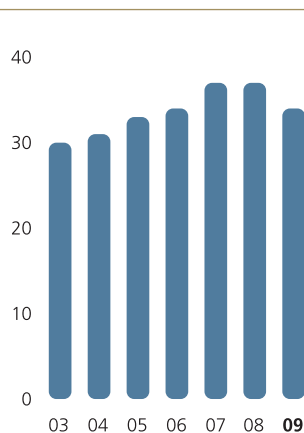
Gaming taxes by province and country

	Gross revenue Rm	Gaming levy/tax	VAT	Effective gaming taxes
Western Cape	Up to 14.2	6%	14%	17.5%
	14.2 to 28.4	8.5%	14%	19.7%
	28.4 to 42.6	11%	14%	21.9%
	42.6 to 56.8	13%	14%	23.7%
	56.8 to 71.0	15%	14%	25.4%
	71.0 plus	17%	14%	27.2%
KwaZulu-Natal	Up to 30	9%	14%	20.2%
	30 plus	12%	14%	22.8%
	Local Government levy on slots revenue	0.5%		
Gauteng		9%	14%	20.2%
Northern Cape		8%	14%	19.3%
Eastern Cape	Up to 4	3%	14%	14.9%
	4 to 8	5%	14%	16.7%
	8 plus	10%	14%	21.1%
Northern province		5.26%	14%	16.9%
Free State		7%	14%	18.4%
Mpumalanga		5.7%	14%	17.3%
North West province	Up to 4	3%	14%	14.9%
	4 to 8	5%	14%	16.7%
	8 to 12	7%	14%	18.4%
	12 plus	9%	14%	20.2%
Swaziland		4.5%	n/a	4.5%
Botswana		10.0%	10%	19%
Namibia		5.0%	15%	17.4%
Lesotho		15%	n/a	15%
Nigeria		3%	n/a	3%
Chile		20%	19%	32.8%

EBITDA (Rm)



EBITDA MARGIN (%)





## OPERATING UNIT REVIEW

Rm	Revenue		EBITDA		Operating profit	
	2009	2008	2009	2008	2009	2008
GrandWest	1 642	1 756	675	734	535	591
Sun City	1 146	1 147	207	223	95	115
Carnival City	997	954	351	329	267	252
Sibaya	810	782	295	294	233	224
Boardwalk	418	451	172	185	142	156
Carousel	308	318	81	91	52	66
Wild Coast Sun	302	299	56	62	41	47
Morula	250	243	56	55	33	31
Meropa	227	215	93	86	78	69
Zambia	217	208	55	63	34	45
Windmill	204	198	84	80	63	62
Table Bay	199	197	65	69	33	36
Botswana	181	151	68	51	55	39
Swaziland	177	157	23	21	15	12
Flamingo	129	127	42	44	32	33
Namibia	128	120	36	33	22	18
Golden Valley	109	87	34	24	14	10
Lesotho	98	97	15	16	11	12
Existing operations	7 542	7 507	2 408	2 460	1 755	1 818
Monticello	397	-	(22)	-	(81)	-
	7 939	7 507	2 386	2 460	1 674	1 818
Management activities	664	659	382	380	381	371
Central office and other	47	65	(22)	(4)	(149)	(23)
Eliminations	(609)	(613)	-	-	-	-
Other income					47	13
Other expenses					(58)	(229)
	8 041	7 618	2 746	2 836	1 895	1 950
Promotional allowances	(126)	(117)	-	-	-	-
	7 915	7 501	2 746	2 836	1 895	1 950

### Gaming

GrandWest and Boardwalk experienced challenging trading conditions in their local markets. Cost containments have been particularly focused at these operations which reduced the impacts on margins.

GrandWest revenue at R1 642 million and EBITDA at R675 million were 7% and 8% below last year respectively with the EBITDA margin declining marginally by 0.7 percentage points to 41.1%. GrandWest's contribution to group revenue declined three percentage points to 20% while the EBITDA contribution declined by only one percentage point to 25%.

Boardwalk experienced a decline in revenues and EBITDA of 7% to R418 million and R172 million respectively, resulting in an unchanged EBITDA margin of 41.1%.

Carnival City achieved revenue of R997 million, an increase of 5% over last year. EBITDA grew by 7% to R351 million with a 0.7 percentage point increase in margin to 35.2%.

Sibaya revenue increased 4% to R810 million while EBITDA of R295 million remained in line with last year. The EBITDA margin of 36.4% was 1.2 percentage points below last year.

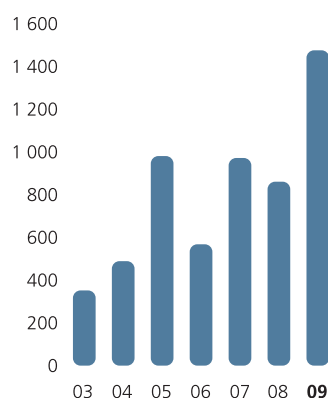
### Hotels and Resorts

Sun City's room occupancy was 74% (84%) while the average room rate was 7% ahead at R1 243. EBITDA at R207 million was 7% below last year as a result of the lower occupancies.

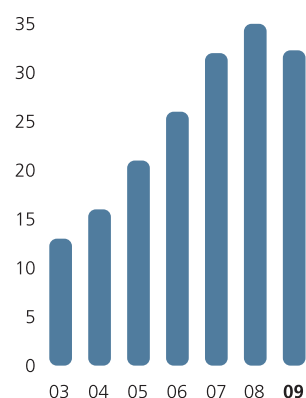
The Table Bay achieved an occupancy of 67% (74%), with an average room rate of R1 930, an 11% improvement on last year. EBITDA declined by 6% to R65 million due primarily to higher operating costs that were significantly impacted by higher property taxes.

The Royal Livingstone and Zambezi Sun achieved an aggregate occupancy of 60% (76%) at an average room rate of US\$215, 21% ahead of last year. Revenue in Rands at R217 million improved by 4% on last year.

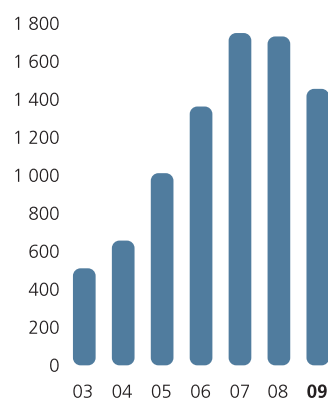
**CAPITAL EXPENDITURE (Rm)**



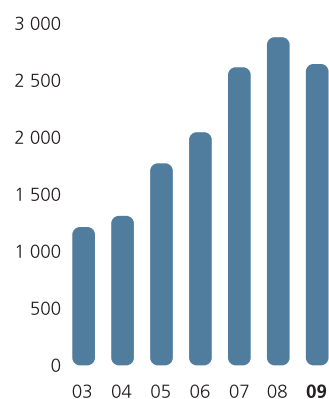
**RETURN ON NET ASSETS (%)**



**PROFIT BEFORE TAX (Rm)**



**CASH GENERATED BY OPERATIONS (Rm)**



Botswana achieved excellent growth with revenue increasing by 20% to R181 million and EBITDA by 33% to R68 million. Contributing to this growth was the disruption caused by the refurbishment of a competitor's property, the group's tiered rate strategy, and strong corporate business.

**MANAGEMENT ACTIVITIES**

Management fees and related income grew by 1% to R664 million reflecting the difficult trading conditions. EBITDA of R382 million was in line with the previous year. Expenditure on new project investigations declined from R28 million in the prior year to R10 million.

**ACCOUNTING POLICIES**

The International Accounting Standards Board continues to revise accounting standards with the intention of improving existing IFRS. The accounting policies applied to the consolidated financial statements are consistent with those as set out in the annual financial

statements for the year ended 30 June 2008, other than as described below.

The group has adopted hedge accounting as prescribed by IAS 39 – Financial Instruments whereby changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity. The ineffective portion is recognised immediately in the income statement. The effective portion of the gain or loss on the hedging instrument recognised in equity is subsequently removed and included in the income statement in the same period during which the hedged item affects profit.

The group has historically reflected revenues for complimentary rooms, food and beverage provided to customers at the internal 'selling' price with an equal amount reflected in marketing and promotional costs. In line with the requirements of IAS 18 – Revenue, the group has decided to disclose these expenses as a deduction from revenue and comparative results have accordingly been restated.



Flamingo



Carousel

In preparing the group's results the assumption was made that Boardwalk would be successful with its bid for the renewal of its casino licence that expires in October 2010. The assumption was vindicated on 16 September 2009 when the ECGBB named Boardwalk as the preferred bidder for the new casino licence to be issued in the Port Elizabeth-centred Zone 1 of the province.

There are a number of new standards and interpretations that have been released and are not yet effective. Management has conducted a thorough review of all

these standards, none of which are expected to have a material impact on the group. These new standards and interpretations are dealt with more fully on pages 96 and 97.

## RETURNS

The calculation of return to equity shareholders is of limited relevance due to the significant reduction in shareholder funds resulting from cancelling the shares acquired through the 2008 buy back and recognising the

**BALANCE SHEET****Ordinary shareholders' funds**

treasury shares acquired in equity. This set off against equity is reflected in the NAV per share which reduced to R1.35 at 30 June 2008. The NAV per share increased to R6.20 at 30 June 2009.

Ordinary shareholders' equity increased by R450 million. The significant movements are summarised in the table below:

	<b>Rm</b>
<b>Share capital, treasury shares and treasury options</b>	<b>253</b>
Share issues following the exercise of treasury share options	340
Shares sold by Dinokana (effectively a sale of treasury shares)	12
Shares acquired for RSP awards – deemed treasury shares	(78)
Treasury share options acquired on exercising of options by participants	(21)
<b>Distributable and other reserves</b>	<b>197</b>
Share based payment expense	28
Realisation of FCTR	(64)
FCTR loss for the year	(21)
Premium paid on acquisition of minorities' interests	52
Profit on sale of shares to minorities	(26)
Treasury shares disposed	5
Fair value adjustment on available-for-sale investment	4
Net loss on cash flow hedges	(87)
Transfer of hedging reserve to income statement	32
Profit attributable to ordinary shareholders	501
Ordinary shareholders' dividends	(227)
	<b>450</b>

The number of shares in issue and used for calculation of earnings per share is summarised in the table below:

	Number of shares (000's)		
	In issue*	Weighted headline EPS	Weighted adjusted headline EPS
Shares in issue at 30 June 2008	105 495	105 495	105 495
Options exercised	4 336	939	939
Treasury shares – held by subsidiary	109 831	106 434	106 434
– deemed treasury share purchase (RSP)	(10 550)	(10 550)	(10 550)
– held by Employee Share Trusts		(460)	
– deemed treasury shares disposed		(6 706)	
		(226)	
<b>Number of shares at 30 June 2009</b>	<b>99 281</b>	<b>88 492</b>	<b>95 884</b>
Dilutive share options		1 227	1 227
<b>Number of shares for dilutive calculation at 30 June 2009</b>	<b>99 281</b>	<b>89 719</b>	<b>97 111</b>

\* The shares held by the Employee Share Trusts are not deducted from the number of issued shares as the group does not receive the economic benefits of these trusts.



## CAPITAL EXPENDITURE

Capital expenditure incurred during the year:

	Rm
<b>Expansionary</b>	
Monticello	969*
Carnival City parkade	15
	<b>984</b>
<b>Refurbishment</b>	
Sun City Main Hotel	54
Lesotho Sun	9
	<b>63</b>
<b>Other ongoing asset replacement</b>	429
<b>Total capital expenditure</b>	<b>1 476</b>

\* This represents the capital expenditure post 20 August 2008, while R893 million was taken on to the balance sheet on consolidation of Monticello (refer to page 122, note 26.6).

## CAPITAL COMMITMENTS

Capital commitments at 30 June 2009 totalled R2 535 million as follows:

	Rm
<b>International expansionary projects</b>	
Chile	217
Nigeria	152
	<b>369</b>
<b>South Africa expansionary projects</b>	
Boardwalk	1 000
Sibaya	19
Windmill	30
	<b>1 049</b>
<b>Major upgrades and refurbishments of properties</b>	
Carousel	11
Carnival City	19
Sun City	53
Kalahari	46
Lesotho	130
Wild Coast Sun	340
	<b>599</b>
<b>Ongoing asset replacement and minor refurbishments</b>	
Casino equipment replacement	208
IT equipment	72
Other	238
	<b>518</b>
<b>Total capital commitments</b>	<b>2 535</b>

Expansionary projects include the authorised Boardwalk bid commitment of R1 billion which includes plans for a five star hotel and conference centre, expanded gaming facilities and covered parking.

Major upgrades and refurbishments include the Wild Coast Sun's bid commitment of R340 million and the R140 million comprehensive refurbishment of the Lesotho Sun. The Wild Coast Sun R340 million will be spent on refurbishing of the existing 246 bedrooms, converting the existing 50 Vacation Club units into a further 150 bedrooms, upgrading the convention centre, refurbishing the entertainment areas and adding a water park. The upgrade of the casino will commence immediately and construction of the refurbishment will commence January 2010. Completion is expected in the first half of the 2012 calendar year. The comprehensive refurbishment of the Lesotho Sun hotel, casino and conference facility which commenced in May 2009, has an anticipated completion date of November 2009.

The remaining expenditure committed relates mainly to the replacement of operating assets and slot machines, IT equipment and software, and minor refurbishments. Funding of capital expenditure will be sourced from both existing and new loan facilities as well as internally generated funds.

## BORROWINGS

The group's borrowings have increased since June 2008 by R0.4 billion to R6.5 billion due to the consolidation of SFIR from 20 August 2008 and further capital expenditure on this project, partially offset by reduced gearing at various units and the central office.

The SFIR interest is net of R81 million in borrowing costs which have been capitalised to the project.

With the exception of the SFIR funding all debt is denominated in Rand. The SFIR's debt is denominated in US Dollars (US\$120 million), however, the debt has been fully hedged to Chilean Pesos at a rate of CLP543:US\$1. As a result of hedge accounting, the debt in the balance sheet is disclosed as the Rand equivalent of the US Dollar balance and the mark-to-market on the Peso/US Dollar hedge is disclosed as a hedge asset or liability.

Borrowing facilities of the group total R7.8 billion of which R6.5 billion was utilised at 30 June 2009. The existing facilities and cash flows from operations are in excess of our funding requirement for ongoing commitments.

## Borrowings

Rm	30 June 2009		30 June 2008	
	Debt	Interest paid	Debt	Interest paid
SFIR	912	51	–	–
SunWest	771	101	950	91
Afrisun KZN	457	55	447	49
Afrisun Gauteng	522	64	454	44
Worcester	211	27	200	21
Meropa	117	15	117	12
Emfuleni	97	13	119	14
Mangaung	73	7	10	2
Teemane	69	9	69	7
Central office	3 009	343	3 484	331
	<b>6 238</b>	<b>685</b>	5 850	571
Employee Share Trusts	269	34	248	30
	<b>6 507</b>	<b>719</b>	6 098	601

## Interest rate hedging

In managing the group's exposure to interest rate risk the group entered into hedges during the year. The table below summarises the interest rate hedges and the effective rates:

Company	Period of hedge	Debt on which interest rate hedged	Effective hedge rate
SFIR	Sep 08 – 31 Dec 09	US\$120 million	10.93%
SISA – Preference shares	2 Oct 08 – 1 Sep 10	R464 million	9.22%
SIL – Preference shares	2 Oct 08 – 30 Sep 10	R925 million	9.71%

As a result of the adoption of hedge accounting, the interest rate on the above debt is effectively recorded in the income statement at the fixed rate and the mark-to-market hedge loss is reflected in the hedge reserve.

At the expiry of the SFIR hedge, the interest rate is floating at 3.43% above the Camara which is currently approximately 0.5%. The SISA and SIL preference shares will revert back to floating rates of 63% and 67% of prime respectively at the expiry of the hedge.

As at 30 June 2009, interest rates on 45% (2008: 11%) of the group's borrowings were fixed. 67% (2008: 92%) of these rates were fixed for periods longer than 12 months.

## Debt covenants and gearing capacity

The group's preference share funding has the following principal debt covenants:

- \* EBITDA to interest of 3 times
- \* Debt to EBITDA of 3 times

The calculation of the covenants and the resultant group debt capacity for the year ended 30 June 2009 are set out below:

EBITDA	(Rm)	2 746
Interest expense	(Rm)	685
Debt	(Rm)	6 238
EBITDA to interest	(times)	4.0
Debt to EBITDA	(times)	2.3
Additional debt capacity (at 3 times EBITDA)	(Rm)	2 000

Excluding the consolidation of the Employee Share Trusts, which are excluded in terms of the covenants agreed to, interest bearing debt to EBITDA increased from 2.1 to 2.3 and EBITDA to interest decreased from 5.0 to 4.0 times at 30 June 2009. The group is operating comfortably within its covenants and still has capacity to raise the funding required for the Boardwalk and Wild Coast Sun project commitments and the group's Nigeria investment.





### CASH FLOW

Cash generated by operations decreased by 8% to R2 645 million. The net cash retained from operations after the reduced dividend, tax and interest payments was R56 million short of that required to fund the group's remaining investing activities and outflow from financing activities and as a result cash on hand decreased.

Set out below is the free cash flow generated by the group.

Free cash flow at R825 million was 9% down on last year primarily due to the weaker trading and higher interest charge partly offset by lower expenditure on replacement capex. Cash of R266 million was retained in the business to fund expansion projects.

### DIVIDENDS

In light of the funding requirements of Monticello, the prevailing economic conditions and the requirements to fund the group's casino licence commitments for the Wild Coast Sun and Boardwalk and the Nigeria investment, the board has resolved to preserve cash flows and not to declare dividends for the 2009 financial year.

Rm	2009	%	2008
Cash retained from operating activities	2 002		2 089
Interest paid	(685)		(571)
Replacement of PPE	(492)		(607)
Free cash flow	825	(9%)	911
Dividends paid			
Minorities	(332)		(387)
Shareholders	(227)		(292)
Share premium distributions to minorities	-		(88)
Cash available for expansion	266		144

The board will consider future dividends based on the group's funding requirements and the trading and funding conditions prevailing at the time.

### CORPORATE FINANCE ACTIVITIES

The following transactions took place in the financial year:

#### Acquisition of additional shares in RAH

During the year, the group purchased a further 2.6 million shares in RAH for a purchase consideration of R4 million increasing its interest in RAH from 65.7% to 66.4%.

#### Consolidation of interest in SFIR

SFIR is the company that owns the Monticello operations. Sun International has been responsible for the development and commissioning of the Monticello Casino and Entertainment World and on 20 August 2008 the company acquired an effective 40% interest in SFIR by contributing equity of US\$38.5 million. On the opening of the casino on 8 October 2008, Sun International contributed a further amount of US\$6 million. The loan from the group to SFIR, which at 30 June 2008 was US\$54 million, has been fully repaid out of the proceeds of eight-year bank funding raised by SFIR in the amount of US\$120 million. With the group's 40% shareholding and the control exercised through the management contract, Sun International has effective control over the company and as a result SFIR has been consolidated.

The overall projected capital expenditure is now estimated at US\$247 million. The project originally assumed a significant amount of the overall required funding would be sourced out of cash flows from operations and further debt facilities, however, due to the slow start to trading, the increased capital expenditures and the difficult debt markets, shareholders contributed a further US\$76 million in equity and US\$14 million in loans during the year. Sun International contributed US\$36 million of the additional equity and US\$7 million of the loans. Minority shareholders have been granted an option to take up their portion of this equity by 31 May 2010. The loans will be repaid out of proceeds to be received from the minority shareholders or will be converted to equity if the minorities do not take up their equity, in which case the group's interest in Monticello will increase from 40% to 44%.

### POST BALANCE SHEET EVENTS

#### Acquisition of an interest in TCN

The process of acquiring a 49.5% interest in TCN which owns and operates the Federal Palace Towers hotel and the Federal Palace hotel on Victoria Island, Lagos is under way, with the group having subscribed for the first tranche of equity for US\$12 million in August 2009 thereby giving the group a 29.4% interest in TCN. It is expected that this process will be completed before the end of the calendar year. On completion, the group will have invested US\$28 million in equity and advanced a loan to TCN of US\$15 million. As at 30 June 2009, the group had already advanced the loan of US\$18.6 million to TCN, US\$3.6 million of which will be repaid out of the

share capital raised, resulting in the group advancing the further US\$24.4 million cash required.

#### Restructure of SFIR debt facilities

As a result of the slow start to trading at Monticello and the hardening of debt capital markets, the group has agreed to a restructure of the project's long term loan. In terms of the restructure SFIR shareholders will contribute an additional US\$50 million in December 2009 which will be used to redeem a portion of the long term debt. The restructuring includes the cancellation of SIL support and the requirement to fund a debt service reserve. The term of the debt has been extended by one year and capital repayments will only commence on 31 December 2010. In the interim period, Monticello is required to apply any excess cash flow after all debt service requirements and making provision for its cash flow needs, to early redeem debt up to an amount of approximately US\$8 million. The remaining debt terms are unchanged and there is no further recourse to SIL.

#### Boardwalk licence

The Boardwalk's casino licence in Port Elizabeth expires in October 2010. A bid for a new fifteen year casino licence was submitted on 30 January 2009 and on 16 September 2009 Boardwalk was announced as the preferred bidder.

Per the licence application, SISA has agreed to dispose of a 15% interest in Emfuleni to a local BEE trust and to provide the trust with preference share funding. In addition, Afrisun Leisure will dispose of 14.3% of its current shareholding in Zonwabise in order to further increase the local BEE participation in Emfuleni. Following the above two disposals which will be based on a DCF valuation of Emfuleni, the group's effective interest in Emfuleni will decrease from 78% to 62%.

### BLACK ECONOMIC EMPOWERMENT

#### BEE partner share options

In terms of the various casino licence bid undertakings, the group had granted share options over the respective casino company shares to its empowerment partners. The options enable the empowerment partners to increase their economic interest in the appropriate company after the initial capital subscription. The table below sets out the group's economic interest and amount of that interest that is still subject to dilution:

	% Economic interest	% Under option
Teemane	75.1	27.8
Mangaung	70.0	9.0

#### Dinokana shareholding in Sun International

As at 30 June 2008, Dinokana held an interest of 9.3% in Sun International which was funded through a combination of preference shares and a bridge facility. As a result of Sun International not paying dividends for 2009, Dinokana was unable to service the preference share



dividends and reached the maximum allowed dividend roll up in terms of the preference share funding. At the same time, the Sun International share price dropped and Dinokana temporarily breached its debt covenants. Nedbank has requested Dinokana to reduce its debt which will be achieved by selling a portion of its shareholding. Even though this debt does not have recourse for SIL, Sun International has agreed to provide Nedbank with a R60 million guarantee to support Dinokana's obligations to Nedbank subject to shareholder consent. The rationale

for this support is that it is vital for the group to retain its group BEE credentials and the company has recommended that shareholders support the proposed assistance to Dinokana.

At 30 June 2009, Dinokana had sold 459 570 of its Sun International shares and has post year end sold 1 201 296 shares reducing its effective interest in Sun International to 7.2%.

Company	Empowerment partner		% holding
Sun International Limited*	* SIEST	Sun International Employee Share Trust	9.5
	* SIBEMT	Trust formed for the benefit of Sun International senior black managers	0.7
	* Dinokana (excluding SIEST)	Broad-based North West province BEE grouping led by Lereko	6.2
<b>Subsidiaries</b>			
SunWest	* GPI	Broad-based Western Cape empowerment grouping	29.2
	* GPI (through RAH)		4.3
	* SIEST		3.3
	* Other PDI minorities		0.2
Afrisun Gauteng	* Afrisun East Rand Community Trust	Trust formed for the benefit of the local community	3.4
	* SIEST		3.5
	* GPI (through RAH)		6.6
Afrisun KZN	* Dolcoast	Broad-based KwaZulu-Natal BEE grouping	22.4
	* Afrisun KZN Community Development Trust		5.6
	* SIEST	Trust formed for the benefit of the local community	3.5
	* GPI (through RAH)		4.2
	* Other PDI minorities		0.6
Emfuleni	* Zonwabise	Broad-based Eastern Cape empowerment grouping	20.3
	* SIEST		3.5
	* GPI (through RAH)		2.5
Meropa	* Domba	Polokwane based BEE grouping	28.9
	* SIEST		3.5
Teemane	* Meriting	Northern Cape based BEE grouping	21.4
	* SIEST		3.5
Mangaung	* Etapele	Free State based BEE grouping	15.4
	* Thabo Community Development Trust		11.1
	* SIEST	Trust formed for the benefit of the communities in the Thaba'Nchu and Botshabelo areas effected after transfer of the Thaba'Nchu casino licence to Bloemfontein	3.5
Transkei	* Mbizana Community Development Trust	Trust formed for the benefit of the Mbizana community	30.0
Worcester	* GPI	Trust established for the benefit of the Breede River Valley community	36.7
	* GPI (through RAH)		2.3
	* Breede River Valley Community Trust		3.9
	* SIEST		3.5

\* The empowerment shareholding in Sun International has been calculated, excluding mandated investments in terms of the BEE Codes.

The group's overall BEE shareholding has been estimated at 41%. The BEE ownership of the Sun International group is calculated by adding the BEE ownership of the underlying South African subsidiaries of the group and the BEE ownership directly in Sun International Limited,

which is then divided by the aggregate value of all of the group's South African operations. The direct BEE ownership in Sun International includes the exclusion of the 40% mandated investments allowable in terms of the BEE Codes.

## SEVEN YEAR REVIEW

	Group						
	2009	2008	2007	2006	2005	2004	2003
<b>CONSOLIDATED INCOME STATEMENTS (Rm)</b>							
<b>Revenue</b>	<b>8 041</b>	7 618	6 937	5 949	5 139	4 476	4 214
<b>EBITDA</b>	<b>2 746</b>	2 836	2 561	2 015	1 672	1 407	1 283
Depreciation and amortisation	<b>(658)</b>	(568)	(518)	(473)	(439)	(430)	(424)
Property and equipment rental	<b>(74)</b>	(102)	(74)	(62)	(71)	(81)	(86)
<b>Operating profit</b>	<b>2 014</b>	2 166	1 969	1 480	1 162	896	773
Foreign exchange profits/(losses)	<b>34</b>	58	(8)	41	18	(21)	(18)
Interest income	<b>93</b>	79	77	74	73	59	53
Interest expense	<b>(685)</b>	(571)	(288)	(232)	(241)	(277)	(297)
<b>Profit before tax</b>	<b>1 456</b>	1 732	1 750	1 363	1 012	657	511
Tax	<b>(619)</b>	(714)	(654)	(502)	(379)	(235)	(202)
<b>Profit after tax</b>	<b>837</b>	1 018	1 096	861	633	422	309
Minorities' interests	<b>(237)</b>	(298)	(282)	(259)	(202)	(192)	(147)
<b>Adjusted headline earnings</b>	<b>600</b>	720	814	602	431	230	162

*Notes:*

- All adjusted headline earnings adjustments have been included to provide a more meaningful comparison of historical operating performance.
- The 2003 and 2004 depreciation and amortisation charges have not been restated for the change in IAS 16.
- The above figures have been restated where necessary to take account of changes in accounting policies to provide a meaningful comparison of performance over the seven years.



	Group						
	2009	2008	2007	2006	2005	2004	2003
<b>CONSOLIDATED BALANCE SHEET (Rm)</b>							
<b>ASSETS</b>							
<b>Non current assets</b>							
Property, plant and equipment	7 878	6 229	5 883	5 407	5 265	4 777	4 595
Intangible assets	382	308	361	395	433	479	517
Investments, loans and other	213	173	238	460	631	614	774
	<b>8 473</b>	<b>6 710</b>	<b>6 482</b>	<b>6 262</b>	<b>6 329</b>	<b>5 870</b>	<b>5 886</b>
<b>Current assets</b>							
Inventory	47	41	32	35	31	30	36
Accounts and loans receivable	673	1 031	367	304	322	320	450
Non current assets held for sale	-	-	164	-	-	-	-
Available-for-sale investment	-	-	-	183	287	390	364
Cash and cash equivalents	794	850	1 089	756	589	477	349
	<b>1 514</b>	<b>1 922</b>	<b>1 652</b>	<b>1 278</b>	<b>1 229</b>	<b>1 217</b>	<b>1 199</b>
<b>Total assets</b>	<b>9 987</b>	<b>8 632</b>	<b>8 134</b>	<b>7 540</b>	<b>7 558</b>	<b>7 087</b>	<b>7 085</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Capital and reserves</b>							
Ordinary shareholders' equity	569	119	2 348	3 083	3 151	2 290	2 264
Minorities' interests	1 020	546	642	742	693	1 454	1 600
	<b>1 589</b>	<b>665</b>	<b>2 990</b>	<b>3 825</b>	<b>3 844</b>	<b>3 744</b>	<b>3 864</b>
<b>Non current liabilities</b>							
Deferred tax	418	412	394	408	360	364	403
Borrowings	4 525	3 821	2 271	1 458	1 584	1 760	1 699
Other non current liabilities	190	162	139	125	90	40	40
Tax	43	48	-	-	-	-	-
	<b>5 176</b>	<b>4 443</b>	<b>2 804</b>	<b>1 991</b>	<b>2 034</b>	<b>2 164</b>	<b>2 142</b>
<b>Current liabilities</b>							
Accounts payable, accruals and provisions	1 166	1 136	922	734	736	661	731
Borrowings	1 982	2 277	1 275	868	747	341	296
Tax	74	111	143	122	197	177	52
	<b>3 222</b>	<b>3 524</b>	<b>2 340</b>	<b>1 724</b>	<b>1 680</b>	<b>1 179</b>	<b>1 079</b>
<b>Total liabilities</b>	<b>8 398</b>	<b>7 967</b>	<b>5 144</b>	<b>3 715</b>	<b>3 714</b>	<b>3 343</b>	<b>3 221</b>
<b>Total equity and liabilities</b>	<b>9 987</b>	<b>8 632</b>	<b>8 134</b>	<b>7 540</b>	<b>7 558</b>	<b>7 087</b>	<b>7 085</b>

Notes:

- The 2003 and 2004 property, plant and equipment balances have not been restated for the change in IAS 16.
- The remainder of the above figures have been restated where necessary to take account of changes in accounting policies to provide a meaningful comparison of performance over the seven years.

## SEVEN YEAR FINANCIAL REVIEW CONTINUED

	Group statistics							
	2009	2008	2007	2006	2005	2004	2003	
<b>ORDINARY SHARE PERFORMANCE</b>								
Shares in issue	000's	<b>99 281</b>	94 945	111 030	111 930	116 393	90 050	90 050
Diluted adjusted weighted average number of shares in issue	000's	<b>97 111</b>	97 470	113 242	111 556	106 080	82 233	91 761
Diluted adjusted headline earnings per share	cents	<b>618</b>	739	719	539	405	284	218
Dividends per share*	cents	–	480	400	290	200	125	75
Dividend cover	times	–	1.5	1.8	1.9	2.0	2.3	2.9
Dividend payout	%	–	65	56	54	49	44	34
Net asset value per share	Rand	<b>6.20</b>	1.35	22.45	27.55	27.08	25.42	25.14
Market capitalisation at 30 June	Rm	<b>7 579</b>	8 355	16 321	9 357	7 199	3 647	2 620
Market capitalisation/net asset value	times	<b>13.3</b>	70.2	7.0	3.0	2.3	1.6	1.2
<b>PROFITABILITY AND ASSET MANAGEMENT</b>								
EBITDA margin	%	<b>34</b>	37	37	34	33	31	30
Effective tax rate	%	<b>43</b>	41	37	37	37	36	40
Return on net assets	%	<b>29</b>	35	32	26	21	16	13
Return on total shareholders' funds	%	<b>74</b>	56	32	22	17	11	7
Return on equity shareholders' funds	%	<b>174</b>	58	30	19	16	10	6
<b>LIQUIDITY AND LEVERAGE</b>								
Cash generated by operations	Rm	<b>2 645</b>	2 880	2 616	2 046	1 773	1 312	1 214
Total shareholders' funds to total assets	%	<b>16</b>	8	37	51	51	55	56
Current ratio	:1	<b>0.5</b>	0.5	0.7	0.7	0.7	1.0	1.1
<b>LOAN COVENANTS</b>								
EBITDA to interest	times	<b>4.0</b>	5.0	8.9	8.7	6.9	5.1	4.3
Borrowings to EBITDA	times	<b>2.3</b>	2.1	1.3	1.2	1.4	1.5	1.6

\* Includes interim dividends paid and final dividends declared for the year.

Note: All ratios have been calculated, including adjusted headline earnings adjustments.

### Definitions

**EBITDA:** Earnings before interest, tax, depreciation and amortisation. EBITDA is stated before property and equipment rentals and items adjusted for adjusted headline earnings. Property and equipment rentals are considered to be a form of funding and are therefore categorised after EBITDA with depreciation and interest.

**EBITDA margin:** EBITDA expressed as a percentage of revenue.

**EBITDA to interest:** EBITDA divided by net interest.

**Effective tax rate:** Tax per the income statement expressed as a percentage of profit before tax.

**Adjusted headline earnings:** Adjusted headline earnings include adjustments made for certain items of income or expense. These adjustments include pre-opening expenses, earnings and results from discontinuing operations and material items considered to be outside of the normal operating activities of the group and/or of a non-recurring nature.

**Diluted adjusted headline earnings per share:** Diluted adjusted headline earnings attributable to ordinary shareholders divided by the diluted adjusted weighted average number of shares in issue during the year.

**Dividend cover:** Diluted adjusted headline earnings per share divided by dividends paid and declared per share for the year.

**Dividend payout:** Dividends paid and declared per share for the year divided by diluted adjusted headline earnings per share.

**Net assets:** Total assets less total liabilities.

**Net asset value per share:** Ordinary shareholders' equity divided by the number of ordinary shares in issue at the end of the year.

**Current ratio:** Current assets divided by current liabilities.

**Return on net assets:** The sum of operating profits and share of associate companies' profits expressed as a percentage of average net assets, excluding interest bearing liabilities.

**Return on shareholders' funds:** Profit after tax and share of associate companies' profits expressed as a percentage of average shareholders' funds.

**Return to equity shareholders:** Adjusted headline earnings attributable to ordinary shareholders expressed as a percentage of average ordinary shareholders' equity.



	Group statistics						
	2009	2008	2007	2006	2005	2004	2003

## STOCK EXCHANGE PERFORMANCE

Market price	Rand							
– at 30 June		<b>76.34</b>	88.00	147.00	83.60	61.85	40.50	29.10
– highest		<b>100.00</b>	165.00	166.00	101.01	69.00	43.00	32.00
– lowest		<b>58.22</b>	85.00	84.00	61.75	38.00	29.00	24.00
– weighted average		<b>81.81</b>	138.67	121.51	81.90	53.70	38.17	26.28
Sun International share price index	#	<b>262</b>	302	505	287	213	139	100
JSE consumer services index	#	<b>259</b>	310	407	276	220	146	100
Closing price earnings multiple	times	<b>12</b>	12	20	16	15	14	14
Closing dividend yield	%	<b>–</b>	5.5	2.7	3.5	3.2	3.1	2.6
Volume of shares traded	000	<b>47 451</b>	52 026	45 907	50 520	43 087	15 970	18 960
Volume of shares traded as a percentage of shares in issue	%	<b>48</b>	55	41	45	37	18	21
Value of shares traded	Rm	<b>3 882</b>	7 214	5 578	4 138	2 314	610	498
Number of transactions		<b>27 599</b>	37 586	17 014	11 913	7 073	2 180	1 767

## GROWTH

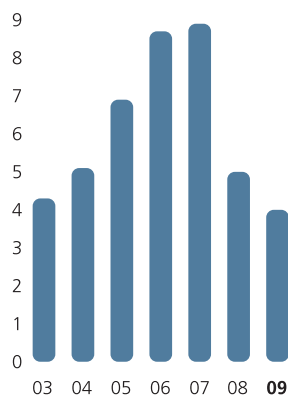
Reported growth per share	%							
– diluted adjusted headline earnings		<b>(16)</b>	3	33	33	43	30	125
– dividends		<b>–</b>	20	38	45	60	67	–
Real growth per share	%							
– diluted adjusted headline earnings		<b>(19)</b>	(8)	25	27	38	24	110
– dividends		<b>–</b>	8	30	39	55	59	–
Consumer price index	#	<b>140</b>	135	121	114	109	105	100

## EMPLOYEES

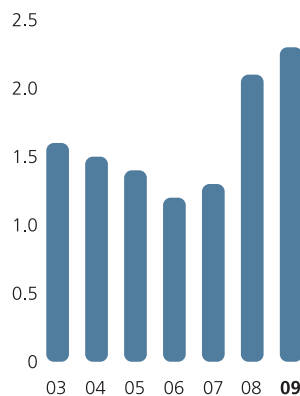
Number of permanent employees at 30 June		<b>10 005</b>	8 678	8 414	8 440	7 723	8 024	8 433
Average number of employees		<b>9 342</b>	8 546	8 427	8 082	7 874	8 229	8 610
Revenue per employee	R000	<b>861</b>	891	823	736	653	544	489
Wealth created per employee	R000	<b>594</b>	651	606	525	490	371	334

# Base for indices: 2003 = 100

## EBITDA TO INTEREST (times)

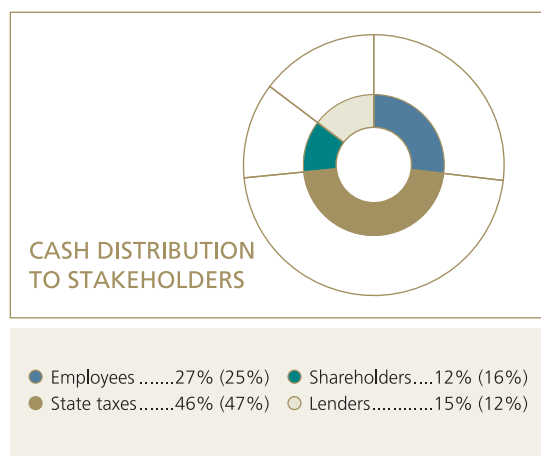


## BORROWINGS TO EBITDA (times)

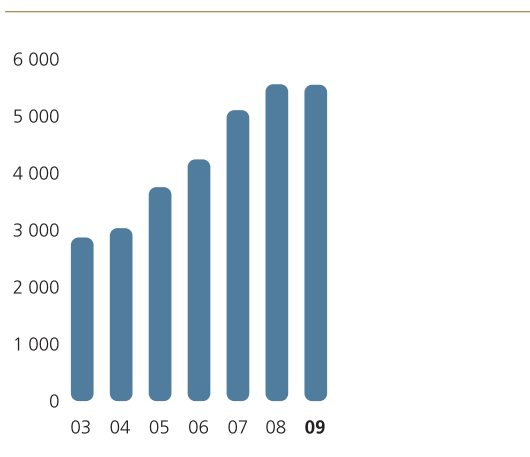


## VALUE ADDED STATEMENTS

	Group		
	2009 Rm	2008 Rm	Change %
<b>CASH GENERATED</b>			
Cash derived from revenue	8 108	7 535	
Income from investments	93	79	
Cash value generated	8 201	7 614	8
Paid to suppliers for materials and services	(2 627)	(2 044)	
Pre-opening expenses	(21)	(8)	
<b>Total cash value added</b>	<b>5 553</b>	<b>5 562</b>	<b>-</b>
<b>CASH DISTRIBUTED TO STAKEHOLDERS</b>			
Employees	(1 266)	(1 173)	8
Government taxes	(2 192)	(2 221)	(1)
Shareholders	(559)	(767)	(27)
Lenders	(692)	(580)	19
	<b>(4 709)</b>	<b>(4 741)</b>	<b>(1)</b>
<b>Cash retained in the business to fund replacement of assets, facilitate future growth and repay borrowings</b>	<b>844</b>	<b>821</b>	<b>3</b>
<b>RECONCILIATION WITH CASH GENERATION</b>			
Total cash value added (above)	5 553	5 562	
Pre-opening expenses	21	8	
Employee remuneration	(1 266)	(1 173)	
Employee tax	(217)	(194)	
Income from investments	(93)	(79)	
Levies and VAT on casino revenue	(1 353)	(1 244)	
<b>Cash generated by operations (per group cash flow statements)</b>	<b>2 645</b>	<b>2 880</b>	<b>(8)</b>
<b>GOVERNMENT TAXES SUMMARY</b>			
Income tax	(511)	(593)	
PAYE	(217)	(194)	
Levies and VAT on casino revenue	(1 353)	(1 244)	
STC	(100)	(118)	
Other taxes	(11)	(72)	
	<b>(2 192)</b>	<b>(2 221)</b>	<b>(1)</b>



**TOTAL CASH VALUE ADDED (Rm)**







Sun City



The Table Bay



Zambezi Sun

## CODE OF ETHICS

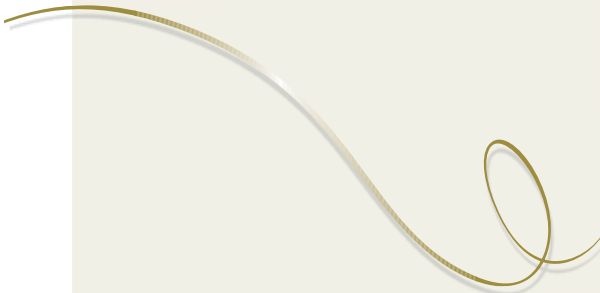
The group recognises the vested interest of all stakeholders in the manner in which its various businesses are conducted and is committed to ethical behaviour at all levels of the organisation. This code of ethics will assist in fulfilling our responsibility to all stakeholders.

**The group will act in a way that will earn it and its subsidiaries the reputation of being:**

- \* Committed to integrity and honesty in everything it does.
- \* Consistent in fulfilling its moral and legal obligations.
- \* Committed to sustainability and integrated social, environmental and economic performance.
- \* Supportive of loyalty and long-standing relationships.
- \* Protective of the quality of its services and products.
- \* Non-political and non-sectarian in all its activities.
- \* Committed to supporting responsible gambling.

**As regards its people resources, the group is committed to enlightened employment policies and practices whereby:**

- \* Discrimination and sexual harassment are not tolerated.
- \* Conflicts of interest are actively managed.
- \* Training and skills development is emphasised and encouraged.



## SHAREHOLDERS

Category	Number of shareholders	Number of shares owned	% of total issued shares
Size of shareholding			
1 – 1 000 shares	3 423	1 118 554	1.02
1 001 – 10 000 shares	960	2 895 408	2.64
10 001 – 100 000 shares	323	12 221 538	11.13
100 001 – 1 000 000 shares	136	36 800 923	33.50
1 000 001 shares and over	24	46 245 004	42.10
	4 866	99 281 427	90.39
Treasury shares	1	10 549 477	9.61
	<b>4 867</b>	<b>109 830 904</b>	<b>100.00</b>

Ten largest beneficial shareholders at 30 June 2009	Number of shares owned	% of total issued shares
Sun International Investments No. 2 (treasury shares)	10 549 477	9.61
SIEST	6 203 152*	5.65
Sanlam	5 593 149	5.09
Dinokana (excluding SIEST)	4 779 693	4.35
Old Mutual Group	4 790 722	4.36
State Street Bank & Trust Co (Custodian)	4 749 929	4.32
Investment Solutions	4 267 065	3.89
Transnet Pension Fund	2 381 915	2.17
Metropolitan	2 254 791	2.05
Investec	1 850 875	1.69
	<b>47 420 768</b>	<b>43.18</b>

\* Includes an effective interest in 3 605 733 shares held indirectly through Dinokana.

Top 10 fund managers	Number of shares	% of total issued shares
Allan Gray Asset Management	36 360 690	33.11
Investec Asset Management	8 629 096	7.86
Sanlam Investment Management	6 335 827	5.77
Regarding Capital Management	4 791 261	4.36
Old Mutual Investment Group	3 533 773	3.22
Metropolitan Asset Management	2 203 842	2.01
Foord Asset Management	1 817 752	1.65
Peregrine Asset Management	1 057 840	0.96
Dimensional Fund Managers	711 615	0.65
Afena Capital	536 839	0.49
	<b>65 978 535</b>	<b>60.08</b>

Shareholder spread (beneficial) at 30 June 2009	Number of shareholders	% of total issued shares
<b>Public</b>	<b>4 833</b>	<b>82.43</b>
<b>Non-public</b>		
Directors of the company and its subsidiaries	31	1.85
Employee Share Trusts	2	6.11
Own holdings – treasury shares	1	9.61
	<b>4 867</b>	<b>100.00</b>



## CORPORATE GOVERNANCE REPORT



### OUR COMMITMENT

The Sun International group remains committed to and endorses the application of the principles recommended in the King II Code of Corporate Practices and Conduct. The extent of the company's compliance with the King II Code and with the related Listings Requirements of the JSE, is dealt with under appropriate sections throughout this report.

The board welcomes the introduction of the King Code of Governance Principles (King III) that will become effective from 1 March 2010. The group will measure

itself against these principles, and existing governance practices are being reviewed to ensure responsible qualitative or alternative compliance that is in the group's best interests. In its approach, the board will remain mindful of its responsibility to and of the interdependency and interaction between the triple 'Ps' (People, Planet and Profits) as the foundation for sustainable value creation, ensuring an entrepreneurial culture that identifies and operates within acceptable risk levels at the same time progressing transformation at all levels.

The company received a merit award in the 2008 (JSE/ICSA) Annual Reports Award in the MidCap category and continued to be ranked highly amongst the JSE listed companies in the Financial Mail Top Empowerment survey by EmpowerDex.

## BOARD OF DIRECTORS

The board remains the focal point of the company's corporate governance system and is ultimately accountable and responsible for the key governance processes and the performance and affairs of the company.

### Board charter

The board adopted a charter in 2002 which regulates how business is to be conducted by the board in accordance with the principles of good corporate governance. The charter is reviewed and updated, where necessary, by the board on an annual basis. Compliance with the terms of the charter and the company's memorandum and articles of association form an integral part of each director's conditions of appointment.

#### The charter regulates and deals with, *inter alia*:

- \* board leadership, and defines the separate responsibilities of the chairman and the chief executive and the role of the lead independent director;
- \* board composition, procedures, pre-requisites and competencies for membership, size and composition of the board, period of office, reward, induction and succession planning;
- \* the role and responsibilities of the board, which includes the adoption of strategic plans, the monitoring of management's implementation of board plans and strategies, the delegation of powers and duties to management and the determination of policy processes to ensure the integrity of management and internal controls;
- \* board governance processes, including board procedures and matters requiring annual and regular review;
- \* board committees, including delegation of authority (but not responsibility) and the requirements for transparency and full disclosure by the committees;
- \* matters specifically reserved for the board of a financial, administrative and manpower nature;
- \* identification of major risks and the process of risk management and effectiveness of the process;
- \* procedures for board meetings, frequency, quorum, agendas, board papers, conflicts of interest and minutes;
- \* share dealings;
- \* board, committee and individual evaluations and performance; and
- \* the role and responsibility of the company secretary.

The charter stipulates that the operation of the board and the executive responsibility for the running of the

company's business should be two key and separate tasks and that there should be a clear division of responsibilities at the head of the company to ensure a balance of power and authority, ensuring that no individual or block of individuals has unfettered powers of decision making or can dominate the board's decision taking.

### Board chairman

The board was chaired by Mr Buddy Hawton, an independent non-executive director, until his retirement on 30 June 2009. Mr Valli Moosa, a non-executive director, was appointed board chairman on 1 July 2009. As Mr Moosa is not an independent director, the board has appointed Mr Nigel Matthews as lead independent director from the same date to provide leadership and advice to the board and the executive when the board chairman has a conflict of interest. The chairman of the board is responsible, *inter alia*, for ensuring the integrity and effectiveness of the board's governance processes, and in terms of the articles of association, is subject to annual election from amongst its members.

### Lead independent director (LID)

The board charter requires the appointment of a LID in the event that the board chairman does not meet the criteria for independence in terms of relevant legislation or Codes. The LID provides leadership assistance at any board, committee or shareholder meetings or in consultations with other directors or executives in circumstances where the board chairman is conflicted. The LID also leads and introduces discussion at board and committee meetings regarding the performance and evaluation of the board chairman, and is subject to annual election by the board, and holds office for as long as the board chairman does not meet the independence criteria.

### Board composition

Sun International has a unitary board structure comprising a mix of executive and non-executive directors. Procedures for appointment to the board are formal and transparent and a matter for the board as a whole. The board is assisted in this process by the nomination committee. In making their recommendations, the nomination committee applies the pre-requisites for board membership as set out in the board charter.

The board presently comprises two executive and nine non-executive directors, of whom six are considered independent in terms of the definitions contained in the Code. The non-executive directors have the necessary skills and experience, as is evidenced from their CVs on pages 78 and 79, to provide judgement independent of management on material board issues. The composition of the board appears on pages 78 and 79 of the annual report and changes in the directorate during the financial year and to the date of this report on page 88.

### Chief executive and delegation of authority

The board's governance and management functions are linked through the chief executive, who is tasked with the running of the business and the implementation of



the policies and strategies adopted by the board. All board authority conferred on management is delegated through the chief executive and the accountability of management is considered to be the authority and the accountability of the chief executive. Appropriate and uniform controls and processes are in place within the company and the group and are communicated to management to ensure the monitoring of the application of levels of authority throughout the group particularly in the areas of capital expenditure, contracts, procurement and human resources.

Board authority is delegated by way of written board resolutions. Levels of authority and materiality have been established and are reviewed annually by the board and the remuneration committee.

**The executive directors are individually mandated and held accountable for:**

- \* the implementation of the strategies and key policies determined by the board;
- \* managing and monitoring the business and affairs of the company in accordance with approved business plans and budgets;
- \* prioritising the allocation of capital and other resources; and
- \* establishing best management and operating practices.

**Succession planning**

Succession planning for the purposes of identifying, developing and advancing future leaders and executives of the group is an ongoing element of the board's responsibility which is carried out through the remuneration committee. Board and committee succession planning is carried out through the nomination committee.

**Board and committee evaluations**

The board evaluates its own performance, processes and procedures in terms of a self-evaluation process every two years, the last evaluation having been carried out in 2008. The nomination committee appraises the performance of the board chairman, the board, and each board member. The remuneration committee appraises the executive performance of the chief executive and his direct reports. The results of these appraisals are considered by the remuneration committee in the evaluation of and the determination of the remuneration of the chief executive and his direct reports, and in the recommendation of the fees payable to the non-executive directors. Board committees are also reviewed by way of self-evaluations every two years, the last evaluations having taken place in 2008. Action plans to improve outcomes, where necessary, or to implement suggestions for improvements made by the directors or committee members, are implemented in terms of best practice.

**Directors' period of office and retirement**

In terms of the company's articles, new directors may only hold office until the next annual general meeting at which they will be required to retire and offer themselves for re-election. Directors are subject to retirement by rotation at least once in every three years. The retirement age for an executive director is 60, and for a non-executive director, 70, subject to review at the discretion of the board on the recommendation of the nomination committee.

**Induction of directors**

On appointment all directors are provided with an induction programme and materials aimed at broadening their understanding of the group and the business environment and markets in which the group operates. This process is carried out over a period of time and includes the provision of background material, meetings with senior management and visits to the group's operations. The group secretary plays a role in the induction of new directors. All directors are expected to keep abreast of changes and trends in the business and in the group's environments and markets, including changes and trends in the economic, political, social and legal climate, and training initiatives to accelerate board competencies are recommended, where necessary.

**Access to company information and confidentiality**

Procedures are in place, through the board chairman and the company secretary, enabling the directors to have access, at reasonable times, to all relevant company information and to senior management, to assist them in the discharge of their duties and responsibilities and to enable them to take informed decisions. Directors are expected to strictly observe the provisions of the statutes applicable to the use and confidentiality of information.

**Independent professional advice and company secretary**

A procedure is in place for directors to take independent professional advice, for the furtherance of their duties, if necessary, at the company's expense, subject to prior notification to the board chairman or the company secretary.

The company secretary provides a central source of advice to the board on the requirements of the Code and corporate governance and, in addition to the company secretary's statutory and other duties, provides the board as a whole, directors individually, and the committees with guidance as to how their responsibilities should be discharged in the best interests of the company. The appointment and removal of the company secretary is a matter for the board as a whole.

**Directors' and officers' liability insurance**

Directors' and officers' liability insurance cover is in place.

**Conflicts of interest**

Directors are required to inform the board of any conflicts or potential conflicts of interest which they may have in

relation to particular items of business. Directors are required to recuse themselves from discussions or decisions on those matters where they have conflicts or potential conflicts of interest and the board may, if it deems appropriate, request a director to recuse himself/herself from the meeting for the duration of the matter under discussion.

### Board meetings

A minimum of four board meetings is scheduled per financial year to consider, deal with and review, *inter alia*, strategic and key issues, financial issues, quarterly operational performance, and any specific proposals for capital expenditure relative to the company and the group.

In addition, the board holds a strategy meeting with executive management on an annual basis to determine strategic direction and to consider plans proposed by management for the achievement thereof. Progress

against the strategic plan is monitored by the board on a quarterly basis.

Additional board meetings are convened on an ad hoc basis, if necessary, to deal with extraordinary issues of importance which may require urgent attention or decision.

Directors are required to use their best endeavours to attend board meetings and to prepare thoroughly therefor and are expected to participate fully, frankly and constructively in discussions and to bring the benefit of their particular knowledge and expertise to the board meetings.

Non-executive directors meet without executive directors present at the time of board meetings, as necessary.

Six board meetings were held during the 2009 financial year and a further one since then and to the date of this report. Details of attendance by each director are as follows:

	1 Jul 2008 (strategy)	28 Aug 2008 (quarterly)	25 Nov 2008 (quarterly)	26 Feb 2009 (quarterly)	28 May 2009 (quarterly)	30 Jun 2009 (strategy)	27 Aug 2009 (quarterly)
H Hawton**	√	√	√	√	√	X	n/a
MV Moosa	√	√	√	√	√	√	√
IN Matthews	√	√	√	√	√	√	√
DC Coutts-Trotter	√	√	√	√	√	√	√
H Adams***	*	n/a	n/a	n/a	n/a	n/a	n/a
RP Becker	√	√	√	√	√	√	√
PL Campher	√	√	√	√	√	√	√
MP Egan	√	X	√	√	√	√	√
NN Gwagwa	√	√	√	√	√	√	X
LM Mojela	X	√	√	√	√	X	√
DM Nurek	√	√	√	√	√	√	√
E Oblowitz	√	√	√	√	√	√	√
GR Rosenthal	√	√	√	√	√	√	√

√ present  
X apologies  
n/a not applicable

\* recused  
\*\* retired 30 June 2009  
\*\*\* resigned 26 August 2008

### BOARD COMMITTEES

The board is authorised to form committees to assist in the execution of its duties, powers and authorities. With effect from 1 July 2009, the (combined) remuneration and nomination committee was split into separate remuneration and nomination committees. Consequently, the board now has four standing committees, namely the nomination, audit, risk and remuneration committees. The terms of reference, and composition of the committees, are determined and approved by the board and have been adopted by all the committees. Terms of reference are reviewed and amendments approved by the board on an annual basis. The chairpersons of the committees report to the board on a quarterly basis in terms of their committees' respective terms of reference and copies of all committee minutes are circulated to the full board.

Various other committees are established throughout the group from time to time to, *inter alia*, oversee issues

of an operational, day-to-day management nature, including e-business and technology operational activity and governance.

### Nomination committee

#### Composition:

Messrs MV Moosa (chairman), PL Campher and IN Matthews.

As indicated earlier in this report, a separate nomination committee was established by the board on 1 July 2009. The committee comprises only non-executive directors, the majority of whom are independent, and it is a requirement that the board chairman and the LID should be members of this committee. As the committee chairman is not an independent director, the LID assists in situations where the committee chairman has a conflict of interest.



The nomination committee is required to review the composition of the board and board committees and to make recommendations to the board in this regard, including the appointment of new executive and non-executive directors, to ensure consideration is given to board and committee succession planning, and conduct regular evaluations of the board and board committees. With regard to the composition of the board, the nomination committee is required to ensure that its size, diversity and demographics makes it effective, and that it is structured to ensure a wide range of skills, views, knowledge and experience to meet the company's strategic objectives.

The nomination committee has adopted written terms of reference approved by the board that require the committee, *inter alia*, to:

- \* evaluate the performance of the board chairman, the board and each board member and to report on the outcome of these evaluations to the board and remuneration committee;
- \* nominate company trustee nominees to the group's pension, provident funds and sub-committees, and to the share incentive or Employee Share Trusts;
- \* consider and recommend to the board the retention or otherwise of non-executive directors after retirement age;
- \* recommend directors that are retiring by rotation, for re-election; and
- \* carry out the evaluation of its own performance and effectiveness every two years.

The chief executive attends all meetings of the committee by invitation, unless deemed inappropriate by the committee and no director is present at meetings of the committee when his/her own nomination or performance is discussed or considered. The chairman of the nomination committee or in his absence, the LID, or another member of the committee, is required to attend the annual general meeting to answer questions on the subject matter of the committee's mandate.

The nomination committee is required to meet formally at least twice a year. Two nomination committee meetings have been held subsequent to the end of the 2009 financial year and since the establishment of the committee, to the date of this report. Details of attendance by each member are as follows:

	31 Jul 2009	25 Aug 2009
MV Moosa	√	√
PL Campher	X	√
IN Matthews	√	√

√ present  
X apologies

The committee recommends the re-election of the retiring directors, Dr NN Gwagwa, Messrs MV Moosa, DM Nurek and GR Rosenthal, at the forthcoming annual general meeting.

### Audit committee

#### Composition:

Messrs GR Rosenthal (chairman), MP Egan, DM Nurek and E Oblowitz.

Messrs Rosenthal, Egan, Nurek and Oblowitz served as members of the audit committee during the financial year ended 30 June 2009 and have been re-elected by the board to serve on the committee for the financial year ending on 30 June 2010, again under the chairmanship of Mr GR Rosenthal. All members of the audit committee are independent non-executive directors and are financially literate.

The audit committee is primarily responsible for overseeing the company's financial reporting process on behalf of the board, and assists the board in discharging its fiduciary duties relating to the safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards.

#### The mandate of the audit committee includes:

- \* the nomination of the external auditors annually for appointment by shareholders, determination of fees and terms of engagement;
- \* the evaluation of the independence and effectiveness of the external auditors, consideration of nature and extent of non-audit services rendered by them to the group and the pre-approval of proposed contracts for such services in terms of the policy established by the committee;
- \* the review of the interim and preliminary reports and annual financial statements, including compliance with accounting standards and going concern statements, prior to submission to the board;
- \* the discussion of issues arising from external audit and review of the external auditors' interim and final reports;
- \* dealing with internal or external complaints relating to accounting practices, internal audit or to the content or auditing of the financial statements;
- \* the review and evaluation of the internal audit activities and plan, annual review of the internal audit mandate, ensuring adequate resourcing, ensuring co-ordination between internal and external audit, ensuring appropriate action by management in the event of major deficiencies or breakdowns in controls or procedures, and

considering the appointment of the head of internal audit;

- \* the consideration of major findings of internal investigations and management's responses;
- \* the monitoring of compliance with the group's code of conduct and significant breaches thereof;
- \* the review of the adequacy of the systems of internal control and any legal matters which could significantly impact on the group's financial statements;
- \* the review of compliance with the King Code and JSE Listings Requirements in so far as these relate to the financial statements;
- \* the consideration of the appropriateness of the expertise and experience of the chief financial officer; and
- \* the evaluation of its own performance and effectiveness every two years.

The committee also performs all the functions required to be performed by an audit committee, including as required by section 270A of the Companies Act and under section 270A(1) on behalf of all subsidiaries other than those whose boards have determined to appoint their own committees. In this connection the committee has:

- \* evaluated the independence and effectiveness of the external auditors, PricewaterhouseCoopers Inc, and is satisfied that the external auditors are independent of the company;
- \* considered and approved the audit fee payable to the external auditors in respect of the audit for the year ended 30 June 2009 ahead of the annual audit as well as their terms of engagement, taking into consideration factors such as the timing of the audit, the extent of work required and the scope of the audit;
- \* satisfied itself that the appointments of the external auditors, designated auditor, and the IFRS advisor,

comply with the Companies Act, the Auditing Profession Act and the JSE Listings Requirements;

- \* approved non-audit services provided by the external auditors and fees relative thereto in terms of a policy established in conjunction with the external auditors in terms of which the nature and extent of all non-audit services provided by the external auditors are reviewed and approved in advance, ensuring that the independence of the external auditors is not compromised; and
- \* nominated PricewaterhouseCoopers Inc as independent auditors to continue in office until the conclusion of the 2010 annual general meeting, noting that Mr DB von Hoesslin is the individual registered auditor and member of the foregoing firm who undertakes the audit.

The committee has considered and satisfied itself with the appropriateness of the experience and expertise of the chief financial officer, Mr RP Becker.

The committee is appointed by the board annually in advance prior to the end of each financial year. The chairman of the board, the chief executive, the chief financial officer and the director of internal audit attend audit committee meetings by invitation. Other board members also have right of attendance. The chairman of the audit committee, or in his absence another member of the committee nominated by him, attends the annual general meeting to answer questions falling under the mandate of the committee.

The audit committee meets separately with each of the external and the internal auditors without other board members or management present at least once a year.

The audit committee is required to meet at least four times a year. Four audit committee meetings were held during the 2009 financial year and a further two since then and to the date of this report. Details of attendance by each member are as follows:

	26 Aug 2008 (year end)	23 Sept 2008 (financial statements)	24 Feb 2009 (interim)	6 May 2009 (planning)	25 Aug 2009 (year end)	23 Sept 2009 (financial statements)
GR Rosenthal	✓	✓	✓	✓	✓	✓
MP Egan	✓	✓	✓	✓	✓	✓
DM Nurek	✓	✓	✓	✓	✓	✓
E Oblowitz	✓	✓	✓	✓	✓	✓

✓ *present*





Sun City



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The audit committee has adopted written terms of reference approved by the board and has satisfied its responsibilities in compliance therewith in all material respects during the financial year. Its terms of reference were reviewed and amended by the board during the year to ensure compliance with regulatory changes and best practice.

Although the board has formed a risk committee to assist with the discharge of its duties with regard to business

risk, the audit committee has an interest in risk management through its focus on internal controls. The audit committee is accordingly kept fully informed regarding the performance of risk management through the chairman of the risk committee, Mr DM Nurek, who is also a member of the audit committee and through the director of internal audit, Mr CS Benjamin, who also provides the audit committee with a report on the performance of risk management.

### Risk committee

#### Composition:

The committee is chaired by Mr DM Nurek, an independent non-executive director. Also represented on this committee are the chief executive, chief financial officer and group secretary, Messrs DC Coutts-Trotter and RP Becker, and Mrs SA Bailes, and three other non-executive directors, Dr NN Gwagwa, Messrs IN Matthews and GR Rosenthal, of whom two are independent.

The committee is operational in nature, accordingly other members comprise representatives from the group's management company, SIML, namely Mr HJ Brand (legal affairs director), Mr J Coetzee (director: gaming compliance and tables), Mr G Collins (director: gaming operations), Mr PR Hellings (finance director) (retired 30 June 2009), Mr TC Kaatze (divisional director: gaming north), Mr JA Lee (e-business & technology director and chief information officer), Mr AM Leeming (corporate finance director) (appointed on 27 August 2009), Ms KH Mazwai (group human resources director), Mr DR Mokhobo (new business development director), Mr S Montgomery (development director), Mr M Naidoo (divisional director: gaming south) (appointed on 28 May 2009), Mr KRE Peter (divisional director: resorts) and Mr DS Whitcher (director: gaming development and slots).

The risk committee is responsible for monitoring, developing and communicating the processes for managing risks across the group.

The committee assists the board in the discharge of its duties relating to corporate accountability and associated risk in terms of management, assurance and reporting. The board is responsible for monitoring and reviewing the risk management strategy of the company and the group, and the committee assists the board in fulfilling this responsibility.

An independent enterprise risk management specialist has continued to assist the committee since its inception in 2002 with the group's risk governance processes in accordance with the principles of King II and international best practice. The specialist attends meetings of the committee by invitation.

The committee has adopted a written mandate and terms of reference approved by the board, the terms of which are reviewed annually by the committee and the board. These were reviewed and amended during the year.

#### This mandate includes, *inter alia*:

- \* the review and assessment of the effectiveness of the risk management systems to ensure that risk policies and strategies are appropriately managed;
- \* the monitoring of external developments relating to corporate accountability, including emerging and prospective risks;

- \* the review of the risk philosophy of the group;
- \* the review of the adequacy of insurance coverage;
- \* the monitoring of the assurance processes of compliance against legislation impacting the group;
- \* the periodic review of risk assessments to determine material risks to the group and evaluating the strategy for managing those and the appropriateness of management's responses to those risks;
- \* ensuring and overseeing the preparation of a group risk register;
- \* advising the board on risk aspects (including its commentary on risk in the annual report); and
- \* the self-evaluation of the committee's performance as part of the board's evaluation process every two years.

The risk committee is required to meet no less than twice a year. Four meetings have been held during the financial year. Details of attendance by each member are as follows:

	1 Jul 2008	24 Feb 2009	6 May 2009	30 Jun 2009
DM Nurek	✓	✓	✓	✓
SA Bailes	✓	✓	✓	✓
RP Becker	✓	✓	✓	✓
HJ Brand	✓	✓	✓	✓
J Coetzee	X	✓	✓	✓
G Collins	✓	✓	✓	✓
DC Coutts-Trotter	✓	✓	✓	✓
NN Gwagwa	✓	✓	✓	✓
PR Hellings*	✓	✓	✓	X
TC Kaatze	✓	✓	✓	✓
JA Lee	✓	✓	✓	✓
AM Leeming**	n/a	n/a	n/a	†
IN Matthews	✓	✓	✓	✓
KH Mazwai	✓	✓	✓	✓
DR Mokhobo	✓	✓	✓	✓
S Montgomery	✓	✓	✓	✓
M Naidoo***	n/a	†	†	✓
KRE Peter	✓	✓	✓	✓
GR Rosenthal	✓	✓	✓	✓
DS Whitcher	✓	✓	✓	✓

✓ present

X apologies

n/a not applicable

† present by invitation

\* retired from the risk committee on 30 June 2009

\*\* appointed to the risk committee on 27 August 2009

\*\*\* appointed to the risk committee on 28 May 2009

The chairman of the risk committee is required to attend the annual general meeting to deal with enquiries relative to the committee's mandate.



## RISK MANAGEMENT, ACCOUNTABILITY AND AUDIT

### Risk management

The board has adopted the following risk management policy. Through a process of communication and application to all business units this policy has been successfully embedded throughout the group:

*'The directors of Sun International Limited have committed the company to a process of risk management that is aligned to the principles of the King II report. The features of this process are outlined in the company's risk policy framework. All group business units, divisions and processes are subject to the risk policy framework.*

*Effective risk management is imperative to a company with our risk profile. The realisation of our business strategy depends on us being able to take calculated risks in a way that does not jeopardise the direct interests of stakeholders. Sound management of risk enables us to anticipate and respond to changes in our business environment, as well as take informed decisions under conditions of uncertainty.*

*An enterprise-wide approach to risk management has been adopted by the company, which means that every key risk in each part of the group is included in a structured and systematic process of risk management. All key risks are managed within a unitary framework that is aligned to the company's corporate governance responsibilities.*

*Risk management processes are embedded in our business systems and processes, so that our responses to risk remain current and dynamic. All key risks associated with major change and significant actions by the company also fall within the processes of risk management. The nature of our risk profile demands that Sun International Limited adopts a prudent approach to corporate risk, and our decisions around risk tolerance and risk mitigation reflect this. Nonetheless, it is not the intention to slow down the group's growth with inappropriate bureaucracy. Controls and risk interventions are chosen on the basis that they increase the likelihood that we will fulfil our intentions to stakeholders.*

*Every employee has a part to play in this important endeavour and in achieving these aims.'*

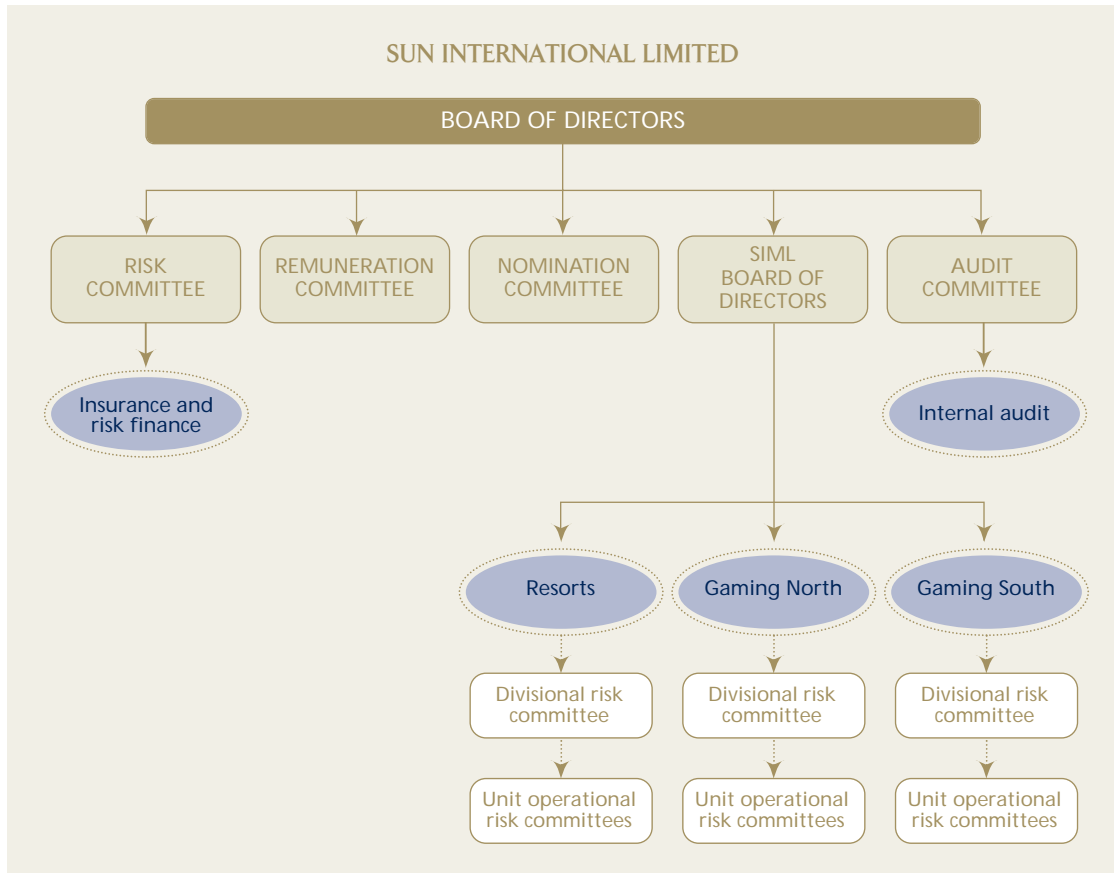
The group pursues strategies aimed at maximising long term shareholder value. The risks to which the group's existing businesses are exposed are continuously identified and mitigated in terms of a group process that allocates responsibility, determines the action to be taken and monitors compliance with that action. This involves managing existing businesses in a changing and challenging environment as well as pursuing new business opportunities locally and internationally. Any new business opportunity which exposes the group to risk results in a risk analysis being carried out by management as a pre-requisite to board consideration and approval. This ensures the overall level of risk is assessed in relation to the potential returns.

The board of directors is responsible for monitoring and reviewing the risk management strategy of the group and remains committed to the group's process of enterprise risk management. The group risk committee assists the board in fulfilling this responsibility and in the discharge of its duties relating to corporate accountability and associated risk in terms of management, assurance and reporting. The effectiveness, quality, integrity and reliability of the group's risk management processes have been delegated to the risk committee, whose primary objective is to monitor, develop and communicate the processes for managing risks across the group.

During the year, the company's risk register comprising the top 41 risks was updated and each risk reviewed, re-ranked and documented. The review process also explored the possibility of new risks having entered the risk environment, and these were defined and ranked in the same way as existing risks. The register continues to be updated on an annual basis, or as often as circumstances necessitate. Ownership of each risk remains the responsibility of assigned senior executives, who report on progress made with agreed action plans and existing internal controls. The top 20 risks are monitored by the SIML board on a quarterly basis. The SIML board submits a risk management report to the risk committee twice a year focusing on the top 20 risks. Each division drafts a risk management submission to the SIML board quarterly, focusing on the top 10 risks facing the division. Divisional risk management committees and operational risk management committees at each unit review their risks at their risk committee meetings once a quarter and minute the top 20 risks facing the operation and any risk developments and losses.

**Ownership of each risk remains the responsibility of assigned senior executives, who report on progress made with agreed action plans and existing internal controls.**

The following diagram sets out the group's risk management organisation:



The key risks that form the focus of this process at a strategic level include:

- \* the impact of potential anti-gaming sentiment;
- \* pressures for empowerment charters within the industry;
- \* risks associated with the potential non-renewal of gaming licences or exclusivity;
- \* the impact of potential increases in gaming taxes; and
- \* limited casino growth opportunities in South Africa and market maturity.

Each risk has been measured in terms of its potential impact upon income statement items and the group's balance sheet. The group's propensity for risk tolerance is used to guide decisions for risk mitigation. The process of enterprise risk management is therefore embedded at a strategic level and the process has been cascaded to the group's major subsidiaries.

The board has adopted and disseminated a risk policy framework outlining the group's framework and processes of risk management. These are based on the Institute of

Risk Management's Code of Practice for Enterprise Risk Management. The group has developed a good culture of managing risk, with a significant number of embedded processes, resources and structures in place to address risk management needs. These range from internal audit systems, insurance and risk finance, IT security, compliance processes, quality management and a range of other line management interventions. The risk policy framework provides an integrated framework through which the group's risk management efforts are maximised. All operations are required to follow the policy's directives in terms of risk assessment, risk monitoring and risk reporting.

At operational level, there are numerous risk management processes, including functions such as safety management, health and environment responsibilities, security, fire, defense, fraud detection, food hygiene controls and quality management. Each of these functions includes processes for the identification of risk, the implementation of risk mitigations, and compliance with relevant legislation. Risks are monitored and reported upon at quarterly management and divisional meetings. There is a comprehensive system of incident reporting that allows for exception reporting to executive management. The group's operational risk control functions have performed well.



The Palace of the Lost City



Boardwalk

The group's annual internal audit plan incorporates the outcomes of the enterprise risk management process and the top risks in the group have been incorporated into the internal audit plan and investigates the effectiveness of risk controls. These risks are addressed by the plan at least once a year. The director of internal audit attends risk committee and divisional and management meetings where risk is addressed in order to verify that the risk management process is appropriate. The internal audit function formally reviews the effectiveness of the group's risk management processes once a year and reports on

its findings to the risk committee and the audit committee. As such, internal audit provides a high profile risk management facilitation role, but without assuming responsibility for risk management which remains the responsibility of line management.

The board is satisfied with the process of identifying, monitoring and managing significant risks and internal controls and that appropriate systems are in place to manage the identified risks, measure the impact thereof and that these are proactively managed so that the company's assets and reputation are suitably protected.

## ACCOUNTABILITY AND AUDIT

### Internal audit

The internal audit department is designed to serve management and the board of directors through independent evaluations and examinations of the group's activities and resultant business risks, including gaming compliance and compliance with the Responsible Gambling Programme.

The purpose, authority and responsibility of the internal audit department is formally defined in an internal audit charter which is reviewed by the audit committee and approved by the board. This charter is reviewed on an annual basis.

The internal audit department is designed to respond to management's needs while maintaining an appropriate degree of independence to render impartial and unbiased judgements in performing its services. The scope of the internal audit function includes performing independent evaluations of the adequacy and effectiveness of group companies' controls, financial reporting mechanisms and records, information systems and operations, reporting on the adequacy of these controls and providing additional assurance regarding the safeguarding of assets and financial information. Internal audit is also responsible for monitoring and evaluating operating procedures and processes through, *inter alia*, gaming compliance, Responsible Gambling Programme compliance, operational safety and health and environmental audits. Risk assessment is co-ordinated with the board's assessment of risk through interaction between internal audit, the audit and risk committees which also minimises duplication of effort. The director of internal audit reports at all audit and risk committee meetings and has unrestricted access to the chairmen of

As a member of the CASA, Sun International remains in liaison with other member companies in the industry to ensure that industry-wide compliance with the legislated requirements are met and maintained.

the company and of the audit and risk committees. The appointment or dismissal of the director of internal audit is with the concurrence of the audit committee.

### External audit

The external auditors provide the board and the audit committee with their independent observations and suggestions on the group's internal controls, as well as suggestions for the improvement of the financial reporting and operations of the business.

The external auditors' audit approach is risk based, requiring them to continually identify and assess risks throughout the audit processes. The external auditors are reliant on the operating procedures and place emphasis on understanding how management obtains comfort that the business is generating reliable information and then evaluating and validating the basis of this comfort. This approach aligns the way they work closely with the organisational structures and risk management processes.

There is close co-operation between internal and external audit and reliance is placed, where possible, on the work of internal audit, therefore minimising the duplication of effort. The annual external audit plan is placed before the audit committee for review and approval. The individual registered auditor attends all shareholder meetings of the company.

### Internal control

The board of directors is responsible for the group's systems of internal control. These systems are designed to provide reasonable but not absolute assurance as to the integrity and reliability of the financial statements and to safeguard, verify and maintain accountability of its assets and to detect and minimise significant fraud, potential liability, loss and material misstatement while complying with applicable laws and regulations.

The controls throughout the group concentrate on critical risk areas. All controls relating to the critical risk areas in the casino and hotel control environments are closely monitored by the directors and subjected to internal audit reviews. Furthermore, assessments of the information technology environments are also performed.

Continual review and reporting structures enhance the control environments. Nothing has come to the attention of the directors to indicate that a material breakdown in the controls within the group has occurred during the year.

### Financial Intelligence Centre Act (FICA)

Money laundering remains a global problem. Due to the increasing sophistication of technical and electronic financial systems, opportunities for money laundering have increased as has the potential for undetected terrorist financing activities.

This has led to renewed attention by governments to put in place additional legislation to curb this. In terms of South African anti-money laundering and anti-terrorist financing legislation, being the FICA and the Protection of Constitutional Democracy against Terrorist and Related Activities Act (POCDATARA) the group has an obligation to assist the country in preventing and curbing attempts at money laundering and terrorist financing.

In terms of its legislated obligations, Sun International meets all its obligations and requirements in respect of reporting procedures, specific controls and administration, and staff training.

As a member of CASA, Sun International remains in liaison with other member companies in the industry to ensure that industry-wide compliance with the legislated requirements is met and maintained.

It is of utmost importance to the group to maintain and protect its untarnished image in the society and in the regulatory environment. This is of particular relevance to the gaming industry in which the group operates and is linked to the requirements of its casino licences with which the group observes regulatory compliance.



### Going concern

Following due consideration of the operating budgets, an assessment of group debt covenants and funding requirements, solvency and liquidity, the major risks, outstanding legal, insurance and taxation issues, and other pertinent matters presented by management, the directors have recorded that they have reasonable expectation that the company and the group have adequate resources and the ability to continue in operation for the foreseeable future. For these reasons, the financial statements have been prepared on a going concern basis.

### Directors' responsibility for annual financial statements

The directors are responsible for the preparation of the annual financial statements and related financial information that fairly present the state of affairs and the results of the company and of the group. The external auditors are responsible for independently auditing and reporting on these annual financial statements, in conformity with International Standards on Auditing and in the manner required by the Companies Act.

The annual financial statements set out in this report have been prepared by management in accordance with International Financial Reporting Standards. They are

based on appropriate accounting policies, which have been consistently applied and which are supported by reasonable and prudent judgements and estimates.

### Dealing in listed securities

Directors, the group secretary and certain identified senior executives who have access to price sensitive information and are defined as 'insiders', may not deal in the shares of the company during certain closed periods which fall on the following dates:

- \* between 1 January and the date on which the interim results are published;
- \* between 1 July and the date on which the year end results are published; and
- \* outside of the above closed periods while the company is in the process of price sensitive negotiations,

acquisitions, or while the company is trading under cautionary or pending any price sensitive announcements.

Directors and the group secretary are required to obtain prior clearance in writing of any proposed share transactions (which includes any transactions under the company's share option scheme and share plans) from the chairman of the board, or failing him the LID, or failing him the chairman of the remuneration committee, or failing him, any member of the remuneration committee, or failing him, the chairman of the audit committee, before dealing outside of the closed periods to ensure there are no price sensitive negotiations taking place. Requests for clearance are routed through the group secretary who also maintains a written record of requests for dealing and clearances.

Details of any transactions by directors and the group secretary in the shares of the company (including transactions under the share option scheme and share plans) are advised to the JSE, through the sponsor, for publication on SENS.

#### REGULATORY ENVIRONMENT

The gaming industry in which the group operates is highly regulated and is subject to significant probity and outside regulatory monitoring both locally and internationally. This requires the group, its major shareholders, directors, senior management and key employees to observe and uphold the highest levels of corporate governance.

#### HIV/AIDS

The group has a comprehensive programme aimed at educating staff (and communities) on the risks related to HIV/AIDS and to assist in reducing the incidence thereof. Full details of the programme and progress made by the group in this regard appears in the separate sustainability report.

#### COMMUNICATIONS

The board strives to provide its stakeholders, including shareholders, employees, government, regulatory bodies, industry analysts, prospective investors and the media with relevant and accurate information, promptly and transparently. In this connection, the regulatory requirements regarding the dissemination of information are strictly observed.

#### ENVIRONMENTAL AND OCCUPATIONAL HEALTH AND SAFETY

The board is responsible for compliance with the occupational health and safety regulations and environmental health standards.

Compliance with the occupational health and safety requirements is monitored by the internal audit depart-

ment. The policies adopted by the group with regard to health, safety and environmental management are set out in the separate sustainability report.

#### CODE OF ETHICS

The group code of ethics commits management and employees to the highest ethical standards of conduct. The code articulates the group's commitment to its stakeholders, comprising its shareholders, customers, suppliers and the broader community, as well as policies and guidelines regarding the personal conduct of management, officials and other employees. The code of ethics appears on page 53 of this report.

Whistle blowing and fraud response policies are encapsulated in clear guidelines which have been disseminated throughout the group. These are intended to provide an infrastructure and mechanism for protected disclosure to executive management for investigation, action and mitigation of criminal, legal, health and safety, environmental, discriminatory, and other improprieties by colleagues, other stakeholders or employers, as well as fraud and misconduct, without fear of occupational detriment.

Employees who are aware of any crime or fraud within the group may also contact the Ethics Line on an anonymous basis. A toll-free number is manned by operators employed by an external group, and is available to staff on a 24 hour basis.





## REMUNERATION REPORT

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The board and the remuneration committee present their remuneration report setting out information applicable to executive remuneration, directors' fees, pension and other benefits, short, medium and long term bonus incentive remuneration and share incentive plans. The information provided in this report has been approved by the board on the recommendation of the committee.

### REMUNERATION AND NOMINATION COMMITTEE

In the year under review, the remuneration committee has, as in the past, been combined with the nomination committee. With effect from 1 July 2009, the two functions have been split into separate committees, but this report has been prepared by the committee that operated in the past financial year, and will be referred to hereafter as the remuneration committee.

During the year, the committee comprised Messrs DA Hawton (chairman), PL Campher, MP Egan, IN Matthews and MV Moosa. All members, save for Mr Moosa, were independent non-executive directors, and the committee satisfied its responsibilities in compliance with its written terms of reference in all material respects during the year.

The remuneration committee reviews the design and structure of executive director and senior executive salary packages and policies, incentive schemes and share incentive programmes to ensure they motivate sustained high performance throughout the group and retain the key executives within the group.

The committee has adopted written terms of reference approved by the board, effectively from 1 July 2009, that require the committee, *inter alia*, to:

- \* ensure that competitive reward strategies and programmes are in place to facilitate the recruitment, motivation and retention of high performance executive directors and senior executives in support of realising corporate objectives and in safeguarding shareholder interests;
- \* develop and implement a philosophy of remuneration and disclosure to enable a reasonable

assessment of reward practices and governance processes to be made by stakeholders;

- \* recommend the level of non-executive directors' and board committee fees to the board having reviewed the evaluation of their performance by the nomination committee and received the proposals/recommendations of the executive directors, for consideration and approval by shareholders;
- \* ensure consideration is given to executive succession planning in the group;
- \* appraise the executive performance of the chief executive and his direct reports annually as a prerequisite for the review and determination of their remuneration, subject to consideration of the short and longer term components of their remuneration and individual contributions and performance;
- \* review compulsory group employee benefits and costs relevant thereto, and ensure the proper administration of the company's share incentive schemes;
- \* review the levels of authority of the chief executive; and
- \* the evaluation of its own performance and effectiveness every two years.

The chief executive and director of human resources attend all meetings of the committee by invitation, unless deemed inappropriate by the committee.

No executive director or senior executive is present at meetings of the remuneration committee when his/her own remuneration is discussed or considered. The chairman of the remuneration committee, or in his absence another member of the committee, is required to attend the annual general meeting to answer questions on the subject of remuneration.

## REMUNERATION REPORT CONTINUED

The remuneration committee is required to meet formally at least twice a year. Five meetings were held during the 2009 financial year. Details of attendance by each member are as follows:

	26 Aug 2008	31 Oct 2008	25 Feb 2009	27 May 2009	29 Jun 2009
DA Hawton*	✓	✓	✓	✓	X
PL Campher	✓	X	✓	✓	✓
MP Egan	✓	✓	✓	✓	✓
IN Matthews	✓	✓	✓	✓	✓
MV Moosa	✓	✓	✓	✓	✓

✓ *present*

X *apologies*

\* *retired from the committee on 30 June 2009*

With effect from 1 July 2009, the remuneration committee comprised Messrs IN Matthews (chairman), PL Campher, MP Egan and MV Moosa.

### REMUNERATION PHILOSOPHY

The Sun International remuneration strategy ensures the creation of an appropriate competitive base to attract and retain employees of the right calibre and skills, rewarding employees fairly and equitably, and motivating them to achieve the highest levels of performance in alignment with Sun International's strategic objectives.

It is Sun International's philosophy to adopt best practice and ensure that overall remuneration takes account of current trends whilst at all times complying with prevailing legislation.

Sun International is committed to providing remuneration that attracts, retains and motivates staff and assists in developing a high performance culture and provides a measure of flexibility within the package structure. A comprehensive TCOE remuneration strategy for all permanent full-time positions is adopted by all South African operations, and where possible and practical from a tax and regulatory standpoint, by the rest of the group's operations. All increments are based on guaranteed package (TCOE) taking into account projected inflation, internal equity, the external market, performance and affordability. Remuneration levels are competitive compared to the market and the remuneration process provides for equitable pay that is fair, consistent and transparent, but differentiates between average and excellent performers, thus remunerating people according to their contribution.

### REMUNERATION STRUCTURE

#### Guaranteed remuneration

Sun International's policy is to compensate executive managers on a guaranteed package basis at market median or better of the relevant remuneration market. Remuneration scales are benchmarked and are generally structured so that midpoints are between the median and the upper quartile levels.

Remuneration is quoted on an annual basis, paid monthly and split between benefits and cash. The cash portion of the individual's guaranteed package will vary according to the value of benefits utilised and deductions.

Through the remuneration committee, Sun International reviews its remuneration strategy on a regular basis and benchmarks itself against companies of similar size as well as the relevant markets to ensure that the overall level of compensation of its senior executive management is competitive and structured to achieve the optimum balance between guaranteed and variable remuneration (see below).

#### Retirement funding and healthcare benefits

Executives also participate in the membership of a company appointed retirement fund which is compulsory for all permanent employees. In South Africa, they participate as members of a restricted membership in-house defined contribution provident fund offering both retirement funding and insured benefits. A small number of executives remain members of a closed defined benefit pension fund.

Membership of a company appointed medical aid is compulsory and in South Africa executives belong to a restricted membership scheme offering a variety of plans.

#### Variable remuneration

In addition to paying market related guaranteed packages, the remuneration strategy at the executive and senior management level also comprises variable remuneration in the form of bonus incentive schemes and share incentive plans.

The primary bonus incentive scheme comprises participation in the executive bonus scheme (EBS), comprising 'EVA®' (economic value added) and 'EBITDA' target components.

Additionally, and where appropriate, executives also participate in share incentive plans in the form of share plans which are subject to pre-determined performance criteria, as applicable.



### Executive Bonus Scheme

The EBS is a target based scheme that defines the required performance criteria in terms of maximising long term growth and return on investment (EVA®) as well as short term cash flow (EBITDA), with amounts payable at varying levels of achievement against criteria determined by the committee prior to the commencement of the financial year. This scheme aligns shareholder and management objectives by providing participants with fair and equitable short term incentives, reinforcing and derived from unit, divisional and group objectives, dependent on where the participant is employed.

Participants of the EBS are primarily senior managers and executives. Uniform parameters are used to determine eligibility and participation levels and individual bonuses are calculated as a percentage of guaranteed pay.

70% of the EBS bonus is derived from EVA performance and 30% from EBITDA achievement. The EBS also incorporates a bonus bank mechanism as one third of bonuses in excess of target are paid to participants and two thirds are deferred to a bonus bank for payment up to the target percentages in years when targets are not met. The bonus bank attracts interest and serves as a retention mechanism as it is forfeited upon resignation or dismissal.

### SHARE INCENTIVE PLANS

#### Share option scheme

Due to changes in the regulatory environment and best practice, awards under the existing share option scheme have been discontinued and accordingly no further options have been granted under this scheme since 30 June 2006. The share option scheme nevertheless remains in place for options already granted under the scheme, until such time as these options are exercised or lapse.

Share options held by executive directors in terms of their participation in the Sun International Limited Employee Share Incentive Scheme as at 30 June 2009

	Date of grant	Exercise price R	Number of options held 30 June 2008	Options exercised during year ended 30 June 2009	Number of options held 30 June 2009	Lapse date	Number of options exercisable 30 June 2009
RP Becker	30.06.2005	61.825	200 000	–	200 000	30.06.2015	200 000
DC Coutts–Trotter	01.08.2003	31.555	58 750	–	58 750	01.08.2013	58 750
	12.09.2003	32.950	37 500	–	37 500	12.09.2013	37 500
	25.11.2003	39.005	56 250	–	56 250	25.11.2013	56 250
	01.09.2004	40.950	46 875	–	46 875	01.09.2014	46 875
	30.06.2005	61.825	46 875	–	46 875	30.06.2015	46 875
			246 250	–	246 250		246 250
			446 250	–	446 250		446 250

### Share plans

In line with latest practice and with the prior approval of shareholders, the group has adopted four share plans, based on equity settled EGP, a CSP, a DBP, and an RSP which support the principle of alignment of management and shareholder interests, with performance conditions and/or periods governing the vesting of the plan instruments.

Executive directors and selected senior employees of SIML participate in certain or all of these plans. Awards under the EGP, CSP and DBP have been made since 30 June 2006, and under the RSP, during 2009.

### Equity Growth Plan

The purpose of the EGP is to provide senior executives with the opportunity to acquire shares in the company through the grant of conditional EGP rights, which are rights to receive shares equal in value to the appreciation of the company's share price between the date on which the conditional EGP rights are granted and the date on which they are exercised, subject to the fulfilment of predetermined performance conditions over a three-year performance period. These performance conditions are determined by the remuneration committee in respect of each annual grant. Grants under this plan were made in 2006, 2007, 2008 and 2009 and the performance conditions applied in each year were that adjusted headline earnings per share should increase by 2% per annum above CPI over the three-year performance period, calculated from the date of each grant. The performance condition is tested three years from the date of grant and if the condition is met, the EGP rights granted under the specific grant become exercisable. If this performance test fails, re-testing of the performance condition is permitted on the fourth and fifth anniversaries of the date of grant at a further increase of 2% per

annum above CPI and should re-testing fail at this point, all EGPs granted under the particular grant will lapse.

The performance condition relating to the EGP grant made in 2006 was tested in 2009. The performance condition was met, and all EGP rights granted under that specific grant have become exercisable.

### Conditional Share Plan

The purpose of the CSP is to provide senior executives with the opportunity to acquire shares in the company, by way of conditional awards which are subject to the fulfilment of predetermined performance conditions on the expiry of a three-year performance period. The performance conditions are determined by the remuneration committee in respect of each annual grant.

The conditional shares will vest after the three-year performance period if, and to the extent that, the performance conditions have been satisfied, and provided the executive is still in the employment of the group.

The performance condition imposed with regard to the 2006, 2007, 2008 and 2009 grants related to company total shareholder return (TSR) over a three-year period, relative to the TSR of constituents in the INDI 25 index and gambling/hotels sub-sectors of the travel and leisure sector that have a market capitalisation of greater than R1 billion (2006) or 10% of Sun International's market capitalisation (2007, 2008 and 2009).

The conditional awards are subject to vesting conditions as follows:

If the TSR over the performance period ranks:

- \* within the upper quartile of the comparator group, then the whole conditional award, which is subject



to the TSR condition, will become unconditional and will vest;

- \* at the median TSR of the comparator group, then 30% (thirty percent) of the conditional award will become unconditional and will vest. The remainder of the conditional award subject to the TSR condition, will lapse and will be of no further force or effect;
- \* less than the upper quartile rank of the comparator group and ranks greater than the median of the comparator group, then the percentage of the conditional award, subject to the TSR condition, which becomes unconditional and will vest, will be linearly apportioned between 30% and 100% as the ranking of the TSR increases from the median to the upper quartile of the comparator group. The remainder of the conditional award, subject to the TSR condition will lapse and will be of no further force or effect; and
- \* less than the median TSR of the comparator group then the whole of the conditional award, subject to the TSR condition will lapse and will be of no force or effect whatsoever.

The conditional shares granted in 2006 did not meet the TSR performance condition imposed over the three-year performance period, as the TSR over the performance period ranked less than the median TSR of the respective comparator group. Accordingly, the 2006 conditional awards have lapsed in their entirety.

#### Deferred Bonus Plan

The purpose of the DBP is to encourage senior executives to use part of any after tax annual bonus (EBS) awarded to acquire shares in the company in exchange for an uplift in the number of shares received. The plan also has a retention effect and encourages share ownership in the company. Awards under the DBP have been made in 2006, 2007, 2008 and in 2009, subsequent to the financial year end.

The remuneration committee simultaneously invites participation in a conditional matching award. The matching award entitles the executive to an equal number of free shares matching the number of DBP shares still held on the vesting date. The matching award is conditional on continued employment until the vesting date, which is for a three-year period, and the DBP shares remaining in a separate controlled account for the duration. The executive remains the full owner of the DBP shares for the duration of the period and enjoys all shareholder rights. DBP shares may be withdrawn from the controlled account at any time, but the matching award will not be made on DBP shares withdrawn. The vesting of the matching award is not subject to any performance conditions.

All conditional matching awards granted relative to the DBP shares acquired in 2006 were delivered to participants subsequent to the year end in 2009.

#### Restricted Share Plan

Shareholders approved the adoption of the RSP at the 2008 annual general meeting.

The RSP is operated in conjunction with the EGP, the CSP and the DBP, to complement and enhance Sun International's ability to retain key staff and to assist in securing the services of key new senior executives. Although the share plans currently in operation are considered appropriate for regular annual awards, the RSP is considered necessary:

- \* to permit the issue of awards from time to time as a retention mechanism and particularly under present circumstances where the group faces significant retention risks with respect to key talent. This is particularly relevant at a time when market conditions have impaired the ability of the existing share plans to act as a retention mechanism; and
- \* to permit once-off awards for new appointments to assist in the recruitment of key executives which invariably requires compensation to address value forfeited on resignation from a previous employer.

Rewards under the RSP are therefore not intended to be regular annual awards, but are made in the case of the appointment of a new employee or, in the case of specific retention, to key employees, including executive directors and executives of the group.

Awards under the RSP comprise the grant of 'forfeitable' shares in Sun International, on the basis that the employee will forfeit the shares if he ceases to be employed by the group due to resignation or dismissal before the expiry of a three- or five-year vesting period. In the case of a three-year vesting period, 100% of the award will vest subject to the vesting condition that the participant is still in the employ of the group on the expiry of the three-year vesting period. In the case of awards subject to a five-year vesting period, the awards will be subject to staggered vesting and continued employment on the expiry of the following vesting periods:

- \* 50% after three years;
- \* 25% after four years; and
- \* 25% after five years.

As the forfeitable shares are held for the benefit of the employee, in a controlled account, he will be entitled to all shareholder rights applicable to those shares, namely the right to dividends and to voting at general meetings of the company. In the event that the shares are forfeited due to resignation or dismissal, any dividends received prior to the forfeiture are to be repaid.

REMUNERATION REPORT CONTINUED

Awards made to executive directors under share plans as at 30 June 2009

	Share plan	Date of grant	Grant price R	Number of grants held 30 June 2008	Number of grants made/ (lapsed) during year ended 30 June 2009	Number of grants held 30 June 2009	Earliest vesting/ date exercisable*
DC Coutts-Trotter	EGP	30.06.2006	82.74	27 919		27 919	30.06.2009*
	EGP	29.06.2007	149.55	16 550		16 550	29.06.2010*
	EGP	30.06.2008	90.47	29 682		29 682	30.06.2011*
	EGP	30.06.2009	77.25	–	36 153	36 153	30.06.2012*
				74 151	36 153	110 304	
RP Becker	EGP	30.06.2006	82.74	12 551		12 551	30.06.2009*
	EGP	29.06.2007	149.55	8 305		8 305	29.06.2010*
	EGP	30.06.2008	90.47	15 209		15 209	30.06.2011*
	EGP	30.06.2009	77.25	–	19 817	19 817	30.06.2012*
				36 065	19 817	55 882	
DC Coutts-Trotter	CSP	30.06.2006	82.74	35 533	(35 533)	–	–**
	CSP	29.06.2007	149.55	21 063		21 063	29.06.2010
	CSP	30.06.2008	90.47	37 778		37 778	30.06.2011
	CSP	30.06.2009	77.25	–	46 012	46 012	30.06.2012
				94 374	10 479	105 885	
RP Becker	CSP	30.06.2006	82.74	18 972	(18 972)	–	–**
	CSP	29.06.2007	149.55	12 277		12 277	29.06.2010
	CSP	30.06.2008	90.47	22 637		22 637	29.06.2011
	CSP	30.06.2009	77.25	–	29 295	29 295	30.06.2012
				53 886	10 323	64 209	
DC Coutts-Trotter	DBP	20.09.2006	95.14	13 210		13 210	08.09.2009
	DBP	11.10.2007	149.15	8 932		8 932	01.10.2010
	DBP	06.10.2008	89.59	–	16 308	16 308	23.09.2011
				22 142	16 308	38 450	
RP Becker	DBP	20.09.2006	95.14	3 798		3 798	08.09.2009
	DBP	11.10.2007	149.15	3 611		3 611	01.10.2010
	DBP	06.10.2008	89.59	–	7 125	7 125	23.09.2011
				7 409	7 125	14 534	
DC Coutts-Trotter	RSP	01.12.2008	Nil	–	195 378	195 378	30.11.2011 50% 30.11.2012 25% 30.11.2013 25%
					195 378	195 378	
RP Becker	RSP	01.12.2008	Nil	–	80 032	80 032	30.11.2011 50% 30.11.2012 25% 30.11.2013 25%
					80 032	80 032	

\*\* TSR performance condition not met.



## Share option grants and share plan awards

		2009			2008		
		Number	*Value R	**Expense recognised during year R	Number	*Value R	**Expense recognised during year R
DC Coutts-Trotter	Options			3 799			159 801
	EGP	36 153	788 135	75 922	29 682	612 636	419 769
	CSP	46 012	2 076 982	1 495 812	37 778	1 329 786	1 052 551
	DBP	16 308	1 464 621	1 221 350	8 932	1 335 870	738 906
	RSP	195 378	18 433 914	3 001 975	-	-	-
				5 798 858	3 278 292	2 371 027	
RP Becker	Options			3 085			419 667
	EGP	19 817	432 011	44 548	15 209	313 914	201 036
	CSP	29 295	1 322 376	855 392	22 637	796 822	589 785
	DBP	7 125	639 896	456 497	3 611	540 061	249 805
	RSP	80 032	7 551 019	1 229 689	-	-	-
				2 589 211	1 650 797	1 460 293	
				8 388 069	4 929 089	3 831 320	

\* Estimate of the fair value of grants during the year using the binomial asset pricing model.

\*\* Expense recognised during the year in respect of grants calculated in terms of IFRS 2.

REMUNERATION REPORT CONTINUED

**EMOLUMENTS**

**Executive directors' remuneration**

The service contracts with executive directors and senior executives are terminable on six months' notice and there are no contracts with fixed durations.

**Paid to executive directors of the company by the company and its subsidiaries**

R	Salary	Bonus		Retirement contributions	Other benefits**	Total annual remuneration
		Gross	Deferred*			
<b>Executive directors</b>						
<b>2009</b>						
DC Coutts-Trotter	3 912 312	418 491	3 238 539	675 809	522 327	8 767 478
RP Becker	2 510 192	171 785	1 299 867	576 000	113 808	4 671 652
	<b>6 422 504</b>	<b>590 276</b>	<b>4 538 406</b>	<b>1 251 809</b>	<b>636 135</b>	<b>13 439 130</b>
<b>2008</b>						
DC Coutts-Trotter	3 587 801	4 406 878	(479 751)	622 866	289 333	8 427 127
RP Becker	2 102 022	1 859 920	(196 666)	486 000	111 978	4 363 254
	5 689 823	6 266 798	(676 417)	1 108 866	401 311	12 790 381

R	2009	2008
<b>Directors' fees received from subsidiaries and waived in favour of their holding companies</b>		
DC Coutts-Trotter	<b>126 900</b>	120 000
RP Becker	<b>156 600</b>	162 118
	<b>283 500</b>	282 118

\* In terms of the group's executive bonus scheme, a portion of the bonus is deferred in the event that the target bonus is exceeded. This deferred portion is payable in future years in the event that the individual's target bonus is not achieved. Payment is dependent on the executive being in the employ of the group at the future bonus accrual date. The gross portion represents the actual bonus achieved in the year. The deferred portion in the 2009 table is the release of the deferred bonuses accumulated in previous years, as targets were not achieved in the current financial year.

\*\* Other benefits comprise travel allowances and medical aid contributions, and in 2009, Mr DC Coutts-Trotter's amount includes a cash distribution of R227 948 made as part of the termination of the Royale Share Option Scheme, converted to Rands at the exchange rate ruling at the date of the transaction.





### Non-executive directors' remuneration

Fees payable to the non-executive directors for their services as directors and for their participation in the activities of the committees are put forward to the remuneration committee by the executive directors and thereafter considered by the board of directors for submission to the annual general meeting. Executive

directors do not receive fees for their services as directors. Fees are determined by financial year and are payable quarterly in arrears, after their approval by members at the annual general meeting. In the case of new appointments or resignations from the board or committees during a financial year, the annual fees are pro-rated in line with the period of tenure of office.

#### Paid to non-executive directors by the company and its subsidiaries

R	Consultancy fees (subsidiary)	Directors', committee and trustee fees (subsidiaries and trusts)	Directors' fees	Committee fees	Total 2009	Total 2008
<b>Non-executive directors</b>						
DA Hawton		129 600	1 006 596	110 200	<b>1 246 396</b>	1 154 000
H Adams	40 892	10 037	24 396	–	<b>75 325</b>	455 550
L Boyd					<b>n/a</b>	156 375
PL Campher		50 000	170 100	55 100	<b>275 200</b>	258 500
MP Egan		10 000	170 100	128 500	<b>308 600</b>	354 500
NN Gwagwa		–	170 100	49 100	<b>219 200</b>	305 705
IN Matthews		30 000	170 100	104 200	<b>304 300</b>	284 000
LM Mojela		*46 170	170 100	–	<b>216 270</b>	209 375
MV Moosa		86 400	170 100	55 100	<b>311 600</b>	250 250
DM Nurek		–	170 100	171 700	<b>341 800</b>	316 500
E Oblowitz		–	170 100	73 400	<b>243 500</b>	225 500
GR Rosenthal		–	170 100	195 900	<b>366 000</b>	271 000
PEI Swartz					<b>n/a</b>	96 923
	40 892	362 207	2 561 892	943 200	<b>3 908 191</b>	4 338 178

\* Directors' fees received from subsidiaries and waived in favour of their holding company.

Proposed fees payable to the non-executive directors for 2010 appear in the table alongside. These have been recommended by the executive directors and reviewed by the chairman of the board and the remuneration committee in order to align with fees paid by other listed companies of comparative size, and taking into consideration the involvement and onus of responsibility of non-executive directors in the affairs of the company and particularly the additional obligations imposed on them by the significant regulatory and probity requirements of the gaming industry. In arriving at the proposed level of fees, the results of market surveys have also been taken into consideration.

R	Proposed 2010	2009
<b>Services as directors – fees:</b>		
– chairman of the board	<b>700 000</b>	1 006 600
– directors	<b>181 000</b>	170 100
<b>Lead independent director's fees:</b>		
	<b>300 000</b>	n/a
<b>Audit committee fees:</b>		
– chairman	<b>156 000</b>	146 800
– members	<b>78 000</b>	73 400
<b>Remuneration and nomination committee fees:</b>		
– chairman	<b>n/a</b>	110 200
– members	<b>n/a</b>	55 100
<b>Remuneration committee fees:</b>		
– chairman	<b>94 000</b>	n/a
– members	<b>47 000</b>	n/a
<b>Nomination committee fees:</b>		
– chairman	<b>70 000</b>	n/a
– members	<b>35 000</b>	n/a
<b>Risk committee fees:</b>		
– chairman	<b>104 000</b>	98 300
– members	<b>52 000</b>	49 100

## DIRECTORATE AND ADMINISTRATION

### EXECUTIVE DIRECTORS



(from left to right)

**DC (David) Coutts-Trotter (47) / Chief Executive / BBus Sci, BAcc, CA(SA) / ∅**

Appointed to the board in 1996, as deputy chief executive on 1 July 2003, chief executive designate on 1 September 2005 and chief executive on 1 July 2006. David Coutts-Trotter holds directorships in various Sun International group companies, including SIML, RAH, RRHL and SFI Resorts. He completed articles with PricewaterhouseCoopers Inc and has over ten years' experience in the hotel, resorts and gaming industries.

**RP (Rob) Becker (47) / Chief Financial Officer / BAcc, CA(SA), MBA / ∅**

Appointed to the board in 2005 and is a director of various group companies, including SIML, RAH and SFI Resorts. Rob Becker joined the group on 1 July 2005 having spent two and a half years at Nampak and seven years at Robertsons Holdings where he held the positions of chief financial officer and group financial director respectively. He has extensive experience in corporate finance and local and offshore financial management.

### NON-EXECUTIVE DIRECTORS



**MV (Valli) Moosa (52) / Chairman / B Sc (Mathematics, Physics) / \*◇**

Appointed to the board in 2005 and as board chairman on 1 July 2009. Valli Moosa served as Minister of Constitutional Development from 1994 to 1999 and as Minister of Environmental Affairs and Tourism from 1999 to 2004. He previously served as chairman of the United Nations Commission on Sustainable Development, as chairman of Eskom Holdings, as a national executive committee member of the ANC and as president of the International Union for The Conservation of Nature. He currently holds directorships, *inter alia*, in Anglo Platinum, Lereko Investments (executive chairman), Dinokana, Imperial Holdings, RAH (chairman) and Sanlam.



(from left to right)

**GR (Graham) Rosenthal (65) / CA(SA) / †#∅**

Appointed to the board in 2002. Graham Rosenthal is a non-executive member of various audit committees, including Macsteel Service Centres, serves on credit committees and is a trustee of staff share schemes of Investec Bank. He retired in 2000 from Arthur Andersen after being in charge of their South African audit and business advisory practice. He served as chairman of the Investigations Committee of the South African Institute of Chartered Accountants until 1999.

**PL (Leon) Campher (61) / BEcon / †\*◇**

Appointed to the board in 2002. Leon Campher has extensive experience in investment management with Old Mutual, Syfrets Managed Assets, Coronation and African Harvest. He is the CEO of the Savings and Investment Association of South Africa, deputy chairman of the stakeholders forum of the Bond Exchange in SA, a director of STRATE, Brimstone Investment Corp, Safex Clearing Company and Amalgamated Appliance Holdings, and serves as a member of the Financial Sector Charter Council, the directorate of Market Abuse and the Financial Markets Advisory Board. Retired from executive positions in February 2002.

† Independent director / \* Member of the remuneration committee / ◇ Member of the nomination committee / # Member of the audit committee  
∅ Member of the risk committee

## NON-EXECUTIVE DIRECTORS



(from left to right)

**E (Eddy) Oblowitz (52) / BCom, CA(SA), CPA (Isr) / †#**

Appointed to the board in 2002. Eddy Oblowitz is a financial and business advisor and non-executive director and trustee to various companies and trusts, including Mobile Industries and Trencor. He serves as the CEO of the South African operations of the Stonehage Group. Previously served as a senior partner of Arthur Andersen until January 2001.

**LM (Louisa) Mojela (53) / BCom**

Appointed to the board in 2004. Louisa Mojela is group CEO of WIPHOLD of which she is a founder member, and holds non-executive directorships in, *inter alia*, ABB SA, Adcorp Holdings, Distell Group, and SA Corporate Real Estate Fund Managers. She is also chairman of Afrisun Leisure, which company she represents as a director on the board of Emfuleni Resorts and as chairman of Afrisun Gauteng. She is also a member of the Financial Services Board and has held positions at Lesotho National Development Corporation, DBSA and SCMB and as a director of Ericsson SA and SAA.



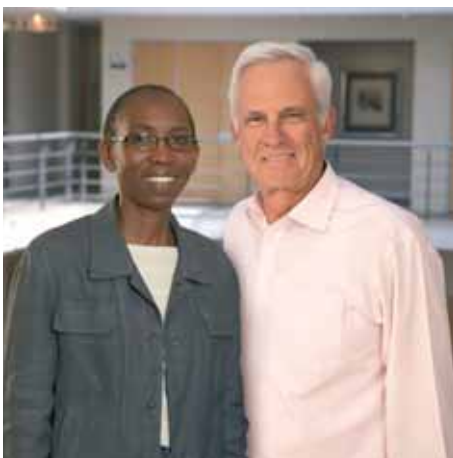
(from left to right)

**MP (Mike) Egan (54) / BCom, CTA, CA(SA) / †\*#**

Appointed to the board in 1992. Mike Egan has extensive experience in the leisure, film and entertainment industries in South Africa, through the group's former investment in those industries, which was divested of in 1997. He was previously managing director of Interleisure which, *inter alia*, owned and operated the brands of Ster-Kinekor and Computicket. At the end of 1997 he became a non-executive member of the board and has since been an active private equity investor in the film distribution, cinema and related entertainment industries.

**DM (David) Nurek (59) / Dip Law, Grad Dip Company Law / †#∅**

Appointed to the board in 2002. David Nurek is the regional chairman of Investec's various businesses in the Western Cape and is also global head of legal risk. He is a non-executive director to various listed and unlisted companies, including Foschini, Trencor, Mobile Industries, Clicks Group, Distell Group, Aspen Pharmacare Holdings and Lewis Group. Served as chairman of the legal firm Sonnenberg Hoffman & Galombik until June 2000.



(from left to right)

**Dr NN (Lulu) Gwagwa (50) / BA (Fort Hare), MTRP (Natal), MSc (London), PhD (London) / ∅**

Appointed to the board in November 2005. Lulu Gwagwa served as a deputy director general in the National Department of Public Works and served a five-year term as CEO of the Independent Development Trust. She currently also holds directorships, *inter alia*, in DBSA, Dinokana, FirstRand, Lereko Investments, Massmart and Tsebo Outsourcing and was previously on the board of ACSA, DataPro, RAH and Vox Telecom.

**IN (Nigel) Matthews (64) / Lead independent director / MA (Oxon), MBA / †\*∅∅**

Appointed to the board in 1996 and as lead independent director on 1 July 2009. Nigel Matthews holds a number of non-executive directorships, including City Lodge Hotels, Indian Ocean Real Estate Company, Massmart Holdings, Metrofile Holdings, The Fuel Logistics Group (chairman) and is also chairman of the SIEST. Previously chairman of Sentry Group and Lenco Holdings and managing director of Holiday Inns.

**DA (Buddy) Hawton (72) / FCIS**

Appointed to the board in 1987 and retired from the board and as chairman on 30 June 2009. Buddy Hawton retired as an executive director of Sun International on 30 June 2003 and is a director of Nampak and chairman of Woolworths Holdings. He previously held directorships in City Lodge Hotels, Altron, Standard Bank Group, Liberty Group, Liberty Holdings, RAH (chairman), RRHL (chairman), South African Mutual Life Assurance Society, Rennies Group, Safmarine and Rennies Holdings (chairman) and South African Marine Corporation (chairman).

MANAGEMENT – DIRECTORS (SIML)



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- 1) **DC (David) Coutts-Trotter (47)** / Chief Executive
- 2) **RP (Rob) Becker (47)** / Chief Financial Officer
- 3) **CS (Clarence) Benjamin (49)** / Director: Group internal audit / BCom, CA(SA)  
Clarence Benjamin joined Sun International in 2005. He completed articles with Kessel Feinstein. After a period as audit partner at Meredith Harrington, he was appointed to the Office of the Auditor General as a corporate executive in 1996. He has served in a variety of high level positions and has gained valuable experience and understanding of varied auditing environments. Clarence has recently been appointed as one of the vice-presidents of the Institute of Internal Auditors of South Africa.
- 4) **HJ (Hendrik) Brand (53)** / Legal affairs director / BCom, LLB and CPIR  
Hendrik Brand joined the Sun International Group in 1985. He participated extensively in industry inputs in the formulation of national and provincial gambling legislation following the legalisation of gambling in South Africa. He authors the Juta's publication 'Gambling Laws of South Africa'. Hendrik Brand heads the group's in-house legal services function.
- 5) **J (Jaco) Coetzee (50)** / Director: Gaming compliance and tables  
Jaco Coetzee commenced his career in gaming in 1981, and joined Sun International in 1983 on its inception. He has held various positions in the group's gaming operations, including gaming internal auditor and slots manager, and, since 1998, that of group gaming compliance manager. Appointed to his current position in July 2006, with responsibility for the gaming compliance function and the support functions for casino tables, surveillance, casino cash desk and security.
- 6) **G (Garth) Collins (62)** / Director: Gaming operations  
Garth Collins joined Sun International on its formation in 1983 and holds directorships in a number of group companies, including SunWest, Emfuleni Resorts, Afrisun KZN and Afrisun Gauteng and was previously chairman of Swazisp Holdings and Sun International (Botswana). He was appointed director of gaming operations in March 2006 and is primarily responsible for the management of Sun International's gaming operations. He has over 40 years' experience in the hotel, resorts and gaming industries and was previously a director of the Holiday Inn group for several years.
- 7) **TC (Tristan) Kaatze (48)** Divisional director: Gaming north / BCom, BCompt (Hons), CA(SA)  
Tristan Kaatze rejoined Sun International in 2000 as commercial manager: gaming north, and was appointed general manager of the Sugarmill Casino/Sibaya in 2002 and as divisional director: gaming north in 2005. He has over 20 years' experience in the gaming industry, which includes Las Vegas. He is a director of a number of Sun International group companies, including Afrisun Gauteng, Afrisun KZN, Mangaung Sun, Meropa and Teemane.
- 8) **JA (John) Lee (52)** / E-business & technology director and chief information officer / BCom, CA(SA)  
John Lee joined Sun International in 1986 as a divisional finance executive and was promoted to business development director in 1995 which position he held until 2001 when he was appointed to his current role. He has responsibility for the strategy, governance, best practices and policies of the group's e-business and information technology functions, including enterprise project execution. Articled with PricewaterhouseCoopers Inc.
- 9) **AM (Anthony) Leeming (39)** / Director: Corporate and SIML finance / BCom, BAcc, CA(SA)  
Anthony Leeming joined Sun International in 1999 as group financial manager and was appointed director: corporate and SIML finance on 1 July 2009. He holds directorships in various group companies and is responsible for group corporate finance activities and the financial affairs of SIML. He completed his articles at KPMG and has 10 years' experience in the hotel, resorts and gaming industries.
- 10) **KH (Kele) Mazwai (40)** / Group human resources director / BBus Admin, BCom (Hons), MBA  
Kele Mazwai joined Sun International in 2008 and has 17 years' experience in human resources management. She joined MNet, Supersport and Oracle as human resources manager in 1999 and was appointed human resources director in 2003, prior to which she held various positions with PG Autoglass, Markhams, Woolworths and the Department of Foreign Affairs.



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**11) DR (Khathi) Mokhobo (44) / New business development director / BCom, BAcc, ACMA, CA(SA)**

Khathi Mokhobo joined Sun International in 2005 to oversee the group's expansion in new casino licences and other properties outside of South Africa, during which time he has been responsible for the group's expansion into Nigeria. He was one of the founding members of the auditing and forensic services firm, Gobodo Incorporated, in which role he consulted extensively to the various gambling boards in South Africa over a seven-year period, including a period during which he acted as chief executive of the Gauteng Gambling Board.

**12) S (Sean) Montgomery (47) / Development director / BSc (QS) WITS**

Sean Montgomery rejoined Sun International as development director in 2005. Originally with Sun International from 1995 to 2003 during which period he was responsible for the construction of Carnival City, GrandWest and was seconded to oversee the construction of the Cape Town International Convention Centre. He has 20 years' experience in the construction and property development industry, including 12 years' experience in leisure, hotel, gaming and resort development, during which he has also been responsible, *inter alia*, for the development and construction of the group's projects in Chile and Nigeria.

**13) M (Mervyn) Naidoo (43) / Divisional director: Gaming south / National diploma (Hotel management)**

Mervyn Naidoo joined Sun International in 1996 as a food and beverage manager. In 2006, he was appointed general manager of The Boardwalk Casino and Entertainment World and was promoted to his present position in 2008, in terms of which he is responsible for the group's Western Cape based GrandWest and Golden Valley casinos, the Eastern Cape based Boardwalk, the Lesotho region and the Monticello Grand Casino and Entertainment World in Chile. Mervyn is a director of a number of group companies, including Emfuleni Resorts and SunWest.

**14) KRE (Kurt) Peter (54) / Divisional director: Resorts**

Kurt Peter rejoined Sun International in 1995 as area general manager of the Thaba'Nchu and Naledi Suns in the Free State. This was followed by three years as general manager of the Cascades Hotel and Entertainment Centre at Sun City, and followed by an appointment as director of operations: Sun City. He was appointed as general manager of the GrandWest Casino and Entertainment World in early 2000 and was extensively involved with its establishment and successful opening in December 2000. He was promoted to divisional director: gaming south in early 2006 which position he held until 1 September 2008 when he was promoted to divisional director: resorts, with responsibility for the management of Sun International's resorts operations, the group's sales and marketing functions both locally and internationally, centralised purchasing and the 'Dreams' outbound tour operation. He has over 30 years' experience in the hospitality and gaming industry.

**15) DS (Des) Whitcher (50) / Director: Gaming development and slots**

Des Whitcher joined Sun International on its inception in 1983, having started his career at Sun City as a slot technician in 1981, progressing to general manager, Morula Casino and Hotel in 1992. In 1995, he was promoted to gaming development manager to oversee the group's participation in the new casino licence and the gaming integration process in South Africa. Responsible for overseeing the group's gaming development and slot operations and has over 25 years' experience in the gaming, hotel and resort industries.

**GROUP SECRETARY**

**16) SA (Silvia) Bailes (55) / Group secretary / FCIS, FCIBM**

Silvia Bailes joined Sun International at its inception in 1983 to establish the Group's corporate and related services division, with oversight for gaming and other licensing processes, intellectual property rights, as well as share scheme and plan administration and compliance, for which she remains responsible. She has been instrumental in the formulation and implementation of the group's corporate governance processes, particularly at board levels.

**PR (Rob) Hellings (55) / Finance director: SIML / BCom, BCompt (Hons), CA(SA)**

Rob Hellings joined Sun International on its inception in 1983 as group accountant, and retired from the group on 30 June 2009. During his period with the group, he held directorships in various group companies and was responsible for the financial affairs of SIML.



Carousel

Meropa

Flamingo

## ADMINISTRATION

### SUN INTERNATIONAL LIMITED

Incorporated in the Republic of South Africa, Registration number 1967/007528/06 Share code: SUI ISIN: ZAE000097580

**Group secretary:**  
SA Bailes FCIS, FCIBM

**Auditors:**  
PricewaterhouseCoopers Inc

**Principal bankers:**

- \* ABSA Bank Limited
- \* Nedbank Limited
- \* The Rand Merchant Bank division of FirstRand Bank Limited
- \* The Standard Bank of South Africa Limited

**Corporate law advisors and attorneys:**  
Edward Nathan Sonnenbergs

**Sponsor:**  
Investec Bank Limited

**Registered office:**  
27 Fredman Drive, Sandown, Sandton 2031, Gauteng, Republic of South Africa, PO Box 782121, Sandton 2146, Republic of South Africa

Tel (+2711) 780 7000, Fax (+2711) 780 7716  
**website:** [www.suninternational.com](http://www.suninternational.com)

**Transfer secretaries:**  
Computershare Investor Services (Pty) Limited  
Ground Floor, 70 Marshall Street, Johannesburg 2001  
Gauteng, Republic of South Africa  
PO Box 61051, Marshalltown 2107  
Republic of South Africa



# FINANCIAL STATEMENTS



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Accounting policies	Group income statements	Group balance sheets	Group cash flow statements	Group statements of changes in equity
	<small>Sun International Limited</small>			
102	135	135	136	136
Notes to the group financial statements	Company income statements	Company balance sheets	Company cash flow statements	Company statements of changes in equity
137	144			
Notes to the company financial statements	Interest in principal subsidiaries			





## DIRECTORS' APPROVAL

The annual financial statements which appear on pages 88 to 144, the corporate governance report on pages 55 to 68 and the remuneration report on pages 69 to 77 were approved by the board of directors on 21 October 2009 and signed on its behalf by:

**MV Moosa**  
Chairman

**DC Coutts-Trotter**  
Chief Executive

## GROUP SECRETARY'S CERTIFICATE

### TO THE MEMBERS OF SUN INTERNATIONAL LIMITED

I certify that the company has lodged with the Registrar of Companies all returns required of a public company in terms of the Companies Act, in respect of the year ended 30 June 2009 and that all such returns are true, correct and up to date.

**SA Bailes**  
Group Secretary

21 October 2009

## REPORT OF THE AUDIT COMMITTEE

for the year ended 30 June 2009

The audit committee appointed by the board in respect of the financial year ended 30 June 2009 comprised Mr GR Rosenthal (chairman) and Messrs MP Egan, DM Nurek and E Oblowitz (the committee), who are all independent non-executive directors of the company. The committee is satisfied that in respect of the financial year it has performed all the functions required by law to be performed by an audit committee, including as set out by section 270A (1) (a) to (h) of the Companies Act and in terms of the committee's terms of reference and as more fully set out in the corporate governance report (pages 59 to 61). In this connection the committee has:

- \* evaluated the independence and effectiveness of the external auditors, PricewaterhouseCoopers Inc, and is satisfied that the external auditors are independent of the company, having given due consideration to the parameters enumerated under section 270A (5) (a) to (d) of the Companies Act. The committee accordingly nominates PricewaterhouseCoopers Inc as independent auditors to continue in office until the conclusion of the 2010 annual general meeting, noting that Mr DB von Hoesslin is the individual registered auditor and member of the foregoing firm who undertakes the audit;
- \* considered and approved the audit fee payable to the external auditors in respect of the audit for the year ended 30 June 2009 ahead of the annual audit as well as their terms of engagement, taking into consideration factors such as the timing of the audit, the extent of work required and the scope of the audit;

- \* ensured and satisfied itself that the appointments of the external auditors, the designated auditor and IFRS advisor are in compliance with the Companies Act, The Auditing Profession Act, 2005 and the Listings Requirements of the JSE Limited;
- \* considered and pre-approved non-audit services provided by the external auditors and fees relative thereto in accordance with a policy established in conjunction with the external auditors in terms of which the nature and extent of all non-audit services provided by the external auditors are reviewed and approved in advance, ensuring that the independence of the external auditors is not compromised.

The committee has also considered and satisfied itself of the appropriateness of the expertise and experience of the chief financial officer.



**GR Rosenthal**  
Chairman  
Sun International Limited audit committee

21 October 2009



## REPORT OF THE INDEPENDENT AUDITORS

### TO THE MEMBERS OF SUN INTERNATIONAL LIMITED

We have audited the annual financial statements and group annual financial statements of Sun International Limited, which comprise the balance sheet and the consolidated balance sheet as at 30 June 2009, the income statement and the consolidated income statement, the statement of changes in equity and the consolidated statement of changes in equity, the cash flow statement and the consolidated cash flow statement, the directors' report, for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 88 to 144.

#### 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 and fair presentation 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.

#### Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

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

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

#### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and of the group as of 30 June 2009, and of their financial performance and their 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.

PricewaterhouseCoopers Inc  
Director: DB von Hoesslin  
Registered Auditor  
Johannesburg

21 October 2009

## SUN INTERNATIONAL GROUP

# REPORT OF THE DIRECTORS

for the year ended 30 June 2009

### NATURE OF BUSINESS

The Sun International group has interests in, and provides management services to businesses in the hotel, resort and casino industry.

### EARNINGS

The results of the company and the group are set out in the income statements on pages 98 and 135.

Segmental information is set out on pages 102 and 103.

### DIVIDENDS

No dividends (2008: 480 cents per share) were declared by the directors in respect of the year under review.

### REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

Detailed commentary on the nature of business of the company and its subsidiaries, acquisitions, disposals, future developments and prospects of the group are given in the chairman's report, the chief executive's report and the chief financial officer's review commencing on pages 6, 10 and 34 respectively.

### SHARE CAPITAL

During the year, the Share Option Trust exercised treasury share options pursuant to the share option scheme, resulting in the allotment of 4 336 135 ordinary shares as follows:

	Number of ordinary shares	Rm
12 December 2008	835 409	22
2 April 2009	1 500 311	32
12 June 2009	2 000 415	45
	<b>4 336 135</b>	<b>99</b>

The following ordinary shares in the unissued share capital of the company remain under the control of the directors as a specific authority in terms of section 221 (2) of the Companies Act, to allot and issue as follows:

- \* 5 836 021 ordinary shares for purposes of the share option scheme;
- \* 10 780 000 ordinary shares for purposes of the share plans.

Details of the authorised and issued share capital appear in note 19 to the group financial statements.

### SHARE INCENTIVE SCHEMES

Particulars relating to options under the share option scheme and awards under the share plans are given in note 32 to the group financial statements.

### SUBSIDIARIES

Particulars relating to interests in principal subsidiaries appear on page 144.

### BORROWING CAPACITY

The company's borrowings are not restricted in terms of the articles of association. The debt covenants and group debt capacity appear in the chief financial officer's review on page 44.

### DIRECTORS AND GROUP SECRETARY

The names of the directors in office at the date of this report appear on pages 78 and 79 and particulars of the group secretary on page 81.

The following changes in the directorate have taken place during the financial year:

Name of director	Nature of change	Date of change
Mr H Adams	Resigned	26 August 2008
Mr DA Hawton	Retired	30 June 2009

In terms of the company's articles of association Dr NN Gwagwa, Messrs MV Moosa, DM Nurek and GR Rosenthal are required to retire from office at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

As at 30 June 2009, the directors of the company beneficially held, directly or indirectly, 1 613 891 (2008: 1 385 323) ordinary shares in the issued capital of the company, as follows:

	2009	2008
RP Becker	<b>144 566</b>	77 409
DC Coutts-Trotter	<b>441 581</b>	229 895
NN Gwagwa	<b>*282 254</b>	*297 723
DA Hawton	<b>101 141</b>	101 141
IN Matthews	<b>2 723</b>	2 723
MV Moosa	<b>*635 070</b>	*669 876
D M Nurek	<b>5 000</b>	5 000
E Oblowitz	<b>1 556</b>	1 556
	<b>1 613 891</b>	1 385 323

\* Held indirectly through Lereko Investments (Pty) Limited and Dinokana.



## SUN INTERNATIONAL GROUP

The following changes in directors' shareholdings have taken place since the end of the financial year and to the date of this report:

Ordinary shares acquired/(disposed of)	
RP Becker	19 458
DC Coutts-Trotter	(18 216)
NN Gwagwa	*(40 436)
MV Moosa	*(90 980)
	<b>(130 174)</b>

\* Held indirectly through Lereko Investments (Pty) Limited and Dinokana.

### HOLDING COMPANY

The company has no holding or ultimate holding company.

### SPECIAL RESOLUTIONS PASSED BY THE COMPANY AND ITS SUBSIDIARIES

#### Company

At the 2008 annual general meeting a special resolution was passed renewing the general authority granted for the company to acquire up to 20% of the company's issued ordinary shares (or by a subsidiary of the company up to 10%) in any one financial year.

#### Subsidiaries

No special resolutions of a material nature were passed by subsidiaries during the financial year.

### POST BALANCE SHEET EVENTS

#### Acquisition of interest in TCN

The process of acquiring a 49.5% interest in TCN which owns and operates the Federal Palace Towers hotel and the Federal Palace hotel on Victoria Island, Lagos, is under way, with the group having subscribed for the first tranche of equity for US\$12 million in August 2009 thereby giving the group a 29.4% interest in TCN. It is expected that this process will be completed before the end of the calendar year. On completion, the group will have invested US\$28 million in equity and advanced a loan to TCN of US\$15 million. As at 30 June 2009, the group had already advanced a loan of US\$18.6 million to TCN, US\$3.6 million of which will be repaid out of the share capital raised, resulting in the group advancing the further US\$24.4 million cash required.

#### Restructure of SFIR debt facilities

As a result of the slow start to trading at Monticello and the hardening of debt capital markets, the group has agreed to a restructure of the project's long term loan. In terms of the restructure, SFIR shareholders will contribute an additional US\$50 million in December 2009 which will be used to redeem a portion of the long term debt. The restructuring includes the cancellation of SIL support and the requirement to fund a debt service reserve. The term of the debt has been extended by one year and capital repayments will only commence on 31 December 2010. In the interim period, SFIR is required to apply any excess cash flow after all debt service requirements and making provision for its

cash flow needs, to early redeem debt up to an amount of approximately US\$8 million. The remaining debt terms are unchanged and there is no further recourse to SIL.

#### Boardwalk licence

The Boardwalk's casino licence in Port Elizabeth expires in October 2010. A bid for a new fifteen year casino licence was submitted on 30 January 2009 which includes plans for a five star hotel and conference centre, expanded gaming facilities and a parkade at an estimated cost of R1 billion. On 16 September 2009, the ECGBB announced that Boardwalk is the preferred bidder. The final award of the licence will depend upon and follow the Eastern Cape Provincial Government's sanction of the ECGBB's decision, and the successful negotiation of the conditions to attach to the new licence.

## ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

### BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below. The policies used in preparing the financial statements are consistent with those of the previous year except as indicated in the paragraph below and under 'Accounting Policy Developments'.

The group has historically reflected revenues for complimentary rooms, food and beverage provided to customers at the internal 'selling' price with an equal amount reflected in marketing and promotional costs. In line with the requirements of IAS 18 – Revenue, the group disclosed these expenses as a deduction from revenue and comparative results have been restated.

The group has applied hedge accounting in respect of certain qualifying hedging instruments as permitted by IAS 39 – Financial Instruments.

Preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. It also requires management to exercise their judgement in the process of applying the group's accounting policies. More detail on the estimates and assumptions are included under the policy dealing with 'Critical accounting estimates and judgements'. Actual results may differ from those estimates.

### GROUP ACCOUNTING

#### Subsidiaries

Subsidiaries are those entities (including special purpose entities) over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than half of the voting rights or has the power to exercise control over the operations. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are consolidated from the date on which control is transferred to the group and are no longer consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any

minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the group.

The company accounts for subsidiary undertakings at cost.

#### Transactions with minority shareholders

Minority shareholders are treated as equity participants. Acquisitions and disposals of additional interests in the group's subsidiaries are accounted for as equity transactions and the excess of the purchase consideration over the carrying value of net assets acquired is recognised directly in equity. Profits and losses arising on transactions with minority shareholders where control is maintained subsequent to the disposal is recognised directly in equity. Any dilution gains or losses are also recognised directly in equity.

#### Special purpose entities

Special purpose entities (SPEs) are those entities that are created to satisfy specific business needs of the group, which has the right to obtain the majority of the benefits of the SPE and is exposed to the risk incident to the activities thereof. SPEs are consolidated in the same manner as subsidiaries when the substance of the relationship indicates that the SPE is controlled by the group.

### INTANGIBLE ASSETS

#### Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Separately recognised goodwill is assessed for impairment on an annual basis and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. The calculation of gains and losses on the disposal of an entity includes the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose. Cash generating units are defined as operating units.

#### Other intangible assets

Indefinite life intangible assets are not amortised and are assessed annually for impairment.



## SUN INTERNATIONAL GROUP

Expenditure on leasehold premiums anticipated, successful gaming licence bids and acquired management contracts are capitalised and amortised using the straight-line method as follows:

Leasehold premiums	Lease period
Gaming licence bids	Period of the licence and/or up to a maximum of 20 years
Management contracts	Period of initial contract

### FOREIGN CURRENCY TRANSLATION

#### Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in South African Rands which is the group's functional and presentation currency.

#### Transactions and balances

Transactions denominated in foreign currencies are translated at the rate of exchange ruling on the transaction date. Monetary items denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Gains or losses arising on translation are credited to or charged against income.

#### Foreign entities

The financial statements of foreign entities that have a functional currency different from the presentation currency are translated into South African Rands as follows:

- Assets and liabilities, at exchange rates ruling at balance sheet date.
- Income, expenditure and cash flow items at weighted average exchange rates.
- Premiums on transactions with minorities and fair value adjustments arising from the acquisition of a foreign entity are reported using the exchange rate at the date of the transaction.

All resulting exchange differences are reflected as part of shareholders' equity. On disposal, such translation differences are recognised in the income statement as part of the cumulative gain or loss on disposal.

### PROPERTY, PLANT AND EQUIPMENT

Freehold land is included at cost and not depreciated.

All other items of property, plant and equipment are stated at historical cost and depreciated over periods deemed appropriate to reduce carrying values to estimated residual values over their useful lives. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on the straight-line method. The principal useful lives over which the assets are depreciated are as follows:

Freehold and leasehold buildings	25 to 50 years
Infrastructure	10 to 50 years
Plant and machinery	10 to 25 years
Equipment	4 to 14 years
Furniture and fittings	5 to 10 years
Vehicles	4 to 10 years

The assets' residual values and useful lives are reviewed annually, and adjusted if appropriate, at each balance sheet date.

Operating equipment (which includes uniforms, casino chips, kitchen utensils, crockery, cutlery and linen) is recognised as an expense based on usage. The period of usage depends on the nature of the operating equipment and varies between one to three years.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Costs arising subsequent to the acquisition of an asset are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial year in which they are incurred.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. However, costs that are directly associated with identifiable and unique software products controlled by the group and which have probable economic benefits exceeding the costs beyond one year are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of the relevant overheads. Expenditure which enhances or extends the performance of these assets beyond their original specifications is recognised as a capital improvement and added to the original cost of the asset.

Borrowing costs and certain direct costs relating to major capital projects are capitalised during the period of development or construction.

### IMPAIRMENT OF ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

## SUN INTERNATIONAL GROUP

### ACCOUNTING POLICIES CONTINUED

#### PRE-OPENING EXPENDITURE

Pre-opening expenditure is charged directly against income and separately disclosed. These costs include all marketing, operating and training expenses incurred prior to the opening of a new hotel or casino development.

#### INVENTORY

Inventory is valued at the lower of cost and net realisable value on a first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business.

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the balance sheet at face value. Cash and cash equivalents includes cash on hand, deposits held at call with banks, and investments in money market instruments. In the balance sheet and cash flow statement, bank overdrafts are included in borrowings.

#### FINANCIAL INSTRUMENTS

Financial instruments carried at balance sheet date include available-for-sale investments, loans and receivables, accounts receivable, cash and cash equivalents, borrowings, derivative financial instruments, accounts payable and accruals.

Financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition financial instruments are measured as described below.

The fair value of publicly traded derivatives is based on quoted market prices at the balance sheet date. The effective value of interest rate swaps and interest rate cross currency swaps is calculated at the present value of the estimated future cash flows. The fair value of foreign exchange contracts is determined using forward exchange market rates at the balance sheet date. Appropriate market related rates are used to fair value long term borrowings. Other techniques, such as the discounted value of estimated future cash flows, are used to determine the fair value for the remaining financial instruments.

##### Financial assets

The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The financial assets carried at balance sheet date are classified as 'Loans and receivables' and 'Available-for-sale investments'.

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as non current unless receipt is anticipated within 12 months in which case the amounts are included in current assets. The group's loans and receivables

comprise 'Loans and receivables', 'Accounts receivable' (excluding VAT and prepayments) and 'Cash and cash equivalents'.

Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method.

##### Available-for-sale investments

Available-for-sale investments are financial assets specifically designated as available-for-sale or not classified in any of the other categories available under financial assets. These are included in non current assets unless management has expressed the intention of holding the investment for less than 12 months from the balance sheet date, in which case they are included in current assets.

Available-for-sale investments are carried at fair value. Unrealised gains and losses arising from changes in the fair value of available-for-sale investments are recognised directly in equity in the period in which they arise. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are transferred to the income statement.

All purchases and sales of financial assets are recognised on the trade date, which is the date that the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A provision for impairment is established where there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the loans or receivables. Significant financial difficulties of the counterparty, and default or delinquency in payments are considered indicators that the loan or receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a loan or receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited in the income statement.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in fair value of a financial asset below its cost is considered an indicator that the asset is impaired. If any such evidence exists the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) is removed from equity and recognised in the income statement. Impairment losses are recognised in the income statement on equity instruments and are not reversed through the income statement.





## SUN INTERNATIONAL GROUP

### Financial liabilities at amortised cost

At balance sheet date the group's financial liabilities include 'Borrowings' and 'Accounts payable and accruals' (excluding VAT, employee related payables and derivatives). These financial liabilities are subsequently measured at amortised cost using the effective interest method with the exception of the derivatives which are measured as noted below. Financial liabilities are included in current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

### Derivative financial instruments

The group uses derivative financial instruments, primarily foreign exchange contracts, cross currency interest rate swaps and interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations relating to certain firm commitments and forecasted transactions. These derivatives are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. The resulting gain or loss is recognised in profit or loss as it arises unless the derivative is designated and effective as a hedging instrument. The group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions, hedges of foreign currency risk of firm commitments (cash flow hedges) or hedges of net investments in foreign operations.

### Cash flow hedges

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity. The ineffective portion is recognised immediately in profit or loss. Amounts deferred in equity are recognised in profit or loss in the same period in which the hedge item affects profit or loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to profit or loss for the period.

### CURRENT AND DEFERRED TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity.

Deferred tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Current tax and deferred tax are calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries operate.

Deferred tax assets relating to the carry forward of tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised in the foreseeable future.

### SECONDARY TAX

STC is provided in respect of dividends declared on ordinary shares net of dividends received or receivable and is recognised as a tax charge for the year in which the dividend is declared.

### LEASES

Leases of assets where the group assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding lease obligations, net of finance charges, are included in borrowings. The interest element of the lease payment is charged to the income statement over the lease period. The assets acquired under finance leasing contracts are depreciated over the shorter of the useful life of the asset or the lease period. Where a lease has an option to be renewed the renewal period is considered when the period over which the asset will be depreciated is determined.

Leases of assets under which substantially all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognised as an expense in the period in which termination takes place.

### BORROWINGS

Borrowings, inclusive of transaction costs, are recognised initially at fair value. Borrowings are subsequently stated at amortised cost using the effective interest rate method; any difference between proceeds and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest rate method.

Preference shares, which are redeemable on a specific date or at the option of the shareholder or which carry non-discretionary dividend obligations, are classified as borrowings. The dividends on these preference shares are recognised in the income statement as interest expense. STC is accrued on recognition of the expense.

## SUN INTERNATIONAL GROUP

### ACCOUNTING POLICIES CONTINUED

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

#### EMPLOYEE BENEFITS

##### Defined benefit scheme

The group operates a closed defined benefit pension scheme. The defined benefit pension scheme is funded through payments to a trustee-administered fund, determined by reference to periodic actuarial calculations. The defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset or liability, as applicable, recognised in the balance sheet in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses, past service costs and any asset ceiling which may apply. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and past service costs are recognised in the income statement.

##### Defined contribution scheme

The group operates a number of defined contribution plans. The defined contribution plans are provident funds under which the group pays fixed contributions into separate entities. The contributions are recognised as an employee benefit expense when they are due.

##### Post-retirement medical aid contributions

The group provides limited post-retirement healthcare benefits to eligible employees. The entitlement to these benefits is usually conditional upon the employee remaining in service up to retirement age and the employee must have joined the group before 30 June 2003. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are recognised in the income statement. These obligations are valued annually by independent qualified actuaries.

##### Share based payments

The group operates equity settled, share based compensation plans. The fair value of the services received in exchange for awards made is recognised as an expense. The total amount to be

expensed over the vesting period is determined by reference to the fair value of the grants, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of awards that are expected to become exercisable. At each balance sheet date, the group revises its estimates of the number of awards that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

#### PROVISIONS

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

#### SHARE CAPITAL

Ordinary shares are classified as equity. Redeemable preference shares or preference shares, which carry a non-discretionary dividend obligation, are classified as liabilities (see accounting policy for borrowings).

External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from the proceeds, net of income taxes, in equity. Share issue costs incurred directly in connection with a business combination are included in the cost of acquisition.

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs apart from brokerage fees (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled, re-issued or disposed of. Where such shares are subsequently sold or re-issued, any consideration received, net of any attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

#### REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable from the sale of goods and services in the ordinary course of the group's activities. Revenue is recognised when it is probable that the economic benefits associated with a transaction will flow to the group and the amount of revenue, and associated costs incurred or to be incurred can be measured reliably.

Revenue includes net gaming win, hotel, entertainment and restaurant revenues, management and other fees, dividend income, rental income and the invoiced value of goods and services sold, less returns and allowances. VAT and other taxes levied on casino winnings are included in revenue and treated as overhead expenses



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as these are borne by the group and not by its customers. VAT on all other revenue transactions is considered to be a tax collected as an agent on behalf of the revenue authorities and is excluded from revenue.

### DIVIDEND DISTRIBUTIONS

Dividend distributions to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are declared.

### SEGMENTAL REPORTING

A business segment is a group of assets and operations engaged in providing products and services that are subject to risks and returns that are different from those of other business segments. The primary segmental reporting has been prepared by segmenting the group's operations into gaming, hotels and resorts, management activities and other. The secondary segmental reporting has been prepared by operating unit.

Segment results include revenue and expenses directly attributable to a segment. Segment results are determined before any adjustment for minority interest. Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment. Capital expenditure represents the total costs incurred during the period to acquire segment assets.

### CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances.

#### Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. Actual results may differ from these estimates.

#### Asset useful lives and residual values

Property, plant and equipment is depreciated over its useful life taking into account residual values where appropriate. The actual useful lives of the assets and residuals values are assessed annually. In re-assessing asset useful lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

#### Impairment of assets

Goodwill and indefinite life intangible assets are considered for impairment at least annually. Property, plant and equipment, other intangible assets, available-for-sale investments and non current assets held for sale are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic entity, the viability of the unit itself.

Future cash flows expected to be generated by the assets are projected, taking into account market conditions and the expected useful lives of assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value. If the information to project future cash flows is not available or could not be reliably estimated management uses the best alternative information available to estimate a possible impairment.

In preparing the group's results the assumption has been made that Boardwalk will be successful with its bid for the casino licence that expires in October 2010.

#### Valuation of derivatives and other financial instruments

The valuation of derivatives and financial instruments is based on the market conditions at the balance sheet date. The value of the instruments fluctuates on a daily basis and the actual amounts realised may differ materially from their value at the balance sheet date.

#### Consolidation of subsidiaries and special purpose entities

In assessing investment relationships, management has applied its judgement in the assessment of whether the commercial and economic relationship is tantamount to de facto control. Based on the fact patterns and management's judgement, if such control exists, the relationship of control has been recognised in terms of IAS 27 Consolidated and Separate Financial Statements and SIC 12 Special Purposes Entities.

#### Pension fund asset

Management needed to assess whether or not the group had an unconditional right to a refund in respect of the surplus from the pension plan. A legal interpretation was obtained which indicated that the group does not have an unconditional right to the full refund of the surplus.

### ACCOUNTING POLICY DEVELOPMENTS

Accounting policy developments include new standards issued, amendments to standards, and interpretations issued on current standards. These developments resulted in the first time adoption of new and revised standards which require additional disclosures.

#### Standards, amendments and interpretations effective in 2009

##### *IFRIC 12 Service Concession Agreements*

This interpretation gives guidance on the accounting by operators for public-to-private service concession arrangements.

This interpretation is not applicable to the group.

##### *IFRIC 13 Customer Loyalty Programmes*

This interpretation addresses how companies that grant their customers loyalty awards credits when buying goods or services,

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### ACCOUNTING POLICIES CONTINUED

should account for their obligation to provide free or discounted goods, or services, if and when customers redeem the points.

The group currently complies with the interpretation and it therefore had no impact.

#### ***IFRIC 14 and IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction***

IFRIC 14 provides general guidance on how to assess the limit in IAS 19 Employee Benefits on the amount of the surplus that can be recognised as an asset. It also explains how the asset or liability may be affected where there is a statutory or contractual minimum funding requirement. The interpretation will standardise practice and ensure that entities recognise an asset in relation to a surplus on a consistent basis.

The group currently complies with the interpretation and it therefore had no impact.

#### ***IAS 39 and IFRS 7 – Amendments to IAS 39 – Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures – Reclassification of Financial Assets***

The amendments introduce the possibility of reclassifications for certain financial assets previously classified as 'held for trading' or 'available-for-sale' to another category under limited circumstances. Various disclosures are required where a reclassification has been made. Derivatives and assets designated as 'at fair value through profit or loss' under the fair value option are not eligible for this reclassification.

The amendments are not applicable to the group.

#### **Standards, amendments and interpretations not yet effective**

The group has evaluated the effect of all new standards, amendments and interpretations that have been issued but which are not yet effective. Based on the evaluation, management does not expect these standards, amendments and interpretations to have a significant impact on the group's results and disclosures. The expected implications of applicable standards, amendments and interpretations are dealt with below.

#### ***IAS 1 (Revised) Presentation of Financial Statements***

The main objective of IAS 1 was to aggregate information in the financial statements on the basis of shared characteristics and to introduce a statement of comprehensive income.

This will enable readers to analyse changes in a company's equity resulting from transactions with owners separately from non-owners changes.

The changes relate to disclosure in the financial statements and are unlikely to have a significant impact on the group's financial statements. These changes are effective for the financial year commencing on 1 July 2009.

#### ***IAS 23 (Revised) Borrowing Costs***

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset and may no longer be expensed. Other borrowing costs are recognised as an expense.

The group has previously capitalised borrowing costs and therefore no impact is expected.

#### ***IAS 27 (Revised) Consolidated and Separate Financial Statements***

The IAS 27 amendments relate, primarily, to accounting for non-controlling interests and the loss of control of a subsidiary.

The group already applies the economic entity model in its financial statements and therefore it is likely that there will be limited effects from the application of IAS 27R.

IAS 27R and IFRS 3R Business Combinations have to be adopted in the same period. Both these standards are effective for the period commencing on 1 July 2009.

#### ***IAS 28 Investments in Associates***

The IAS 28 amendments were as a direct result of amendments made to IFRS 3.

The amendments will currently have no impact on the group financial statements.

#### ***IAS 31 Interests in Joint Ventures***

The IAS 31 amendments were as a direct result of amendments made to IFRS 3.

As the group does not have any joint ventures, the amendments will currently have no impact.

#### ***IAS 32 Financial Instruments***

The IAS 32 amendments relate to disclosure of puttable instruments and obligations arising on liquidation.

As the group does not have any puttable instruments and obligations, the amendments are not currently applicable to the group.

#### ***IAS 39 Financial Instruments: Recognition and Measurement***

The reclassification amendment allows entities to reclassify particular financial instruments out of the 'at fair value through profit or loss' category in specific circumstances.

The amendment will currently have no impact on the group.

#### ***IFRS 2 (Amended) Share based Payments Vesting Conditions and Cancellations***

IFRS 2 was amended to provide more clarity on vesting conditions and cancellations. The effect of the amendment is applicable to the group but no impact is currently expected.



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The amendment deals with two matters. It clarifies that vesting conditions are service and performance conditions only. Other features of a share based payment are not vesting conditions.

It also specifies that all cancellations, whether by the entity or other parties, should receive the same accounting treatment.

### ***IFRS 3 (Revised) Business Combinations***

The objective of the revised IFRS 3 is to enhance the relevance, reliability and comparability of the information that an entity provides in its financial statements about a business combination and its effects. It does that by establishing principles and requirements for how an acquirer:

- (a) Recognises and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree;
- (b) Recognises and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and
- (c) Determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination.

As the standard will only be applicable to acquisitions on or after 1 July 2009, no effect has yet been considered.

### ***IFRS 7 Financial Instruments: Disclosures***

The amendments require enhanced disclosures about fair value measurements and liquidity risk.

The amendments are effective for the financial year commencing on 1 July 2009.

### ***IFRS 8 Operating Segments***

IFRS 8 requires an entity to adopt the 'management approach' to reporting on the financial performance of its operating segments. The standard sets out requirements for disclosure of information.

The group currently complies with the standard and it is therefore expected to have no impact.

### ***IFRIC 15 Agreements for the Construction of Real Estate***

The interpretation provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and when revenue from the construction should be recognised.

This standard is currently not applicable to the group.

### ***IFRIC 16 Hedges of a Net Investment in a Foreign Operation***

IFRIC 16 applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and wishes to qualify for hedge accounting in accordance with IAS 39. It does not apply to other types of hedge accounting.

The interpretation is currently not applicable to the group.

### ***IFRIC 17 Distributions of Non-cash Assets to Owners***

The interpretation addresses how an entity should measure distributions of assets other than cash when it pays dividends to its owners.

The interpretation is currently not applicable to the group.

### ***IFRIC 18 Transfers of Assets from Customers***

IFRIC 18 clarifies the requirements of IFRS for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to supply of goods or services (such as supply of electricity, gas or water).

The interpretation is currently not applicable to the group.

### ***Annual Improvements Project***

The IASB initiated an annual improvements project in 2007 as a method of making necessary, but non-urgent, amendments to IFRS that will not be included as part of another major project. The IASB's objective was to ease the burden for all concerned.

Unless otherwise specified the amendments are effective for annual periods beginning on or after 1 January 2009, although entities are permitted to adopt them earlier.

The following standards have been affected by the project:

- \* IFRS 2 Share based Payments
- \* IFRS 5 Non Current Assets Held for Sale and Discontinued operations
- \* IFRS 8 Operating Segments
- \* IAS 1 Presentation of Financial Statements
- \* IAS 7 Statement of Cash Flows
- \* IAS 16 Property, Plant and Equipment
- \* IAS 17 Leases
- \* IAS 18 Revenue
- \* IAS 19 Employee Benefits
- \* IAS 20 Accounting for Government Grants and Disclosure of Government Assistance
- \* IAS 23 Borrowing Costs
- \* IAS 27 Consolidated and Separate Financial Statements
- \* IAS 28 Investments in Associates
- \* IAS 29 Financial Reporting in Hyperinflationary Economies
- \* IAS 31 Interests in Joint Ventures
- \* IAS 36 Impairment of Assets
- \* IAS 38 Intangible Assets
- \* IAS 39 Financial Instruments: Recognition and Measurement
- \* IAS 40 Investment Property
- \* IAS 41 Agriculture
- \* IFRIC 9 Reassessment of Embedded Derivatives
- \* IFRIC 16 Hedges of a Net Investment in a Foreign Operation

Management is currently considering whether any of these changes have an effect.

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GROUP INCOME STATEMENTS

for the year ended 30 June

	Notes	2009 Rm	2008 Rm
<b>Revenue</b>			
Casino		6 234	5 845
Rooms		900	881
Food, beverage and other		907	892
		<b>8 041</b>	<b>7 618</b>
Promotional allowances		(126)	(117)
		<b>7 915</b>	<b>7 501</b>
Other income	2	47	13
Employee costs	3	(1 511)	(1 388)
Levies and VAT on casino revenue		(1 353)	(1 244)
Depreciation and amortisation	4	(658)	(568)
Promotional and marketing costs		(592)	(522)
Consumables and services		(819)	(777)
Property and equipment rental		(74)	(102)
Property costs		(298)	(252)
Other operational costs		(654)	(529)
Impairment of goodwill	13	(108)	-
BEE transaction charge		-	(182)
		<b>1 895</b>	<b>1 950</b>
<b>Operating profit</b>	5	<b>1 895</b>	<b>1 950</b>
Foreign exchange profits		42	69
Interest income	6	93	79
Interest expense	7	(719)	(601)
		<b>1 311</b>	<b>1 497</b>
<b>Profit before tax</b>		<b>1 311</b>	<b>1 497</b>
Tax	8	(611)	(784)
		<b>700</b>	<b>713</b>
<b>Profit</b>		<b>700</b>	<b>713</b>
<b>Attributable to:</b>			
Minorities		199	256
Ordinary shareholders		501	457
		<b>700</b>	<b>713</b>
<b>Earnings per share</b>			
Basic (cents per share)	10	566	509
Basic diluted (cents per share)	10	558	502



SUN INTERNATIONAL GROUP

GROUP BALANCE SHEETS

as at 30 June

	Notes	2009 Rm	2008 Rm
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	12	7 878	6 229
Intangible assets	13	382	308
Available-for-sale investment	14	48	44
Loans and receivables	15	49	76
Pension fund asset	16	31	22
Deferred tax	21	85	31
		<b>8 473</b>	6 710
<b>Current assets</b>			
Loans and receivables	15	184	501
Inventory	17	47	41
Accounts receivable	18	477	486
Tax		12	44
Cash and cash equivalents		794	850
		<b>1 514</b>	1 922
<b>Total assets</b>		<b>9 987</b>	8 632
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Ordinary shareholders' equity		569	119
Minorities' interests		1 020	546
		<b>1 589</b>	665
<b>Non current liabilities</b>			
Deferred tax	21	418	412
Borrowings	22	4 525	3 821
Other non current liabilities	23	190	162
Tax		43	48
		<b>5 176</b>	4 443
<b>Current liabilities</b>			
Accounts payable and accruals	24	1 113	1 060
Provisions	25	53	76
Borrowings	22	1 982	2 277
Tax		74	111
		<b>3 222</b>	3 524
<b>Total liabilities</b>		<b>8 398</b>	7 967
<b>Total equity and liabilities</b>		<b>9 987</b>	8 632

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GROUP CASH FLOW STATEMENTS

for the year ended 30 June

	Notes	2009 Rm	2008 Rm
<b>Cash flows from operating activities</b>			
Cash receipts from customers		<b>8 108</b>	7 535
Cash paid to suppliers, government and employees		<b>(5 463)</b>	(4 655)
Cash generated by operations	26.1	<b>2 645</b>	2 880
Pre-opening expenses		<b>(21)</b>	(8)
Tax paid	26.2	<b>(622)</b>	(783)
<i>Net cash inflow from operating activities</i>		<b>2 002</b>	2 089
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment			
Expansion		<b>(984)</b>	(254)
Replacement		<b>(492)</b>	(607)
Purchase of intangible assets		<b>(9)</b>	(6)
Proceeds on disposal of property, plant and equipment		<b>31</b>	28
Proceeds on disposal of shares in subsidiaries	26.3	<b>99</b>	208
Purchase of shares in subsidiaries	26.4	<b>(22)</b>	(265)
Investment income	26.5	<b>93</b>	79
Acquisition of SFIR	26.6	<b>(189)</b>	–
Other non current loans made		<b>(118)</b>	(416)
Other non current loans realised		<b>259</b>	169
<i>Net cash outflow from investing activities</i>		<b>(1 332)</b>	(1 064)
<b>Cash flows from financing activities</b>			
Net (decrease)/increase in borrowings	26.7	<b>(90)</b>	2 531
Interest paid	26.8	<b>(692)</b>	(580)
Dividends paid	26.9	<b>(559)</b>	(679)
Increase in minority funding		<b>354</b>	–
Share premium distributions paid to minorities		–	(88)
Increase/(decrease) in share capital		<b>341</b>	(2 346)
Proceeds on disposal of treasury shares		<b>17</b>	–
Purchase of treasury shares and share options		<b>(99)</b>	(143)
<i>Net cash outflow from financing activities</i>		<b>(728)</b>	(1 305)
Effects of exchange rate changes on cash and cash equivalents		<b>2</b>	41
<b>Net decrease in cash and cash equivalents</b>		<b>(56)</b>	(239)
Cash and cash equivalents at beginning of year		<b>850</b>	1 089
<b>Cash and cash equivalents at end of year</b>	26.10	<b>794</b>	850





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GROUP STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June

Notes	Share capital and premium Rm	Treasury shares Rm	Treasury share options Rm	Foreign currency translation reserve Rm	Share based payment reserve Rm	Available-for-sale investment reserve Rm	Hedging reserves Rm	Reserve for non-controlling interests* Rm	Retained earnings Rm	Ordinary share-holders' equity Rm	Minorities' interests Rm	Total Rm
<b>Balance at 1 July 2007</b>	<b>1 551</b>	<b>(692)</b>	<b>(312)</b>	<b>150</b>	<b>73</b>	<b>-</b>	<b>-</b>	<b>(1 583)</b>	<b>3 161</b>	<b>2 348</b>	<b>642</b>	<b>2 990</b>
Share buy back 19	(1 543)	(692)							(111)	(2 346)		(2 346)
Shares purchased by Dinokana 19		(44)								(44)		(44)
Treasury share options purchased 19			(99)							(99)		(99)
Employee share based payments 32					21					21		21
Deferred tax on employee share based payments 21					7					7		7
BEE transaction charge								121		121	61	182
Acquisition of minorities' interests								(186)		(186)	(80)	(266)
Disposal of interests to minorities								168		168	40	208
Currency translation differences				59						59	7	66
Profit									457	457	256	713
Dividends paid 11									(387)	(387)	(292)	(679)
Share premium distribution to minorities										-	(88)	(88)
<b>Balance at 30 June 2008</b>	<b>8</b>	<b>(1 428)</b>	<b>(411)</b>	<b>209</b>	<b>101</b>	<b>-</b>	<b>-</b>	<b>(1 480)</b>	<b>3 120</b>	<b>119</b>	<b>546</b>	<b>665</b>
Share issue 19	99									99		99
Deemed treasury shares purchased 19		(78)								(78)		(78)
Shares disposed by Dinokana 19		12							5	17		17
Treasury share options purchased 19			(21)							(21)		(21)
Treasury share options exercised 19			241							241		241
Employee share based payments 32					28					28		28
Release of share based payment reserve					(55)				55	-		-
Fair value adjustment on available-for-sale investment 14						4				4		4
Net loss on cash flow hedge							(87)			(87)	(27)	(114)
Transfer of hedging reserve to income statement							32			32		32
Acquisition of subsidiary 26.6										-	240	240
Increase in minority funding										-	354	354
Acquisition of minorities' interests								(26)		(26)	4	(22)
Disposal of interests to minorities								52		52	47	99
Currency translation differences				(21)						(21)	(11)	(32)
Realisation of currency translation reserve				(64)						(64)		(64)
Profit									501	501	199	700
Dividends paid 11									(227)	(227)	(332)	(559)
<b>Balance at 30 June 2009</b>	<b>107</b>	<b>(1 494)</b>	<b>(191)</b>	<b>124</b>	<b>74</b>	<b>4</b>	<b>(55)</b>	<b>(1 454)</b>	<b>3 454</b>	<b>569</b>	<b>1 020</b>	<b>1 589</b>

\* Reserve for non-controlling interests relates to the premium paid on purchases of minorities' interests and profits and losses on disposals of interests to minorities.

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NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 30 June

	Revenue		EBITDA		Depreciation and amortisation	
	2009 Rm	2008 Rm	2009 Rm	2008 Rm	2009 Rm	2008 Rm
<b>1. SEGMENTAL ANALYSIS</b>						
<b>Gaming units</b>	<b>5 589</b>	5 228	<b>1 876</b>	1 938	<b>452</b>	379
GrandWest	<b>1 642</b>	1 756	<b>675</b>	734	<b>125</b>	120
Carnival City	<b>997</b>	954	<b>351</b>	329	<b>68</b>	64
Sibaya	<b>810</b>	782	<b>295</b>	294	<b>62</b>	62
Boardwalk	<b>418</b>	451	<b>172</b>	185	<b>29</b>	29
Monticello	<b>397</b>	–	<b>(22)</b>	–	<b>59</b>	–
Carousel	<b>308</b>	318	<b>81</b>	91	<b>26</b>	23
Morula	<b>250</b>	243	<b>56</b>	55	<b>21</b>	22
Meropa	<b>227</b>	215	<b>93</b>	86	<b>14</b>	15
Windmill	<b>204</b>	198	<b>84</b>	80	<b>19</b>	17
Flamingo	<b>129</b>	127	<b>42</b>	44	<b>9</b>	10
Golden Valley	<b>109</b>	87	<b>34</b>	24	<b>17</b>	13
Lesotho	<b>98</b>	97	<b>15</b>	16	<b>3</b>	4
<b>Hotels and resorts units</b>	<b>2 350</b>	2 279	<b>510</b>	522	<b>188</b>	175
Sun City	<b>1 146</b>	1 147	<b>207</b>	223	<b>112</b>	105
Wild Coast Sun	<b>302</b>	299	<b>56</b>	62	<b>14</b>	15
Zambia	<b>217</b>	208	<b>55</b>	63	<b>21</b>	16
Table Bay	<b>199</b>	197	<b>65</b>	69	<b>16</b>	15
Botswana	<b>181</b>	151	<b>68</b>	51	<b>10</b>	8
Swaziland	<b>177</b>	157	<b>23</b>	21	<b>8</b>	9
Namibia	<b>128</b>	120	<b>36</b>	33	<b>7</b>	7
<b>Management activities</b>	<b>664</b>	659	<b>382</b>	380	<b>13</b>	10
<b>Other</b>	<b>(562)</b>	(548)	<b>(22)</b>	(4)	<b>5</b>	4
Central office and other	<b>47</b>	65	<b>(22)</b>	(4)	<b>5</b>	4
Elimination of intragroup	<b>(609)</b>	(613)				
Other income						
Other expenses						
Promotional allowances	<b>8 041</b> <b>(126)</b>	7 618 (117)	<b>2 746</b>	2 836	<b>658</b>	568
<b>Total</b>	<b>7 915</b>	7 501	<b>2 746</b>	2 836	<b>658</b>	568
<b>Other</b>						
Net interest expense and foreign exchange profits						
Tax						
Minorities' interests						
Deferred tax						
Borrowings						
	<b>7 915</b>	7 501	<b>2 746</b>	2 836	<b>658</b>	568



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Operating profit and segment results		Assets		Borrowings		Liabilities		Capital expenditure	
2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
<b>1 379</b>	1 506	<b>6 445</b>	4 622	<b>2 738</b>	1 869	<b>798</b>	595	<b>1 171</b>	573
<b>535</b>	591	<b>1 382</b>	1 503	<b>450</b>	446	<b>149</b>	160	<b>18</b>	234
<b>267</b>	252	<b>717</b>	721	<b>352</b>	454	<b>102</b>	120	<b>67</b>	136
<b>233</b>	224	<b>795</b>	831	<b>457</b>	447	<b>90</b>	96	<b>31</b>	29
<b>142</b>	156	<b>313</b>	321	<b>97</b>	126	<b>34</b>	42	<b>10</b>	15
<b>(81)</b>	–	<b>2 014</b>	–	<b>912</b>	–	<b>228</b>	–	<b>969</b>	–
<b>52</b>	66	<b>330</b>	344	–	–	<b>40</b>	38	<b>20</b>	17
<b>33</b>	31	<b>140</b>	146	–	–	<b>26</b>	35	<b>12</b>	29
<b>78</b>	69	<b>169</b>	173	<b>117</b>	117	<b>19</b>	21	<b>9</b>	33
<b>63</b>	62	<b>171</b>	192	<b>73</b>	10	<b>19</b>	17	<b>10</b>	9
<b>32</b>	33	<b>93</b>	99	<b>69</b>	69	<b>12</b>	12	<b>7</b>	7
<b>14</b>	10	<b>212</b>	224	<b>210</b>	200	<b>30</b>	36	<b>7</b>	62
<b>11</b>	12	<b>109</b>	68	<b>1</b>	–	<b>49</b>	18	<b>11</b>	2
<b>295</b>	312	<b>2 539</b>	2 544	<b>322</b>	315	<b>451</b>	569	<b>244</b>	266
<b>95</b>	115	<b>1 607</b>	1 577	–	–	<b>303</b>	395	<b>189</b>	200
<b>41</b>	47	<b>186</b>	190	<b>1</b>	3	<b>43</b>	36	<b>14</b>	14
<b>34</b>	45	<b>335</b>	365	–	–	<b>26</b>	36	<b>7</b>	15
<b>33</b>	36	<b>132</b>	141	<b>321</b>	312	<b>16</b>	32	<b>13</b>	10
<b>55</b>	39	<b>105</b>	115	–	–	<b>25</b>	28	<b>7</b>	8
<b>15</b>	12	<b>91</b>	87	–	–	<b>21</b>	22	<b>7</b>	9
<b>22</b>	18	<b>83</b>	69	–	–	<b>17</b>	20	<b>7</b>	10
<b>381</b>	371	<b>669</b>	681	<b>42</b>	242	<b>133</b>	202	<b>10</b>	18
<b>(160)</b>	(239)	<b>237</b>	710	<b>3 405</b>	3 672	<b>(26)</b>	(68)	<b>51</b>	4
<b>(149)</b>	(23)	<b>237</b>	710	<b>3 405</b>	3 672	<b>178</b>	139	<b>51</b>	4
<b>47</b>	13					<b>(204)</b>	(207)		
<b>(58)</b>	(229)								
<b>1 895</b>	1 950	<b>9 890</b>	8 557	<b>6 507</b>	6 098	<b>1 356</b>	1 298	<b>1 476</b>	861
<b>1 895</b>	1 950	<b>9 890</b>	8 557	<b>6 507</b>	6 098	<b>1 356</b>	1 298	<b>1 476</b>	861
<b>(584)</b>	(453)								
<b>(611)</b>	(784)	<b>12</b>	44			<b>117</b>	159		
<b>(199)</b>	(256)	<b>85</b>	31			<b>418</b>	412		
						<b>6 507</b>	6 098		
<b>501</b>	457	<b>9 987</b>	8 632	<b>6 507</b>	6 098	<b>8 398</b>	7 967	<b>1 476</b>	861

## SUN INTERNATIONAL GROUP

### NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED for the year ended 30 June

	2009 Rm	2008 Rm
<b>2. OTHER INCOME</b>		
Realisation of FCTR on distribution of RRHL dividend	47	–
Realisation of Zimbali management contract	–	13
	47	13
<b>3. EMPLOYEE COSTS</b>		
Salaries, wages, bonuses and other benefits	(1 344)	(1 248)
Pension costs – defined contribution plans	(141)	(124)
– defined benefit plans (refer note 16)	2	5
contributions paid	(7)	(7)
pension fund surplus recognition	9	12
Employee share based payments (refer note 32)	(28)	(21)
	(1 511)	(1 388)
Number of employees at the end of the year	10 434	9 097
Permanent full-time employees	10 005	8 678
Permanent scheduled employees	429	419
<b>4. DEPRECIATION AND AMORTISATION</b>		
Property, plant and equipment (refer note 12)	(610)	(522)
Intangible assets (refer note 13)	(48)	(46)
	(658)	(568)
<b>5. OPERATING PROFIT IS STATED AFTER CHARGING THE FOLLOWING:</b>		
Operating lease charges		
Plant, vehicles and equipment	(31)	(30)
Auditors' remuneration	(12)	(14)
Audit fees	(9)	(11)
Fees for other services	(2)	(2)
Expenses	(1)	(1)
Professional fees	(12)	(12)
Net loss on disposal and impairment of property, plant and equipment	(9)	(1)
Write-off of management contract	–	(13)
<b>6. INTEREST INCOME</b>		
Interest earned on cash and cash equivalents	87	67
Preference share dividends	6	12
	93	79
<b>7. INTEREST EXPENSE</b>		
Interest paid on borrowings	(483)	(289)
Preference share dividends	(290)	(294)
Imputed interest on loans payable	(19)	(21)
Transfer from hedging reserve	(8)	–
Capitalised to property, plant and equipment	81	3
	(719)	(601)



## SUN INTERNATIONAL GROUP

	2009 Rm	2008 Rm
<b>8. TAX</b>		
Normal tax – South African	(485)	(555)
– foreign	(15)	(39)
	(500)	(594)
Current tax – current year	(512)	(563)
– prior years	15	(17)
Deferred tax – current year	10	(23)
– prior years	(13)	(2)
– adjustment due to change in statutory tax rate	–	11
STC	(100)	(118)
CGT	2	(70)
Other taxes	(13)	(2)
	(611)	(784)
Estimated tax losses available for set off against future taxable income	53	60
Unutilised STC credits	37	15
Reconciliation of rate of tax		
Standard rate – South African	28.0%	28.0%
Adjusted for:		
Exempt income and disallowable expenses	11.4%	11.1%
Tax losses	(1.6%)	
(0.1%)		
Foreign tax rate variations	0.6%	0.3%
Prior year (over)/under provision	(0.2%)	1.3%
STC	7.6%	7.9%
CGT	(0.2%)	4.6%
Other taxes	1.0%	0.1%
Change in standard tax rate	–	
(0.8%)		
Effective tax rate	46.6%	52.4%
<b>9. EBITDA RECONCILIATION</b>		
<b>Operating profit</b>	<b>1 895</b>	1 950
Depreciation and amortisation	658	568
Other income	(47)	(13)
Pension fund surplus recognition	(9)	(12)
BEE transaction charge	–	182
Property and equipment rental	74	102
Net loss on disposal and impairment of property, plant and equipment	9	1
Write-off of management contract	–	13
Ster Century guarantee provision	–	3
Loss/(profit) on disposal of investments	6	(4)
Impairment of goodwill	108	–
Pre-opening expenses	21	8
Reversal of Employee Share Trusts' consolidation*	31	38
<b>EBITDA</b>	<b>2 746</b>	2 836

\* The consolidation of the Employee Share Trusts are reversed as the group does not receive the economic benefits of these trusts.

## SUN INTERNATIONAL GROUP

### NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED for the year ended 30 June

	2009 Rm	2008 Rm
<b>10. EARNINGS PER SHARE</b>		
<b>Profit attributable to ordinary shareholders</b>	<b>501</b>	457
<b>Headline earnings adjustments</b>	<b>76</b>	10
Net loss on disposal and impairment of property, plant and equipment	9	1
Write-off of management contract	–	13
Loss/(profit) on disposal of investments	6	(4)
Currency translation realised	(47)	–
Impairment of goodwill	108	–
Tax relief on the above items	(2)	5
Minorities' interests in the above items	(4)	(1)
<b>Headline earnings</b>	<b>571</b>	471
<b>Adjusted headline earnings adjustments</b>	<b>3</b>	157
Pre-opening expenses	21	8
Realisation of management contract	–	(13)
Pension fund surplus recognition	(9)	(12)
Foreign exchange profits on intercompany loans	(9)	(11)
Ster Century guarantee provision	–	3
BEE transaction charge	–	182
Tax relief on the above items	(1)	20
Tax on share premium distributions received	(5)	48
Minorities' interests in the above items	(9)	(15)
Reversal of Employee Share Trusts' consolidation	41	39
<b>Adjusted headline earnings</b>	<b>600</b>	720
<b>Number of shares for diluted EPS calculation (000's)</b>		
Weighted average number of shares in issue	<b>88 492</b>	89 826
Adjustment for dilutive share options	<b>1 227</b>	1 202
Diluted weighted average number of shares in issue	<b>89 719</b>	91 028
<b>Number of shares for diluted adjusted HEPS calculation (000's)</b>		
Weighted average number of shares in issue	<b>88 492</b>	89 826
Weighted deemed treasury shares	<b>461</b>	–
Weighted treasury shares held by Employee Share Trusts	<b>6 931</b>	6 442
Adjusted weighted average number of shares in issue	<b>95 884</b>	96 268
Adjustment for dilutive share options	<b>1 227</b>	1 202
Diluted adjusted weighted average number of shares in issue	<b>97 111</b>	97 470
<b>Earnings per share (cents)</b>		
Basic	<b>566</b>	509
Headline	<b>645</b>	524
Adjusted headline	<b>626</b>	748
<b>Diluted earnings per share (cents)</b>		
Basic	<b>558</b>	502
Headline	<b>636</b>	517
Adjusted headline	<b>618</b>	739



## SUN INTERNATIONAL GROUP

	2009 Rm	2008 Rm
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### 10. EARNINGS PER SHARE (continued)

Earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue.

Adjusted headline earnings include adjustments made for certain items of income or expense. These adjustments include pre-opening expenses and material items considered to be outside of the normal operating activities of the group and/or of a non-recurring nature.

For the diluted earnings per share calculation the weighted average number of ordinary shares in issue is adjusted to take account of potential dilutive share options granted to employees. The number of shares taken into account is determined by taking the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to the outstanding share options and awards. This calculation is done to determine the 'unpurchased' shares to be added to the ordinary shares outstanding for the purpose of computing the dilution.

### 11. DIVIDENDS PAID

A final dividend of 215 cents per share for the year ended 30 June 2007 was declared on 29 August 2007 and paid on 25 September 2007	(196)
An interim dividend in respect of the 2008 financial year of 222 cents per share was declared on 6 March 2008 and paid on 7 April 2008	(191)
A final dividend of 258 cents per share for the year ended 30 June 2008 was declared on 28 August 2008 and paid on 29 September 2008	<b>(227)</b>
	<b>(227)</b>
	<b>(387)</b>

### 12. PROPERTY, PLANT AND EQUIPMENT

#### Net carrying value

Freehold land and buildings	3 373	2 799
Leasehold land and buildings	1 158	1 081
Infrastructure	625	558
Plant and machinery	391	293
Equipment	1 055	842
Furniture and fittings	355	325
Vehicles	8	13
Operating equipment	136	93
Capital work in progress	777	225
	<b>7 878</b>	<b>6 229</b>

2009 Rm	Cost						Closing
	Opening	Exchange adjust- ments	Acquisition of SFIR	Additions	Disposals and write-offs	Reclassi- fications	
Freehold land and buildings	3 363	(29)	8	141	-	529	4 012
Leasehold land and buildings	1 558	(1)	-	135	(2)	-	1 690
Infrastructure	820	(4)	-	18	(4)	87	917
Plant and machinery	603	(5)	-	42	(2)	102	740
Equipment	1 875	(17)	-	208	(95)	338	2 309
Furniture and fittings	820	(6)	-	113	(14)	2	915
Vehicles	50	(1)	-	3	(2)	-	50
Operating equipment	93	(2)	-	75	(30)	-	136
Capital work in progress	225	(7)	885	741	(1)	(1 066)	777
	<b>9 407</b>	<b>(72)</b>	<b>893</b>	<b>1 476</b>	<b>(150)</b>	<b>(8)</b>	<b>11 546</b>

## SUN INTERNATIONAL GROUP

### NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED for the year ended 30 June

#### 12. PROPERTY, PLANT AND EQUIPMENT (continued)

2009 Rm	Accumulated depreciation				
Asset type	Opening	Exchange adjustments	Depre- ciation on disposals	Depre- ciation	Closing
Freehold land and buildings	(564)	3	–	(78)	(639)
Leasehold land and buildings	(477)	–	1	(56)	(532)
Infrastructure	(262)	–	4	(34)	(292)
Plant and machinery	(310)	1	1	(41)	(349)
Equipment	(1 033)	5	89	(315)	(1 254)
Furniture and fittings	(495)	2	12	(79)	(560)
Vehicles	(37)	–	2	(7)	(42)
	<b>(3 178)</b>	<b>11</b>	<b>109</b>	<b>(610)</b>	<b>(3 668)</b>

2008 Rm	Cost					
Asset type	Opening	Exchange adjustments	Additions	Disposals and write-offs	Reclassi- fications	Closing
Freehold land and buildings	3 122	30	209	(1)	3	3 363
Leasehold land and buildings	1 463	5	101	(11)	–	1 558
Infrastructure	793	4	23	(1)	1	820
Plant and machinery	546	2	58	(3)	–	603
Equipment	1 706	5	282	(114)	(4)	1 875
Furniture and fittings	741	8	96	(26)	1	820
Vehicles	45	–	7	(2)	–	50
Operating equipment	79	2	32	(20)	–	93
Capital work in progress	174	–	53	(1)	(1)	225
	<b>8 669</b>	<b>56</b>	<b>861</b>	<b>(179)</b>	<b>–</b>	<b>9 407</b>

2008 Rm	Accumulated depreciation				
Asset type	Opening	Exchange adjustments	Depre- ciation on disposals	Depre- ciation	Closing
Freehold land and buildings	(487)	(7)	1	(71)	(564)
Leasehold land and buildings	(429)	(1)	11	(58)	(477)
Infrastructure	(230)	(1)	1	(32)	(262)
Plant and machinery	(279)	(1)	3	(33)	(310)
Equipment	(885)	(3)	108	(253)	(1 033)
Furniture and fittings	(443)	(5)	22	(69)	(495)
Vehicles	(33)	–	2	(6)	(37)
	<b>(2 786)</b>	<b>(18)</b>	<b>148</b>	<b>(522)</b>	<b>(3 178)</b>

Net carrying value of property, plant and equipment held under finance leases is R128 million (2008: R161 million) and relates mainly to equipment.

A copy of the register of properties is available for inspection by members of the public at the registered office of the company.

Borrowing costs of R81 million (2008: R3 million) were capitalised during the year and are included in 'Additions' above. The capitalisation rate used was equal to the specific borrowing costs of the loans used to finance the relevant projects.

Included in freehold land and buildings and infrastructure are assets of R1 629 million (2008: R1 483 million) where the residual value is deemed to approximate the carrying value.





## SUN INTERNATIONAL GROUP

	2009 Rm	2008 Rm
<b>13. INTANGIBLE ASSETS</b>		
<b>Cost</b>		
Sun International name	72	72
Bid costs	563	530
Management contracts	5	5
Goodwill	89	–
Lease premiums	35	35
	<b>764</b>	<b>642</b>
<b>Accumulated amortisation</b>		
Bid costs	(363)	(316)
Management contracts	(1)	(1)
Lease premiums	(18)	(17)
	<b>(382)</b>	<b>(334)</b>
<b>Net carrying value</b>		
Sun International name	72	72
Bid costs	200	214
Management contracts	4	4
Goodwill	89	–
Lease premiums	17	18
	<b>382</b>	<b>308</b>
<b>Movements on intangible assets</b>		
Balance at beginning of year	308	361
Bid costs incurred	9	6
Reclassification of bid costs	8	–
Goodwill on acquisition of subsidiary	198	–
Impairment of goodwill	(108)	–
Acquisition of SFIR – Bid costs	15	–
Write-off of management contract	–	(13)
Amortised during the year	(48)	(46)
Bid costs	(47)	(45)
Lease premiums	(1)	(1)
FCTR movements for the year	–	–
Bid costs	1	–
Goodwill on acquisition of SFIR	(1)	–
	<b>382</b>	<b>308</b>

### Sun International name

The Sun International name is classified as an indefinite life intangible asset as the group believes that it will benefit from the name for an indefinite period. The name was tested for impairment by discounting five years of projected cash flows on relevant operations and management contracts. Discount rates were based on the risk free rate of the appropriate country, a standard risk premium and a country risk premium and ranged from 13.4% to 17.9%. In determining the growth rates applied in the impairment calculations, consideration was given to the location of the business, including economic and political facts and circumstances. Based on these calculations, there has been no indication of impairment.

### Goodwill

The goodwill relates to the acquisition of SFIR (a separate CGU disclosed as a reporting segment) on 20 August 2008, being the difference between the fair value of net assets acquired and the purchase consideration. The goodwill was subsequently impaired as a result of the valuation of SFIR at 30 June 2009 being based on the current trading levels as required by IAS 36 – Impairment of Assets. A 'value in use' valuation was performed by applying a discount rate of 12.47% to the directors' estimated future operating cash flows. Local territory legislated tax rates were applied and a terminal growth rate based on local inflation plus a marginal premium was used. Goodwill comprises intellectual property and the casino licence.

## SUN INTERNATIONAL GROUP

### NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED for the year ended 30 June

	2009 Rm	2008 Rm
<b>14. AVAILABLE-FOR-SALE INVESTMENT</b>		
Available-for-sale investment comprises:		
Cape Town International Convention Centre Company (Proprietary) Limited (CTICC)	<b>48</b>	44
Movement on available-for-sale investment:		
Balance at beginning of year	<b>44</b>	44
Fair value adjustment	<b>4</b>	–
	<b>48</b>	44
Directors' valuation	<b>48</b>	44
<p>The 24.8% (2008: 24.8%) investment in the unlisted CTICC was part of the group's bid commitments in the Western Cape. The investment was stated at fair value based on the latest available statutory financial statements, prepared on a going concern basis and in accordance with IFRS, of the CTICC being 30 June 2008. The group has no significant influence over the company, therefore the investment is designated as available-for-sale.</p>		
<b>15. LOANS AND RECEIVABLES</b>		
Preference share funding of empowerment partners	<b>31</b>	74
Loan to SFIR	–	426
Loan to TCN	<b>144</b>	73
Guarantee deposits	<b>27</b>	–
Other loans	<b>31</b>	4
	<b>233</b>	577
Current portion	<b>(184)</b>	(501)
	<b>49</b>	76
Loans are due over the following periods:		
Less than 1 year	<b>184</b>	501
1 – 2 years	<b>15</b>	16
2 – 3 years	<b>3</b>	28
3 – 4 years	<b>17</b>	–
4 years and onwards	<b>14</b>	32
	<b>233</b>	577
The weighted average interest and dividend rates were as follows:		
Preference share funding of empowerment partners*	<b>8.3%</b>	11.6%
Loan to SFIR	<b>7.5%</b>	7.5%
Loan to TCN	<b>0.0%</b>	0.0%
Other loans	<b>9.7%</b>	6.4%
Weighted average	<b>2.4%</b>	7.1%

\* These rates are linked to the prime bank overdraft rate.

The preference share funding of empowerment partners and other loans are fully performing. Credit risk arising from the preference share funding is regarded as low and the loans will be repaid through dividend flows.

The loan to TCN is secured over a first mortgage on its property. The loan to SFIR was repaid during the year.

The fair value of loans and receivables approximates their carrying value.



## SUN INTERNATIONAL GROUP

	2009 Rm	2008 Rm
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### 16. RETIREMENT BENEFIT INFORMATION

#### Valuation in terms of the Financial Services Board guidelines

A valuation of the defined benefit fund was carried out on 1 July 2007, the group's surplus apportionment date, by an independent firm of consulting actuaries. The fund was found to have a surplus of R236 million, of which R96 million has been designated as a solvency reserve by the trustees in terms of circular PF 117 issued by the Financial Services Board (FSB). Any allocation of assets to contingency reserves reduces the amount of surplus available for distribution to former members and other stakeholders. The valuation has been approved by the FSB. The results of the valuation are summarised below:

Present value of funded obligations	(271)	(271)
Fair value of fund assets	507	507
Surplus before contingency reserve	236	236
Contingency reserve	(96)	(96)
Surplus	140	140

The group carries out statutory actuarial valuations every three years. The next valuation will be carried out effective 1 July 2010.

#### IAS 19 valuation

The surplus calculated in terms of IAS 19: Employee Benefits is presented below. It should be noted that this valuation is performed on a different basis to the valuation in terms of the FSB guidelines.

The amount recognised in the balance sheet is determined as follows:

Present value of funded obligations	(237)	(281)
Balance at beginning of year	(281)	(237)
Current service cost	(8)	(8)
Interest cost	(30)	(19)
Contributions by plan participants	(3)	(3)
Actuarial gain/(loss)	13	(27)
Benefits paid	14	13
Transfers out of fund	58	-
Fair value of plan assets	396	452
Balance at beginning of year	452	449
Expected return on plan assets	48	36
Actuarial losses	(48)	(30)
Employer contributions	7	7
Contributions by plan participants	3	3
Benefits paid	(14)	(13)
Transfers out of fund	(52)	-
Present value of retirement benefit surplus	159	171
Less: application of asset ceiling	(128)	(149)
Pension fund asset	31	22

## SUN INTERNATIONAL GROUP

### NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED for the year ended 30 June

	2009 Rm	2008 Rm	2007 Rm	2006 Rm
<b>16. RETIREMENT BENEFIT INFORMATION (continued)</b>				
In applying the asset ceiling the present value of the retirement benefit surplus that may be recognised as an asset is limited to the lower of the amount as determined above or the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan plus any cumulative unrecognised net actuarial losses and past service costs.				
<b>The present value of the retirement surplus of the fund for the current and prior years is as follows:</b>				
Present value of funded obligations	<b>(237)</b>	(281)	(237)	(205)
Fair value of plan assets	<b>396</b>	452	449	340
Surplus	<b>159</b>	171	212	135
Experience adjustment on plan obligations	<b>(5%)</b>	10%	6%	8%
Experience adjustment on plan assets	<b>(12%)</b>	(7%)	18%	23%
	<b>2009</b>			2008
	<b>Rm</b>			Rm
The amounts recognised in the income statement are as follows:				
Current service cost	<b>8</b>			8
Interest cost	<b>30</b>			19
Expected return on plan assets	<b>(48)</b>			(36)
Net actuarial losses	<b>35</b>			57
Effect of asset ceiling	<b>(21)</b>			(53)
Release of fund obligation on transfer	<b>(6)</b>			-
Total (refer note 3)	<b>(2)</b>			(5)
The actual return on plan assets was nil (2008: R6 million).				
The principal actuarial assumptions used were as follows:				
Discount rate	<b>9.25%</b>			10.75%
Inflation rate	<b>5.75%</b>			7.50%
Expected return on plan assets	<b>9.25%</b>			10.75%
Future salary increases	<b>7.25%</b>			9.00%
Future pension increases	<b>5.75%</b>			7.50%
The average life expectancy in years of a pensioner retiring at age 60 on the balance sheet date and of a member retiring at age 60, 20 years after the balance sheet date are as follows:				
Male	<b>19.4</b>			19.4
Female	<b>24.2</b>			24.2
Plan assets comprise:				
Listed equity investments	<b>67%</b>			71%
Bonds	<b>24%</b>			21%
Other	<b>9%</b>			8%
Pension plan assets include the company's ordinary shares with a fair value of R4 million (2008: R5 million).				
The expected return on plan assets has been set equal to the discount rate used to value the defined benefit obligations of the fund.				
Expected contributions to the defined benefit fund for the year ending 30 June 2010 will approximate R9 million.				



SUN INTERNATIONAL GROUP

	2009 Rm	2008 Rm
<b>17. INVENTORY</b>		
Merchandise	14	8
Consumables and hotel stocks	33	33
	47	41

**18. ACCOUNTS RECEIVABLE**

**Financial instruments**

Trade receivables	171	229
Less impairment	(19)	(10)
Net trade receivables	152	219
Other receivables	139	155
	291	374

**Non financial instruments**

Prepayments	70	71
VAT	116	41
	477	486

The fair value of accounts receivable approximates their carrying value.

The group has recognised an additional provision of R9 million (2008: R1 million) for the impairment of its trade receivables during the year ended 30 June 2009. The group has not utilised the provision for impaired receivables during the year ended 30 June 2009 (2008: Rnil). The creation of the provision for impaired receivables has been included in other operational costs in the income statement.

Other receivables are expected to be fully recoverable. The trade receivables which are fully performing relate to customers that have a good track record with the company in terms of recoverability.

The aging of trade receivables at the reporting date was:

	2009		2008	
	Gross Rm	Impairment Rm	Gross Rm	Impairment Rm
Fully performing	103	-	160	-
Past due by 1 to 30 days	27	-	31	-
Past due by 31 to 60 days	11	(1)	13	-
Past due by 61 to 90 days	5	(1)	4	-
Past due by more than 90 days	25	(17)	21	(10)
	171	(19)	229	(10)

## SUN INTERNATIONAL GROUP

### NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED for the year ended 30 June

	2009 Rm	2008 Rm
<b>19. SHARE CAPITAL AND PREMIUM</b>		
<b>Authorised</b>		
150 000 000 (2008:150 000 000) ordinary shares of 8 cents each	12	12
100 000 000 (2008:100 000 000) variable rate cumulative redeemable preference shares of 1 cent each	1	1
<b>Issued*</b>		
Share capital	8	8
Share premium	99	–
Treasury shares	(1 494)	(1 428)
Held by subsidiary	(1 185)	(1 107)
Held by Employee Share Trusts	(309)	(321)
Treasury share options	(191)	(411)
	<b>(1 578)</b>	<b>(1 831)</b>

\* The issued preference shares have been included in borrowings in note 22.

During the year, the group exercised treasury share options resulting in the issue of 4 336 135 shares. There was a disposal of 225 189 shares indirectly held by the Employee Share Trusts through Dinokana.

5 836 021 shares in the unissued share capital of the company remain under the control of the directors as a specific authority in terms of section 221(2) of the Companies Act to allot and issue in accordance with the share option scheme. A further 10 780 000 shares have been placed under the specific control of the directors to allot and issue in accordance with the EGP, CSP, DBP and RSP.

	2009		2008	
	Number of shares	Rm	Number of shares	Rm
<b>Movement during the year</b>				
<b>Statutory shares in issue</b>	<b>109 830 904</b>	<b>107</b>	105 494 769	8
Balance at beginning of year	105 494 769	8	116 818 607	1 551
Exercise of treasury share options	4 336 135	99	–	–
Shares bought back and cancelled	–	–	(11 323 838)	(1 543)
<b>Treasury shares and share options</b>	<b>(18 091 164)</b>	<b>(1 685)</b>	(17 480 944)	(1 839)
Balance at beginning of year	(17 480 944)	(1 839)	(12 229 949)	(1 004)
Deemed treasury shares purchased	(835 409)	(78)	–	–
Treasury shares disposed by Dinokana	225 189	12	–	–
Exercise of treasury share options	–	241	–	–
Treasury shares purchased	–	–	(4 760 995)	(692)
Treasury shares purchased by Dinokana	–	–	(490 000)	(44)
Treasury share options purchased	–	(21)	–	(99)
<b>Closing balance</b>	<b>91 739 740</b>	<b>(1 578)</b>	88 013 825	(1 831)
Treasury shares:				
Held by subsidiary	10 549 477	1 107	10 549 477	1 107
Deemed treasury shares	835 409	78	–	–
Held by Employee Share Trusts	6 706 278	309	6 931 467	321
	<b>18 091 164</b>	<b>1 494</b>	17 480 944	1 428



SUN INTERNATIONAL GROUP

	2009 Rm	2008 Rm
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**20. RETAINED EARNINGS**

Retained earnings at the end of the year comprise:

Company	2 174	2 141
Subsidiaries and equity investments	1 280	979
	<b>3 454</b>	<b>3 120</b>

Any future dividend declarations out of the retained earnings of the company or any of its subsidiaries incorporated in South Africa will be subject to STC, to the extent that STC credits are not available, at the prescribed rate which is currently 10% of the dividend declared.

**21. DEFERRED TAX**

Balance at beginning of year	381	369
Income statement (credit)/charge for year	(10)	23
Prior year under provision	13	2
Acquisition of SFIR	(28)	-
Adjustment due to change in statutory tax rate	-	(11)
Currency translation adjustments	-	5
Credited directly to equity	(23)	(7)
Balance at end of year	<b>333</b>	<b>381</b>

Deferred tax arises from the following temporary differences:

**Deferred tax liabilities**

Accelerated asset allowances

Balance at beginning of year	421	412
Currency translation adjustments	-	3
Acquisition of SFIR	7	-
Adjustment due to change in statutory tax rate	-	(12)
Charged to income statement	11	18
	<b>439</b>	<b>421</b>

**Deferred tax assets**

Assessable losses

Balance at beginning of year	(19)	(4)
Currency translation adjustments	1	(1)
Acquisition of SFIR	(33)	-
Credited to income statement	(10)	(14)

Disallowed accruals and provisions

Balance at beginning of year	(47)	(67)
Currency translation adjustments	(1)	3
Credited directly to equity	-	(7)
Acquisition of SFIR	(2)	-
Adjustment due to change in statutory tax rate	-	2
Charged to income statement	7	22

Fair value adjustments

Balance at beginning of year	26	28
Adjustment due to change in statutory tax rate	-	(1)
Credited directly to equity	(23)	-
Credited to income statement	(5)	(1)

Net deferred tax liability

**(106)** (40)

**333** 381

## SUN INTERNATIONAL GROUP

### NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED for the year ended 30 June

	2009 Rm	2008 Rm
<b>21. DEFERRED TAX (continued)</b>		
<b>Aggregate assets and liabilities on subsidiary company basis:</b>		
Deferred tax assets	(85)	(31)
Deferred tax liabilities	418	412
	333	381
<b>22. BORROWINGS</b>		
<b>Non current</b>		
Term facilities	902	135
V&A loan	321	312
Redeemable preference shares	3 071	3 093
Lease liabilities	125	186
Vacation Club members	106	95
	4 525	3 821
<b>Current</b>		
Short term banking facilities	1 732	2 158
Term facilities	195	65
Lease liabilities	55	54
	1 982	2 277
Total borrowings	6 507	6 098
Secured	1 092	240
Unsecured	5 415	5 858
	6 507	6 098
<p>The fair value of borrowings approximate their carrying values except for the V&amp;A loan which has a fair value of R353 million (2008: R313 million). The fair value has been determined on a discounted cash flow basis using a discount rate of 11% (2008: 12%).</p> <p>The carrying amounts of the borrowings are denominated in the following currencies:</p>		
US Dollar	912	–
South African Rand	5 595	6 098
	6 507	6 098
<p>Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.</p> <p>Net book value of property, plant and equipment encumbered by secured loans</p>		
	2 292	561
<p>The borrowings are repayable as follows:</p>		
6 months or less	140	102
6 months – 1 year	1 842	2 175
1 – 2 years	435	99
2 – 3 years	1 290	105
3 – 4 years	2 013	1 086
4 years and onwards	787	2 531
	6 507	6 098
<b>Interest rates</b>		
Year end interest and dividend rates are as follows:		
Short term banking facilities	9.6%	13.4%
Term facilities	10.3%	13.0%
V&A loan	12.2%	12.2%
Redeemable preference shares	7.3%	10.3%
Lease liabilities	12.4%	11.9%
Vacation Club members	11.3%	11.3%
Weighted average	8.9%	11.6%





SUN INTERNATIONAL GROUP

	2009 Rm	2008 Rm
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**22. BORROWINGS (continued)**

As at 30 June 2009, interest rates on 45% (2008: 11%) of the group's borrowings were fixed. 67% (2008: 92%) of these fixed borrowings were for periods longer than 12 months. The interest rates other than on the V&A loan, approximate those currently available to the group in the market.

Redeemable preference shares

SIL	1 851	1 851
SISA	1 000	1 000
Mahogany Rose	-	8
Afrisun Leisure	-	30
Dinokana	220	204
	<b>3 071</b>	<b>3 093</b>

Preference dividends on the SIL preference shares are payable semi-annually on 31 March and 30 September and are calculated at a rate of 67% (2008: 67%) of the bank prime overdraft rate. The preference shares are redeemable on 1 August 2012.

Preference dividends on the SISA preference shares are payable semi-annually on 31 August and 28 February and are calculated at a rate of 63% (2008: 63%) of the bank prime overdraft rate. The preference shares are redeemable on 13 October 2011.

Preference dividends on the Dinokana preference shares are payable semi-annually on 31 March and 30 September and are calculated at a rate of 80% (2008: 74%) of the bank prime overdraft rate plus 2%. The preference shares are redeemable on 3 December 2010.

A register of non current borrowings is available for inspection at the registered office of the company.

The group had unutilised borrowing facilities of R1 329 million (2008: R1 016 million) at 30 June. All undrawn borrowing facilities are renewable annually and none has a fixed interest rate.

**Capitalised lease liabilities**

Finance lease liabilities are primarily for buildings and slot machines. At the time of entering into the capital lease arrangements, the commitments are recorded at the present value using applicable interest rates. The aggregate amounts of minimum lease payments and the related imputed interest under the capitalised lease contracts payable in each of the next five financial years are as follows:

**Gross minimum lease payments:**

No later than 1 year	75	81
Later than 1 year and no later than 5 years	143	222
	<b>218</b>	<b>303</b>

**Imputed interest:**

No later than 1 year	(20)	(27)
Later than 1 year and no later than 5 years	(18)	(36)
	<b>(38)</b>	<b>(63)</b>

**Net capital payments of finance lease liabilities**

	<b>180</b>	<b>240</b>
Net carrying value of assets held under finance leases	<b>128</b>	<b>161</b>

## SUN INTERNATIONAL GROUP

### NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED for the year ended 30 June

	2009 Rm	2008 Rm
<b>23. OTHER NON CURRENT LIABILITIES</b>		
<b>Financial instruments</b>		
Derivative financial instruments		
Interest rate swaps – cash flow hedges (refer note 27)	56	–
Interest rate cross currency swaps – cash flow hedges (refer note 27)	70	–
	126	–
Current portion		
Interest rate swaps – cash flow hedges	(47)	–
Interest rate cross currency swaps – cash flow hedges	(44)	–
	35	–
<b>Non financial instruments</b>		
Straight lining of operating leases	22	23
Deferred income	39	43
Interchange provision	14	14
Post-retirement medical aid liability	84	86
	159	166
Current portion	(4)	(4)
	155	162
	190	162
<b>Straight lining of operating leases</b>		
Lease payments relating to property are straight-lined over the term of the leases.		
<b>Deferred income</b>		
Deferred income represents sales proceeds in respect of the second phase Vacation Club units constructed at Sun City. This revenue is recognised over the 15-year period of the members' contracts.		
<b>Interchange provision</b>		
The interchange provision represents the group's portion of the estimated cost of constructing an interchange off the N1 highway in Worcester. This forms part of the group's bid commitment for the Golden Valley Casino.		
<b>Post-retirement medical aid liability</b>		
The group contributes towards the post-retirement medical aid contributions of eligible employees employed by the group as at 30 June 2003. Employees who join the group after 1 July 2003 will not be entitled to any co-payment subsidy from the group upon retirement. Employees are eligible for such benefits on retirement based upon the number of completed years of service. The method of accounting and valuation are similar to those used for defined benefit schemes. The actuarial valuation to determine the liability is performed annually.		
Present value of unfunded obligations in the balance sheet	84	86
The group has no matched asset to fund the obligations. There are no unrecognised actuarial gains or losses and no unrecognised past service costs.		
Movement in unfunded obligation:		
Benefit obligation at beginning of year	86	75
Interest cost	10	6
Current service cost	4	4
Actuarial (gain)/loss	(15)	3
Benefits paid	(1)	(2)
	84	86



## SUN INTERNATIONAL GROUP

	2009 Rm	2008 Rm
<b>23. OTHER NON CURRENT LIABILITIES (continued)</b>		
<b>Post-retirement medical aid liability (continued)</b>		
The amounts recognised in the income statement are as follows:		
Current service cost	4	4
Interest cost	10	6
Actuarial (gain)/loss	(15)	3
Total	(1)	13
The effect of a 1% movement in the assumed retirement cost trend rate is as follows:		
The effect of a 1% increase relates to increasing the future rate of increase of the medical aid subsidy assumption from 5.75% per annum to 6.75% per annum and hence reducing the gap between the discount rate and the company subsidy rate from 3.5% per annum to 2.5% per annum. The resultant increase in the liability is equal to R19.0 million, or 22.7% and the resultant increase in the total of the service and interest costs is R2.9 million, or 24.5%.		
The effect of a 1% decrease relates to reducing the future rate of increase of the medical aid subsidy assumption from 5.75% per annum to 4.75% per annum and hence widening the gap between the discount rate and the company subsidy rate from 3.5% per annum to 4.5% per annum. The resultant reduction in the liability is equal to R14.8 million, or 17.6% and the resultant reduction in the total of the service and interest costs is R2.2 million, or 18.9%.		
Expected contributions to the post-retirement medical aid plan for the year ending 30 June 2010 are R12 million.		
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	9.25%	10.75%
Price inflation allowed by group	5.75%	7.50%
The average life expectancy in years of a pensioner retiring at age 60 on the balance sheet date and of a member retiring at age 60, 20 years after the balance sheet date are as follows:		
Male	19.4	19.4
Female	24.2	24.2
<b>24. ACCOUNTS PAYABLE AND ACCRUALS</b>		
<b>Financial instruments</b>		
Trade payables	210	160
Accrued expenses	480	536
Interest payable	11	12
Capital creditors	37	46
Current portion		
Interest rate swaps – cash flow hedges	47	–
Interest rate cross currency swaps – cash flow hedges	44	–
Forward exchange contract	9	–
Other payables	21	40
	859	794
<b>Non financial instruments</b>		
VAT	39	50
Employee related accruals	215	216
	1 113	1 060
The fair value of all non derivative financial instruments approximate their carrying value.		

## SUN INTERNATIONAL GROUP

### NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED for the year ended 30 June

	2009 Rm	2008 Rm
<b>25. PROVISIONS</b>		
Balance at beginning of year:		
Lease commitments and property closure costs	12	12
Progressive jackpots	40	44
Restructure costs	2	4
Ster Century guarantee	4	–
Life Esidimeni pension liability	18	–
	76	60
Created during the year:		
Lease commitments and property closure costs	1	2
Net progressive jackpots	3	–
Ster Century guarantee	–	4
Life Esidimeni pension liability	9	18
	13	24
Utilised during the year:		
Lease commitments and property closure costs	(7)	(2)
Net progressive jackpots	–	(4)
Restructure costs	(2)	(2)
Life Esidimeni pension liability	(27)	–
	(36)	(8)
Balance at end of year:		
Lease commitments and property closure costs	6	12
Progressive jackpots	43	40
Restructure costs	–	2
Ster Century guarantee	4	4
Life Esidimeni pension liability	–	18
	53	76

#### **Lease commitments and property closure costs**

The provision represents estimated costs which the group expects to incur on termination of property leases.

#### **Progressive jackpots**

Provision is made for progressive jackpots greater than R100 000. This provision is calculated based on the readings of the group's progressive jackpot machines. The full provision is expected to be utilised within the next financial year.

#### **Ster Century guarantee**

The provision relates to the group's share of a claim made by Heron City for €507 000 in respect of a guarantee given by RRHL and Primedia for the rental obligations of SCE cinemas in Spain that SCE sold to Cine Alcobendas (refer note 28).

#### **Life Esidimeni pension liability**

In terms of the sale agreement of Life Esidimeni, RAH warranted its share of the pension fund exposure in the company which was capped at the proceeds from the sale. A settlement was reached during the year, resulting in an additional provision being created and the balance utilised.



SUN INTERNATIONAL GROUP

	2009 Rm	2008 Rm
<b>26. CASH FLOW INFORMATION</b>		
<b>26.1 Cash generated by operations</b>		
Operating profit	1 895	1 950
Non cash items and items dealt with separately:		
Depreciation and amortisation	658	568
Net loss on disposal and impairment of property, plant and equipment	9	1
Profit on disposal of investments	(3)	(4)
Write-off of management contract	–	13
Life Esidimeni pension liability	9	–
Impairment of goodwill	108	–
Pension fund surplus recognition	(9)	(12)
BEE transaction charge	–	182
Pre-opening expenses	21	8
Foreign exchange profits	42	69
Unrealised foreign exchange profits on intercompany loans	(9)	(11)
Realisation of FCTR on distribution of RRHL dividend	(47)	–
Deferred income released	(4)	(5)
Employee share based payments	28	21
Post-retirement medical aid	(1)	13
Other items	–	19
Cash generated by operations before working capital changes	2 697	2 812
Working capital changes	(52)	68
Inventory	(6)	(7)
Accounts receivable	144	(114)
Accounts payable, accruals and provisions	(190)	189
	<b>2 645</b>	<b>2 880</b>
<b>26.2 Tax paid</b>		
Liability at beginning of year	(115)	(131)
Current tax provided (refer note 8)	(497)	(580)
CGT, STC and withholding taxes	(111)	(190)
Acquisition of SFIR	(2)	–
Other taxes	–	3
Foreign exchange adjustments	(2)	–
Liability at end of year	105	115
	<b>(622)</b>	<b>(783)</b>
<b>26.3 Proceeds on disposal of shares in subsidiaries</b>		
SunWest	93	197
Afrisun KZN	6	11
	<b>99</b>	<b>208</b>
<b>26.4 Purchase of shares in subsidiaries</b>		
RAH	(12)	(75)
SunWest	–	(35)
Emfuleni	–	(40)
Afrisun KZN	(5)	–
SFIR	(4)	–
Afrisun Leisure	–	(77)
Other subsidiaries	(1)	(38)
	<b>(22)</b>	<b>(265)</b>

## SUN INTERNATIONAL GROUP

### NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED for the year ended 30 June

	2009 Rm	2008 Rm
<b>26. CASH FLOW INFORMATION (continued)</b>		
<b>26.5 Investment income</b>		
Interest income	93	79
<b>26.6 Acquisition of SFIR</b>		
On 20 August 2008, the group acquired its effective 40% interest in SFIR. The acquired business started trading on 8 October 2008 and contributed revenue of R397 million and an operating loss of R81 million to the group for the period ending 30 June 2009. Details of the fair and carrying values of assets and liabilities acquired and goodwill arising are as follows:		
Property, plant and equipment (note 12)	(893)	
Intangible assets (note 13)	(15)	
Loans and receivables	(31)	
Deferred tax asset (note 21)	(28)	
Accounts receivable	(131)	
Cash and cash equivalents	(169)	
Borrowings	518	
Accounts payable and accruals	347	
Tax	2	
Net assets	(400)	
Minorities' interests (60%)	240	
Net assets acquired	(160)	
Goodwill recognised	(198)	
Consideration settled in cash	(358)	
Cash and cash equivalents in SFIR	169	
Cash outflow	(189)	
<b>26.7 (Decrease)/increase in borrowings</b>		
Increase in borrowings	971	2 149
Decrease in borrowings	(117)	(709)
Acquisition of SFIR	(518)	-
(Decrease)/increase in short term banking facilities	(426)	1 091
	(90)	2 531
<b>26.8 Interest paid</b>		
Interest expense	(719)	(601)
Imputed interest on loans payable	19	21
Transfer from hedging reserve	8	-
	(692)	(580)
<b>26.9 Dividends paid</b>		
To shareholders	(227)	(387)
To minorities in subsidiaries	(332)	(292)
	(559)	(679)
<b>26.10 Cash and cash equivalents</b>		
Cash at bank	649	727
Cash floats	145	123
	794	850



## SUN INTERNATIONAL GROUP

### 27. FINANCIAL INSTRUMENTS

#### Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group at all times maintains adequate committed credit facilities in order to meet all its commitments as and when they fall due. Repayment of borrowings are structured to match the expected cash flows from operations to which they relate.

The group's preference share funding is subject to debt covenants which are reviewed on an ongoing basis.

The following are the contractual undiscounted maturities of financial liabilities (including principal and interest payments) presented in Rand:

	On demand or not exceeding 6 months Rm	More than 6 months but not exceeding 1 year Rm	More than 1 year but not exceeding 2 years Rm	More than 2 years but not exceeding 5 years Rm	More than 5 years Rm
<b>2009</b>					
Term facilities	101	162	199	211	640
V&A loan	16	16	35	127	543
Redeemable preference shares	112	112	422	3 082	–
Lease liabilities	41	32	70	74	–
Vacation Club members	–	–	–	90	99
Short term banking facilities	71	1 815*	–	–	–
Derivative financial instruments	66	28	29	58	14
Trade payables	210	–	–	–	–
Accrued expenses	480	–	–	–	–
Interest payable	11	–	–	–	–
Capital creditors	37	–	–	–	–
Other payables	21	–	–	–	–
	<b>1 166</b>	<b>2 165</b>	<b>755</b>	<b>3 642</b>	<b>1 296</b>
<b>2008</b>					
Term facilities	65	19	54	58	69
V&A loan	15	15	33	116	589
Redeemable preference shares	158	159	326	3 702	–
Lease liabilities	41	41	74	144	–
Vacation Club members	–	–	–	90	99
Short term banking facilities	84	2 352*	–	–	–
Trade payables	160	–	–	–	–
Accrued expenses	536	–	–	–	–
Interest payable	12	–	–	–	–
Capital creditors	46	–	–	–	–
Other payables	40	–	–	–	–
	<b>1 157</b>	<b>2 586</b>	<b>487</b>	<b>4 110</b>	<b>757</b>

\* These are 364 day notice facilities. As at the date of this report no notice on any of these facilities had been received.

#### Credit risk

Credit risk arises from loans and receivables, accounts receivable (excluding prepayments and VAT), and cash and cash equivalents. Trade debtors consist mainly of large tour operators. The granting of credit is controlled by application and account limits. Cash investments are only placed with high quality financial institutions.

The maximum exposure to credit risk is represented by the carrying amount of all financial assets determined to be exposed to credit risk, with the exception of financial guarantees granted by the group for which the maximum exposure to credit risk is the maximum amount the group could pay if the guarantees are called on (refer to note 28).

The group has no significant concentrations of credit risk with respect to trade receivables due to a widely dispersed customer base. Credit risk with respect to loans and receivables is disclosed in note 15.

## SUN INTERNATIONAL GROUP

### NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED for the year ended 30 June

#### 27. FINANCIAL INSTRUMENTS (continued)

##### Market risk

Market risk includes foreign currency risk, interest rate risk and other price risk. The group's exposure to other price risk is limited as the group does not have material investments which are subject to changes in equity prices.

##### (a) Foreign currency risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to US Dollar, Sterling, Botswana Pula and Chilean Peso.

The group manages its foreign currency risk by ensuring that the net foreign currency exposure remains within acceptable levels. Companies in the group use foreign exchange contracts (FECs) and interest rate cross currency swaps to hedge certain of their exposures to foreign currency risk. The group had one material FEC outstanding at 30 June 2009 with a fair value of R9 million. The notional amount of the outstanding FEC at 30 June 2009 was R37 million. Refer to paragraph (b) for the interest rate cross currency swaps.

Included in the balance sheets are the following amounts denominated in currencies other than the functional currency of the group (Rand):

	2009 Rm	2008 Rm
<b>Financial assets</b>		
US Dollar	250	846
Sterling	41	53
Botswana Pula	34	39
Chilean Peso	77	–
<b>Financial liabilities</b>		
US Dollar	29	42
Sterling	4	6
Botswana Pula	9	14
Chilean Peso	1 006	–

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate in Rand due to changes in foreign exchange rates.

##### *Foreign currency sensitivity*

A 10% strengthening in the Rand against the US Dollar and Sterling at 30 June 2009 would decrease profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2008:

US Dollar	(14)	(56)
Sterling	(3)	(3)

A 10% weakening in the Rand against these currencies at 30 June 2009 would have an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

A 10% strengthening in the Chilean Peso against the US Dollar at 30 June 2009 would decrease the hedging reserve by the amount shown below. This analysis assumes that all other variables, in particular interest rates and the Rand/Chilean Peso exchange rate, remain constant. The analysis is not applicable to 2008 as SFIR was only consolidated from 20 August 2008.

	2009 Hedging reserve Rm	2008 Hedging reserve Rm
US Dollar	(11)	–

A 10% weakening in the Chilean Peso against the US Dollar at 30 June 2009 would have an equal but opposite effect to the amount shown above, on the basis that all other variables remain constant.



27. FINANCIAL INSTRUMENTS (continued)

(b) Cash flow interest rate risk

The group's cash flow interest rate risk arises from cash and cash equivalents and variable rate borrowings. The group is not exposed to fair value interest rate risk as the group does not have any fixed interest bearing financial instruments carried at fair value.

The group manages interest rate risk by entering into short and long term debt instruments with a combination of fixed and variable interest rates. It also uses floating-to-fixed interest rate swaps and interest rate cross currency swaps to hedge its foreign currency and interest rate cash flow risk. At 30 June 2009, the following derivative financial instruments were in place:

	SISA interest rate swap	SIL interest rate swap	SFIR interest rate cross currency swaps
Notional amount	R644 million	R1 285 million	US\$120 million
Fixed rate	9.22%	9.71%	10.90% – 10.95%*
Fixed rate expiry date	1 September 2010	30 September 2010	31 December 2009
Variable rate	63% of prime	67% of prime	Linked to USD Libor
Fixed exchange rates (Chilean Peso to US Dollar)			526 – 591
Fair value liability at 30 June	R20 million	R36 million	R70 million
Transfer of loss from hedging reserve to interest expense	R3 million	R5 million	–
Transfer of profit from hedging reserve to foreign exchange profits	–	–	R24 million

\* Thereafter the applicable interest is linked to the Chilean Camara.

The period of when the cash flows are expected to occur and impact on profit and loss is the same as those set out for the derivatives in the maturity analysis.

The interest rate characteristics of new and refinanced debt instruments are restructured according to expected movements in interest rates (refer to note 22).

Interest rate sensitivity

A 1% increase in interest rates at 30 June 2009 would (decrease)/increase profit before tax and the hedging reserve by the amounts shown below. This analysis assumes that all other variables remain constant.

	2009		2008	
	Profit before tax Rm	Hedging reserve Rm	Profit before tax Rm	Hedging reserve Rm
	(38)	19	(49)	–

A 1% decrease in interest rates at 30 June 2009 would have an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide benefits for its stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust this capital structure, the group may issue new shares, adjust the amount of dividends paid to shareholders, return capital to shareholders or buy back existing shares.

The board of directors monitors the level of capital, which the group defines as total share capital, share premium, treasury shares and treasury share options.

There were no changes to the group's approach to capital management during the year.

The group is not subject to externally imposed capital requirements.

## SUN INTERNATIONAL GROUP

### NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED for the year ended 30 June

#### 28. CONTINGENT LIABILITIES

- (i) In the event of default by the current tenants, the group will be liable for lease liabilities relating to the Mmabatho staff flats and the Taung flats. The Mmabatho staff flats' current rental is R5.3 million (2008: R4.8 million) per annum, escalating at 11% per annum and expires on 30 November 2011. The Taung flats' current rental is R1.7 million (2008: R3.0 million) per annum, escalating at 11% per annum and expires on 31 October 2010.
- (ii) Group companies have guaranteed borrowing facilities of certain group subsidiaries in which the group has less than 100% shareholding. The group has therefore effectively underwritten the minorities' share of these facilities in the amount of R628 million at 30 June 2009 (June 2008: R502 million).

**Contingent liabilities which the group has incurred in relation to its previous interest in associates:**

- (i) The group's 73.3% held subsidiary, RRHL, together with Primedia Limited have jointly and severally guaranteed two (2008: two) operating leases of SCE whose rental amounts to US\$3.2 million (2008: US\$3.9 million) annually. At 30 June 2009, the maximum exposure is US\$26.6 million (30 June 2008: US\$32.9 million).
- (ii) In addition, RRHL together with Primedia have jointly and severally guaranteed one operating lease of SCME whose rental amounts to US\$1.8 million (2008: US\$1.8 million) annually. At 30 June 2009, the maximum exposure is US\$7.0 million (30 June 2008: US\$9.0 million).

	2009 Rm	2008 Rm
--	------------	------------

#### 29. CAPITAL EXPENDITURE AND RENTAL COMMITMENTS

**Capital commitments**

Contracted	349	1 168
Authorised by the directors but not contracted	2 186	2 005
	2 535	3 173
To be spent in the forthcoming financial year	1 594	2 227
To be spent thereafter	941	946
	2 535	3 173

Future capital expenditure will be funded by a combination of internally generated cash flows and debt facilities.

**Rental commitments**

The group has the following material rental agreements as at 30 June 2009:

- (i) For the group's head office in Sandton, expiring on 31 May 2014, with an annual rental of R11.9 million, escalating at 11% per annum.
- (ii) For the Naledi Sun Hotel and staff flats, expiring on 31 January 2012, with the annual rental of R0.5 million escalating at 7% per annum.
- (iii) For the land upon which the Wild Coast Sun Resort is situated, expiring on 9 March 2029, at an annual rental of R0.1 million, escalating at 5% per annum. The group has an option to renew the lease to March 2079. The rental payment would be negotiated and cannot increase by more than 15% based on the rental payable in March 2029.
- (iv) For the land upon which the Flamingo casino complex is situated, expiring on 30 September 2096, with an annual rental of R0.1 million, plus contribution to the maintenance cost of the golf course.
- (v) For the Sands Hotel building, a new lease was negotiated which began on 1 July 2009 and expires on 30 June 2019, with an annual rental of R8.9 million, escalating at 8% per annum. The group has the option to renew the lease to June 2029.

**The future aggregate minimum lease payments under non-cancellable operating leases are as follows:**

No later than 1 year	23	31
Later than 1 year and no later than 5 years	111	75
Later than 5 years	89	32
	223	138



## SUN INTERNATIONAL GROUP

	2009 Rm	2008 Rm
--	------------	------------

### 30. RELATED PARTY TRANSACTIONS

Key management personnel have been defined as: Sun International Limited board of directors and Sun International Management Limited board of directors. The definition of key management includes the close members of family of key management personnel and any entity over which key management exercises control. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the group. They may include the individual's domestic partner and children, the children of the individual's domestic partner and dependants of the individual or the individual's domestic partner.

#### (i) Key management compensation

##### Non-executive directors

Fees	4	4
------	---	---

##### Executive directors

Basic remuneration	6	6
Bonuses/performance related payments	5	6
Retirement contributions	1	1
Fair value of options expensed	8	4
	<b>20</b>	<b>17</b>
	<b>24</b>	<b>21</b>

##### Other key management

Basic remuneration	19	16
Bonuses/performance related payments	12	12
Retirement contributions	3	3
Other benefits	3	6
Fair value of options expensed	11	2
	<b>48</b>	<b>39</b>

Details of individual directors' emoluments and share options are set out on pages 72, 74, 75, 76 and 77 respectively of this report.

#### Share based compensation granted

##### Share option scheme

All share options and grants were awarded to key management on the same terms and conditions as those offered to other employees of the group.

##### Directors

No share options were granted to the executive directors of the group during 2009 (2008: nil). The number of share options held by executive directors at the end of the year was 446 250 (2008: 446 250).

##### Other key management

The number of share options held by other key management at the end of the year was 679 846 (2008: 746 292).

#### Equity growth plan

##### Directors

The aggregate number of grants made to the executive directors of the group during 2009 was 55 970 (2008: 44 891) at a grant price of R77.25 (2008: R90.47). The number of grants held by executive directors of the group at the end of the year was 166 186 (2008: 110 216).

##### Other key management

The aggregate number of grants made to the other key management of the group during 2009 was 104 477 (2008: 100 339) at a grant price of R77.25 (2008: R90.47). The number of grants held by other key management of the group at the end of the year was 316 420 (2008: 211 943).

## SUN INTERNATIONAL GROUP

### NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED for the year ended 30 June

#### 30. RELATED PARTY TRANSACTIONS (continued)

##### (i) Key management compensation (continued)

###### Conditional share plan

###### Directors

The aggregate number of grants made to executive directors of the group during 2009 was 75 307 (2008: 60 415) at a grant price of R77.25 (2008: R90.47). During the year, 54 505 grants lapsed due to the vesting conditions not being met. The number of grants held by executive directors of the group at the end of the year was 169 062 (2008: 148 260).

###### Other key management

The aggregate number of grants made to the other key management of the group during 2009 was 155 792 (2008: 136 442) at a grant price of R77.25 (2008: R90.47). During the year, 123 372 grants lapsed due to the vesting conditions not being met. The number of grants held by other key management of the group at the end of the year was 349 417 (2008: 316 997).

###### Deferred bonus plan

###### Directors

The aggregate number of grants made to the executive directors of the group during 2009 was 23 433 (2008: 12 543) at a grant price of R89.81 (2008: R149.56). The number of grants held by executive directors of the group at the end of the year was 52 984 (2008: 29 551).

###### Other key management

The aggregate number of grants made to the other key management of the group during 2009 was 27 301 (2008: 14 947) at a grant price of R89.81 (2008: R149.56). The number of grants held by other key management of the group at the end of the year was 59 210 (2008: 34 606).

###### Restricted share plan

###### Directors

The aggregate number of grants made to the executive directors of the group during 2009 was 275 410 (2008: nil) at a grant price of R94.35. The number of grants held by executive directors of the group at the end of the year was 275 410 (2008: nil).

###### Other key management

The aggregate number of grants made to the other key management of the group during 2009 was 248 289 (2008: nil) at a grant price of R94.35. The number of grants held by other key management of the group at the end of the year was 248 289 (2008: nil).

	2009	2008
<b>(ii) Shareholding of key management</b>		
<i>Percentage holding by key management</i>		
Sun International Limited	<b>1.9%</b>	1.6%
Afrisun Gauteng	<b>0.1%</b>	0.1%
Afrisun KZN	<b>1.5%</b>	1.5%
SunWest	<b>0.7%</b>	0.7%
National Casino Resort Manco Holdings	<b>11.4%</b>	11.4%
Teemane	<b>0.7%</b>	0.7%
<i>Gain on sale of interests by key management</i>		
	<b>Rm</b>	<b>Rm</b>
Emfuleni Resorts	–	20
SunWest	–	13
Sun International Limited	<b>4</b>	5
	<b>4</b>	38
<i>Dividends received by key management</i>		
	<b>R'000</b>	<b>R'000</b>
Sun International Limited	<b>1 167</b>	1 627
Afrisun Gauteng	<b>151</b>	112
Emfuleni Resorts	–	586
Afrisun KZN	<b>2 264</b>	2 048
SunWest	<b>2 344</b>	1 925
National Casino Resort Manco Holdings	<b>1 538</b>	1 915
Teemane	<b>122</b>	74
	<b>7 586</b>	8 287



## SUN INTERNATIONAL GROUP

### 30. RELATED PARTY TRANSACTIONS (continued)

#### (iii) Other commercial transactions with related parties

##### *Interest in timeshare*

Certain members of key management own timeshare at Sun City, which was acquired at market prices.

#### (iv) Other related party relationships

Management agreements are in place between SIML and various group companies. A management fee is charged by SIML in respect of management services rendered.

The group's ownership of subsidiaries is set out on page 144 of this annual report.

### 31. INSURANCE CONTRACTS

The group has a captive insurance company which underwrites a range of insurance risks on behalf of group operating companies. On consolidation these insurance contracts are eliminated. The insurance captive purchases reinsurance cover for any individual loss exceeding R3 million. Amounts arising from these contracts are as follows:

	2009 Rm	2008 Rm
Reinsurance premium costs	(20)	(16)
Reinsurance recovery income	13	7

### 32. SHARE INCENTIVE SCHEMES

All share schemes are equity settled.

#### (i) Share option scheme

Share options were granted to executive directors and to employees. Movements in the number of share options outstanding are as follows:

	2009		2008	
	Number of shares	Average price R	Number of shares	Average price R
<b>Movement during the year</b>				
Balance at beginning of year	3 233 590	44.84	4 084 982	43.80
Cancelled	(31 254)	58.82	(46 317)	47.98
Exercised	(327 423)	44.64	(805 075)	37.74
Balance at end of year	<b>2 874 913</b>	<b>45.30</b>	3 233 590	44.84
<b>Options held by Share Option Trust</b>				
Balance at beginning of year	6 665 247	28.33	5 855 672	27.55
Purchased from employees	327 423	44.64	805 075	37.74
Options exercised	(4 336 135)	22.97	–	–
Options lapsed	(517 841)	19.12	–	–
Re-issued options cancelled	–	–	4 500	23.93
Balance at end of year	<b>2 138 694</b>	<b>41.75</b>	6 665 247	28.33
	<b>5 013 607</b>	<b>43.79</b>	9 898 837	33.20

## SUN INTERNATIONAL GROUP

### NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED for the year ended 30 June

#### 32. SHARE INCENTIVE SCHEMES (continued)

##### (i) Share option scheme (continued)

Share options held by participants at the end of the year have the following terms:

Financial year of grant	Financial year of lapse	Unexercised options	Vested options	Average price R
2000	2010	36 552	36 552	19.54
2001	2011	64 067	64 067	30.86
2002	2012	75 002	75 002	22.98
2003	2013	150 897	150 897	26.42
2004	2014	1 245 175	1 245 175	35.82
2005	2015	1 241 345	1 241 345	58.53
2006	2016	61 875	41 250	74.00
<b>Balance at 30 June 2009</b>		<b>2 874 913</b>	<b>2 854 288</b>	<b>45.30</b>
Balance at 30 June 2008		3 233 590	2 777 340	44.84

Share options held by the Share Option Trust at the end of the year have the following terms:

Financial year of grant	Financial year of lapse	Options held	Average price R
2000	2010	3 750	19.53
2001	2011	11 250	31.20
2002	2012	–	–
2003	2013	1 050	26.50
2004	2014	1 233 176	30.79
2005	2015	793 843	54.32
2006	2016	95 625	80.98
<b>Balance at 30 June 2009</b>		<b>2 138 694</b>	<b>41.75</b>
Balance at 30 June 2008		6 665 247	28.33

Share options are exercisable on the expiry of one year from the date of grant in cumulative tranches of 25% per annum and vest on retirement, retrenchment and death. Options lapse if not exercised within ten years of their date of grant. Options under the scheme were granted at prices ruling on the JSE Limited at the date of granting those options.

##### (ii) Conditional share plan

CSP awards provide senior executives with the opportunity to receive shares in Sun International Limited by way of a conditional award, which is subject to the fulfilment of predetermined performance conditions on the expiry of a three-year performance period. The performance condition is related to the company's total shareholder return (TSR) over a three-year period, relative to the TSR of constituents in the INDI 25 index and gambling/hotels sub-sectors of the travel and leisure sector that have a market capitalisation of greater than R1 billion. No awards vest if the group's TSR falls below the median TSR of the comparator group while all the awards vest if the group's TSR falls within the upper quartile. Between the median and upper quartile the CSP awards vest linearly as the ranking of the group's TSR increases.

Movements in the number of share grants outstanding are as follows:

	2009		2008	
	Number of grants	Weighted average grant price R	Number of grants	Weighted average grant price R
Balance at beginning of year	537 798	106.72	322 109	107.65
Lapsed – termination of employment	(18 369)	91.21	(13 040)	121.11
Lapsed – performance condition not met	(184 208)	82.74	–	–
Granted	270 848	77.25	228 729	90.47
Balance at end of year	606 069	101.31	537 798	106.72
Exercisable at end of year	–	–	–	–



SUN INTERNATIONAL GROUP

	2009		2008	
	Number of grants	Weighted average grant price R	Number of grants	Weighted average grant price R

32. SHARE INCENTIVE SCHEMES (continued)

(ii) Conditional share plan (continued)

Share grants outstanding at the end of the year vest on the following dates, subject to fulfilment of performance conditions:

Year ending on 30 June

2009	–	–	198 127	82.74
2010	108 892	149.55	110 942	149.55
2011	226 329	90.47	228 729	90.47
2012	270 848	77.25	–	–

(iii) Equity growth plan

EGP rights provide senior executives with the opportunity to receive shares in Sun International Limited through the grant of conditional EGP rights, which are rights to receive shares equal in value to the appreciation of the Sun International share price between the date on which the conditional EGP rights are granted and the date on which they are exercised, subject to the fulfilment of predetermined performance conditions over a specified performance period. The performance condition applied to the grants is that the group's adjusted headline earnings per share should increase by 2 percent per annum above inflation over a three-year performance period. If the performance condition is not met at the end of 3 years it is retested at the end of 4 and 5 years from the date of grant.

Movements in the number of share grants outstanding are as follows:

	2009		2008	
	Number of grants	Weighted average grant price R	Number of grants	Weighted average grant price R
Balance at beginning of year	1 488 282	106.72	934 083	109.84
Lapsed – termination of employment	(143 275)	102.03	(73 673)	107.01
Granted	794 214	77.25	627 872	90.47
Balance at end of year	2 139 221	96.09	1 488 282	106.72
Exercisable at end of year	–	–	–	–

Share grants outstanding at the end of the year become exercisable on the following dates, subject to fulfilment of performance conditions:

Year ending on 30 June

2009	465 065	82.74	535 399	82.74
2010	287 770	149.55	325 011	149.55
2011	592 172	90.47	627 872	90.47
2012	794 214	77.25	–	–

(iv) Deferred bonus plan

DBP shares are Sun International Limited shares acquired by senior executives with a portion of their declared annual bonus and entitle the participant to receive a matching award (an equal number of Sun International Limited shares as acquired) at the end of a three-year period. The matching award is conditional on continued employment and the DBP shares being held by the participant at the end of the three-year period.

## SUN INTERNATIONAL GROUP

### NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED for the year ended 30 June

	<b>2009</b>	<b>2008</b>		
	<b>Number of awards</b>	<b>Weighted average award price R</b>	Number of awards	Weighted average award price R

### 32. SHARE INCENTIVE SCHEMES (continued)

#### (iv) Deferred bonus plan (continued)

Movements in the number of matching awards outstanding are as follows:

Balance at beginning of year	88 226	118.96	57 114	95.14
Lapsed – termination of employment	(2 218)	127.01	(10 581)	110.92
Granted	68 058	89.81	41 693	149.56
Balance at end of year	154 066	105.97	88 226	118.96
Exercisable at end of year	–	–	–	–

DBP shares held at the end of the year entitle participants to matching awards on the following dates:

Year ending on 30 June				
2010	48 683	95.14	49 602	95.14
2011	37 325	149.56	38 624	149.56
2012	68 058	89.81	–	–

#### (v) Restricted share plan

RSP shares are Sun International Limited shares granted to key staff in return for continuing employment with the group. The shares will be forfeited and any dividends received on the shares will be repayable should the employee leave the group prior to the expiry of the vesting period. The vesting period is either 3 or 5 years. In the case of a three-year award, 100% of the shares awarded will vest after 3 years and in the case of the five-year award, 50% vests after 3 years, 25% after 4 years and the remaining 25% after 5 years.

Movement in the number of shares outstanding are as follows:

	<b>2009</b>	
	<b>Number of grants</b>	<b>Weighted average grant price R</b>
Granted during the year	835 409	94.35
Share grants outstanding at the end of the year vest on the following dates, subject to fulfilment of employment conditions:		
Year ending on 30 June		
2012	519 832	94.35
2013	157 789	94.35
2014	157 788	94.35





## SUN INTERNATIONAL GROUP

	CSP	EGP	DBP	RSP
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### 32. SHARE INCENTIVE SCHEMES (continued)

#### Valuation of share incentive grants

The fair value of CSP and EGP options granted during the year was estimated using the binomial asset pricing model. For the DBP and RSP the share grants are valued based on the ruling share price on the date of the grant. The table below sets out the valuation thereof and the assumptions used to value the grants:

#### 2009

Weighted average grant price	<b>R77.25</b>	<b>R77.25</b>	<b>R89.81</b>	<b>R94.35</b>
Weighted average 400-day volatility	<b>37.0%</b>	<b>37.0%</b>	n/a	n/a
Weighted average long term risk rate	<b>8.2%</b>	<b>8.6%</b>	n/a	n/a
Weighted average dividend yield	<b>5.0%</b>	<b>5.0%</b>	n/a	n/a
Valuation	<b>R12 million</b>	<b>R17 million</b>	<b>R6 million</b>	<b>R79 million</b>

#### 2008

Weighted average grant price	R90.47	R90.47	R149.56	
Weighted average 400-day volatility	27.4%	27.4%	n/a	
Weighted average long term risk rate	12.4%	12.2%	n/a	
Weighted average dividend yield	6.0%	6.0%	n/a	
Valuation	R8 million	R13 million	R6 million	

The employee share based payment expense for the year was R28 million (2008: R21 million).

### 33. EMPLOYEE SHARE TRUSTS

These trusts have been consolidated in the group's financial statements in terms of SIC 12 Consolidation – Special Purpose Entities. However, the trust is controlled by its trustees. The majority of the trustees are representatives elected by and from the employees who are beneficiaries of the trust. The company has no beneficial interest in and has no control over the trust. The group does not share in any economic benefits of the trust.

#### Sun International Employee Share Trust

The Sun International Employee Share Trust was established to enable eligible employees to share in the success of the group through share ownership. The share scheme excludes participants of any other group share incentive scheme. Eligible employees will benefit from income and growth distributions made by the trust.

The trust is funded through interest free loans from the participating companies in the group. These loans have been fair valued and imputed interest at 12% per annum is recognised over the expected loan period. Loans will be repaid through dividend flows and proceeds on the disposal of the underlying investments held by the trust.

The economic interest held by the trust in group companies is set out below:

	2009 %	2008 %
Afrisun Gauteng	3.5%	3.5%
Emfuleni Resorts	3.5%	3.5%
SunWest	3.3%	3.5%
Meropa	3.5%	3.5%
Teemane	3.5%	3.5%
Afrisun KZN	3.5%	3.5%
Mangaung Sun	3.5%	3.5%
Sun International Limited – direct	2.6%	2.5%
– indirect	3.7%	3.6%

## SUN INTERNATIONAL GROUP

### NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED for the year ended 30 June

	2009 %	2008 %
<b>33. EMPLOYEE SHARE TRUSTS (continued)</b>		
<b>Sun International Black Executive Management Trust (SIBEMT)</b>		
As a further commitment to BEE and to assist Sun International in retaining black managerial staff, to attract new black talent and to contribute towards the creation of sustainable black leadership, a trust was formed for the benefit of current and future South African black management of the group. Permanent employees of the Sun International group, who occupy management grade levels, and are black South Africans are eligible to participate in the SIBEMT.		
The economic interest held by the trust in group companies is set out below:		
Sun International Limited – indirect	0.5%	0.5%

### **34. POST BALANCE SHEET EVENTS**

#### **34.1 Acquisition of interest in TCN**

The process of acquiring a 49.5% interest in TCN which owns and operates the Federal Palace Towers hotel and the Federal Palace hotel on Victoria Island, Lagos is under way, with the group having subscribed for the first tranche of equity for US\$12 million in August 2009, thereby giving the group a 29.4% interest in TCN. It is expected that this process will be completed before the end of the calendar year. On completion, the group will have invested US\$28 million in equity and advanced a loan to TCN of US\$15 million. As at 30 June 2009, the group had already advanced a loan of US\$18.6 million to TCN, US\$3.6 million of which will be repaid out of the share capital raised, resulting in the group advancing the further US\$24.4 million cash required.

#### **34.2 Restructure of SFIR debt facilities**

As a result of the slow start to trading at Monticello and the hardening of debt capital markets, the group has agreed to a restructure of the project's long term loan. In terms of the restructure SFIR shareholders will contribute an additional US\$50 million in December 2009 which will be used to redeem a portion of the long term debt. The restructuring includes the cancellation of SIL support and the requirement to fund a debt service reserve. The term of the debt has been extended by one year and capital repayments will only commence on 31 December 2010. In the interim period, SFIR is required to apply any excess cash flow after all debt service requirements and making provision for its cash flow needs, to early redeem debt up to an amount of approximately US\$8 million. The remaining debt terms are unchanged and there is no further recourse to SIL.

#### **34.3 Boardwalk licence**

The Boardwalk's casino licence in Port Elizabeth expires in October 2010. A bid for a new fifteen year casino licence was submitted on 30 January 2009 which includes plans for a five star hotel and conference centre, expanded gaming facilities and a parkade at an estimated cost of R1 billion. On 16 September 2009, the ECGBB announced that the Boardwalk is the preferred bidder. The final award of the licence will depend upon and follow the Eastern Cape Provincial Government's sanction of the ECGBB's decision, and the successful negotiation of the conditions to attach to the new licence.



## SUN INTERNATIONAL LIMITED

## COMPANY INCOME STATEMENTS

for the year ended 30 June

	Notes	2009 Rm	2008 Rm
<b>Revenue</b>		<b>1 007</b>	1 222
Impairment of investment		(184)	–
Other operational costs		(423)	(5)
<b>Operating profit</b>	1	<b>400</b>	1 217
Foreign exchange loss		(2)	–
Interest income	2	33	46
Interest expense	3	(206)	(201)
<b>Profit before tax</b>		<b>225</b>	1 062
Tax	4	(2)	7
<b>Profit</b>		<b>223</b>	1 069

## COMPANY BALANCE SHEETS

as at 30 June

	Notes	2009 Rm	2008 Rm
<b>ASSETS</b>			
<b>Non current assets</b>			
Investments in subsidiaries	6	3 074	2 562
Loans and receivables	7	274	271
Deferred tax	9	16	7
		<b>3 364</b>	2 840
<b>Current assets</b>			
Loans and receivables	7	1 270	1 595
Tax		1	15
		<b>1 271</b>	1 610
<b>Total assets</b>		<b>4 635</b>	4 450
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Shareholder funds		2 255	2 250
		<b>2 255</b>	2 250
<b>Non current liabilities</b>			
Borrowings	10	2 125	2 122
Derivative financial instrument	11	6	–
		<b>2 131</b>	2 122
<b>Current liabilities</b>			
Accounts payable and accruals	12	248	71
Borrowings	10	1	7
		<b>249</b>	78
<b>Total liabilities</b>		<b>2 380</b>	2 200
<b>Total equity and liabilities</b>		<b>4 635</b>	4 450

SUN INTERNATIONAL LIMITED

COMPANY CASH FLOW STATEMENTS

for the year ended 30 June

	Notes	2009 Rm	2008 Rm
<b>Cash flows from operating activities</b>			
Cash generated by operations	13.1	145	44
Tax refunded/(paid)	13.2	11	(2)
<i>Net cash inflow from operating activities</i>		156	42
<b>Cash flows from investing activities</b>			
Investment in SFIR		(668)	(14)
Investment income	13.3	1 037	1 247
Other non current investments and loans made		(317)	(749)
<i>Net cash inflow from investing activities</i>		52	484
<b>Cash flows from financing activities</b>			
(Decrease)/increase in borrowings	13.4	(6)	1 839
Interest paid	13.5	(198)	(197)
Dividends paid	5	(245)	(415)
Increase/(decrease) in share capital		99	(1 654)
Proceeds on treasury share options exercised		241	–
Purchase of treasury shares and share options		(99)	(99)
<i>Net cash outflow from financing activities</i>		(208)	(526)
<b>Net cash and cash equivalents movement for the year</b>		–	–
Cash and cash equivalents at beginning of year		–	–
<b>Cash and cash equivalents at end of year</b>		–	–

COMPANY STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June

Notes	Share capital Rm	Share premium Rm	Treasury shares Rm	Share based payment reserve Rm	Hedging reserve Rm	Retained earnings Rm	Total equity Rm
<b>Balance at 1 July 2007</b>	<b>9</b>	<b>1 542</b>	–	<b>73</b>	–	<b>1 598</b>	<b>3 222</b>
Share buy back	(1)	(1 542)				(111)	(1 654)
Employee share based payments				21			21
Deferred tax on employee share based payments				7			7
Profit						1 069	1 069
Dividends paid						(415)	(415)
<b>Balance at 30 June 2008</b>	<b>8</b>	–	–	<b>101</b>	–	<b>2 141</b>	<b>2 250</b>
Share issue		99					99
Treasury shares purchased			(78)				(78)
Employee share based payments				28			28
Release of share based payment reserve				(55)		55	–
Net loss on cash flow hedge					(27)		(27)
Transfer of hedging reserve to income statement					5		5
Profit						223	223
Dividends paid						(245)	(245)
<b>Balance at 30 June 2009</b>	<b>8</b>	<b>99</b>	<b>(78)</b>	<b>74</b>	<b>(22)</b>	<b>2 174</b>	<b>2 255</b>



SUN INTERNATIONAL LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 30 June

	2009 Rm	2008 Rm
<b>1. OPERATING PROFIT IS STATED AFTER THE FOLLOWING:</b>		
Dividend income	1 007	1 222
Impairment of loans to subsidiaries	(421)	–
The impairment relates to the loans to subsidiaries that hold the treasury share options and the treasury shares of which the recoverable amounts are impacted by the share price at 30 June.		
<b>2. INTEREST INCOME</b>		
Interest earned on loans and receivables	28	22
Interest earned on cash and cash equivalents	2	3
Imputed interest on loans receivable	3	21
	<b>33</b>	46
<b>3. INTEREST EXPENSE</b>		
Interest paid on borrowings	(20)	(19)
Preference share dividends	(178)	(178)
Imputed interest on loans payable	(3)	(4)
Transfer from hedging reserve	(5)	–
	<b>(206)</b>	(201)
<b>4. TAX</b>		
Current tax – current year	(3)	3
– prior years	–	3
Deferred tax – current year	1	1
	<b>(2)</b>	7
Reconciliation of rate of tax		
Standard rate – South African	<b>28.0%</b>	28.0%
Adjusted for:		
Exempt income and disallowable expenses	<b>(27.0%)</b>	(28.9%)
Prior year under provision	–	0.3%
Effective tax rate	<b>1.0%</b>	(0.6%)
<b>5. DIVIDENDS PAID</b>		
A final dividend of 215 cents per share for the year ended 30 June 2007 was declared on 29 August 2007 and paid on 25 September 2007		(204)
An interim dividend in respect of the 2008 financial year of 222 cents per share was declared on 6 March 2008 and paid on 7 April 2008		(211)
A final dividend of 258 cents per share for the year ended 30 June 2008 was declared on 28 August 2008 and paid on 29 September 2008	<b>(245)</b>	
	<b>(245)</b>	(415)

SUN INTERNATIONAL LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED  
for the year ended 30 June

	2009 Rm	2008 Rm
<b>6. INVESTMENTS IN SUBSIDIARIES</b>		
<b>Shares at cost</b>		
Balance at beginning of year	2 562	2 527
Acquisition of SFIR	668	–
Impairment of investment in SFIR	(184)	–
Additional investment in subsidiaries	–	14
Employee share based payments	28	21
Balance at end of year	<b>3 074</b>	2 562

The SFIR investment was subsequently impaired as a result of the valuation at 30 June 2009 being based on the current trading levels as required by IAS 36 – Impairment of Assets. A ‘value in use’ valuation was performed by applying a discount rate of 12.47% to the directors’ estimated future operating cash flows.

The interests of the company in the aggregate pre tax net profits and losses of its subsidiaries amounted to R1 330 million (2008: R1 521 million) and R186 million (2008: R6 million) respectively and post tax net profits and losses of its subsidiaries amounted to R872 million (2008: R870 million) and R205 million (2008: R4 million) respectively.

**7. LOANS AND RECEIVABLES**

**Loans**

Share incentive schemes	185	407
Loans to subsidiaries	1 694	1 391
Other	86	68
	<b>1 965</b>	1 866
Less: Impairment of loans to subsidiaries	(421)	–
	<b>1 544</b>	1 866
Current portion	(1 270)	(1 595)
	<b>274</b>	271
Loans are due over the following periods:		
Less than 1 year	1 270	1 595
1 – 2 years	–	–
2 – 3 years	–	–
3 – 4 years	–	–
4 years and onwards	274	271
	<b>1 544</b>	1 866

The weighted average interest and dividend rates were as follows:

Share incentive schemes	NIB	NIB
Loans to subsidiaries	5.7%	3.7%
Other	NIB	NIB
Weighted average	<b>1.7%</b>	1.6%

*NIB – Non interest bearing*

Other than the impaired loans, the loans are fully performing with the associated credit risk considered to be low.

The fair value of loans and receivables approximates their carrying value.



SUN INTERNATIONAL LIMITED

	2009 Rm	2008 Rm
<b>8. SHARE CAPITAL AND PREMIUM</b>		
<b>Authorised</b>		
150 000 000 (2008:150 000 000) ordinary shares of 8 cents each	12	12
100 000 000 (2008:100 000 000) variable rate cumulative redeemable preference shares of 1 cent each	1	1
<b>Issued*</b>		
Share capital	8	8
Share premium	99	–
Deemed treasury shares	(78)	–
	<b>29</b>	<b>8</b>

\* The issued preference shares have been included in borrowings in note 10.

5 836 021 shares in the unissued share capital of the company remain under the control of the directors as a specific authority in terms of section 221(2) of the Companies Act to allot and issue in accordance with the share option scheme. A further 10 780 000 shares have been placed under the specific control of the directors to allot and issue in accordance with the EGP, CSP, DBP and RSP.

	2009		2008	
	Number of shares	Rm	Number of shares	Rm
<b>Movement during the year</b>				
Balance at beginning of year	105 494 769	8	116 818 607	1 551
Shares bought back and cancelled	–	–	(11 323 838)	(1 543)
Exercised treasury share options	4 336 135	99	–	–
Statutory shares in issue	109 830 904	107	105 494 769	8
Deemed treasury shares purchased	(835 409)	(78)	–	–
<b>Balance at end of year</b>	<b>108 995 495</b>	<b>29</b>	<b>105 494 769</b>	<b>8</b>

During the year, the company exercised treasury share options resulting in the issue of 4 336 135 shares.

835 409 shares were deemed as treasury shares due to the restrictions placed on the RSP share awards granted to employees in December 2008.

## SUN INTERNATIONAL LIMITED

### NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED for the year ended 30 June

	2009 Rm	2008 Rm
<b>9. DEFERRED TAX</b>		
Balance at beginning of year	(7)	1
Income statement credit for year	(1)	(1)
Credited directly to equity	(8)	(7)
Balance at end of year	(16)	(7)
Deferred tax arises from the following temporary differences:		
<b>Deferred tax assets</b>		
Disallowed accruals and provisions	-	-
Balance at beginning of year	-	7
Charged directly to equity	-	(7)
Fair value adjustments	(16)	(7)
Balance at beginning of year	(7)	(6)
Credited directly to equity	(8)	-
Credited to income statement	(1)	(1)
Net deferred tax asset	(16)	(7)

### 10. BORROWINGS

#### Non current

Redeemable preference shares	1 851	1 851
V&A loan	274	271
	2 125	2 122

#### Current

Overdraft	1	7
Total borrowings	2 126	2 129

All borrowings are unsecured.

The fair value of borrowings approximate their carrying values except for the V&A loan which has a fair value of R235 million (2008: R209 million). The fair value has been determined on a discounted cash flow basis using a discount rate of 11% (2008: 12%).

The carrying amounts of the borrowings are denominated in Rand.

The borrowings are repayable over the following periods:

Less than 6 months	1	7
6 months – 1 year	-	-
1 – 2 years	-	-
2 – 3 years	-	-
3 – 4 years	1 851	-
4 years and onwards	274	2 122
	2 126	2 129





SUN INTERNATIONAL LIMITED

	On demand or not exceeding 6 months Rm	More than 6 months but not exceeding 1 year Rm	More than 1 year but not exceeding 2 years Rm	More than 2 years but not exceeding 5 years Rm	More than 5 years Rm
--	--	--	---	--	----------------------------

**10. BORROWINGS (continued)**

The following are the contractual undiscounted maturities of financial liabilities (including principal and interest payments) presented in Rands:

**2009**

Borrowings	<b>80</b>	<b>79</b>	<b>160</b>	<b>2 083</b>	<b>553</b>
Derivative financial instrument	<b>18</b>	<b>13</b>	<b>7</b>	–	–
Accounts payable and accruals	<b>218</b>	–	–	–	–
	<b>316</b>	<b>92</b>	<b>167</b>	<b>2 083</b>	<b>553</b>

**2008**

Borrowings	113	106	214	2 328	584
Accounts payable and accruals	71	–	–	–	–
	184	106	214	2 328	584

	<b>2009</b> Rm	2008 Rm
--	-------------------	------------

**Interest rates**

Year end interest and dividend rates are as follows:

Redeemable preference shares	<b>7.4%</b>	10.4%
V&A loan	<b>8.3%</b>	8.3%
Overdraft	<b>9.0%</b>	13.0%
Weighted average	<b>9.6%</b>	8.9%

As at 30 June 2009, interest rates on 56% (2008: 13%) of the company's borrowings were fixed. 100% (2008: 100%) of these fixed borrowings were for periods longer than 12 months. The interest rates other than on the V&A loan, approximate those currently available to the group in the market.

A change of 1% in interest rates at the reporting date would have (decreased)/increased profit before tax by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2008:

Increase of 1%	<b>(10)</b>	(20)
Decrease of 1%	<b>10</b>	20

A register of non current loans is available for inspection at the registered office of the company.

The company's borrowings are not restricted by its articles of association.

**11. DERIVATIVE FINANCIAL INSTRUMENT**

Interest rate swap – cash flow hedge	<b>36</b>	–
Current portion (refer to note 12)	<b>(30)</b>	–
	<b>6</b>	–

Refer to note 27 in the group financial statements.

SUN INTERNATIONAL LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED  
for the year ended 30 June

	2009 Rm	2008 Rm
<b>12. ACCOUNTS PAYABLE AND ACCRUALS</b>		
<b>Financial instruments</b>		
Accrued expenses	38	47
Current portion of derivative financial instrument	30	–
Loan from subsidiary	156	3
Other payables	24	21
	248	71
The fair value of accounts payable and accruals approximate their carrying value.		
<b>13. CASH FLOW INFORMATION</b>		
<b>13.1 Cash generated by operations</b>		
Operating profit	400	1 217
Non cash items and items dealt with separately:		
Dividend income	(1 007)	(1 222)
Impairment of investment in SFIR	184	–
Impairment of loans to subsidiaries	421	–
	(2)	(5)
Cash utilised by operations before working capital changes		
Working capital changes	147	49
Accounts payable and accruals	145	44
	145	44
<b>13.2 Tax refunded/(paid)</b>		
Overpayment at beginning of year	15	7
Current tax credited to the income statement (refer note 4)	(3)	6
Overpayment at end of year	(1)	(15)
	11	(2)
<b>13.3 Investment income</b>		
Dividends received	1 007	1 222
Interest income	33	46
Imputed interest on loans receivable	(3)	(21)
	1 037	1 247
<b>13.4 (Decrease)/increase in borrowings</b>		
Increase in borrowings	3	1 855
Imputed interest on loans payable	(3)	(4)
Decrease in bank overdrafts	(6)	(12)
	(6)	1 839
<b>13.5 Interest paid</b>		
Interest expense	(206)	(201)
Transfer from hedging reserve	5	–
Imputed interest on loans payable	3	4
	(198)	(197)



#### 14. CONTINGENT LIABILITIES

- (i) Sun International Limited has issued a guarantee in favour of ABSA Bank Limited in respect of the loan facilities entered into with Worcester Casino (Pty) Limited up to the maximum amount of R200 million.
  - (ii) Sun International has provided the following guarantees in respect of the SFIR project in favour of the debt financiers:
    - A completion guarantee for the period prior to the completion and opening of all the Monticello facilities. The exposure under this guarantee is up to 50% of the Standard Bank loan of US\$120 million.
    - A revenue underpin guarantee of US\$25 million. The guarantee is callable should the project cash flows fall below the base case projected cash flows and will only be called upon to the extent the project is unable to service its debt and cash flow obligations. The guarantee will expire six months after the project achieves the base case projected cash flows for two consecutive semi-annual periods, beginning six months after the commencement of operations. Refer to note 34.2 in the group financial statements.
    - 50% of the break costs that may be incurred as a result of SFIR defaulting on its obligations under the funding agreements and the banks closing out the hedge position.
-

SUN INTERNATIONAL GROUP

INTEREST IN PRINCIPAL SUBSIDIARIES

for the year ended 30 June

		Amount of issued capital		Interest of holding company				
		2009	Effective holding	Shares		Indebtedness		
		R000's	2009 %	2008 %	2009 Rm	2008 Rm	2009 Rm	2008 Rm
<b>SUBSIDIARIES</b>								
	*							
<b>Unlisted</b>								
Afrisun Gauteng (Pty) Limited	(1)	188	88	87	-	-	170	-
Afrisun KZN (Pty) Limited	(1)	133	59	60	-	-	-	-
Afrisun KZN Manco (Pty) Ltd	(1)	1	30	30	-	-	-	-
Afrisun Leisure Investments (Pty) Limited	(1)	54	51	49	-	-	-	-
Emfuleni Casino Resorts Manco (Pty) Limited	(1)	-	38	37	-	-	-	-
Emfuleni Resorts (Pty) Limited	(1)	85	82	81	-	-	-	-
Gauteng Casino Resort Manco (Pty) Limited	(1)	1	44	44	-	-	-	-
Kimberley Casino Resort Manco (Pty) Limited	(1)	-	50	50	-	-	-	-
Lesotho Sun (Pty) Limited	(4)	1	49	49	-	-	-	-
Mahogany Rose Investments 46 (Pty) Limited	(1)	-	100	100	-	-	-	-
Mangaung Casino Resort Manco (Pty) Limited	(1)	1	50	50	-	-	-	-
Mangaung Sun (Pty) Limited	(1)	134	74	74	-	-	-	-
Meropa Casino Resort Manco (Pty) Limited	(1)	1	50	50	-	-	-	-
Meropa Leisure and Entertainment (Pty) Limited	(1)	38	71	71	-	-	-	-
National Casino Resort Manco Holdings (Pty) Limited	(1)	2	83	83	14	14	-	-
Royale Resorts Holdings Limited**	(7)	737	73	73	-	-	-	-
Sands Hotels Holdings (Namibia) (Pty) Limited	(5)	1	100	100	-	-	-	-
SFI Resorts SA****	(9)	76 800	40	-	484	-	-	-
Sun International Investments No. 2 Limited	(1)	-	100	100	-	-	1 115	1 115
Sun International of Lesotho (Pty) Limited	(4)	-	47	47	-	-	-	-
Sun International (South Africa) Limited	(1)	35 261	100	100	1 760	1 760	-	-
Sun International (Botswana) (Pty) Limited***	(2)	500	80	80	-	-	-	-
Sun International (Zambia) Limited**	(8)	3 750	100	100	-	-	-	-
Sun International Inc	(6/10)	1 580	100	100	687	687	-	-
Sun International Management Limited	(7/10)	449	100	100	129	101	130	-
Sun International Travel (Pty) Limited#	(1)	-	100	100	-	-	5	5
SunWest International (Pty) Limited	(1)	337	64	66	-	-	274	271
Teemane (Pty) Limited	(1)	28	77	77	-	-	-	-
Transkei Sun International Limited	(1)	14 495	70	70	-	-	-	-
Western Cape Casino Resort Manco (Pty) Limited	(1)	-	29	29	-	-	-	-
Wild Coast Sun Manco (Pty) Limited	(1)	1	50	50	-	-	-	-
Winelands Casino Manco (Pty) Limited	(1)	-	50	50	-	-	-	-
Worcester Casino (Pty) Limited	(1)	1	47	46	-	-	-	-
<b>Listed</b>								
Swazispaa Holdings Limited	(3)	3 497	51	51	-	-	-	-
Real Africa Holdings Limited	(1)	3 718	66	64	-	-	-	-
					<b>3 074</b>	<b>2 562</b>	<b>1 694</b>	<b>1 391</b>

\* Country of incorporation.

(1) South Africa (2) Botswana (3) Swaziland (4) Lesotho (5) Namibia (6) Panama (7) Bermuda (8) Zambia (9) Chile (10) Registered as an external company in South Africa.

\*\* Amount of share capital is stated in US\$.

\*\*\* Amount of share capital stated in Botswana Pula.

\*\*\*\* Amount of share capital stated in Chilean Pesos (millions).

# Loan to subsidiary subordinated by holding company.



## Sun International Limited

(Incorporated in South Africa)  
(Registration number 1967/007528/06)  
Share code: SUI ISIN: ZAE000097580

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the twenty-fifth annual general meeting of members of Sun International Limited (the company) will be held in the boardroom, 4th Floor, 27 Fredman Drive, Sandown, Sandton, Gauteng, Republic of South Africa, on Thursday, 26 November 2009 at 09:00 for the following purposes, namely:

### 1. Ordinary resolution number 1 – adoption of annual financial statements

To receive and adopt the annual financial statements for the year ended 30 June 2009.

### 2. Ordinary resolutions numbers 2.1 to 2.4 – re-election of directors

To re-elect Dr NN Gwagwa, Messrs MV Moosa, DM Nurek and GR Rosenthal as directors by way of separate resolutions, who retire in accordance with the provisions of the company's articles of association. (Please refer to pages 78 and 79 of the annual report for a brief CV of each director standing for re-election.)

### 3. Ordinary resolution number 3 – directors' fees

To approve fees payable to the non-executive directors for their services as directors or as members of the committees in respect of the financial year ending 30 June 2010, as proposed in the remuneration report on page 77.

### 4. Ordinary resolution number 4 – re-appointment of auditors

To re-appoint PricewaterhouseCoopers Inc as independent auditors of the company to hold office until the conclusion of the next annual general meeting in accordance with the audit committee's nomination, it being noted that Mr DB von Hoesslin is the individual registered auditor and member of the foregoing firm who undertakes the audit.

## SPECIAL BUSINESS

### 5. Special resolution number 1 – General authority to repurchase shares

To consider and, if deemed fit, to pass, with or without modification, the following special resolution:

'RESOLVED that the directors be and are hereby authorised to approve and implement the acquisition by the company (or by a subsidiary of the company up to a maximum of 10% (ten percent) of the number of issued ordinary shares of the company), of ordinary share+s issued by the company by way of a general authority, which shall only be valid until the

company's next annual general meeting, unless it is then renewed, provided that it shall not extend beyond 15 (fifteen) months from the date of the passing of the special resolution, whichever period is the shorter, in terms of the Companies Act 1973, as amended, and the rules and requirements of the JSE Limited (JSE) which provide, *inter alia*, that the company may only make a general repurchase of its ordinary shares subject to:

- \* the repurchase being implemented through the order book operated by the JSE trading system, without prior understanding or arrangement between the company and the counterparty;
- \* the company being authorised thereto by its articles of association;
- \* repurchases not being made at a price greater than 10% (ten percent) above the weighted average of the market value of the ordinary shares for the 5 (five) business days immediately preceding the date on which the transaction was effected;
- \* an announcement being published as soon as the company has repurchased ordinary shares constituting, on a cumulative basis, 3% (three percent) of the initial number of ordinary shares, and for each 3% (three percent) in aggregate of the initial number of ordinary shares repurchased thereafter, containing full details of such repurchases;
- \* repurchases not exceeding 20% (twenty percent) in aggregate of the company's issued ordinary share capital in any one financial year;
- \* the company's sponsor confirming the adequacy of the company's working capital for purposes of undertaking the repurchase of ordinary shares in writing to the JSE upon entering the market to proceed with the repurchase;
- \* the company remaining in compliance with paragraphs 3.37 to 3.41 of the JSE Listings Requirements concerning shareholder spread after such repurchase;
- \* the company and/or its subsidiaries not repurchasing securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements, unless it has in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been disclosed in an announcement published on SENS prior to the commencement of the prohibited period; and
- \* the company only appointing one agent to effect any repurchases on its behalf.'

## NOTICE OF ANNUAL GENERAL MEETING CONTINUED

The directors, having considered the effects of the repurchase of the maximum number of ordinary shares in terms of the foregoing general authority, are of the opinion that for a period of 12 (twelve) months after the date of the notice of the annual general meeting:

- \* the company and the group will be able, in the ordinary course of business, to pay its debts;
- \* the working capital of the company and the group will be adequate for ordinary business purposes;
- \* the assets of the company and the group, fairly valued in accordance with generally accepted accounting practice, will exceed the liabilities of the company and the group; and
- \* the company's and the group's ordinary share capital and reserves will be adequate for ordinary business purposes.

The following additional information, some of which may appear elsewhere in the annual report, is provided in terms of the JSE Listings Requirements for purposes of this general authority:

- \* directors and management – pages 78 to 81;
- \* major beneficial shareholders – page 54;
- \* directors' interests in ordinary shares – pages 88 and 89; and
- \* share capital of the company – page 139.

### Litigation statement

The directors in office whose names appear on pages 78 and 79 of the annual report, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 (twelve) months, a material effect on the group's financial position.

### Directors' responsibility statement

The directors in office, whose names appear on pages 78 and 79 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by law and the JSE Listings Requirements.

### Material changes

Other than the facts and developments reported on in the annual report, there have been no material changes in the

affairs or financial position of the company and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

The directors consider that such a general authority should be put in place should an opportunity present itself for the company or a subsidiary thereof to purchase any of its shares during the year, which is in the best interests of the company and its shareholders.

The reason for and effect of special resolution number 1 is to grant the directors of the company a general authority in terms of the Companies Act and the JSE Listings Requirements for the repurchase by the company (or by a subsidiary of the company) of the company's shares.

### 6. Special resolution number 2 – financial assistance

To consider, and if deemed fit to pass, with or without modification, the following special resolution:

'RESOLVED as a special resolution that the conclusion and implementation of the proposed Dinokana Investments (Proprietary) Limited (Dinokana) guarantee (the salient terms of which are set out in the circular annexed to the annual report of which this notice of annual general meeting forms part) by the company is hereby sanctioned by the shareholders of the company in accordance with the provisions of section 38(2A)(b) of the Companies Act 1973, as amended.'

The reason for special resolution number 2 is to sanction the giving by the company of any financial assistance by means of the Dinokana guarantee for the purpose of or in connection with a purchase made or to be made by any person of or for any shares of the company. The sanctioning of financial assistance is permitted pursuant to amendments to the Companies Act that came into force on 14 December 2007.

The effect of special resolution number 2 is that the company will be properly authorised to give the proposed Dinokana guarantee to Nedbank Limited (Nedbank) for the purposes of enabling Dinokana to retain the shares that it holds in the company, notwithstanding that Dinokana is in breach of certain covenants in terms of its preference share agreement with Nedbank.

### 7. Special resolution number 3 – consent to directors' interests

To consider, and if deemed fit to pass, with or without modification, the following special resolution:

'RESOLVED as a special resolution that the conclusion and implementation by the company of the proposed Dinokana Investments (Proprietary) Limited (Dinokana) guarantee (the salient terms of which are set out in the circular annexed to

the annual report of which this notice of annual general meeting forms part) is hereby consented to in accordance with the provisions of section 226(2)(a) of the Companies Act 1973, as amended.'

The reason for special resolution number 3 is to provide the consent of the shareholders of the company, in accordance with the provisions of section 226(2)(a) of the Companies Act, to the company entering into and implementing the proposed Dinokana guarantee, in terms of which the company will provide security for the obligations of Dinokana to Nedbank in terms of the preference share agreement, as more fully set out in the aforementioned circular. Dinokana is a company in which two directors of the company, namely Mr MV Moosa and Dr NN Gwagwa hold indirect interests by virtue of their respective shareholdings in Lereko Investments (Proprietary) Limited, which in turn holds 28.05% of the shares in Dinokana, as set out in the aforementioned circular. The directors of the company are of the view that the interest held by the directors in question is not a 'controlling' interest, as contemplated in section 226 of the Companies Act. However, for the sake of absolute prudence, the consent of the shareholders of the company is sought in terms of section 226 of the Companies Act on the basis that the interest held by the abovementioned directors in Dinokana constitutes a 'controlling' interest for purposes of section 226 of the Companies Act.

The effect of special resolution number 3 is that the directors of the company will obtain the consent of its shareholders in terms of section 226(2)(a) of the Companies Act to give the proposed Dinokana guarantee to Nedbank for the purpose of enabling Dinokana to retain the shares that it holds in the company, (notwithstanding that it is in breach of the debt covenants contemplated in the preference share agreement with Nedbank).

**8. Ordinary resolution number 5 – authority for directors or company secretary to implement resolutions**

To consider, and if deemed fit to pass, with or without modification, the following ordinary resolution:

'RESOLVED as an ordinary resolution that any director of the company or the company secretary be and is hereby authorised to do all such things and sign all such documents as may be required to give effect to special resolutions numbers 2 and 3.'

Any member holding shares in certificated form or recorded on the company's sub-register in electronic dematerialised form in 'own name' and entitled to attend and vote, is entitled to appoint a proxy or proxies to attend, speak and vote at the annual general meeting in his stead, and the proxy so appointed need not be a member of the company.

Proxy forms should be forwarded to reach the offices of the company's transfer secretaries, Computershare Investor Services (Proprietary) Limited, at the addresses appearing below, no less than 24 hours before the time appointed for the holding of the annual general meeting. A proxy form is enclosed for this purpose.

All beneficial owners whose shares have been dematerialised through a Central Securities Depository Participant (CSDP) or broker other than with 'own name' registration, must provide the CSDP or broker with their voting instructions in terms of their custody agreement should they wish to vote at the annual general meeting. Alternatively, they may request the CSDP or broker to provide them with a letter of representation, in terms of their custody agreement, should they wish to attend the annual general meeting.

In order to more effectively record the votes and give effect to the intentions of shareholders, voting on all resolutions will be conducted by way of a poll.

By order of the board

SA Bailes  
Group Secretary

4 November 2009

**Postal address**

Computershare Investor Services (Proprietary) Limited  
PO Box 61051, Marshalltown 2107, Gauteng  
Republic of South Africa

**Delivery address**

Computershare Investor Services (Proprietary) Limited  
Ground Floor, 70 Marshall Street, Johannesburg, Gauteng,  
Republic of South Africa







**Sun International Limited**

(Incorporated in South Africa)  
(Registration number 1967/007528/06)  
Share code: SUI ISIN: ZAE000097580  
(‘Sun International’ or ‘the company’)

**FORM OF PROXY**

**ANNUAL GENERAL MEETING**

**For use by Sun International shareholders holding ordinary shares in certificated form or recorded on the company’s sub-register in electronic dematerialised form in ‘own name’ at the twenty-fifth annual general meeting of shareholders of the company to be held on Thursday, 26 November 2009 at 09:00 in the boardroom, 4th Floor, 27 Fredman Drive, Sandown, Sandton, Gauteng, Republic of South Africa (the annual general meeting).**

If dematerialised shareholders, other than own name dematerialised shareholders, have not been contacted by their Central Securities Depository Participant (CSDP) or broker with regard to how they wish to cast their vote, they should contact their CSDP or broker and instruct their CSDP or broker as to how they wish to cast their vote at the annual general meeting in order for their CSDP or broker to vote in accordance with such instructions. Dematerialised shareholders who are not own name dematerialised shareholders and who wish to attend the annual general meeting must obtain the necessary letter of representation from their CSDP or broker, as the case may be, and submit same to the transfer secretaries to be received by no later than 09:00 on Wednesday, 25 November 2009. This must be done in terms of the agreement entered into between the dematerialised shareholder and their CSDP or broker. If the CSDP or broker, as the case may be, does not obtain instructions from such dematerialised shareholder, it will be obliged to act in terms of the mandate furnished to it. Such dematerialised shareholder, other than own name dematerialised shareholder, must not complete this form of proxy and should read note 10 overleaf.

I/We (please print) \_\_\_\_\_  
of (please print) \_\_\_\_\_  
being the holder/s of \_\_\_\_\_ ordinary shares in the company, appoint (see note 1)  
1. \_\_\_\_\_ or failing him/her  
2. \_\_\_\_\_ or failing him/her  
3. the chairman of the annual general meeting

as my/our proxy to act for me/us and on my/our behalf at the annual general meeting, which will be held for the purpose of considering and if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against the resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name/s in accordance with the following instructions (see note 2):

**Note:** Voting on all resolutions will be conducted by way of a poll. On a poll a member is entitled to one vote for each ordinary share held.

Resolution reference	For	Against	Abstain
<b>1. Ordinary resolution number 1 – adoption of annual financial statements</b>			
<b>2. Ordinary resolutions numbers 2.1. to 2.4 – re-election of directors:</b>			
2.1 Dr NN Gwagwa			
2.2 Mr MV Moosa			
2.3 Mr DM Nurek			
2.4 Mr GR Rosenthal			
<b>3. Ordinary resolution number 3 – directors’ fees</b>			
<b>4. Ordinary resolution number 4 – re-appointment of auditors</b>			
<b>5. Special resolution number 1 – general authority to repurchase shares</b>			
<b>6. Special resolution number 2 – financial assistance</b>			
<b>7. Special resolution number 3 – consent to directors’ interests</b>			
<b>8. Ordinary resolution number 5 – authority for directors or company secretary to implement resolutions</b>			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009

Signature of member(s) \_\_\_\_\_

Assisted by me (where applicable) \_\_\_\_\_

**Please read the notes and instructions overleaf.**

## INSTRUCTIONS ON SIGNING AND LODGING THE FORM OF PROXY

### Notes:

A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his stead.

A proxy need not be a shareholder of Sun International.

Every person present and entitled to vote at the annual general meeting as a shareholder or as a proxy or as a representative of a body corporate shall, on a show of hands, have one vote only, irrespective of the number of Sun International ordinary shares such person holds or represents, but in the event of a poll, a shareholder holding ordinary shares will be entitled to only one vote per ordinary share held.

Please insert the relevant number of Sun International ordinary shares in the appropriate spaces on the voting section, indicating how you wish your votes to be cast at the annual general meeting. If you return this form duly signed without any specific instructions, the proxy will vote or abstain from voting at the proxy's discretion.

1. A Sun International ordinary shareholder may insert the name of a proxy or the names of two alternative proxies of his/her choice in the spaces provided with or without deleting 'the chairman of the annual general meeting', but any such deletion must be initialled by the Sun International ordinary shareholder. The person whose name appears first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert the number of ordinary shares in the relevant spaces according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of Sun International ordinary shares exercisable by you, indicate the number of Sun International ordinary shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise and compel the chairman, if the chairman is an authorised proxy, to vote in favour of the resolutions, or to authorise any other proxy to vote for or against the resolutions or abstain from voting as he/she deems fit, in respect of all the Sun International shareholder's votes exercisable thereat. A Sun International ordinary shareholder or its/his/her proxy is not obliged to use all the votes exercisable by the Sun International ordinary shareholder or its/his/her 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 Sun International ordinary shareholder or its/his/her proxy.
3. Forms of proxy must be lodged with the transfer secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown, 2107) to be received by no later than 09:00 on Wednesday, 25 November 2009.
4. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by Sun International's transfer secretaries or waived by the chairman of the annual general meeting.
6. The completion and lodging of this form of proxy will not preclude the relevant Sun International ordinary shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Sun International ordinary shareholder wish to do so.
7. The chairman of the annual general meeting may accept or reject any form of proxy which is completed and/or received other than in accordance with these notes and instructions, provided that the chairman is satisfied as to the manner in which the Sun International ordinary shareholder wishes to vote.
8. Joint holders – any such persons may vote at the annual general meeting in respect of such joint shares as if he/she were solely entitled thereto; but if more than one of such joint holders are present or represented at the annual general meeting, the one of the said persons whose name stands first in the register in respect of such shares or his/her proxy, as the case may be, is alone entitled to vote in respect thereof.
9. Shareholders of Sun International who hold Sun International ordinary shares that have been dematerialised, and are registered by the CSDP on the sub-register in their own name kept by that CSDP, will be entitled to attend the annual general meeting in person or, if they are unable to attend and wish to be represented thereat, must complete and return this form of proxy to the transfer secretaries in accordance with the time specified herein.
10. Sun International shareholders who hold ordinary shares in Sun International through a nominee should advise their nominee or, if applicable, their CSDP or broker timeously of their intention to attend and vote at the annual general meeting or to be represented by proxy thereat in order for their nominee, if applicable, their CSDP or broker to provide them with the necessary authorisation to do so or should provide their nominee or, if applicable, their CSDP or broker timeously with their voting instructions should they not wish to attend the annual general meeting in person, in order for their nominee to vote in accordance with their instructions at the annual general meeting.





[www.suninternational.com](http://www.suninternational.com)

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