INTEGRATED ANNUAL REPORT 2011

Sun International

A Million Thrills. One Destination.

Abbreviations

Afrisun Gauteng: Afrisun Gauteng (Proprietary) Limited
Afrisun KZN: Afrisun KZN (Proprietary) Limited
Afrisun KZN Manco: Afrisun KZN Manco (Proprietary) Limited
Afrisun Leisure: Afrisun Leisure Investments (Proprietary) Limited
AHEPS: Adjusted headline earnings per share
B-BBEE Codes: Broad-Based Black Economic Empowerment Codes
BEE: Black Economic Empowerment
Camara: Chilean base interest rate
CASA: Casino Association of South Africa
CE: Chief Executive
CFO: Chief Financial Officer
CGU: Cash Generating Unit
CGT: Capital Gains Tax
Company: Sun International Limited
Companies Act: Companies Act 2008
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
ED: Enterprise Development
EE: Employment Equity
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 Group
HEPS: Headline earnings per share
IFRS: International Financial Reporting Standards
IGT: International Game Technology Africa (Proprietary) Limited
JSE: JSE Limited
LATAM: Latin American
LPMs: Limited Payout Machines
Mahogony Rose: Mahogony Rose Investments 46 (Proprietary) Limited
Mangaung Manco: Mangaung Casino Resort Manco (Proprietary) Limited
Mangaung Sun: Mangaung Sun (Proprietary) Limited
MC: Management Control
Meropa: Meropa Leisure and Entertainment (Proprietary) Limited
Meropa Manco: Meropa Casino Resort Manco (Proprietary) Limited
MVG: Most Valued Guest
NAV: Net Asset Value
NEAP: National Economic Active Population
NRGP: National Responsible Gambling Programme
Own: Ownership
PAYE: Pay As You Earn
PP: Preferential Procurement
PDI: Previously Disadvantaged Individuals
RAH: Real Africa Holdings Limited
RFP: Request for proposal
RM: Relationship marketing
RRHL: Royale Resorts Holdings Limited
RSP: Restricted Share Plan
SCE: Ster Century Europe Limited
SCME: Ster Century Middle East Holdings Limited
SD: Skills Development
SED: Socio-economic development
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
SVC: Single View of the Customer
TCN: Tourist Company of Nigeria Plc
TCOE: Total Cost of Employment
Teemane: Teemane (Proprietary) Limited
Top 3 Employees: 3 highest paid employees
TSR: Total Shareholder Return
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)
Worcester: Worcester Casino (Proprietary) Limited

Contents

About the integrated report

In 2010 we issued our first Annual Report which integrated overall business reporting with sustainability, in line with the principles of King III.

This year's report represents an enhancement of last year's approach in terms of structure and content. Our 2011 Integrated Annual Report includes coverage of all Sun International's subsidiaries and operating units.

Sun International is a successful international leisure Group, offering our customers superior gaming, hotel and entertainment experiences in Africa and South America.

We contribute directly to the economies of countries in which we operate through the payment of various rates, taxes, levies and fees, salaries and wages and by purchasing local products and services. We also contribute through training and development programmes for all our staff as well as through ancillary benefits that affect their families and communities.

We are very aware of our responsibilities to all our stakeholders. Our contribution to development across many areas is a key focus of our strategy to help create sustainable societies. Sun International has eight key strategic focus areas that are critical to the long term success and sustainability of our business and its environment.

This integrated report is structured and reported on in terms of these eight key strategic imperatives.

Group structure

South Africa

SISA 100% 100%

Carousel	
Slots	700
Tables	19
Rooms	76

Morula	
Slots	510
Tables	12
Rooms	73

Sun City	
Slots	601
Tables	38
Rooms	1 301

Naledi Sun	
Slots	150
Tables	–
Rooms	30

AFRISUN GAUTENG 85% 84%

Carnival City	
Slots	1 758
Tables	60
Rooms	105

AFRISUN KZN 63% 56%

Sibaya	
Slots	1 212
Tables	45
Rooms	154

EMFULENI 54% 77%

Boardwalk	
Slots	781
Tables	23
Rooms	–

Fish River Sun

MANGAUNG SUN 70% 70%

Windmill	
Slots	343
Tables	18
Rooms	–

MEROPA 45% 68%

Meropa	
Slots	384
Tables	16
Rooms	–

SUNWEST 50% 60%

GrandWest	
Slots	2 524
Tables	74
Rooms	39

The Table Bay	
Slots	–
Tables	–
Rooms	329

TEEMANE 49% 74%

Flamingo	
Slots	250
Tables	11
Rooms	–

TRANSUN 70% 70%

Wild Coast Sun	
Slots	444
Tables	16
Rooms	199

WORCESTER 49% 44%

Golden Valley	
Slots	220
Tables	7
Rooms	98

% 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

SIML	100%
Gauteng Manco	44%
Western Cape Manco	30%
Emfuleni Manco	37%
Afrisun KZN Manco	31%
Kimberley Manco	50%
Mangaung Manco	50%
Meropa Manco	50%
Winelands Manco	50%

Southern Africa

BOTSWANA

80% 80%

Gaborone Sun	
Letsatsi	
Marang	
Menateng	
Slots	285
Tables	10
Rooms	196

SWAZILAND

51% 51%

Royal Swazi Spa	
Ezulwini Sun	
Lugogo Sun	
Slots	152
Tables	13
Rooms	411

LESOTHO

47% 47%

Lesotho Sun	
Maseru Sun	
Slots	121
Tables	8
Rooms	268

ZAMBIA

100% 100%

Royal Livingstone	
Zambezi Sun	
Slots	–
Tables	–
Rooms	385

NAMIBIA

100% 100%

Kalahari Sands	
Slots	137
Tables	10
Rooms	135

International

CHILE

40% 40%

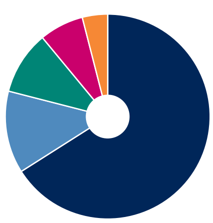
Monticello	
Slots	1 862
Tables	84
Rooms	155

NIGERIA

49% 49%

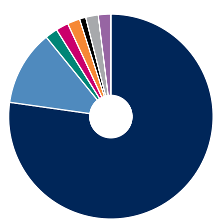
Federal Palace	
Slots	195
Tables	8
Rooms	146

Refer to page 248 for the percentage consolidated.



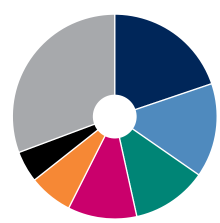
Revenue by nature

- Slots 66% (66%)
- Tables 13% (12%)
- Rooms 10% (11%)
- Food & beverage 7% (7%)
- Other 4% (4%)



Revenue by country

- South Africa 78% (84%)
- Chile 12% (7%)
- Swaziland 2% (2%)
- Botswana 2% (2%)
- Zambia 2% (2%)
- Nigeria 2% (0%)
- Namibia 1% (2%)
- Other 1% (1%)



Revenue by unit

- GrandWest 19% (20%)
- Sun City 13% (15%)
- Monticello 12% (11%)
- Carnival City.......... 11% (12%)
- Sibaya 10% (11%)
- Boardwalk 5% (5%)
- Other 30% (26%)

Vision, Mission
& Strategic goals

SUN INTERNATIONAL VISION STATEMENT

To be one of the most admired companies listed in South Africa and to be an example for others to follow.

SUN INTERNATIONAL STRATEGIC INTENT

Sun International invests in and manages businesses in the hotel, resort and gaming industries.

We are specifically focused on the development, management and operation of hotels, resorts and casinos in South Africa, other parts of Africa and South America.

We will continue to position ourselves to take advantage of opportunities in markets where we can achieve a strong market position, benefitting both from our innovation and depth of experience.

2015 STRATEGIC TARGETS

1 Grow our Gaming portfolio by three significant assets.

2 Grow our Resorts number of rooms by 33% (1 300 rooms).

3 Financial performance:
- ♠ EBITDA growth – 50% by 2015.
- ♠ Dividend growth – 25% per annum.
- ♠ Share price target – R180.

4 Transformation status to B-BBEE Level 2.

5 Customer Management – to entrench our 'engaged' CM competence (level 4 of the maturity model on a scale of 1 to 5) across our Group and consistently deliver experience-based differentiation that satisfies our customers' needs more effectively.

6 Improve employee engagement to a score of greater than 3 (on a scale of 1 to 5).

SUN INTERNATIONAL MISSION STATEMENT

"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 responsibilities towards our stakeholders, including the communities we serve."

Lost City, Mankwe

Key **strategic imperatives**

DELIVER TO OUR SHAREHOLDERS

	CURRENT STATUS	STAKEHOLDERS
Drive cash flows and earnings	♠ Cash retained from operating activities increased by 20% to R2.2 billion. ♠ EBITDA of R2.6 billion was 1% above last year, while the EBITDA margin declined 3 percentage points to 29%. ♠ Diluted AHEPS increased by 1 percent to 504 cents per share.	Employees Financiers Shareholders
Dividends	♠ A final dividend of 120 cents per share, making the total dividend declared for the 2011 financial year 200 cents per share versus the 100 cents per share in 2010.	
Manage our financial position	♠ The Group is operating comfortably within its covenants and has capacity to raise the funding required for project commitments.	

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PROTECT OUR BUSINESS AND INNOVATE

	CURRENT STATUS	STAKEHOLDERS
Continuous improvement	♠ Considerable emphasis was placed on improving staff and guest interactions, as well as on enhancing guest service at all of our hotels and casinos, through successful implementation of the Group's Touch Points training project.	Customers Employees Shareholders Suppliers
Protect and grow market share	♠ The revenue from Sun International's South African casinos increased by 3.9% compared to last year, slightly ahead of the trend in the South African casino sector. Accordingly, our share of the local casino market increased from 42.1% to 42.2%.	
Protect and grow our brand	♠ During the financial year, our campaign featuring our brand ambassador, Charlize Theron, continued flighting on TV, in print and outdoor advertising. ♠ Research which was conducted to test the public's perceptions of this campaign and our brand positioning indicated that the recognition of our brand and the public's association with its primary attributes have strengthened over the past year. ♠ The brand campaign will continue to run through the next financial year.	
Deliver and enhance brand promise	♠ The Group's gaming marketing strategy is to ensure that all of our customers enjoy the best value-for-money gaming experience possible; customer service is of the highest standard; gaming promotions are innovative and exciting; and that we provide our customers with high quality entertainment, and a comprehensive and varied range of food and beverage facilities.	
Significant focus on costs	♠ The Group has maintained tight control over costs and capital expenditure over the past year.	
Monitor casino regulatory environment	♠ We continue to conscientiously monitor the regulations governing the locations in which we operate.	
Enhance corporate reputation	♠ A record number of inbound media visits from across the globe generated international publicity. The Rand-value of this publicity exceeded R650 million.	
Product delivery	♠ In order to maintain levels of excitement and player anticipation, new machines, games and turnover-reward applications were launched throughout the year.	
Information technology management	♠ The R420 million Enterprise Gaming System project is underway, with the development of the software application by Bally to meet Sun International business requirements.	

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CUSTOMERS

	CURRENT STATUS	STAKEHOLDERS
Customer strategy	♠ We are progressively aligning our properties around customer centricity. ♠ We continue to address challenges as we seek to align all touch points and generate useful customer insights. ♠ Ensuring user acceptance of our Relationship Marketing solution, for both Single View of the Customer and Campaign Management, has started delivering a return on investment.	Customers Employees

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Windmill, Bloemfontein

BUSINESS PARTNERS AND COMMUNITIES

	CURRENT STATUS	STAKEHOLDERS
Equity partners **Suppliers** **Concessionaires**	♠ We continue to ensure that our Business Partners comply with Sun International's codes of conduct. ♠ We are constantly pursuing the development of good relationships with our equity partners, suppliers and concessionaires, leveraging their skills and experience.	Communities Service providers Shareholders Suppliers
Communities	♠ Our aim is to have a positive impact on society. 1% of profit after tax is committed to Social Investment and 2.25% to Enterprise Development. Deployment of funds is driven by specific local needs and opportunities. ♠ The Group is committed to good corporate citizenship and the responsible management of our obligations to all sectors of society. ♠ A wide range of projects were implemented, targeting specific community needs.	

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HUMAN CAPITAL

	CURRENT STATUS	STAKEHOLDERS
Employee engagement	♠ Over the past year we worked on areas identified for improvement in employee engagement. These were communication, managerial engagement, performance management and leadership involvement. ♠ The third employee engagement survey was conducted during the financial year with an overall response rate of 62%, the same response rate as last year.	Customers Employees Service providers
Performance management and learning and development	♠ We successfully implemented the first full cycle of our Performance Management System, linked to the Leadership Pipeline. ♠ We invested R5.6 million in developing in-house learning programmes. This included the acquisition of a learning management system which will enable us to better manage the learning function and to track learning and development trends across the Group. ♠ We spent R20 million rolling out leadership and management learning programmes, including the Graduate Development Programme.	
Union relationships	♠ The core objective of our employee relations is to enable the establishment of values-driven partnerships with organised labour organisations, improving employee engagement and embedding a democratic employee relations culture.	
Health and Safety Management	♠ We maintained our target of zero fatalities and the Group strategy to achieve and maintain a favourable ratio of lower-severity injuries (first-aid) to higher-severity injuries (medical treatment) was achieved in the past year. ♠ The Total Recordable Incident Frequency Rate decreased by 15% from 3.42 to 2.89. ♠ The Lost Work Day Rate was reduced by 4% from 1.5 to 1.44.	
HIV/AIDS	♠ The Group, through One Sun Wellness, focuses on HIV/AIDS prevention strategies. These include information and awareness campaigns and programmes, education, voluntary testing, free counselling, clinical management and comprehensive medical treatment programmes.	

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Monticello, Santiago, Chile

TRANSFORMATION

	CURRENT STATUS	STAKEHOLDERS
Overview	♠ During this financial year, the Group underwent its second formal Broad-Based Black Economic Empowerment (B-BBEE) verification exercise, using the Department of Trade and Industry generic codes. ♠ The Group performed well and was verified as a Level 3 contributor overall.	Employees Government Public Shareholders Small enterprises Suppliers
Ownership	♠ Our ownership score was 20.93 out of 20 (this category allows for 3 bonus points).	
Management	♠ Our management score was 5.07 out of 10 compared to 2.6 in 2010.	
Employment equity	♠ The Group has made significant progress at a senior manager level: from 26 to 36 Black senior managers of whom 15 are Black females, as compared to 11 last year. Our score was 9.24 out of a possible 15.	
Skills development	♠ The Skills Development score of 10.03 out of a possible 15 showed a significant improvement from the previous verified score of 5.9 achieved in 2008 due to a significant increase in spend.	
Preferential procurement	♠ We experienced a 14% increase in the total number of B-BBEE suppliers across the Group and a threefold increase in the number of Black Women Entities. ♠ We achieved a score of 19.29 out of 20.	
Enterprise development	♠ All units achieved the maximum score of 15 points for enterprise development. ♠ To date, the emphasis has been on early settlements to improve the cash flow of our suppliers. Units focus on enterprise development projects linked to our supply chain. ♠ We maintained our full-points score of 5 in terms of B-BBEE codes in terms of SED.	

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Zambezi Sun, Livingstone, Zambia

PROTECT OUR ENVIRONMENT

	CURRENT STATUS	STAKEHOLDERS
Energy management	♠ Southern African properties managed to achieve an overall electricity saving of 3.4% (10 590MW) this past year although the inclusion of Monticello and the Federal Palace in this year's report has resulted in an overall increase of 3.2% in electricity use.	Communities Government Industry bodies Public Regulators
Water conservation	♠ Water saving measures and improved management of this resource across the Group produced an overall saving of 15.3% (1 036 100m^3) on the prior year. ♠ Wild Coast Sun won the Best Water Management Award and became one of only two resorts to have been recognised with this award in the Imvelo programme since 2004.	
Carbon footprint	♠ The Group will develop an Emissions Management Strategy during 2012.	
Waste management	♠ Waste-to-landfill has been reduced across the Group by an average of 4% (381 tons) and recycled and recovered waste levels have increased proportionally by 4.7% (148 tons) overall. ♠ Carnival City again featured at the Imvelo programme by winning the Best Waste Management category. It has also become recognised as the first resort operation in Africa to achieve a near zero waste status.	

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ETHICS AND RISK MANAGEMENT

	CURRENT STATUS	STAKEHOLDERS
Ethics and business conduct	♠ Our approach to sustainability explicitly includes the consideration of social, legal, economic, governance, ethical and risk components. Each of these areas has an impact on identified stakeholder groups as well as the environments in which we operate. We are committed to managing them sensitively and pragmatically, taking into account legitimate interests and impacts.	Business partners Customers Employees Government Shareholders
Responsible gambling	♠ We aim to be South Africa's most ethical and accountable gaming company, and believe that we have a special duty to promote a culture of responsible gambling. The National Responsible Gambling Programme is considered a leader in the field and has been used as a template by a number of international jurisdictions. This programme is central to the Group's commitment to its customers and their wellbeing.	
Risk management	♠ Internal controls throughout the Group concentrate on critical risk areas and are subject to internal audit reviews. Assessments of the information technology environments are also performed. ♠ External risks are managed as part of the ongoing strategic process.	

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Directorate (SIL)

Executive Directors

Non-Executive Directors

A David B Rob C Kele D Valli E Nigel F Zarina G Leon

A DC (DAVID) COUTTS-TROTTER (49)
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 sixteen years' experience in the hotel, resort and gaming industries.

B RP (ROB) BECKER (49)
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.

C KH (KELE) MAZWAI (42)
DIRECTOR: GROUP HUMAN RESOURCES, BBUS ADMIN, BCOM, BCOM (HONS), MBA §

Appointed to the board in 2011, Kele Mazwai joined Sun International in 2008 and has 20 years' experience in human resources management. She joined M-Net, 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.

† Independent director
* Member of the remuneration committee
◊ Member of the nomination committee
Member of the audit committee
§ Member of the risk committee
• Member of the IT governance committee
± Member of social and ethics committee

D MV (VALLI) MOOSA (54)
CHAIRMAN, BSC (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 1996 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 (deputy chairman and lead independent director), Lereko Investments (deputy chairman), Dinokana, Imperial Holdings, RAH (chairman), Sanlam, Sappi and WWF SA (deputy chairman).

E IN (NIGEL) MATTHEWS (66)
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 Limited, Indian Ocean Real Estate Company Limited, Metrofile Holdings Limited and is also chairman of the SIEST. Previously chairman of Sentry Group Limited and Lenco Holdings Limited and managing director of Holiday Inns Limited.

F ZBM (ZARINA) BASSA (47)
CA(SA) † # *

Appointed to the board in 2010. Zarina Bassa comes from a financial services background, having been an executive director of ABSA bank and a partner at Ernst & Young. She currently heads up Songhai Capital and holds directorships, inter alia, in Vodacom SA, Kumba Iron Ore, the Lewis Group, Oceana Group Ltd, Woolworths Financial Services and chairman of YeboYethu Limited. She is also a board member of the Financial Services Board and the University of Stellenbosch Business School Advisory Board.

G PL (LEON) CAMPHER (63)
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, a director of STRATE Limited, Brimstone Investment Corp Limited, Safex Clearing Company (Pty) Limited and chairman of Amalgamated Appliance Holdings Limited, and serves as a member of the Financial Sector Charter Council, the Directorate of Market Abuse and the Financial Markets Advisory Board.

H MP (MIKE) EGAN (56)
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 Limited 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.

I DR NN (LULU) GWAGWA (52)
BA, MTRP, 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 FirstRand, Massmart and Tsebo Outsourcing; and was previously on the board of ACSA and RAH. She is the CEO of Lereko Investments.

J BLM (TUMI) MAKGABO-FISKERSTRAND (37) † ±

Appointed to the board in 2010. Tumi Makgabo-Fiskerstrand has worked at CNN International and the FIFA World Cup Organising Committee South Africa and has experience in other hospitality and media endeavours. She serves as a director for Cause Marketing Fundraisers and is a member of the Forum of Young Global Leaders and The South African Tourism Board.

K B (BRIDGETTE) MODISE (44)
BCOMPT (HONS), CTA, CA(SA), CIMA † #

Appointed to the board in September 2011. Bridgette Modise is the managing director of Kutira Capital and a non-executive director in, inter alia, PPC Limited, Unisa School of Business Leadership, Nestlife Assurance Ltd, Pambi Trust and Tellabs South Africa. She previously held positions as audit partner at KPMG and KMMT (which subsequently merged with KPMG).

L LM (LOUISA) MOJELA (55)
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, Life Health Care, Lesotho Pension Fund, Afrisun Gauteng, Afrisun Leisure, Emfuleni Resorts, and USB-ED Limited. She previously held positions at Lesotho National Development Corporation, DBSA and SCMB.

M DM (DAVID) NUREK (61)
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 The Foschini Group Limited, Trencor Limited, Mobile Industries Limited, Clicks Group Limited, Distell Group Limited, Aspen Pharmacare Holdings Limited and Lewis Group Limited. He served as chairman of the legal firm Sonnenberg Hoffman & Galombik until June 2000.

N E (EDDY) OBLOWITZ (54)
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 TFG Limited, Mobile Industries Limited and Trencor Limited. He serves as the CEO of the South African operations of the Stonehage Group. He previously served as a senior partner of Arthur Andersen until January 2001.

O GR (GRAHAM) ROSENTHAL (67)
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.

Directorate (SIML)

Clarence Hendrik Jaco Garth Tristan John Anthony

A DC (DAVID) COUTTS-TROTTER (49)
CHIEF EXECUTIVE, BBUS SCI, BACC, CA(SA)

B RP (ROB) BECKER (49)
CHIEF FINANCIAL OFFICER, BACC, CA(SA), MBA

C KH (KELE) MAZWAI (42)
DIRECTOR: GROUP HUMAN RESOURCES, BBUS ADMIN, BCOM, BCOM (HONS), MBA

D CS (CLARENCE) BENJAMIN (51)
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 a medium sized audit firm in Cape Town 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 is currently serving as one of the vice-presidents of the Institute of Internal Auditors of South Africa.

E HJ (HENDRIK) BRAND (55)
DIRECTOR: LEGAL AFFAIRS, BCOM, LLB, 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 heads the group's in-house legal services function.

F J (JACO) COETZEE (52)
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 and security.

G G (GARTH) COLLINS (64)
DIRECTOR: GAMING OPERATIONS

Garth Collins joined Sun International upon its formation in 1983 and holds directorships in a number of Group companies. He was appointed as the director of gaming operations in March 2006 and has an overall responsibility for the management of Sun International's gaming operations. He has 44 years' experience in the hotel, resort and gaming industry and was previously a director of the Holiday Inn Group for many years.

H TC (TRISTAN) KAATZE (50)
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. He is a director of a number of Sun International Group companies, including Afrisun Gauteng, Afrisun KZN, Mangaung Sun, Meropa and Teemane.

I JA (JOHN) LEE (54)
DIRECTOR: RESORTS OPERATIONS, BCOM, CA(SA)

John Lee joined Sun International in 1986 as a divisional finance executive after he articled with PricewaterhouseCoopers Inc. He was subsequently promoted to business development director in 1995, a position which he held until 2001 when he was appointed as chief information officer. John was appointed to his current position as director of resorts operations with effect from 1 August 2010. He holds directorships in a number of group companies.

J AM (ANTHONY) LEEMING (41)
DIRECTOR: CORPORATE AND SIML FINANCE, BCOM, BACC, CA(SA)

Anthony Leeming joined Sun International in 1999 as group financial manager and was appointed director of 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 12 years' experience in the hotel, resorts and gaming industries.

K Khati
L Sean
M Mervyn
N Thabo
O Graeme
P Des
Q Chantel

K DR (KHATI) MOKHOBO (46)
DIVISIONAL DIRECTOR: SUN SLOTS, BCOM, BACC, ACMA, CA(SA)

Khati Mokhobo joined Sun International in 2005 as director of new business development 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, a role in which he consulted extensively over a seven-year period with the various gambling boards in South Africa, including a period during which he acted as chief executive of the Gauteng Gambling Board. He was appointed to his current position of divisional director of Sun Slots from 1 October 2011.

L S (SEAN) MONTGOMERY (49)
DEVELOPMENT DIRECTOR, BSC (QS) (WITS)

Sean Montgomery rejoined Sun International as development director in 2005. He was originally with Sun International from 1995 to 2003 during which period he was responsible for the construction of Carnival City, GrandWest and was seconded as the CTICC of development director to oversee the construction of the Cape Town International Convention Centre. He has 24 years' experience in the construction and property development industry, including 16 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.

M M (MERVYN) NAIDOO (45)
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 International.

N TS (THABO) NDLELA (38)
DIRECTOR: E-BUSINESS AND TECHNOLOGY,
BSC (ELECTRICAL ENGINEERING), PR (ENG), MASTER OF INFORMATION

Thabo Ndlela joined Sun International on the 1st December 2010 as chief information officer and was appointed to the SIML board in the same year. Thabo is responsible for e-Business and technology strategy, governance, architecture and operations management. Thabo has more than 10 years technology leadership experience; he has held positions of chief information officer: Absa Africa, chief information officer: Absa Business Bank, Head of Technology Sourcing: Absa Group, executive director of volition, and chief information Officer: SABC, among others.

O GE (GRAEME) STEPHENS (48)
DIRECTOR: NEW BUSINESS DEVELOPMENT, BCOM, HDIP ACC, CA(SA)

Graeme Stephens joined Sun International on 1 October 2011 as new business development director. Graeme joins the Group from Investec Bank where he has held a senior position in Capital Markets and Corporate Finance, and in this capacity has been doing advisory work for Sun International. Prior to this he has worked for various organisations namely: Swiss Bank Corporation (London), Standard Bank, Capital Alliance and significantly Kerzner International, where he held various positions with the last being Senior Vice President: Project Development.

P DS (DES) WHITCHER (52)
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. Des is responsible for overseeing the Group's gaming development and slot operations and has over 25 years' experience in the gaming, hotel and resort industries.

Q CA (CHANTEL) REDDIAR (35)
GROUP SECRETARY, BA, LLB, LLM, MBA

Chantel Reddiar joined Sun International in 2004 as a senior legal advisor, having articled with Webber Wentzel Bowens. She was appointed as group secretary with effect from 1 April 2010, with oversight for gaming and other licencing processes, intellectual property rights, as well as share scheme and plan administration and compliance, for which she is responsible. She is also responsible for the Group's corporate governance processes, particularly at board levels.

Chairman's report

Valli Moosa

Introduction

2011 was yet another challenging year for the Group as the world economic environment remained volatile in the aftermath of the 2008 global recession. On an international level, economic recovery has been slower than expected which has impacted negatively on inbound tourism with direct repercussions for our hotels and resorts. From a South African perspective, inflation and interest rates have been stable. Tough trading conditions continue, however, and consumer confidence remains relatively low which has been experienced by our casinos, hotels and resorts.

Despite these economic challenges the Group demonstrated a high degree of resilience, performing satisfactorily for the year. This performance was assisted by a growing contribution from Monticello.

We remain positive about the future, and continue to invest in providing our customers with the most compelling range of leisure opportunities, superior entertainment and recreational facilities. This is underpinned by an active programme of refurbishment, the introduction of new casino games, expanded entertainment offerings and an ongoing commitment to staff development that will, in turn, drive high levels of customer service and satisfaction.

Sustainable growth

We actively manage sustainability by focusing on economic, social and environmental issues across the Group. Last year saw the introduction of our first integrated report and we believe that this year represents an improvement in both our integrated reporting and our sustainability performance. Our focus on real and meaningful sustainability will continue to grow as we refine our approach to drive better management of our natural resources and a greater degree of integration into the communities that surround our properties.

Strategic focus

Over the past six months we have conducted a comprehensive review of our business strategy, focusing on those initiatives that best support our business goals. This represents an enhancement over last year's approach, although there is a strong correlation in the focus areas selected. Our strategic themes are covered in some detail within this report.

While we expect trading conditions to remain subdued in 2012, and accept that there will always be a degree of uncertainty around opportunities that arise in our chosen markets, we are resolved to focus on protecting our existing business revenues while actively pursuing the expansion of our asset portfolios in casinos, resorts and hotels. Given changes in our traditional source markets for hotels and resorts, we will progressively pursue new customers in identified developing markets. We are also continuously investigating new opportunities for investment for both casinos and hotels and resorts in identified markets.

The Table Bay

Cape Town

Monticello

Santiago, Chile

We have also launched initiatives to grow revenues through the acquisition and retention of new customers as well as the reactivation of lapsed customers, particularly in the casino environment. A new focus area is the development of revised and newly-relevant customer value propositions for all our properties, ensuring an enhanced customer experience and delivery of our brand promise.

A synopsis of the Group's strategy is provided in the joint report of the chief executive and chief financial officer.

Prospects for 2012

The economic environment impacting the Group is expected to remain generally negative both globally and in South Africa. We consequently expect that hospitality and gaming revenues will improve marginally in the year ahead. Monticello and the Federal Palace are forecast to continue to increase their contribution to the Group's results.

In the light of the above, we expect margins to stabilise and to achieve growth in adjusted headline earnings per share for the year ahead. The outlook has not been reviewed or reported by the company's auditors.

Directorate

Two additional directors have been appointed with effect from 1 September 2011. I welcome them to the board and look forward to their future contributions. Ms Bridgette Modise has been appointed as an independent non-executive director and Ms Kelebogile Mazwai, the group's human resources director, has been appointed as an executive director.

Mr Mike Egan, having served on the board for 19 years and Mr Eddy Oblowitz, having served on the board for 9 years have indicated that they will no longer be available to serve as non-executive directors from the date of the forthcoming annual general meeting. The board is grateful for their years of service and I thank them for their valued contribution.

Appreciation

On behalf of the board, I would like to express our gratitude to all those who have contributed to our sustainability and success in 2011. This includes our customers, employees, shareholders, business partners, suppliers and the communities where we operate.

My board colleagues have made a significant contribution in guiding the business under difficult conditions and I thank them for that and look forward to their ongoing support.

Our people, as always, have made perhaps the greatest contribution through their unwavering commitment and passion for Sun International and I thank them for this. They are our greatest asset and our foundation for the future. With their dedication and support, the Group is well positioned for future growth and success.

Joint report of the **Chief Executive & Chief Financial Officer**

2011 saw a comprehensive review of our strategy and strategic initiatives. These were evaluated for relevance in the light of changing market dynamics and sustainability imperatives. Our refreshed strategy covers all important aspects of our business including asset optimisation, growth, customer focus, cost management, legal and regulatory compliance, human capital management and sustainability.

David Coutts-Trotter
Chief Executive

Rob Becker
Chief Financial Officer

REVIEW OF THE GROUP STRATEGY AND DIRECTION

An important development in the last year has been the adoption of a more sophisticated and robust strategic planning process that clearly defines decision drivers and the filters that should be applied when considering new opportunities and potential ventures. In practical terms, this is a process that removes less viable options and investments before they are resourced. In addition to the obvious requirements around strategic fit, legislative compliance and financial returns we have now also included elements previously present but not articulated, including risk, ethical fit, values alignment and sustainability.

This refined process has helped us to clearly articulate what drives us, what our objectives are and how these are supported by a deliberately-structured set of strategic initiatives.

By definition, our external strategy will always contain an unpredictable element, driven by the diverse and changeable markets in which we operate; in a word, a degree of opportunism applies. Our internal strategies exist to support our external aspirations and ensure that we are always appropriately resourced and structured.

The following report represents a consolidated view of our strategy. It has been kept at a high level and consequently avoids the detail and complexity that is contained in our business plans.

For the most part, the review process confirmed the importance of existing strategic focus areas; refining our approach and prioritisation. This process has led to a reduction in the absolute number of initiatives both to create focus and to ensure appropriate resourcing. Changing market dynamics have also necessitated the creation of new emphasis within some of our initiatives and these are reported on below.

OUR OBJECTIVES

Our Group-wide strategic objectives for 2012 are the following:

1. To manage our existing asset portfolios in Resorts and Gaming.
2. To expand our asset portfolios in Resorts and Gaming.
3. To optimise our resorts source markets by protecting our current core markets and growing revenues from key emerging markets.
4. To grow our revenues in Gaming by maximising customer spend, acquisition and retention of new customers and through the reactivation of lapsed customers.
5. To deliver our agreed Customer Value Propositions.
6. To manage our costs through budget and cost-containment initiatives.
7. To ensure regulatory and governance compliance.
8. To embed a clear and pragmatic approach to sustainability.

Our regional strategy is best described as follows:

- In South Africa we will protect what we have and pursue opportunities in both gaming and resorts. The GrandWest exclusivity and development of the Wild Coast Sun and Boardwalk are key strategic focus areas.
- In West Africa we will develop our business in Nigeria and pursue opportunities in various countries using the model of a casino combined with a hotel in, or close to, a major city.
- In East Africa, including the Indian Ocean Islands, we will pursue resort opportunities.
- For the rest of the world we will consolidate our position in Chile and explore casino opportunities in emerging gaming markets.

GAMING

Our gaming positioning remain constant. We will continue to focus on high quality and unique propositions and individual property branding in urban environments. We will remain a product leader through innovation and increased responsiveness to expressed customer needs.

Key focus areas for the next financial year are:

1. To manage our existing asset portfolio.
2. To explore opportunities, with a focus on Africa, Latin America and other emerging markets.
3. To grow our revenues through the acquisition of new customers and the reactivation of existing customers.
4. To deliver on our agreed Customer Value Propositions.
5. To manage costs through budgetary and cost-containment initiatives.

These objectives are supported by several established initiatives.

In terms of expanding our asset portfolio, we are also continuously monitoring acquisition or development and evaluating opportunities in targeted geographies. We are refreshing our online strategy and exploring new online product-based opportunities. A cohesive LATAM market strategy is under development.

Unit marketing strategies have been reviewed while retention and reactivation approaches have been energised to drive revenue generation. Customer value propositions are being developed for each property.

From a cost management perspective, unit operating costs will shortly be assessed against both internal best practice and industry standards through a comprehensive value-chain-based project. Replacement and refurbishment strategies continue to be reviewed and optimised as appropriate.

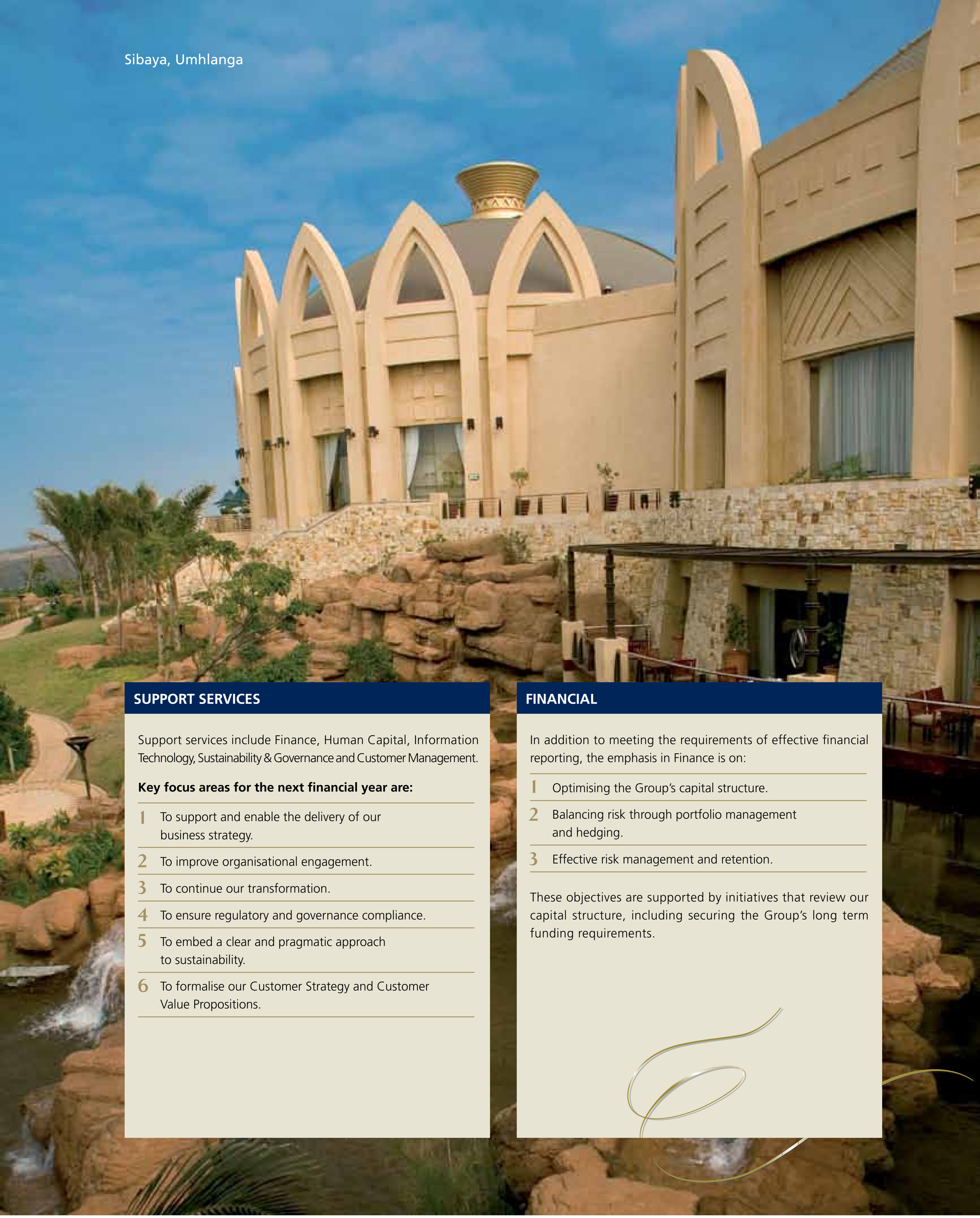
HOTELS AND RESORTS

From a Hotels & Resorts perspective, our positioning remains unchanged. We will continue to focus on the delivery of unique propositions and individual brands in prime locations. Our intention is to progressively apply consistent standards across our four and five star properties.

Our source markets remain both local and international, but we are seeing changes in our international sources as these move progressively towards emerging markets, especially Africa, India and Latin America.

Key focus areas for the next financial year are:

1. To manage our existing asset portfolio.
2. To expand our asset portfolio, in South Africa and other parts of Africa.
3. To optimise our source markets.
4. To deliver on our agreed Customer Value Propositions.
5. To deliver consistent standards with property-specific enhancements to ensure unique experiences for our customers.
6. To manage costs through budgetary and cost-containment initiatives.



Sibaya, Umhlanga

SUPPORT SERVICES

Support services include Finance, Human Capital, Information Technology, Sustainability & Governance and Customer Management.

Key focus areas for the next financial year are:

1. To support and enable the delivery of our business strategy.
2. To improve organisational engagement.
3. To continue our transformation.
4. To ensure regulatory and governance compliance.
5. To embed a clear and pragmatic approach to sustainability.
6. To formalise our Customer Strategy and Customer Value Propositions.

FINANCIAL

In addition to meeting the requirements of effective financial reporting, the emphasis in Finance is on:

1. Optimising the Group's capital structure.
2. Balancing risk through portfolio management and hedging.
3. Effective risk management and retention.

These objectives are supported by initiatives that review our capital structure, including securing the Group's long term funding requirements.


GrandWest, Cape Town

HUMAN CAPITAL

In addition to several process and system improvements that are already under way, our key focus areas for Human Capital over the next financial year are as follows:

1. To continually improve employee engagement and performance management within the business.
2. To actively drive the transformation of the business.
3. To maintain and progressively build relationships with our union.
4. To continually invest in learning and development, in line with our talent strategy.

We believe that leadership visibility, unit management engagement and unit communications are all key to improving overall employee engagement within the business. Required interventions have already been communicated to all units and are being implemented.

There are two ongoing initiatives supporting our commitment to the progressive transformation of the business. These involve employment equity and skills development. With regards to employment equity (EE), we are addressing matters raised during our recent Department of Labour review – including identifying potential or perceived barriers to EE – and putting measures in place to address these barriers. Skills development programmes have been categorised to assist units in deciding which training and development programmes to prioritise.

INFORMATION TECHNOLOGY

In addition to effectively managing IT service provision, our key focus areas for Information Technology are as follows:

1. To enhance the value of Information Technology to the Group.
2. To manage the total cost of ownership (TCO) of Information Technology.
3. To develop an Enterprise Application Integration Framework.
4. To implement our Enterprise Gaming System.
5. To support innovation in the Hotels & Resorts, Gaming and e-Business areas by providing appropriate solutions.

Enhancing the value and managing the TCO of IT for the Group involves several components. These include server virtualisation, multi-function device rationalisation, telecommunications convergence and Microsoft Exchange consolidation.

Implementing the Enterprise Application Integration Framework is the process of introducing new software (and its associated hardware) into an enterprise, while keeping or slowly phasing out 'legacy applications' and equipment. This involves standardising software, cross-platform programme communication via Middleware, establishing enterprise resource planning (ERP) and enterprise content management (ECM). One of the key components planned for implementation is a new suite of Business Intelligence software.

In the hospitality and e-Business areas we are presently exploring opportunities to capitalise on the increasing trend towards online bookings. This creates an internal focus on improving the searchability of Sun International hotels, particularly from foreign source markets. We are also exploring opportunities in social networking and micro-blogging services as these may potentially create quick and informal conversation platforms between Sun International and its customers.

Monticello, Santiago, Chile

SUSTAINABILITY AND GOVERNANCE

This Sun International focus area reflects our commitment to effective management of the social, legal and environmental aspects of our business. It includes a growing focus on the following key objectives:

1. To further develop and embed a pragmatic approach to sustainability.
2. To engage with stakeholders around their legitimate interests.
3. To refocus the business on managing and minimising our environmental impact.

Our approach to sustainability explicitly includes the consideration of social, legal, economic, governance, ethical and risk components. Each of these areas has an impact on identified stakeholder groups as well as the environments in which we operate. We are committed to managing them sensitively and pragmatically, taking into account legitimate interests and impacts. By definition, this includes the communities surrounding our operations, trade unions that represent internal stakeholders as well as the recycling of resources such as water and energy. The management of waste is also a key consideration. Our improving performance in these areas is covered under the Protect our Environment section of this report.

We routinely include stakeholder considerations in our decision-making processes; this effectively formalises the inclusion of longer-term considerations into our business strategy. We have refreshed our code of ethics and are in the process of enhancing, where appropriate, the Group's existing risk methodologies. The stakeholder register is under constant review and we have initiated the development of a Group-wide approach to managing our carbon footprint.

CUSTOMER MANAGEMENT

Sun International is increasingly driven by a desire to develop a better understanding of its customers' needs and their perceptions of the business in order to continuously improve their interactions and experiences. To this end we have identified several key customer objectives, including:

1. To structure, formalise and execute our customer strategy.
2. To align all our properties' initiatives and efforts with the customer strategy.
3. To create unique and positive customer experiences.

To deliver the above objectives, we have revisited our basis for customer segmentation and are in the process of developing customer value propositions for all our properties. This includes aligning our marketing, sales and service strategies with the segments identified. Consistency of the customer experience is vital, and appropriate measures of customer satisfaction are being developed.

Customer Relationship Management (CRM) technology is a key enabler of our customer management processes and is being optimised, together with continuous improvement of our data quality. The capability and service levels of our Customer Contact Centre are being improved, as is our competence in the generation of relevant and actionable customer insights.

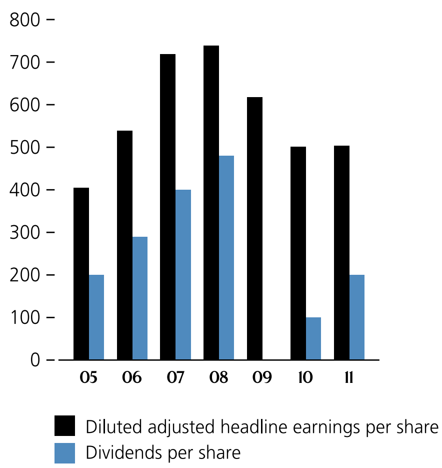

GrandWest
Cape Town

DELIVER TO OUR SHAREHOLDERS

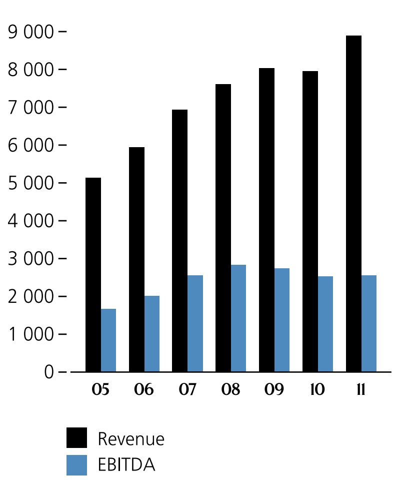
IN THIS SECTION:

AT A GLANCE

Adjusted headline earnings and dividends per share
(cents)



Revenue and EBITDA
(Rm)



FINANCIAL HIGHLIGHTS

Revenue grew by **12%**

Diluted AHEPS increased by 1 percent to **504 cents per share**

Cash retained from operating activities increased by 20% to **R2.2 billion**

EBITDA of R2.6 billion was **1% above last year**, while the EBITDA margin declined 3 percentage points to 29%

A **final dividend** of **120 cents,** bringing the total dividend declared for the 2011 financial year to 200 cents

The Group is operating well within its covenants and has **capacity to raise the funding required** for project commitments

		2011	2010 Restated	Change
		Rm	Rm	%
Trading				
Revenue		**8 892**	7 961	12
EBITDA		**2 555**	2 533	1
Profit from operations		**1 705**	1 734	(2)
Profit before tax		**1 220**	1 238	(1)
Adjusted headline earnings		**512**	506	1
Ordinary share performance				
Adjusted headline earnings per share	(cents)	**509**	506	1
Diluted adjusted headline earnings per share	(cents)	**504**	501	1
Dividends per share	(cents)	**200**	100	100
Financial ratios				
Borrowings to EBITDA	(times)	**2.2**	2.4	
EBITDA to interest	(times)	**5.4**	4.7	
Market share price at 30 June	(Rands)	**91.60**	82.50	

Trading and Group operating performance

The difficult and challenging environment – both in terms of economic activity levels generally and the leisure industry specifically – continued in the current year; despite this the Group achieved satisfactory results for the year ended 30 June 2011. We continued to focus on managing our costs, our financial position, debt levels and gearing capacity.

The statements of comprehensive income on page 184 have been presented on the basis of the Group's decision to disclose items of income and expenditure by nature in terms of IAS 1. 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 below. Excluded from adjusted headline earnings are the profit and loss on disposal of property, plant and equipment, SFIR minority equity option, share trust earnings including the interest expense/ income as well as CGT on share premium distributions and on the termination of a contract.

	2011		2010
	Rm	%	Rm
Revenue	**8 892**	12	7 961
Casino	**6 981**	12	6 212
Slots	**5 841**	12	5 235
Tables	**1 140**	17	977
Rooms	**904**	5	857
Food & beverage	**644**	17	550
Other	**363**	6	342
Direct costs	**(4 089)**	(16)	(3 521)
Casino – Levies/VAT	**(1 583)**	(16)	(1 364)
Other	**(1 435)**	(19)	(1 210)
Rooms	**(240)**	(18)	(204)
Food & beverage	**(546)**	(15)	(475)
Other	**(285)**	(6)	(268)
Gross profit	**4 803**	8	4 440
Indirect costs	**(2 248)**	(18)	(1 907)
Administration & general	**(1 032)**	(13)	(915)
Marketing	**(435)**	(6)	(411)
Property costs	**(755)**	(18)	(641)
Other	**(26)**	(>200)	9
Net effect of Monticello earthquake	**–**	–	51
Business interruption costs	**–**	–	(124)
Business interruption insurance proceeds	**–**	–	175
EBITDA	**2 555**	1	2 533
Depreciation & amortisation	**(769)**	(12)	(685)
Property and equipment rental	**(81)**	29	(114)
Operating profit	**1 705**	(2)	1 734
Foreign exchange loss	**(54)**	(>200)	(14)
Interest income	**53**	(12)	60
Interest expense	**(484)**	11	(542)
Profit before tax	**1 220**	(1)	1 238
Tax	**(519)**	(1)	(514)
Profit after tax	**701**	(3)	724
Associate	**–**	–	(3)
Minorities' interests	**(189)**	12	(215)
Adjusted Headline earnings	**512**	1	506
Headline and adjusted headline earnings adjustments	**(79)**	(>200)	1
Profit attributable to ordinary shareholders	**433**	(15)	507

Wild Coast Sun

Mbizana

Revenue for the year increased by 12% to R8.9 billion. Comparable revenue (excluding the Federal Palace and adjusting Monticello for the business interruption in 2010) was 5% ahead of the previous year.

Satisfactory growth in gaming revenue was achieved in this difficult trading environment, with casino revenue 12% ahead of last year at R7.0 billion, while comparable casino revenue was also 7% better. Tables and slots revenue were 17% and 12% ahead of last year respectively.

Demand for hotel accommodation remained weak globally as well as in South Africa, particularly in the luxury end of the market where the Group is predominantly positioned. In light of this, the Group's performance was reasonable with rooms revenue of R904 million, up 5% from last year; in part owing to revenue from the Soccer World Cup in July 2010 and the full year's trading of Federal Palace. Overall Group occupancy was down 1 percentage point at 66% and the average room rate of R912 was 2% ahead of last year.

Management fees and related income of R612 million was 1% above last year, while EBITDA of R332 million was in line with last year.

EBITDA of R2.6 billion was 1% above last year, while the EBITDA margin declined 3 percentage points to 29%. Excluding Monticello and the Federal Palace, total operating costs have increased by only 5%, despite property and employee costs increasing by 15% and 8% respectively.

The results include a charge of R75 million in terms of IFRS 2 – Share based payments, which results from an extension to an option previously granted to the minority shareholders to subscribe for their portion of the additional capital contributed to SFI Resorts SA (Monticello).

Fluctuations in the Rand, Peso and Naira against the US Dollar during the year resulted in a net foreign exchange loss of R54 million compared to a R14 million loss last year.

Net interest paid decreased by 11% to R431 million as a result of lower prevailing interest rates and a decline in borrowings.

Tax at R519 million increased by 1% in comparison to last year. The effective tax rate, excluding non-deductible preference share dividends, STC and prior year adjustments was 32.6%, compared with 31.4% last year.

Adjusted headline earnings of R512 million was 1% ahead of last year, and diluted adjusted headline earnings per share of 504 cents was also 1% ahead of last year. Refer to page 196 for the adjustments to headline earnings.

Operational overview – casinos and gaming

	Revenue Rm		EBITDA Rm		EBITDA margin %	
	2011	2010	**2011**	2010	**2011**	2010
GrandWest	**1 652**	1 582	**625**	614	**37.8**	38.8
Carnival City	**973**	965	**295**	303	**30.3**	31.4
Sibaya	**904**	849	**310**	296	**34.3**	34.9
Boardwalk	**429**	414	**162**	160	**37.8**	38.6
Carousel	**308**	310	**66**	77	**21.4**	24.8
Meropa	**266**	236	**113**	98	**42.5**	41.5
Morula	**256**	254	**41**	51	**16.0**	20.1
Windmill	**220**	193	**79**	71	**35.9**	36.8
Flamingo	**131**	127	**35**	38	**26.7**	29.9
Golden Valley	**123**	112	**31**	27	**25.2**	24.1
Lesotho	**109**	93	**15**	12	**13.8**	12.9
Gaming – southern Africa	**5 371**	5 135	**1 772**	1 747	**33.0**	34.0
Monticello	**1 064**	881	**156**	99	**14.7**	11.2
Total casino and gaming	**6 435**	6 016	**1 928**	1 846	**30.0**	30.7

The EBITDA margin declined one percentage point to 33% as a result of the depressed economy in the southern Africa region. Monticello increased its contribution to the Group; however the margins in Monticello are lower than comparable businesses in South Africa.

GrandWest continued to be impacted by the depressed regional economy but nevertheless achieved revenues of R1 652 million and EBITDA of R625 million which were 4% and 2% ahead of last year, respectively. The EBITDA margin declined 1.0 percentage point to 37.8%.

Carnival City's revenue of R973 million was 1% ahead of last year, reflecting the weak Gauteng market, and EBITDA declined by 3% to R295 million. The EBITDA margin of 30.3% was 1.1 percentage point below last year's. Carnival City's market share declined marginally from 16.4% last year to 16.3% in the current year, while the Group's share of the Gauteng market (i.e., including Morula) for the year declined from 20.6% to 20.4%.

Sibaya performed satisfactorily, increasing revenue by 6% to R904 million. EBITDA of R310 million was 5% ahead of last year, while the EBITDA margin declined by 0.6 percentage points to 34.3%. Sibaya's share of the KwaZulu-Natal market at 35.5% was in line with the previous year.

Boardwalk's revenue increased 4% to R429 million, and EBITDA by 1% to R162 million. The EBITDA margin declined 0.8 percentage points to 37.8%.

Monticello, despite increased competition, achieved pleasing results benefiting from a relatively strong local economy and a further increase in the propensity to gamble within the region. Revenue increased to R1 064 million, 21% growth over estimated revenues for 2010 (based on eight months of actual revenues and four months of insurance claim). EBITDA of R156 million increased by 58% in comparison with last year and the EBITDA margin increased by 3.5 percentage points to 14.7%.

DELIVER TO OUR SHAREHOLDERS continued

Operational overview – hotels and resorts

	Revenue Rm		EBITDA Rm		EBITDA margin %	
	2011	2010	2011	2010	2011	2010
Sun City	**1 198**	1 160	**155**	173	**12.9**	14.9
Wild Coast Sun	**288**	287	**26**	48	**9.0**	16.7
Swaziland	**167**	166	**(2)**	7	**(1.2)**	4.2
Botswana	**164**	156	**49**	48	**29.9**	30.8
Table Bay	**160**	167	**27**	35	**16.9**	21.0
Zambia	**147**	149	**27**	26	**18.4**	17.4
Kalahari Sands	**110**	123	**17**	34	**15.5**	27.6
Hotels and Resorts – southern Africa	**2 234**	2 208	**299**	371	**13.4**	16.8
Federal Palace	**149**	11	**10**	4	**6.7**	0.0
Total hotels and resorts	**2 383**	2 219	**309**	375	**13.0**	16.9

Overall occupancies at the Group's hotels and resorts declined to 64%, one percentage point below last year, mainly as a result of the slow recovery of the international travel market as well as a very competitive trading environment within the meetings and conference sectors.

The EBITDA margin declined by 3.9 percentage points to 13.0% due to the lower occupancies and increased operational and property costs.

Sun City's room overall occupancy was 3 percentage points lower than last year's at 66%, while the average room rate achieved was in line with last year at R1 322. EBITDA declined by 10% to R155 million primarily due to a very slow recovery in the international FIT (Free Independent Travellers) and MICE (Meetings, Incentives, Conferences and Exhibitions) segments, as well as lower than expected local leisure room nights sold. The decrease in occupancies had a consequential negative impact on food and beverage revenues. We also incurred higher casino promotional costs as well as additional major property maintenance expenses.

The **Wild Coast Sun** achieved revenues in line with the previous year. EBITDA declined by R22 million, mainly due to inflationary cost increases, additional casino promotional costs, certain reversals in the previous year and above inflation increases in energy costs.

Our **Swaziland** resorts remained under pressure owing to the additional casino licence issued in the same target market as Royal Swazi Sun casino, a drop off in the local convention and sports and leisure series business into Swaziland coupled to the generally poor economic and political environment in Swaziland. An EBITDA loss of R2 million was incurred.

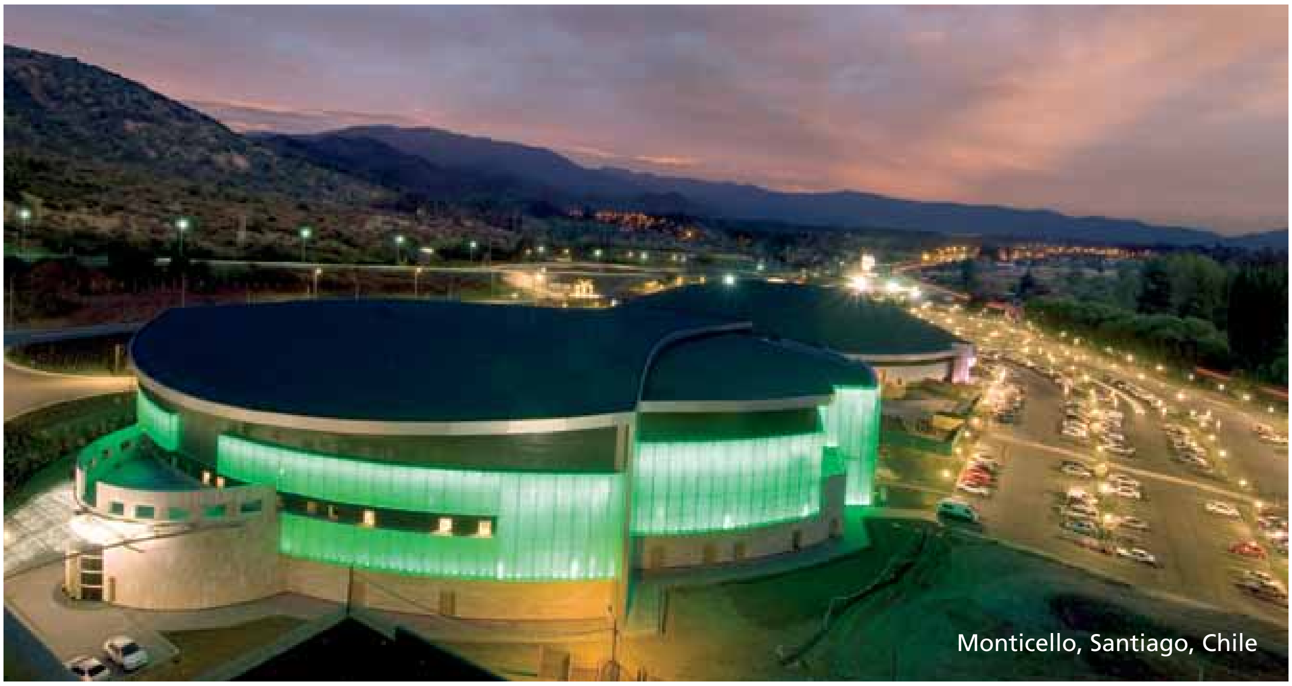
Our **Botswana** operations achieved revenues of R164 million and EBITDA of R49 million; these were 5% and 2% above the prior year respectively. The casino operations maintained their market share for the year and the Gaborone Sun Hotel achieved an occupancy of 81%, a commendable result considering that there has been a noticeable decline in spend on infrastructure by the Botswana Government (following the global recession), currently the largest employer in Botswana. The 2012 financial year will see a new 150 bedroom Holiday Inn enter the market, as well as an additional casino with an estimated 120 slot machines and 15 tables.

The Table Bay achieved occupancy of 48% in the current year compared to 53% in 2010, mainly from an extremely slow recovery in the international independent traveller and incentive markets, coupled with the large number of new five star hotels competing very aggressively on price and offering substantial discounts to secure bookings. The average room rate increased marginally to R2 060. As a result, EBITDA declined by 23% to R27 million.

In Zambia, **The Royal Livingstone and Zambezi Sun** operations achieved an aggregate occupancy of 45% compared with 49% last year at an average rate of US$198, representing a 5% increase on the prior year. In US dollar terms, EBITDA increased by 13% compared with last year mainly due to very stringent cost saving measures to compensate for the lower occupancy.

The **Kalahari Sands Hotel and Casino** was under major refurbishment during the year, which resulted in substantial disruption to both the hotel and casino guests. As a result, revenues declined by 10% to R110 million, with EBITDA halving from R34 million to R17 million. In addition, a new 150 bedroom five star Hilton Hotel opened during year which will add additional inventory into an already stressed market, with the expectation that soon after opening they will discount room rates to compete more aggressively.

The **Federal Palace Hotel & Casino** generated revenues of R149 million and an EBITDA of R10 million for the current year, versus R11 million



Monticello, Santiago, Chile

and R4 million respectively in the prior year (this was only consolidated with effect from 1 June 2010). Occupancy of 63% was achieved at an average room rate of US$256, compared to 43% and US$320 in the previous year. The drop in the average rate arises from very aggressive pricing in the Lagos market. The casino revenue for the year was R49 million, versus R4 million in previous period.

Casino statistics

	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	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
GrandWest	**1 624**	1 548	**2 524**	2 524	**46**	44	**73**	68	**250**	266
Carnival City	**942**	927	**1 751**	1 750	**38**	37	**59**	60	**201**	208
Monticello	**898**	459	**1 862**	1 365	**28**	20	**83**	61	**265**	188
Sibaya	**867**	814	**1 178**	1 089	**48**	50	**44**	40	**349**	350
Boardwalk	**420**	405	**774**	759	**42**	40	**23**	23	**126**	138
Sun City	**401**	361	**601**	601	**46**	40	**38**	38	**146**	152
Carousel	**296**	291	**700**	700	**32**	32	**19**	19	**120**	113
Meropa	**264**	235	**384**	384	**51**	45	**16**	15	**147**	153
Wild Coast Sun	**223**	223	**444**	437	**37**	37	**16**	14	**142**	156
Morula	**219**	217	**510**	510	**33**	34	**12**	12	**103**	78
Windmill	**219**	192	**326**	300	**48**	46	**16**	13	**172**	177
Flamingo	**130**	126	**250**	246	**40**	39	**11**	11	**83**	89
Golden Valley	**116**	107	**221**	224	**42**	38	**6**	6	**88**	59
Botswana	**101**	97	**285**	285	**23**	22	**10**	10	**194**	174
Namibia	**76**	80	**137**	139	**36**	38	**10**	10	**143**	140
Swaziland	**71**	70	**152**	154	**29**	29	**13**	13	**113**	101
Federal Palace	**49**	4	**195**	16	**16**	14	**8**	1	**132**	90
Lesotho	**43**	37	**121**	117	**22**	20	**8**	8	**107**	88
Naledi Sun	**22**	19	**150**	150	**12**	11	**–**	–	**–**	–
	6 981	6 212	**12 565**	11 750	**39**	37	**465**	422	**204**	193

DELIVER TO OUR SHAREHOLDERS continued

Gaming taxes by province and country

Country	Province	Gross revenue Rm	Gaming levy/tax	VAT	Effective taxes as a % of gaming revenue
South Africa	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[1]	Up to 30	9.5%	14%	20.6%
		30 plus	12.5%	14%	23.2%
	Gauteng		9%	14%	20.2%
	Northern Cape		8%	14%	19.3%
	Eastern Cape	Up to 4	3%	14%	14.9%
		4 to 8	5% + R120k	14%	16.7%
		8 plus	10% + R320k	14%	21.1%
	Limpopo		5.3%	14%	16.9%
	Free State		7%	14%	18.4%
	North West Province[2]	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%	10%	19%
Namibia			5%	15%	17.4%
Lesotho			15%	n/a	15%
Nigeria			3%	5%	7.6%
Chile			20%	19%	32.8%

1. The change in gaming levy/tax was effective from 1 April 2011.
2. The change in gaming levy/tax was effective from 1 August 2011.

Cascades – Heron Suite
Mankwe

1 2 3 4 5 6 7 8

Room statistics

	Rooms revenue Rm		Number of hotel rooms*		Average occupancy %		Average room rate (Rands)	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
Sun City	**415**	435	**1 301**	1 301	**66**	69	**1 322**	1 334
Table Bay	**119**	130	**329**	329	**48**	53	**2 060**	2 033
Zambia	**87**	92	**385**	363	**45**	49	**1 379**	1 426
Federal Palace	**59**	4	**146**	12	**63**	43	**1 775**	2 246
Swaziland	**38**	41	**411**	411	**65**	66	**395**	407
Botswana	**35**	34	**196**	196	**81**	83	**616**	569
Namibia	**32**	24	**135**	173	**67**	71	**565**	540
Monticello	**26**	4	**155**	31	**73**	52	**627**	725
Sibaya	**20**	18	**154**	154	**85**	85	**414**	387
Lesotho	**20**	26	**268**	262	**50**	42	**651**	643
Wild Coast Sun	**18**	17	**199**	246	**94**	86	**265**	216
Carnival City	**10**	10	**105**	105	**93**	90	**270**	282
Carousel	**7**	5	**76**	57	**79**	91	**329**	281
Morula	**6**	6	**73**	73	**91**	94	**262**	251
Golden Valley	**6**	5	**98**	98	**76**	71	**220**	205
GrandWest	**4**	4	**39**	39	**91**	86	**295**	287
Naledi Sun	**2**	2	**30**	30	**64**	62	**321**	297
	904	857	**4 138**	3 880	**66**	67	**912**	898

** The number of rooms has been adjusted to reflect the days open (Monticello) and from acquisition date (Federal Palace) and to take account of refurbishments (Wild Coast Sun and Kalahari Sands).*

Dividends

A final dividend of 120 cents was declared; bringing the total dividend declared in the 2011 financial year to 200 cents per share versus the 100 cents per share paid for the 2010 financial year. This equates to a 40% payout ratio on fully-diluted headline earnings per share. As previously indicated, it is the intention of the board to gradually increase this payout ratio; but is unlikely to exceed 50% in the foreseeable future.

Managing our financial position

Ordinary shareholders' funds

Ordinary shareholders' equity increased by R400 million. The movements are summarised in the table below:

	Rm
Share capital, treasury shares and treasury options	**(5)**
Shares sold by Dinokana (effectively a sale of deemed treasury shares)	7
Treasury share options acquired on exercising options by participants	(16)
Other	4
Distributable and other reserves	**405**
Share based payment expense	41
FCTR gain for the year	13
Discount on acquisition of minorities' interests	1
Profit on shares disposed by Dinokana	6
Transfer of hedging reserve to statement of comprehensive income	9
SFIR minority equity option	75
Profit attributable to ordinary shareholders	433
Dividends paid	(170)
Delivery of share awards	(3)
	400

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 2010	111 095	111 095	111 095
Treasury shares – held by subsidiary	(10 549)	(10 549)	(10 549)
– deemed treasury shares – RSP		(798)	
– held by Employee Share Trusts		(5 922)	
Number of shares at 30 June 2011	**100 546**	**93 826**	**100 546**
Dilutive share options		1 123	1 123
Number of shares for dilutive calculation at 30 June 2011	**100 546**	**94 949**	**101 669**

* *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.*

Borrowings

The Group's borrowings decreased by R380 million since June 2010 to R5.9 billion.

	30 June 2011				30 June 2010	
Rm	**Borrowings**	**Intragroup**	**Third party borrowings**	**Interest paid**	Third party borrowings	Interest paid
SunWest	**715**	**–**	**715**	**43**	741	82
SFIR	**656**	**(89)**	**567**	**78**	692	68
Afrisun Gauteng	**492**	**–**	**492**	**37**	394	45
Afrisun KZN	**390**	**–**	**390**	**30**	446	39
TCN	**301**	**(103)**	**198**	**12**	227	1
Wild Coast Sun	**210**	**(204)**	**6**	**1**	–	–
Mangaung	**158**	**–**	**158**	**7**	80	6
Worcester	**143**	**–**	**143**	**12**	174	19
Meropa	**105**	**–**	**105**	**8**	110	10
Teemane	**74**	**–**	**74**	**5**	68	6
Emfuleni	**72**	**–**	**72**	**4**	5	5
Lesotho	**33**	**(24)**	**9**	**–**	–	–
Botswana	**5**	**–**	**5**	**–**	–	–
Kalahari Sands	**2**	**–**	**2**	**–**	–	–
St Vincents Group	**2**	**–**	**2**	**–**	–	–
Central office and other	**2 337**	**420**	**2 757**	**236**	3 128	261
	5 695	**–**	**5 695**	**473**	6 065	542
Employee Share Trusts	**215**	**–**	**215**	**23**	225	24
	5 910	**–**	**5 910**	**496**	6 290	566

All the debt is denominated in Rands, with the exception of the TCN and SFIR debt. The SFIR debt is denominated in US Dollars (US$62 million); however, the debt has been fully hedged to Pesos at an exchange rate of CLP543:US$1. The debt in the statement of financial position is disclosed at 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. The TCN debt represents loan funding from shareholders with Sun International having provided US$15 million of the debt, and our partners in TCN, US$29 million. Details of interest rate swaps are given on page 225.

Borrowing facilities of the Group total R6.9 billion (excluding the Employee Share Trusts) of which R5.7 billion was utilised at 30 June 2011. The existing facilities and future cash flows from operations are in excess of our funding requirements for ongoing commitments.

As at 30 June 2011, interest rates on 16% (2010: 35%) of the Group's borrowings were fixed, which are the V&A loan, loan from Vacation Club members and property and equipment leases. 51% (2010: 20%) 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:

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

The calculation of the covenants and the resultant Group debt capacity for the year ended 30 June 2011 are set out below:

		2011	2010
EBITDA	(Rm)	**2 555**	2 533
Interest expense	(Rm)	**474**	542
Debt	(Rm)	**5 695**	6 065
EBITDA to interest	times	**5.4**	4.7
Debt to EBITDA	times	**2.2**	2.4
Additional debt capacity (at 3 times EBITDA)	(Rm)	**1 970**	1 534

The EBITDA to interest increased from 4.7 to 5.4 times at 30 June 2011, while there was a decrease in debt to EBITDA to 2.2. The calculations clearly show that the Group is operating within its covenants and still has capacity to raise the funding required for current project commitments.

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DELIVER TO OUR SHAREHOLDERS continued

Cash flows

Cash retained by operating activities increased by 20% to R2 186 million. The net cash retained from operations after minority dividends, tax and interest payments was R21 million ahead of that required to fund the Group's remaining investing activities and outflows from financing activities and as a result cash on hand increased to R742 million.

Set out below is the free cash flow generated by the Group:

Rm	2011	%	2010
Cash retained from operating activities	**2 186**		1 827
Interest paid	**(474)**		(542)
Replacement of PPE	**(723)**		(613)
	989	47	672
Free cash flow			
Dividends paid			
Minorities	**(261)**		(246)
Shareholders	**(170)**		–
	558		426

Strategic growth and expansion

As reported last year, we continue to explore opportunities in Africa and internationally to complement our existing portfolio.

Major investments were made in refurbishing a number of our properties:

Capital expenditure

Capital expenditure incurred during the year:

	Rm
Expansionary	
Boardwalk	119
Windmill	26
Wild Coast Sun	24
Monticello	20
Federal Palace	12
	201
Refurbishment	
Wild Coast Sun	138
Kalahari Sands	81
Carousel	6
Lesotho	4
Zambia	1
	230
Other ongoing asset replacement	**493**
Total capital expenditure	**924**

International

The Federal Palace

As noted in the 2010 annual report, the Federal Palace pool club opened at the end of September 2010. Of the total cost of US$2.5 million, US$2 million was capitalised in the current financial year.

Federal Palace, Lagos, Nigeria

Southern Africa

Kalahari Sands

The refurbishment of 173 hotel rooms, the buffet restaurant, kitchen, and back-of-house areas was completed during the year. The estimated capital expenditure remained unchanged at R89 million.

South Africa

Wild Coast Sun

The second phase of the Wild Coast refurbishment project, completed in December 2010, took the total complement of refurbished rooms to 111. The third phase commenced in January 2011, comprising not only the refurbishment of an additional 182 bedrooms, the convention centre (already completed), and main kitchen, but also the construction of a world class water park. The total estimated capital expenditure remains at R400 million with final completion scheduled for mid-2012.

Boardwalk

Having been awarded a further exclusive gaming licence for 15 years, the expansion of the facilities at Boardwalk commenced in November 2010. The construction of the 870 bay parkade, new conference centre and 135 room five star hotel is underway and the estimated completion date is December 2012. The conversion of the existing conference centre into the new smoking casino is well underway with an anticipated opening in December 2011. It is anticipated that R595 million will be spent in the 2012 financial year, and the balance of R272 million thereafter.

Kalahari Sands, Windhoek, Namibia

Wild Coast Sun, Mbizana

Boardwalk, Port Elizabeth

DELIVER TO OUR SHAREHOLDERS continued

Capital commitments

Capital commitments at 30 June 2011 totalled R1 861 million as follows:

		Rm	
		To be spent	
	Commitments	in 2012	thereafter
South Africa expansionary projects			
Emfuleni project (Boardwalk)	867	595	272
Sun City	90	90	–
Carnival City	38	38	–
Wild Coast Sun	56	56	–
	1 051	**779**	**272**
Major upgrades and refurbishments of properties			
Enterprise Gaming System (EGS)	18	18	–
Kalahari Sands	8	8	–
Wild Coast Sun	92	90	2
Sun City	46	46	–
Morula	18	18	–
Zambia	59	59	–
	241	**239**	**2**
Ongoing asset replacement and minor refurbishments			
Casino equipment replacement	137	137	–
IT equipment	78	78	–
Other	354	354	–
	569	**569**	**–**
Total capital commitments	**1 861**	**1 587**	**274**

Funding of capital expenditure will be sourced from both existing and new loan facilities as well as internally generated funds.

Corporate finance activities

Restructure of Sun International and GPI's common interests

Sun International and GPI have agreed to align their interests in SunWest, Worcester and RAH through a set of indivisibly inter-related transactions. These will result in Sun International indirectly owning the majority of voting shares in SunWest and Worcester, and the entering into of new management and royalty agreements with SunWest and Worcester.

The restructure may also result in Sun International indirectly acquiring all of the shares in RAH which Sun International does not already own, which would create a single listed point of entry into the Sun International Group.

Following this, Sun International will increase its effective economic interests in the following subsidiaries as described below:

	Sun International effective shareholding	
	Before	After
SunWest International (Pty) Ltd operating as GrandWest and Table Bay	59.7%	69.8%
Worcester Casino (Pty) Ltd operating as Golden Valley	45.3%	66.7%
Afrisun Gauteng (Pty) Ltd operating as Carnival City	84.4%	91.6%
Afrisun KZN (Pty) Ltd operating as Sibaya	56.1%	60.7%
Emfuleni Resorts (Pty) Ltd operating as Boardwalk	62.2%	64.5%
Gauteng Casino Resorts Manco (Pty) Ltd	44.6%	56.7%
African KZN Manco (Pty) Ltd	30.7%	34.5%

The transaction was approved by Sun International shareholders on 26 August 2011 and GPI shareholders on 14 September 2011. Competition authorities have approved the transaction, however, gaming board approvals are outstanding. It is anticipated that the approvals will be received by the end of October 2011, following which the offer to RAH shareholders will be launched.

The purchase price payable by Sun International in terms of the transaction is as follows:

	% acquired	R'000
SunWest	4.9%	251 807
Worcester	20.3%	15 220
RAH	33.6%	495 401
		762 428

The acquisition will be financed out of an issue of preference shares in the amount of R750 million and available cash resources.

Subject to fulfilment of the transaction conditions the GrandWest and Worcester Manco management contracts will be cancelled in return for cancelation payments of R151 million and R3 million respectively. The SIML contracts with SunWest and Worcester, which were for a 15-year period, will likewise be cancelled and replaced with evergreen management and royalty agreements.

Sale of Swaziland operations

During the year the Group took a decision to commence a process to sell its 50.1% investment and management of the Swaziland operations. The sale is currently being negotiated and should be completed by the end of November 2011.

GrandWest exclusivity

The Western Cape Gambling and Racing Board awarded SunWest a casino operator licence in respect of the Cape Metropole in December 1999. It conferred on SunWest geographical exclusivity to operate a casino within a radius of 75km of the Cape Town City Hall for a period of ten years, in exchange for the payment of an annual exclusivity fee. The ten year period expired in December 2010.

In July 2010 the Western Cape Provincial Cabinet indicated that it is considering permitting one of the outlying casinos to relocate to the Cape Metropole. The resolution was based on the findings of the Bureau for Economic Research (BER) which indicated that there are four so-called "untapped areas" in the Cape Metropole. It has been suggested that the relocated casino would be pitched at the high-roller/international tourist market, and would conduct business in "constrained" competition with GrandWest. The BER has also suggested that this will have a negligible, if any, impact on the revenues of GrandWest.

SunWest submitted a detailed response to Provincial Government requesting a copy of the BER report; challenging some of the key BER report findings, and proposing further input and interaction. We understand that the Provincial Government is still considering whether to permit the relocation and is engaging interested stakeholders. In the interim it has been indicated that the Provincial government may seek to temporarily extend the GrandWest exclusivity (and that of other casinos) to enable proper completion of the process.

The Western Cape Gambling and Racing Act has to be amended for the process to be implemented.

The GrandWest exclusivity task committee, representative of SunWest shareholders, meets on a regular basis to monitor developments and engage government and the provincial licence authority where appropriate.

It therefore remains premature to try to assess the impacts on GrandWest's revenue and profitability of any potential change.

PROTECT OUR BUSINESS AND INNOVATE

IN THIS SECTION:

AT A GLANCE

Gaming

The depressed economic climate has prevailed in the past year in part due to low levels of consumer confidence. We have seen a decline in play from a number of our top-rated customers although the overall trend in gaming revenues has stabilised. Our gaming revenues from South African casinos increased by 4% on last year leading to a marginal increase in our South African market share from 42.1% to 42.2%. The outlook in Chile remains positive with the casino again achieving record monthly revenues in August 2011. We have managed to tightly control costs and capital expenditure at all gaming locations, while building on our strengths in customer service and customer experience management.

Hotels and Resorts

Room nights sold were significantly affected by the dip in international travel declining by 10%. The decline was principally from the USA, UK and Western European source markets. The FIT and MICE segments declined by 15% and 12% respectively. South Africa remains an expensive long haul destination, and has to compete with destinations closer to key markets, with significant discounting. Competition in the long haul sector remains fierce and consumers continue to search for the best deals available. However, pockets of growth are surfacing, particularly out of the Indian and South American markets. The volumes of travel associated with the FIFA World Cup in 2010 and the strongrates achieved, made comparisons between 2010 and 2011 difficult. Forward bookings currently suggest some recovery in the FIT segment.

OUR ACHIEVEMENTS

- A R400 million refurbishment and upgrade to the Wild Coast Sun commenced in accordance with commitments made for having secured a casino licence for a further 10-year period to August 2019.
- The Monticello Grand Casino and Hotel in Chile was successfully relaunched following a four month closure to repair damage sustained in an earthquake on 27 February 2010.
- Use of our new Relationship Marketing System was well entrenched.
- The Group maintained its market share of the very competitive South African casino market. In Chile, Monticello's revenue share of the Santiago casino market far exceeded its gaming position share as the casino continues to dominate the Santiago market.
- The conditions of licence for a new 15-year casino licence to Emfuleni Resorts to operate The Boardwalk Casino and Entertainment World were successfully negotiated with the Eastern Cape Gambling and Betting Board.
- Costs were well contained.
- A significant project to raise the bar on standards and enhance the guest experience through our "Touch Point" initiative was launched.
- The management structure at Sun City was re-aligned to create better focus and to facilitate better delivery of customer experiences to our different customer segments.
- Achieved "Leading Hotels of the World" accreditation for The Table Bay and Palace Hotels.
- The Table Bay was nominated 24th best hotel in the Travel & Leisure Magazine Top 500 – in Africa and Middle East.
- Sun International was voted number one in the hotels category of the Sunday Times Top Brand 2011 award.

Brakpan

Carnival City

PROTECT OUR BUSINESS AND INNOVATE

OUR CHALLENGES

In the Western Cape, GrandWest Casino's 10-year casino exclusivity in the Cape Metropole expired in December 2010. There is uncertainty regarding the impact of any potential change.

From a tourism point of view, economies in the UK, Europe and the United States remain under pressure. These are presently the primary source markets for The Table Bay, the Palace and the Royal Livingstone, and considerable focus will be given to improving occupancies and room rates at these properties, including the development of new markets in Africa, Asia and South America. The Group's Africa sales strategy in particular is expected to attract African travel to these and other Group properties.

OUR OBJECTIVES

- Secure a further period of exclusivity at GrandWest.
- Enhance the EBITDA margin at Monticello Grand Casino and Hotel to at least 25% by 2015.
- Prepare our customers and staff for the introduction in 2012/13 of the new Enterprise Gaming System through a process of change management.
- Optimise and extract value from our campaign management system and drive customer acquisition, retention and reactivation.
- Proactively manage our maturing business challenges.
- Progress the R1 billion Boardwalk redevelopment.
- Finalise the customer value propositions for the key customer segments at all properties.
- Review and consistently maintaining operating and management standards to support the customer value propositions.
- Optimise our core source markets and develop new markets in resorts.
- Enhance stakeholder engagement activity plans.

Continuous improvement

Casinos and gaming

Introduction

We are fully focused on growing revenues and containing costs; managing our asset portfolio; and acquiring, retaining and reactivating customers. In a maturing business environment it is essential that we maintain the innovative entrepreneurial spirit for which the Group is renowned. In South Africa, the major challenge has been the decline in play by a number of top rated players as a result of the recent economic conditions. In contrast, the sentiment among other regular customers is increasingly positive and we are seeing some improvement in trading. We are cautiously optimistic that this is sustainable as the South African economy improves.

The situation in Chile is considerably more buoyant and we have seen a significant improvement in trading since the earthquake in February 2010. The MVG database at Monticello is growing strongly, as is the Santiago casino gambling market, despite the significant expansion of the major competitor casino. The outlook in Chile remains positive.

We exercised tight control over costs and capital expenditure at all casino properties during the year under review without significant impact on our customers or the properties. Successful implementation of the Group's Touch Points training project ensured that considerable emphasis was placed on improving staff and guest interactions, as well as on enhancing guest service at all of our casinos.

GrandWest

GrandWest again faced tough trading conditions during the year, with continued pressure on local disposable income. The Grand Arena played host to numerous high profile artists which increased visits to the complex. GrandWest broadened its tables offering by the introduction of "Double Zero" roulette during the last quarter to reduce the barrier to entry and drive customer acquisition. In our drive to remain innovative, 218 new slots were introduced to the floor during the year. Maintaining excellent customer relationships continues to be a priority in these tough economic times.

Boardwalk

The new casino licence for Emfuleni was issued in September 2010, and construction is now well underway. The new smokers' casino, refurbished Bayside pantry, new MVG lounge, and underground parking for approximately 320 vehicles will open during December 2011.

The next phase of the development, for completion by December 2012, includes the new five star hotel and multi-purpose convention centre, as well as the "must-see" musical fountain on the lake. There is already significant interest from the local market in our new convention facility, which will be the premier convention centre in the Eastern Cape.

Golden Valley

Golden Valley Casino completed its first full year with its tables offering, and is showing good growth in this area. The leveraging of the Golden Valley Lodge to drive gaming business has worked well and the lodge has achieved occupancies of 76% for the year. The new Worcester interchange development, which will provide a safer access to the property, is well on-track for completion in October 2011.

Lesotho Sun

In November 2010, the final stage of the Lesotho Sun's R140 million refurbishment programme was celebrated with the opening of the "Ying Tao" Oriental Fusion Restaurant. The full refurbishment included the renovation of 158 rooms, the conference centre, the Nala Café coffee shop, the Hotsoma and Leifo Bars, the modern and upgraded smart card casino operation, the reception and foyer areas, as well as the gym and spa.

The improvements have been well received, significantly enhancing the overall product and standard, and making the complex much more appealing to the market. There has already been a notable increase in trading levels.

Monticello

The Monticello casino complex can finally report its first full year of operation, having reopened to the public on 30 June 2010, following the earthquake that hit Chile in February 2010. Record revenues were achieved for July 2010 and the operation immediately regained its market share owing to an exciting multi-faceted re-launch promotional and entertainment programme. The year finished strongly with revenues continuing an upward trend, despite increased competition from our main competitor in the Santiago market – the Enjoy casino at Rinconada.

Throughout the year, the management focus has been on building the Monticello brand and providing our customers with a family-orientated, fun-filled entertainment experience that sets us apart from the competition. Improving profitability by generating revenue through innovative gaming and entertainment promotions, growing the customer base, and determined cost control; have remained the priority of the management team. An example of one of our innovative promotions was the masters' tennis tournament, held at Monticello, on a specially-erected clay court. The event included previous champions such as Stephan Edberg, Wayne Ferreira and Chile's Marcelo Rios, and this generated significant media coverage. For the year the MVG database grew at an average of 348 people per day, and the monthly visitor average was 96 479.

The Monticello Hotel achieved a very pleasing average room occupancy of 73% and has been well received by casino patrons and conference guests – the main source of the hotel's business. The retail area, or "Paseo", which consists of children's games, ten pin bowling, restaurants and a Chilean craft market, has gained popularity as a family destination, showing high levels of patronage particularly over weekends and school holidays.

PROTECT OUR BUSINESS AND INNOVATE continued

A key target over the past year has been to improve the EBITDA margin at Monticello. Considerable progress has been made in this regard, with the final quarter achieving 18.7% and 14.7% for the year (2010 – 9%). This has been achieved not only through revenue growth, but through a reduction in payroll costs, strict cost control and renegotiating certain service provider and supplier contracts. Management is committed to achieving at least a 20% margin in the forthcoming financial year.

Carnival City

Carnival City's performance for the year was affected by reduced play from a number of top-end punters. This resulted in reduced revenues from the Privé, although overall revenues for the casino were marginally higher than last year, with satisfactory growth on the main floor. Net revenue from table games declined 5% compared to the prior year and this was mainly owing to the reduced drop on American Roulette in the Salon Privé. Room occupancy increased to 93% for the year, with net room revenue decreasing by 1%. With the ongoing pressure on revenue for the year, there was a continued focus on cost controls in order to maintain operating margins. We also added 240 slot machines at this property.

Sibaya

Sibaya's revenues increased 6% on last year. The number of gaming positions increased by 200 slot machines in the current year, and this played a large part in achieving the unit's results. Additionally, the win percentage on tables increased by 2.6 percentage points to 19.7%, assisting in the achievement of the satisfactory overall results.

Carousel

The Carousel was again faced with revenue challenges in the year, with gaming revenues increasing a marginal 2% on last year owing mainly to the stagnant Gauteng market and continued increase in travel costs faced by customers. The newly refurbished 21 self-catering two-bedroom units within the Village added a new facility and additional room inventory to the complex. These units achieved an occupancy of 48% for the 10 months since opening. Although tables drop showed an encouraging 7% increase, this department operated at a loss for the year and requires strong focus in the year ahead. The surveillance digital installation is nearing completion, and will be fully functional during the new financial year. Customer relationships and the marketing drive towards our black clientele remains a priority.

Morula

The 2011 financial year was very challenging in line with poor gaming demand in Gauteng. The focus remains on leveraging the renowned personal service at Morula and giving customers that little extra to enhance their experience. The product on the floor remains well-suited to our gaming clientele. Tables have performed well during the year, particularly American Roulette which is increasing in popularity. With Morula destined to be the pilot site for the new EGS system in 2012, the enhancement to the gaming product and experience is set to give the property the hype it deserves.

Meropa

Meropa was the Group's strongest performing casino, with revenues and EBITDA increasing by double digits. Plans are under way to expand the gaming floor in the new financial year with 16 additional slot machines. The local economic and trading conditions improved over the prior year, with significant capital expansion taking place in and around the city of Polokwane. The recently opened "Mall of the North" and other major capital projects in the pipeline should further boost business confidence and stimulate revenue growth.

Windmill

Windmill had an excellent year with overall revenue growing by 14%. The unit's marketing strategies have been consistent, with Customer Management strategies high on the agenda. The new Salon Privé, which opened during November 2010 resulted in the addition of 43 slot machines and five tables which have been well received by our MVGs. This facility adds value to the guest experience, offering a more exclusive high-limit facility.

Flamingo

Kimberly's economy has shown minimal signs of recovery in the financial year. Flamingo Casino reflected marginal growth in revenues over the prior year, with gaming revenue increasing by 3%. Net tables' revenue reflected a decline compared to the prior year owing to the lower hold-percentage in the year. Costs were well contained. The gaming floor was enhanced by the replacement of 29 slot machines during the year. The gaming floor will be expanded by 30 additional slot machines in the new financial year.

Gaming marketing

The Group's gaming marketing strategy is to ensure that all our customers enjoy the best value-for-money gaming experience possible. This includes ensuring that the latest and most popular machines and games are on our casino floors; customer service is of the highest standard, gaming promotions are innovative and exciting; and that we provide our customers with high quality entertainment, as well as comprehensive and varied range of food and beverage facilities.

Key gaming marketing activity included the Sun International Brand Campaign, ongoing national and property gaming promotions, the MVG Loyalty Programme, optimising use of the new Customer Management System, and managing the customer experience and entertainment.

Gaming promotions

Joint promotions between the Group's southern African casinos allow the Group to achieve the economies of scale made possible by the Group's customer base and geographical spread. Our national promotions (the Black Diamond Blackjack Tournament and the Black Pearl American Roulette, both with a first prize of R1 million) are the premier gaming promotions in southern Africa. Regional heats are held throughout southern Africa with the finals being held at Sun City and Wild Coast Sun respectively.

Innovative property gaming promotions are the cornerstone of the Group's gaming marketing effort. Examples of the many gaming promotions held in the Group's casinos during last year include:

- The **Tables Mystery Mania** promotion at Windmill during which a Nissan Qashqai was given away. 353 MVGs participated in the promotion.
- The annual **Grand Car Draw** at GrandWest. We gave away 13 cars in 13 weeks and recorded the second highest attendance at a Grand Car Draw.
- The **Carnival City Party Pit** provides fun and excitement, and low limit tables games for new table games players. This innovative approach to customer acquisition was immediately popular.
- The **"GrandWest Series of Poker"** tournament was launched in August 2010 with subsequent tournaments in November, February and May. The GrandWest Series of Poker has become very popular among poker enthusiasts, and has resulted in a new "Freeze-Out" tournament, with a potential prize pool of over R1 million, due to take place in September 2011.
- Sun City hosted the annual **Platinum Weekend** which has become one of the highlights on the Platinum card calendar.
- The **Privé Party Weekend** at Sibaya included private dinners, golf, fishing and entertainment, culminating in a party held in the Salon Privé where R800 000 in cash was given away to lucky winners.
- At Monticello, the draw nights have become very popular entertainment events in their own right, attracting excellent patronage.

PROTECT OUR BUSINESS AND INNOVATE continued

MVG Loyalty Programme

The Group's very successful MVG Loyalty Programme is available at all Group casinos, including Monticello in Chile where it has become the benchmark for industry loyalty programmes.

The MVG programme has four levels, each offering distinctive privileges to members at all Sun International hotels, resorts and casinos, with benefits becoming increasingly valuable as customers progress upward through each level.

The MVG Platinum card qualifies our top-rated MVGs for the very best rewards across the Group. This exclusive card gives our top players the status, benefits and recognition they deserve in acknowledgement of their patronage. The MVG Platinum card is highly sought after by our customers and this continues to be the best-performing sector of our customer base.

MVG customer segmental analysis – South Africa

	2011			2010	
Card level	Points threshold	Active customers	EP contribution	Active customers	EP contribution
Platinum	**4 500**	**2%**	**40%**	2%	42%
Gold	**475**	**15%**	**43%**	15%	43%
Silver	**50**	**24%**	**11%**	24%	11%
Maroon	**Free**	**59%**	**6%**	59%	4%

For the year ending June 2011, the best-performing sectors in South Africa – Platinum and Gold – accounted for 17% of cardholders and 83% of Earning Potential (EP) contribution.

There were 374 500 active MVG cardholders during the year under review. The number of active cardholders for the period increased by 1% and their EP was up 4% over the previous year.

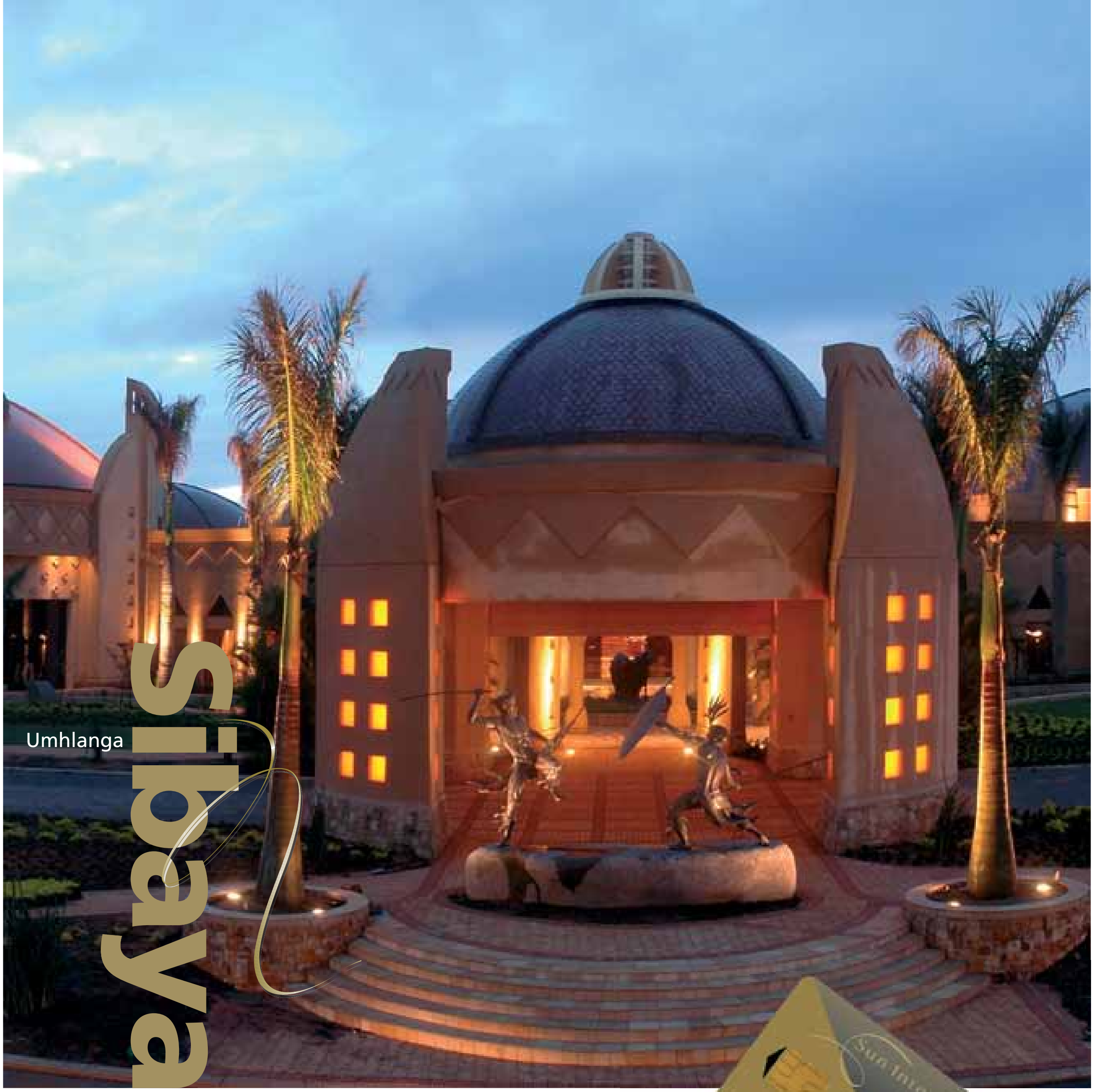
MVG customer segmental analysis – Chile

	2011			2010	
Card level	Points threshold	Active customers	EP contribution	Active customers	EP contribution
Platinum	**3 000**	**1%**	**41%**	0.5%	34%
Gold	**300**	**5%**	**41%**	4.8%	43%
Silver	**30**	**10%**	**11%**	11%	15%
Maroon	**Free**	**84%**	**7%**	84%	8%

For the year ending June 2011, Platinum and Gold cardholders at Monticello accounted for 6% of cardholders and 82% of EP contribution, up from 5% of cardholders and 77% of EP contribution in the previous year.

There were an amazing 185 000 MVG cardholders active in the period under review. Monticello is a popular destination with 102 730 new MVG sign-ups during the year.

75% of Monticello's active cardholders originate from Santiago Metropolitan Region, and contribute 82% of revenue.



Customer Management

Our Customer Management technologies include the new Campaign Management System, Single Image Customer Database and Single View of the Customer components, which were developed as part of the recent Relationship Marketing Project.

Use of the Campaign Management System improved steadily at all properties during the year. Several refresher courses were held, which were well attended, and which improved knowledge of the system. At the same time the Group continued to provide database marketing coaching in order to raise the standard of this key marketing activity.

One of the advantages of the new systems is that we have been able to increase the use of digital marketing channels, especially email. All gaming properties now engage in regular email correspondence with their customers and the number of customers in the database with valid email addresses continues to increase. This has led to a reduction in the quantity of traditional mail sent out by the Group.

Several minor system enhancements will be deployed in the new financial year, all of which will make the system more effective.

The customer experience

A great deal of effort goes into providing a consistently excellent customer experience at all of our properties. We make sure that there is always a great vibe on our casino floors, and that our hospitality and guest service exceed our customers' expectations. This is the essence of the Group's One Sun Programme.

We also ask our customers to rate their experience at our casinos. The results of our post-visit research, which is conducted among MVGs, demonstrates that our customers appreciate the great experience they have at our casinos.

PROTECT OUR BUSINESS AND INNOVATE continued

Hotels and resorts

Introduction

Following the international financial crisis and the subsequent recession in most countries around the world, the global and domestic tourism and MICE business has become increasingly competitive. It is therefore more important than ever to understand the target markets, the needs and wants of such customers and to ensure that the experiences delivered meet their expectations and thus differentiate our properties and products from competitors. We have accordingly taken the principles developed from the customer management strategies of the Group and applied these at an operational level. We are also in the process of developing customer value propositions (CVPs) for each of our properties so that the target customer groups are catered for in a manner that maximizes their experience. Each CVP is intended to extend down to touch point level. To achieve this we have started with our five star deluxe properties as they have the highest international exposure as well as average daily rate. The intention is to cascade this to all properties over the next two years.

In order to support the consistent execution of the CVP, it has been necessary to refresh our management and technical standards and conduct refresher training. This will ensure that our processes are appropriate and repeatable so as to deliver a predictable and, very importantly, a consistent service on a sustainable basis. In addition, physical standards are being addressed where these do not meet the CVP requirements.

We are sensitive to our customer feedback and Tripadvisor.com provides useful commentary on their views. It is our aim to achieve a satisfaction score of 90% or better in all properties, with a target of 95% in our three deluxe five star hotels, namely The Table Bay in Cape Town, The Palace at Sun City and The Royal Livingstone at Victoria Falls, Zambia. While we still have some way to go in respect of all properties, it is pleasing that the Table Bay has scored consistently above 95% and is rated highest in its peer group. We are also investigating a more efficient way in which to receive immediate feedback from departing guests and we are currently piloting an online and mobile solution at Sun City and GrandWest.

Furthermore, we ensure that all hotel and conference venues are graded by the Tourism Grading Council of SA (and other accreditation agencies in the jurisdictions in which we are located, where these exist). This provides a consistency of product, a reference point for our customers and the ability to use this accreditation (the only official one in SA) in our marketing collateral.

All our properties have an environmental management plan and systems in place to ensure that our operating outputs are as environmentally friendly as possible. We are audited by Heritage, our independent accreditation agency, and we were pleased that all properties have achieved silver or gold accreditation, with key properties such as Sun City, Wild Coast Sun, The Royal Livingstone and Zambezi Sun in Zambia, achieving platinum accreditation.

The trading environment

	2011	2010
Total room nights available (000's)	**1 146**	1 102
Total room nights sold (000's)	**725**	735
Local	**562**	554
International	**163**	181
Total occupancies achieved (%)	**63**	67
Local	**49**	50
International	**14**	17

As a result of the adverse international trading conditions, our hotels and resorts suffered a 1% decline in room nights sold. The FIT and MICE segments declined by 15% and 12% respectively. Overall, the international segment dropped from 25% to 22% of our total room nights sold with international rooms revenue declining from 39% to 34% of total rooms revenue. The overall average room rate for the hotels and resorts increased by 3% to R1 069.

The Palace, Table Bay & Zambezi Sun showed declines in occupancies of 7,5 and 8 percentage points respectively.

Travel trends

International

Our primary source markets remain very challenging. The slow growth in GDP and disposable income pressures and job insecurity will continue to affect consumers in these countries, leading many to postpone higher cost long haul international trips. Coupled with these factors, wider economic concerns and an unsettled geopolitical climate in the Middle East/North Africa have had an impact on Europeans' travel outside of Europe. The key USA and UK markets are expected to take some years to recover.

There are still pockets of growth – predominantly out of India, China, Brazil and other emerging markets, particularly in the MICE and leisure segments where we are seeing good growth albeit off a relatively low base. There is a strong trend across the industry towards negotiation for more favourable rates with hotels and airlines, as well as a demand for value-added incentives such as free room upgrades, extra free nights or special deals on excursions, in-resort restaurants and other benefits.

Africa

Africa remains predominantly a FIT market, with SADC and West Africa yielding solid results. Growing the inbound business from Africa is a key focus, with land and air arrivals growing year-on-year. We will continue to invest and expand sales and marketing activities in Africa to capitalise on aggressive forecast growth projections. We have selected West Africa (Nigeria and Angola in particular), East Africa (Kenya) as key starting points and have invested our own resources in these countries to create the necessary PR and sales & marketing channels.

South Africa

A strong focus continues to be on new business acquisition with face-to-face direct sales. Key account coverage was consolidated in order to allow for stronger relationship building and a greater understanding of total customer value. This was enhanced by the roll out of The Premier Partner Programme, a tiered structured programme allowing for benefits and rewards based on revenue volume, to be offered to our key customers. The association segment of the business saw the enhancement of a group accommodation, booking capability being introduced to the Professional Conference Organisers (PCO) specifically focused on the association market. The aim was to ease the burden of the booking process with associations, allowing for direct bookings to be made on line, and tracked back to the PCO, eliminating the need for paper based requests and manual tracking.

Creative packaging

Demand for all-inclusive packages will continue as consumers chase value and aim to predict and control spending in addition to looking for security in unfamiliar destinations.

South Africa remains a high cost long haul destination for many of our key markets in the current globally depressed, and yet highly competitive, environment.

We introduced several value adding packages in order to stimulate interest and to generate some enhanced business. Family packages with a specific focus on experiences for children seemed to gain some momentum.

Suninternational.com and the internet

Sun International's online booking engine was refreshed to be consistent with online travel trends and an improved user experience. Traffic to suninternational.com has increased by 7% year-on-year. Although off a very low base we have experienced a remarkable increase of 198% in on line bookings. Our continued e-marketing activities and Million Thrills e-mail campaigns have resulted in a steady growth of loyal Twitter followers and increased readerships of our blogs.

TRAFFIC TO SUNINTERNATIONAL.COM HAS INCREASED BY 7% YEAR ON YEAR.

We embarked on a very focused GDS (Global Distribution Systems) and ADS (Alternative Distribution Systems) communication campaign which has resulted in a 21% increase in individual bookings through these channels.

"Trip Advisor® is the world's largest travel site, enabling travellers to plan and have the perfect trip. Trip Advisor offers trusted advice from real travellers and a wide variety of travel choices and planning features (including Flights search, Trip Advisor Mobile and Trip Advisor Trip Friends) with seamless links to booking tools."
(www.tripadvisor.com)

All of Sun International's properties have profiles on Trip Advisor where guests can leave a review about the hotel and rate their stay. A business listing is being trialled with The Table Bay Hotel which allows us to include direct booking information (contact number, e-mail address and website link). On a standard listing, no contact information is allowed. Over two months, this listing has generated 436 visits to The Table Bay pages on suninternational.com. Trip Advisor as a whole has generated over 700 visits to the Sun International website in two months.

tripadvisor®
get the truth. then go.™

PROTECT OUR BUSINESS AND INNOVATE continued

A four night combination package was introduced whereby FITs could book any combination of our hotels and were viewed as long stay guests and therefore additional relevant value.

Other packages were market specific and were communicated to the end consumer via our channels and for the first time we introduced direct consumer campaigns driven via radio campaigns in the Australian market around Kylie Minogue's show at Sun City.

Joint marketing and sales ventures were enhanced with our key operators and channels in order to attain a greater reach on our marketing spend.

Entertainment

Sun International is renowned for the diversity, originality and variety of entertainment that it offers; from top international acts and shows to the best of South African talent.

The Group owns three of the most-desirable large entertainment venues in the country. These are: the Grand Arena at GrandWest, the Big Top at Carnival City, and the Superbowl at Sun City. Promoters have a real preference for these venues and confidence in our ability to stage world-class events. The ability to offer all three venues collectively gives the group a distinct competitive advantage and has positioned the group to attract the best international acts and shows. This is an integral part of the Sun International brand and gives the group great exposure in the media.

Some of the international acts that appeared at our casinos in the past year include Bryan Adams, Kevin Bloody Wilson, Jeff Dunham, Crowded House, Daughtry, 30 Seconds to Mars, AR Rahman, The Beach Boys, Faithless, Rammstein, Riverdance, Andre Rieu, Cirque du Soleil, Smokie, Roxette, and The Script.

The Group aggressively identifies and uses entertainment to grow our business and our customers can look forward to more exciting international acts such as Kylie Minogue, James Blunt, Michael Bolton, Jimmi Carr, the International Ballet Gala, Boney M, The Hollies, The Used and Josh Groban, to name but a few.

Sun International is probably the foremost supporter of South African entertainers. The following are just a few of the many local South African artists and bands that performed at group properties during the year under review: Jon Delinger, Zak van Niekerk, Mbuli and Band, Andries Botha, Solace, David Kau, Bizzy B, Freshly Ground, Trevor Noah, Mlami, Mojo Blues, Green Orange, Lira, Gerhard Steyn, Paseka Jazz Band, Steve Hofmeyr, Dowwe Dolla, Watershed, Ngwako Manamela and the Jazz Moods, Vhumunu, The Parlotones, Selaelo Selota, Poy Poy Makhubela, Ngwanyana Wa Morolong, Prime Circle, Simphiwe Dana, Gerrie Pretorius, PJ Powers, Blarney Brothers and Barry Hilton.

The Group will continue to use entertainment to broaden appeal for our casinos among the vast diversity of our current and prospective customers and their families.

Public relations

We continued to generate publicity throughout the year by capitalising on the success of the FIFA World Cup and an extremely successful

Nedbank Golf Challenge, which celebrated not only its 30th year, but also the introduction of a Seniors Tournament. This event showcased, both locally and internationally, the company's ability to host world-class events. The Miss South Africa pageant once again generated maximum publicity through the new TV broadcaster on the DSTV channel, Mzansi Magic.

On the international front, a record number of inbound media visits from across the globe, generated huge international publicity. The Rand-value of this publicity exceeded R650 million.

The focus of PR has been on specific themes relevant to all resorts in the form of lifestyle, business, glamour, taste and caring, the latter with respect to our social responsibility initiatives at our properties. The has also been a stronger drive towards listeners' and readers' weekends which allow the end consumer to take part in activities such as adventure weekends at the Royal Livingstone and the stiletto run at The Table Bay.

Sun City

The Sun City Resort remains a destination of choice for the Gauteng and national markets within South Africa, as well as a key destination for the African and international traveller. The last few years, following the global financial crisis, have had a negative impact on occupancy at the resort, but there appears to be some stabilisation beginning to occur. The FIT segment is slowly beginning to recover, but the very short lead times in the MICE sector are a challenge. We have commenced a programme of redefining our customer value propositions for all the key customer segments for The Palace Hotel and adjusted this in accordance with the needs and wants of these customer segments. This programme will be rolled out across the remaining Hotels and Vacation Club during the year ahead. Simultaneously, the operating and management standards are being critically reviewed and improved in accordance with the CVP where required. We have created more focus on the casino segment of our business and in this regard the Sun City Hotel & Casino has been consolidated into a single business unit. Furthermore a great deal more focus is being placed on the key Rustenburg and surrounding markets. We have also continued to focus on ensuring that we remain current in terms of the casino product and in this regard 130 new slots machines are being incorporated into the overall mix, with older machines being decommissioned. Cost control and margin protection is monitored carefully and savings are achieved wherever possible, but without negative impact to the guest.

The Wild Coast Sun

The past year has been somewhat disruptive during the refurbishment programme, with additional rooms being taken out of available inventory in order to limit the noise impact on the guest. Good progress is being made and by June 2012 the full 396 bedrooms, conference rooms, entertainment facilities, kitchens and certain back of house areas will be complete. The addition of the new world class waterpark, with completion by end November 2011, will add a significant and exciting new product to the overall Wild Coast Sun offering. The three state of the art adrenalin rides, lazy river, pools, children's interactive play areas and retail & food outlets will make the resort the destination of choice in the target regional and national market. There will be a focus on attracting new business from the KZN leisure sector, namely Durban and surrounds as well as lower South Coast. Furthermore, the newly refurbished rooms and convention offerings will create the demand for a new destination for large conferences from throughout South Africa and beyond.

The Table Bay

The Table Bay Hotel has experienced its third difficult trading year in a row, with international and local occupancies falling due to the continued global recession. However, we have maintained our strategy of rate integrity and not discounted as our competitor peer group are doing. With the second largest five star Hotel in Cape Town (after the Westin International) it is pleasing that we still sell more rooms on an average daily basis than our competitor set, which excludes the Westin. In addition, Table Bay has maintained a score above 95% on tripadvisor.com in terms of guest approval. The five star inventory in Cape Town has doubled in the past two years and we therefore expect the year ahead to continue to be a tough trading environment. However, the hotel is extremely well placed to take advantage of any upturn in global and international economic conditions.

Botswana

Our operations in Botswana have traded relatively well in the year under review, despite the Government of Botswana, the largest local employer, cutting back on a number of key infrastructure projects. In addition, SADC has redirected a number of regional meetings to Johannesburg (OR Tambo International Airport) in order to save on travel and accommodation costs. Gaborone Sun Casino has maintained its fair share of tables and slots revenues, while the hotel still remains the hotel of choice for business travellers, the major customer segment. The year ahead sees the opening of a new 150 bedroom Holiday Inn Hotel (with casino) which will have an impact on fair share. We plan to undertake a product refresh to ensure that we remain competitive with the new Holiday Inn.

The three casinos in northern Botswana had a satisfactory trading year and have maintained or improved their respective fair share of the target markets.

Namibia

The past year has been very disruptive during the refurbishment programme, with the construction noise being far greater than originally anticipated. As a result, occupancy and revenues from the casino and food & beverage facilities were negatively impacted. In addition, the new 150 bedroom five star Hilton Hotel opened toward year end. Whilst not competing directly in our target market, their recent decision to drop room rates has resulted in some of our premium business being impacted. However, with all components of the refurbishment complete we are experiencing a slow but steady return of business which we will continue to aggressively target in the year ahead. In a recent development, the Hilton Hotel has applied for a casino licence in the same target market. We have lodged an objection and await feedback from the licencing authority.

Nigeria

The past year has seen a continuance of aggressive rate discounting in the competitive market in Lagos, as well as the entry of new product, most notably the Radisson Blue on Victoria Island. However, we have continued to place emphasis on product improvement (such as the new Pool Club), customer service, high operational standards and quality of food and beverage, as well as ancillary services such as Wi-Fi and cellular connectivity. We have experienced a gradual improvement in occupancy as well as average room rate over last year. In addition, the casino is steadily becoming the 'Privé casino' of choice, being the only legally licenced casino in Lagos State. We expect the year ahead to continue to show above inflationary growth in both revenue and EBITDA.

Protect and grow market share

Gaming market by province and country

Introduction

The National Gambling Board has not yet published the gambling statistics for the 12 months ended March 2011. We have therefore had to rely on revenues provided by provincial gambling board sources to calculate the 2011 gaming market for Gauteng, Western Cape, KwaZulu-Natal, Eastern Cape and Mpumulanga. Estimates have been included for the Northern Cape, Limpopo, North West and Free State Provinces as no information is available from their respective gambling boards.

We were also not able to obtain horse-racing revenues from the Regulator. Reference was made to Phumelela's Annual Report for the 12 months ended January 2011 to estimate betting-sector revenues.

Where estimates have been used to establish Sun International's 2011 market share for a particular province, we have assumed that the market share remained unchanged from 2010. Competitors in these markets are relatively small and are unlikely to have achieved the revenue growth required to significantly change the Group's market share in these provinces.

No information has been made available by the National Lotteries Board and ticket-sales data has been obtained from the lottery operator's website to estimate the lottery sector revenue.

Data to March is usually provided by the National Gambling Board and National Lotteries Board in September of each year.

The gaming industry in South Africa

The South African gambling market includes the casino, betting (mainly horse-racing), limited payout machines (LPMs), and bingo sectors.

In the 12 months under review to March 2011, the legal gaming and lottery market is estimated to have grown by 4.0%. The casino sector, with 73% of the market, continues to dominate the South African gaming market.

Online gambling remains illegal in South Africa and no reliable data is available for this sector.

South African gaming market revenue

Sector	2011 Rm	%	2010 Rm	%	2009 Rm
Casino	**13 996**	3	13 525	(1)	13 671
Lottery*	**2 422**	3	2 341	20	1 954
Betting	**1 652**	3	1 604	(2)	1 637
LMP	**884**	20	739	11	665
Bingo	**192**	(2)	197	79	110
Total	**19 146**	4	18 405	2	18 037
	%		%		%
Casino	**73**		73		76
Lottery*	**13**		13		11
Betting	**9**		9		9
LMP	**5**		4		4
Bingo	**1**		1		1
Total	**100**		100		100

*Statistics are for the year ended March. * Lottery revenues are stated at 50% of ticket sales (in line with the policy of the lottery to payout 50% of sales in prizes). Sources: National and Provincial Gambling Board, National Lottery Board.*

Casinos

The casino sector grew by 3.5% to R14 billion for the year under review, reversing the deteriorating revenue trend of the previous year. Casino revenues grew by 2.3% in Gauteng and the Western Cape, 3.9% in the Eastern Cape and 5.1% in KwaZulu-Natal.

Lottery

Lottery revenues increased by 3.4%. The 20% growth from 2009 to 2010 can be attributed to the introduction of two additional Powerball draws per week from October 2009.

Betting

Betting revenue, which is largely dominated by horse-racing, is estimated to have grown by 3% – reversing the revenue decline of the previous year.

Limited Payout Machines (LPMs)

Growth in the LPM sector remained strong, and revenues are estimated to have grown by 20% during 2011 to R884 million. Strong growth was recorded in Gauteng where new sites were rolled out during the period. LPMs are available in Gauteng, Limpopo, Eastern Cape, Mpumalanga and the Western Cape.

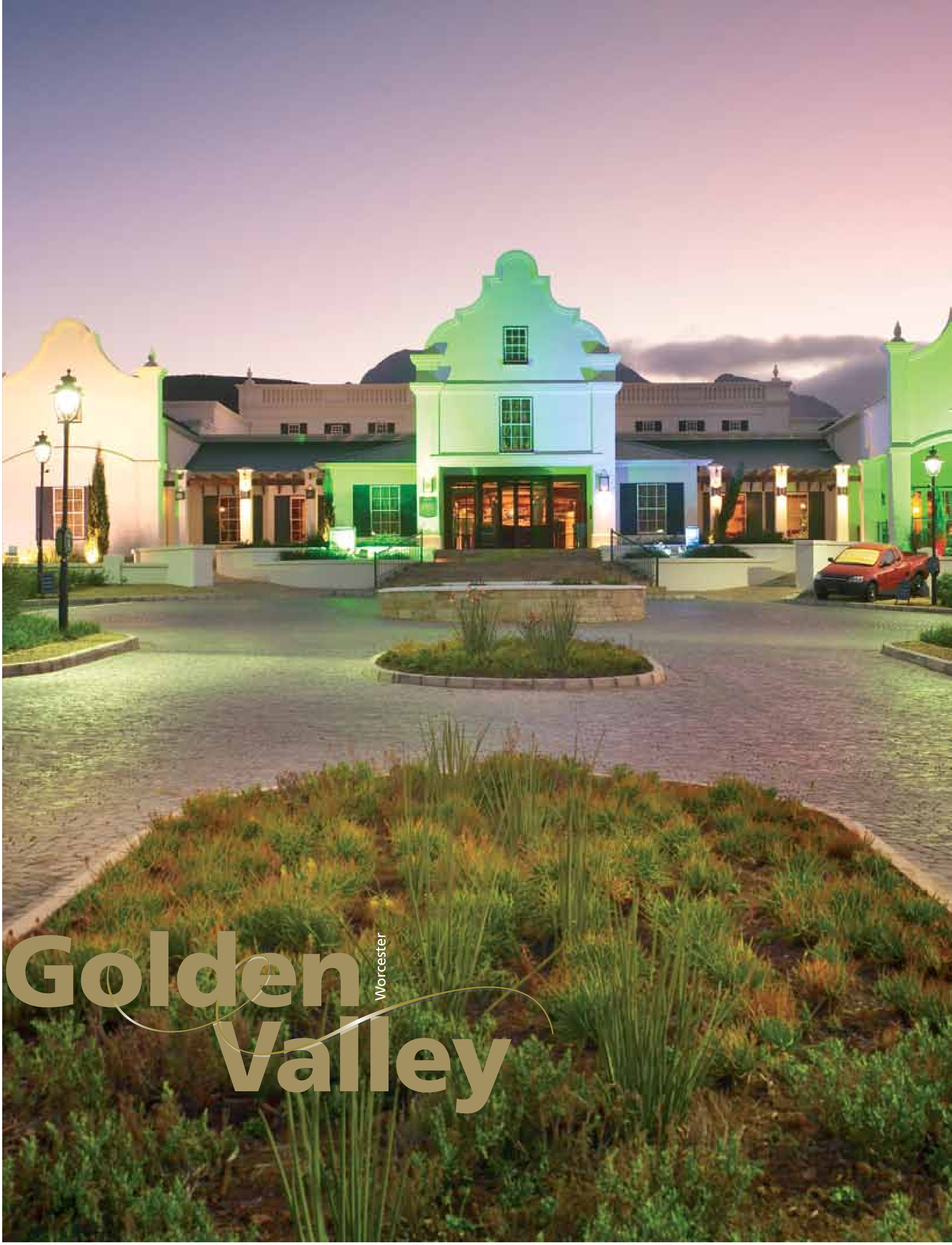
Bingo

Bingo is offered in Gauteng only. Overall revenues declined by 2.2% to R192 million during the period ending March 2011. The largest portion of this revenue is earned from Electronic Bingo Terminals, which are, in reality, slot machines. An amendment to the Gauteng Gambling Act permits the operation of these machines. This would appear to be contrary to national gambling policy and remains a concern to the industry.

Our market share

Province	Gaming revenue 2011	Gaming revenue 2010	Gaming positions 2011	Gaming positions 2010
Gauteng	**20.4%**	20.6%	**25.2%**	25.2%
Western Cape	**83.4%**	82.6%	**71.7%**	71.7%
KwaZulu-Natal	**35.5%**	35.4%	**34.3%**	33.0%
Mpumalanga	**–**	–	**–**	–
Limpopo	**77.0%**	77.0%	**72.5%**	72.5%
North West	**78.1%**	78.1%	**74.9%**	74.9%
Northern Cape	**83.7%**	83.7%	**62.0%**	62.0%
Eastern Cape	**70.6%**	70.7%	**68.1%**	68.1%
Free State	**51.7%**	51.7%	**54.9%**	51.0%
South Africa	**42.2%**	42.1%	**43.2%**	42.8%

Statistics for the year ended March. Positions are 1 per slot machine and 6 per table. Estimates included for Limpopo, North West, Northern Cape and Free State. Sources: National and Provincial Gambling Boards, Sun International and CASA.



Golden Valley

Worcester

The revenue from Sun International's South African casinos increased by 3.9% compared to the previous period, slightly ahead of the trend in the South African casino sector. Accordingly, our share of the local casino market increased from 42.1% to 42.2%.

The Windmill Casino's Salon Privé opened in November 2010 increasing the Group's share of gaming positions in the Free State from 51.0% to 54.9%.

Sibaya's gaming positions increased by 200 slot machines in the current year taking the total number of machines to 1 212 in order to take up demand during peak periods. Fair share of the market, based on gaming positions, increased accordingly by 0.4%.

Gauteng

Carnival City's market share for the 12 month period ending March 2011 was 16.3%, 0.1% less than last year. Reported revenue grew by 1.3% compared to the Gauteng market growth of 2.3%.

Morula's market share for the period was 4.1%, 0.1% below last year. Reported revenue grew by 0.4%.

Western Cape

GrandWest's revenues which were particularly adversely affected in 2010 have recovered in 2011 and increased by 2.9%. Casino revenues at Golden Valley increased by 9.5%. Overall market share increased from 82.6% to 83.4%.

KwaZulu-Natal

Sibaya traded satisfactorily and increased its market share to 35.5% primarily due to the increased number of gaming positions.

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Casino licences

			Competitors		
Province	Licences	**Sun International**	Licences trading	Licences allocated	Licences unallocated
Gauteng	7	**2**	5	–	–
Western Cape	5	**2**	3	–	–
KwaZulu-Natal	5	**1**	4	–	–
Mpumalanga	4	**–**	3	–	1
Limpopo	3	**1**	1	1	–
North West	4	**2**	2	–	–
Northern Cape	3	**1**	1	1	–
Eastern Cape	5	**2**	2	1	–
Free State	4	**2**	2	–	–

The number of casino licences in South Africa remains unchanged at 40. There was one licence issued in Limpopo province during the year under review. In total, 39 of the 40 licences have been issued, of which Sun International holds interests in 13.

- The Limpopo Gambling Board issued the Burgersfort licence to a Peermont Global subsidiary during the period under review. The casino has not yet commenced development.
- In Mthatha, Eastern Cape, the bidding company, Elonwabeni, challenged the process through which the original licence was awarded to Peermont Global; Elonwabeni was subsequently awarded this licence. The Eastern Cape Gambling and Betting Board are appealing this decision.
- A licence has been issued to Leithlo Resorts in Kuruman in the Northern Cape. This casino has not yet been developed.
- There have been no further developments in the Free State. The fourth licence is currently held by Sun International (Naledi Sun) pending award of the 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 has been extended to 31st January 2012.
- No announcement has been made in respect of the one unallocated licence in Mpumalanga.

PROTECT OUR BUSINESS AND INNOVATE continued

Competitor activity

The agreement for the merger between Tsogo Sun and Gold Reef City Resorts concluded during 2010 was implemented in February 2011 following the unconditional approval of the Competition Tribunal.

The merged entity has 14 casino licences across six provinces – Gauteng, Western Cape, KwaZulu-Natal, Eastern Cape, Mpumalanga and Free State.

During the period under review, the Eastern Cape Gambling Board awarded a 15-year casino licence for East London to Tsogo Sun, which operates the Hemingways casino.

Peermont Global was awarded the third, and final, casino licence in the Limpopo province at Burgersfort in December 2010.

The upgraded Tusk Umfolozi property in KwaZulu-Natal, was officially launched in January 2011. This operation has not impacted on the Sibaya casino located north of Durban.

The gaming industry in Chile

The Chilean gambling market includes casinos, horse-racing and a national lottery.

Casinos

There are two regulatory structures in Chile. The Superintendia De Casinos de Juego (SCJ) regulates the 18 new casino licences made available in 2005. 15 of these 18 casino licences are currently operating in Chile. No new casinos opened during the 12 month period ending March 2011.

There are also seven so-called municipal casinos operating in Chile, in the resort areas, established under the previous dispensation. These casinos are operated independently of the SCJ and the conditions of these licences have remained unchanged since 2005 when the new casino legislation was introduced. By 2015 all municipal casinos must conform to the SCJ legislation and control, and it is intended that these licences be made available through a bidding process commencing in 2013.

Chilean casino market revenue

The 15 casinos operating under the SCJ generated total gaming revenue of CLP$ 220.5 billion (R3.1 billion) for the year ending June 2011. The SCJ casino sector grew by 71.1% with three casinos, including Monticello, affected by the earthquake and not trading for the full 12 month period ending June 2010. All casinos affected by the earthquake had reopened by June 2010. The revenues for the municipal casinos are not made available by the municipalities.

Chilean casino market share

		Gaming revenue		Gaming positions*	
Casino	Region	**2011**	2010	**2011**	2010
Monticello Grand Casino	VI	**28.9%**	25.8%	**19.9%**	18.3%
Marina de Sol	VIII	**12.6%**	9.7%	**12.0%**	10.2%
Enjoy Antofagasta	II	**10.4%**	14.4%	**9.9%**	12.8%
Enjoy Santiago	V	**9.8%**	2.0%	**12.2%**	2.9%
Dreams Temuco	IX	**7.3%**	9.3%	**7.6%**	9.8%
Dreams Punta Arenas	XII	**5.8%**	8.3%	**4.7%**	5.8%
Casino Sol Calama	II	**4.9%**	5.8%	**5.1%**	6.4%
Dreams Vadivia	XIV	**4.0%**	5.6%	**5.0%**	6.2%
Antay Casino & Hotel	III	**3.8%**	5.2%	**3.3%**	3.9%
Gran Casino de Talca	VII	**3.4%**	2.5%	**4.6%**	3.9%
Casino Sol Osorno	X	**2.9%**	3.5%	**4.1%**	5.2%
Casino de Colchagua	VI	**2.3%**	3.2%	**3.3%**	4.1%
Casino de Juegos del Pacifico	V	**1.9%**	2.4%	**3.9%**	4.5%
Casino Gran Los Angeles	VIII	**1.6%**	1.8%	**2.5%**	3.7%
Termas de Chillán	VIII	**0.2%**	0.4%	**1.9%**	2.4%
		100.0%	100.0%	**100.0%**	100.0%

Statistics for the year ended June. Positions are 1 per slot machine and 6 per table. Source: Superintendia de Casinos de Juego (SCJ).

* *Weighted average.*

Monticello's share of the SCJ casino market grew from 25.8% to 28.9% for the year ended June 2011. The Group's weighted average share of gaming positions in SCJ regulated casinos increased by 1.6% to 19.9%.

Santiago casino market revenue

There are two SCJ casinos that compete for the Santiago Metropolitan Region casino market: Monticello in Region VI, south of Santiago and Enjoy Santiago in Region V, north of Santiago. The Santiago Metropolitan Region, has no legal casinos. The two casinos generated total gaming revenues of CLP$ 85.3 billion (R1.2 billion) for the year ended June 2011; this amounts to 137.9% more than the year ending June 2010. Both Monticello and Enjoy Santiago were affected by the earthquake in the prior year.

Enjoy Santiago opened its temporary facility with 301 gaming positions in August 2009. Between July 2010 and June 2011, an additional 1 484 gaming positions were added onto the gaming floor, increasing it to its current size of 1 785 gaming positions.

Santiago casino market share

	Gaming revenue		Gaming positions*	
Casino	**2011**	2010	**2011**	2010
Monticello Grand Casino	**74.8%**	92.7%	**62.0%**	86.3%
Enjoy Santiago	**25.2%**	7.3%	**38.0%**	13.7%
	100.0%	100.0%	**100.0%**	100.0%

* *Weighted average.*

The additional gaming positions at Enjoy Santiago decreased Monticello Grand Casino's fair share, based on the weighted average gaming positions of the Santiago casino market, from 86.3% to 62%.

The Enjoy Santiago casino has effectively grown the Santiago casino market and Monticello has benefited from this, although the Group's share of the Santiago casino market, based on reported gaming revenues, declined by 12.8 percentage points from 92.7% to 74.8%. The Monticello Grand Casino continues to dominate the Santiago casino market.

The gaming industry in the rest of Africa

Botswana

The new Masa Towers casino and hotel in Gaborone is scheduled to open in November 2011. The casino, operated by Gold Reef Resorts, is expected to have 150 slot machines and 12 tables. However, approval has been received to increase the number of slot machines at Gaborone Sun from 135 to 150 in line with the opposition casinos.

The Group anticipates that there will be an initial negative impact on gaming revenues at Gaborone Sun following the opening of this casino, which will result in a correction of fair market share between the three main casino operations in Gaborone.

Namibia

The new Hilton hotel, adjacent to the Kalahari Sands in downtown Windhoek, opened to the public in May 2011. If the recent casino licence application is successful, a new casino at the Hotel, with around 100 slots and eight tables, will open during 2012. This will impact negatively on both the sands casino in Kalahari Sands as well as the casino at the nearby Windhoek Country Club and Casino.

Swaziland

The Happy Valley casino opened in September 2009 with 112 slots and 15 tables, and was operational for the year under review. It is located some seven kilometres from the Group's Royal Swazi casino, where overall gaming revenues have declined by 20%, and local market share by 40%.

The courts have been approached for relief against the opening of this casino; however, no resolution is anticipated in the current financial period. There is an increase in gaming levies mooted by Government from the current 5.5% to 15%. This has not been promulgated as yet, but has been circulated in Government by the Minister of Finance.

Nigeria

The Group's Federal Palace casino is the only licenced casino in Lagos State; although the existing casinos in Lagos, which do not have formal licences, continue to operate.

Lesotho

There are no competitor casinos in Lesotho.

Protect and grow our brand

Over the past three years, we have aimed to differentiate our Group brand from our competitors, and to create a stronger link between the Sun International 'mother' brand, and the individual property brands through strategically investing in the positioning of our brand promise of "A Million Thrills. One Destination.". During the past financial year, our campaign featuring our brand ambassador, Charlize Theron, continued flighting on TV, in print media and outdoor advertising.

Research which was conducted to test the public's perceptions of this campaign and our brand positioning indicated that the recognition of our brand and the public's association with its primary attributes have strengthened over the past year, particularly when Sun International is compared with our competitors' brands, and among our target customer segments. There is also an increase in the recall of the advertising, as well as improvement in the public's ability to link the communication and message to the Sun International brand. Overall these indicators suggest a closer affinity to the Sun International brand.

The current brand campaign will continue to run through the next financial year.

Deliver and enhance our brand promise

At Sun International, we believe that only engaged people can engage our customers. For this reason, we continue to focus on initiatives that communicate and drive the values and behaviours that we would like to see reflected in our people as they deliver on our brand promise.

As part of this engagement, we have implemented a service improvement initiative across all our service touch points. This initiative serves to remind our people how to deliver on the promise of "A Million Thrills. One Destination.". The design of this unique approach and toolkit was based on best practice service quality and training examples; it is aimed at assisting operations in delivering consistent, quality, memorable service experiences and to enable functional areas to engage and coach their front line staff.

Our One Sun Magazine communicates the internal company vision and messages to our people. The magazine has gained credibility and value in the eyes of the readers, as more people contribute content.

Significant focus on costs

The Group maintained its tight focus on costs which were well controlled at all properties. This did not always translate into margin enhancement given the impact of increased property and energy costs. We will continue to look for innovative means to reduce costs, including a full study on business processes and efficiency in our casinos, without detracting in any way from our highly rated guest experience.

Our focus for 2012 will be on improving customer service and profitability margins at our properties; ensuring tight cost controls and monthly profit improvement targets; ensuring that headcount and staffing levels are optimally aligned to unit business levels; improving the quality and efficiency of our outsourced services; improving productivity and raising the bar on physical, service and product standards with no tolerance of mediocrity.

Our marketing and promotional spend will be targeted to ensure we achieve maximum returns on these investments and, in the case of

our hotels and resorts, marketing funds will be redirected to those markets and channels that are showing more promise; specifically Africa, South America and Asia.

Monitor casino regulatory environment

Casino Association of South Africa (CASA)

The industry body, the Casino Association of South Africa (CASA), is the vehicle through which interactions among the holders of casino licences, licencees and the various regulatory bodies are conducted. We continue to be an active participant in CASA's activities. The company's Chief Executive, David Coutts-Trotter, completed his term as CASA's chairperson in May 2011.

CASA was a significant contributor to the public interactions conducted by the Gambling Review Commission, which had been appointed by the Minister of Trade and Industry to investigate and make recommendations regarding the gambling industry at large. The Gambling Review Commission's report has been released, and their recommendations will be debated and processed by the Parliamentary Portfolio Committee of the Department of Trade and Industry.

CASA engages with provincial gambling boards regarding proposed amendments to legislation, and in so doing, ensures that the views of the casino operators on their regulatory environment, are well represented with the provincial regulators. Engagements with the National Gambling Board receive similar attention.

Responsible Gaming

There remains a perception in some regulatory arenas, that the socially-vulnerable sections of the population are particularly exposed to the potential harmful effects of casino gambling. Industry effort remains ongoing to address these perceptions, and to point out the assistance which is available under the National Responsible Gambling Programme.

Based on an independent survey commissioned by Ipsos Markinor, it was noted that most South African's recognise the phenomenon of gambling addiction and 75% of casino visitors know of the service. A number of interventions are available through this programme such as clinical evaluation for the treatment programme, training events, in-patient treatments and the problem gambling counselling line. It should be noted that call volumes to the counselling line have remained consistent with last year and average at 100 per month. There is a total of 39 outpatient centres available throughout the country. There have been 2 891 calls regarding problem gambling for the year ended February 2011 compared to 3 480 last year.

Licencing developments

Following the award of a new 15-year casino licence to Emfuleni Resorts in October 2010, the R1 billion expansion project at The Boardwalk Casino and Entertainment World is well underway. Completion of the project is scheduled for December 2012.

PROTECT OUR BUSINESS AND INNOVATE continued

The future of the casino market in the Cape Metropole remains uncertain, following the expiry of GrandWest's exclusivity at the end of 2010. This challenge has been detailed in the Deliver to our Shareholders section on page 43.

Enhance corporate reputation

The Group understands and appreciates that stakeholder perceptions shape its corporate reputation and consistently engages with its stakeholders. During the year under review the Group compiled a comprehensive stakeholder register, including an engagement action list with measurable outcomes and accountability.

The Group also gave priority to its internal stakeholders and conducted a Group-wide Employee Engagement Survey during the period under review.

Innovation

At a glance

Constant innovation is important to maintain player excitement and anticipation as well as to help us deliver on our promise of "A Million Thrills. One Destination.". To this end we launched new games and rewards throughout the year. We are investing R420 million in an Enterprise Gaming System (EGS) and related hardware from Bally Technologies. This new system will provide Sun International with a modern, scalable and agile technology platform to enhance customer facing functionality and capabilities, contributing significantly to the total customer experience. We have also invested in technologies which support business continuity and energy conservation as we continue to ensure the longevity and sustainability of our business.

Gaming product

In order to maintain levels of excitement and player anticipation new machines, games and turnover-reward applications were launched throughout the year. Our latest machines include options which allow customers to choose their preferred volatility levels and have as many as 15 game varieties on one slot machine. Our customers were introduced to the "you play, we pay" reward system. This exciting new concept allows customers to win at their regular slot or table games, and then be rewarded again through our "Promotional Executive" software application.

Race day

This unique promotional tool is a 'virtual' horse race where up to 14 horses run a 1 000m race. Customers are invited to participate in these races as horse owners or syndicate members, or by choosing horses to win a portion of a race pool. Race day is currently being rolled out at all Sun International casinos, and is already a customer favourite which has created much hype and excitement on our casino floors.

Live draw system

Our ticket dispensing system has been enhanced to include random live draws so that the selection of tickets (to find lucky winners), can be done manually or automatically.

IGT

A four-year deal was concluded with IGT, one of the major international slot machine manufacturers. This agreement provides the Group's southern African casinos with 1 000 of IGT's latest technology machines, including new and innovative games.

Information technology management

The focus for information technology management in 2011 was on enhancing customer experience and reducing the cost of technology ownership. The replacement of our Casino Management System (CMS) and the upgrade of the Customer Contact Centre were some of the key initiatives. The cost of technology ownership was addressed through efficiencies in energy conservation, server virtualisation and multifunction devices projects.

Enterprise Gaming System

An EGS aims to replace the legacy Casino Management System (CMS), which is reaching end of life after 25 years in operation. CMS is now outdated technology and insufficiently flexible to enable an innovative customer service offering.

An Enterprise Gaming System (EGS) from Bally Technologies, a global leader in gaming technologies, was evaluated and selected as a preferred solution.

The Bally system will incorporate gaming industry best practice and standards, as well as additional Sun International business processes such as Smartcard functionality and enterprise-wide casino loyalty MVG points functionality. EGS will ensure Sun International retains its competitive advantage, and mitigates the risk of the current system.

The R420 million project is underway, with the development of the software application by Bally to meet Sun International business requirements. A pilot project will commence in 2012 in Morula; and complete deployment at all casinos will be in 2013.

Server virtualisation

Server virtualisation has been undertaken in various units to reduce server infrastructure costs, reduce power consumption and reduce Microsoft licencing costs. The R72 million project aims to consolidate the number of servers in the data centre, improving server management, and enhancing failover capabilities for business continuity. Thus far the project has successfully consolidated the physical servers by 80% (123 physical servers to 20 physical servers) at Carnival City, Flamingo, and Head Office. GrandWest, Morula and Carousel will be completed during the latter part of the 2011 calendar year. Project completion at the remaining sites is planned to occur before the implementation of the EGS in 2013. The total savings over four years is estimated at R63 million.

Business Continuity

Business continuity has become a major focus, not only as a King III requirement, but also to mitigate business risk from unexpected disruptions such as the power outages in South Africa or earthquakes in

South America. Business Continuity Management (BCM) covers a range of issues from failover systems to disaster recovery plans. A business continuity framework has been developed for Sun International, which has been piloted at GrandWest, and will be rolled out to the Group. The BCM plan caters for loss of the entire buildings and equipment, which is mitigated through the Group insurance policy; loss of computer data centre or surveillance rooms, which requires an alternative facility within the same building, and loss of key staff, which requires succession planning, knowledge management and adjusting of operational processes. The BCM plan will be rolled out throughout the Group and monitored for continuous improvement.

Multi Function Devices

The Group initiated a project to consolidate Multi Function Devices (MFDs) for printing, copying, scanning and faxing in order to save costs. This was done through a Request for Proposal (RFP) process; with the award being made to Gestetner National and Ricoh. This project is aimed at reducing the number of devices, reducing the number of copies (particularly colour copies) and improving service maintenance.

After a year of deployment and due diligence, the business case was improved through negotiated out-right purchase pricing and service level agreements for break-and-fix, while the support maintenance was handed over to internal IT engineers for first-level and second-level support.

This project has reduced the number of devices from 1 200 to 700; and subsequently reduced the anticipated five year spend from R137 million to R50 million for a current 44 885 000 copies per year. There is still opportunity to reduce the number of copies even further through change management and improved business processes such as double-sided printing and eliminating printing in various areas of the business.

In order to create value, opportunities have been identified to either increase the use and functionality of technology, or to continue to reduce the total cost of technology ownership. Telecommunication Convergence will reduce the telecommunication costs by 15% through merging voice, video and data networks. Consolidation of applications and infrastructure like Microsoft Exchange will leverage best practice and opportunities such as Cloud Computing.

Technology investments are carefully evaluated to increase the business benefit and enhance customer experience. Customer Management initiatives such as our online bookings engine and use of social media, will receive high focus in 2012. These will position the business to explore new revenue growth opportunities through the use of technology.

Energy Conservation

Energy Conservation has been highlighted as a Green IT strategy, which aims to save energy consumption and reduce carbon footprint. Energy demands exceed supply capacity in South Africa and the 33% increase in electricity costs has had an adverse impact on operating margins in operating our business. By way of example, Energy Management System (EMS) pilot projects have been initiated at Wild Coast Sun and Kalahari Sands in the hotel rooms, during their refurbishments. The EMS activates programmable temperature settings when guest rooms are not occupied, and controls lighting to reduce energy consumption. The pilot installations have shown a 38% reduction in energy consumption, which will be significant to the whole Group.

THE PILOT INSTALLATIONS HAVE SHOWN A 38% REDUCTION IN ENERGY CONSUMPTION.

Carousel

Temba

CUSTOMERS

IN THIS SECTION:

AT A GLANCE

Over the past five years, we have progressively aligned all our properties around customer centricity while building operational capability. This will enable us to differentiate ourselves through the delivery of memorable, quality service-experiences designed to thrill our guests and exceed their expectations.

We address challenges as we seek to align all touch points, generate the right insights and build and enhance the appropriate marketing, promotional and sales capabilities. Our goal for 2012 is to achieve an "engaged" customer management maturity level according to our Customer Management Maturity model. This will establish customer centric leadership in our industry, focused on experience differentiation.

OUR ACHIEVEMENTS

- We successfully deployed our Group-wide service improvement initiative at all our properties, through on-the-job coaching sessions delivered by each functional area's operational managers. We employed a custom-built multi-media toolkit to facilitate and engage front line staff in a fun, interactive way.
- We successfully established a staff recognition programme to acknowledge and celebrate front line 'performers' who deliver thrilling service experiences to our internal and external customers.
- We established usage and user acceptance of our RM solution, our large-scale centralised CRM technology solution (using Microsoft CRM and various other technology components), for both SVC and Campaign Management.
- We delivered a successful data quality campaign and updated in excess of 40 000 MVG records.

OUR OBJECTIVES

Our customer-focused objectives for 2012 are the following:

- Delivering consistent service experiences across all our Touch Points and properties in order to ensure that we deliver "A Million Thrills. One Destination." to every guest who visits us.
- Developing the right marketing, promotional and sales capabilities, including the necessary skills, tools, and processes in order to target our customers more effectively with relevant offerings that are based on their needs, and are communicated via the channel of their choice.
- Building necessary customer information and insights, based on quality data, across our Group, so that we can deliver relevant marketing, sales and service offerings.
- Achieving user acceptance and entrenchment of the various CM projects/initiatives with the Group so that sustainability is ensured when the projects move to "business-as-usual".
- Delivering relevant value to our business, Group and stakeholders through the various CM initiatives that we have implemented in the past four years.

CUSTOMERS continued

Review of the Group's customer strategy and direction

Over the past five years, we have focused our efforts on specific customer centric initiatives to improve our ability to manage our customers' perceptions, interactions, experiences, and relationships. Our goal is to become increasingly relevant to them and meet their needs more effectively.

We have matured from an organisation which is interested in developing our customer management capability, to one which is invested in a journey to strategically align all our properties around customer centricity and build operational capability. This will enable us to differentiate ourselves through the delivery of memorable, quality service-experiences designed to thrill our guests and exceed their expectations.

We measure our progress on our Customer Management Maturity Model, a framework created from various best practice principles and models. Our goal for 2012 is to achieve an "engaged" customer management maturity level. This will establish customer centric leadership in our industry, focused on experience differentiation (Level 4 of the maturity model) (on a scale of 5).

Feedback on progress of the enabling initiatives/ projects of the CM strategy and programme

We make good progress on our Customer Management journey through the implementation of our Group customer centric focus areas, including sustaining the repositioning of the Sun International brand, continuing to engage the hearts and minds of our people, focusing on our service delivery, improving our customer communication channels, enhancing our CRM technology solution and improving our ability to capture and identify customer insights.

We have started to build our store of customer insights and we will evolve our customer strategy as we focus on creating new and improved customer experience and satisfaction measures, improving our guest feedback capability, and extracting insights from existing data. These insight-generating mechanisms also help us to improve our value propositions as well as our operations and service delivery.

CM initiatives/projects implemented during this financial year

In the year under review, the following progress was made on specified CM initiatives:

Internal communications

We improved our internal staff magazine, One Sun, which we supported with various tactical communication initiatives to ensure that important Group communication messages were delivered to all our people.

Touch Point project

This project's aim was to ensure that our guests' experience was consistent, memorable and a quality 'thrilling' service experience at each Touch Point, across our Group. 1 850 managers across all operational areas were trained to utilise the multi-media coaching toolkits. Operational managers engaged in coaching sessions with their front-line to transfer their skills and to remind staff of the operational standards. At the same time they were positioned as subject-matter experts.

Thriller Recognition programme

Over the past four years, we have recognised people who have "gone the extra mile" for our guests and other internal customers. This process has gained significant credibility and momentum. We reviewed the nomination process and now successfully celebrate service achievements by publishing the most memorable stories in the One Sun magazine.

Relationship marketing

Ensuring user acceptance of our RM solution, for SVC and Campaign Management, has started seeing a return on investment. We developed a targeted campaign of "120 Days of focus on Data Quality" aimed at: getting our people to use the system; understanding the benefit and value of having good guest information; capturing and collecting specific guest information directly in SVC; and measuring guest data quality improvements at every property. The campaign proved extremely successful.

As part of the data quality campaign, a Campaign Management "Game" was included aimed at using the customer data captured to improve marketing campaigns. The "Game" encouraged cross-functional teams at our Gaming properties to target their marketing efforts and use the technology to facilitate their campaign process.

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Customer insight

In the past year we have piloted a Guest Experience measure as part of the Touch Point Project and aim to improve this. Similarly, a centralised guest feedback solution was investigated and successfully piloted. We aim to improve both measures and link them potentially to a spectrum of tools that will assist us in building customer insight for the Group.

Focus on planned initiatives for the coming year

The key focus areas and initiatives planned for the coming year include:

- Evolving and structuring our Group's Customer Strategy to support our segmentation models and the alignment of sales, marketing and service initiatives so that our Customer Value Propositions are increasingly relevant to our customer needs and wants.
- Entrenching Touch Point processes and standards to improve service delivery and create differentiation through unique, thrilling experiences that are consistently delivered by our people.
- Enhancing and entrenching the use and acceptance of the RM solution in our business.
- Improving the insight we have about our MVGs as we focus on continuous data capture and data quality through the RM solution.
- Improving the effective use and management of our Customer Interactions Channels, for example; customer contact centre, website, mobile, social media etc., and other channels.
- Researching and conceptualising the evolution of our MVG loyalty programme so that we can create value for our customers and the Group with a Group-wide loyalty offering.
- Improving our customer insight capability through measurements such as "great experience" and centralised guest feedback. This will help us to improve our performance across operational areas, and ensure that we can learn and adjust our business to remain consistently customer centric as the needs of our customers change.

4

BUSINESS PARTNERS AND COMMUNITIES

IN THIS SECTION:

AT A GLANCE

Our Business Partners are defined as equity partners, suppliers, concessionaires and the communities in which we operate. All are fundamental to our sustainable success and contribute in different ways. Our business partner framework deliberately provides strong B-BBEE opportunities.

The communities in which we operate benefit from our Social Investment and Enterprise Development spend. 1% of profit after tax is committed to Social Investment and 2.25% to Enterprise Development. In the year under review, our total Corporate Social Investment spend was R18.3 million. Numerous projects were completed over the course of the year, directed by the specific needs of communities in which we operate.

OUR ACHIEVEMENTS

- Total corporate social investment spend in 2011 was R18.3 million.
- Several significant health, welfare and education projects were launched.

OUR OBJECTIVES

- To ensure alignment of our business partners with Sun International's codes of conduct.
- To actively pursue good relationships with our equity partners, suppliers and concessionaires and to leverage their skills and experience.
- To have a positive impact on the communities that surround our properties.

The Royal Livingstone

Livingstone, Zambia

BUSINESS PARTNERS AND COMMUNITIES continued

Equity partners

Our equity partners are an integral part of Sun International's success. They contribute skills, insight and creativity and allow the company to spread the benefits of its success to a wide-ranging group of stakeholders. They are highly valued partners in our business and in our future.

Refer to page 95 on transformation for the BEE ownership of the Group and its South African subsidiaries.

Other equity partners in various Group subsidiaries are:

Company	Partner		% holding
SFIR	Novomatic	Austrian slot machine manufacturer with interests in casinos and sports betting	40%
	Chilean Enterprises	Private investors	10%
	International Group of Gaming and Resorts	Private investors	10%
Lesotho	Government of the Kingdom of Lesotho		36.4%
	Lesotho National Development Corporation		16.7%
Swaziland	Tibiyo Taka Ngwane	Swaziland development corporation established for the benefit of the Swazi people	39.7%
Botswana	KYS Investments Limited	Botswana government development agency	20%
TCN	Ikeja Hotels Limited	Listed Nigerian company controlled by the Ibru family	49%

Suppliers

Suppliers play a critical role in the success of Sun International and they constitute not only a family of service providers and external experts, but also investors in our business and its future. They provide the Group with a wide range of services in disciplines as varied as IT and human resources to landscaping and food and beverages. They co-operate closely with us on issues ranging from B-BBEE to standards improvement and cost control. Many of them have been supplying Sun International for well over a decade and partner with us on continuous improvement, constant innovation and value added services.

Our Group Code of Ethics commits management and employees to the highest ethical standards of conduct and the code articulates the Group's commitment to its stakeholders, including our suppliers (see page 110).

Concessionaires

Our concessionaires are close partners with us in all our properties and provide focused goods and services to our guests at the very highest standards of excellence. Given the symbiotic relationship they have with the Group and the fact that their brands work closely alongside our brand, they work with us on customer standards, service delivery and exceeding customer expectations.

Many of our concessionaires have concessions in several of the Group's properties and have become part of the customer experience and expectation. The Group's B-BBEE scorecard is affected by their ability to deliver real empowerment and in this many of our concessionaires – both older and emerging – have been particularly successful.

Communities

Sun International is committed to good corporate citizenship, responsible leadership and the responsible management of our obligations to and impact on all sectors of society. Our aim is to have a positive impact on society, while minimising environmental risks and making a sustainable contribution to the economy and society.

Our projects are managed both centrally and by unit, with our properties focusing on the immediate communities in the areas of their operations. Contributions are focused on a number of projects within the areas of Health and Welfare, Education and Community Development.

In Health and Welfare, projects such as Reach for a Dream, the Tapologo AIDS Hospice and Emmanuel's Haven receive substantial assistance from Sun International and provide care for children in distress or in need.

In Education, secondary schools, bursary funds and the Study Trust receive financial aid from the company in areas from the Ekukhanyeni

Primary School in Gauteng to the Clayhaven Primary School in KwaZulu-Natal.

The company is one of the major sponsors of the South African paralympic team that will compete in London in 2012. Sun International is also a founding member of the Arts and Culture Trust which has supported more than 500 projects throughout the country.

As reported in the 2010 annual report a judgement was handed down in March 2010 by the Land Claims Court which ordered that the land on which the Fish River Sun complex is located be restored to the Mazizini community. Another community, with competing claims to the Mazizini community in respect of the land occupied by the Fish River Sun, has brought an application in the Supreme Court of Appeal (SCA) in which it is seeking an order for the rescission of the Land Claims Court's earlier judgment in favour of Mazizini. Indications are that the SCA may very well grant the rescission order and refer the matter back to the Land Claims Court to be dealt with afresh. Under the circumstances Emfuleni has pended the appeal it lodged in the SCA and is not opposing the new community's request for rescission. Instead, Emfuleni will request the SCA to give directions to expedite the disposal of the land claim and to grant an order to recover its wasted costs in the earlier Land Claims Court proceedings.

Communities also share in our success through ownership of shares, such as with GPI, which has many thousands of investors who placed their faith in the company from the first day.

The Wild Coast Sun and the Minister of Rural Development and Land Reform have filed answering affidavits in the application brought by the Mngungundlovu community for restitution of the land occupied by the Wild Coast Sun under a long term notarial lease; alternatively, for the expropriation of those leasehold rights. The Wild Coast Sun requests the Land Claims Court to order, instead, transfer of ownership of the land from the State to the community; alternatively, if the expropriation order is granted, payment of compensation of R1.4 billion to the Wild Coast Sun. The Minister supports restoration to the community through a transparent process led by the Department of Rural Development and Land Reform.

Social responsibility

Socio-economic contribution

1% of profit after tax is committed to Social Investment and 2.25% to Enterprise Development. In the year under review, our total Corporate Social Investment spend was R18.3 million. This was a decrease from the R20 million spent last year, in line with the Group decision to channel more money into Enterprise Development. The Sun International Social Community Development Trust was established to ensure that all projects were aligned with specific criteria. The company has identified five focus areas for SED: Health and Welfare; Education; Community Development; Sports; Arts and Culture; and "Other".

Sun International has also entered into appropriate, public/private partnerships to ensure the sustainability of certain projects.

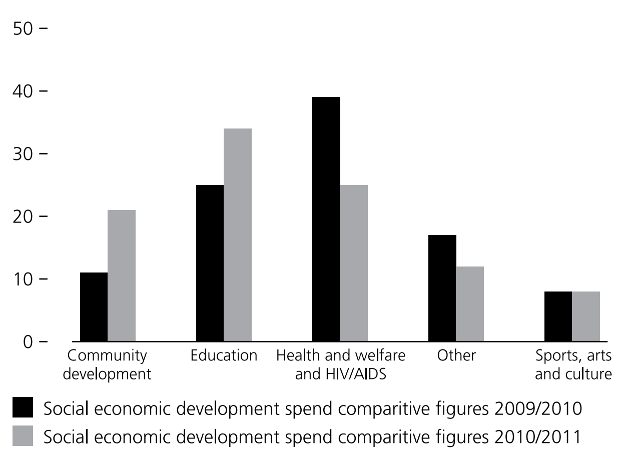
Social economic development spend comparative figures

Focus areas	2011	2010
Community development	**21%**	11%
Education	**34%**	25%
Health, welfare and HIV/AIDS	**25%**	39%
Other	**12%**	17%
Sports, arts & culture	**8%**	8%
Total	**100%**	100%

Community Development spend increased by 74.7% as compared with the previous financial year. Sun International business units operate across various regions, and many of the community development projects are sparked by specific local needs.

Education spend increased by 24.4% compared to 2010. This was driven by the dire need for schools and skills – the shortage of which has been driven by poor economic conditions. Many parents cannot afford to pay for school fees or further education, leading Sun International to become involved in the Study Trust.

Education projects
(%)



The overall Health and Welfare contribution was reduced by 41.3% compared to the previous financial year. This was largely owing to the increased attention given to Community Development and Education.

BUSINESS PARTNERS AND COMMUNITIES continued

Some of our flagship projects are included below to demonstrate the type of initiatives that Sun International was involved in. This list illustrates only rather than a comprehensive view of projects we are committed to.

Health and welfare (Including HIV/AIDS)

Reach for a Dream	This initiative enabled 100 children suffering from life-threatening diseases to fulfil their dreams. The contribution to this initiative was R200 000.
SHAWCO	This student-run NGO at the University of Cape Town has been in existence since 1943, providing the community with basic healthcare services. GrandWest invested R676 000 in the project during the year.
Pholosong Hospital	The hospital is a regional hospital based in Gauteng and serves 900 000 previously disadvantaged citizens. Carnival City spent R502 100 towards revamping, equipment and the refurbishment of the trauma/casualty unit at the hospital. The trauma unit deals with approximately 40 000 patients per year.

Community development

Blisters for Bread	GrandWest donated R538 153 to this feeding scheme which provides sustenance to 226 000 children in 630 schools across the Western Cape.
The Grootvalei/ Blesbokspruit Conservation Project	This vital wetland in the heart of Gauteng is the centre of the project's environmental education programme for local communities and for the year under review Carnival invested R230 000 in the programme out of a total of R360 000 we have committed to over three years.
Lukhanyiso Children's home	Boardwalk spent R430 650 on the extension of Lukhanyiso Children's home.
Love in Action Project	Love in Action is a shelter which takes care of the abandoned children ages 6 to 18 years. In 2010 Morula Sun assisted in completing the home for these children. The cost of the project was R309 738.
Umgungundlovu Tribal Authority Building	Wild Coast Sun spent R133 538 on the building of a courthouse .The courthouse will provide a range of services for the 5 230 homes saving the poor and needy huge transport costs to and from Mbizana district offices to access services that will be offered by the new office.
The Mzamba Trauma and Care Centre	This is funded by the Wild Coast Sun Mbizana Development Trust. The cost of the project was R1 163 526. The Trauma and Care Centre is situated at the Mzamba Police Station opposite the Wild Coast Sun in the Eastern Cape. Its purpose is for the protection and empowerment of victims, particularly of women and child abuse. It is envisaged that the centre will encourage reporting and facilitate solutions to problems affecting our communities.

BUSINESS PARTNERS AND COMMUNITIES continued

Education

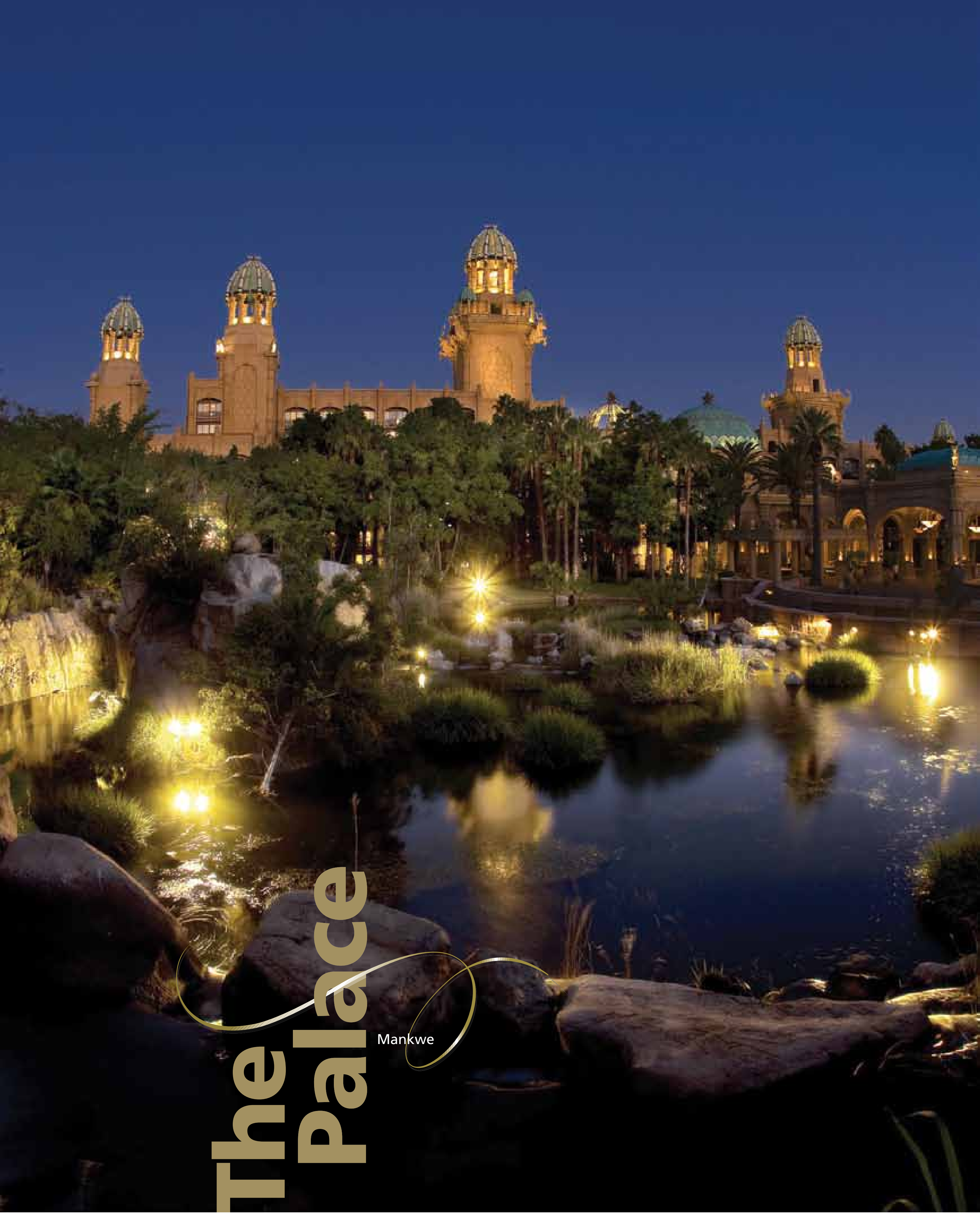
The Study Trust	The combined efforts of Boardwalk and Head Office contribute R648 513 to the fund. The Trust is an independent national bursary organisation that grants bursaries to underprivileged deserving students studying, inter alia, finance, engineering, hospitality and tourism and information technology.
GrandWest CSI Bursary Fund	Established in 2007, the fund makes grants to applicants in the Western Cape who are involved in full time studies in mathematics, science and technology. At its inception the fund pledged 5 million over five years and this year granted R2 245 640 worth of bursaries.
Nkosinathi High School	This is a school in KwaZulu-Natal which had 14 classrooms with an enrolment of 1 200 African learners. The overcrowding in classrooms was the ratio of 86 students to 1 classroom. Sibaya constructed three classrooms and eight cubicle toilet blocks.
Stonebridge Primary School	This school is located in Phoenix in KwaZulu-Natal. Sibaya renovated the existing library through refurbishing with new tiling, shelves, furniture and the purchasing of books. The value of the project was R204 339.
Factreton Primary School	A primary school in Cape Town was renovated where the buildings were repaired and additional items such as books for the library were donated. GrandWest spent R183 864 on equipment, tools and labour.
Mobile Science Laboratories	There were 10 laboratories purchased from Makhayise Industries to the value of R356 877 and donated to various underprivileged schools.
Career Exhibition	The Carousel afforded 8 600 underprivileged young Grade 11 and 12 learners from 30 high schools from the Hammanskraal and Moretele communities an opportunity to attend a four day Career Exhibition Week and advised on choosing different careers. Funds also supported student bursaries and financial assistance. The value of this initiative was R192 876.
Norokie Entrepreneurial Skills Development Project	This project located at Swartdam, with the aim being to provide a series of training workshops to develop dressmaking and manufacturing skills. The project also addresses life skills and healthcare problems such as HIV and AIDS, and contributes to the alleviation of poverty and related concerns in our immediate community. R200 000 was spent on this project.





Sports, Arts and Culture

SASCOC Paralympics	Sun International is one of the major sponsors of the South African Paralympic team which competed in Beijing last year and will compete in London in 2012. R1.2 million has been set aside for 2012.
Arts and Culture Trust	As a founding member of the Trust we have supported more than 500 projects throughout the country. This year our contribution was R400 000.



The Palace

Mankwe

5

HUMAN CAPITAL

IN THIS SECTION:

AT A GLANCE

At the end of the 2011 financial year, Sun International had a total of 10 897 employees across our operations, which is an increase of 159 employees on last year. Employee turnover for the year was 12%, comprising mainly voluntary turnover.

OUR ACHIEVEMENTS

- We successfully implemented our Performance Management System linked to the Leadership Pipeline, throughout the whole organisation, including Performance Contracting, Monthly Performance reviews, Interim Reviews and Final Performance Reviews after the end of the financial year.
- Job Profiles were completed for all positions in the organisation.
- We worked on areas identified for improvement in Employee Engagement, namely communication, managerial engagement, performance management and leadership involvement. We also conducted the third employee engagement survey.
- We successfully completed the 2010 Group B-BBEE Verification exercise with Empowerdex.
- We successfully introduced Change Management to the business and trained 1 012 employees – including change agents and change networks at business units, who will be able to support the business during change processes.
- We invested R5.6 million in developing in-house learning programmes. This included the acquisition of a learning management system which will enable us to better manage the learning function and to track learning and development trends across the Group.
- We spent R20 million rolling out management learning programmes, including the Graduate Development Programme.

OUR OBJECTIVES

HR strategic objectives for 2012 are the following:

- Improve employee engagement.
- Implement phase 2 of the performance management project which involves rolling out performance management to Manage Self (non-management) operational positions.
- Hold succession review sessions using the performance results of managers from the performance management system.
- Roll out the Learning Management System throughout the whole Group.
- Roll out leadership programmes aligned to the leadership pipeline and succession strategy.
- Align the current on-boarding programme to the talent strategy including designing an on-boarding programme for senior management and directors.
- Successfully conclude the Director General Labour Department Employment Equity Review.

HUMAN CAPITAL continued

Review of HR strategy and direction

Sun International relies on its employees to deliver superior customer experiences in line with our "A Million Thrills. One Destination." customer proposition. In our focus on human capital, our primary aim is to ensure that every job in the organisation is necessary and adds value to the organisation through the achievement of business objectives; and that every job is filled with a fully-performing employee.

Our permanent employees comprise core and scheduled employees. Core employees work full time whereas scheduled employees work on a roster basis, according to business levels, and are guaranteed a minimum number of hours a month.

Total number of permanent employees

	2011	2010
Core	**9 053**	7 913
Scheduled	**1 844**	2 825
Total	**10 897**	10 738

The number of scheduled staff dropped during this year because the company agreed with the union to revisit the ratio of core versus scheduled staff. A number of scheduled employees were converted into core employees as a result of this exercise.

Strategic realignment

During this financial year the Group continued with the implementation of the HR Strategic intervention designed to complement the Group's strategic direction. The components of the project included the following human resources elements: job profiling, recruitment and selection, performance management, learning and development, succession planning, change management, employee engagement, employee relations, human capital management systems and transformation. Progress on these interventions is covered in the report.

Human capital strategy

Our human capital strategy focuses on attracting and retaining the key skills needed to achieve organisational objectives, improving individual capabilities, placing the right people in development programmes, increasing the focus on achieving organisational goals through performance management, identifying a pipeline of leaders needed by the organisation now and in the future, improving change capability, fostering sound employee relations, and organisational transformation, improving employee engagement, promoting the wellbeing of our employees, and ensuring competitive rewards for employees.

The net increase in employees during the year under review came principally from Monticello, with a net 131 extra employees being brought on board to ensure the operation is adequately resourced following the re-opening from the earthquake and certain concessionaires businesses being brought in-house.

Total workforce by region and gender

	2011					2010				
Country	Female	%	Male	%	Total	Female	%	Male	%	Total
Botswana	**213**	**57%**	**159**	**43%**	**372**	209	57%	159	43%	368
Chile	**878**	**47%**	**993**	**53%**	**1 871**	769	44%	971	56%	1 740
Lesotho	**201**	**52%**	**187**	**48%**	**388**	214	54%	179	46%	393
Namibia	**183**	**59%**	**129**	**41%**	**312**	167	58%	120	42%	287
Nigeria	**161**	**32%**	**343**	**68%**	**504**	161	34%	310	66%	471
South Africa	**3 372**	**51%**	**3 251**	**49%**	**6 623**	3 366	51%	3 246	49%	6 612
Swaziland	**122**	**37%**	**210**	**63%**	**332**	131	38%	217	62%	348
Zambia	**171**	**35%**	**324**	**65%**	**495**	191	37%	328	63%	519
Grand total	**5 301**	**49%**	**5 596**	**51%**	**10 897**	5 208	49%	5 530	51%	10 738

Employee engagement

We conduct an Employee Engagement Survey on an annual basis. The purpose of the survey is to measure how committed employees are to their jobs, their managers, their team and the organisation. This commitment is what drives effort, performance and retention. Highly committed employees are more likely to seek ways to improve the efficiencies of their work so improving the performance of the organisation.

Last year all units communicated the results of the employee engagement survey to staff through road shows and in departmental meetings.

The CE also communicated the results of the survey at the annual executive conference. We identified four dimensions from a Group perspective to focus on in order to improve employee engagement namely communication, managerial engagement, performance management and leadership involvement. Guidelines and action plans are to be distributed to all units for implementation.

This year we conducted the third Group-wide employee engagement survey. The response rate was similar to last year with 62% of employees completing the survey. This year overall engagement score was an improvement from last year moving from 2.69 to 2.76 (2.6%) against an ideal targeted score of 3.00. Overall 18 dimensions are measured in the survey and out of the 18,17 of them went up with only one dropping compared to last year. This indicates that the efforts and initiatives put in place after last year's results were effective.

The 3 dimensions which performed the best (similar to last year but in a different order) are Challenging and Meaningful work, commitment to Sun International and Impact of own work. The dimensions which showed the most improvement are Employee Strength, Fair Remuneration and Clear understanding of the job.

Feedback will be given to employees in November once all unit scores are received focusing again on areas which needs improvement to enhance the overall engagement score to reach the targeted score of 3.00 throughout the whole group.

Achieving organisational goals through performance management

The company's performance management system was launched during 2010 to all management and supervisory employees. The first full cycle was successfully completed, in all areas of the organisation except bargaining units, in 2011. The performance cycle consists of 4 steps: performance contracting, monthly performance reviews, interim reviews, and final reviews.

The second phase of the performance management programme is now being launched to "Manage Self" employees, i.e. all employees who are not in managerial, supervisory, technical or specialist positions after consultations with the unions.

The company is now able to use the results of performance management to identify key gaps in employee development and to identify potential future leaders and successors for key positions – which is a critical component of the human resource strategy.

Learning and development

Improving individual capabilities

Developing our employees' skills and competencies remains a critical part of our learning and development strategy. Over the past year, significant effort went into the development of programmes to address skills gaps at foundational levels. In addition, we focussed strongly on the development of our management teams at various levels of our leadership pipeline.

Investments

Over the past year we invested a total of R5.6 million in developing our in-house learning programmes and learning systems as well as rolling out leadership and management development programmes.

Learning initiatives development spend

80% of our developmental budget, a total of R4.5 million, was spent on "run-the-business" initiatives; with 20%, a total of R1.1 million, spent on "change-the-business" initiatives.

In addition to investing in learning programmes, we focused on developing a learning infrastructure which supports our goal of becoming a true 'learning organisation'. We set aside a total of R923 760 to implement a learning management system (LMS) and a learning dashboard which will better enable us to: manage the learning function, gather business intelligence, and track trends across the Group. We will continue to invest close to R1.8 million on LMS user licences over the next three years.

Learning initiatives development spend

"Operational" Run-the-business

Learning systems & tools	Development spend (R million)
Learning management systems	R0.6
U-Count dashboard	R0.3
	R0.9

Learning programmes	Development spend (R million)
Gaming programmes	R1.3
Hospitality programmes	R0.8
Compliance programmes	R0.0
Finance programmes	R0.1
Learning & development	R0.2
Opera systems training	R1.2
	R3.6
Run-the-business total	R4.5

"Strategic" Change-the-business initiatives

Learning programmes	Development spend (R million)
Management & leadership	R0.6
Coaching programme	R0.4
Sales, marketing & public relations	R0.1
	R1.1
Overall spend on development	**R5.6**

HUMAN CAPITAL continued

Skills development

The development of our employees' skills and competencies follows a curriculum that is structured into formal and informal learning interventions, as indicated by the diagram below.

Formal learning

Learning events

- Impact conference
- ASTD conference
- Management programmes
- Coaching for performance programme
- Introduction to Front of House & Housekeeping
- International exec programme
- Compliance programmes
- Entry-level programmes in Gaming

e-Learning

- Opera systems training
- IT Microsoft online courses
- Anti-money laundering
- Single view of customer

Structured work experience

- Graduate programme

Certifications & qualifications

- Various degrees/diplomas
- Specialist certificate in rooms division
- Specialist certificate in food division
- HRD master class

Structured coaching

- Executive coaching

Informal learning

On-the-job learning

- Work within role
- Exposure to working at other units
- Action learning
- Touchpoints training

Knowledge management

- "getAbsract" book summaries
- Professional subscription
- Policies and procedures
- Standard operating procedures

Mentoring

- Mentors for graduates

External experience

- Professional memberships
- Speaking engagements

Skills development spend

As a result of having a focused curriculum per job, and per pipeline level, our commitment to spend on skills is demonstrated by our spend increasing slightly from last year's R46 million to R47 million for this financial year. This is in line with our commitment to develop the skills and competencies of all our employees across the Group; as well as to ensure that we maintain a competitive edge in the gaming and hospitality industry, while complying with relevant legislation and obligations.

The increase in investment on both formal and informal learning interventions meant that 9 169 of our employees benefited from learning interventions that were run across the Group during the financial year, 439 more than last year. A marginally higher percentage of these beneficiaries were female than in 2010.

Beneficiaries of learning interventions

	2011	2010
Beneficiaries	**9 169**	8 730
Beneficiaries as % of headcount	**87%**	81%
Females as % of beneficiaries	**50%**	49%

In striving to meet the specific needs of our people, we increased the range of training interventions from 392 in 2010 to 403 in 2011. A total of 55 289 courses were delivered, a significant increase from 38 020 in 2010. On average each beneficiary attended 6 different learning interventions.

Training costs as a percentage of leviable payroll*

Rm	2011	2010
Leviable payroll	**1 079**	1 028
Training costs	**41**	35
% of leviable payroll	**3.8%**	3.4%

* *The detail in the table only applies to South Africa.*

Our training costs as a percentage of payroll also increased, as compared to the previous year. The high training costs reflect the introduction of a learning curriculum that targets each job and each level of our Leadership Pipeline.

Grants and levies

In order to access skills development grants from our SETA under the levy grant scheme, we were required to pay a Skills Development Levy, submit a Workplace Skills Plan detailing all learning interventions to be undertaken for the year under review and submit an Annual Training Report confirming successful implementation of the WSP for the previous year.

Grants and levies

	Rm
Skills development levy paid	10.8
Mandatory grants received from Culture, Art, Hospitality and Sports Education and Training Authority (CATHSETA)	(5.4)

The Group received the maximum recovery of 50% from CATHSETA for mandatory grants. This has remained the same as previous years.

Strengthening our Leadership Pipeline

To help us build leadership bench strength at each Pipeline level, we focused our greatest investment on the development of management and leadership skills across the Group.

We prioritised the training of the 'Manage Others' pipeline level for the management programmes as this is the layer that has the greatest impact on the operational effectiveness. We spent a total of R20 million rolling out leadership and management learning programmes and interventions, compared to the R602 413 spent in the previous financial year.

HUMAN CAPITAL continued

To date, 673 (46%) 'Manage Others' level employees have completed the management programme, out of a total of 1 458.

Further to our commitment to building our leadership bench strength, management capacity and specialist skills at the Manage Others pipeline level, we piloted a graduate development programme with an initial intake of 6 graduates in Slots and Gaming Marketing. We invested R1.4 million on the pilot. All six graduates on the pilot programme were offered full time employment by the hosting units at the end of the programme.

Human Capital Management Systems (HCMS)

Our primary Human Capital Management System (HCMS), PeopleSoft, continues to serve us well following a major upgrade to the current version. All post "go live" training was completed.

The Spanish translation of PeopleSoft for Monticello was successfully completed and deployed in November 2010. A high level of user acceptance was achieved.

We continue to upgrade our Human Resources Analytics Tool (QlikView) and are currently migrating to the current version. This will be followed by end-user training.

The automated Performance Management System (PMS), "SunSpec", has now been successfully deployed across the Group, with the second year of performance contracting about to commence. An upgraded version of the system will be utilised, including additional interfaces into PeopleSoft, so as to minimise double input.

The CERTPOINT™ Software as a Service (SaaS) model was selected as the optimum choice for our Group because it provides for a faster implementation, reduced cost of ownership, and appropriate upfront investment. The system was configured to best suit the Group's needs and a test site was installed during the year under review. The model has been piloted and the system has been successfully implemented at Sibaya, Boardwalk, Sun City and Morula.

The e-recruitment site (Jonti), available via our corporate website, continues to evolve and serves as a portal to external and internal job applicants assisting with our talent acquisition strategy.

Kronos is the Group standard in respect of time and attendance, and is used at most units. A project is currently underway to centralise the system (and data) onto a server housed at head office; and to upgrade all participating units onto the most current version. This will allow better utilisation of the available licences and ensure standardisation of application and processes.

Improving Organisation Change Capability

Sun International initiated a change management drive in 2010 to build change capability in the organisation. The reason for this was twofold. Firstly, to assist employees in managing change in themselves, their teams and at all levels of the organisation from supervisors to senior executives. Secondly, to enable the organisation to be flexible, change-ready and responsive to market place shifts.

There were two types of change training interventions that were implemented: two-hour briefing sessions and two-day workshop sessions. The aim of the sessions was to create awareness and understanding, within all levels of management, about how change impacts upon us as individuals, what we can do about it, and how we can help others through change.

The two-hour briefing sessions were primarily aimed at leaders and communicated a broader understanding of change management. The two-day sessions focused on in-depth change management training. These sessions enabled employees to better understand how to apply change management techniques when implementing projects.

Training was conducted across the different business units. The total number of employees trained on both initiatives was 1 012, which constitutes 9.3% of the total staff complement of the organisation.

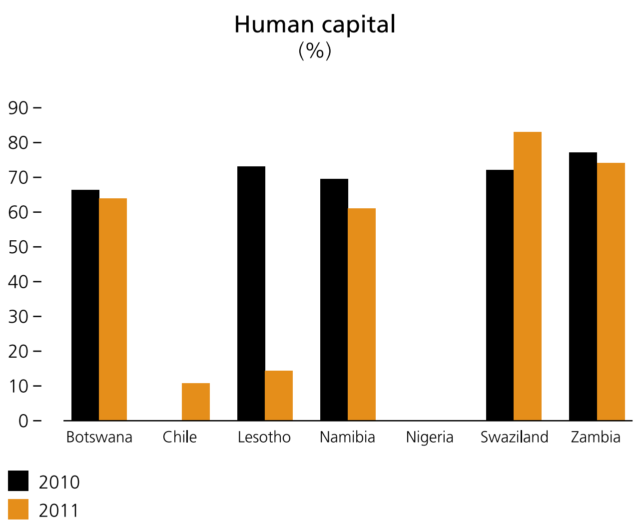
In addition, following a correct change management approach, formal networks have been trained up in a number of units that support business on an ongoing basis. These networks will assist us in reaching key objectives; and saving money and time as more of our employees move through changes quickly and smoothly.

Fostering sound employee relations and transformation

Trade Unions

Sun International has a recognition agreement with one trade union (SACCAWU) in its South African operations, and all non-managerial employees are included in the bargaining unit which currently constitutes 59% of the total employee base. This is an increase in the bargaining unit membership of 4%, when compared with 2010. In terms of the agreement with SACCAWU, all organisational changes are referred for consultation and Sun International strictly conforms to the requirements of the Labour Relations Act.

Sun International has Union engagement in the other regions in which it operates as shown below:



In regions like Chile, the recognised union has submitted its draft recognition agreement. Monticello did not have formal union representation within Sun International in 2010 and it has now risen to 11% in 2011.

Formal recognition agreements enable the trade unions within Sun International to negotiate improved wages and other terms and conditions of employment.

The SFI union (Sindicato Base Casino Monticello) was formed in September 2009. The union and the company did not have an existing collective bargaining contract which meant that the negotiations could not start without a contract. The parties agreed to commence with the negotiations once a draft contract was agreed. The draft contract was presented to the union (SFI) on 30 July 2010. The collective bargaining processed involved a total of 743 employees of which 213 were union members and 523 joined the collective bargaining process during the month prior to the submission of the draft contract.

The demands presented to the company from the union contained 49 demands which included a salary increase of CPI (3%) plus 10.2%, settlement bonus, various other bonuses, soft loans, free transport, housing allowances and various other demands. The company responded to the union on 21 September 2010 and negotiations commenced in earnest on 27 September 2010.

The company tabled its final offer on 8 October 2010 which included the following:

- Annual increment linked to CPI.
- Independence day bonus and Christmas bonus of CLP 35 000 each to increase by CPI annually.
- Commitment to deal with the uniform, transport and staff meal issues.
- Commitment to maintain all other current benefits.
- Request for a four year agreement.

The union rejected the last company offer and called for a strike ballot. The ballot was conducted on the 14 to 16 of October in which 94% of the participants voted to strike. Subsequent to this, the union shop stewards requested goodwill from the labour department and delayed the commencement of the strike. As a result of this, further negotiation was held with the union which included the participation of the labour department until 22 October but no agreement was reached. The strike commenced on 25 October.

From Day 16 of the strike, participating members were allowed to return to work on condition that they signed acceptance of the last company offer. The strike was finally broken by the afternoon of 24 November 2010 with 50% + 1 of the striking workers having returned to work and accepting the last company offer.

In order to return operations to normal as soon as possible, improve communication and rebuild employee relations in the workplace, an employee re-integration plan was developed and is currently being rolled out.

We endeavour, at all times, to maintain fair, open and constructive relations with all employees within the legal framework of the countries in which we operate.

The core objective of our employee relations is to enable the establishment of values-driven partnerships with organised labour organisations, improving employee engagement and embedding a democratic employee relations culture.

2011 Highlights

- Successful two-day relationship building to restore and sustain our relationship with SACCAWU after the strike action of December 2009/January 2010.
- Successful acceptance of the Increased Wage Agreement in Botswana and Swaziland. These agreements were implemented on 1 July 2011.

Human Rights and freedom of association

At Sun International we recognise that we have a responsibility to ensure the effective management of Human Rights.

The principle of freedom of association is formally endorsed in our employee relations policy statements and in our recognition agreements with all trade unions in South Africa and the other countries where we do business.

Employee relations policies

Sun International's employee relations policies are available on the Group's intranet and are regularly reviewed by the Human Resources department to ensure that they are effective and that they meet legislative requirements.

HUMAN CAPITAL continued

Job profiling

Job profiles for the entire organisation were completed during this financial year. In total 724 jobs were profiled. All employees were given copies of their job profiles to sign. All new employees are given copies of their job profiles when they join the company and performance contract objectives are informed by the job profiles as well as Leadership Pipeline performance standards.

Recruitment and selection

The effective and efficient acquisition of key skills plays a critical role in ensuring Sun International's success. To enhance the efficiency of the acquisition process, Sun International has launched an e-recruitment platform. Having successfully implemented this online e-recruitment platform over the past two years, we are now in the process of introducing enhanced functionality. This is intended to assist both the internal and external user in applying for a vacant position within the Group; facilitating the recruitment and selection process. At the end of this year, the Sun International talent database was approximately 30 000 applicants and to date the e-recruitment platform has enabled 400 vacant positions to be filled by the Group.

To enhance the effectiveness of the recruitment and selection process in identifying the best job-person match, a standardised competency-based assessment programme has been implemented across the Group. A competency and assessment framework is identified and described within standardised job profiles. This has been implemented to enhance the reliability, validity and objectivity of our candidate assessment processes. Through the standardisation of competency-based assessment practices, not only is the degree of fairness within the recruitment process greatly improved, but from an employee's perspective, the feedback provides invaluable insight into one's personal development. Thus far, over 500 competency-based assessments have taken place across the Group.

The augmentation of the e-recruitment platform together with the standardisation of competency-based assessment forms part of Sun International's continued commitment to improving our recruitment and selection practices to ensure that we appoint competent, talented individuals across the Sun International Group.

Terminations

During the course of 2011, there were 1 269 terminations, the majority of which were resignations.

2011 Reasons for termination

Termination reason	Botswana	Chile	Lesotho	Namibia	Nigeria	SA	Swaziland	Zambia	Other	Total
Death	**2**	**1**	**5**	**1**	**1**	**23**	**5**			**38**
Dismissal – Incapacity, health					**1**	**3**				**4**
Dismissal – Incapacity, poor work performance	**1**				**1**	**5**				**7**
Dismissal – Misconduct	**6**	**104**	**9**	**7**	**23**	**132**	**2**	**25**		**308**
Dismissal – Operational requirement, voluntary		**39**				**1**				**40**
Dismissal – Operational requirements		**73**				**7**		**1**		**81**
End SIML management contract					**1**					**1**
End temporary employment		**5**			**1**	**5**				**11**
Resignation	**30**	**155**	**12**	**41**	**20**	**431**	**14**	**34**	**1**	**738**
Retirement		**1**	**4**	**1**		**28**	**4**	**2**		**40**
Unforeseen circumstances						**1**				**1**
Total	**39**	**378**	**30**	**50**	**48**	**636**	**25**	**62**	**1**	**1 269**

Occupational health and safety

Sun International has a moral duty to play a leading role in the communities in which we operate. One of the ways we do this is through the sustainable management of the health and safety impacts of our business. We embrace good governance in our responsible management of health and safety concerns. Specifically, the Group strives to achieve "zero injury" to people through the effective management of health and safety in all our operations. Effective management is established through the implementation of a robust OH&S (Operational Health and Safety) management system, based on a foundation of three principles:

- **A "zero injury" mindset.** We believe that all fatalities, injuries and occupational diseases are preventable. We fully embrace the vision of zero injury and will exercise zero tolerance for any breach of our OH&S standards and procedures. Each of us is responsible for correcting behaviour that could result in an injury.
- **No repeats.** All health and safety incidents need to be investigated to ensure that root causes are identified, and corrective and preventative measures are implemented. We share information and learn from incidents to avoid recurrences wherever possible.
- **Simple, non-negotiable standards and procedures.** We have adopted the principles of OHSAS 18001 as the foundation of our Group OH&S management system. OHSAS 18001 is an international OH&S management system that commits to the prevention of injuries and occupational diseases; as well as continual improvement of performance and compliance with applicable legal requirements.

OH&S awareness

The Group has a "new employee" and a "contractor/visitor" OH&S induction programme in place in each operation:

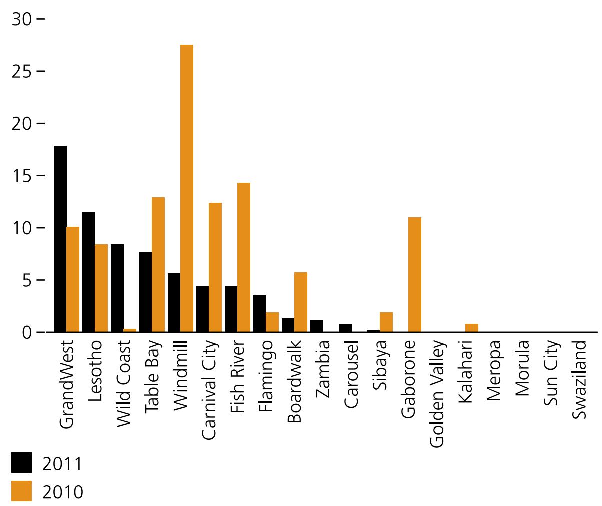
- Before commencing his/her new job, all new employees are made aware of the OH&S hazards on site, the general OH&S rules and the procedures and instructions applicable through OH&S induction training.
- An OH&S induction programme, which takes approximately 15 minutes, has been implemented for all contractors and visitors entering an operation's premises to conduct work for the first time; irrespective of the duration of that work.

It is made clear to all Sun International contractors that safety is not negotiable on our premises. All line managers, heads of departments (HODs) and supervisors who have contractors, concessionaires or suppliers reporting to them, are held responsible for ensuring compliance with this Group standard before allowing them on site.

Near-hits

The near-hit indicator acts as a warning sign for management that intervention is required in order to prevent injuries. Near-hits were reported by 68% of our operations in 2010. The Group's average in 2010 was calculated at a frequency rate of 12.2 per 200 000 hours worked or 100 employees. In 2011, 57% of our operations reported near-hits and the frequency dropped to a rate of 2.71.

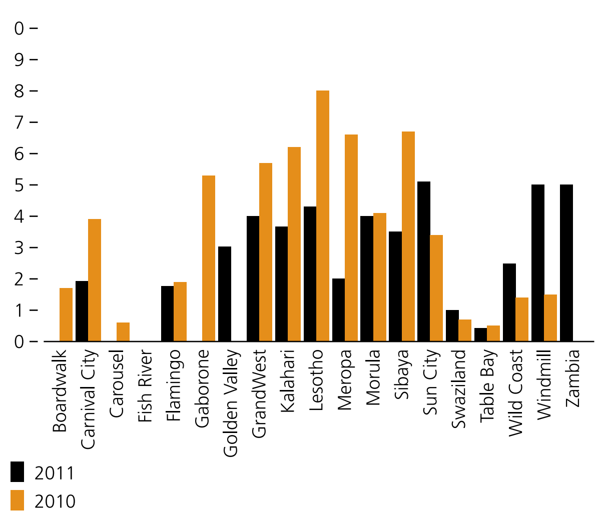
Near hits per property



Injuries/incidents reporting

All line managers, HODs and supervisors are responsible for informing OH&S officers of injuries/incidents involving employees, contractors, concessionaires, suppliers or guests within their areas of responsibility. OH&S manuals and instructions specify that all injuries/incidents must be captured on a monthly basis, as a minimum. The outcomes of all OH&S incident/injury investigations are reported to the OH&S Committee and/or unit executive.

Incident rate per property
(Rate)



Legal compliance

Legal compliance is the minimum requirement in all our units. Our Internal Audit department monitors OH&S compliance and reports back to the Group Engineer if any "non-conformances" are observed. There are no "non-conformances" at present.

Fatalities

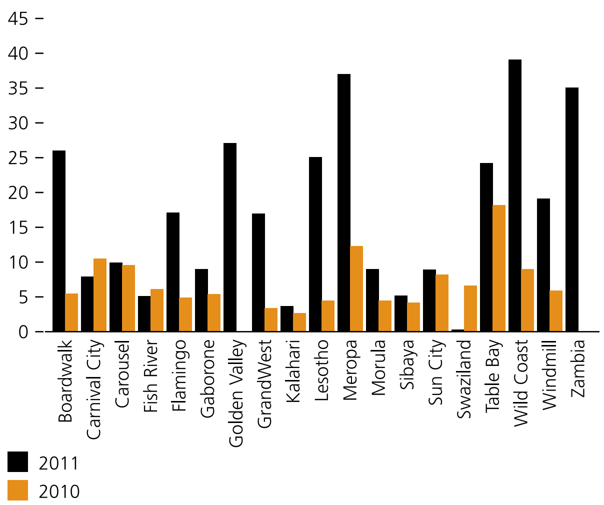
We are pleased to report that there have been no fatalities to employees or contractors for the second year running. This is attributed to Sun International's policy of zero tolerance with regard to safe working procedures.

Management-worker Health and Safety Committees

The percentage of the total workforce representing the formal joint management-worker Health and Safety Committees, exceeds the number required by OHSAS 18001. Average representation is 17% while the required figure stands at only 2%. Most units have increased their percentage representation from 2010 to 2011. The general managers of the units are the individuals responsible for ensuring compliance with the appointed GMRs.

Health and safety representation

(% of total workforce represented in formal joint management-worker Health and Safety committees by property)



Occupational Diseases Rate (ODR)

The hospitality industry provides a relatively safe environment in comparison with many other industries. We ensure that all our employees are equipped with the personal protective equipment relevant to the jobs they are performing. This is closely monitored and corrective action is taken where non-compliance is observed. The ODR for the year under review was zero.

First-aid cases (FACs) vs medical treatment cases (MTCs)

MTCs involve treatment by a medical professional. MTCs have continued to be grouped into three categories denoting incremental severity. MTCs increased by 8% over the period, from 293 to 316. The FACs increased by 5.5% from 487 to 514. The Group strategy to achieve and maintain a favourable ratio of lower-severity injuries (first-aid) to higher-severity injuries (medical treatment) was achieved in the past year. The 2010/2011 ratio of FACs to MTCs is 62%: 38%, the same as the previous year's ratio.

Trauma Induced Stress Disorder

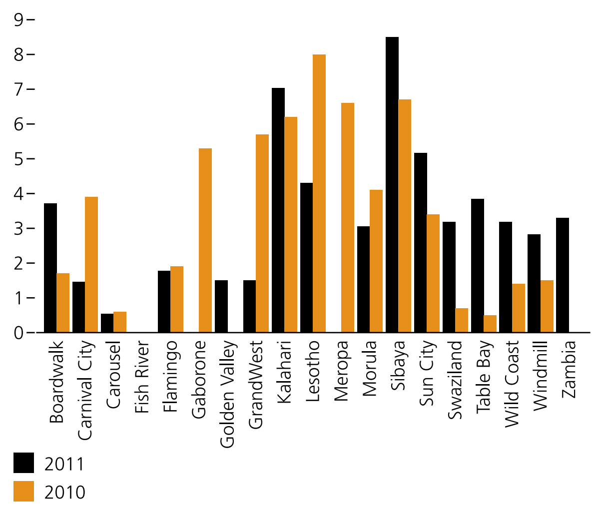
There were no cases of Trauma Induced Stress Disorders reported.

Total Recordable Injury Frequency Rate

This is an all-inclusive index of the higher severity incidents and is the sum of work-related fatalities and all injuries (exclusive of first-aid cases) caused by the working environment. The Total Recordable Injury Frequency Rate decreased by 15% from 3.42 to 2.89.

Total recordable injury frequency rate

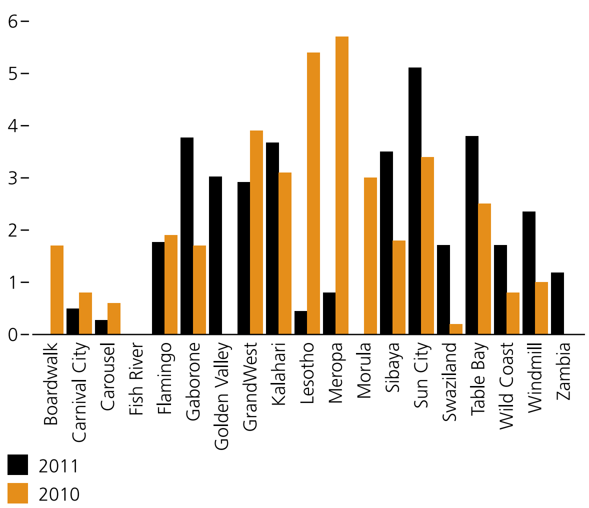
(Rate)



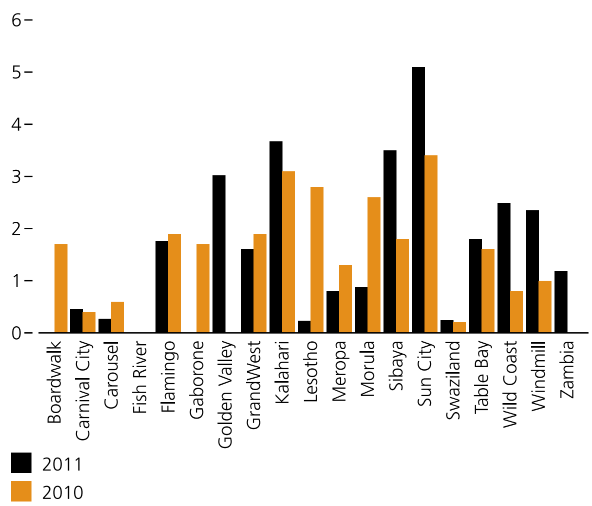
Lost Time Injury Frequency Rate

This is an index showing the number of injuries which rendered the injured unfit for duty for one shift or longer. It is the sum of restricted and lost workday injuries and is calculated per 200 000 hours worked or 100 employees. The lost time Injury Frequency Rate decreased by 17% from 2.06 to 1.72.

Lost time injury frequency rate
(Rate)



Lost work day rate
(Rate)



Lost work day rate

This measure indicates the number of lost workday cases for every 200 000 hours worked by employees and is an international OH&S industry norm for performance. The lost days are calculated in calendar days and the lost time starts from the beginning of the injured person's shift. The Lost Work Date Rate was reduced by 4% from 1.5 to 1.44 during this reporting period.

Risk management

Sun International is focusing its efforts on the proactive identification of hazards, the assessment of risk and the implementation of controls in accordance with the accepted risk-management hierarchy. This approach has resulted in risk assessment training and the review of risk assessments on all properties. There were no incidents of non-compliance with regulations or voluntary codes concerning health and safety impacts of products and services during their life cycles; neither were there any warnings or penalties.

The Palace, Sun City, Mankwe

Hygiene and legionella risk management

The Group employs the services of SANAS accredited laboratories to minimise these risks. Preventative maintenance procedures have been put in place to alleviate the possibility of legionella in the potable, hot water and chilled water systems. Our water systems are dosed with the necessary chemicals and the water is regularly monitored. The results are logged to ensure that there are no harmful elements that could cause water-borne diseases.

Achievement of objectives and targets set for 2011

- We have achieved our target of zero fatalities in the workplace.
- We have reduced our Total Recordable Injury Frequency Rate (TRIFR) by 15% from 3.4 to 2.89. We have thus missed our reduction target by 10%.
- We have reduced our Lost Time Injury Rate from 2.06 to 1.72 per 100 employees. We have, however, missed our target to reduce the rate to 1.5 per 100 employees by 15%.
- We have reduced our Incidence of Workplace Injury Rate to 9.7 per 100 employees. Although this is a reduction of 9.77%, we have not achieved our target of 5.35 per 100 employees.
- We have not managed to improve our report-writing performance as planned, owing to a 26% turnover of staff. There is still significant coaching and assistance necessary to deliver the correct reports and comply with report-writing requirements. However, the legal appointments are in place.

New targets for 2012

- Maintain a fatality rate of zero.
- Reduce our Total Recordable Injury Frequency Rate by 10%: from 2.89 to 2.59 per 100 employees.
- Reduce our Lost Time Injury Frequency Rate to 1.5 per 100 employees.
- Reduce the Incidence of Workplace Injuries to 2.5 per 100 employees.
- Ensure that legal appointments are compliant at all times.
- Phase-in reports on gender and region.

Employee wellness

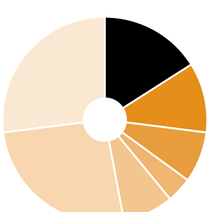
The key driver of our wellness strategy is our commitment to work together with our employees to achieve enhanced health and well-being. The wellness strategy arises out of our responsibility to show conscious leadership and to prioritise health issues. There is compelling evidence that healthier employees are more engaged in their work environments and in their communities.

The Sun International wellness programme, One Sun Wellness, started in 2009. Our service provider is Life Assist. All employees and their immediate families (spouses and children), are eligible to participate in our wellness programme. Employees have access to Life Assist 24/7/365 either telephonically, via SMS or by email through the website. The scope of their services includes financial advice, legal advice, wellness and health, HIV/AIDS support, trauma (including trauma response), substance abuse, depression, stress and burnout and psycho-social issues.

The programme encourages all employees to voluntarily seek help for personal problems, and it is not compulsory. Managers, however, have the option to refer employees where necessary. Employees are informed about the programme during induction, in the one Sun Magazine, via posters on notice boards at all units, and a monthly newsletter which is distributed via the internet to all employees who have access to computers.

At present 8 562 employees of Sun International and their immediate families are eligible for the One Sun Wellness programme. There were 8 376 points of contact with LifeAssist during Year 2, representing an awareness penetration of 98% compared to 72% in Year one. Year 2 engagement was higher than in year 1, primarily owing to the phased roll-out to business units during that time, which constituted phase 1. All Business Units came on board with effect from 1 July 2011 as phase 2 was completed.

Telephone contact seems to be preferred by employees. Below are the categories of cases handled by Life Assist over the period. The categories are continuously evaluated and where necessary, further interventions are promoted (e.g. the majority of personal cases have to do with financial difficulties, and we responded by introducing personal financial management sessions for staff).



Cases presented to Life Assist by category – 2010 / 2011

16%	Legal
11%	Financial
8%	Occupational
4%	Wellness and health
8%	Trauma
26%	Interpersonal
27%	Personal

Sexual harassment

The communication of the Group's sexual harassment policy to all employees is ongoing. The Group's formal records indicate that there have been no reported offences during the past year.

In addition, the Group has embarked on a process of auditing the policy and further changes to the policy will be made. This will be followed by awareness workshops conducted with all staff. We are also making sure that the channels available to report any sexual harassment cases are well known to all staff and that they will be comfortable to use them to report any cases.

HIV/AIDS

The company, through One Sun Wellness, focuses on HIV/AIDS prevention strategies. These include information and awareness campaigns and programmes, education, voluntary testing, free counselling, clinical management and comprehensive medical treatment programmes. The programme is driven centrally and is constantly reviewed to ensure that it remains relevant to employees and is aligned to best practice. Employees have access to information, support and referral through our intranet, wellness website, printed newsletters, posters and HIV/AIDS awareness days.

Employees and their dependants who are members of any of the company-appointed medical schemes are entitled to HIV/AIDS treatment benefits including anti-retroviral therapy, in terms of their respective medical aid scheme rules.

The vast majority of our medical aid members belong to the Quantum Medical Aid Society, which in total covers some 7 642 Sun International employees and their registered dependants. Members need to register with the programme to access the benefits. Of the total membership, 192 (2.5%) are presently enrolled on the programme. Once registered, the programme provides comprehensive disease management for members living with HIV and AIDS; and members have access to unlimited hospitalisation and anti-retroviral treatment, according to the schemes medicine list. Members are assured of complete confidentiality.

Employees, who are not members of a medical scheme, have access to the broader Aid for AIDS (AFA) programme, which has been running since 2006. The programme is an HIV/AIDS awareness and intervention programme, which includes HIV/AIDS Clinical Management and registration on the Expert Treatment Programme (ETP). 35 employees are presently registered members of the programme, at an annual cost to the company of R520 000. Our proactive approach to HIV/AIDS enables employees to deal positively with the pandemic.

During this financial year, we conducted an AIDS prevalence survey through Alexander Forbes Health. The survey examined the likely demographic and financial impact of HIV/AIDS. The survey considered the impact over a 15-year period from 1 July 2011 to 30 June 2026 and indicated that Sun International's HIV/AIDS prevalence, as at 1 July 2011, was estimated at 13.6%, without ART, (Anti-Retroviral Therapy); and 12.7%, with ART, as compared to a 12% prevalence in 2005. It also found that the financial benefit of ART intervention by Sun International among its staff is R32.6 million, for the period 1 July 2011 to 30 June 2013.

6

TRANSFORMATION

IN THIS SECTION:

AT A GLANCE

Sun International's transformation strategy is based on:

- The employee profile increasingly reflecting the broad diversity of South Africa.
- Diversity being valued and actively promoted.
- Our staff interacting positively by using the Group's values as a guide for their behaviours.

We aim, over time, to have a fully-representative structure. As a consequence, employment equity is a critical component of our business strategy.

OUR ACHIEVEMENTS

We have increased our Black employee representation over the past year. At a senior level, the Group has made significant progress with a 38% increase in Black senior managers over the past year.

Our second (2010) formal B-BBEE verification exercise with Empowerdex returned very satisfactory results, with all units exceeding their targets. Below is a summary of the scores achieved at each unit and at Group level:

B-BBEE Element	**Targets**	Sun City	Carousel	Sibaya	Golden Valley	Flamingo	Board-walk	Grand West	Carnival City	Meropa	Windmill	Morula	Table Bay	Wild Coast	**SI Group Con-solidated Score**
100 – Own	**21.7**	20.9	20.9	21.7	19.3	12.6	20.6	19.5	18.1	19.2	21.6	20.9	15.0	18.9	**20.9**
200 – MC	**3.8**	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	6.9	5.1	**5.1**
300 – EE	**7.5**	3.4	5.2	8.8	9.4	7.5	8.8	8.7	10.6	13.0	12.2	12.7	7.5	8.3	**9.2**
400 – SD	**9.0**	10.2	10.1	13.0	8.0	8.5	9.1	5.5	12.1	11.7	9.3	9.5	18.3	11.8	**10.0**
500 – PP	**13.0**	17.3	18.1	18.5	18.3	18.1	19.6	20.0	20.0	18.3	17.7	19.8	12.2	18.5	**19.3**
600 – ED	**10.0**	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	14.0	15.0	**15.0**
700 – SED	**5.0**	5.0	4.1	5.0	5.0	5.0	4.5	5.0	5.0	5.0	5.0	4.9	8.0	5.0	**5.0**
Overall Score	**70.0**	**76.9**	**78.5**	**87.1**	**80.1**	**71.8**	**82.7**	**78.8**	**85.9**	**87.3**	**85.9**	**87.9**	**81.9**	**82.6**	**84.5**
Rating Level	**4**	**3**	**3**	**2**	**3**	**4**	**3**	**3**	**2**	**2**	**2**	**2**	**3**	**3**	**3**

* *scored against the transformation charter.*

In terms of preferential procurement, we have experienced an overall increase of 14% in the total number of B-BBEE suppliers across the Group and a threefold increase in the number of Black Women Entities in 2011, over the previous period.

Lesotho Sun

Maseru, Lesotho

TRANSFORMATION

Table Bay, Cape Town

OUR CHALLENGES

- To maintain Level 3 contributor status at the end of 2012.
- To successfully complete the General Review by the Department of Labour that tests our compliance with the Employment Act.
- To bed-down the U-Count Reporting and Dashboard Solution.

OUR OBJECTIVES

Our transformational objectives are the following:

- Compliance and stakeholder engagement.
- Delivering on Codes of Good Practice and other legislative obligations.
- Ensuring that the governance, coordination and structural basics are in place.
- Ensuring clarity and efficiency in delivery.
- Addressing key inequalities in the Group's employee profile.
- Eliminating discrimination.
- Ensuring that all employees understand and support transformation.

Review of the Group's transformation strategy and direction

Ownership and management

Sun International Employee Share Trust (SIEST)

The SIEST gives employees the opportunity to benefit from equity ownership in Sun International Limited. The trust, set up in 2003, owns an effective 5.6% (for BEE measurement purposes, excluding 40% mandated investments, equates to 9.3%) of the Group's shares and up to 3.5% in a number of the Group's operating subsidiaries. The trust has the benefit of an interest-free loan from the Group of which it has repaid R47 million to date. During the year under review a further amount of R2 million was made by SISA towards the Worcester capitalisation, leaving a balance of R99 million at 30 June 2011.

During the current year, eligible employees benefited from the SIEST via the bi-annual distributions in October 2010 and April 2011 to an amount of R21.5 million in aggregate, or R2 632 per employee. Since inception the trust has distributed R166 million in total or an aggregate amount of R22 615 per employee.

SIEST distributions

	Total distribution R	Dividend per participant R
October 2010	11 173 029	1 359
April 2011	10 399 794	1 273
Total for the 2011 financial year	**21 572 823**	**2 632**
October 2009	9 405 597	1 164
April 2010	8 033 595	977
Total for the 2010 financial year	**17 439 192**	**2 141**
Total since inception	**165 715 854**	**22 615**

The trust enables employees to share in the benefits of good performance of the Group, empowering our people and encouraging a spirit of ownership. All permanent full time and permanent scheduled southern African employees with at least six months' Group service are eligible. No directors, executives or senior managers who already participate in Group share incentive schemes are eligible to be beneficiaries of the Trust.

The trust now has more than 8 100 employees as beneficiaries who benefit by way of income distributions. These distributions are made in equal shares, irrespective of seniority or length of service, to eligible employees at the date of distribution. Bi-annual dividend distributions are paid net of loan repayments and other liabilities. The estimated value of the trust shareholdings net of debt at 30 June 2011 is R428 million, or R52 438 per employee.

The trust is administered by a board of trustees (currently 19), of whom 14 have been elected by employees from among their number, and three nominated by Sun International – including professional advisors from the Group's investment bankers and legal advisors.

Sun International Black Executive Management Trust (SIBEMT)

The SIBEMT was established as part of the Group's commitment to the economic empowerment of black people and to retain and attract black executive management. The SIBEMT has an effective 0.7% interest in Sun International through Dinokana, in which it has a 6% interest.

Dinokana holds no other interests other than its interest in Sun International. The SIBEMT's shares in Dinokana are held in trust by trustees in terms of the provisions of a trust deed regulating the conduct of the SIBEMT.

A beneficiary is not entitled to encumber, dispose of, or transfer any of the Dinokana shares prior to the expiry of the lock-in period (i.e. 3 December 2014). The SIBEMT may from time-to-time receive dividends and/or other distributions from Dinokana. Beneficiaries are entitled to participate in dividends declared by Dinokana.

If, after the expiry of the lock-in period, Dinokana has not unbundled its shareholding in Sun International, participants may dispose of the Dinokana shares to a willing buyer subject to any pre-emptive rights attaching to those shares. Sun International will, at its discretion, assist beneficiaries to realise their investments in Dinokana in terms of the rules of the scheme.

Dinokana shareholding in Sun International

As at 30 June 2011, Dinokana owned 6 719 759 ordinary shares in Sun International (or a 6.7% interest). During the year, Nedbank's funding of Dinokana was extended to December 2014 to coincide with the end of the lock-in period. In terms of the extended funding arrangement Dinokana sold 270 000 shares in Sun International in order to reduce its debt to the maximum permitted. In addition to the reduction in debt, and as approved by shareholders, Sun International provided Nedbank a R60 million guarantee in respect of Dinokana's obligations to Nedbank. Dinokana is required to maintain a minimum share cover ratio of 1.4.

TRANSFORMATION continued

The table below sets out the direct BEE shareholding in the Group and its subsidiaries:

Company	Empowerment partner		% holding
Sun International Limited*	♠ SIEST	Sun International Employee Share Trust	9.3
	♠ 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	5.9
Subsidiaries			
SunWest	♠ GPI	Broad-based Western Cape empowerment grouping	30.0
	♠ GPI (through RAH)		4.3
	♠ SIEST		3.3
	♠ Other PDI minorities		1.1
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	Trust formed for the benefit of the local community	9.3
	♠ SIEST		3.5
	♠ GPI (through RAH)		4.2
	♠ Other PDI minorities		3.1
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	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	11.1
	♠ SIEST		3.5
Transkei	♠ Mbizana Community Development Trust	Trust formed for the benefit of the Mbizana community	30.0
Worcester	♠ GPI		36.7
	♠ GPI (through RAH)		2.3
	♠ SIEST		3.5
	♠ Other PDI minorities		7.7

* *The empowerment shareholding in Sun International has been calculated excluding the 40% mandated investments in terms of the B-BBEE codes.*

Employment equity

Employment equity is a critical component of our business strategy and is integral to both strategic employment relations and talent management initiatives.

Employment equity progress report (South Africa)

Sun International has increased its Black employee representation from 83.5% to 84.2%, and its Black female representation from 43.7% to 44.3%. At a senior level, the Group has made significant progress: from 26 to 36 Black senior managers of whom 15 are Black females as compared to 11 in the previous year.

	Male				Female				Foreign Nationals		
Occupational Levels	A	C	I	W	A	C	I	W	Male	Female	Total
Top management	2	1	1	12	1	–	–	1	2	–	20
Senior management	8	1	7	27	6	3	6	9	6	–	73
Professionally qualified and experienced specialists & mid-management	13	8	17	99	14	4	4	35	23	4	241
Skilled technical and academically qualified workers, junior management, supervisors, foremen & superintendents	516	165	109	293	372	109	72	208	32	19	1 894
Semi-skilled & discretionary decision-making	1 316	288	93	87	1 788	340	108	152	18	10	4 200
Unskilled & defined decision-making	81	6	1	–	103	4	–	–	–	–	195
Total permanent	**1 956**	**469**	**228**	**518**	**2 284**	**460**	**190**	**405**	**80**	**33**	**6 623**
Non-permanent	66	19	5	19	79	22	5	16	5	5	241
Total 2011	**2 022**	**488**	**233**	**537**	**2 363**	**482**	**195**	**421**	**85**	**38**	**6 864**
Total 2010	2 020	483	238	575	2 316	489	200	440	78	45	6 884
Total 2009	2 022	470	233	594	2 319	488	177	493	83	44	6 923

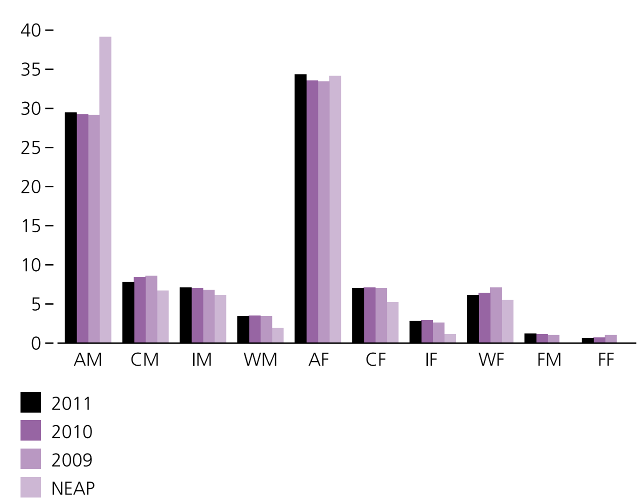
Employment equity indicators

Sun International delivers on transformation and key employment equity indicators through team-based, company-aligned goals and through individual performance contracts. Failure to achieve individual and team goals on employment equity is a critical performance issue.

Full representation

Sun International's objective is to have defined groups (Blacks, Coloureds, Indians, women, and people with disabilities) fully and meaningfully represented at all levels within the Group. 'Full representation' takes into consideration legislative provisions, operational and business needs, integrated human resource plans, the need to attract top talent in South Africa, and the application of business best practices according to the requirements of the Company. Our existing distribution is illustrated in the graph:

Overall staff including non-permanent staff
(%)



TRANSFORMATION continued

Employment Equity Challenges

On 1 March 2011, Sun International was placed under Director General Review by the Department of Labour, in terms of Section 43 of the Employment Equity Act, 1998. The review is to determine whether we are complying with the Employment Act. The review process is long term and is expected to conclude within the next 18 months.

As part of the review process Sun International had to conduct a s19 analysis as per the Employment Equity Act. The analysis consists of a review of employment policies, practices and procedures, a numerical analysis of the current workforce demography against the benchmark of the National Economic Active Population (NEAP) and a qualitative staff survey to assess perceived levels of discrimination in order to identify Employment Equity barriers in the culture and climate of the organisation.

We received the results of the survey which we are currently unpacking in order to decide the way forward. Recommendations were also made which includes the following considerations; Full leadership commitment process, Organisation wide communication, Group-wide Diversity training and a communication and behaviour change process. Management will consider and decide the way forward including communicating the results of the survey to the Group.

B-BBEE

We remain committed to transformation through the ongoing advancement of our Broad-Based Black Economic Empowerment (B-BBEE) initiatives. The Group sets itself targets against the dti codes of "Good Practice", which represent the framework on which government policy is being rolled out. The current Group targets are: Level 3 contribution by the end of 2012; and Level 2 contribution in 2015.

During this financial year, the Group underwent its first formal B-BBEE verification exercise with Empowerdex, using the Department of Trade and Industry generic codes. For our Table Bay property, which is our only hotel in South Africa without a casino, the Tourism B-BBEE scorecard was used. The seven pillars which were verified were ownership, management control, employment equity, skills and development, preferential procurement, enterprise development and socio-economic development.

The verification process, conducted by Empowerdex, commenced in the middle of February 2011, and covered the period January 2010 to December 2010. The Group has performed exceptionally well and far exceeded our original target for 2010, which was to achieve Level 4 status. The Empowerdex certificate awarded to the Group verifies that we are a Level 3 contributor: with five units achieving a Level 2 rating, 7 units achieving a Level 3 rating and only one unit achieving Level 4 rating. The B-BBEE certificates are valid from 01 July 2011 and will expire on 30 June 2012.

The Group scored well on all the pillars, exceeding the targets set in Management Control, Employment Equity, Skills Development, Preferential Procurement and Enterprise Development. We achieved the set target in Socio-Economic Development and, although we did not meet the Ownership target, it was the highest contributor to the overall score. The scorecard appears in the introduction to this section.

Skills development

People development and support for B-BBEE transformation objectives are key focus areas for learning and development and, to this end,

Skills Development Element Score 2011

Skills development	Target level	Target score	Verified level	Verified score
Spend on black staff as a % of leviable amount	**3.00%**	**6.00**	**3.00%**	**6.00**
Spend on disabled staff as a % of leviable amount	**0.00%**	**0.00**	**0.00%**	**0.00**
Category B – D programmes for black staff as a % of total staff	**2.50%**	**3.00**	**3.36%**	**4.03**
Total score		**9.00**		**10.03**

In South Africa, 6 866 employees attended training programmes/modules conducted during the financial year, and in line with our B-BBEE targets, 83% of the delegates were Black (African, Coloured or Indian), and 51% were female.

Beneficiaries of Learning Interventions

	2011	2010	2009
Beneficiaries	**6 866**	6 605	6 593
Black as a % of beneficiaries	**85%**	83%	83%
Female as a % of beneficiaries	**51%**	51%	51%

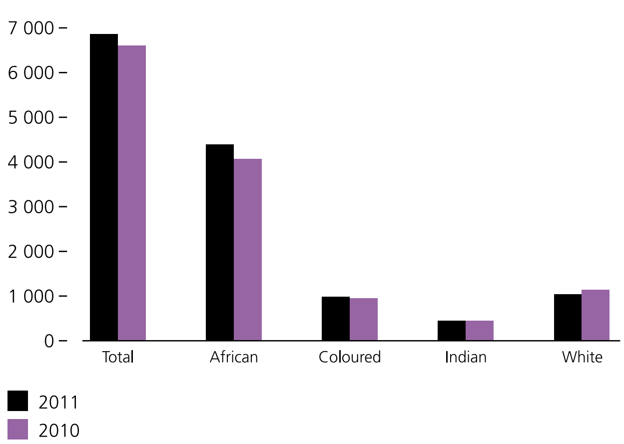
394 courses were presented to the 6 866 beneficiaries. A total of 45 859 interventions were delivered and on average each training beneficiary attended 6.7 different interventions.

we have developed a comprehensive learning strategy and formalised learning processes to ensure consistent delivery.

The Skills Development Element presented the most challenges, with the late introduction (November 2010) of the U-Count Reporting and Dashboard Solution to replace the manual tracking of our skills development score. While all the units completed the retrospective capturing of the data into the new system before the Empowerdex site visits, some units were unable to provide all the evidence required to corroborate what they had loaded into U-Count.

This notwithstanding, the Skills Development score of 10.03 points against a set target of 9, showed a significant improvement over the previous verified score of 5.9 achieved in 2008. This can be attributed to both the improved tracking of Skills Development expenditure through the use of U-Count, and a focus on conducting category B and D programmes which resulted in employees achieving National Certificates and Diplomas.

Training – beneficiaries by race



Preferential procurement

As one of the largest leisure groups in South Africa, Sun International utilises in excess of 4 000 suppliers who provide various goods and services. In its engagements, the procurement function continued to place more emphasis on promoting openness and transparency in all its dealings with suppliers and service providers; while encouraging more participation of BEE suppliers. We have seen the Group's Preferential Procurement score showing a steady improvement, with a consolidated score of 19.29 out of a maximum of 20 points; as compared to the previous year (this was a self-assessed score as the last verification was in 2008), when the score was 18.4. This improvement is attributable to the Group's ability to sustain and exceed targets under All Spend, QSE & EME (Qualifying Small Enterprises and Exempted Micro Enterprises), and Black Owned Businesses; while focusing its efforts on improving the Black-Women-Owned-Business Score. We have experienced an overall increase of 14% on the total number of B-BBEE suppliers across the Group. In addition, we have seen a threefold increase in the number of Black Women Entities in 2011, over the previous period.

Supplier development and management

The initiative has progressed well during 2011; the forum engaged over 100 SMEs most of whom presented their product and service offerings and have been added to the Group's supplier database. The Group is currently examining various categories of spend, within its supply chain, in which it can engage qualifying ED beneficiaries. The Group's Consolidated Preferential Procurement Score moved from 18.4 in the previous year to 19.29 out of a maximum of 20 points, with Black Women Owned entities increasing by up to 3 times.

Enterprise development

Our enterprise development programme has been successfully implemented in all our South African-based units. During the recent verification process conducted by Empowerdex, all the units achieved the maximum of 15 points for enterprise development, exceeding the target of 10 points.

To date, the emphasis has been on early settlements to improve the cash flow of our suppliers. Going forward, units are exploring projects linked to our supply chain that could benefit from enterprise development support. The projects that have been successful, are those directly linked to our operations - involving either a current supplier, or a new enterprise that we have included in our supplier database.

In 2010, we granted more than R1 million in interest-free loans to enterprises, enabling them to procure equipment and fund start-up costs. In addition, we have made R2.4 million in grants. Grants can take a number of forms, including: providing rent-free space to businesses that operate from our premises; providing businesses with the necessary utilities without passing on the cost of the services; or directly purchasing provisions that are part of the operating expenses of a business.

Once a project is up and running, the challenge is to ensure that it remains sustainable and that the opportunities for expansion and growth are identified and supported. To this end, the management at a unit level has to regularly interact with the business in order to monitor progress; and to provide the necessary business advice, guidance, coaching and mentoring.

Lost City Golf Course, Mankwe

PROTECT OUR ENVIRONMENT

IN THIS SECTION:

AT A GLANCE

Sun International remains committed to managing its impact on the environment and to meeting the standards of responsible tourism. To this end, the Group set ambitious targets for 2011. An overview of our progress is shown in the table below:

2011 Objective	Achieved/not achieved	Comment
To increase the number of staff and associates that have completed environmental awareness training to a level of at least 50% of all staff.	Not achieved	13% was achieved. The Group intends to improve on this over the next reporting year. The first step is compiling a Group-specific environmental education programme that will be implemented at the individual properties.
To reduce our energy consumption by a further 10% through improved management systems and the introduction of appropriate technologies.	Not achieved	3.44% was achieved. The approval and implementation of energy saving initiatives took longer than anticipated.
To reduce water consumption across our operations by a minimum of 9.5% through improved management and awareness of water.	Achieved	
To increase our total waste recycling levels to at least 38% of waste through improved awareness and operational efficiencies.	Mostly achieved	36.8% of waste was recycled.
To participate in the Carbon Disclosure Programme (CDP).	Not achieved	The review of the Group's environmental management programme and subsequent introduction of the Corporate Environmental Strategy for 2012 had to take priority over this period. Scope for participation in the CDP will be re-evaluated on an annual basis.
To incorporate our operations in Monticello and The Federal Palace into the Group environmental management system (EMS).	Partly achieved	Monitoring systems have been put in place. This next year will see the implementation of a full environmental management system.
To increase public awareness of our environmental vision through measurable and tangible marketing and communication initiatives.	Mostly achieved	Initiatives have taken place at individual units. A consolidated Group approach to public awareness initiatives and marketing is being developed. We communicated through signage and pamphlets at the units and the Nedbank Golf Challenge at Sun City.

The results indicate that progress was slower than anticipated. We have recognised the need to take stock of our approach to environmental management, especially with regard to the setting of environmental performance objectives. While we acknowledge that these objectives need to challenge us, we also recognise the need for them to be appropriate to the Group at present. We have therefore embarked on a process of "taking stock." This is in line with our 2010 annual report, where we noted our intention to re-evaluate the environmental management function, to increase the focus on environmental issues and identify areas for improvement. To this end, it was decided to initiate a process to develop a new and more appropriate Corporate Environmental Strategy to improve cohesion within the Group with respect to environmental matters.

PROTECT OUR ENVIRONMENT continued

Highlights in environmental performance in the 2010/11 financial year

- There were no significant environmental incidents during this past year and the Group received no fines or penalties for any environmental transgressions during the reporting period.
- Southern African properties achieved an overall electricity saving of 3.4% (10 590MW) this past year – although the inclusion of Monticello and the Federal Palace in this year's report has resulted in an increase of 3.2% in electricity use overall.
- Water saving measures and improved management of this resource across the Group resulted in an overall saving of 14.0% (962 479m^3) on the previous period.
- Environmental awareness, training and skills development continue to receive attention but the absence of a formalised corporate training module has affected our ability to achieve our objectives in this area. This notwithstanding, the past year did see an increase in the number of staff trained through an external environmental training programme.
- Diesel consumption fell by 36.7% (426 120L) as a result of greater stability in external power supplies and improved management of generator and vehicle use.
- Monticello and the Federal Palace have reported results for the first time, which have been incorporated into this report.
- The implementation and monitoring of the Environmental Management Programmes minimised the potential environmental impact inherent in the development and refurbishment projects that were undertaken at our properties (including Sun City, Kalahari Sands and the Wild Coast Sun).

Highlights from particular properties include:

- Sun International Zambia once again received the Fedhasa Responsible Tourism Award at the 2010 Imvelo Awards. In addition, this resort won the Best Environmental Management, Best Social Involvement and Best Economic Practice Awards at the event.
- Green Globe International promoted the sustainability programmes of Sun International Zambia through posting a series of five short videos highlighting their efforts on YouTube and other social media.
- Once again Carnival City featured at the Imvelo Awards by winning in the Best Waste Management category.
- The Table Bay Hotel won the Imvelo Award for Most Empowered Tourism Business in recognition of its community and staff empowerment initiatives.
- The Wild Coast Sun won the Best Water Management Award and became one of only two resorts to have received an Imvelo award in this category since 2004.
- Sun International has maintained the Heritage Environmental Certification Programme to reduce and limit the impact of our operations on the environment. Our ratings for our properties are as follows:

1
2
3
4
5
6
7
8

	2011	2010	2009	2008
Boardwalk Casino	**Gold**	Gold	Silver	Silver
Carnival City	**Platinum**	Platinum	Gold	Gold
Carousel Casino	**Gold**	Silver	Gold	Gold
Fish River Sun	**Gold**	Gold	Gold	Gold
Flamingo Casino	**Gold**	Gold	Gold	Gold
Gaborone Sun	**Gold**	Gold	Gold	Silver
Golden Valley Casino	**Silver**	Silver	Silver	Silver
GrandWest Casino	**Platinum**	Platinum	Gold	Gold
Kalahari Sands	**Silver**	Gold	Silver	Silver
Lesotho Sun	**Gold**	Gold	Gold	Gold
Morula Sun Casino	**Gold**	Gold	Gold	Silver
Meropa Casino	**Gold**	Gold	Gold	Silver
Sibaya Casino	**Gold**	Gold	Gold	Silver
Sun City	**Gold**	Gold	Gold	Silver
Swaziland	**Silver**	Silver	Silver	Silver
Table Bay Hotel	**Gold**	Gold	Gold	Gold
Wild Coast Sun	**Platinum**	Platinum	Platinum	Platinum
Windmill Casino	**Gold**	Gold	Gold	Gold
Zambia	**Platinum**	Platinum	Gold	Silver

PROTECT OUR ENVIRONMENT continued

Areas of environmental focus

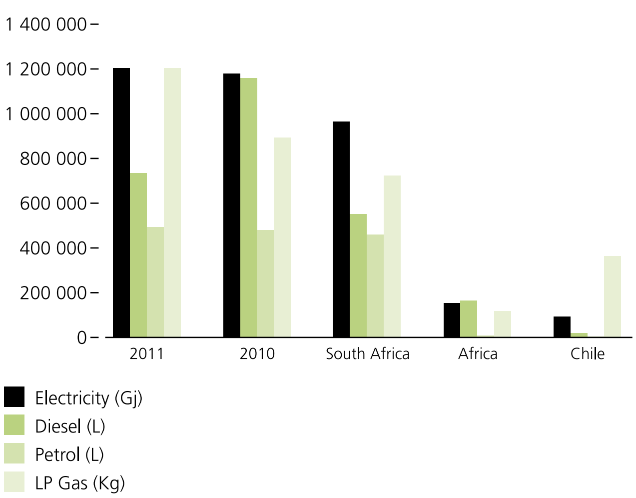
Specific areas of environmental focus for the Group include: the management of natural resource use, biodiversity management and the disposal of waste, wastewater and emissions.

Electricity consumption

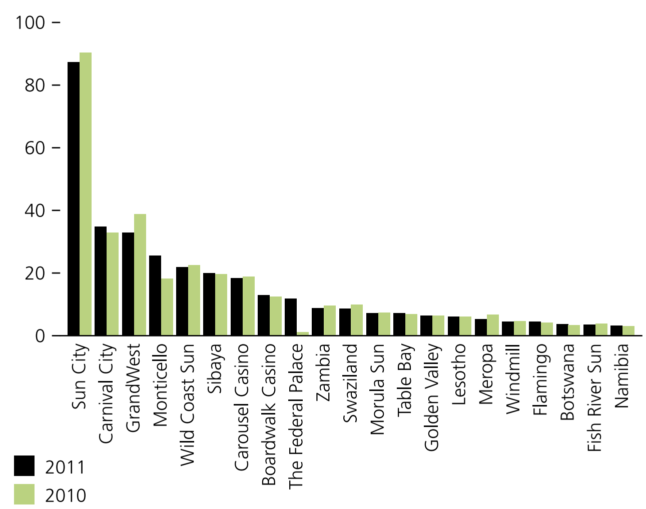
Compared with the data for 2010, electricity consumption across the Group has shown a reduction of 3.4% (10 590MW). With the inclusion of data from the Federal Palace and Monticello this year, there has been an overall increase of 3.2% in electricity consumption.

LP Gas consumption increased by 10.8% (10 896kg) as a result of the inclusion of Monticello, while more stable energy supply in all markets resulted in reduced diesel use across the Group of 36.7% (426 120L). Diesel remains the primary energy source at the Federal Palace, and for the purposes of this report, diesel consumption at the Federal Palace (4 037 445L) has been recorded separately so as not to skew the overall performance of the Group.

Overall energy consumption



Energy consumption
(GWh)



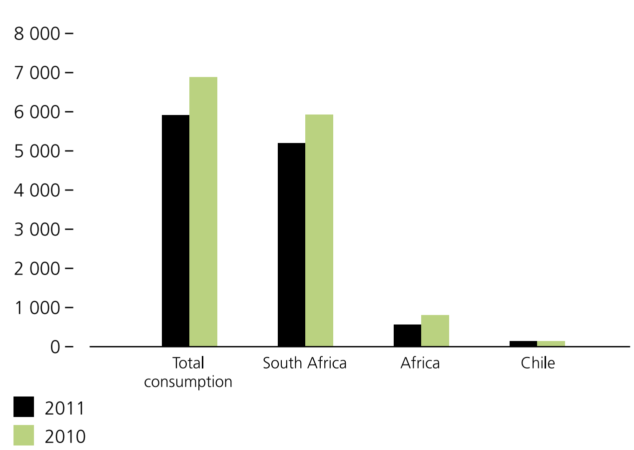
The reduction in electricity consumption was achieved through a number of ongoing projects including re-lamping, energy efficiency studies and improved management of resources in general.

Water consumption

Water consumption across all Group operations reflected a reduction of 14.0% from 6 879 586m³ to 5 917 107m³ for the period under review. Water-saving initiatives at property level, the installation of water-saving technology and a greater awareness of consumption, together with the increased cost of this resource, have all played a role in reducing consumption. Recent refurbishments and developments have ensured that the most effective water-management systems are now being introduced to our properties.

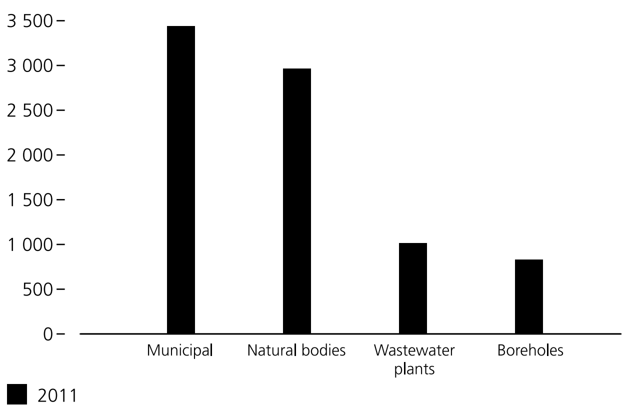
Water consumed by our operations is mostly provided by the relevant water authorities in the regions in which we operate, although the Wild Coast Sun draws its water directly from a dam on the property, and our Zambian property draws from the Zambezi River (both under

Water consumption
('000m³)



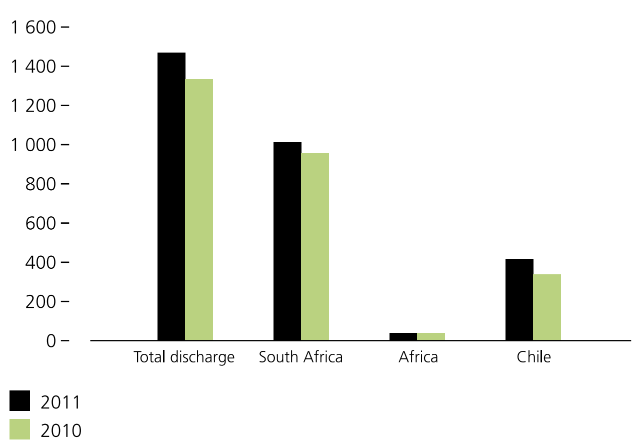
licence). Irrigation supplies are obtained from a number of different sources, including 'grey' water from wastewater plants at Sun City, Wild Coast Sun, Zambia and the Fish River Sun; while boreholes are present at a number of our properties to supplement irrigation needs as required. All relevant licence and permit conditions are being met; with the exception of the Wild Coast Sun, where the water irrigation permit in the volume of abstraction exceeds the allowance volume in the current permit. An application to increase the volume was made to the relevant authorities in January 2010, and approval is still awaited.

Total volumes by source
('000m^3)



The Group operates water-treatment plants at a number of properties including Zambia, Swaziland, the Wild Coast Sun, Fish River Sun, Sun City, the Carousel, the Federal Palace and Monticello. Approximately 70% of wastewater generated through water treatment facilities (1 012 487m^3), is used for supplementary irrigation.

Wastewater discharges
('000m^3)



The total volume of recycled water varies across the Group, and depends on factors such as the presence of wastewater treatment works, rainwater capture systems and other filtration and recovery systems. Rainwater harvesting is primarily driven by storm-water drainage at our properties, most of which is captured in existing dams and reservoirs (Sun City, Fish River Sun, Wild Coast Sun); or in the case of GrandWest and Flamingo, serves to maintain natural and artificial wetlands on the properties.

Biodiversity management

Sun International operates a number of properties in, or adjacent to, natural areas of high biodiversity value. These include the Falls Resort in Zambia's Mosi oa Tunya National Park (a World Heritage Site), Sun City adjacent to the Pilanesberg National Park, and the Wild Coast Sun which includes a protected dune forest. There are a number of environmental initiatives undertaken by the Group to ensure the protection of biodiversity under our control in these areas. We have:

- Established community-based environmental protection initiatives at the Wild Coast Sun to ensure that no damage is caused to the remaining dune forest at the resort, and to protect fossil beds that have been found at the beach in front of the property.
- Implemented strict control over illegal fishing for rock lobster and other protected species at the Wild Coast Sun and Fish River Sun.
- Appointed rangers at the Falls Resort to monitor and protect game and other wildlife found on the property in collaboration with the Zambian Wildlife Authority.
- Erected game fencing at the Carousel and implemented a strict game-management strategy to ensure the protection of species at the property and to reduce poaching.
- Rehabilitated a natural wetland area at GrandWest and taken steps to ensure that future developments at the property pose no threat to this area.
- Undertaken independent Environmental Impact Studies (EIS) for all new developments and, where required, conducted full impact assessments to identify and protect the biodiversity of the locations in which we operate.
- Introduced Biodiversity Management Policies at all properties in the Group through the Heritage Environmental Management Programme and taken steps to ensure that these are managed effectively.

Sun City displays a large number of biodiversity initiatives:

- Sun City treats between 2 and 3 million litres of waste water daily. This treated effluent is used for irrigation on the Gary Player Country Club, Lost City Country Club and the Vacation Club gardens.
- Sun City has a permitted Animal World where various species of wild animals are kept, including impala, nyala, springbok, monkeys and birds of prey.

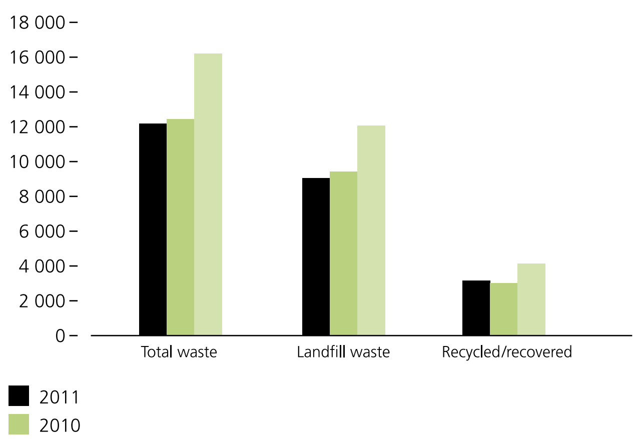
PROTECT OUR ENVIRONMENT continued

- Other wildlife including warthogs and impala are free-roaming on the golf courses.
- Top Turf manages 2 aviaries at the resort and there is a free-roaming breeding pair of blue crane.
- Kwena Gardens is an on-site crocodile farm which houses more than 7 000 crocodiles – a handful of which are located at Lost City Golf Course's thirteenth hole.
- The compost facility, developed in 2008, converts all the garden waste from the Sun City resort into organic compost which is used in the resort gardens.
- A permanent on-site primate management team was deployed in 2010 to assist in human-primate interaction. All the guards and several porters attended the Monkey Manners training which was presented by Isa Swart. Primate incidents have reduced dramatically over the last year.
- The Letsatsing Game area is located to the east of the resort and is managed by Game Trackers. This area is home to the Elephant Wallow where guests and staff can interact with elephants, and even go for a ride. There is also other free-roaming wildlife in this area, including rhinos.
- Sun City has a very successful feral cat programme, established in 2009. The feral cat population was stabilised through catch-and-release. Animals are spayed and neutered, ears snipped and fed by volunteers.
- A bush baby breed-and-release programme was established at the horse riding centre in 2011.

Waste management

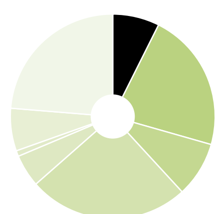
The recycling and reuse of waste remains a priority for the Group, and while we have not yet achieved our optimum recovery rates, we are pleased to see progress on the previous reporting period. Waste-to-landfill has been reduced across the Group by an average of 4% (381 tons) and recycled and recovered waste levels have increased proportionally by 4.7% (148 tons) overall.

Waste management
(Total and recycled volumes in tons)



While waste management and the presence of recycling industries remains an operational challenge in many parts of Africa, efforts to achieve meaningful reductions in overall waste, and the levels of recycled material in general, are being informed by an integrated waste-management strategy that addresses this issue from procurement to disposal. On-site "separation@source" programmes and training and awareness initiatives are contributing to improved levels of recyclability as well as greater staff awareness of the categories of waste and responsible disposal techniques at property level. This has already started producing results. Recovery levels have increased in total from 32.2% in 2010 to 36.8% in this reporting period.

Efforts continue to ensure that the main recoverable waste streams are separated, including plastics, cardboard, paper, glass, aluminium and electronic waste. As from this reporting period, we have started recording the volumes of these waste categories separately.



Recycled waste per type in tons

246	7%	Plastics
733	22%	Cardboard & packaging
291	9%	Paper
844	25%	Glass
171	5%	Aluminum
30	1%	e-waste
224	7%	Hazardous
789	24%	Unspecified

The company is directly responsible for waste facilities at Sun City and Swaziland and efforts to ensure the most effective and efficient use of the available landfill capacity include improved separation and recovery practices and greater on-site awareness. An application has been lodged for the extension of our landfill licence at Sun City and continuing efforts are being made in Swaziland to manage the limited facilities available to the Group.

Hazardous waste associated with our operations is separated and includes the disposal of materials that range from fluorescent lamps, used oils and lubricants, asbestos, chemicals and combustible waste, to used parts and electronic waste. This past year, a total of 224.2 tons of hazardous waste was disposed-of across the Group, an increase of 16.7% (37.5 tons) over the previous year. This is mostly attributable to renovations at the Wild Coast Sun and improved data collection on hazardous waste volumes.

Formulating our environmental strategy

Turning to how the Group intends to progress its environmental management programme over the next reporting year, as noted earlier in this section of our Integrated Annual Report, we have committed to the development and implementation of a new comprehensive Corporate Environmental Strategy.

We are pleased to report that the Corporate Environmental Strategy development process is well underway and is being led by our "Green Team." This process has the full support of the CE and CFO

Royal Livingstone sundeck, Livingstone, Zambia

who participate in strategy working sessions and have endorsed the appointment of the "Green Team." Furthermore, the Group intends to appoint a Group Environmental Manager to lead the finalisation and implementation of the strategy.

The following key steps will be taken to support the implementation of this strategy over the next reporting year:

- Implementing best practice Environmental Management Systems at our facilities as reflected in ISO 14001. This will drive consistency across the Group, while also providing the flexibility of a system that is appropriate to each property. The nature of this management system will assist with environmental risk management; and ensure reliable data to support sustainability reporting.
- Conducting more detailed situation or baseline assessments to assess the impact of the Group's operations on the environment. This will provide us with a more detailed understanding of our impacts than currently exists. This information will assist in determining environmental performance standards and identifying management priorities.
- Identifying appropriate mechanisms to further promote the integration of environmental data from our various properties into the Group's annual reporting. Specifically, there is a drive to strengthen the links between governance, risks and opportunities, key performance indicators and sustainable development.
- Exploring various external partnerships which would assist in promoting the environmental management ethic within the Group; while also providing a platform for the sharing of industry-related information for improvements on environmental matters.
- Pursuing environmental accreditations appropriate to the Group and to our respective units within the Group.
- Developing a staff Environmental Education programme which is tailor-made for Sun International, taking into account our environmental policy, objectives, and targets.
- Developing a consolidated guest awareness campaign which highlights the Group's commitment to environmental management, while encouraging guest participation.

One of the key issues that has emerged during our review of our environmental management programme is the need for greater consistency in the way we monitor and report information across the Group. This, together with improving the robustness and comprehensiveness of our environmental data, will form the focus of our efforts in 2012. We have determined that we need to build and strengthen what we have in place before venturing into new territory such as carbon footprinting. Accordingly, we have rescheduled some of the activities and objectives noted in our 2010 Integrated Annual Report to align with the priorities of the Group.

8

ETHICS AND RISK MANAGEMENT

IN THIS SECTION:

AT A GLANCE

Sun International is fully committed to ethical behaviour at all levels of the organisation, underpinned by our Code of Ethics. We recognise the vested interests of all our stakeholders in the manner in which we conduct our business; and are focussed on the proactive identification of hazards, the assessment of risk and the implementation of controls. This also translates into sound corporate governance principles. Notably, we have already implemented 83% of the King III recommendations against which we started reporting in 2010. These principles continue to be underpinned by the values of responsibility, accountability, fairness and transparency.

OUR ACHIEVEMENTS

- There were no incidents of non-compliance with regulations or voluntary codes concerning the impact of products and services during their life cycles; neither were there any warnings or penalties.
- Comprehensive risk assessments have been conducted across all our assets over the past year.

OUR CHALLENGES

- To continue to drive awareness and understanding of, and subscription to, our Code of Ethics.
- To constantly reinforce our risk-management policies and procedures through training.

OUR OBJECTIVES

Our objectives are detailed in Ethics & business conduct on page 110.

Windmill

Bloemfontein

Ethics & business conduct

Our Code of Ethics assists us in fulfilling our responsibility to all stakeholders. This code commits us – and our subsidiaries – to acting in a manner that earns us a reputation as a company that is:

- Committed to integrity and honesty in everything we do.
- Consistent in fulfilling our 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 our services and products.
- Non-political and non-sectarian in all our activities.
- Committed to supporting responsible gambling.

As regards our 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 are emphasised and encouraged.

The Social and Ethics committee was constituted this year. In its inaugural meeting the committee's mandate and terms of reference were addressed. These include, inter alia, statutory duties as listed in the Company Law Regulations; and the reviewing of Group practices relating to labour, ethics, corporate social enterprise, employment equity and consumer marketing.

Regulatory compliance

The Group's trading environment has become increasingly regulated, particularly in South Africa.

Casino operations are regulated by the gambling board of each of the provinces in which they are located and, from an oversight and broader policy perspective, by the National Gambling Board. The standards of regulation in the industry are on a par with the best in the world. The National Responsible Gambling Programme is a leader in the field and has been used as a template by a number of international jurisdictions.

The broader trading environment is governed by a range of legislation with applications relating to competition issues, the environment, health and safety, security, money laundering and labour. Many of the statutes provide for a regulatory body to monitor and enforce compliance. We ensure compliance with applicable legislation and seek to foster constructive relations with regulatory bodies.

Risk management

Risk management is integral to our business processes and is well entrenched in all our business practices.

Internal financial 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.

External risks are managed as part of the ongoing strategic process. For further details regarding risk processes, please refer to the Corporate Governance report on page 112.

Corruption

The Group adopts a strong stance on corruption. During the year, all 29 business units were analysed for risks related to corruption. In addition, we conduct regular training on our policies and procedures designed to counteract forms of corruption, e.g. money-laundering. This training is a requirement for Gaming managers and staff, but not for employees uninvolved with the casinos. Notably, 88.4% of the target audience had received the required training as at 30 June 2011 (96% in SA). In the past year, 4% of managerial and 12% of non-managerial South African casino staff were trained.

Responsible gambling

The issue of responsible gambling has received much attention over the past year. This is largely because responsible gambling has featured as a focus point in the 2009 commissioned report published by the five-member Gambling Review Commission. Sun International's focus on responsible gambling remains an integral part of its management activities and approach to corporate social responsibility.

We actively promote a culture of responsible gambling. As a founder member of the South African National Responsible Gambling Programme (NRGP), the Group – at its various casino properties – provides assistance and counselling for customers where required through the NRGP and similar interventions in neighbouring countries.

Employee training on how to render assistance to 'problem gambling' customers remains the main focus of our responsible gambling programme at all our casinos. This includes the facilitation of self-exclusions and concomitant advice given to customers on next steps during an exclusion process, direction with regard to the scope of counselling services, guidance on the responsible use of crèches, safeguarding of unattended minors, and the prevention of underage gambling.

In the year under review, a reported 864 customers at our casinos sought exclusion at their own request, and were referred for treatment to the NRGP.

Awareness of minor children (13 years old and younger) attending our premises is constantly reinforced to staff members as they may not be left unattended and must be booked into a crèche or children's area where they may remain for a maximum of four hours. Any minor found unattended in any part of a casino building complex, including motor vehicles and gardens, is taken to a place of safety on the premises, or remains with a appropriately trained and designated employee until the parents are located.

The NRGP has extended its reach during the year in terms of its schools programme, education of the general public at appropriate venues, and pertinent advertising campaigns. It has strengthened its position as one of the most successful public/private sector partnerships in the global gambling industry.

Corporate Governance report

Our commitment

The Sun International Group remains committed to compliance with the regulatory requirements of all the countries in which it operates, and particularly at an enterprise level, to sound corporate governance principles.

The board welcomed the introduction of the King Report on Corporate Governance for South Africa, 2009 and the King Code of Governance Principles (King III) that became effective on 1 March 2010. In addition, the board elected to report in terms of King III in the 2010 integrated annual report; notwithstanding that this only became a requirement for listed companies as from the 2011 reporting year. The Group, having embraced best practice governance requirements, has effectively been implementing and reporting on a broad spectrum of governance principles over the years. These continue to be underpinned by the values of responsibility, accountability, fairness and transparency.

KING III

The Group commenced its King III journey with a gap analysis which assessed current practices in relation to the recommended governance practices. The outcome of the gap analysis was presented to the board and work-shopped on both a board and individual committee level. This exercise culminated in the board identifying those governance recommendations that were considered material to the Group and the Group's response to the recommendations. As a result, in the 2010 integrated annual report we reported on those principles that were to be applied by the Group (and identified those principles that were not considered relevant). Sun International has reaffirmed its commitment to these principles throughout the course of 2011.

Key highlights for the year under review

- The Group conducted a self-assessment on its progress in applying, as deemed appropriate, the recommendations set out in King III; and accordingly is able to report its progress to all stakeholders.
- The IT governance committee was constituted as a sub-committee of the risk committee and was entrusted with overseeing the Group's governance of IT.
- The social and ethics committee was constituted as a statutory committee insofar as its obligations are set by the Companies Act, 2008; and as a committee of the board insofar as it was tasked with additional responsibilities.
- We commenced the formalisation of the Group's legal and compliance policy.
- We introduced structured and formalised stakeholder engagement practices following the finalisation of the Group stakeholder register in 2011.
- A formalised director development training programme was introduced.
- Progressive steps were taken to formalise the Group's corporate environmental strategy and practices.
- We implemented aspects of the Companies Act, 2008.
- Having obtained an independent assurance on the Group's sustainability assurance for the first time last year, the Group applied the Global Reporting Initiative ("GRI") framework to its sustainability reporting. The GRI table can be found on *http://suninternational.investoreports.com/results-reports/2007-2011/.*

There is no one-size-fits-all code of governance, however, and in instances where the Group has elected not to apply certain of the recommendations contained within King III, we have explained the rationale under the relevant sections throughout this report.

Statement of compliance

The board has satisfied itself with the extent of the company's compliance with King III and with the JSE Listings Requirements as articulated in this report.

The Group is pleased to report that there have been no material instances of non-compliance or fines imposed during the year under review. While the board is satisfied with its level of compliance with applicable governance and regulatory requirements, it recognises that its practices can always be improved upon, and accordingly the board has, and will continue to, review the company's governance framework against governance best practices.

2011 progress update

The table below reflects the Group's undertakings as recorded in the 2010 integrated annual report, with an additional column included to report the Group's progress over the 2011 year:

Principle	2010 assessment	2011 update
Maintaining and promoting an ethical climate at Sun International	♠ The code of ethics facilitates the maintenance and promotion of an ethical climate at Sun International. ♠ An internal task team has been appointed to oversee a process of refreshing all Group policies – initially those that involve employee behaviour and ethics.	♠ The Group's code of ethics was reviewed by the audit committee as well as the newly constituted social and ethics committee and deemed to be comprehensive. Furthermore, we are planning a Group culture survey to better assess the core beliefs and ethical climate of the organisation. Based on the results of this survey, specific changes and where necessary interventions will be designed and implemented. ♠ An internal task team was appointed and has finalised phase 1 of the review of all of the Group's ethics and behaviour-related policies. The phase 1 policies were signed off in the year under review, allowing the task team to focus on phase 2 of the review comprising the remaining Group policies.
Sun International's positive and negative impacts on society	♠ The board is satisfied that various interventions are in place to ameliorate such negative impacts. Such interventions include the Responsible Gambling Programme and child care procedures.	♠ The Group will continuously monitor its impacts on society and has charged the newly constituted social and ethics committee with a mandate to monitor both the positive and negative impacts of the Group. ♠ The National Responsible Gambling Programme is considered to be a globally renowned programme and continues to be well supported by the Group.
The formation of a social and ethics committee	♠ As the regulations to the Companies Act, 2008 were yet to be finalised, the board resolved to await the finalisation of the said regulations in order to obtain clarity as to the requirements and duties pertaining to the proposed committee. In the interim, the risk committee will focus on issues of an ethical nature.	♠ The Group constituted its social and ethics committee during the year and the committee held its inaugural meeting on 28 February 2011. The committee is comprised of three non-executive directors, the majority of whom are independent. The committee is chaired by the chairman of the company, Mr Valli Moosa.

Principle	2010 assessment	2011 update
The independence of non-executive directors	♠ The nomination committee will review and assess the independence evaluation according to the agreed independence criteria. ♠ The independence of directors that have served on the board for longer than nine years will be specifically reported on in the integrated annual report. ♠ Board committees must include a majority of independent directors.	♠ The board, through the nomination committee, conducts an annual assessment of the independence of its non-executive directors. ♠ The Group reports annually on the independence of its directors including those directors that have served on the board for longer than nine years. ♠ The constitution of the board and of its committees are reviewed annually in order to ensure that the committees comprise of a majority of independent directors.
Independent professional advice	♠ It was confirmed that any director or group of directors may obtain further advice from any company advisor and/or an external professional advisor upon notification to the chairman and/or the company secretary. ♠ The obtaining of such advice will be at the cost of the company.	♠ The Group formalised its policy which sets out that any director or group of directors may obtain further advice from any company advisor and/or an external professional advisor upon notification to the chairman and/or the company secretary. ♠ The obtaining of such advice will be at the cost of the company. There were no instances of such advice being sought during the year under review.
Professional development training	♠ Director development programmes will be made available, internally before selected board meetings, on a voluntary attendance basis. ♠ External training via accredited institutions such as the JSE and Institute of Directors of Southern Africa will be made available to directors at the cost of the company.	♠ The Group conducted various director development training sessions during the year under review and such sessions were well attended by all board members. Further details are set out on page 123. ♠ External training was made available to board members via accredited institutions such as the JSE and Institute of Directors of Southern Africa.
Share dealings	♠ The proposed policy will be finalised and adopted in the forthcoming year.	♠ A revised Securities Trading policy was finalised and adopted by the Group. There have not been any breaches of the Securities Trading policy that have come to the attention of the board.
Non-executive director fees	♠ Non-executive directors' fees will be split into a base fee component and an attendance fee component. ♠ The nomination committee has the discretion to review the payment of fees in cases of non-attendance.	♠ Non-executive directors' fees were split into a base fee component and an attendance fee component and approved by shareholders at the company's 2010 annual general meeting. ♠ The nomination committee did not elect to apply any discretion to any non-attendance in the year under review.
Combined assurance	♠ Whilst Sun International has a number of expert service providers in the various areas of compliance, the Group has engaged a single external assurance provider to provide independent assurance over the sustainability content within the integrated annual report.	♠ The Group had obtained an independent sustainability assurance on its sustainability reporting for the first time in 2010 and obtained a C+ sustainability rating. The Group was categorised in the top 100 GRI compliant companies and for the first time this year has introduced a GRI table report. The Group is pleased to report a rating of B+ for its 2011 sustainability reporting. Futher information can be found on page 147 of the integrated annual report.

Principle	2010 assessment	2011 update
The appointment of a chief risk officer	♠ The Sun International risk management and risk philosophy is integrated into its business practices and operating processes across all units. As a consequence the onus of risk and those accountable for risk remain the Group's business leaders with its chief executive retaining ultimate accountability. The Group has therefore elected not to appoint a chief risk officer.	♠ The Group believes that this remains the best position to be adopted with risk accountability and ownership flowing throughout the Group. The Group engages the services of KPMG Inc to assist in its risk review processes at a board level. The Group's internal audit department conducts an annual assessment of the Group's risk processes and the outcome of the 2011 assessment indicated that the Group's risks practices and processes remain appropriate for the Group.
The formation of an IT governance committee	♠ The current IT governance and security committee is to be dissolved and a new IT governance forum is to be constituted. The committee will include at least one independent IT expert. ♠ The IT governance committee is to compile an IT charter incorporating existing standards and frameworks, as well as the recommendations contained in King III. ♠ The IT governance process will be overseen by the risk committee.	♠ The IT governance committee was constituted as a sub-committee of the risk committee during the year and has held its inaugural meeting. ♠ An independent IT governance expert, Mr Frank Rizzo was appointed to the sub-committee and will report back to the risk committee, on the activities of the sub-committee.
The establishment of a compliance function	♠ Sun International has several business functions that are responsible for compliance including regulatory, statutory and gaming compliance. Accordingly, it was agreed that a separate compliance function would not be established and that the Legal Affairs director will consolidate the various compliance reports into an integrated report for the board.	♠ Management is in the process of formalising a legal and compliance framework policy.
Stakeholder relationships	♠ Sun International is finalising its stakeholder engagement processes and has commenced with compiling a stakeholder register in order to formalise its plans to engage with stakeholders in furtherance of its stakeholders' legitimate expectations and interests. During the initial exercise 26 such stakeholders were identified. ♠ The Group will consider the measurement of certain of these stakeholders' perceptions in order to establish any expectation gaps. ♠ The risk committee will undertake the function of overseeing the process of stakeholder identification, reviewing our stakeholder register and engagement plans.	♠ The Group finalised its stakeholder register and delegated executive management as owners of each material stakeholder issue. ♠ Engagement plans have been formulated and the risk committee apprised of material issues to be addressed with the relevant stakeholders. ♠ The Group is considering obtaining an independent measure of the expectations of certain key stakeholders. The views of employees and customers are already being obtained on a regular and systematic basis. ♠ The risk committee has reviewed certain stakeholder engagement reports.
Disclosure of the top three paid employees	♠ Given the industry, and in particular Sun International's remuneration structure, the board did not believe that this principle was significantly relevant to the company. ♠ Notwithstanding the same, the Group elected to disclose the aggregate payments to its top three paid employees.	♠ The Group reports on the two executive directors for the financial year and, in aggregate, the top three paid employees for the financial year.

The board remains mindful of its responsibility to, and of the interdependency and interaction between, the triple 'Ps' (People, Planet and Profit) as the foundation for sustainable value creation, ensuring an entrepreneurial culture which identifies and operates within acceptable risk levels and progressing transformation at all levels.

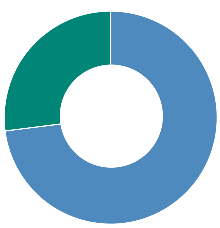
The Group's commitment to these principles is further evidenced by its continued inclusion in the JSE's Socially Responsible Investment (SRI) Index.

King III in 2011

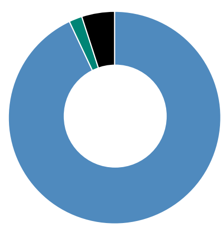
The Group is pleased to present an executive level dashboard of its efforts in the pursuit of governance best practices. With the assistance of a King III assessment tool, developed by PricewaterhouseCoopers, the Group assessed its progress against the implementation of King III. The high-level analysis is presented below.

This dashboard has been compiled as a snapshot of Sun International's implementation and compliance with the governance principles espoused in King III. The Group has implemented the majority of the King III recommendations and is yet to consider the implementation of 3% of the recommendations, with the balance being a "work in progress" based on the assessment. Whilst the Group has always maintained that governance is a substantive matter as well as a compliance matter, the dashboard is meant to reflect the Group's governance implementation and compliance.

Chapter compliance rating		
One:	Ethical leadership & corporate citizen	●
Two:	Boards and directors	●
Three:	Audit committees	●
Four:	The governance of risk	●
Five:	The governance of IT	●
Six:	Compliance with laws, rules and codes	●
Seven:	Internal audit	●
Eight:	Governing stakeholder relationships	●
Nine:	Integrated reporting and disclosure	●



Chapter One



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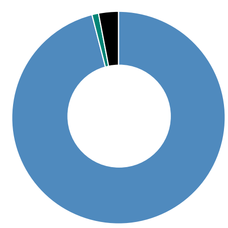

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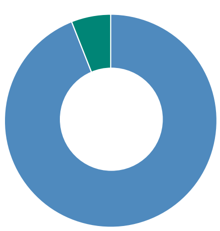

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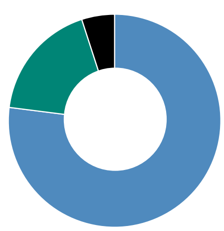

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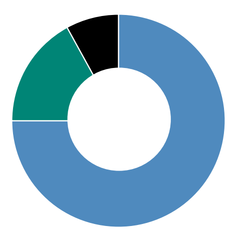

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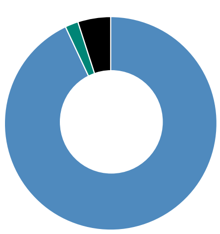

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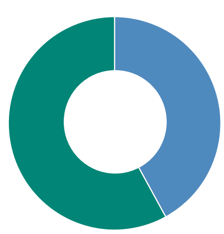

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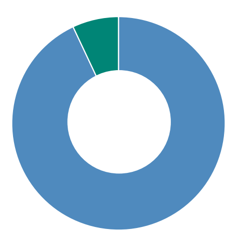


Chapter Nine

The remainder of this report provides more detail on the analysis as presented in the executive summary above.

The Group's governance is facilitated by its governance structure as depicted below:

Board of directors

The board as the custodian of the Group's ethics remains the focal point of the company's corporate governance system and is ultimately accountable and responsible for the key governance processes and the sustainable growth, performance and affairs of the company, taking into account the legitimate interests and expectations of all stakeholders.

Board charter

The board charter details the manner in which the business is to be conducted by the board in accordance with the principles of sound corporate governance and organisational integrity. The board charter is reviewed by the board on an annual basis. Having amended the board charter in 2010 to accommodate for the recommendations of King III, the board amended the charter again at its May 2011 meeting to accommodate for further governance principles.

Compliance with the terms of the charter and the company's memorandum of incorporation 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 as well as 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 include the adoption of strategic plans, the monitoring of management's implementation of board plans and strategies, the delegation of powers and duties to management, the determination of policy processes to ensure the integrity of management, internal controls, the monitoring of the Group's ethics and responsible citizenship of the Group and IT governance.
- Board governance processes, encompassing board procedures and matters requiring annual and regular review, including the review of the Group's integrated annual report.
- 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 process effectiveness assessment.
- Procedures for board meetings, frequency, quorum, agendas, board papers, conflicts of interest and minutes.
- Share dealings.
- Board, committee and individual director evaluations on performance.
- The role and responsibility of the company secretary.

The board 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 decisions.

Board chairman

The board is chaired by Mr MV Moosa, a non-executive director, appointed as board chairman from 1 July 2009 and has been reappointed as board chairman for the year under review. The board chairman is not considered to be independent, as he is a shareholder and director of Lereko Investments (Pty) Limited, which is a material shareholder of Dinokana Investments (Pty) Limited, a 6.7% shareholder of the company.

Though the board chairman cannot be classified as independent in terms of the governance criteria, the board is of the view that he brings valuable expertise, experience and skills to the board and will exercise independent judgement in relation to board matters. In addition, the board has appointed a lead independent director to provide leadership and advice to the board and the executive in the event that the board chairman's interest in the shareholding of the Group represents a conflict of interest in any matter or decision facing the board.

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 company's memorandum of incorporation, is subject to annual election from among 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 the relevant governance criteria. Accordingly, Mr IN Matthews was appointed as the LID with effect from 1 July 2009 and has been reappointed as LID for the year under review.

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 may be subject to a conflict of interest. The LID also leads and introduces discussion at board and committee meetings regarding the performance and evaluation of the board chairman. The LID is subject to annual election by the board.

Board composition

Sun International has a unitary board structure comprising a mix of executive and non-executive directors, the majority of whom are independent non-executive directors. The board presently comprises three executive and twelve non-executive directors, of whom nine are considered independent in terms of the criteria contained in the governance requirements.

Messrs Egan and Oblowitz will both be stepping down from the board with effect from the annual general meeting on 22 November 2011.

The non-executive directors have the necessary skills, qualifications and experience – as is evident from their CVs on pages 14 and 15 – to provide judgment independent of management on material board issues. The composition of the board also appears on these pages.

Board appointments

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 and takes into account an appropriate balance of skills, experience and diversity of the board when proposing new appointments.

The board has made two new appointments in the period under review and welcomes Ms Bridgette Modise and Ms Kele Mazwai with effect from 1 September 2011. Ms Modise is an independent non-executive director and has also been appointed to the audit committee. Ms Mazwai has been appointed as an executive director as she currently holds the office of Group human resources director (SIML). A copy of their CVs can be found on pages 14 and 15.

Independence

The board, through the nomination committee, assessed the independence of the independent non-executive directors against the criteria set out in King III, the JSE Listings Requirements as well as the Companies Act, 2008. The board was satisfied with its findings that three of its non-executive directors are not considered independent and nine non-executive directors are considered independent.

The independence assessment was conducted by way of written evaluations that were reviewed by the nomination committee for subsequent consideration by the board with the exception of Ms B Modise, whose independence was considered at the time of her appointment to the board in September 2011.

The nomination committee conducted a rigorous independence assessment of the non-executive directors that have been on the board for more than nine years, and concluded that these directors retain their independence in character and judgement, notwithstanding their length of service and that there were no relationships or circumstances that were likely to affect or be perceived to affect their independence. The board concurred with the findings and is of the view that the aforesaid non-executive directors bring valuable experience and skill to the board, and that they will continue to exercise their independent judgement.

The independence evaluation will be conducted and reported upon, on an annual basis.

Chief executive and delegation of authority

Mr DC Coutts-Trotter was appointed as the chief executive on 1 July 2006. 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 authority levels 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 and board meetings. Levels of authority and materiality have been established and are reviewed annually by the board and the remuneration committee.

The chief executive is mandated and held accountable for inter alia:

- 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.
- Establishing best management and operating practices.

The role and function of the chief executive is formalised, and the board, through the remuneration committee, annually evaluates the performance of the chief executive against specified criteria.

Succession planning

Executive and senior management

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, and is carried out through the remuneration committee. Detailed succession plans are presented annually to the remuneration committee in this regard.

Non-executive directors

Board and committee succession planning is carried out through the nomination committee. The nomination committee reviews the composition of all committees and the committee members' readiness to succeed a committee chairman if the need arises.

Board and committee evaluations

The board evaluates its own performance, processes and procedures in terms of a self-evaluation process which is conducted annually, the last evaluation having been carried out during April 2011. The board elected to conduct an electronic assessment this year, which facilitated the timely completion and consolidation of the results.

The nomination committee appraises the performance of the board chairman, the LID, the board and each board member. The LID is tasked with leading the assessment of the board chairman's performance

based on board members completing an electronic evaluation questionnaire. In turn, the board chairman is responsible for leading the assessment of the LID's performance based on board members completing an electronic questionnaire.

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 determination of the remuneration of the chief executive and his direct reports.

Board committees are also reviewed by way of self-evaluations which are conducted annually, the most recent evaluations having taken place during April 2011.

The chairman of the nomination committee reports the findings of all evaluations to the board; and an action plan to improve outcomes, where necessary, or to implement suggestions for improvements made by the directors or committee members, is implemented in terms of best practice.

The evaluations of the board chairman, the LTD, the board, the board members and the committees conducted in 2011 indicated mainly positive results supporting an upward trend in effectiveness and performance. Based on the results of the 2011 evaluation, the directors are of the opinion that the board and its various committees have effectively discharged their responsibilities in accordance with their respective written terms of reference.

The board confirms that it has addressed the key areas of improvement arising from the 2010 evaluations and the areas of improvement for 2011 were noted to be:

- Succession planning.
- Equipping directors to deal with the new governance and regulatory regime.
- The composition of the board and committees.

The areas for improvement will continue to be addressed during the forthcoming year and the board has put in place the appropriate plans to progress the matters listed above.

Directors' period of office, re-election and retirement

Newly appointed directors

In terms of the company's memorandum of incorporation, new directors may only hold office until the next annual general meeting at which time they will be required to retire and offer themselves for re-election.

Accordingly, Ms B Modise and Ms KH Mazwai, having been appointed with effect from 1 September 2011, will stand for election at the forthcoming annual general meeting. Their CVs summarising their experience and skills can be found on pages 14 and 15 of the integrated annual report.

Rotation of directors

Directors are subject to retirement by rotation at least once in every three years in accordance with the company's memorandum of incorporation; and the nomination committee, having assessed the performance of those directors that are due for re-election, makes a formal recommendation for re-election to the board and shareholders.

In this regard, the nomination committee, having concluded its assessment, recommends the re-election of the retiring directors, Messrs RP Becker, MP Egan, MV Moosa and GR Rosenthal – such directors, being eligible, have offered themselves for re-election, with the exception of Mr MP Egan, at the forthcoming annual general meeting. Their CVs, summarising their experience and skills, can be found on pages 14 and 15 of the integrated annual report. Mr MP Egan has indicated that he will not stand for re-election at the forthcoming annual general meeting.

Retirement

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 their fiduciary duties and responsibilities; the regulatory, statutory and governance framework; the Group and the business environment and markets in which the Group operates. This programme 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 company secretary is responsible for the co-ordination of the induction of new directors.

Director training and development

All directors are expected to keep abreast of changes and trends in the business and in the Group's environments and markets. This includes changes and trends in the economic, political, social and legal environment. Training is provided to accelerate board competencies, where necessary, in terms of the Group's Professional Development policy. This training is made available to all directors both internally and externally at accredited institutions, at the cost of the company.

In the year under review the following training was provided to directors:

Date	Topics
25 November 2010	Enterprise gaming system
	Gaming Operations
11 February 2011	Audit committee members: Annual IFRS technical update
25 February 2011	The Consumer Protection Act – implications for Sun International

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

A written policy 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 of the board chairman or the company secretary.

No such advice was sought in the year under review.

Company secretary

Ms CA Reddiar was appointed as company secretary of the Group in April 2010. The company secretary provides a central source of advice to the board on the requirements of the JSE Listings Requirements; the Companies Act, 2008, King III and corporate governance. In addition to the company secretary's statutory and other duties, she provides the board as a whole, directors individually, and the committees, with guidance as to the manner in which 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

Sufficient directors' and officers' liability insurance cover is in place and is reviewed on an annual basis by the risk committee.

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 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 are scheduled each financial year to consider, deal with and review, inter alia: strategic/key issues, financial issues, quarterly operational performance, and any specific proposals for capital expenditure and investment decisions relative to the company and the Group.

In addition, the board holds a fifth meeting which is a strategy meeting with executive management on an annual basis, to deliberate the Group's strategic direction and to consider plans proposed by management for the achievement of the Group's strategic objectives. 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. No such additional board meeting was required for the year under review.

Directors are required to make their best effort to attend board meetings and to prepare thoroughly for such meetings. Directors 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 end of all board meetings.

Four board meetings and one strategy meeting were held during the 2011 financial year. Details of board and committee attendance by directors, for the year under review and to the date of this report are indicated in the table below and attest to the commitment of the board to be present at meetings.

For ease of reference, the attendance, independence classification and board tenure has been consolidated in the table below – this also facilitates a holistic view of the board and committee composition and attendance. As a result of additional members comprising the risk committee and IT governance sub-committee, separate tables indicating the composition and attendance at the risk committee and IT governance committee are set out on pages 129 and 130.

Board and committee attendance	Years' service (rounded up to nearest year)	Board meeting attendance	Member	Remuneration committee attendance	Member	Nomination committee attendance	Member	Audit committee attendance	Member	Social and Ethics committee
Non-executive directors										
Independent										
ZBM Bassa	2	6/6	•	1/1			•	5/6		
PL Campher	9	6/6	•	3/4	•	3/4			•	1/1
MP Egan	19	6/6	•	4/4			•	6/6		
BLM Makgabo-Fiskerstrand	2	6/6							•	1/1
IN Matthews	15	6/6	•	4/4	•	4/4				
B Modise*	1	–					•	1/1		
DM Nurek	9	5/6					•	5/6		
E Oblowitz	9	6/6					•	5/6		
GR Rosenthal	9	6/6					•	6/6		
Non-independent										
MV Moosa	6	6/6	•	4/4	•	4/4			•	1/1
NN Gwagwa	6	5/6								
LM Mojela	7	4/6								
Executive directors										
DC Coutts-Trotter	15	6/6								
RP Becker	6	6/6								
KH Mazwai*	1	–								

• *member*
* *appointed on 1 September 2011*

Board committees

The board is authorised to form committees to assist in the execution of its duties, powers and authorities. The board has five standing committees, namely the: nomination, audit, risk, remuneration and social and ethics committees. Various other committees are established throughout the Group from time to time. The IT governance committee has been constituted as a sub-committee of the risk committee.

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 by the board (and each committee) on an annual basis with the most recent review having been conducted in May 2011 in order to ensure that the terms of reference remain current and reflect an appropriate focus during the year.

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.

REMUNERATION COMMITTEE

Composition: Messrs IN Matthews (chairman), PL Campher, MP Egan, MV Moosa and Ms ZBM Bassa.

The committee is comprised of non-executive directors, the majority of whom are independent. The details of the roles and responsibilities of the committee together with the report of the committee are detailed in the remuneration report on page 158.

NOMINATION COMMITTEE

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

The committee is comprised of non-executive directors, the majority of whom are independent. It is a requirement that the board chairman and the LID should be members of this committee.

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; ensure consideration is given to board and committee succession planning; and conduct regular evaluations of the board and board committees, as well as the board chairman, the LID and each board member. With regard to the composition of the board, the nomination committee is required to ensure that its size, diversity and demographics make it effective, and that it is structured to ensure a wide range of skills, views, knowledge and experience in order 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 LID, the board and each board member, and to report on the outcome of these evaluations to the board.
- Nominate company trustee nominees to the Group's pension, provident funds and sub-committees, and to the share incentive or employee share trusts.
- Recommend to the board the retention of non-executive directors after retirement age.
- Recommend directors that are retiring by rotation, for re-election.
- Recommend continuing professional development for all directors either internally and/or externally.
- Assess the independence of each board member.
- Review the evaluation of the committees' performance and effectiveness annually.
- Carry out the evaluation of its own performance and effectiveness, annually.

The chief executive attends all meetings of the nomination 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 and, as indicated in the attendance table above, four nomination committee meetings have been held to the date of this report.

AUDIT COMMITTEE

Composition: Mr GR Rosenthal (chairman), Ms ZBM Bassa, Mr MP Egan, Ms B Modise, Messrs DM Nurek, E Oblowitz.

Ms B Modise has been appointed to the audit committee with effect from 1 September 2011 and attended her first audit committee meeting in September 2011.

All members have been re-nominated by the board, subject to share-owner approval, at the annual general meeting, to serve on the committee for the financial year ending on 30 June 2012, under the chairmanship of Mr GR Rosenthal. Mr E Oblowitz has indicated that he will be retiring from the board in November 2011 and Mr MP Egan has indicated that he is not available for re-election at the forthcoming annual general meeting and accordingly both directors will step down from the audit committee during the course of November 2011.

All members of the audit committee are independent non-executive directors; and are financially literate with the necessary expertise to discharge their responsibilities.

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, internal financial controls, the operation of adequate systems, maintenance of control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements, accounting standards and the JSE Listing Requirements.

In addition, as advocated by King III, the audit committee oversees the integrated annual reporting, and has recommended the approval of the integrated annual report to the board.

The mandate of the audit committee includes:

- The nomination of the external auditors annually for appointment by shareowners, determination of fees and terms of engagement.
- The evaluation of the independence and effectiveness of the external auditors, consideration of the 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 the valuation of unlisted investments and loans and going concern statements, prior to submission to the board.
- Review of the annual report prepared in terms of integrated reporting requirements.
- The discussion of problems arising from external audit and review of the external auditors' interim and final reports and identification of key issues.
- 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, ensuring: annual review of the internal audit mandate, adequate resourcing, co-ordination between internal and external audit, 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 King III and the 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.
- Reviewing the expertise, resources and experience of the Group's finance function.
- The evaluation of its own performance and effectiveness on an annual basis.

The committee also performs all the functions required of an audit committee including as required by section 270A(1) of the Companies Act, 1973, as amended and under section 94(2)(7) of the Companies Act, 2008 on behalf of all subsidiaries other than those whose boards have decided to appoint their own audit committees. In this regard 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 and effective in rendering its services.
- Considered and approved the audit fee payable to the external auditors in respect of the audit for the year ended 30 June 2011 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, 2008, the Auditing Profession Act and the JSE Listings Requirements.
- Approved non-audit services provided to the company by the external auditor and the fees relating thereto in terms of the policy established in conjunction with the external auditors – whereby 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.

- Nominated PricewaterhouseCoopers Inc. as registered auditor to continue in office until the conclusion of the 2012 annual general meeting, noting that Mr E MacKeown is the individual registered auditor and member of the aforegoing firm who undertakes the audit.

The committee has also considered and satisfied itself of the appropriateness of the expertise and experience of the chief financial officer, Mr RP Becker, and the finance function, including the annual financial statements and related accounting practices, the effectiveness of the internal financial controls, and has recommended the integrated annual report for approval by the board.

The committee is proposed by the board annually in advance, prior to the end of each financial year; and subject to shareowner approval at the annual general meeting.

The chairman of the board, chief executive, 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 and as indicated in the attendance table above, four audit committee meetings were held during the 2011 financial year and a further one since then to the date of this report.

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 practices.

Although the board has 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.

SOCIAL AND ETHICS COMMITTEE

Composition: Mr MV Moosa (chairman), Mr PL Campher and Ms BLM Makgabo-Fiskerstrand.

The committee has been constituted during the course of the year under review and had its inaugural meeting in which it addressed its mandate and terms of reference.

The purpose of the committee is to regularly monitor the company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to the items listed below:

- Social and economic development, including the company's standing in terms of the goals and purposes of:
  - a) the 10 principles set out in the United Nations Global Compact Principles; and
  - b) the OECD recommendations regarding corruption;
  - c) the Employment Equity Act; and
  - d) the Broad-Based Black Economic Empowerment Act;
- Good corporate citizenship, including the company's:
  - a) promotion of equality, prevention of unfair discrimination, and reduction of corruption;
  - b) contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
  - c) record of sponsorship, donations and charitable giving;
- The environment, occupational health and public safety, including the impact of the company's activities and of its products or services;
- Consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws; and
- Labour and employment, including:
  - a) the company's standing in terms of the International Labour Organisation Protocol on decent work and working conditions; and
  - b) the company's employment relationships, and its contribution toward the educational development of its employees.
- The Group's code of ethics and sustainable business practices.

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, group human resource director and company secretary, Messrs DC Coutts-Trotter, RP Becker, Ms KH Mazwai and Ms CA Reddiar respectively, together with 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 of the Group's executive (SIML) namely Messrs HJ Brand (legal affairs director), J Coetzee (director of gaming compliance and tables), G Collins (gaming operations director), TC Kaatze (divisional director of gaming north), JA Lee (divisional director of resorts operations with effect from August 2010), AM Leeming (director of corporate and SIML finance), DR Mokhobo (new business development director, appointed director of SunSlots in August 2011), S Montgomery (development director), M Naidoo (divisional director of gaming south), TS Ndlela (appointed chief information officer with effect from 1 December 2010) and DS Whitcher (director of 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 continues to assist the committee with the Group's risk governance processes in accordance with the principles of King III 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 to incorporate provisions relating to the IT governance sub-committee and the Group's stakeholder engagement processes.

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 ethics code, ethical standards and any related incidents.
- 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 these, as well as the appropriateness of management's responses to these risks.
- The review of stakeholder identification and engagement, as well as associated processes and policies.
- Ensuring and overseeing the preparation of a Group risk register.
- Advising the board on risk aspects (including its commentary on risk in the integrated annual report).
- Oversight of the IT governance sub-committee.
- The self-evaluation of the committee's performance as part of the board's evaluation process on an annual basis.

The risk committee is required to meet no less than twice a year. Three meetings have been held during the financial year and one further meeting to the date of this report. Details of attendance by each member (with one further meeting to the date of this report), are as follows:

	24 Aug 2010	22 Feb 2011	9 May 2011	23 Aug 2011
DM Nurek	✓	✓	✓	X
RP Becker	✓	✓	✓	✓
HJ Brand	x	✓	✓	✓
J Coetzee	✓	✓	✓	✓
G Collins	✓	✓	✓	✓
DC Coutts-Trotter	✓	✓	✓	✓
NN Gwagwa	✓	X	✓	X
TC Kaatze	✓	✓	✓	✓
JA Lee	✓	✓	✓	✓
AM Leeming	✓	✓	✓	✓
IN Matthews	✓	✓	✓	✓
KH Mazwai	✓	✓	✓	✓
DR Mokhobo	✓	✓	X	✓
S Montgomery	✓	✓	✓	✓
M Naidoo	✓	✓	✓	X
TS Ndlela*	–	✓	✓	✓
CA Reddiar	✓	✓	✓	✓
GR Rosenthal	✓	✓	✓	✓
DS Whitcher	✓	✓	X	X

✓ *present*
x *apologies*
* *appointed 22 February 2011*

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

IT GOVERNANCE SUB-COMMITTEE

Composition: Messrs RP Becker (chairman); TC Kaatze; JA Lee; TS Ndlela; F Rizzo (independent expert); DS Whitcher.

The members of the sub-committee represent key areas of the business and are assisted with the expertise of an independent IT governance expert, Mr F Rizzo. Mr CS Benjamin, group internal audit director is a standing invitee of the sub-committee.

The sub-committee was constituted during the course of the year under review and had its inaugural meeting in August 2011, at which it addressed its mandate and terms of reference. The primary objective of the sub-committee is to monitor, develop and communicate the processes of managing IT Governance information flows and technology across the Group.

Having agreed terms of reference for recommendation to the risk committee, the salient terms of the sub-committee's approved mandate includes inter alia:

- To assist the risk committee and in turn the board in the discharge of its duties relating to the alignment of IT with the governance, performance and sustainability objectives of the Group;
- Oversee the development and annual review of a policy and charter outlining the decision-making rights and accountability framework for IT governance;
- Review and assess the effectiveness of the IT governance framework, in particular the relevant structures, processes and mechanisms to enable IT to deliver value to the business and mitigate IT risk;
- Review and apply criteria for prioritising and deciding on IT investments as well as monitor and evaluate all significant IT investments and expenditure, being mindful of the business value of such investment or expenditure; and
- Oversee that management implement formal processes to manage information in respect to the protection of information, and the protection of personal information processed by the Group.

The IT governance committee is required to meet no less than twice a year and additional meetings may be held as and when deemed necessary. One meeting has been held subsequent to the financial year. Details of attendance by each member are as follows:

	3 Aug 2011
RP Becker	✓
TC Kaatze	✓
JA Lee	X
TS Ndlela	✓
F Rizzo	✓
DS Whitcher	X

✓ present
x apologies

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 III Code. 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 legitimate 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 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 we look forward to continuing to work with you in achieving these aims."

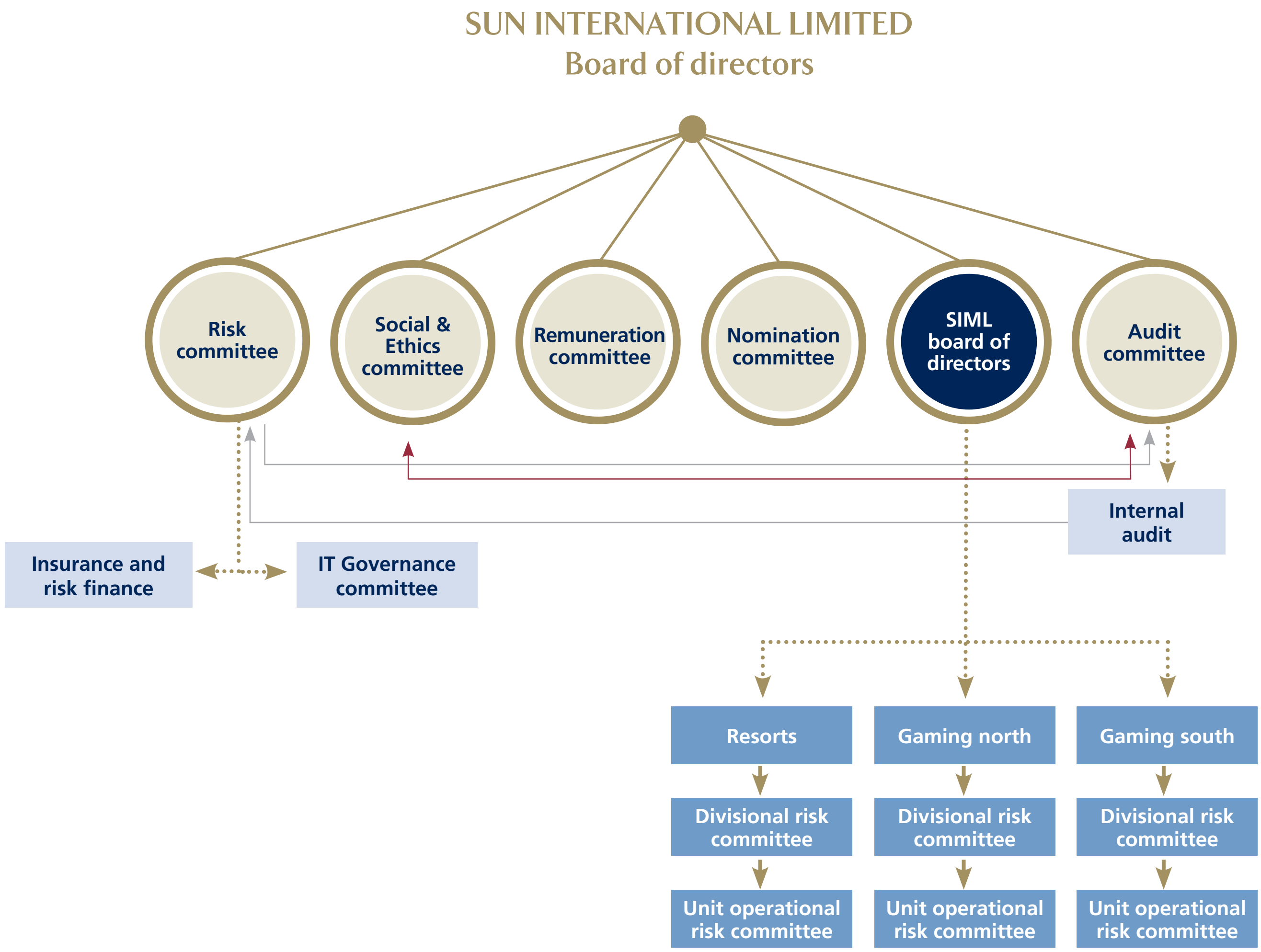
The Group pursues strategies aimed at maximising long term shareholder value taking cognisance of the need for sustainable business practices. The risks to which the Group's existing businesses are exposed are continuously identified and mitigated in terms of a Group process that allocates responsibility, determines the action to be taken and monitors compliance with that action. This involves managing existing businesses in a dynamically 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 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 42 risks was updated and each risk reviewed, re-ranked and documented. The Group's risk register was reduced from 42 risks to 39 risks in the year under review. 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 identified 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 any risk developments and losses – ensuring that mitigating actions are being pursued. This structure is depicted below.

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



Some of the key risks that are identified, monitored and managed are:

- More restrictive policy and/or regulation in the gaming industry impacting on revenue.
- The relative maturity of the gaming industry in South Africa as well as the limited gaming opportunities for the Group in South Africa.
- The expiry of exclusivity (in the Cape Metro) of the GrandWest casino licence.
- Increased taxes and impost, particularly on casino revenue.
- The requirements of empowerment codes in South Africa and particularly achieving the requirements of management transformation.
- Losses or excessive costs incurred in unsuccessful international expansion or diversification.
- Failure to fully exploit new market opportunities – notably the emerging black market in South Africa and online gambling.
- Implementing a new enterprise gaming system.
- Relationships with organised labour and lack of labour flexibility.
- Threats to standards of service and offerings particularly in the current economic environment which has resulted in significant cost pressures.

Each risk has been measured in terms of its potential impact upon statements of comprehensive income items and the Group's statements of financial position. The Group's propensity for risk tolerance is used to guide decisions for risk mitigation.

The risk committee formalises methodology for gauging risk appetite and risk tolerance and the board has approved the selected methodology. The process of enterprise risk management is 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. The Group has developed a strong culture of managing risk, with a significant number of embedded processes, resources and structures in place to address risk management needs. These include: internal audit systems, insurance and risk finance, IT security and governance, 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 an operational level, there are numerous risk management processes, including functions such as safety management, health and environment responsibilities, security, fire, defence, fraud detection, food hygiene controls and quality management. Each of these functions includes processes for the identification of risk, the implementation of risk mitigation plans, 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 during the year under review.

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 internal audit investigates the effectiveness of risk controls. These risks are addressed by the internal audit 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 as well as with the internal controls and systems that are in place to manage the identified risks and measure the impact thereof; and that these are proactively managed so that the company's assets and reputation are suitably protected. Accordingly, the board reiterates that it does not believe it necessary to appoint a single chief risk officer, as recommended by King III, as the risk function is comprehensively embedded throughout the Group.

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.

The purpose, authority and responsibility of the internal audit department are 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 and revised as necessary.

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 and the audit and risk committees so as to minimise duplication of effort. The director of internal audit reports at all audit and risk committee meetings and has unrestricted access to the chairmen of the company and the audit and risk committees. The appointment or dismissal of the director of internal audit is with the agreement of the audit committee.

In accordance with the Group's policy of conducting an independent quality assurance review every three years, KPMG Inc. was engaged to conduct an independent assessment of the effectiveness of the internal audit function, in the year under review. The results of the independent assessment and quality review exercise indicated that internal audit was performing its function well.

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 process. The external auditors are directed by the operating procedures and place emphasis on understanding how management obtains the assurance that the business is generating reliable information, and then evaluating and validating the basis of this assurance. This approach aligns the methodology 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 external auditors attend all shareholder meetings of the company and are required to be re-elected annually at the annual general meeting.

Internal financial controls

The board of directors is responsible for the Group's systems of internal financial controls. 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, as well as 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.

Internal audit has provided its opinion on the internal financial controls for the year under review.

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

Money laundering remains a global concern. Owing to the increasing sophistication of technical and electronic financial systems, opportunities for money laundering have increased.

This has led to renewed attention by governments and additional legislation has been put in place to curb this. In terms of South African anti-money laundering and anti-terrorist financing legislation, being the Financial Intelligence Centre Act (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 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.

It is of utmost importance to the Group to maintain and protect its corporate reputation both in 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 through 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 a 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 as more fully described in the statement of responsibility by the board of directors on page 170.

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, 2008.

The annual financial statements set out in the integrated annual report have been prepared by management in accordance with IFRS. They are based on appropriate accounting policies, which have been consistently applied and which are supported by reasonable and prudent judgements and estimates.

The statement of responsibility by the board of directors more fully details their responsibility for the annual financial statements.

Dealing in listed securities

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

- Between 30 December and the date on which the interim results are published.
- Between 29 June and the date on which the year end results are published.
- Outside of the above closed periods, while the company is in the process of price-sensitive negotiations or acquisitions, or while the company is trading under cautionary or pending any price sensitive announcements.

Directors and the company 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, before dealing outside of the closed periods to ensure there are no price sensitive negotiations taking place. Requests for clearance are routed through the company secretary who also maintains a written record of requests for dealing and clearances.

Details of any transactions by directors and the company 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.

The board has approved the Group's revised Securities Trading policy which includes additional executive management and key employees, within the ambit of this policy. There have been no incidents of transgression during the year under review.

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 shareowners, directors, senior management and key employees to observe and uphold the highest levels of corporate governance.

Having undertaken a review of the Group's regulatory universe in 2010 and again in 2011, the Group has identified the main areas of legislation that materially affect the Group. The company engages regularly with its key regulators and makes public comment and submissions on proposed new industry and other relevant legislation.

There have been no incidents of material non-compliance during the year under review.

HIV/AIDS

The Group has a comprehensive programme aimed at educating staff and communities in which it operates on the risks related to HIV/AIDS and to assist in reducing the prevalence of incidents. Full details of the programme and progress made by the Group in this regard appear in a dedicated section of the integrated annual report which can be found on page 91. In addition the Group commissioned an independent HIV prevalence study during the 2011 year. The findings are detailed on page 91.

Communication and stakeholder engagement

The board acknowledges that stakeholder perceptions shape corporate reputation and strives to provide its stakeholders, including shareowners, employees, customers, empowerment partners, communities, government, regulatory bodies, industry analysts, investors and the media among others, with relevant and accurate information, promptly and transparently. The board remains responsible for a stakeholder inclusive approach of governance.

The Group has concluded a comprehensive exercise to identify and map all of its stakeholders with consideration to the Group's impact on its stakeholders and its stakeholders' potential impact on the Group. This exercise laid the foundation for formalising stakeholder engagement processes and policies throughout the Group. The Group acknowledges that constructive dialogue with its stakeholders is an imperative, and accordingly a more formal documentation of its stakeholder engagement processes will be finalised in the forthcoming year.

The Group has continued to actively engage with its stakeholders and in instances where communication to stakeholders is regulated, the Group has met its regulatory obligations.

In this regard, the regulatory requirements regarding the dissemination of information are strictly observed. Material announcements are communicated to the market via SENS and made available on the company's investor relations website within 24 hours. The company's investor relations website is maintained regularly and updated as and when developments arise.

In addition, executive management meet with analysts regularly, except during closed periods, and meetings are held with analysts upon release of the company's results. The chief executive communicates the company results to employees both electronically and at presentations


Carousel
Temba

held at the company's head office which are made available by video recording to the Group's operating units.

Our employees, as our key internal stakeholders, are communicated with via numerous channels such as the One Sun magazine, a detailed intranet site which is regularly updated, as well as regular staff notices. Staff feedback is obtained by means of direct processes and through formal mechanisms such as an employee engagement survey.

Further stakeholder engagements will be reported in the next report as the engagement processes are rolled out.

Environmental and occupational health and safety

The board is responsible for compliance with the occupational health and safety regulations and environmental standards and will be assisted by the social and ethics committee in reviewing this area of responsibility and together with the code of ethics and sustainable business practices.

Compliance with the occupational health and safety requirements is monitored by the internal audit department. In addition, external service providers provide an environmental rating to the properties within the Group.

The policies adopted by the Group with regard to health, safety and environmental management, as well as the particular focus areas and areas of concern are set out in a dedicated section on pages 87.

The Group has conducted a review of its corporate environmental strategy and with the assistance of external environmental experts is revising its Group strategy.

Code of ethics

The Group code of ethics commits management and employees to the highest ethical standards of conduct and has been reviewed during the year, without amendment. The code articulates the Group's commitment to all its stakeholders. The code of ethics appears on page 110.

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.

Sustainable business practices

The board is cognisant of the Group's responsibility towards People, Planet and Profits, and the Group considers the sustainability of its business practices and its potential impact on all stakeholders, including the environment. The detail provided above, as well as the Group's key strategic imperative themes, lends itself to the continued support and commitment to sustainable business practices throughout the Group. The board is addressing this by conducting an assessment of the long term impact of any strategic project on the Group's stakeholders.

The board has again engaged the services of an external assurance provider to provide an independent assurance statement on the Group's sustainability reporting as advocated by King III. Even though the Group has had several independent assessments done, particularly in the areas of environmental management and risk, an external assurance assessment of this nature can be beneficial in indicating those areas where the Group's business practices meet sustainability criteria, and in identifying those areas where there is room for improvement. The independent sustainability assurance statement can be found on page 146.

Seven year review

	Group						
	2011	2010 Restated	2009	2008	2007	2006	2005
Consolidated statements of comprehensive income (Rm)							
Revenue	**8 892**	7 961	8 041	7 618	6 937	5 949	5 139
EBITDA	**2 555**	2 533	2 746	2 836	2 561	2 015	1 672
Depreciation and amortisation	**(769)**	(685)	(658)	(568)	(518)	(473)	(439)
Property and equipment rental	**(81)**	(114)	(74)	(102)	(74)	(62)	(71)
Operating profit	**1 705**	1 734	2 014	2 166	1 969	1 480	1 162
Foreign exchange (loss)/profit	**(54)**	(14)	34	58	(8)	41	18
Interest income	**43**	60	93	79	77	74	73
Interest expense	**(474)**	(542)	(685)	(571)	(288)	(232)	(241)
Profit before tax	**1 220**	1 238	1 456	1 732	1 750	1 363	1 012
Tax	**(519)**	(514)	(619)	(714)	(654)	(502)	(379)
Profit after tax	**701**	724	837	1 018	1 096	861	633
Minorities' interests	**(189)**	(218)	(237)	(298)	(282)	(259)	(202)
Adjusted headline earnings	**512**	506	600	720	814	602	431

Notes:
- *The 2010 figures were restated as a result of the long service awards recognition.*
- *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						
	2011	2010 Restated	2009 Restated	2008	2007	2006	2005
Consolidated statements of financial position (Rm)							
Assets							
Non current assets							
Property, plant and equipment	**8 868**	8 909	7 878	6 229	5 883	5 407	5 265
Intangible assets	**440**	349	382	308	361	395	433
Investments, loans and other	**244**	218	213	173	238	460	631
	9 552	9 476	8 473	6 710	6 482	6 262	6 329
Current assets							
Inventory	**57**	61	47	41	32	35	31
Accounts and loans receivable	**422**	609	673	1 031	367	304	322
Available-for-sale investment	**–**	–	–	–	–	183	287
Cash and cash equivalents	**738**	721	794	850	1 089	756	589
	1 217	1 391	1 514	1 922	1 488	1 278	1 229
Non current assets held-for-sale	**79**	–	–	–	164	–	–
Total assets	**10 848**	10 867	9 987	8 632	8 134	7 540	7 558
Equity and liabilities							
Capital and reserves							
Ordinary shareholders' equity	**1 517**	1 117	482	119	2 348	3 083	3 151
Minorities' interests	**1 300**	1 378	1 003	546	642	742	693
	2 817	2 495	1 485	665	2 990	3 825	3 844
Non current liabilities							
Deferred tax	**468**	452	378	412	394	408	360
Borrowings	**2 936**	3 940	4 525	3 821	2 271	1 458	1 584
Other non current liabilities	**420**	316	334	162	139	125	90
Tax	**–**	41	43	48	–	–	–
	3 824	4 749	5 280	4 443	2 804	1 991	2 034
Current liabilities							
Accounts payable, accruals and provisions	**1 086**	1 211	1 166	1 136	922	734	736
Borrowings	**2 972**	2 350	1 982	2 277	1 275	868	747
Tax	**114**	62	74	111	143	122	197
	4 172	3 623	3 222	3 524	2 340	1 724	1 680
Non current liabilities held-for-sale	**35**	–	–	–	–	–	–
Total liabilities	**8 031**	8 372	8 502	7 967	5 144	3 715	3 714
Total equity and liabilities	**10 848**	10 867	9 987	8 632	8 134	7 540	7 558

Notes:
- *The 2010 figures were restated as a result of the final Nigeria PPA entries. The recognition for the long service awards resulted in a restatement of the 2010 and 2009 figures.*
- *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.*

		Group statistics						
		2011	2010 Restated	2009 Restated	2008	2007	2006	2005
Ordinary share performance								
Shares in issue (net of treasury shares)	000's	**100 546**	100 546	99 281	94 945	111 030	111 930	116 393
Diluted adjusted weighted average number of shares in issue	000's	**101 669**	101 055	97 111	97 470	113 242	111 556	106 080
Diluted adjusted headline earnings per share	cents	**504**	501	618	739	719	539	405
Dividends per share*	cents	**200**	100	–	480	400	290	200
Dividend cover	times	**2.5**	5.0	–	1.5	1.8	1.9	2.0
Dividend payout	%	**40**	20	–	65	56	54	49
Net asset value per share	Rand	**16.16**	11.92	5.25	1.35	22.45	27.55	27.08
Market capitalisation at 30 June	Rm	**9 210**	8 295	7 579	8 355	16 321	9 357	7 199
Market capitalisation/net asset value	times	**6.1**	7.4	15.7	70.2	7.0	3.0	2.3
Profitability and asset management								
EBITDA margin	%	**29**	32	34	37	37	34	33
Effective tax rate	%	**43**	42	43	41	37	37	37
Return on net assets	%	**19**	21	29	35	32	26	21
Return on total shareholders' funds	%	**26**	36	78	56	32	22	17
Return on equity shareholders' funds	%	**39**	63	200	58	30	19	16
Liquidity and leverage								
Cash generated by operations	Rm	**2 713**	2 221	2 645	2 880	2 616	2 046	1 773
Total shareholders' funds to total assets	%	**26**	23	15	8	37	51	51
Current ratio	:1	**0.3**	0.4	0.5	0.5	0.6	0.7	0.7
Loan covenants								
EBITDA to interest	times	**5.4**	4.7	4.0	5.0	8.9	8.7	6.9
Borrowings to EBITDA	times	**2.2**	2.4	2.3	2.1	1.3	1.2	1.4

* *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 statement of comprehensive income expressed as a percentage of profit before tax.

Adjusted headline earnings: Adjusted headline earnings include adjustments made for certain income and expense items. 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.

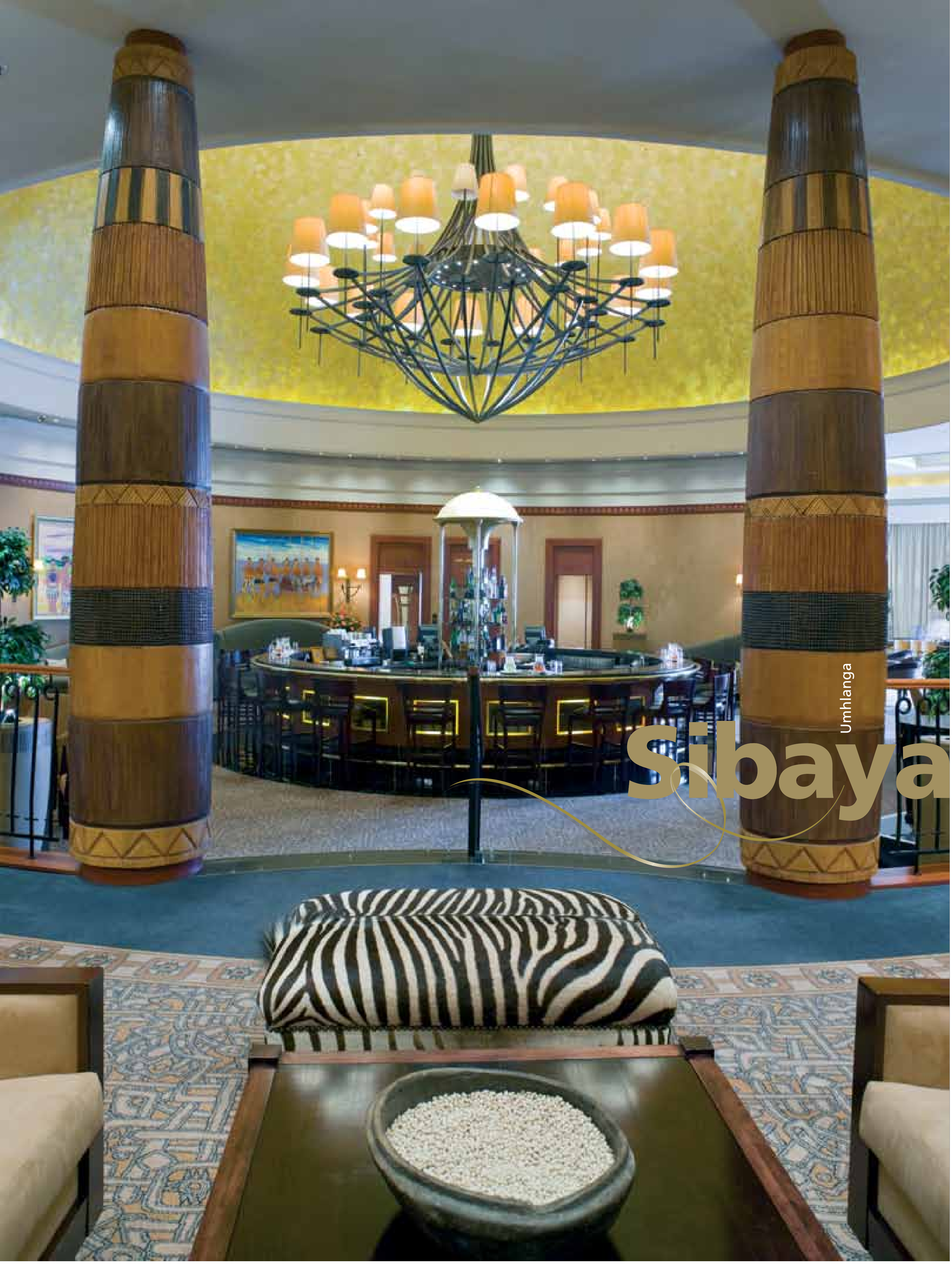
Return to equity shareholders: Adjusted headline earnings attributable to ordinary shareholders expressed as a percentage of average ordinary shareholders' equity.

		Group statistics						
		2011	2010 Restated	2009 Restated	2008	2007	2006	2005
Stock exchange performance								
Market price	Rand							
– at 30 June		**91.60**	82.50	76.34	88.00	147.00	83.60	61.85
– highest		**110.63**	98.55	100.00	165.00	166.00	101.01	69.00
– lowest		**80.02**	75.15	58.22	85.00	84.00	61.75	38.00
– weighted average		**96.51**	83.99	81.81	138.67	121.51	81.90	53.70
Sun International share price index	#	**315**	284	262	302	505	287	213
JSE consumer services index	#	**170**	140	118	141	185	126	100
Closing price earnings multiple	times	**18**	16	12	12	20	16	15
Closing dividend yield	%	**2.2**	1.2	–	5.5	2.7	3.5	3.2
Volume of shares traded	000	**39 257**	39 301	47 451	52 026	45 907	50 520	43 087
Volume of shares traded as a percentage of shares in issue	%	**39**	39	48	55	41	45	37
Value of shares traded	Rm	**3 789**	3 490	3 882	7 214	5 578	4 138	2 314
Number of transactions		**42 170**	31 786	27 599	37 586	17 014	11 913	7 073
Growth								
Reported growth per share	%							
– diluted adjusted headline earnings		**1**	(19)	(16)	3	33	33	43
– dividends		**100**	–	–	20	38	45	60
Real growth per share	%							
– diluted adjusted headline earnings		**(4)**	(22)	(19)	(8)	25	27	38
– dividends		**90**	–	–	8	30	39	55
Consumer price index	#	**147**	140	134	126	112	105	100
Employees								
Number of permanent employees at 30 June		**10 897**	10 738	10 005	8 678	8 414	8 440	7 723
Average number of employees		**10 818**	10 372	9 342	8 546	8 427	8 082	7 874
Revenue per employee	R000	**822**	768	861	891	823	736	653
Wealth created per employee	R000	**565**	503	594	651	606	525	490

 # Base for indices: 2005 = 100.

Value added statement

	Group		
	2011	2010	Change
	Rm	Rm	%
Cash generated			
Cash derived from revenue	**8 929**	7 949	
Income from investments	**43**	60	
Cash value generated	**8 972**	8 009	**12**
Paid to suppliers for materials and services	**(2 865)**	(2 767)	
Pre-opening expenses	**–**	(28)	
Total cash value added	**6 107**	5 214	**17**
Cash distributed to stakeholders			
Employees	**(1 522)**	(1 387)	**10**
Government taxes	**(2 350)**	(2 026)	**16**
Shareholders	**(431)**	(246)	**75**
Lenders	**(464)**	(533)	**(13)**
	(4 767)	(4 192)	**14**
Cash retained in the business to fund replacement of assets, facilitate future growth and repay borrowings	**1 340**	1 022	**31**
Reconciliation with cash generation			
Total cash value added (above)	**6 107**	5 214	
Pre-opening expenses	**–**	28	
Employee remuneration	**(1 522)**	(1 387)	
Employee tax	**(246)**	(210)	
Income from investments	**(43)**	(60)	
Levies and VAT on casino revenue	**(1 583)**	(1 364)	
Cash generated by operations (per Group cash flow statements)	**2 713**	2 221	**22**
Government taxes summary			
Income tax	**(431)**	(376)	
PAYE	**(246)**	(210)	
Levies and VAT on casino revenue	**(1 583)**	(1 364)	
STC	**(73)**	(72)	
Other taxes	**(17)**	(4)	
	(2 350)	(2 026)	**16**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Shareholders' analysis

Shareholder spread	No of Shareholdings	%	No of Shares	%
1 – 1 000 shares	2 587	70.17	765 326	0.69
1 001 – 10 000 shares	595	16.14	1 834 298	1.65
10 001 – 100 000 shares	322	8.73	11 761 575	10.59
100 001 – 1 000 000 shares	159	4.31	45 033 793	40.53
1 000 001 shares and over	23	0.62	41 150 661	37.04
	3 686	99.97	100 545 653	90.50
Treasury Stock	1	0.03	10 549 477	9.50
Totals	**3 687**	**100.00**	**111 095 130**	**100.00**

Distribution of shareholders	No of Shareholdings	%	No of Shares	%
Banks, Nominees and Trusts	526	14.27	12 223 501	11.00
Corporates	174	4.72	1 713 073	1.54
Empowerment	2	0.05	3 294 777	2.97
Individuals	2 427	65.83	2 327 473	2.10
Insurance and Investment Companies	84	2.28	12 380 719	11.14
Mutual Funds	197	5.34	33 249 692	29.93
Retirement Funds	267	7.24	29 334 017	26.40
Share Trusts	9	0.24	6 022 401	5.42
Treasury Stock	1	0.03	10 549 477	9.50
Totals	**3 687**	**100.00**	**111 095 130**	**100.00**

Public/non-public shareholders	No of Shareholdings	%	No of Shares	%
Non-public shareholders	32	0.87	21 602 206	19.44
Directors and Associates of the Company	27	0.74	1 735 551	1.56
Sun International Employee Share Trusts*	2	0.05	6 022 401	5.42
Empowerment**	2	0.05	3 294 777	2.96
Treasury Shares	1	0.03	10 549 477	9.50
Public shareholders	3 655	99.13	89 492 924	80.56
Totals	**3 687**	**100.00**	**111 095 130**	**100.00**

Sun International Employee Share Trusts consists of the following holdings – 2 597 419 shares held via Sun International Employee Share Trust and 3 005 596 shares for the Sun International Employee Share Trust held indirectly via Dinokana Investments (Pty) Ltd and 419 386 shares for the Sun International Black Executive Management Trust held indirectly via Dinokana Investments (Pty) Ltd.*

*Empowerment** – 3 541 148 shares represent the effective direct beneficial shareholding of Dinokana less the shares allocated to the beneficiaries of the Sun International Employee Share Trust (2 597 419 shares) and the Sun International Black Executive Management Trust (419 386 shares).*

Top 10 Beneficial Shareholders	No of Shares	%
Sun International Investments No.2	10 549 477	9.50
Dinokana Investments (Pty) Ltd#	6 719 759	6.05
Investment Solutions	5 492 530	4.94
Sanlam	5 356 231	4.82
Metal & Engineering Industries	4 560 648	4.10
State Street Bank & Trust Co (Custodian)	3 551 519	3.20
Old Mutual	3 408 625	3.07
Metropolitan	3 305 794	2.97
Nedbank Group	2 642 120	2.38
Sun International Employee Share Trust	2 597 419	2.34
Totals	**48 184 122**	**43.37**

 # – consists of the registered holdings as per the share register in accordance to the B-BBEE transaction which includes Dinokana, Sun International Employee Share Trust and the Sun International Black Executive Management Trust shareholdings.

Top 10 Fund Managers	No of Shares	%
Allan Gray Asset Management	28 005 897	25.21
Investec Asset Management	11 817 509	10.64
Regarding Capital Management	10 800 884	9.72
Sanlam Investment Management	6 324 883	5.69
Afena Capital	5 640 872	5.08
Marathon Asset Management	4 225 668	3.80
Metropolitan Asset Management	3 081 008	2.77
Prudential Portfolio Managers	2 343 847	2.11
Old Mutual Investment Group	1 275 174	1.15
Argon Asset Management	1 072 984	0.97
Totals	**74 588 726**	**67.14**

Independent assurance statement

To the Board and stakeholders of Sun International:

SustainabilityServices.co.za (SS) was commissioned by Sun International to provide independent third party assurance (ITPA) over the sustainability information within this Integrated Annual Report (hereafter, 'the Report'), covering the period 1 July 2010 to 30 June 2011. The assurance team comprised primarily of Michael H. Rea, our principal Sustainability Assurance Practitioner, with 12 years' experience in environmental and social performance measurement in over 35 assurance engagements in Sudan, Kenya, the DRC, Nigeria, Cameroon, Swaziland, Zimbabwe, Namibia, South Africa, Peru and Canada: working either as part of a team (while in the employ of PwC and KPMG), or as an Independent Sustainability Consultant.

AccountAbility AA1000S (revised, 2008)

To the best of our ability, this assurance engagement has been managed in accordance with AccountAbility's AA1000AS (2008) assurance standard, where the format of the engagement was structured to meet the AA1000AS Type II (Moderate) requirements.

Independence

SS was not responsible for the preparation of any part of this Report and has not undertaken any commissions for Sun International in the reporting period. SS did, however, conduct an assurance engagement for Sun International's 2010 Report, including the identification of reporting gaps that ultimately have been incorporated into their reporting processes. However, this work has not compromised our ability to afford ITPA over this year's Report. SS's responsibility in performing its assurance activities is to the management of Sun International alone and in accordance with the terms of reference agreed with them.

Assurance objectives

The objectives of the assurance process were to provide Sun International's stakeholders an independent 'moderate level assurance' opinion on whether the report meets the AA1000AS (2008) principles of Inclusivity, Materiality and Responsiveness, as well as to assess the degree to which the Report is consistent with the Global Reporting Initiative (GRI) G3 guidelines, with the objective of establishing whether or not the Report has met the B+ level of reporting requirements. In meeting the Type II assurance objectives, SS undertook a review of selected sustainability performance indicators at one of Sun International's operational sites: the Wild Coast Sun.

Scope of work performed

AA1000AS (2008) Compliance

The process used in arriving at this assurance statement is based on AccountAbility's AA1000AS (2008) guidance, as well as other best practices in assurance. Our approach to assurance included the following:

- A review of sustainability measurement and reporting procedures at Sun International's head offices, via management interviews with the reporting team, as well as through desktop research;
- A review of data collection, collation and reporting procedures at Wild Coast Sun, with specific reference to the following selected sustainability performance indicators:
    1. Presence and application of Responsible Gaming policies and procedures
    2. Presence and application of biodiversity management policies and procedures
    3. Quality of systems to report human resource data relative to employment equity targets
    4. Quality of systems to report human resource data relative to Local Employment targets
    5. Lost Time Injury Frequency Rate (LTIFR) – LTIs and hours worked
    6. Total Recordable Injury Frequency Rate (TRIFR), including medical treatment cases and first-aid cases
    7. Electricity consumption
    8. Liquid petroleum gas (LPG) consumption
    9. Diesel consumption
    10. Petrol consumption
    11. Water consumption and discharge
- Reviews of drafts of the Report for any significant errors and/or anomalies; and,
- A series of interviews with the individual responsible for collating and writing various parts of the Report in order to ensure selected claims were reported and substantiated.

It should be noted that due to the scope and nature of this AA1000AS (Type II, Moderate) assurance engagement, the site visit undertaken at Wild Coast Sun was designed to test the authenticity of data at the primary source of collection and collation, and this report has been assessed at the point of data aggregation for accuracy of reporting.

GRI compliance

In determining the GRI G3 'Application Level' of the Report, we performed the following exercises:

- A review of the process used to define the content of the Report by looking at materiality of issues included in the Report, stakeholder engagement response to stakeholder issues identified, determination of sustainability context and coverage of material issues;
- A review of the approach of management to addressing topics discussed in the Report; and
- A confirmation that the requisite number of performance indicators had been covered in the Report.

Findings

In general, Sun International's sustainability reporting processes are adequate, and it was noted that:

AA1000AS (Type II)

- Policies, procedures and reporting structures are in place for head office to obtain quantitative data with respect to a variety of material sustainability indicators on a regular basis.
- Sustainability data undergoes a process of internal and/or outsourced assurance reviews to test for the accuracy and/or reliability of data reported by sites to the Group.
- Certain site-reported data was found to be inaccurate and/or unreliable due to minor systems/process errors. For example:
    - Systems to record Lost Time Injuries (LTIs) and/or Non-Lost Time Injuries (NLTIs) at the Wild Coast Sun did not necessarily reflect the total number of injuries. Although no additional LTIs were identified, the reliability of the data was deemed 'inadequate' due to the lack of appropriate controls between the first-aid Station and safety office. Also, contractor injuries were not recorded as either LTIs or NLTIs, even though many contractors complete key operational tasks.
    - Although total fuels consumption was deemed 'accurate', the systems to record Petrol and Diesel consumption led to minor reporting errors, primarily due to assumptions that all vehicles were 'Petrol'.
    - Although the HR data management system – PeopleSoft – can generate the relevant reports, data within the system was not deemed 'accurate enough' to report on 'Local Employment'. However, this is a new indicator, and does not affect the overall quality of Sun International's sustainability reporting.
- Sun International actively engages an array of key stakeholders, as defined within this Report. Although management assertions of engagement were deemed reasonably supportable, based on the evidence reviewed, the assurance process did not allow for additional engagement to confirm or refute Sun International's assertion that the Report adequately reflects the information requirements of their key stakeholders.
- Within the parameters of a 'Moderate Level Type II assurance assessment', the Report – without exception – appears to reflect an accurate accounting of Sun International's performance, including the review of data supplied by the team at the Wild Coast Sun and contained within this Report.

GRI G3

- Based on our review of the Report, as well as the processes employed to collect and collate information reported herein, it is our assertion that this Report, inclusive of the downloadable GRI Indicator Table, meets the GRI G3's requirements for Application Level B (responses to all required indicators, as well as no fewer than 20 Core indicators, with at least one from each of Economic, Environment, Human Rights, Labour, Society and Product Responsibility). However, the reporting of performance against some GRI G3 indicators continues to require either data quality improvements, or further detail in disclosure.

Recommendations

AA1000AS (Type II)

- Sun International should continue to improve its reporting according to the principles of Inclusivity, Materiality, and Responsiveness, as guided by AA1000AS (2008).
- Sun International should ensure that improvement continues to occur with respect to stakeholder engagement procedures, including an independent assessment of whether or not this Report, and all future Reports, adequately reflects the reporting requirements of key stakeholders.
- Sun International should employ a sustainability reporting cycle that accommodates for AA1000AS (Type II) assurance over key sustainability performance data at selected sites (3 per annum).

GRI G3

- Having addressed the requirements of GRI G3 Application Level B (B+ with this assurance statement), it is our recommendation that Sun International review the process followed in compiling its Report and, while making further improvements on the quality of data required for Application Level B, ultimately address the requirements of GRI G3 Application Level A (A+with ITPA).

Conclusions

Based on the information reviewed, SustainabilityServices.co.za is confident that this report provides a comprehensive and balanced account of the environmental, safety and social performance of Sun International during the period under review. The data presented is based on a systematic process and we are satisfied that, aside from the minor exceptions stated above, the reported performance data accurately represents the current environmental, safety and social performance of Sun International, while meeting the AA1000AS (2008) principles of inclusivity, materiality and responsiveness. Moreover, and although the quality or quantity of data of some GRI G3 indicators can be improved, this Report appears to meet the GRI G3's requirements for Application Level B (B+ with this assurance engagement).

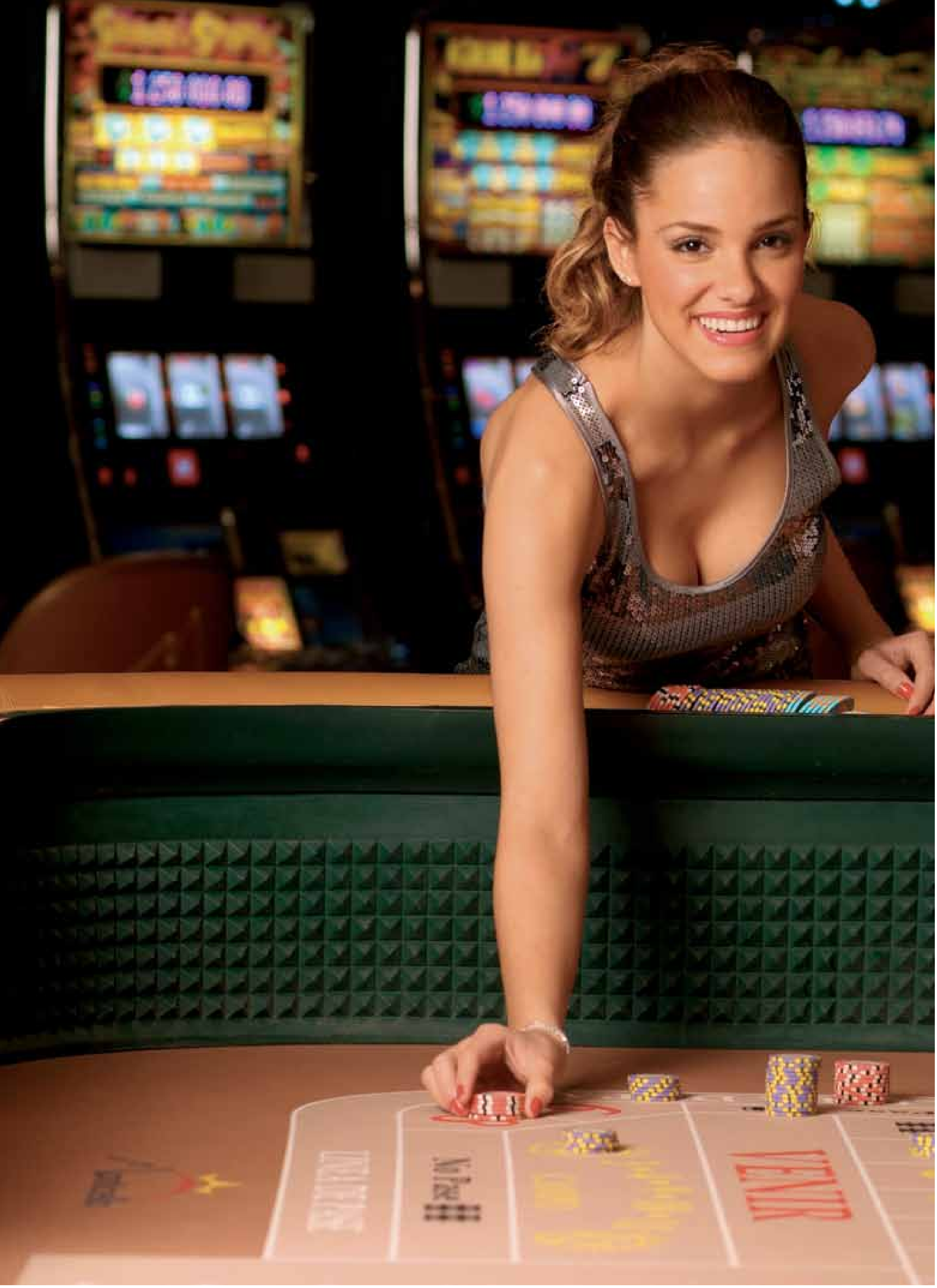
SustainabilityServices.co.za
Johannesburg
21 October 2011

Remuneration
report

The board and the remuneration committee present their remuneration report setting out information applicable to: the Group's remuneration policies, executive remuneration, directors' fees, retirement 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 remuneration committee.

Following the introduction of King III on 1 March 2010, the remuneration committee conducted an analysis of the company's remuneration policies and its remuneration report. This was done in order to determine whether its remuneration philosophy was aligned to the principles and recommendations of King III. As a result of this review the remuneration report of 2010 included additional disclosures and recommendations.

In addition, the Group presented its remuneration policy to shareowners at its 2010 annual general meeting for a non-binding advisory vote; and having addressed additional areas of its policies, in the year under review, are pleased to present its 2011 remuneration policy to shareowners once again at its upcoming 2011 annual general meeting as set out from page 150 to page 158. This is followed by the report of the remuneration committee [pages 158 to 160] and the remuneration disclosures of the executive directors, the three highest paid employees and the non-executive directors [pages 160 to 167].



Remuneration policy

Overview

We understand that remuneration is a powerful instrument with which to change, establish and reinforce the outputs and behaviours of our employees – which in turn supports the achievement of the Group's short and long term strategic objectives, as articulated by management, and approved by the board from time to time – and in line with its stated values. The Group recognises the need to effectively communicate remuneration policy and principles, to demonstrate how they link to the performance of the business, and to strengthen the connection between employee effort and reward.

The King III principles and recommendations were considered in compiling the Group's remuneration policy; a summary of which is contained in this report. In line with the Group's mission statement, its remuneration policy is designed to ensure well-motivated employees who take pride in working for the Group, thus assisting in ensuring international recognition as a successful leisure Group offering superior gaming, hotel and entertainment experiences as well as exceeding our customers' expectations.

Objective

The objective of the Group's remuneration policy is to ensure 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 the Group's strategic objectives and shareowner interests. This aims to remunerate employees at competitive market related levels. In order to achieve this, remuneration benchmarks are obtained annually and based on these benchmarks, employees' remuneration is adjusted during the annual review and increment cycle. All increments are based on guaranteed package – taking into account projected inflation, internal parity, the external market, performance and affordability. Remuneration levels are competitive compared to the market, and the remuneration process provides for equitable pay that is consistent and transparent – but differentiates between average and excellent performers, thus remunerating people according to their contribution.

Typically, the Group seeks to remunerate guaranteed pay and total remuneration (guaranteed pay plus "target" short term incentive) at a level between the median and the upper quartiles of market rates. The median normally represents competitive market value, and typically, an employee at the median is considered to be fully competent to complete all the tasks required for the job.

Guiding principles

The Group is guided by the following best practice remuneration principles:

- To provide remuneration that attracts, retains and motivates employees; and helps to develop a high performance culture.
- To provide a measure of flexibility within the package structure.
- To provide a compelling and attractive future for key employees.
- To ensure that remuneration levels are competitive relative to the market.
- To remunerate employees according to their contribution.
- To ensure a balance of financial and non-financial benefits to address retention and development of talented employees.
- To establish remuneration levels that provides for equitable pay that is consistent and transparent – but differentiates between average and excellent performers.
- To ensure that remuneration structures promote improved performance and are affordable.
- To ensure alignment with the Group's strategies.
- To ensure integration with human capital systems and initiatives.
- To customise solutions and packages in all operations outside of the borders of South Africa as may be required by local legislation and practice, but to match the fundamental Group principles where possible.
- To optimise investment in people.
- To reinforce teamwork and a culture of belonging and high commitment.
- To at all times comply with legislation.
- To stand up to scrutiny by stakeholders.
- To utilise remuneration experts as required.
- To achieve a "total reward" approach which entails the correct mix of financial rewards (i.e. remuneration and benefits), and non-financial benefits (i.e. work-life balance, performance and recognition, development and career opportunities).

Bearing these principles in mind, the Group's remuneration structure is summarised below.

Remuneration structure

The committee reviews market surveys and comparable organisations to ensure that the components of its remuneration structure are appropriate. The Group ensures that the fixed and variable remuneration framework supports key business strategies whilst driving superior performance.

The mix of fixed-to-variable remuneration including the mix of short and long term incentives, differ, depending on the level of the employee. Senior executives have a larger proportion of their total remuneration subject to variable principles. The most senior executive, being the chief executive has a fixed component of approximately 30% and a variable component of 70% based on target performance for bonus and the accounting charge for awards under the share plans whilst at junior levels, employees' remuneration is based on 100% fixed remuneration. The components of the remuneration structure are detailed below.

Fixed	Variable	
Guaranteed package	Short term incentive (STI) – annual	Long term incentive (LTI) three to five years
Remuneration, retirement funding, healthcare benefits, travel allowance (where applicable) and guaranteed annual bonus (where applicable)	Executive bonus scheme Cash payment dependent upon economic value added (EVA®) and EBITDA targets	**Share awards:** Equity growth plan (EGP) Conditional share plan (CSP) Deferred bonus plan (DBP) Restricted share plan (RSP) Vesting subject to satisfaction of performance conditions, including growth in AHEPS, Total Shareholder Return (TSR), achieving B-BBEE targets, and continued employment

Guaranteed remuneration

The Group's policy is to compensate executive managers on the basis of Total Cost of Employment (TCOE) ("guaranteed package") being pitched at market median, or slightly higher than the relevant market scale. Remuneration scales are benchmarked regularly against the specific markets and are generally structured so that midpoints are between the median and the upper quartile levels. In order to retain specialist skills and key talent, the Group may, in certain instances, elect to pay above the upper quartile.

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 committee, the Group reviews its remuneration strategy on a regular basis and annually benchmarks its levels of remuneration against comparable companies of similar size and complexity, as well as the relevant gambling and hospitality markets. This ensures that the overall level of compensation of the senior executives is competitive and structured to achieve the optimum balance between guaranteed and variable remuneration.

As in prior years, a leading remuneration consultancy has assisted the Group in comparing the total remuneration (broken down into its components of guaranteed package, STI and LTI) of its top 143 executive and management positions, to that of a customised sample of 59 organisations in South Africa of similar size and complexity. A second well-known remuneration consultancy was also engaged to advise on the remuneration levels relevant to the Group's top 35 earners, thereby providing an alternative viewpoint on the Group's remuneration benchmarking.

The guaranteed package component is implemented for all permanent full time positions, and is adopted by all South African operations; and where possible and practical from a taxation and regulatory standpoint, by the rest of the Group's operations.

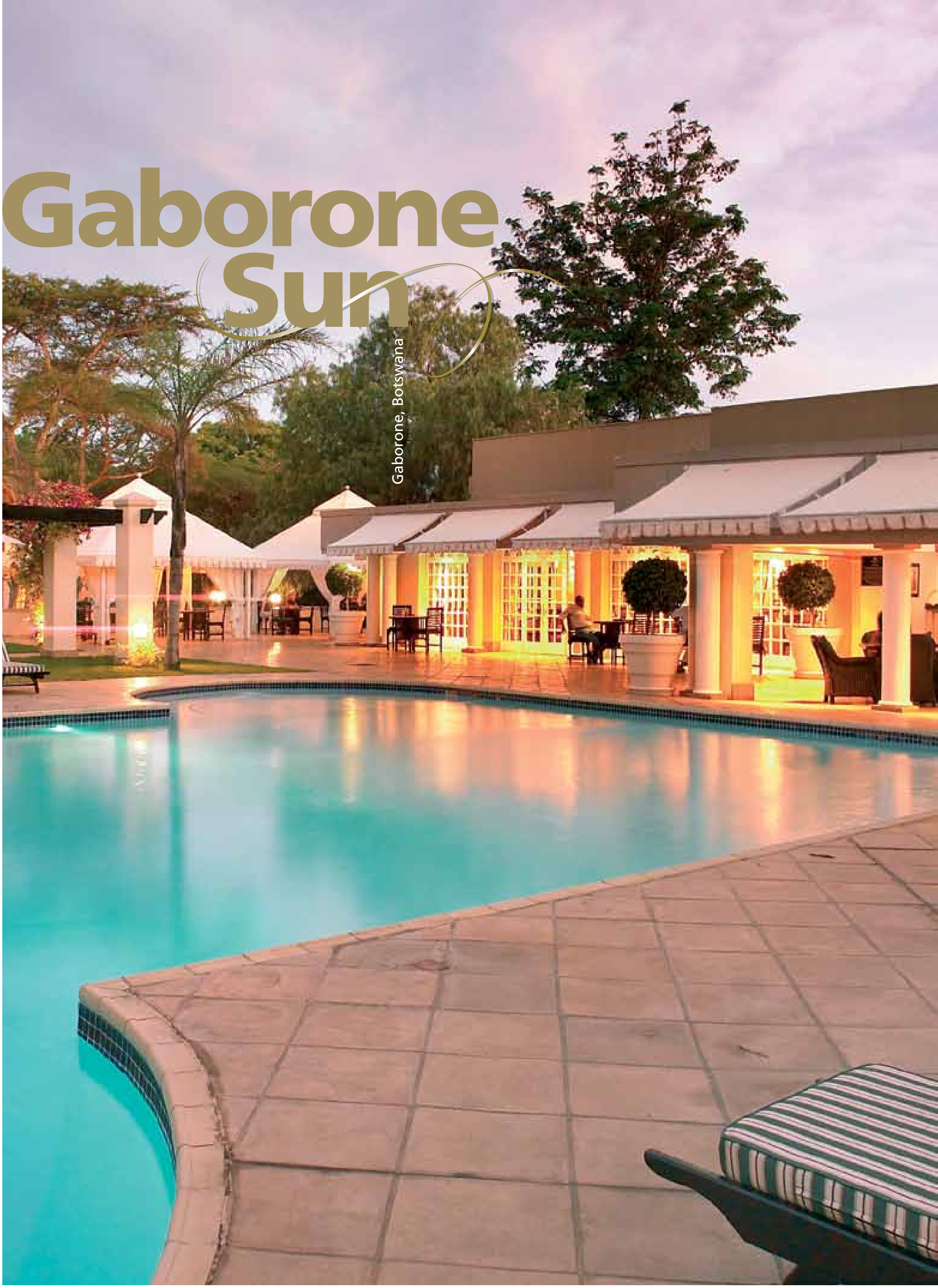
In aggregate, total guaranteed remuneration for the Group is expected to increase by 7.12% (2010: 7.75%) in the forthcoming financial year.

Retirement funding

Employees 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. Members are entitled to elect their pensionable salary within defined parameters. A small number of employees remain members of a closed defined benefit pension fund (closed to new members since 1 July 1995). The normal retirement age is 60.

Gaborone Sun

Gaborone, Botswana



Healthcare

Membership of a company-appointed medical aid is compulsory for all non-bargaining unit employees. In South Africa, employees belong to a restricted membership scheme offering a variety of plans. Contributions form part of the guaranteed package, and are paid by the Group, on behalf of the employee, from the employee's guaranteed package.

Long service awards

Full time employees of the Group receive long service awards in terms of a Group policy. The amount of the individual award is calculated based on the tenure of the employee and is linked to the employee's TCOE. Employees receive an award for every five years of continued service with the Group.

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.

The committee annually approves the determination of share awards and sets and reviews the performance conditions and vesting of such awards.

Executive bonus scheme

The EBS is a STI and target based scheme that defines the required performance criteria in terms of return on investment (EVA®), as well as short term cash generation (EBITDA is used as the best income statement for this figure in the Group's management and financial reporting), with amounts payable at varying levels of achievement (target percentages) against criteria determined by the committee prior to the commencement of the financial year. This scheme aligns shareowner and management objectives, by providing participants with fair and equitable short term incentives derived from unit, divisional and Group objectives, depending 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 the guaranteed package.

In respect of the executive directors, senior managers and executives, the EBS is derived as follows:

- 70% from EVA® performance targets and if exceeded are uncapped.
- 30% from EBITDA targets and if exceeded, capped at 3 times target.

The EVA target is calculated using a Weighted Average Cost of Capital ("WACC") as determined by the Group's corporate finance advisors and for last year was 13.5%. The WACC for the year ahead has been set at 12.5%.

The EBS also incorporates a bonus bank mechanism as one third of bonuses in excess of targets are paid to participants following the end of the respective financial year, 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 the entire bonus bank is forfeited upon resignation or dismissal.

Share incentive plans

In line with remuneration trends and with the prior approval of shareowners, the Group adopted four share plans – an EGP, a CSP and a DBP in 2006 and a RSP in 2008. These share plans support the principle of the alignment of management and shareowner interests, with performance conditions and/or periods governing the vesting of the plan instruments.

Executive directors and selected senior employees participate in certain, or all of the share plans. Awards under the EGP, CSP and DBP have been made annually since 30 June 2006, and under the RSP, during 2008, 2009, and 2010.

Amendments to the share schemes were proposed and approved by shareowners in 2010 in order to align the rules of the share plans with Schedule 14 of the JSE Listings Requirements.

Further amendments to the EGP and CSP were considered and approved during the year under review. The EGP was amended in so far as this pertained to the re-testing provisions and in line with the recommendations of King III, the re-testing provisions of the plan were removed. New awards under the EGP, including the 2011 EGP awards will therefore no longer be re-tested in years 4 and 5 and will lapse in their entirety in year 3 should the performance condition not be met.

The CSP performance condition for the 2011 awards was supplemented with additional performance conditions as summarised below. The additional performance conditions are in line with market research evidencing the move away from utilising Total Shareholder Return ("TSR") as the sole performance condition.

Each of the four share plans are summarised in the table below:

Structure	Vesting period	Exercise period	Participation and award levels	
EGP				
Conditional right to acquire shares at a future date. Value of shares acquired is calculated by reference to appreciation in value of a share between grant and exercise. Grant price and exercise price are set by reference to the volume weighted average price of a share over the 5 business days preceding the date of grant or exercise.	Three years from the date of grant. Vesting is subject to continued employment and the satisfaction of company performance conditions.	Commences on the vesting date and expires on the 7th anniversary of the date of grant. Shares equal to the appreciation value calculated on the exercise date will be delivered to the participant within 14 days of that date.	Full time salaried employees are eligible to participate at the invitation of the committee provided that they are not within 36 months of their normal retirement date. Award levels are based on the face value of the average total cost of employment for the grade as determined by a regular benchmarking exercise. Award levels can be adjusted by reference to the employee's performance and retention requirements.	
CSP				
Conditional award to receive a specified number of shares at a future date at nil cost, provided certain conditions are met.	Three years from the date of grant. Vesting is subject to continued employment with the company and the satisfaction of company performance conditions. Vested shares are delivered to the participant within 14 days of the vesting date.	Not applicable.	As per EGP.	

	Performance condition	Termination of employment
	Based on growth in AHEPS over the performance period. Historically, the condition has been growth of 2% per annum above CPI. The performance period is three years commencing on the date of the grant. On satisfaction of the condition, 100% of the right vests. Where the condition is not satisfied the right lapses in full on this date. Awards made prior to 2011 are permitted to have the performance conditions re-tested in year four and year five with additional growth in AHEPS at 8% and 10% above CPI respectively. Re-testing of the condition is not permitted for awards made from June 2011.	In the event of a permissible termination event, employees can exercise their rights in full within six months of termination of employment provided the EGP has vested. In all other instances, employees will forfeit vested and unvested EGP rights unless the committee determines otherwise.
	Awards made from 2006 – 2010 100% of the award related to TSR over a three year period, relative to the TSR of constituents in the INDI 25 and gambling/hotels sub sectors of the Hotel & Leisure industry sector that have a market capitalisation of greater than R1 billion or 10% of Sun International's market capitalisation on the following basis: If TSR over the performance period ranks: ♠ Within the upper quartile of the comparator group, then 100% of the awards vest; ♠ At the median, then 30% of the awards vest and the remainder of the awards lapse; ♠ Less than the upper quartile rank of the comparator group and ranks greater then the median of the comparator group, then the awards are linearly apportioned between 30% and 100% as the ranking of the TSR increases from the median to the upper quartile. The remainder of the awards lapse; ♠ If the ranking is below the median TSR of the comparator group, then the entire award lapses.	Provided the awards have vested in the normal course, the awards will vest on a permissible termination event. In all other instances the awards are forfeited upon the termination of employment.
	Awards made in 2011 40% of the award is based on the three year TSR as compared with a comparator group as follows: ♠ Within the upper quartile of the comparator group, then 100% of the awards vest; ♠ At the median, then 30% of the awards vest and the remainder of the awards lapse; ♠ Less than the upper quartile rank of the comparator group and ranks greater then the median of the comparator group, then the awards are linearly apportioned between 30% and 100% as the ranking of the TSR increases from the median to the upper quartile. The remainder of the awards lapse; ♠ If the ranking is below the median TSR of the comparator group, then the entire award will lapse. 30% of the award is based on achieving AHEPS threshold and on-target performance targets as follows: ♠ The threshold performance target is that the company's audited AHEPS for the financial year ending 30 June 2014 exceeds the audited AHEPS for the financial year ending 30 June 2011 by 30%; ♠ The on-target performance target is that the company's audited AHEPS for the financial year ending 30 June 2014 exceeds the audited AHEPS for the financial year ending 30 June 2011 by 52%; ♠ The percentage of the award which will vest will be linearly apportioned between the threshold and on-target performance targets. 30% of the award is based on the Group achieving and maintaining a B-BBEE Level 4 contributor status or better as at 31 December 2013 which will be verified by an accredited rating agency by 30 June 2014 as follows: ♠ Level 4: 33% (thirty-three percent) of the award will vest; ♠ Level 3: 66% (sixty-six percent) of the award will vest; ♠ Level 2: 100% (one-hundred percent) of the award will vest. Re-testing of the condition is not permitted and should the performance conditions not be met in year 3, the awards lapse in their entirety.	

Structure	Vesting period	Exercise period	Participation and award levels	
DBP				
Participants may use part of their after-tax bonus to acquire shares in the company. They receive a conditional award to acquire free, matching shares for nil cost provided certain conditions are met. The match is operated on a 1:1 basis. Shares purchased by the participant are held in trust/escrow for a three year qualifying period and must be retained in order for the matching shares to vest.	In respect of matching shares, three years from the date of grant provided that the participant remains employed by the company and that he/she retains the DBP shares purchased until the end of the vesting period. Following vesting, the DBP shares are released from trust/escrow and the matching shares are transferred to the participant within 14 days of the vesting date.	Not applicable.	Full time salaried employees are eligible to participate at the invitation of the committee provided that they are not within 36 months of their normal retirement date.	
RSP				
Forfeitable shares, owned by the participant from the date of grant but subject to a risk of forfeiture during the vesting period. During the vesting period, participants receive dividends paid in respect of the shares. During the vesting period the shares are held on behalf of the participant in a controlled account. Awards can be granted to deal with a specific retention risk with respect to key talent or to assist with the recruitment of key executives.	Three or five years from the date of grant during which the participant must remain employed by the company. Where the vesting period is three years, 100% of the award vests at the end of the period and where the vesting period is five years, 50% vests after three years, 25% after four years and the final 25% after five years. Following vesting, the shares are released from the controlled account to the participant and he/she is free to deal with the shares.	Not applicable.	Full time salaried employees, who have significant managerial or other responsibility, are eligible to participate at the invitation of the committee provided that they are not within 36 months of their normal retirement date.	

	Performance condition	Termination of employment
	Continued employment. The main purpose of the DBP is to encourage senior executives to invest in the company and align their interests with those of shareowners. In addition, the after tax bonus earned under the EBS has already been subjected to the satisfaction of performance conditions.	All awards that are not matched will be lost on termination of employment. All awards that are matched are released upon a permissible termination event. In all other instances, all unvested awards will lapse on termination of employment.
	Continued employment. Awards granted under the RSP are to deal with the very specific circumstances of retention and recruitment and are not subject to the satisfaction of additional performance conditions.	Upon a permissible termination event, unvested awards will be lost in full. In all other instances, unvested awards held by leavers will be forfeited on termination of employment and any dividends paid in respect of the forfeited shares must be repaid to the company.

Proposed amendments to share plan

Having engaged in a comprehensive review of the relevance and market comparability of the share plans (together with external remuneration experts and the committee), recommendation will be made to members at the forthcoming annual general meeting to amend the CSP rules to convert the plan into a forfeitable share plan. The performance conditions relating to the plan (as described on page 155) will be retained in its entirety. It is the nature of the instrument that changes from a conditional grant that only vests at the end of the performance period to a forfeitable share that is granted at the outset of the award but which will be forfeited at the end of the performance period in the event that the performance conditions are not met.

The rationale for the proposed change to the CSP is based on the changing market trends described above and that will allow management to benefit from forfeitable share ownership rights over the performance period with performance conditions based on targets that are stretching, verifiable and relevant to the Group's strategic objectives.

Emoluments

Executive directors' remuneration

The service contracts with executive directors and senior executives are terminable on six months' notice. The company has one fixed term contract with a duration of 12 months, with one senior executive. There are no additional contracts with fixed durations.

Should there be a change in control of the company, the vesting dates of all allocated awards in terms of the share plans, with the exception of the RSP, will be brought forward, and the share awards will be tested in terms of the performance conditions as at the date of the change in control. Should the performance conditions not be met, the share awards will be forfeited. All RSP awards are immediately forfeited upon termination of employment.

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 committee by the executive directors and thereafter considered by the board of directors for submission to shareowners. Executive directors do not receive fees for their services as directors.

Fees are determined by financial year and are payable quarterly in arrears, after 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.

In determining the appropriate fees, a recommendation is submitted 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. This review was conducted 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 probity requirements of the gaming industry. In arriving at the agreed level of fees, the results of market surveys were taken into consideration and the Group will consider doing an extensive benchmarking exercise in this regard in the forthcoming year.

The remuneration committee report

The remuneration committee are pleased to set out its report on its dealings for the 2011 year below:

Key highlights in 2011

- The remuneration strategy, philosophy and policy of the Group has been revised and updated in terms of market and governance practices and is summarised throughout this report;
- The Group conducted an extensive analysis of all of its Long Term Incentive ("LTI") plans and has proposed amendments to two of its four LTI plans as addressed in the report;
- The Group's revised remuneration policy as approved by the remuneration committee and the board will be presented to shareowners at the 2011 annual general meeting for a non-binding advisory vote.

During the year under review, the remuneration committee ("the committee") comprised of Messrs IN Matthews (chairman), PL Campher, MP Egan, MV Moosa and Ms ZBM Bassa. The committee was pleased to welcome Ms ZBM Bassa as a member of the committee with effect from 27 May 2011.

All members of the committee are non-executive directors, and save for Mr MV Moosa, are considered independent. The committee is satisfied that it has fulfilled its responsibilities in compliance with its written terms of reference in all material respects during the year.

The committee reviews the remuneration policy, the design and structure of executive director and senior executive salary packages, incentive schemes and share incentive programmes, to ensure that these motivate sustained high performance and retention throughout the Group.

The committee reviews its written terms of reference on an annual basis to ensure that its mandate remains in line with recommended governance practices; and the terms of reference were last reviewed and amended in May 2011. The terms of reference 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 safeguarding shareowner interests.

- Develop and implement a philosophy of remuneration and disclosure thereof to enable a reasonable assessment of reward practices and governance processes by all stakeholders.
- Recommend the level of non-executive directors' fees and board committee fees to the board, having reviewed the evaluation of their performance by the nomination committee, and having received the proposals/recommendations of the executive directors for consideration and approval by shareowners.
- Ensure consideration is given to executive and senior management succession planning in the Group.
- Appraise the executive performance of the chief executive and his direct reports annually as a pre-requisite 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.
- Evaluate the committee's own performance and effectiveness, annually.

The chief executive and director of group 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 committee when his/her own remuneration is discussed or considered. The chairman of the 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.

The committee is required to meet formally at least twice a year, and, as indicated in the attendance table on page 124, three meetings were held during the 2011 financial year, and a further meeting held as at the date of this report.

During the year under review, in addition to attending to other regular matters, the committee dealt with the following:

- The analysis of the Group's healthcare offerings to employees in the Group.
- An analysis of the structure of the Group's LTI plans.
- Greater diversity in the composition of the committee – and appointed a new member to the committee.

- Reviewing the Group's new performance management system and the performance contracts of executive management generated via this system.
- The compilation of a revised Group remuneration policy.

The committee is aware that even though the annual performance and effectiveness evaluation demonstrated the effectiveness of the committee, there is always room for improvement and has either undertaken or will undertake measures to address further improvements.

The remuneration disclosures of executive directors, the three highest paid employees and non-executive directors follows this section of the report.

Disclosures of 2011 remuneration of executive directors, the three highest paid employees & non-executive directors

Capacity of share plans and dilution

Details of the number of shares issued in satisfaction of the LTI plans approved by shareowners are noted on pages 231 to 235 of the integrated annual report.

The awards made to executive directors as well as the aggregated awards made to the three highest paid employees are disclosed below. In addition, awards which have vested or were exercised during the year, and the value received on vesting, are indicated below.

Awards made to executive directors and the three highest paid employees under share plans as at 30 June 2011:

	Share plan	Date of grant	Grant price	Number of grants held 30 June 2010	Number of grants made/ (forfeited) during year ended 30 June 2011	Grants exercise during year ended 30 June 2011	Number of grants held 30 June 2011	Earliest vesting/ date exercisable	Number of grants vested 30 June 2011	Present value of existing future awards
DC Coutts-Trotter										
	EGP	30.06.2006	82.74	27 919			**27 919**	30.06.2009	27 919	378 861
	EGP	29.06.2007	149.55	16 550			**16 550***	30.06.2012	–	_***
	EGP	30.06.2008	90.47	29 682			**29 682***	30.06.2012	–	_***
	EGP	30.06.2009	77.25	36 153			**36 153**	30.06.2012	–	883 218
	EGP	29.06.2010	84.12	35 854			**35 854**	29.06.2013	–	840 059
	EGP	29.06.2011	89.46	–	**36 413**		**36 413**	29.06.2014	–	797 445
Total				**146 158**	**36 413**		**182 571**		**27 919**	**2 899 583**
RP Becker	EGP	30.06.2006	82.74	12 551			**12 551**	30.06.2009	12 551	170 371
	EGP	29.06.2007	149.55	8 305			**8 305***	30.06.2012	–	_***
	EGP	30.06.2008	90.47	15 209			**15 209***	30.06.2012	–	_***
	EGP	30.06.2009	77.25	19 817			**19 817**	30.06.2012	–	484 129
	EGP	29.06.2010	84.12	21 992			**21 992**	29.06.2013	–	515 273
	EGP	29.06.2011	89.46	–	**21 021**		**21 021**	29.06.2014	–	460 360
Total				**77 874**	**21 021**		**98 895**		**12 551**	**1 630 133**
DC Coutts-Trotter										
	CSP	30.06.2008	n/a	37 778	**(37 778)**	**–**	**–****			
	CSP	30.06.2009	n/a	46 012	**–**	**–**	**46 012**	30.06.2012		–***
	CSP	29.06.2010	n/a	45 633	**–**	**–**	**45 633**	29.06.2013		–***
	CSP	29.06.2011	n/a	–	**46 344**	**–**	**46 344**	29.06.2014		3 332 365
Total				**129 423**	**8 566**		**137 989**			**3 332 365**

Awards made to executive directors and the three highest paid employees under share plans as at 30 June 2011 (continued)**:**

	Share plan	Date of grant	Grant price	Number of grants held 30 June 2010	**Number of grants made/ (forfeited) during year ended 30 June 2011**	**Grants exercise during year ended 30 June 2011**	**Number of grants held 30 June 2011**	Earliest vesting/ date exercisable	Number of grants vested 30 June 2011	Present value of existing future awards
RP Becker										
	CSP	30.06.2008	n/a	22 637	**(22 637)**		_**			
	CSP	30.06.2009	n/a	29 295	**–**		**29 295**	30.06.2012		_***
	CSP	29.06.2010	n/a	29 322	**–**		**29 322**	29.06.2013		–***
	CSP	29.06.2011	n/a	–	**28 028**		**28 028**	29.06.2014		2 015 353
Total				**81 254**	**5 391**		**86 645**			**2 015 353**
DC Coutts-Trotter										
	DBP	11.10.2007	n/a	8 932	**(8 932)**		**–**			
	DBP	06.10.2008	n/a	16 308			**16 308**	23.09.2011		1 493 813
	DBP	06.10.2009	n/a	16 607			**16 607**	21.09.2012		1 521 201
	DBP	30.09.2010	n/a	–	**2 715**		**2 715**	20.09.2013		248 694
Total				**41 847**	**(6 217)**		**35 630**			**3 263 708**
RP Becker										
	DBP	11.10.2007	n/a	3 611	**(3 611)**		**–**			
	DBP	06.10.2008	n/a	7 125			**7 125**	23.09.2011		652 650
	DBP	06.10.2009	n/a	7 256			**7 256**	21.09.2012		664 650
	DBP	30.09.2010	n/a	–	**1 256**		**1 256**	20.09.2013		115 050
Total				**17 992**	**(2 355)**		**15 367**			**1 432 350**
DC Coutts-Trotter								30.11.2011	50%	
	RSP	01.12.2008	n/a	195 378			**195 378**	30.11.2012	25%	17 896 625
								30.11.2013	25%	
Total				**195 378**			**195 378**			**17 896 625**
RP Becker								30.11.2011	50%	
	RSP	01.12.2008	n/a	80 032			**80 032**	30.11.2012	25%	7 330 931
								30.11.2013	25%	
	RSP	01.10.2009	n/a	16 000			**16 000**	30.09.2012	100%	1 465 600
Total				**96 032**			**96 032**			**8 796 531**

* *Performance conditions not met – subject to re-testing.*
** *TSR performance conditions not met.*
*** *Award not expected to vest.*

Lagos, Nigeria

Federal Palace

Awards made to executive directors and the three highest paid employees under share plans as at 30 June 2011 (continued)**:**

	Share plan	Date of grant	Grant price	Number of grants held 30 June 2010	**Number of grants made/ (forfeited) during year ended 30 June 2011**	**Grants exercise during year ended 30 June 2011**	**Number of grants held 30 June 2011**	Earliest vesting/ date exercisable	Number of grants vested 30 June 2011	Present value of existing future awards
2011										
Three highest paid employees										
	EGP	29.06.2011	90.39	133 757	**37 097**		**170 854**		–	2 453 992
	CSP	29.06.2011	n/a	95 172	**47 294**		**142 466**		–	2 469 220
	DBP	20.09.2010	n/a	13 156	**(2 771)**	**(1 981)**	**8 404**		–	769 806
	RSP	01.12.2008	n/a	80 903			**80 903**	30.11.2011 30.11.2012 30.11.2013	50% 25% 25%	7 410 715
2010										
Three highest paid Employees										
	EGP	29.06.2010	96.83	60 483	**9 216**		**69 699**		15 367	839 072
	CSP	29.06.2010	n/a	65 173	**(1 742)**		**63 431**			1 503 495
	DBP	20.09.2009	n/a	17 334	**3 367**	**(5 296)**	**15 405**			1 270 913
	RSP	01.12.2008	n/a	41 016			**41 016**	30.11.2011 30.11.2012 30.11.2013	50% 25% 25%	3 383 820

Share option scheme (discontinued in 2006)

Owing to changes in the regulatory environment and best practice, awards under the existing share option scheme have been discontinued, and accordingly, options have not been granted under this scheme after 30 June 2005. 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 in 2016. This disclosure is therefore provided on the basis of this being a discontinued scheme.

Share options held by executive directors and the three highest paid employees in terms of their participation in the Sun International Limited employee share incentive scheme as at 30 June 2011:

	Date of grant	Exercise price R	Number of options held 30 June 2010	Options exercised during year ended 30 June 2011	Number of options held 30 June 2011	Lapse date	Number of options vested 30 June 2011	Present value of existing future awards R
DC Coutts-Trotter	01.08.2003	31.56	8 750	–	**8 750**	01.08.2013	8 750	525 394
	12.09.2003	32.95	37 500	–	**37 500**	12.09.2013	37 500	2 199 375
	25.11.2003	39.01	56 250	–	**56 250**	25.11.2013	56 250	2 958 469
	01.09.2004	40.95	46 875	–	**46 875**	01.09.2014	46 875	2 374 219
	30.06.2005	61.83	46 875	–	**46 875**	30.06.2015	46 875	1 395 703
Total			**196 250**		**196 250**		**196 250**	**9 453 159**
RP Becker	30.06.2005	61.83	200 000	–	**200 000**	30.06.2015	200 000	5 955 000
Three highest paid employees	Various	73.36	96 875	**(37 500)**	**59 375**		59 375	1 083 047

Gains on the exercise of share options and grants:

	Share plan	Number of options/ grants exercised	Date of grant	Exercise/ grant price R	Exercise date	Market Price R	Gains on exercise of share options/ grants R
DC Coutts-Trotter	DBP matching award	8 932	20.09.2010		04.10.2010	97.45	870 423
	Total	**8 932**					**870 423**
RP Becker	DBP matching award	3 611	20.09.2010		04.10.2010	97.45	351 891
	Total	**3 611**					**351 891**
Top 3 Employees	DBP matching award	1 981	20.09.2010		01.10.2010	97.45	193 048
	Total	**1 981**				97.45	**193 048**

Emoluments

Paid to executive directors and the three highest paid employees by the company and subsidiaries:

		Bonus					
	Salary R	Gross R	Deferred R	Retirement contributions R	Other benefits R	Share option expense* R	Total R
2011							
DC Coutts-Trotter	**4 419 188**	**2 125 608**	**–**	**759 069**	**305 767**	**8 300 654**	**15 910 286**
RP Becker	**2 906 934**	**992 489**	**–**	**652 954**	**276 912**	**4 362 493**	**9 191 782**
Total	**7 326 122**	**3 118 097**	**–**	**1 412 023**	**582 679**	**12 663 148**	**25 102 069**
Top 3 Employees	**5 485 593**	**1 327 119**	**–**	**1 073 889**	**1 389 307**	**4 755 008**	**14 030 916**
2010							
DC Coutts-Trotter	4 074 303	440 245	–	702 842	788 478	8 224 805	14 230 673
RP Becker	2 641 560	203 674	–	599 040	87 400	4 081 123	7 612 797
Total	6 715 863	643 919	–	1 301 882	875 878	12 305 928	21 843 470
Top 3 Employees	5 792 679	536 456	1 834 521	1 169 594	692 127	2 695 599	12 720 976

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

The remuneration of the top three highest paid employees is disclosed above, in accordance with the recommendation of King III.

Directors' fees received from subsidiaries and waived in favour of holding companies:

R	2011	2010
DC Coutts-Trotter	**149 370**	137 600
RP Becker	**177 450**	166 349
	326 820	303 949

In accordance with the principles of King III, non-executive director fees are split into base and attendance fees. As in the previous year, non-executive directors do not participate in the EBS or any of the Group's share plans. The table includes fees paid to non-executive directors by the company and its subsidiaries.

The fees paid to non-executive directors for the year under review are indicated below.

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

	Directors', committee and trustee fees (subsidiaries and trusts) R	Directors' fees R	Committee fees R	Total 2011 R	Total 2010 R
Non-executive directors					
ZBM Bassa*	–	195 000	73 750	**268 750**	87 052*
PL Campher	50 000	195 000	70 000	**315 000**	313 000
MP Egan	10 000	195 000	136 000	**341 000**	316 000
NN Gwagwa	–	175 000	46 000	**221 000**	233 000
BLM Makgabo-Fiskerstrand*	–	195 000	–	**195 000**	60 836*
IN Matthews	30 000	330 000	197 500	**557 500**	511 000
LM Mojela	50 306	155 000	–	**205 306**	241 950
MV Moosa	148 400	775 000	126 000	**1 049 400**	952 450
DM Nurek	–	195 000	201 000	**396 000**	363 000
E Oblowitz	–	195 000	73 750	**268 750**	259 000
GR Rosenthal	–	195 000	228 000	**423 000**	389 000
	288 706	2 800 000	1 152 000	**4 240 706**	3 726 288

The fees payable to the non-executive directors for 2012, are indicated in the table below, and were presented to shareowners and approved by special resolution at the general meeting of shareowners held on 26 August 2011. The 2011 fees payable to non-executive directors are listed for comparative purposes.

	2012			2011		
	Base fee R	Attendance fee R	Total R	Base fee R	Attendance fee R	Total R
Services as directors – fees						
– chairman of the board	**642 000**	**37 450**	**829 250**	600 000	35 000	775 000
– directors	**101 650**	**21 400**	**208 650**	95 000	20 000	195 000
Lead independent director fees	**246 100**	**21 400**	**353 100**	230 000	20 000	330 000
Audit committee fees						
– chairman	**85 600**	**24 075**	**181 900**	80 000	30 000	170 000
– members	**42 800**	**12 038**	**90 950**	40 000	15 000	85 000
Remuneration committee fees						
– chairman	**38 520**	**23 540**	**109 140**	36 000	22 000	102 000
– members	**19 260**	**11 770**	**54 570**	18 000	11 000	51 000
Nomination committee fees						
– chairman	**32 100**	**16 050**	**80 250**	30 000	15 000	75 000
– members	**16 050**	**8 025**	**40 125**	15 000	7 500	37 500
Risk committee fees						
– chairman	**47 080**	**25 680**	**124 120**	44 000	24 000	116 000
– members	**23 540**	**12 840**	**62 060**	22 000	12 000	58 000
Social & Ethics Committee fees						
– chairman	**32 100**	**16 050**	**80 250**	–*	–*	–*
– members	**16 050**	**8 025**	**40 125**	–*	–*	–*

* *The Social & Ethics committee was constituted in terms of the requirements of the Companies Act, 2008, during the year under review, and accordingly, there are no comparative fees. The fees applicable to the members and the chairman of the Social & Ethics committee have been based on the amount of work thought to be applicable to the committee.*

Financial statements

Contents

Report of the audit committee for the year ended 30 June 2011

The audit committee has pleasure in submitting this report to shareholders as required by the Companies Act, 2008 and as recommended by King III.

Committee membership

The audit committee appointed by the board and approved by shareholders in respect of the financial year ended 30 June 2011 comprised Mr GR Rosenthal (chairman), Ms ZBM Bassa and Messrs MP Egan, DM Nurek and E Oblowitz ("the committee"). The committee members are all independent non-executive directors of the company and have the requisite financial skills and experience to contribute to the committee's deliberations.

During the review period the members of the committee were nominated by the board for re-election as members of the committee subject to shareholder approval at the 2011 annual general meeting. Messrs Egan and Oblowitz will not be proposed for re-election as members of the audit committee as a result of each of them stepping down from the board with effect at the 2011 annual general meeting. Ms B Modise has been proposed by the board as a member of the committee with effect from 1 September 2011, subject to the approval of her election as a director and member of the committee by shareholders at the 2011 annual general meeting.

Committee mandate and terms of reference

Details of the committee's mandate and terms of reference, as approved by the board, have been set out in the corporate governance report on pages 112 to 137 and include both its statutory duties and the duties assigned by the board. The committee is satisfied that it has considered and discharged its responsibilities in accordance with its mandate and terms of reference during the year under review.

Statutory duties

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, 1973 (as amended) and section 94(2) of the Companies Act, 2008. In this regard the committee has:

- evaluated the independence and effectiveness of the external auditors, PricewaterhouseCoopers Inc., and is satisfied that the external auditors are effective and independent of the company, having given due consideration to the parameters enumerated under section 94(8) of the Companies Act, 2008. The committee accordingly nominates PricewaterhouseCoopers Inc. as independent auditors to continue in office until the conclusion of the 2012 annual general meeting, noting that Mr D von Hosselin rotates as the individual registered auditor, in terms of section 92 of the Companies Act, 2008. Accordingly Mr ER MacKeown is appointed as the individual registered auditor and member of the aforegoing firm who will undertake the audit;
- considered and approved the audit fee payable to the external auditors in respect of the audit for the year ended 30 June 2011 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 appointment of the external auditors, the designated auditor and IFRS advisor are in compliance with the Companies Act, 2008, The Auditing Profession Act, 2005 and the Listings Requirements of the JSE Limited; and
- considered and pre-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.

The committee did not receive any complaints relating to the accounting practices or auditing of the Group or any related such matters.

Expertise and experience of the chief financial officer and the finance function

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

The committee having conducted a review of the appropriateness, skills and resourcing of the Group's finance function, has satisfied itself on the overall adequacy and appropriateness of the finance function.

Internal financial controls

The Group's internal audit function, which is more fully detailed in the corporate governance report on pages 133 to 134 provided the board with assurance on the key areas of the Group's internal financial controls. 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, as well as to detect and minimise significant fraud, potential liability, loss and material misstatement while complying with applicable laws and regulations.

The committee is of the opinion after having considered the assurance provided by the internal audit function that the Group's system of internal financial controls in all key material aspects is effective and provides reasonable assurance that the financial records may be relied upon for the preparation of the annual financial statements.

REPORT OF THE AUDIT COMMITTEE continued

Sustainability reporting

The committee supported the appointment of an external assurance provider, SustainabilityServices to perform an independent assurance exercise on the sustainability content of the integrated annual report.

The committee is satisfied with the results of the independent assurance exercise and in addition has reviewed the sustainability information set out in the integrated annual report and is satisfied that the sustainability information is reliable and consistent with the information contained in the annual financial statements.

Recommendation of the integrated annual report

The committee having fulfilled the oversight role regarding the reporting process and the integrated annual report and having regard to material factors that may impact on the integrity of the integrated annual report, recommended the integrated annual report and the consolidated annual financial statements for approval by the board of directors.

GR Rosenthal
Chairman
Sun International Limited audit committee

21 October 2011

Statement of responsibility by the board of directors
for the year ended 30 June 2011

The directors are responsible for the preparation and integrity of the annual financial statements and related financial information that fairly present the state of affairs and the results of Sun International Limited and that of the Group. The directors also have oversight for the information included in the integrated annual report and are responsible for both its accuracy and its consistency with the annual financial statements.

The annual financial statements, set out in the integrated annual report and presented on pages 173 to 248 have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2008. They are based on appropriate accounting policies, which have been consistently applied and which are supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the process of risk management and the system of internal financial control established by the Group and accordingly place considerable importance on maintaining a strong control environment.

The directors are of the opinion, based on the information and explanations given by management, the internal auditors, external auditors and the Group's various risk, compliance and other reporting processes, that the risk management processes and the system of internal control provides reasonable assurance in all key material aspects that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable and not absolute assurance against material misstatement or loss.

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 a 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.

The financial statements have been audited by the Groups' independent external auditors, PricewaterhouseCoopers Inc., who have been given unrestricted access to all financial records and related information. PricewaterhouseCoopers Inc.'s unmodified audit report is presented on page 172.

MV (Valli) Moosa
Chairman

21 October 2011

DC (David) Coutts-Trotter
Chief executive officer

21 October 2011

Directors' approval

The annual financial statements which were prepared by the Chief Financial Officer and which appear on pages 173 to 248, the corporate governance report on pages 112 to 137 and the remuneration report on pages 148 to 167 were approved by the board of directors on 21 October 2011 and signed on its behalf by:

MV Moosa
Chairman

DC Coutts-Trotter
Chief executive

Company secretary's certificate

To the members of Sun International Limited

I certify that the company has lodged with the Companies and Intellectual Property Commission, (previously the Companies and Intellectual Property Registration Office), all returns required of a public company in terms of the Companies Act, No. 71 of 2008, in respect of the financial year ended 30 June 2011 and that all such returns are true, correct and up to date.

CA Reddiar
Company secretary

21 October 2011

Independent auditor's report

to the shareholders of Sun International Limited

We have audited the consolidated annual financial statements and annual financial statements of Sun International Limited, which comprise the consolidated and separate statements of financial position as at 30 June 2011, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and the directors' report, as set out on pages 173 to 248.

Directors' responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. 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 consolidated and separate financial position of Sun International Limited as at 30 June 2011, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: DB von Hoesslin
Registered auditor

Johannesburg

21 October 2011

Report of the directors for the year ended 30 June 2011

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 statements of comprehensive income on page 184.

Segmental information is set out on pages 188 to 193.

Dividends

Dividends totalling 200 cents per share (2010: 100 cents) have been declared by the directors in respect of the year under review, as follows:

Interim, declared, 28 February 2011, paid, 28 March 2011: 80 cents

Final, declared 26 August 2011, paid, 26 September 2011: 120 cents

The final dividend referred to above will be accounted for in the 2012 annual financial statements as it was declared subsequent to the year end.

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 on page 18, and the joint chief executive's and chief financial officer's report commencing on page 22.

Share capital

During the year, no ordinary shares were issued. The following ordinary shares in the unissued share capital of the company remain under the control of the directors as a specific authority to allot and issue as follows:

4 571 795 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 20 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 35 to the Group financial statements.

Subsidiaries

Particulars relating to interests in principal subsidiaries appear on page 248.

Borrowing capacity

The company's borrowings are not restricted in terms of the company's memorandum of incorporation. The debt covenants and Group debt capacity appear in the joint chief executive's and chief financial officer's report on page 39.

Directors and company secretary

The names of the directors in office at the date of this report appear on pages 14 and 15 and particulars of the company secretary on page 17.

The following changes in the directorate have taken place subsequent to the financial period:

Name of director	Nature of change	Date of change
Ms KH Mazwai	Appointed	1 September 2011
Ms B Modise	Appointed	1 September 2011

In terms of the company's memorandum of incorporation, Messrs RP Becker, MP Egan, VM Moosa and GR Rosenthal are required to retire from office at the forthcoming annual general meeting and, with the exception of Mr MP Egan, the remaining directors, being eligible, offer themselves for re-election. Mr MP Egan will retire from the board with effect from the annual general meeting, and Mr E Oblowitz will be stepping down from the board at the same meeting.

REPORT OF THE DIRECTORS continued

As at 30 June 2011, the directors of the company beneficially held, directly or indirectly, 1 387 929 (2010: 1 417 184) ordinary shares in the issued capital of the company, as follows:

	Direct	Indirect	2011	2010
RP Becker	–	111 669	**111 669**	150 000
DC Coutts-Trotter	85 000	317 148	**402 148**	408 365
NN Gwagwa	–	*266 102	***266 102**	*261 352
IN Matthews	2 723	–	**2 723**	2 723
MV Moosa	–	*598 731	***598 731**	*588 188
DM Nurek	–	5 000	**5 000**	5 000
E Oblowitz	1 556	–	**1 556**	1 556
	89 279	1 298 650	**1 387 929**	1 417 184

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

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

Ordinary shares disposed of	
RP Becker	(56)
DC Coutts-Trotter	(1 168)
Total	(1 224)

Holding company

The company has no holding or ultimate holding company.

Special resolutions passed by the company and its subsidiaries

Company

At the 2010 annual general meeting, the following special resolutions were 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;
- financial assistance: sanctioning the conclusion and implementation of the Dinokana guarantee by the company in accordance with the provisions of section 38 (2A)(b) of the previous Companies Act, 1973, as amended; and
- consent to the directors' interests: sanctioning the conclusion and implementation of the Dinokana guarantee by the company in accordance with the provisions of section 226(2)(a) of the previous Companies Act, 1973, as amended.

Following the conclusion of the financial year and at the general meeting held on 26 August 2011, the following special resolutions were passed:

- payment of the portion on the non-executive directors' fees for the period 1 May 2011 to the date of the general meeting;
- payment of the non-executive directors' fees payable to the non-executive directors for the ensuing two year period; and
- authorisation for the company to provide financial assistance to related or interrelated companies in terms of section 45 of the Companies Act, 2008 such until the 2012 annual general meeting.

Subsidiaries

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

Subsequent events

Refer to note 37 for the restructure of Sun International and GPI's common interests.

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 under 'Accounting Policy Developments'.

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. 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 de facto 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. 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 statement of comprehensive income.

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. 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 are 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 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.

Other intangible assets

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

Expenditure on leasehold premiums anticipated, successful gaming licence bids, computer software 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
Computer software	4 years

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 meeting the definition of an asset is recognised as a capital improvement and added to the original cost of the asset.

Foreign currency translation

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 end of the reporting period. Gains or losses arising on translation are credited to or charged to the statement of comprehensive 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 the last day of the reporting period.
- 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 other comprehensive income. On disposal, such translation differences are recognised in the statement of comprehensive income 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 these 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 financial reporting 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 statement of comprehensive income.

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 statement of comprehensive income during the financial year in which they are incurred.

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 depreciation or amortisation and are tested annually for impairment. Assets that are subject to depreciation or 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).

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 statement of financial position 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 statement of financial position and the statement of cash flows, bank overdrafts are included in borrowings.

Financial instruments

Financial instruments carried at the financial reporting 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 financial reporting 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 financial reporting 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 the financial reporting date are classified as 'Loans and receivables' and 'Available-for-sale investments'.

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 the end of each financial year 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 statement of comprehensive income. 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 statement of comprehensive income.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the 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 recognised in the statement of comprehensive income. Impairment losses are not reversed through the statement of comprehensive income.

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 assets 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 receivables' (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 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 statement of financial position 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 in other comprehensive income 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 other comprehensive income are transferred to the statement of comprehensive income.

Financial liabilities

The Group's financial liabilities at the financial reporting date 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 statement of financial position date.

Derivative financial instruments

The Group uses derivative financial instruments, primarily foreign exchange contracts and cross currency 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 other comprehensive income. The ineffective portion is recognised immediately in profit or loss in the respective line items. Amounts deferred to the hedging reserves are recognised through profit and loss in the same period in which the hedged item affects profit and 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 statement of comprehensive income, 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 tax laws enacted or substantively enacted at the statement of financial position date.

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

Secondary tax on companies (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 statement of comprehensive income 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 statement of comprehensive income 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 statement of comprehensive income 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 statement of comprehensive income as interest expense. STC is accrued on recognition of the expense.

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 statement of financial position 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 statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period 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 statement of comprehensive income.

Defined contribution scheme

The Group operates a number of defined contribution schemes. 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 statement of comprehensive income. 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 the end of each reporting period, the Group revises its estimates of the number of awards that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the statement of comprehensive income, and a corresponding adjustment to equity over the remaining vesting period.

Long service awards

The Group pays its employees a long service benefit after each five year period of continuous service. The benefit is paid in the month the employee reaches the milestone. The method of accounting and frequency of valuation are similar to those used for defined benefit schemes. The actuarial valuation to determine the liability is performed annually.

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.

Provisions are made for jackpot payouts greater than R100 000. The provision is calculated based on the readings of the slot machines. The full provision is expected to be utilised within the next financial year.

Share capital

Ordinary shares are classified as equity. Redeemable 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 in 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 (for company), 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 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.

Customer loyalty points are provided against revenue when points are earned.

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

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose results are reviewed by the executive decision-makers to allocate resources and to assess its performance.

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.

Associates

Associates are all entities over which the company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Associates are equity accounted.

Non current assets held for sale

Non current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally though a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

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 residual 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.

Valuation of derivatives and other financial instruments

The valuation of derivatives and financial instruments is based on the market conditions at the statement of financial position date. The value of the instruments fluctuates on a daily basis and the actual amounts realised may differ materially from their value at the statement of financial position 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 2011

Amendments to IFRS 2 Group cash-settled share based payment transactions

The amendment clarifies the accounting for group cash-settled share based payment transactions.

The amendment had no impact on the Group.

IFRS 2 Share based Payment

The amendment clarifies the accounting for group cash-settled share based payment transactions. The entity receiving the goods or services shall measure the share based payment transaction as equity-settled only when the awards granted are its own equity instruments, or the entity has no obligation to settle the share based payment transaction. The entity settling a share based payment transaction when another entity in the group receives the goods or services recognises the transaction as equity-settled only if it is settled in its own equity instruments. In all other cases, the transaction is accounted for as cash-settled.

The amendment had no impact on the Group.

IFRS 5 Non Current Assets Held for Sale and Discontinued Operations

This amendment clarifies the disclosures of non current assets or disposal groups classified as held for sale or discontinued operations.

The amendment has been adopted by the Group.

IFRS 8 Operating Segments

This amendment clarifies the disclosure of information about segment assets.

The amendment has been adopted by the Group.

IAS 1 Presentation of Financial Statements

This amendment clarifies the classification of current versus non current convertible instruments.

The amendment is not applicable to the Group.

IAS 7 Statements of Cash Flows

This amendment clarifies the classification of expenditures on unrecognised assets.

The amendment is not applicable to the Group.

IAS 17 Leases

This amendment clarifies the classification of leases of land and buildings.

The amendment is not applicable to the Group.

IAS 18 Revenue

This amendment clarifies the principles when determining whether an entity is acting as a principal or as an agent.

The amendment is not applicable to the Group.

IAS 36 Impairment of Assets

This amendment clarifies the unit of accounting method to be used for goodwill impairment tests.

The amendment had no impact on the Group.

IAS 38 Intangible Assets

This amendment deals mainly with the changes when measuring the fair value of an intangible asset acquired in a business combination.

The amendment had no impact on the Group.

IAS 39 Financial Instruments: Recognition and Measurement

This amendment mainly deals with treating loan prepayment penalties as closely related embedded derivatives. It details some scope exemption for business combination contracts and clarifies the principles of cash flow hedge accounting.

The amendment is not applicable to the Group.

IFRIC 9 Reassessment of Embedded Derivatives

This amendment deals mainly with whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract.

The amendment is not applicable to the Group.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

This amendment relates to the restriction on the entity that can hold hedging instruments.

The amendment is not applicable to the Group.

Standards and amendments issued but not 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.

ACCOUNTING POLICIES continued

Amendment to IAS 24 – Related Party Disclosures

This amendment provides partial relief from the requirement for government related entities to disclose details of all transactions with the government and other government-related entities. It also clarifies and simplifies the definition of a related party.

The amendment will currently have no impact on the Group.

Amendments to IFRS 1, 'First time adoption' on hyperinflation and fixed dates

The first amendment replaces references to a fixed date of '1 January 2004' with 'the date of transition to IFRSs', thus eliminating the need for companies adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.

The amendment is not applicable to the Group.

Amendment to IFRS 7 Disclosures – Transfer of financial assets

The amendment is intended to address concerns raised during the financial crisis by the G20, among others, that financial statements did not allow users to understand the ongoing risks the entity faced due to derecognised receivables and other financial assets.

The amendment will currently have no impact on the Group.

Amendment to IAS 12, 'Income taxes' on deferred tax

Currently IAS 12, 'Income taxes', requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 Investment Property. Hence this amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, 'Income taxes recovery of revalued non-depreciable assets', no longer applies to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is accordingly withdrawn.

The amendment will currently have no impact on the Group.

IFRS 9 Financial Instruments (2009)

This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.

Management is currently considering the effect of the change.

IFRS 9 Financial Instruments (2010)

The IASB has updated IFRS 9 "Financial Instruments" to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and derecognition of financial instruments has been relocated from IAS 39 "Financial Instruments: Recognition and measurement", without change, except for financial liabilities that are designated at fair value through profit or loss.

The amendment will currently have no impact on the Group.

IFRS 10 – Consolidated Financial Statements

This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries.

The amendment will currently have no impact on the Group.

IFRS 11 – Joint arrangements

This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

The Group will have to equity account its investment in Dinokana.

IFRS 12 – Disclosures of interests in other entities

This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off statement of financial position vehicles.

The standard will have no impact on the Group.

IFRS 13 – Fair value measurement

This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs and US GAAP.

Management is currently considering the effect of the change.

IAS 27 (revised 2011) – Separate Financial Statements

This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

The standard will have no impact on the Group.

IAS 28 (revised 2011) – Associates and Joint Ventures

This standard includes the requirements for joint ventures as well as associates, to be equity accounted following the issue of IFRS 11.

The Group will have to equity account its investment in Dinokana.

Amendments to IFRIC 14: Pre-payments of a Minimum Funding Requirement

This amendment will have a limited impact as it applies only to companies that are required to make minimum funding contributions to a defined benefit pension plan. It removes an unintended consequence of IFRIC 14 related to voluntary pension prepayments when there is a minimum funding requirement.

The amendment will currently have no impact on the Group.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

This IFRIC clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished through the debtor issuing its own equity instruments to the creditor. A gain or loss is recognised in the profit and loss account based on the fair value of the equity instruments compared to the carrying amount of the debt.

The amendment will currently have no impact on the Group.

Annual Improvements Project

Improvements to IFRSs were issued in May 2010 as part of the 'annual improvements process' resulting in the following amendments to standards issued, but not effective for 30 June 2011 year ends.

The following standards have been affected by the project:

- IFRS 1 First-time Adoption of International Financial Reporting Standards
- IFRS 3 Business Combinations
- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Presentation of Financial Statements
- IAS 27 Consolidated and Separate Financial Statements
- IAS 34 Interim Financial Reporting
- IFRIC 13 Customer Loyalty Programmes

Management is currently considering whether any of these changes have an effect.

Group statements of comprehensive income for the year ended 30 June

	Notes	2011 Rm	2010 Restated Rm
Revenue			
Casino		**6 981**	6 212
Rooms		**904**	857
Food, beverage and other		**1 007**	892
		8 892	7 961
Promotional allowances		**(241)**	(164)
		8 651	7 797
Insurance proceeds	2	**–**	180
Consumables and services		**(956)**	(846)
Depreciation and amortisation	3	**(769)**	(685)
Employee costs	4	**(1 809)**	(1 646)
Levies and VAT on casino revenue		**(1 583)**	(1 364)
Promotional and marketing costs		**(643)**	(614)
Property and equipment rental		**(81)**	(114)
Property costs		**(425)**	(351)
SFIR minority equity option		**(75)**	–
Other operational costs		**(700)**	(728)
Operating profit	5	**1 610**	1 629
Foreign exchange loss		**(66)**	(15)
Interest income	6	**43**	60
Interest expense	7	**(496)**	(566)
Share of associate's loss	8	**–**	(3)
Profit before tax		**1 091**	1 105
Tax	9	**(515)**	(448)
Profit for the year		**576**	657
Other comprehensive income:			
Net loss on cash flow hedges		**–**	(10)
Tax on net loss on cash flow hedges		**–**	2
Transfer of hedging reserve to the statement of comprehensive income		**13**	87
Tax on transfer of hedging reserve to the statement of comprehensive income		**(3)**	(19)
Currency translation differences		**15**	(90)
Total comprehensive income for the year		**601**	627
Profit for the year attributable to:			
Minorities		**143**	150
Ordinary shareholders		**433**	507
		576	657
Total comprehensive income for the year attributable to:			
Minorities		**146**	142
Ordinary shareholders		**455**	485
		601	627
Earnings per share			
Basic (cents per share)	11	**461**	545
Basic diluted (cents per share)	11	**456**	539

(Refer to note 27 for details of comparative amounts restated).

Group statements of financial position as at 30 June

	Notes	2011 Rm	2010 Restated Rm	2009 Restated Rm
Assets				
Non current assets				
Property, plant and equipment	13	**8 868**	8 909	7 878
Intangible assets	14	**440**	349	382
Available-for-sale investment	15	**48**	48	48
Loans and receivables	16	**35**	45	49
Pension fund asset	17	**35**	30	31
Deferred tax	22	**126**	95	85
		9 552	9 476	8 473
Current assets				
Loans and receivables	16	**18**	31	184
Inventory	18	**57**	61	47
Accounts receivable	19	**366**	539	477
Tax		**38**	39	12
Cash and cash equivalents		**738**	721	794
		1 217	1 391	1 514
Non current assets held for sale	28	**79**	–	–
Total assets		**10 848**	10 867	9 987
Equity and liabilities				
Capital and reserves				
Ordinary shareholders' equity		**1 517**	1 117	482
Minorities' interests		**1 300**	1 378	1 003
		2 817	2 495	1 485
Non current liabilities				
Deferred tax	22	**468**	452	378
Borrowings	23	**2 936**	3 940	4 525
Other non current liabilities	24	**420**	316	334
Tax		**–**	41	43
		3 824	4 749	5 280
Current liabilities				
Accounts payable and accruals	25	**1 039**	1 161	1 113
Provisions	26	**47**	50	53
Borrowings	23	**2 972**	2 350	1 982
Tax		**114**	62	74
		4 172	3 623	3 222
Non current liabilities held for sale	28	**35**	–	–
Total liabilities		**8 028**	8 372	8 502
Total equity and liabilities		**10 848**	10 867	9 987

(Refer to note 27 for details of comparative amounts restated).

Group statements of cash flows for the year ended 30 June

	Notes	2011 Rm	2010 Rm
Cash flows from operating activities			
Cash receipts from customers		**8 929**	7 949
Cash paid to suppliers, government and employees		**(6 216)**	(5 728)
Cash generated by operations	29.1	**2 713**	2 221
Pre-opening expenses		**–**	(28)
Net insurance proceeds for business interruption		**–**	153
Tax paid	29.2	**(527)**	(519)
Net cash inflow from operating activities		**2 186**	1 827
Cash flows from investing activities			
Purchase of property, plant and equipment			
Expansion		**(201)**	(354)
Replacement		**(695)**	(677)
Purchase of intangible assets		**(71)**	(19)
Proceeds on disposal of property, plant and equipment		**4**	11
Purchase of shares in subsidiaries	29.3	**–**	(34)
Investment income		**43**	60
Purchase of shares in associate		**–**	(96)
Acquisition of TCN	29.4	**–**	(56)
Net insurance proceeds for asset reinstatement		**–**	27
Other non current loans realised		**37**	66
Net cash outflow from investing activities		**(883)**	(1 072)
Cash flows from financing activities			
Net decrease in borrowings	29.5	**(403)**	(451)
Interest paid	29.6	**(464)**	(533)
Dividends paid	29.7	**(431)**	(246)
Increase in minority funding		**37**	277
Increase in share capital		**–**	118
Proceeds on disposal of treasury share options		**13**	57
Purchase of treasury shares and share options		**(12)**	(41)
Net cash outflow from financing activities		**(1 260)**	(819)
Effects of exchange rate changes on cash and cash equivalents		**(22)**	(9)
Net increase/(decrease) in cash and cash equivalents	29.8	**21**	(73)
Cash and cash equivalents at beginning of year		**721**	794
Cash and cash equivalents at end of year	29.9	**742**	721

Group statements of changes in equity for the year ended 30 June

	Notes	Share capital and premium	Treasury shares	Treasury share options	Foreign currency translation reserve	Share based payment reserve	Available-for-sale investment reserve	Hedging reserve	Reserve for non-controlling interests*	Retained earnings	**Ordinary share-holders' equity**	Minorities' interests	**Total**
		Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	**Rm**	Rm	**Rm**
Balance at 30 June 2009 as previously reported		**107**	**(1 494)**	**(191)**	**124**	**74**	**4**	**(55)**	**(1 454)**	**3 454**	**569**	**1 020**	**1 589**
Recognition of long service awards										(87)	**(87)**	(17)	**(104)**
Restated balance at 30 June 2009	27	**107**	**(1 494)**	**(191)**	**124**	**74**	**4**	**(55)**	**(1 454)**	**3 367**	**482**	**1 003**	**1 485**
Share issue	20	39									**39**		**39**
Deemed treasury shares purchased	20		(1)								**(1)**		**(1)**
Deemed treasury shares disposed	20		2								**2**		**2**
Shares disposed by Dinokana	20		37							18	**55**		**55**
Treasury share options purchased	20			(40)							**(40)**		**(40)**
Treasury share options exercised	20			79							**79**		**79**
Employee share based payments	35					37					**37**		**37**
Release of share based payment reserve and delivery of share awards						(20)				16	**(4)**		**(4)**
Acquisition of subsidiary	29.4										**–**	219	**219**
Increase in minority funding									11		**11**	266	**277**
Acquisition of minorities' interests									(28)		**(28)**	(6)	**(34)**
Profit for the year										507	**507**	150	**657**
Other comprehensive income					(66)			44			**(22)**	(8)	**(30)**
Dividends paid											**–**	(246)	**(246)**
Restated balance at 30 June 2010	27	**146**	**(1 456)**	**(152)**	**58**	**91**	**4**	**(11)**	**(1 471)**	**3 908**	**1 117**	**1 378**	**2 495**
Deemed treasury shares purchased	20			(1)							**(1)**		**(1)**
Deemed treasury shares disposed	20			5							**5**		**5**
Shares disposed by Dinokana	20			7						6	**13**		**13**
Treasury share options purchased	20			(16)							**(16)**		**(16)**
Recognition of SFIR minority share option						75					**75**		**75**
Employee share based payments	35					41					**41**		**41**
Options exercised						(2)				2	**–**		**–**
Release of share based payment reserve and delivery of share awards						(12)				9	**(3)**		**(3)**
Movements in minorities' interests									1		**1**	37	**38**
Profit for the year										433	**433**	143	**576**
Other comprehensive income					13			9			**22**	3	**25**
Dividends paid										(170)	**(170)**	(261)	**(431)**
Balance at 30 June 2011		**146**	**(1 456)**	**(157)**	**71**	**193**	**4**	**(2)**	**(1 470)**	**4 188**	**1 517**	**1 300**	**2 817**

* *Reserve for non-controlling interests relate to the premium paid on purchases of minorities' interests and profits and losses on disposals of interests to minorities.*

Notes to the Group financial statements for the year ended 30 June

1. Segmental analysis

	Revenue		EBITDA		Depreciation and amortisation	
	2011	2010	**2011**	2010	**2011**	2010
	Rm	Rm	**Rm**	Rm	**Rm**	Rm
Gaming	**6 435**	6 016	**1 928**	1 846	**537**	486
GrandWest	**1 652**	1 582	**625**	614	**123**	126
Monticello	**1 064**	881	**156**	99	**121**	96
Carnival City	**973**	965	**295**	303	**73**	67
Sibaya	**904**	849	**310**	296	**64**	62
Boardwalk	**429**	414	**162**	160	**33**	28
Carousel	**308**	310	**66**	77	**28**	26
Meropa	**266**	236	**113**	98	**18**	15
Morula	**256**	254	**41**	51	**19**	18
Windmill	**220**	193	**79**	71	**17**	16
Flamingo	**131**	127	**35**	38	**11**	10
Golden Valley	**123**	112	**31**	27	**18**	15
Lesotho	**109**	93	**15**	12	**12**	7
Hotels and resorts	**2 383**	2 219	**309**	375	**211**	183
Sun City	**1 198**	1 160	**155**	173	**111**	105
Wild Coast Sun	**288**	287	**26**	48	**24**	18
Swaziland†	**167**	166	**(2)**	7	**8**	8
Botswana	**164**	156	**49**	48	**8**	8
Table Bay	**160**	167	**27**	35	**17**	17
Federal Palace	**149**	11	**10**	4	**22**	2
Zambia	**147**	149	**27**	26	**15**	18
Kalahari Sands	**110**	123	**17**	34	**6**	7
Other operating segments	**39**	40	**(17)**	(12)	**1**	2
Management activities	**612**	607	**332**	333	**14**	13
Total operating segments	**9 469**	8 882	**2 552**	2 542	**763**	684
Other	**(577)**	(921)	**3**	(9)	**6**	1
Central office and other	**–**	–	**3**	(9)	**6**	1
Elimination of intragroup	**(577)**	(575)				
Other expenses						
Monticello business interruption		(346)				
	8 892	7 961	**2 555**	2 533	**769**	685
Promotional allowances	**(241)**	(164)				
Total	**8 651**	7 797	**2 555**	2 533	**769**	685
Other						
Net interest expense and foreign exchange losses						
Share of associate's loss						
Tax						
Minorities' interests						
Deferred tax						
Borrowings						
	8 651	7 797	**2 555**	2 533	**769**	685

† These have been disclosed as non current assets and liabilities held for sale.

	Operating profit and segment results		Net interest paid		Property and equipment rental		Tax		Adjusted headline earnings	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	Rm	Rm	**Rm**	Rm	**Rm**	Rm	**Rm**	Rm	**Rm**	Rm
	1 342	1 284	**225**	225	**49**	73	**365**	347	**706**	696
	493	470	**24**	34	**9**	18	**168**	151	**301**	287
	22	(3)	**93**	67	**13**	6	**(24)**	(24)	**(82)**	(62)
	209	214	**38**	43	**13**	22	**63**	67	**108**	104
	240	222	**30**	37	**6**	11	**75**	69	**135**	115
	130	130	**4**	4	**–**	3	**23**	36	**91**	89
	36	47	**1**	–	**2**	4	**–**	–	**35**	48
	94	81	**7**	9	**1**	1	**30**	25	**56**	46
	21	31	**1**	–	**1**	1	**–**	–	**20**	32
	60	52	**6**	6	**2**	2	**20**	16	**34**	30
	23	26	**5**	6	**1**	2	**7**	6	**11**	13
	11	9	**12**	18	**1**	3	**2**	(1)	**(2)**	(8)
	3	5	**4**	1	**–**	–	**1**	2	**(1)**	2
	65	153	**69**	42	**32**	41	**12**	25	**(35)**	70
	40	61	**–**	–	**5**	8	**–**	–	**39**	56
	(1)	26	**10**	(1)	**3**	4	**(2)**	8	**(9)**	19
	(11)	(3)	**–**	(1)	**–**	2	**(3)**	(1)	**(8)**	(1)
	38	37	**(1)**	(1)	**3**	3	**4**	6	**31**	20
	2	9	**47**	47	**8**	10	**–**	–	**(45)**	(38)
	(12)	2	**16**	1	**–**	–	**11**	–	**(49)**	2
	11	8	**–**	–	**–**	–	**3**	6	**4**	2
	(2)	13	**(3)**	(3)	**13**	14	**(1)**	6	**2**	10
	(18)	(14)	**–**	–	**–**	–	**–**	–	**(17)**	(14)
	317	320	**(4)**	(14)	**–**	–	**111**	45	**211**	244
	1 706	1 743	**290**	253	**81**	114	**488**	417	**865**	996
	(96)	(114)	**163**	253	**–**	–	**27**	31	**(162)**	(269)
	(1)	(9)	**163**	253			**27**	31	**(162)**	(269)
	(95)	(105)								
	1 610	1 629	**453**	506	**81**	114	**515**	448	**703**	727
	1 610	1 629	**453**	506	**81**	114	**515**	448	**703**	727
	(519)	(521)								
	–	(3)							**–**	(3)
	(515)	(448)								
	(143)	(150)							**(191)**	(218)
	433	507	**453**	506	**81**	114	**515**	448	**512**	506

Notes to the Group financial statements for the year ended 30 June

	Assets		Borrowings		Liabilities		Capital expenditure	
	2011	2010	2011	2010	2011	2010	2011	2010
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
1. Segmental analysis continued								
Gaming	**6 445**	6 429	**2 392**	2 382	**797**	688	**472**	757
GrandWest	**1 249**	1 319	**382**	413	**148**	118	**57**	67
Monticello	**2 041**	2 112	**567**	692	**233**	159	**49**	393
Carnival City	**660**	684	**492**	394	**91**	97	**55**	45
Sibaya	**762**	783	**390**	446	**100**	94	**49**	59
Boardwalk	**434**	300	**72**	5	**59**	37	**132**	9
Carousel	**331**	332	**–**	–	**31**	31	**26**	23
Meropa	**167**	170	**105**	110	**23**	25	**18**	15
Morula	**147**	136	**–**	–	**29**	30	**19**	17
Windmill	**238**	163	**158**	80	**21**	18	**38**	10
Flamingo	**96**	93	**74**	68	**11**	13	**11**	11
Golden Valley	**195**	203	**143**	174	**29**	38	**10**	7
Lesotho	**125**	134	**9**	–	**22**	28	**8**	101
Hotels and resorts	**3 251**	3 380	**546**	555	**526**	619	**410**	249
Sun City	**1 610**	1 703	**–**	–	**267**	347	**104**	118
Wild Coast Sun	**420**	273	**6**	–	**67**	71	**173**	93
Swaziland†	**76**	82	**2**	–	**28**	25	**11**	11
Botswana	**108**	108	**5**	–	**20**	21	**5**	4
Table Bay	**115**	132	**333**	328	**14**	39	**6**	11
Federal Palace	**503**	660	**198**	227	**71**	62	**20**	1
Zambia	**303**	323	**–**	–	**32**	31	**9**	6
Kalahari Sands	**116**	99	**2**	–	**27**	23	**82**	5
Other operating segments	**22**	–	**–**	–	**–**	–	**3**	1
Management activities	**617**	736	**6**	25	**169**	80	**39**	24
Total operating segments	**10 335**	10 545	**2 944**	2 962	**1 492**	1 387	**924**	1 031
Other	**346**	188	**2 966**	3 328	**44**	140		
Central office and other	**346**	188	**2 966**	3 328	**270**	251		
Elimination of intragroup					**(226)**	(111)		
Other expenses								
Monticello business interruption								
	10 681	10 733	**5 910**	6 290	**1 536**	1 527	**924**	1 031
Promotional allowances								
Total	**10 681**	10 733	**5 910**	6 290	**1 536**	1 527	**924**	1 031
Other								
Net interest expense and foreign exchange profits								
Share of associate's loss								
Tax	**41**	39			**114**	103		
Minorities' interests								
Deferred tax	**126**	95			**468**	452		
Borrowings					**5 910**	6 290		
	10 848	10 867	**5 910**	6 290	**8 028**	8 372	**924**	1 031

† *These have been disclosed as non current assets and liabilities held for sale.*

Windmill

Bloemfontein

NOTES TO THE GROUP FINANCIAL STATEMENTS continued

1. Segmental analysis continued (Revenue)

	Casino		Tables		Slots	
	2011	2010	**2011**	2010	**2011**	2010
	Rm	Rm	**Rm**	Rm	**Rm**	Rm
Gaming	**6 038**	5 651	**975**	914	**5 063**	4 737
GrandWest	**1 624**	1 548	**219**	217	**1 405**	1 331
Monticello	**898**	752	**265**	224	**633**	528
Carnival City	**942**	927	**142**	150	**800**	777
Sibaya	**867**	814	**184**	168	**683**	646
Boardwalk	**420**	405	**35**	38	**385**	367
Carousel	**296**	291	**27**	26	**269**	265
Meropa	**264**	235	**28**	28	**236**	207
Morula	**220**	217	**15**	11	**205**	206
Windmill	**219**	193	**33**	28	**186**	165
Flamingo	**130**	126	**11**	12	**119**	114
Golden Valley	**116**	107	**6**	4	**110**	103
Lesotho	**42**	36	**10**	8	**32**	28
Hotels and resorts	**921**	836	**165**	150	**756**	686
Sun City	**401**	362	**67**	69	**334**	293
Wild Coast Sun	**223**	223	**27**	26	**196**	197
Swaziland	**71**	70	**18**	16	**53**	54
Botswana	**101**	96	**23**	21	**78**	75
Table Bay	**–**	–	**–**	–	**–**	–
Federal Palace	**49**	5	**13**	1	**36**	4
Zambia	**–**	–	**–**	–	**–**	–
Kalahari Sands	**76**	80	**17**	17	**59**	63
Other operating segments	**22**	18	**–**	–	**22**	18
Management activities						
Total operating segments	**6 981**	6 505	**1 140**	1 064	**5 841**	5 441
Other	**–**	(293)	**–**	(87)	**–**	(206)
Central office and other						
Elimination of intragroup						
Other income						
Other expenses						
Monticello business interruption		(293)		(87)		(206)
Total	**6 981**	6 212	**1 140**	977	**5 841**	5 235

	Rooms		Food and beverage		Other		Promotional allowance		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
	109	89	182	170	106	106	(120)	(67)	6 315	5 949
	4	4	–	–	24	30	(3)	(2)	1 649	1 580
	26	14	119	102	21	13	(70)	(23)	994	858
	9	10	–	–	22	28	(8)	(7)	965	958
	20	18	7	6	10	11	(9)	(8)	895	841
	–	–	–	–	9	9	–	–	429	414
	7	5	–	10	5	4	(4)	(4)	304	306
	–	–	–	–	2	1	–	–	266	236
	5	6	27	28	4	3	(17)	(17)	239	237
	–	–	–	–	1	–	–	–	220	193
	–	–	–	–	1	1	–	–	131	127
	6	5	–	–	1	–	(4)	(4)	119	108
	32	27	29	24	6	6	(5)	(2)	104	91
	793	776	457	411	212	196	(120)	(96)	2 263	2 123
	415	435	210	202	172	161	(75)	(55)	1 123	1 105
	18	17	33	32	14	15	(33)	(30)	255	257
	38	40	49	46	9	10	(6)	(5)	161	161
	36	34	25	24	2	2	–	–	164	156
	119	130	38	34	3	3	–	–	160	167
	60	4	35	2	5	–	–	–	149	11
	88	92	52	53	7	4	–	–	147	149
	19	24	15	18	–	1	(6)	(6)	104	117
	2	2	7	7	8	13	(1)	(1)	38	39
					612	607	–	–	612	607
	904	867	646	588	938	922	(241)	(164)	9 228	8 718
	–	(10)	–	(37)	(577)	(581)	–	–	(577)	(921)
					(577)	(575)			(577)	(575)
		(10)		(37)		(6)				(346)
	904	857	646	551	361	341	(241)	(164)	8 651	7 797

NOTES TO THE GROUP FINANCIAL STATEMENTS continued

	2011 Rm	2010 Restated Rm
2. Insurance proceeds		
Monticello business interruption	**–**	175
Asset reinstatement	**–**	64
Deductible:	**–**	(59)
Business Interruption	**–**	(22)
Asset reinstatement	**–**	(37)
	–	180
3. Depreciation and amortisation		
Property, plant and equipment (refer to note 13)	**(732)**	(638)
Intangible assets (refer to note 14)	**(37)**	(47)
	(769)	(685)
4. Employee costs		
Salaries, wages, bonuses and other benefits	**(1 616)**	(1 457)*
Pension costs – defined contribution plans	**(157)**	(150)
– defined benefit plans (refer to note 17)	**5**	(2)
contributions paid	**–**	(1)
pension fund surplus/(deficit) recognition	**5**	(1)
Employee share based payments (refer to note 35)	**(41)**	(37)
	(1 809)	(1 646)
Number of employees at the end of the year	**11 409**	11 092
Permanent core employees	**9 053**	7 913
Permanent scheduled employees	**1 844**	2 825
Temporary employees	**512**	354

* *This has been restated for the recognition of the long service awards (refer to note 27).*

	2011 Rm	2010 Restated Rm
5. Operating profit is stated after charging the following:		
Operating lease charges		
Plant, vehicles and equipment	**(41)**	(50)
Auditors' remuneration	**(19)**	(16)
Audit fees	**(15)**	(14)
Fees for other services	**(3)**	(1)
Expenses	**(1)**	(1)
Net profit/(loss) on disposal and impairment of property, plant and equipment	**1**	(1)
Impairment of assets – Monticello	**–**	(61)
6. Interest income		
Interest earned on cash and cash equivalents	**31**	35
Preference share dividends	**1**	2
Tax authorities	**11**	23
	43	60

	2011 Rm	2010 Restated Rm
7. Interest expense		
Interest paid on borrowings	**(266)**	(302)
Preference share dividends	**(191)**	(220)
Imputed interest on loans payable	**(18)**	(18)
Transfer from hedging reserve	**(13)**	(47)
Fair value of derivative financial instruments	**(6)**	8
Tax authorities	**(4)**	(8)
Capitalised to property, plant and equipment	**2**	21
	(496)	(566)

8. Share of associate's loss

	2011 Rm	2010 Restated Rm
Share of TCN loss for the period	**–**	(3)

On 19 August 2009, a 29% stake in TCN was acquired for R96 million.

On 26 May 2010, the Group increased its shareholding in TCN to 49% and consolidated the subsidiary from this date (refer to note 29.4).

The year end for TCN was 31 December, this has been changed to 30 June to align with the Group's year end.

9. Tax

	2011 Rm	2010 Restated Rm
Normal tax – South African	**(423)**	(368)
– foreign	**(2)**	(4)
	(425)	(372)
Current tax – current year	**(440)**	(474)
– prior years	**9**	71
Deferred tax – current year	**5**	24
– prior years	**1**	7
STC	**(73)**	(72)
CGT	**(13)**	–
Other taxes	**(4)**	(4)
	(515)	(448)
Effect of tax losses not recognised as deferred tax assets	**25**	23
Unutilised STC credits	**66**	55
Reconciliation of rate of tax	**%**	%
Standard rate – South African	**28.0**	28.0
Adjusted for:		
Disallowable expenses	**6.1**	6.7
Exempt income	**(1.3)**	(0.1)
SFIR minority equity option	**1.9**	–
Preference share dividends	**4.0**	4.9
Foreign tax rate variations	**1.1**	1.2
Prior year over-provisions	**(0.9)**	(7.1)
STC	**6.7**	6.5
CGT	**1.2**	–
Other taxes	**0.4**	0.4
Effective tax rate	**47.2**	40.5

NOTES TO THE GROUP FINANCIAL STATEMENTS continued

	2011 Rm	2010 Restated Rm
10. EBITDA reconciliation		
Operating profit	**1 610**	1 629
Monticello insurance deductible	**–**	59
Depreciation and amortisation	**769**	685
Property and equipment rental	**81**	114
Pension fund deficit recognition	**–**	1
Net (profit)/loss on disposal and impairment of property, plant and equipment	**(1)**	1
Profit on disposal of investments	**–**	(2)
SFIR minority equity option	**75**	–
Pre-opening expenses	**–**	28
Reversal of Employee Share Trusts' consolidation*	**21**	18
EBITDA	**2 555**	2 533

* *The consolidation of the Employee Share Trusts are reversed as the Group does not receive the economic benefits of these trusts.*

	2011 Rm	2010 Restated Rm
11. Earnings per share		
Profit attributable to ordinary shareholders	**433**	507
Headline earnings adjustments	**(1)**	36
Net (profit)/loss on disposal and impairment of property, plant and equipment	**(1)**	1
Profit on disposal of investments	**–**	(2)
Insurance deductible relating to asset reinstatement	**–**	37
Tax relief on the above items	**(3)**	(4)
Minorities' interests in the above items	**4**	(17)
Headline earnings	**433**	522
Adjusted headline earnings adjustments	**87**	52
Pre-opening expenses	**–**	28
Pension fund deficit recognition	**–**	1
Insurance deductible relating to business interruption	**–**	22
SFIR minority equity option	**75**	–
Foreign exchange loss on intercompany loans	**12**	1
Tax relief on the above items	**(2)**	(9)
SARS tax refund	**–**	(53)
Tax on share premium distributions received	**–**	(2)
CGT	**8**	–
Tax on termination of contract	**(5)**	–
Minorities' interests in the above items	**(27)**	(22)
Reversal of Employee Share Trusts' consolidation	**18**	18
Adjusted headline earnings	**512**	506

	2011 Rm	2010 Restated Rm
11. Earnings per share continued		
Number of shares for diluted EPS calculation (000's)		
Weighted average number of shares in issue	**93 826**	92 967
Adjustment for dilutive share options	**1 123**	1 015
Diluted weighted average number of shares in issue	**94 949**	93 982
Number of shares for diluted adjusted HEPS calculation (000's)		
Weighted average number of shares in issue	**93 826**	92 967
Weighted deemed treasury shares	**798**	847
Weighted treasury shares held by Employee Share Trusts	**5 922**	6 226
Adjusted weighted average number of shares in issue	**100 546**	100 040
Adjustment for dilutive share options	**1 123**	1 015
Diluted adjusted weighted average number of shares in issue	**101 669**	101 055
Earnings per share (cents)		
Basic	**461**	545
Headline	**461**	561
Adjusted headline	**509**	506
Diluted earnings per share (cents)		
Basic	**456**	539
Headline	**456**	555
Adjusted headline	**504**	501

Earnings per share is calculated by dividing the net profit attributable to ordinary 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 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.

The prior year's basic and diluted earnings and headline earnings per share, declined by 7 cents as a result of the restatement. Refer to note 27 for further information.

12. Dividends paid

	2011 Rm	2010 Restated Rm
A dividend of 100 cents per share for the year ended 30 June 2010 was declared on 27 August 2010 and paid on 20 September 2010.	**(95)**	
An interim dividend of 80 cents per share for the year ended 30 June 2011 was declared on 28 February 2011 and paid on 28 March 2011.	**(75)**	
	(170)	–

A final dividend of 120 cents per share for the year ended 30 June 2011 was declared on 26 August 2011 and paid on 26 September 2011. No STC is payable as STC credits will be utilised.

NOTES TO THE GROUP FINANCIAL STATEMENTS continued

	2011	2010 Restated	2009
	Rm	Rm	Rm

13. Property, plant and equipment

	2011 Rm	2010 Restated Rm	2009 Rm
Net carrying value			
Freehold land and buildings	**4 528**	4 580	3 373
Leasehold land and buildings	**1 176**	1 178	1 158
Infrastructure	**789**	737	625
Plant and machinery	**412**	424	391
Equipment	**1 179**	1 123	1 055
Furniture and fittings	**337**	404	355
Vehicles	**18**	11	8
Operating equipment	**62**	145	136
Capital work in progress	**367**	307	777
	8 868	8 909	7 878

2011

Rm	Cost						
Asset type	**Opening**	**Exchange rate adjustments**	**Additions**	**Disposals, impairments and write-offs**	**Reclassifications**	**Non* current assets held for sale**	**Closing**
Freehold land and buildings	**5 308**	**(43)**	**36**	**(4)**	**86**	**(49)**	**5 334**
Leasehold land and buildings	**1 767**	**(5)**	**43**	**(6)**	**12**	**–**	**1 811**
Infrastructure	**1 062**	**4**	**34**	**(2)**	**58**	**(8)**	**1 148**
Plant and machinery	**819**	**2**	**46**	**(6)**	**4**	**(11)**	**854**
Equipment	**2 595**	**–**	**410**	**(148)**	**(67)**	**(41)**	**2 749**
Furniture and fittings	**1 036**	**(10)**	**31**	**(11)**	**(13)**	**(26)**	**1 007**
Vehicles	**54**	**–**	**15**	**(6)**	**–**	**(1)**	**62**
Operating equipment	**145**	**–**	**53**	**(49)**	**–**	**(6)**	**143**
Capital work in progress	**307**	**2**	**256**	**–**	**(218)**	**–**	**347**
	13 093	**(50)**	**924**	**(232)**	**(138)**	**(142)**	**13 455**

Rm	Accumulated depreciation						
Asset type	**Opening**	**Exchange rate adjustments**	**Depreciation on disposals**	**Depreciation**	**Reclassifications**	**Non* current assets held for sale**	**Closing**
Freehold land and buildings	**(728)**	**13**	**–**	**(114)**	**–**	**22**	**(807)**
Leasehold land and buildings	**(589)**	**1**	**5**	**(57)**	**–**	**–**	**(640)**
Infrastructure	**(325)**	**1**	**1**	**(41)**	**–**	**5**	**(359)**
Plant and machinery	**(395)**	**1**	**5**	**(56)**	**–**	**3**	**(442)**
Equipment	**(1 472)**	**–**	**142**	**(381)**	**57**	**31**	**(1 623)**
Furniture and fittings	**(632)**	**7**	**12**	**(76)**	**–**	**17**	**(672)**
Vehicles	**(43)**	**–**	**6**	**(7)**	**–**	**–**	**(44)**
	(4 184)	**23**	**171**	**(732)**	**57**	**78**	**(4 587)**

* *Refer to note 28.*

13. Property, plant and equipment continued

2010 Restated							
Rm	Cost						
Asset type	Opening	Exchange rate adjustments	Acquisition of TCN	Additions	Disposals, impairments and write-offs	Reclassifications	Closing
Freehold land and buildings	4 012	(46)	725	346	(59)	330	5 308
Leasehold land and buildings	1 690	(1)	–	65	(1)	14	1 767
Infrastructure	917	(8)	4	34	(4)	119	1 062
Plant and machinery	740	(7)	10	18	(2)	60	819
Equipment	2 309	(18)	59	292	(108)	61	2 595
Furniture and fittings	915	(6)	42	59	(9)	35	1 036
Vehicles	50	–	1	6	(3)	–	54
Operating equipment	136	(2)	4	65	(58)	–	145
Capital work in progress	777	(13)	16	146	–	(619)	307
	11 546	(101)	861	1 031	(244)	–	13 093

Rm	Accumulated depreciation				
Asset type	Opening	Exchange rate adjustments	Depreciation on disposals	Depreciation	Closing
Freehold land and buildings	(639)	2	–	(91)	(728)
Leasehold land and buildings	(532)	–	–	(57)	(589)
Infrastructure	(292)	–	4	(37)	(325)
Plant and machinery	(349)	1	2	(49)	(395)
Equipment	(1 254)	6	96	(320)	(1 472)
Furniture and fittings	(560)	2	6	(80)	(632)
Vehicles	(42)	1	2	(4)	(43)
	(3 668)	12	110	(638)	(4 184)

13. Property, plant and equipment continued

2009							
Rm	Cost						
Asset type	Opening	Exchange rate adjustments	Acquisition of SFIR	Additions	Disposals, impairments and write-offs	Reclassifications	Closing
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
	9 407	(72)	893	1 476	(150)	(8)	11 546

Rm	Accumulated depreciation				
Asset type	Opening	Exchange rate adjustments	Depreciation on disposals	Depreciation	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)
	(3 178)	11	109	(610)	(3 668)

Net carrying value of property, plant and equipment held under finance leases is R151 million (2010: R120 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 R2 million (2010: R21 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 736 million (2010:R1 769 million) where the residual value is deemed to approximate the carrying value.

	2011	2010
	Rm	Rm

14. Intangible assets

	2011 Rm	2010 Rm
Net carrying value		
Computer software	**81**	–
Sun International name	**72**	72
Bid costs	**180**	173
Management contracts	**4**	4
Goodwill	**88**	84
Lease premiums	**15**	16
	440	349

2011							
Rm	**Cost**						
Asset type	**Computer software**	**Sun International name**	**Bid costs**	**Management contract**	**Goodwill**	**Lease premiums**	**Closing**
Opening balance	**–**	**72**	**582**	**5**	**192**	**35**	**886**
Additions	**–**	**–**	**43**	**–**	**–**	**–**	**43**
Disposals*	**–**	**–**	**(48)**	**–**	**–**	**–**	**(48)**
Reclassification	**138**	**–**	**–**	**–**	**–**	**–**	**138**
Exchange rate adjustments	**–**	**–**	**–**	**–**	**4**	**–**	**4**
Closing balance	**138**	**72**	**577**	**5**	**196**	**35**	**1 023**

Rm	**Accumulated amortisation and impairments**					
Asset type	**Computer software**	**Bid costs**	**Management contract**	**Goodwill**	**Lease premiums**	**Closing**
Opening balance	**–**	**(409)**	**(1)**	**(108)**	**(19)**	**(537)**
Amortisation	**–**	**(36)**	**–**	**–**	**(1)**	**(37)**
Disposals*	**–**	**48**	**–**	**–**	**–**	**48**
Reclassification	**(57)**	**–**	**–**	**–**	**–**	**(57)**
Closing balance	**(57)**	**(397)**	**(1)**	**(108)**	**(20)**	**(583)**

* *Fully amortised eliminated from cost and accumulated depreciation.*

14. Intangible assets continued

2010						
Rm	Cost					
Asset type	Sun International name	Bid costs	Management contract	Goodwill	Lease premiums	Closing
Opening balance	72	563	5	197	35	872
Additions	–	19	–	–	–	19
Exchange rate adjustments	–	–	–	(5)	–	(5)
Closing balance	72	582	5	192	35	886

Rm	Accumulated amortisation and impairments				
Asset type	Bid costs	Management contract	Goodwill	Lease premiums	Closing
Opening balance	(363)	(1)	(108)	(18)	(490)
Amortisation	(46)	–	–	(1)	(47)
Closing balance	(409)	(1)	(108)	(19)	(537)

Computer software

Computer software has been reclassified from Property, Plant and Equipment to Intangible assets as this classification is deemed to be more appropriate.

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 7% to 13%. 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 is no indication of impairment.

Goodwill

The goodwill relates to the acquisition of SFIR on 20 August 2008. Goodwill comprises intellectual property and the casino licence. Goodwill was tested for impairment by performing a 'value in use' valuation and applying a discount rate of 10.31% (2010: 9.73%) to the directors' estimated future operating cash flows. Local territory tax rates were applied and a terminal growth rate based on local inflation plus a premium.

	2011 Rm	2010 Rm
15. Available-for-sale investment		
Cape Town International Convention Centre Company (Proprietary) Limited (CTICC)		
Balance at the beginning and end of the year	**48**	48
Directors' valuation	**48**	48

The 24.8% (2010: 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, being 30 June 2010. The Group has no significant influence over the company, therefore the investment was designated as available-for-sale.

Effective 1 July 2009, the Group adopted amendments to IFRS 7 for financial instruments that are measured in the statement of financial position at fair value. This requires disclosure of the fair value measurements by level of the fair value measurements hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1)
- Inputs other than quoted prices included with level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)(level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)(level 3)

The available-for-sale asset has been classified as level 3.

	2011 Rm	2010 Rm
16. Loans and receivables		
Preference share funding of empowerment partners	**18**	28
Guarantee deposits	**15**	21
Other loans	**3**	7
	36	56
Current portion	**(15)**	(28)
	21	28
Derivative financial instruments		
Foreign exchange contract	**17**	7
Interest rate cross currency swaps (refer to note 30)	**–**	13
	17	20
Current portion		
Foreign exchange contract	**(3)**	(1)
Interest rate cross currency swaps (refer to note 30)	**–**	(2)
	14	17
	35	45
Loans and receivables are due over the following periods:		
Less than 1 year	**18**	31
1 – 2 years	**13**	10
2 – 3 years	**12**	17
3 – 4 years	**4**	2
4 years and onwards	**6**	16
	53	76
	%	%
The weighted average interest and dividend rates were as follows:		
Preference share funding of empowerment partners*	**6.5**	7.5
Other loans	**4.3**	5.0
Weighted average	**6.3**	7.0

* *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 fair value of loans and receivables approximates their carrying value.

	2011 Rm	2010 Rm

17. Retirement benefit information

Valuation in terms of the Financial Services Board guidelines

A valuation of the defined benefit fund was carried out as at 1 July 2010 by an independent firm of consulting actuaries. The fund was found to have a surplus of R225 million, of which R80 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 is complete and has been submitted to the FSB for approval.

	2011 Rm	2010 Rm
Present value of funded obligations	**(278)**	(271)
Fair value of fund assets	**503**	507
Surplus before contingency reserve	**225**	236
Contingency reserve	**(80)**	(96)
Employer surplus account	**(22)**	–
Surplus	**123**	140

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 statement of financial position is determined as follows:

	2011 Rm	2010 Rm
Present value of funded obligations	**(290)**	(249)
Balance at beginning of year	**(249)**	(237)
Current service cost	**(5)**	(5)
Interest cost	**(23)**	(22)
Contributions by plan participants	**(2)**	(2)
Actuarial (loss)/gain	**(29)**	3
Benefits paid	**18**	5
Transfers out of fund	**–**	9
Fair value of plan assets	**501**	454
Balance at beginning of year	**454**	396
Expected return on plan assets	**41**	36
Actuarial gain	**22**	33
Employer contributions	**–**	1
Contributions by plan participants	**2**	2
Benefits paid	**(18)**	(5)
Transfers out of fund	**–**	(9)
Present value of retirement benefit surplus	**211**	205
Less: application of asset ceiling	**(176)**	(175)
Pension fund asset	**35**	30

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.

NOTES TO THE GROUP FINANCIAL STATEMENTS continued

17. Retirement benefit information continued

	2011	2010	2009	2008	2007
	Rm	Rm	Rm	Rm	Rm
The present value of the retirement surplus of the fund for the current and prior years is as follows:					
Present value of funded obligations	**(290)**	(249)	(237)	(281)	(237)
Fair value of plan assets	**501**	454	396	452	449
Surplus	**211**	205	159	171	212
Experience adjustment on plan obligations	**10%**	(1%)	(5%)	10%	6%
Experience adjustment on plan assets	**4%**	7%	(12%)	(7%)	18%

	2011	2010
	Rm	Rm
The amounts recognised in the statement of comprehensive income are as follows:		
Current service cost	**5**	5
Interest cost	**23**	22
Expected return on plan assets	**(41)**	(36)
Net actuarial loss/(gain)	**7**	(36)
Effect of asset ceiling	**1**	47
(Surplus)/deficit recognised (refer to note 4)	**(5)**	2

The expected return on assets is calculated using the discount rate at the start of the period of 9.25% per annum rather than a "best estimate" return assumption based on actual assets in which the Fund is invested.

The actual return on plan assets was R63 million (R69 million) made up of the expected return of R41 million (R36 million) and actuarial gains of R22 million (R33 million).

The principal actuarial assumptions used were as follows:

	2011	2010
Discount rate	**8.75%**	9.25%
Inflation rate	**5.75%**	5.75%
Expected return on plan assets	**8.75%**	9.25%
Future salary increases	**7.25%**	7.25%
Future pension increases	**5.75%**	5.75%

The average life expectancy in years of a pensioner retiring at age 60 at the statement of financial position date and of a member retiring at age 60, 20 years after the statement of financial position date are as follows:

	2011	2010
Male	**19.4**	19.4
Female	**24.2**	24.2

	2011 Rm	2010 Rm

17. Retirement benefit information continued

Mortality rates are assumed to be in accordance with the following standard tables:

Before retirement:
SA1985-90 Ultimate table for males and females

After retirement:
PA 90 rated down two years for males and females

	2011 Rm	2010 Rm
Plan assets comprise:		
Listed equity investments	**58%**	61%
Bonds	**24%**	23%
Other	**18%**	16%

The expected return on plan assets has been set equal to the discount rate used to value the defined benefit obligations of the fund.

The fund has an amount of R22 million allocated to the employee surplus account that is currently being utilised towards a contribution holiday, which is expected to last for two years.

18. Inventory

	2011 Rm	2010 Rm
Merchandise	**19**	17
Consumables and hotel stocks	**40**	44
	59	61
Inventory included in non current assets held for sale (refer to note 28)	**(2)**	–
	57	61

NOTES TO THE GROUP FINANCIAL STATEMENTS

	2011 Rm	2010 Rm
19. Accounts receivable		
Financial instruments		
Trade receivables	**150**	189
Less impairment	**(24)**	(25)
Net trade receivables	**126**	164
Other receivables	**92**	189
Current portion of derivative financial instruments	**–**	3
	218	356
Non financial instruments		
Prepayments	**107**	113
VAT	**47**	70
	372	539
Accounts receivable included in non current assets held for sale (refer to note 28)	**(6)**	–
	366	539

The fair value of accounts receivables approximates their carrying value.

The Group has reduced the provision for the impairment of its trade receivables by R1 million (2010: R6 million, increase) during the year ended 30 June 2011. The Group has not utilised the provision for impaired receivables during the year ended 30 June 2011 (2010: Rnil). The reduction of the provision for impaired receivables has been included in other operational costs in the statement of comprehensive income.

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:

	2011		2010	
	Gross Rm	**Impairment Rm**	Gross Rm	Impairment Rm
Fully performing	**79**	**(1)**	81	–
Past due by 1 to 30 days	**21**	**–**	45	(5)
Past due by 31 to 60 days	**13**	**(1)**	21	(1)
Past due by 61 to 90 days	**6**	**(2)**	10	(2)
Past due by more than 90 days	**31**	**(20)**	32	(17)
	150	**(24)**	189	(25)

	2011	2010
	Rm	Rm

20. Share capital and premium

	2011 Rm	2010 Rm
Authorised		
150 000 000 (2010:150 000 000) ordinary shares of 8 cents each	**12**	12
100 000 000 (2010:100 000 000) variable rate cumulative redeemable preference shares of 1 cent each	**1**	1
Issued*		
Share capital	**8**	8
Share premium	**138**	138
Treasury shares	**(1 445)**	(1 456)
Held by subsidiary	**(1 180)**	(1 184)
Held by Employee Share Trusts	**(265)**	(272)
Treasury share options	**(168)**	(152)
	(1 467)	(1 462)

All issued shares are fully paid.

* *The issued preference shares have been included in borrowings in note 23.*

No treasury share options were exercised during the year (2010: 1 264 226 shares). There was a disposal of 132 300 shares (2010: 683 877) indirectly held by the Employee Share Trusts through Dinokana and a disposal of 58 012 (2010: 27 756) RSP shares. 13 245 (2010: 16 000) RSP shares were purchased.

4 571 795 shares in the unissued share capital of the company remain under the control of the directors as a specific authority in terms of section 38 of the Companies Act to allot and issue in accordance with the share option scheme. 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.

	2011		2010	
	Number of shares	**Rm**	Number of shares	Rm
Movement during the year				
Statutory shares in issue	**111 095 130**	**146**	111 095 130	146
Balance at beginning of year	**111 095 130**	**146**	109 830 904	107
Exercise of treasury share options	**–**	**–**	1 264 226	39
Treasury shares and share options	**(17 218 464)**	**(1 613)**	(17 395 531)	(1 608)
Balance at beginning of year	**(17 395 531)**	**(1 608)**	(18 091 164)	(1 685)
Deemed treasury shares purchased	**(13 245)**	**(1)**	(16 000)	(1)
Treasury shares disposed by Dinokana	**132 300**	**7**	683 877	37
Treasury share options exercised	**–**	**–**	–	79
Deemed treasury shares disposed	**58 012**	**5**	27 756	2
Treasury share options purchased	**–**	**(16)**	–	(40)
Closing balance	**93 876 666**	**(1 467)**	93 699 599	(1 462)
Treasury shares				
Held by subsidiary	**10 549 477**	**1 107**	10 549 477	1 107
Deemed treasury shares	**778 886**	**73**	823 653	77
Held by Employee Share Trusts	**5 890 101**	**265**	6 022 401	272
	17 218 464	**1 445**	17 395 531	1 456

	2011	2010 Restated	2009 Restated
	Rm	Rm	Rm

21. Retained earnings

Retained earnings at the end of the year comprise:			
Company	**2 710**	2 709	2 174
Subsidiaries and equity investments	**1 478**	1 199	1 193
	4 188	3 908	3 367

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, up until April 2012. Thereafter the dividend tax provisions will be effective.

22. Deferred tax

Balance at beginning of year	**357**	293	341
Credited to the statement of comprehensive income	**(5)**	(24)	(10)
Prior year (over)/under provision	**(1)**	(7)	13
Acquisition of SFIR	**–**	–	(28)
Acquisition of TCN	**–**	77	–
Currency translation adjustments	**(6)**	–	–
Charged/(credited) to other comprehensive income	**3**	18	(23)
	348	357	293
Deferred tax included in non current liabilities held for sale (refer to note 28)	**(6)**	–	–
Balance at end of year	**342**	357	293
Deferred tax arises from the following temporary differences:			
Deferred tax liabilities			
Accelerated asset allowances			
Balance at beginning of year	**487**	399	381
Acquisition of SFIR	**–**	–	7
Acquisition of TCN	**–**	77	–
Currency translation adjustments	**(3)**	–	–
Charged to statement of comprehensive income	**76**	11	11
	560	487	399

	2011 Rm	2010 Restated Rm	2009 Restated Rm
22. Deferred tax continued			
Deferred tax assets			
Assessable losses	**(125)**	(63)	(61)
Balance at beginning of year	**(63)**	(61)	(19)
Currency translation adjustments	**(3)**	–	1
Acquisition of SFIR	**–**	–	(33)
Credited to statement of comprehensive income	**(59)**	(2)	(10)
Disallowed accruals and provisions	**(69)**	(52)	(43)
Balance at beginning of year	**(52)**	(43)	(47)
Currency translation adjustments	**–**	–	(1)
Acquisition of SFIR	**–**	–	(2)
(Credited)/charged to statement of comprehensive income	**(17)**	(9)	7
Fair value adjustments	**(18)**	(15)	(2)
Balance at beginning of year	**(15)**	(2)	26
Charged/(credited) directly to other comprehensive income	**3**	18	(23)
Credited to statement of comprehensive income	**(6)**	(31)	(5)
	(212)	(130)	(106)
	348	357	293
Deferred tax included in non current liabilities held for sale (refer to note 28)	**(6)**	–	–
Net deferred tax liability	**342**	357	293
Aggregate assets and liabilities on subsidiary company basis:			
Deferred tax assets	**(126)**	(95)	(85)
Deferred tax liabilities (refer to note 27)	**468**	452	378
	342	357	293

23. Borrowings

	2011 Rm	2010 Rm
Non current		
Term facilities	**397**	576
V&A loan	**333**	328
Redeemable preference shares	**2 066**	2 851
Lease liabilities	**94**	68
Vacation Club members	**48**	117
	2 938	3 940
Borrowings included in non current liabilities held for sale (refer to note 28)	**(2)**	–
	2 936	3 940
Current		
Short term banking facilities	**1 829**	1 661
Term facilities	**87**	75
Redeemable preference shares	**600**	225
Lease liabilities	**87**	58
Vacation Club members	**82**	–
Minority shareholder loans	**287**	331
	2 972	2 350
Total borrowings	**5 908**	6 290
Secured	**588**	641
Unsecured	**5 322**	5 649
	5 910	6 290
Borrowings included in non current liabilities held for sale (secured) (refer to note 28)	**(2)**	–
	5 908	6 290

The fair value of borrowings approximate their carrying values except for the V&A loan which has a fair value of R376 million (2010: R364 million). The fair value has been determined on a discounted cash flow basis using a discount rate of 10% (2010: 10%).

The carrying amounts of the borrowings are denominated in the following currencies:

	2011 Rm	2010 Rm
US Dollar	**676**	815
Chilean Peso	**89**	104
South African Rand	**5 145**	5 371
	5 910	6 290
Borrowings included in non current liabilities held for sale (South African Rand) (refer to note 28)	**(2)**	–
	5 908	6 290

Lease liabilities are secured as the rights to the leased asset revert to the lessor in the event of default.

	2011 Rm	2010 Rm
Net book value of property, plant and equipment encumbered by secured loans	**2 664**	2 148

	2011 Rm	2010 Rm
23. Borrowings continued		
The borrowings are repayable as follows:		
6 months or less	**978**	683
6 months – 1 year	**1 994**	1 667
1 – 2 years	**1 975**	1 233
2 – 3 years	**341**	1 949
3 – 4 years	**109**	92
4 years and onwards	**513**	666
	5 910	6 290
Borrowings included in non current liabilities held for sale (refer to note 28)		
1 – 2 years	**(1)**	–
2 – 3 years	**(1)**	–
	5 908	6 290
Interest rates		
Weighted average year end interest and dividend rates are as follows:		
Short term banking facilities	**7.1%**	8.0%
Term facilities	**7.1%**	5.8%
V&A loan	**12.2%**	12.2%
Redeemable preference shares	**6.1%**	6.7%
Lease liabilities	**10.2%**	12.0%
Vacation Club Members	**10.9%**	10.9%
Minority shareholder loans	**5.7%**	5.0%
Weighted average	**7.0%**	7.3%

As at 30 June 2011, interest rates on 16% (2010: 35%) of the Group's borrowings were fixed. 51% (2010: 20%) 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.

	2011 Rm	2010 Rm
Redeemable preference shares		
SIL	**1 851**	1 851
SISA	**600**	1 000
Dinokana	**215**	225
	2 666	3 076

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% (2010: 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% (2010: 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 83% (2010: 80%) of the bank prime overdraft rate. The preference shares are redeemable on 3 December 2014.

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 210 million (2010: R1 313 million) at 30 June 2011. All undrawn borrowing facilities are renewable annually and none has a fixed interest rate.

	2011	2010
	Rm	Rm

23. Borrowings continued

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 and thereafter are as follows:

	2011 Rm	2010 Rm
Gross minimum lease payments:		
No later than 1 year	**108**	70
Later than 1 year and no later than 5 years	**108**	72
	216	142
Imputed interest:		
No later than 1 year	**(21)**	(12)
Later than 1 year and no later than 5 years	**(14)**	(4)
	(35)	(16)
Net capital payments of finance lease liabilities	**181**	126
Included in non current liabilities held for sale (refer to note 28)	**(2)**	–
	179	126
Net carrying value of assets held under finance leases	**151**	120

	2011	2010 Restated	2009 Restated
	Rm	Rm	Rm

24. Other non current liabilities

	2011 Rm	2010 Restated Rm	2009 Restated Rm
Financial instruments			
Derivative financial instruments			
Interest rate swaps (refer to note 30)	**–**	28	56
Interest rate cross currency swaps (refer to note 30)	**127**	17	70
Forward exchange contract (refer to note 30)	**16**	15	–
	143	60	126
Current portion			
Interest rate swaps	**–**	(28)	(47)
Interest rate cross currency swaps	**(31)**	(3)	(44)
Forward exchange contract	**(6)**	(3)	–
	106	26	35
Non financial instruments			
Straight lining of operating leases	**26**	25	22
Deferred income	**31**	35	39
Interchange commitment	**11**	22	14
Lease restoration provision	**5**	–	–
Post-retirement medical aid liability (PRMA)	**91**	75	84
Long service awards	**167**	156	144
	331	313	303
Current portion	**(15)**	(23)	(4)
	316	290	299
	422	316	334
PRMA included in non current liabilities held for sale (refer to note 28)	**(2)**	–	–
	420	316	334

	2011	2010 Restated	2009 Restated
	Rm	Rm	Rm

24. Other non current liabilities continued

Straight lining of operating leases

Lease payments relating to property are straight-lined over the term of the leases.

Deferred income

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.

Interchange commitment

The interchange commitment represents the Group's portion of the cost of constructing an interchange off the N1 highway in Worcester, which has commenced. This forms part of the bid commitments for the Golden Valley Casino.

Post-retirement medical aid liability

The Group contributes towards the post-retirement medical aid contributions of eligible employees employed by the Group as at 30 June 2003. Employees who joined the Group after 1 July 2003 are not 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 methods of accounting and valuation are similar to those used for defined benefit schemes. The actuarial valuation to determine the liability is performed annually.

	2011 Rm	2010 Restated Rm	2009 Restated Rm
Present value of unfunded obligations in the statement of financial position	**91**	75	84

The Group has no matched asset to fund the obligations. There are no unrecognised actuarial gains or losses and no unrecognised past service costs.

	2011 Rm	2010 Restated Rm	2009 Restated Rm
24. Other non current liabilities continued			
Post-retirement medical aid liability continued			
Movement in unfunded obligation:			
Benefit obligation at beginning of year	**75**	84	86
Interest cost	**7**	8	10
Current service cost	**3**	3	4
Actuarial loss/(gain)	**7**	(19)	(15)
Benefits paid	**(1)**	(1)	(1)
Benefit obligation at end of year	**91**	75	84
The amounts recognised in the statement of comprehensive income are as follows:			
Current service cost	**3**	3	4
Interest cost	**7**	8	10
Actuarial loss/(gain)	**7**	(19)	(15)
Total	**17**	(8)	(1)

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 4.89% per annum to 5.89% per annum and hence reducing the gap between the discount rate and the company subsidy rate from 3.86% per annum to 2.86% per annum. The resultant increase in the liability is equal to R19.7 million, or 21.7% and the resultant increase in the total of the service and interest costs is R2.8 million, or 23.3%.

The effect of a 1% decrease relates to reducing the future rate of increase of the medical aid subsidy assumption from 4.89% per annum to 3.89% per annum and hence widening the gap between the discount rate and the company subsidy rate from 3.86% per annum to 4.86% per annum. The resultant reduction in the liability is equal to R15.3 million, or 16.8% and the resultant reduction in the total of the service and interest costs is R2.1 million, or 18.0%.

The expected expense to be recognised in the statement of comprehensive income for the year ending 30 June 2012 is R12 million.

The principal actuarial assumptions used for accounting purposes were:

	2011	2010 Restated	2009 Restated
Discount rate	**8.75%**	9.25%	9.25%
Price inflation allowed by Group	**4.89%**	4.89%	5.75%

The average life expectancy in years of a pensioner retiring at age 60 on the statement of financial position date and of a member retiring at age 60, 20 years after the statement of financial position date are as follows:

	2011	2010 Restated	2009 Restated
Male	**19.4**	19.4	19.4
Female	**24.2**	24.2	24.2

	2011	2010	2009	2008
	Rm	Rm	Rm	Rm

24. Other non current liabilities continued

Post-retirement medical aid liability continued				
Experience adjustment on plan obligations	**7%**	(25%)	(18%)	3%

	2011	2010 Restated	2009 Restated
	Rm	Rm	Rm
Long service awards (refer to note 27)			
The Group pays its employees a long service benefit. The benefit is paid when employees reach predetermined milestones. The method of accounting and frequency of valuation are similar to those used for defined benefit schemes. The actuarial valuation to determine the liability is performed annually.			
Movement in unfunded obligation:			
Benefit obligation at beginning of year	**156**	144	129
Interest cost	**15**	14	13
Service cost	**16**	15	14
Actuarial loss	**5**	–	–
Benefits paid	**(25)**	(17)	(12)
Benefit obligation at end of year	**167**	156	144
The amounts recognised in the statement of comprehensive income are as follows:			
Current service cost	**16**	15	14
Interest cost	**15**	14	13
Actuarial loss	**5**	–	–
	36	29	27
The principal actuarial assumptions used for accounting purposes were:			
Discount rate	**8.75%**	9.25%	9.25%
Salary inflation assumption	**7.25%**	7.25%	7.25%

The present value of the long service awards obligation for the current and prior year is as follows:

	2011	2010	2009
	Rm	Rm	Rm
Present value of funded obligations	**(167)**	(156)	(144)
Experience adjustment on plan obligations	**3%**	–	–

NOTES TO THE GROUP FINANCIAL STATEMENTS continued

	2011 Rm	2010 Rm
25. Accounts payable and accruals		
Financial instruments		
Trade payables	**156**	172
Accrued expenses	**534**	638
Interest payable	**6**	8
Capital creditors	**36**	41
Current portion		
Interest rate swaps	**–**	28
Interest rate cross currency swaps	**31**	3
Forward exchange contracts	**8**	3
Other payables	**61**	9
	832	902
Non financial instruments		
VAT	**28**	52
Employee related accruals	**204**	207
	1 064	1 161
Accounts payable and accruals included in non current liabilities held for sale (refer to note 28)	**(25)**	–
	1 039	1 161

The fair value of all non derivative financial instruments approximates their carrying value.

	2011 Rm	2010 Rm
26. Provisions		
Balance at beginning of year:		
Lease commitments and property closure costs	**7**	6
Progressive jackpots	**38**	43
Ster Century guarantee	**5**	4
	50	53
Created during the year:		
Lease commitments and property closure costs	**–**	1
Net progressive jackpots	**4**	–
Ster Century guarantee	**–**	1
	4	2
Utilised during the year:		
Lease commitments and property closure costs	**(2)**	–
Net progressive jackpots	**–**	(5)
	(2)	(5)
Transferred to non current liabilities:		
Lease commitments and property closure costs	**(5)**	–
Balance at end of year:		
Lease commitments and property closure costs	**–**	7
Progressive jackpots	**42**	38
Ster Century guarantee	**5**	5
	47	50

	2010 Rm	2009 Rm

26. Provisions continued

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 jackpot payouts greater than R100 000. This provision is calculated based on the readings of the Group's slot machines.

Ster Century guarantee

The provision relates to the Group's share of a claim made by Heron City for €701 000 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 to note 31).

27. Prior year restatement

In terms of IAS 19: Employee benefits, a long term liability has been recognised for long service awards offered by the Group. The annual financial statements have been restated to account for this liability.

In addition, the final purchase price allocation (PPA) for the investment in TCN was finalised during the year under review and the June 2010 statement of financial position has been restated accordingly.

	2010 Rm	2009 Rm
Acquisition of TCN (refer to note 29.4)		
Property, plant and equipment as previously stated	**8 846**	7 878
Finalisation of PPA	**63**	–
Restated balance	**8 909**	7 878
Long service awards (refer to note 24)		
Retained income as previously stated	**4 001**	3 454
Recognition of the long service awards	**(93)**	(87)
Restated balance	**3 908**	3 367
Other non current liabilities as previously stated	**160**	190
Recognition of the long service awards	**156**	144
Restated balance	**316**	334
Statements of comprehensive income (refer to note 4 and note 9)		
Recognition of the long service awards	**(12)**	(15)
Deferred tax on the recognition of the long service awards	**3**	4
	(9)	(11)
Deferred tax (refer to note 22) and minorities' interests adjustments on the above		
Deferred tax liability as previously stated	**432**	418
Recognition of the long service awards	**(44)**	(40)
Finalisation of PPA	**64**	–
Restated balance	**452**	378
Minorities' interests as previously stated	**1 398**	1 020
Recognition of the long service awards	**(19)**	(17)
Finalisation of PPA	**(1)**	–
Restated balance	**1 378**	1 003

	2011 Rm	2010 Rm
28. Non current assets and liabilities held for sale		
The assets and liabilities related to Swazispa Holdings Limited have been presented as held for sale, following the approval of the Group's management to sell the company. The sale is expected to be completed within the next 6 months.		
Assets of the disposal group classified as held for sale:		
Property, plant and equipment (refer to note 13)	**64**	
Inventory (refer to note 18)	**2**	
Accounts receivable (refer to note 19)	**6**	
Cash and cash equivalents (refer to notes 29.8 and 29.9)	**4**	
Tax	**3**	
Total assets held for sale	**79**	
Liabilities of disposal group classified as held for sale:		
Borrowings (refer to note 23)	**2**	
Deferred tax (refer to note 22)	**6**	
Other non current liabilities (refer to note 24)	**2**	
Accounts payable and accruals (refer to note 25)	**25**	
Total liabilities held for sale	**35**	

29 Cash flow information

29.1 Cash generated by operations

	2011 Rm	2010 Rm
Operating profit	**1 610**	1 629
Non cash items and items dealt with separately:		
Depreciation and amortisation	**769**	685
Operating equipment usage	**49**	58
Insurance proceeds	**–**	(180)
Derivative financial instruments	**101**	–
SFIR minority equity option	**75**	–
Impairment of assets – Monticello	**–**	61
Employee share based payments	**41**	37
Pre-opening expenses	**–**	28
Foreign exchange loss	**(66)**	(15)
Movement in provisions and other non cash movements	**27**	(8)
	2 606	2 295
Delivery of share awards	**(3)**	(4)
Cash generated by operations before working capital changes	**2 603**	2 291
Working capital changes	**110**	(70)
Inventory	**–**	(12)
Accounts receivable	**171**	(82)
Accounts payable, accruals and provisions	**(61)**	24
	2 713	2 221

	2011 Rm	2010 Rm

29. **Cash flow information** continued

29.2 Tax paid

	2011 Rm	2010 Rm
Liability at beginning of year	**(64)**	(105)
Current tax provided (refer to note 9)	**(431)**	(403)
CGT, STC and withholding taxes (refer to note 9)	**(90)**	(76)
Foreign exchange adjustments	**(18)**	1
Liability at end of year	**76**	64
	(527)	(519)

29.3 Purchase of shares in subsidiaries

	2011 Rm	2010 Rm
Afrisun KZN	**–**	(17)
SunWest	**–**	(13)
Other subsidiaries	**–**	(4)
	–	(34)

29.4 Acquisition of TCN

On 26 May 2010, the Group increased its shareholding in TCN from 29% to 49%. This is an established business located in Lagos, Nigeria. The 29% interest in the company was accounted for as an associate. De facto control of the entity was obtained as a result of the increased shareholding in and management contract with the company. A provisional PPA was performed and disclosed in the prior year with the valuation of the land and buildings still outstanding.

The valuation was completed in the current year and the PPA was finalised as set out below:

	Finalised PPA	Provisional PPA
Property, plant and equipment (refer to note 13)	**(861)**	(798)
Inventory	**(2)**	(2)
Accounts receivable	**(25)**	(25)
Cash and cash equivalents	**(65)**	(65)
Deferred tax	**77**	13
Current borrowings	**368**	368
Accounts payable and accruals	**75**	75
Net assets	**(433)**	(434)
Minorities' interests (51%)	**219**	220
Net assets acquired	**(214)**	(214)
Previously held associate at fair value	**93**	93
Consideration settled in cash	**(121)**	(121)
Cash and cash equivalents in TCN	**65**	65
Cash outflow	**(56)**	(56)

The Federal Palace in Nigeria generated revenue of R95 million and incurred a loss of R20 million for the year to 30 June 2010 which would have resulted in the Group revenue being R7 881 million and profit for the year being R646 million.

Included in the Group results is revenue of R149 million (2010: R11 million) and operating loss of R12 million (2010: operating profit of R2 million).

The minorities' interests is based on the proportionate share of the net assets in the acquired entity.

NOTES TO THE GROUP FINANCIAL STATEMENTS continued

	2011 Rm	2010 Rm
29. Cash flow information continued		
29.5 Decrease in borrowings		
Increase in borrowings	**128**	337
Decrease in borrowings	**(682)**	(481)
Acquisition of TCN	**–**	(258)
Imputed interest	**(18)**	(18)
Increase/(decrease) in short term banking facilities	**169**	(31)
	(403)	(451)
29.6 Interest paid		
Interest expense	**(496)**	(566)
Imputed interest on loans payable	**18**	18
Fair value of derivative financial instruments	**6**	(8)
Non cash transfer from hedging reserve	**8**	23
	(464)	(533)
29.7 Dividends paid		
To shareholders	**(170)**	–
To minorities in subsidiaries	**(261)**	(246)
	(431)	(246)
29.8 Increase/(decrease) in cash and cash equivalents		
Movement in cash per statement of financial position	**17**	(73)
Cash included in non current assets held for sale	**4**	–
	21	(73)
29.9 Cash and cash equivalents		
Cash at bank	**607**	599
Cash floats	**135**	122
	742	721
Cash at bank included in non current assets held for sale	**(4)**	–
	738	721

30. 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 Rands:

	On demand or not exceeding 6 months	More than 6 months but not exceeding 1 year	More than 1 year but not exceeding 2 years	More than 2 years but not exceeding 5 years	More than 5 years
	Rm	Rm	Rm	Rm	Rm
2011					
Term facilities	**61**	**59**	**115**	**291**	**74**
Minority shareholder loans	**287**	**–**	**–**	**–**	**–**
V&A loan	**19**	**19**	**42**	**150**	**439**
Redeemable preference shares	**686**	**64**	**1 904**	**242**	**–**
Lease liabilities	**58**	**50**	**55**	**53**	**–**
Vacation Club members	**–**	**90**	**–**	**–**	**99**
Short term banking facilities*	**71**	**1 759**	**–**	**–**	**–**
Derivative financial instruments	**13**	**18**	**33**	**60**	**–**
Trade payables	**150**	**–**	**–**	**–**	**–**
Accrued expenses	**519**	**–**	**–**	**–**	**–**
Interest payable	**6**	**–**	**–**	**–**	**–**
Capital creditors	**36**	**–**	**–**	**–**	**–**
Other payables	**57**	**–**	**–**	**–**	**–**
	1 988	**2 059**	**2 149**	**796**	**612**
2010					
Term facilities	47	67	128	352	170
V&A loan	18	18	38	138	493
Redeemable preference shares	331	93	1 163	1 892	–
Lease liabilities	35	35	72	–	–
Vacation Club members	–	–	90	–	99
Short term banking facilities*	73	1 761	–	–	–
Minority shareholder loans	331	–	–	–	–
Derivative financial instruments	32	6	25	42	–
Trade payables	172	–	–	–	–
Accrued expenses	638	–	–	–	–
Interest payable	8	–	–	–	–
Capital creditors	41	–	–	–	–
Other payables	9	–	–	–	–
	1 735	1 980	1 516	2 424	762

* *These are 364 day notice facilities. As at the date of this report no notice on any of these facilities had been received.*

30. Financial instruments continued

Effective 1 July 2009, the Group adopted amendments to IFRS 7 for financial instruments that are measured in the statement of financial position at fair value, this requires disclosure of the fair value measurements by level of the fair value measurements hierarchy.

All derivative financial instruments are classified as level 2 financial instruments.

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 have to pay if the guarantees are called on (refer to note 31).

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 16.

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, Chilean Peso, Nigerian Naira and Canadian Dollar.

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 (FEC) and interest rate cross currency swaps to hedge certain of their exposures to foreign currency risk. The Group had three material FECs outstanding at 30 June 2011 (2010: three) with a fair value of R1 million (2010: R8 million). The notional amount of the outstanding FECs at 30 June 2011 was R482 million (2010: R475 million). Refer to paragraph (b) for the interest rate cross currency swaps.

Included in the statement of financial position are the following amounts denominated in currencies other than the functional currency of the Group (Rand):

	2011	2010
	Rm	Rm
Financial assets		
US Dollar	**323**	297
Sterling	**38**	27
Botswana Pula	**50**	46
Chilean Peso	**90**	85
Nigerian Naira	**21**	30
Euro	**6**	8
Financial liabilities		
US Dollar	**229**	256
Sterling	**6**	7
Botswana Pula	**9**	12
Chilean Peso	**580**	738
Nigerian Naira	**66**	55

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate in Rands due to changes in foreign exchange rates.

	2011	2010
	Rm	Rm

30. Financial instruments continued

(a) Foreign currency risk continued

A 10% strengthening in the Rand against the US Dollar, Sterling, Nigerian Naira and Canadian Dollar at 30 June 2011 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 2010.

	2011 Rm	2010 Rm
US Dollar	**(36)**	(32)
Sterling	**(2)**	(1)
Nigerian Naira	**(1)**	–
Canadian Dollar	**(1)**	–

A 10% weakening in the Rand against these currencies at 30 June 2011 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 2011 would decrease the profit before tax 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.

	2011	2010
	Profit before tax	Profit before tax
	Rm	Rm
US Dollar	**(13)**	(15)

A 10% weakening in the Chilean Peso against the US Dollar at 30 June 2011 would have an equal but opposite effect to the amount shown above, on the basis that all other variables remain constant.

(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 2011, the following derivative financial instruments were in place:

	SFIR interest rate cross currency swaps
Notional amount	US$62 million
Variable rate	Linked to USD Libor
Fixed exchange rates (Chilean Peso to US Dollar)	526 – 591
Fair value liability at 30 June	R127 million
Transfer of profit from hedging reserve to foreign exchange profits	R13 million

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 23).

30. Financial instruments continued

(b) Cash flow interest rate risk continued

Interest rate sensitivity

A 1% increase in interest rates at 30 June 2011 would decrease profit before tax by the amounts shown below. This analysis assumes that all other variables remain constant.

	2011	2010
	Profit before tax	Profit before tax
	Rm	Rm
	(43)	(42)

A 1% decrease in interest rates at 30 June 2011 would have an equal but opposite effect to the amounts shown above, on the basis that all other variables remain consistent.

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.

31. Contingent liabilities

(i) 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 R550 million at 30 June 2011 (June 2010: R567 million).

Contingent liabilities which the Group has incurred in relation to its previous interest in associates:

(i) The Group's 73.3% held subsidiary, Royale Resorts Holding Limited (RRHL), together with Primedia Limited have jointly and severally guaranteed two (2010: two) operating leases of Ster Century Europe whose rental amounts to US$3.2 million (30 June 2010: US$2.8 million) annually. At 30 June 2011 the maximum exposure is US$26.1 million (30 June 2010: US$23.6 million).

(ii) In addition, RRHL together with Primedia have jointly and severally guaranteed one operating lease of Ster Century Middle East (SCME) whose rental amounts to US$2.3 million (30 June 2010: US$1.8 million) annually. At 30 June 2011 the maximum exposure is US$2.8 million (30 June 2010: US$4.9 million).

	2011 Rm	2010 Rm
32. Capital expenditure and rental commitments		
Capital commitments		
Contracted	**913**	289
Authorised by the directors but not contracted	**948**	1 866
	1 861	2 155
To be spent in the forthcoming financial year	**1 586**	980
To be spent thereafter	**275**	1 175
	1 861	2 155

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 2011:

(i) For the Group's head office in Sandton, expiring on 31 May 2014, with an annual rental of R14.7 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 R0.9 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, expiring on 30 June 2019, with an annual rental of R9.6 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:

	2011 Rm	2010 Rm
No later than 1 year	**28**	25
Later than 1 year and no later than 5 years	**86**	100
Later than 5 years	**61**	75
	175	200

	2011 Rm	2010 Rm
33. 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	**7**	7
Bonuses/performance related payments	**3**	1
Retirement contributions	**1**	1
Other benefits	**1**	1
Fair value of options expensed	**13**	12
	25	22
	29	26
Other key management		
Basic remuneration	**21**	20
Bonuses/performance related payments	**6**	5
Retirement contributions	**4**	4
Other benefits	**4**	3
Fair value of options expensed	**15**	15
	50	47

Details of individual directors' emoluments and share options are set out on pages 160 to 166 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 2011 (2010: nil). The number of share options held by executive directors at the end of the year was 396 250 (2010: 396 250).

Other key management

The number of share options held by other key management at the end of the year was 260 595 (2010: 319 444).

Equity growth plan

Directors

The aggregate number of grants made to the executive directors of the Group during 2011 was 57 434 (2010: 57 846) at a grant price of R89.46 (2010: R84.12). The number of grants held by executive directors of the Group at the end of the year was 281 466 (2010: 224 032).

33. Related party transactions continued

(i) Key management compensation continued

Equity growth plan continued

Other key management

The aggregate number of grants made to the other key management of the Group during 2011 was 129 025 (2010: 115 991) at a grant price of R89.46 (2010: R84.12). The number of grants held by other key management of the Group at the end of the year was 557 136 (2010: 462 853).

Conditional share plan

Directors

The aggregate number of grants made to executive directors of the Group during 2011 was 74 372 (2010: 74 955) at a grant price of R89.46 (2010: R84.12). During the year 60 415 (2010: 33 340) 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 224 634 (2010: 210 677).

Other key management

The aggregate number of grants made to the other key management of the Group during 2011 was 167 975 (2010: 151 157) at a grant price of R89.46 (2010: R84.12). During the year 126 832 (2010: 62 418) 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 470 310 (2010: 461 332).

Deferred bonus plan

Directors

The aggregate number of grants made to the executive directors of the Group during 2011 was 3 971 (2010: 23 863) at a grant price of R97.04 (2010: R91.49). The number of grants held by executive directors of the Group at the end of the year was 51 267 (2010: 59 839).

Other key management

The aggregate number of grants made to the other key management of the Group during 2011 was 6 315 (2010: 18 754) at a grant price of R97.04 (2010: R91.49). The number of grants held by other key management of the Group at the end of the year was 42 296 (2010: 55 787).

Restricted share plan

Directors

No grants were made to the executive directors during the 2011 (2010: 16 000 at a grant price of R89.96). The number of grants held by executive directors of the Group at the end of the year was 291 410 (2010: 291 410).

Other key management

The aggregate number of grants made to the other key management of the Group during 2011 was 13 245 (2010: nil) at a grant price of R105.70 (2010: nil). 41 016 grants lapsed due to retirement. The number of grants held by other key management of the Group at the end of the year was 244 596 (2010: 272 367).

	2011	2010
	%	%
(ii) Shareholding of key management		
Percentage holding by key management		
Sun International Limited	**1.7**	1.7
Afrisun KZN	**0.9**	0.9
SunWest	**0.3**	0.3
National Casino Resort Manco Holdings	**8.6**	8.6
Teemane	**0.3**	0.3

	2011 R'000	2010 R'000
33. Related party transactions continued		
(ii) Shareholding of key management continued		
Dividends received by key management		
Sun International Limited	**1 108**	–
Afrisun Gauteng	**–**	60
Afrisun KZN	**1 033**	1 327
SunWest	**880**	1 303
National Casino Resort Manco Holdings	**1 518**	1 178
Teemane	**39**	61
	4 578	3 929

(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 248 of this annual report.

34. 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:

	2011 R'000	2010 R'000
Reinsurance premium costs	**(15)**	(12)

35. 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:

	2011		2010	
	Number of shares	**Average price**	Number of shares	Average price
Movement during the year				
Balance at beginning of year	**2 170 199**	**46.88**	2 874 913	45.30
Cancelled	**(938)**	**61.83**	(2 813)	56.55
Exercised	**(210 107)**	**46.77**	(701 901)	40.36
Balance at end of year	**1 959 154**	**46.88**	2 170 199	46.88
Options held by Share Option Trust				
Balance at the beginning of year	**1 534 817**	**49.73**	2 138 694	41.75
Purchased from employees	**210 107**	**46.77**	701 901	40.36
Options exercised	**–**	**–**	(1 264 226)	30.87
Options lapsed	**(59 067)**	**31.20**	(41 552)	20.42
Balance at end of the year	**1 685 857**	**51.02**	1 534 817	49.73
	3 645 011	**48.95**	3 705 016	48.31

Share options held by participants at the end of the year have the following terms:

Financial year of grant	Financial year of lapse	Vested and unexercised options	Average price R
2002	2012	64 689	22.98
2003	2013	103 306	26.32
2004	2014	783 584	36.16
2005	2015	945 700	57.87
2006	2016	61 875	74.00
Balance at 30 June 2011		**1 959 154**	**46.88**
Balance at 30 June 2010		2 170 199	46.88

Share options held by 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
2002	2012	10 313	22.99
2003	2013	47 591	26.63
2004	2014	461 122	32.18
2005	2015	1 071 206	56.23
2006	2016	95 625	80.98
Balance at 30 June 2011		**1 685 857**	**51.02**
Balance at 30 June 2010		1 534 817	49.73

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.

35. Share incentive schemes continued

(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. For awards made in 2009 and 2010 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. For awards made in 2011, 40% of the award is based on the performance condition related to the company's TSR over a three year period as described above. In addition two new performance conditions were included as follows:

- 30% of the award is based on achieving AHEPS threshold and on-target performance targets (refer to the remuneration report)
- 30% of the award is based on the Group achieving and maintaining a B-BBEE rating of level 4 or better as at 31 December 2013 (refer to the remuneration report).

Movements in the number of share grants outstanding are as follows:

	2011		2010	
	Number of grants	**Weighted average grant price R**	Number of grants	Weighted average grant price R
Balance at beginning of year	**795 665**	**88.26**	606 069	101.31
Lapsed – termination of employment	**(42 821)**	**83.10**	(750)	–
Lapsed – performance condition not met	**(210 427)**	**90.47**	(108 142)	149.55
Granted	**309 886**	**89.46**	298 488	84.12
Balance at end of year	**852 303**	**88.41**	795 665	88.26
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				
2011	**–**	**–**	226 329	90.47
2012	**249 785**	**77.25**	270 848	77.25
2013	**292 632**	**84.12**	298 488	84.12
2014	**309 886**	**89.46**	–	–

35. Share incentive schemes continued

(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 a predetermined performance condition 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 three years it is re-tested at the end of four and five years from the date of grants. If these conditions are not met, these awards lapse. From 2011, the awards are no longer re-tested at the end of years four and five. These awards lapse after the initial three year period.

Movements in the number of share grants outstanding are as follows:

	2011		2010	
	Number of grants	**Weighted average grant price R**	Number of grants	Weighted average grant price R
Balance at beginning of year	**2 840 669**	**92.96**	2 139 221	96.09
Lapsed – termination of employment	**(63 220)**	**80.58**	(88 550)	89.88
Exercised	**(24 434)**	**82.74**	(22 300)	82.86
Granted	**803 143**	**89.46**	812 298	84.12
Balance at end of year	**3 556 158**	**89.90**	2 840 669	92.96
Exercisable at end of year	**409 965**	**82.74**	438 365	82.74
Share grants outstanding at the end of the year become exercisable on the following dates, subject to fulfilment of the performance condition:				
Year ending on 30 June				
2010	**–**	**–**	279 120	149.55
2011	**835 592**	**110.21**	556 472	90.47
2012	**722 614**	**77.25**	754 414	77.25
2013	**784 844**	**84.12**	812 298	84.12
2014	**803 143**	**89.46**	–	–

35. Share incentive schemes continued

(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 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.

Movements in the number of matching awards outstanding are as follows:

	2011		2010	
	Number of grants	**Weighted average grant price R**	Number of grants	Weighted average grant price R
Balance at beginning of year	**162 310**	**104.15**	154 066	105.97
Lapsed – termination of employment	**(6 132)**	**117.29**	(2 506)	91.11
Granted	**21 460**	**97.04**	59 433	91.49
Matching awards	**(34 520)**	**149.56**	(48 683)	95.14
	143 118	**91.57**	162 310	104.15
DBP shares held at the end of the year entitle participants to matching awards on the following dates:				
Year ending on 30 June				
2011	**–**	**–**	37 325	149.56
2012	**64 697**	**89.81**	67 479	89.81
2013	**56 961**	**91.49**	57 506	91.49
2014	**21 460**	**97.04**	–	–

35. Share incentive schemes continued

(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 three or five 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 three years, 25% after four years and the remaining 25% after 5 years.

Movement in the number of shares outstanding are as follows:

	2011		2010	
	Number of grants	**Weighted average grant price R**	Number of grants	Weighted average grant price R
Balance at beginning of year	**823 653**	**94.23**	835 409	94.35
Granted during the year	**13 245**	**105.70**	16 000	89.96
Lapsed	**(58 012)**	**94.35**	(27 756)	94.35
Balance at end of year	**778 886**	**94.41**	823 653	94.23
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	**466 221**	**94.35**	503 726	94.35
2013	**157 710**	**93.91**	167 964	93.93
2014	**154 954**	**95.32**	151 963	94.35

Valuation of share incentive grants

The fair values of CSP and EGP options granted during the year were 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:

	CSP	EGP	DBP	RSP
2011				
Weighted average grant price	**R89.46**	**R89.46**	**R97.04**	**R105.70**
Weighted average 400-day volatility	**19%**	**19%**	**n/a**	**n/a**
Weighted average long term risk rate	**7.00%**	**7.60%**	**n/a**	**n/a**
Weighted average dividend yield	**2.52%**	**3.01%**	**n/a**	**n/a**
Valuation	**R16 million**	**R18 million**	**R2 million**	**R1 million**
2010				
Weighted average grant price	R84.12	R84.12	R91.49	R89.96
Weighted average 400-day volatility	30.0%	30.0%	n/a	n/a
Weighted average long term risk rate	7.1%	7.4%	n/a	n/a
Weighted average dividend yield	5.2%	5.2%	n/a	n/a
Valuation	R14 million	R15 million	R5 million	R1 million

The employee share based payment expense for the year was R41 million (2010: R37 million).

36. 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 trusts are 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:

	2011	2010
	%	%
Afrisun Gauteng	**3.5**	3.5
Emfuleni Resorts	**3.5**	3.5
SunWest	**3.3**	3.3
Meropa	**3.5**	3.5
Teemane	**3.5**	3.5
Afrisun KZN	**3.5**	3.5
Mangaung Sun	**3.5**	3.5
Worcester	**3.4**	3.5
Sun International Limited – direct	**2.0**	2.6
– indirect	**3.0**	3.0

Sun International Black Executive Management Trust (SIBEMT)

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:

	2011	2010
Sun International Limited – indirect	**0.4**	0.4

37. Subsequent event

Restructure of Sun International and GPI'S common interests

Sun International and GPI have agreed to align their interests in SunWest, Worcester and RAH through a set of indivisibly inter-related transactions. These will result in Sun International indirectly owning the majority of voting shares in SunWest and Worcester, and the entering into of new management and royalty agreements with SunWest and Worcester.

The restructure may also result in Sun International indirectly acquiring all the shares in RAH which Sun International does not already own, which would create a single listed point of entry into the Sun International Group.

Following this, Sun International will increase its effective economic interests in the following subsidiaries as described below:

	Sun International effective shareholding	
	Before %	After %
SunWest International (Pty) Ltd operating as GrandWest and Table Bay	59.7	69.8
Worcester Casino (Pty) Ltd operating as Golden Valley	45.3	66.7
Afrisun Gauteng (Pty) Ltd operating as Carnival City	84.4	91.6
Afrisun KZN (Pty) Ltd operating as Sibaya	56.1	60.7
Emfuleni Resorts (Pty) Ltd operating as Boardwalk	62.2	64.5
Gauteng Casino Resorts Manco (Pty) Ltd	44.6	56.7
Afrisun KZN Manco (Pty) Ltd	30.7	34.5

The transaction was approved by Sun International shareholders on 26 August 2011 and GPI shareholders on 14 September 2011. Competition authorities have approved the transaction, however gaming board approvals are outstanding. It is anticipated that the aforementioned approvals will be received by the end of October, following which, the offer to RAH shareholders will be launched.

Company statements of comprehensive income for the year ended 30 June

	Notes	2011 Rm	2010 Rm
Revenue		**288**	662
Other operational costs		**(6)**	–
Operating profit	1	**282**	662
Foreign exchange loss		**(6)**	(9)
Interest income	2	**44**	51
Interest expense	3	**(148)**	(190)
Profit before tax		**172**	514
Tax	4	**(5)**	1
Profit for the year		**167**	515
Other comprehensive income:			
Net loss on cash flow hedges		**–**	(3)
Tax on net loss on cash flow hedges		**–**	1
Transfer of hedging reserve to the statement of comprehensive income		**8**	25
Tax on transfer of hedging reserve to the statement of comprehensive income		**(2)**	(7)
Total comprehensive income for the year		**173**	531

Company statements of financial position as at 30 June

	Notes	2011 Rm	2010 Rm
Assets			
Non current assets			
Investments in subsidiaries	6	**3 630**	3 587
Loans and receivables	7	**274**	275
Deferred tax	8	**12**	12
		3 916	3 874
Current assets			
Loans and receivables	7	**1 275**	1 281
Cash and cash equivalents		**3**	11
Tax		**–**	2
		1 278	1 294
Total assets		**5 194**	5 168
Equity and liabilities			
Capital and reserves			
Shareholders' funds		**2 973**	2 940
		2 973	2 940
Non current liabilities			
Borrowings	10	**2 125**	2 126
		2 125	2 126
Current liabilities			
Accounts payable and accruals	12	**96**	102
		96	102
Total liabilities		**2 221**	2 228
Total equity and liabilities		**5 194**	5 168

Company statements of cash flows for the year ended 30 June

	Notes	2011 Rm	2010 Rm
Cash flows from operating activities			
Cash utilised by operations	13.1	**(12)**	(137)
Tax paid	13.2	**(5)**	(3)
Net cash outflow from operating activities		**(17)**	(140)
Cash flows from investing activities			
Investment in SFIR		**(2)**	(254)
Investment in TCN		**–**	(222)
Investment income	13.3	**333**	712
Other non current investments and loans made		**–**	(59)
Net cash inflow from investing activities		**331**	177
Cash flows from financing activities			
Decrease in borrowings	13.4	**–**	(1)
Interest paid	13.5	**(141)**	(181)
Dividends paid	5	**(181)**	–
Increase in share capital		**–**	39
Proceeds on treasury share options exercised		**–**	79
Funding the purchase of treasury shares and share options		**–**	(40)
Treasury shares disposed		**–**	78
Net cash outflow from financing activities		**(322)**	(26)
Net cash and cash equivalents movement for the year		**(8)**	11
Cash and cash equivalents at beginning of year		**11**	–
Cash and cash equivalents at end of year		**3**	11

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**
Balance at 30 June 2009		**8**	**99**	**(78)**	**74**	**(22)**	**2 174**	**2 255**
Share issue	9		39					**39**
Treasury shares disposed	9			78				**78**
Employee share based payments					37			**37**
Release of share based payment reserve					(20)		20	**–**
Profit for the year							515	**515**
Other comprehensive income						16		**16**
Balance at 30 June 2010		**8**	**138**	**–**	**91**	**(6)**	**2 709**	**2 940**
Employee share based payments					41			**41**
Release of share based payment reserve					(15)		15	**–**
Profit for the year							167	**167**
Other comprehensive income						6		**6**
Dividends paid	5						(181)	**(181)**
Balance at 30 June 2011		**8**	**138**	**–**	**117**	**–**	**2 710**	**2 973**

Notes to the company financial statements for the year ended 30 June

	2011	2010
	Rm	Rm
1. Operating profit is stated after the following:		
Revenue:		
Dividend income	**288**	662
Other operating costs:		
Directors fees	**(4)**	(4)
2. Interest income		
Interest earned on loans and receivables	**43**	43
Interest earned on cash and cash equivalents	**2**	3
Tax authorities	**–**	4
Imputed interest on loans receivable	**(1)**	1
	44	51
3. Interest expense		
Interest paid on borrowings	**(24)**	(24)
Preference share dividends	**(117)**	(141)
Imputed interest on V&A loan	**1**	(1)
Transfer from hedging reserve	**(8)**	(24)
	(148)	(190)
4. Tax		
Current tax – current year	**(3)**	–
Deferred tax – current year	**2**	3
STC	**(2)**	(1)
Withholding tax	**(2)**	(1)
	(5)	1
Reconciliation of rate of tax		
Standard rate – South African	**28.0%**	28.0%
Adjusted for:		
Exempt income	**(46.9%)**	(36.1%)
Disallowable expenses	**19.4%**	7.5%
STC	**1.2%**	0.2%
Withholding tax	**1.2%**	0.2%
Effective tax rate	**2.9%**	(0.2%)

	2011 Rm	2010 Rm
5. Dividends paid		
A final dividend of 100 cents per share for the year ended 30 June 2010 was declared on 27 August 2010 and was paid on 20 September 2010	**(101)**	–
An interim dividend of 80 cents per share for the year ended 30 June 2011 was declared on 28 February 2011 and paid on 28 March 2011	**(80)**	–
	(181)	–
A final dividend of 120 cents per share for the year ended 30 June 2011 was declared on 26 August 2011 and paid on 26 September 2011. No STC is payable as STC credits will be utilised.		
6. Investments in subsidiaries		
Shares at cost		
Balance at beginning of year	**3 587**	3 074
Acquisition of TCN	**–**	222
Additional investment in SFIR	**2**	254
Employee share based payments	**41**	37
Balance at end of year	**3 630**	3 587
The interests of the company in the aggregate pre tax net profits and losses of its subsidiaries amounted to R1 469 million (2010: R1 121 million) and R185 million (2010: R78 million) respectively and post tax net profits and losses of its subsidiaries amounted to R954 million (2010: R798 million) and R181 million (2010: R100 million) respectively.		
7. Loans and receivables		
Loans		
Share incentive schemes	**161**	145
Loans to subsidiaries	**1 809**	1 832
	1 970	1 977
Less: Impairment of loans to subsidiaries	**(421)**	(421)
	1 549	1 556
Current portion	**(1 275)**	(1 281)
	274	275
Loans are due over the following periods:		
Less than 1 year	**1 275**	1 281
4 years and onwards	**274**	275
	1 549	1 556
The weighted average interest and dividend rates were as follows:		
Share incentive schemes	**NIB**	NIB
Loans to subsidiaries	**2.3%**	2.5%
Other	**NIB**	NIB
Weighted average	**2.2%**	2.6%

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.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

	2011 Rm	2010 Rm
8. Deferred tax		
Balance at beginning of year	**(12)**	(16)
Credited to statement of comprehensive income	**(2)**	(3)
Charged to other comprehensive income	**2**	7
Balance at end of year	**(12)**	(12)
Deferred tax arises from the following temporary differences:		
Deferred tax assets		
Fair value adjustments	**(12)**	(12)
Balance at beginning of year	**(12)**	(16)
Credited to statement of comprehensive income	**(2)**	(3)
Charged to other comprehensive income	**2**	7
Net deferred tax asset	**(12)**	(12)
9. Share capital and premium		
Authorised		
150 000 000 (2010:150 000 000) ordinary shares of 8 cents each	**12**	12
100 000 000 (2010:100 000 000) variable rate cumulative redeemable preference shares of 1 cent each	**1**	1
Issued*		
Share capital	**8**	8
Share premium	**138**	138
	146	146

* *The issued preference shares have been included in borrowings in note 10.*

4 571 795 shares in the unissued share capital of the company remain under the control of the directors as a specific authority in terms of section 38 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.

	2011		2010	
	Number of shares	**Rm**	Number of shares	Rm
Movement during the year				
Balance at beginning of year	**111 095 130**	**146**	108 995 495	29
Exercised treasury share options	**–**	**–**	1 264 226	39
Statutory shares in issue	**111 095 130**	**146**	110 259 721	68
Deemed treasury shares disposed to SIML	**–**	**–**	835 409	78
Balance at end of year	**111 095 130**	**146**	111 095 130	146

During the 2010 year the company exercised treasury share options resulting in the issue of 1 264 226 shares.

	2011 Rm	2010 Rm
10. Borrowings		
Non current		
Redeemable preference shares	**1 851**	1 851
V&A loan	**274**	275
Total borrowings	**2 125**	2 126

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 R251 million (2010: R243 million). The fair value has been determined on a discounted cash flow basis using a discount rate of 10% (2010: 10%).

The carrying amounts of the borrowings are denominated in Rand.

The borrowings are repayable over the following periods:	2011 Rm	2010 Rm
1 – 2 years	**1 851**	–
2 – 3 years	**–**	1 851
4 years and onwards	**274**	275
	2 125	2 126

The following are the contractual undiscounted maturities of financial liabilities (including principal and interest payments) presented in Rands:

	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
2011					
Borrowings	**69**	**69**	**1 888**	**100**	**483**
Accounts payable and accruals	**82**	**–**	**–**	**–**	**–**
	151	**69**	**1 888**	**100**	**483**
2010					
Borrowings	74	74	150	1 953	519
Derivative financial instrument	19	–	–	–	–
Accounts payable and accruals	83	–	–	–	–
	176	74	150	1 953	519

	2011	2010
	%	%

10. Borrowings continued

Interest rates

	2011 %	2010 %
Year end interest and dividend rates are as follows:		
Redeemable preference shares	**6.0**	6.7
V&A loan	**8.3**	8.3
Overdraft	**7.0**	–
Weighted average	**6.3**	7.3

As at 30 June 2011, interest rates on 13% (2010: 56%) of the company's borrowings were fixed. 100% (2010: 23%) 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 2010.

	2011	2010
	Rm	Rm
Increase of 1%	**(17)**	(9)
Decrease of 1%	**17**	9

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 memorandum of incorporation.

11. Derivative financial instrument

	2011	2010
Interest rate swap – cash flow hedge	**–**	19
Current portion (refer to note 12)	**–**	(19)
	–	–

12. Accounts payable and accruals

	2011	2010
Financial instruments		
Accrued expenses	**30**	24
Current portion of derivative financial instrument	**–**	19
Loan from subsidiary	**30**	28
Other payables	**36**	31
	96	102

The fair value of accounts payable and accruals approximate their carrying value.

	2011	2010
	Rm	Rm

13. Cash flow information

	2011 Rm	2010 Rm
13.1 Cash utilised by operations		
Operating profit	**282**	662
Non cash items and items dealt with separately:		
Dividend income	**(288)**	(662)
Cash utilised by operations before working capital changes	**(6)**	–
Working capital changes:		
Accounts payable and accruals	**(6)**	(137)
	(12)	(137)
13.2 Tax paid		
Overpayment at beginning of year	**2**	1
Current tax charged to statement of comprehensive income (refer to note 4)	**(3)**	–
STC and withholding tax	**(4)**	(2)
Overpayment at end of year	**–**	(2)
	(5)	(3)
13.3 Investment income		
Dividends received	**288**	662
Interest income	**44**	51
Imputed interest on loans receivable	**1**	(1)
	333	712
13.4 Decrease in borrowings		
(Decrease)/increase in non current borrowings	**(1)**	1
Imputed interest on V&A loan	**1**	(1)
Decrease in bank overdraft	**–**	(1)
	–	(1)
13.5 Interest paid		
Interest expense	**(148)**	(190)
Transfer from hedging reserve (settled)	**8**	8
Imputed interest on V&A loan	**(1)**	1
	(141)	(181)

14. Contingent liability

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.

Interest in principal subsidiaries for the year ended 30 June

		Amount of issued capital		Effective holding		Interest of holding company			
						Shares		Indebtedness	
		2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
		R000's	R000's	**%**	%	**Rm**	Rm	**Rm**	Rm
Subsidiaries	*								
Unlisted									
Afrisun Gauteng (Pty) Limited	(1)	**188**	188	**88**	88	**–**	–	**–**	110
Afrisun KZN (Pty) Limited	(1)	**133**	133	**60**	60	**–**	–	**–**	–
Afrisun KZN Manco (Pty) Ltd	(1)	**1**	1	**31**	30	**–**	–	**–**	–
Afrisun Leisure Investments (Pty) Limited	(1)	**54**	54	**51**	51	**–**	–	**–**	–
Emfuleni Casino Resorts Manco (Pty) Limited******	(1)	**–**	–	**37**	38	**–**	–	**–**	–
Emfuleni Resorts (Pty) Limited†	(1)	**85**	85	**81**	82	**–**	–	**–**	–
Gauteng Casino Resort Manco (Pty) Limited	(1)	**1**	1	**44**	44	**–**	–	**–**	–
Kimberley Casino Resort Manco (Pty) Limited	(1)	**–**	–	**50**	50	**–**	–	**–**	–
Mahogony Rose Investments 46 (Pty) Limited	(1)	**–**	–	**100**	100	**–**	–	**–**	–
Main Street 703 (Pty) Ltd	(1)	**–**	–	**100**	–	**–**	–	**–**	–
Mangaung Casino Resort Manco (Pty) Limited	(1)	**1**	1	**50**	50	**–**	–	**–**	–
Mangaung Sun (Pty) Limited	(1)	**134**	134	**74**	74	**–**	–	**–**	–
Meropa Casino Resort Manco (Pty) Limited	(1)	**1**	1	**50**	50	**–**	–	**–**	–
Meropa Leisure and Entertainment (Pty) Limited	(1)	**38**	38	**71**	71	**–**	–	**–**	–
National Casino Resort Manco Holdings (Pty) Limited	(1)	**2**	2	**83**	83	**14**	14	**–**	–
Royale Resorts Holdings Limited**	(7)	**737**	737	**73**	73	**–**	–	**–**	–
Sands Hotels Holdings (Namibia) (Pty) Limited	(5)	**1**	1	**100**	100	**–**	–	**13**	–
SFI Resorts SA****	(9)	**80 784**	80 784	**44**	44	**740**	738	**87**	102
Sun International Investments No. 2 Limited	(1)	**–**	–	**100**	100	**–**	–	**1 115**	1 115
Sun International of Lesotho (Pty) Limited	(4)	**1**	1	**47**	47	**–**	–	**24**	46
Sun International (South Africa) Limited	(1)	**35 261**	35 261	**100**	100	**1 760**	1 760	**190**	–
Sun International (Botswana) (Pty) Limited***	(2)	**500**	500	**80**	80	**–**	–	**–**	–
Sun International (Zambia) Limited**	(8)	**3 750**	3 750	**100**	100	**–**	–	**–**	–
Sun International Inc	(6/11)	**1 580**	1 580	**100**	100	**687**	687	**–**	–
Sun International Management Limited	(7/11)	**449**	449	**100**	100	**207**	166	**–**	70
Sun International Travel (Pty) Limited#	(1)	**–**	–	**100**	100	**–**	–	**5**	5
SunWest International (Pty) Limited	(1)	**337**	337	**64**	64	**–**	–	**274**	275
Teemane (Pty) Limited	(1)	**28**	28	**78**	78	**–**	–	**–**	–
Tourist Company of Nigeria Plc*****	(10)	**4 478**	4 478	**49**	49	**222**	222	**101**	109
Transkei Sun International Limited	(1)	**14 495**	14 495	**70**	70	**–**	–	**–**	–
Western Cape Casino Resort Manco (Pty) Limited	(1)	**–**	–	**30**	29	**–**	–	**–**	–
Winelands Casino Manco (Pty) Limited	(1)	**–**	–	**50**	50	**–**	–	**–**	–
Worcester Casino (Pty) Limited	(1)	**2**	1	**48**	47	**–**	–	**–**	–
Listed									
Swazispa Holdings Limited	(3)	**3 497**	3 497	**51**	51	**–**	–	**–**	–
Real Africa Holdings Limited	(1)	**3 718**	3 718	**66**	66	**–**	–	**–**	–
						3 630	3 587	**1 809**	1 832

* *Country of incorporation.*
(1) *South Africa (2) Botswana (3) Swaziland (4) Lesotho (5) Namibia (6) Panama (7) Bermuda (8) Zambia (9) Chile (10) Nigeria.*
(11) *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).*
***** *Amount of share capital stated in Nigerian Naira.*
****** *Management contract cancelled on 1 October 2010.*
\# *Loan to subsidiary subordinated by holding company.*
† *This is the accounting effective holding which includes the 19% interest sold as a result of the Emfuleni licence bid.*

Notice of annual general meeting

Notice is hereby given that the twenty-seventh annual general meeting of members of Sun International Limited ("the company") will be held on Tuesday, 22 November 2011 at 09:00, in the boardroom, 4th Floor, 27 Fredman Drive, Sandown, Sandton, Gauteng, Republic of South Africa, to, among other things, consider, and if deemed fit, to pass (with or without modification) the ordinary and special resolutions set out below.

The record date for determining which shareholders are entitled to: (i) receive notice of the annual general meeting is Friday, 28 October 2011; and (ii) participate in and vote at the annual general meeting is Friday, 11 November 2011, in terms of section 62(3)(a), as read with section 59 of the Companies Act, 2008 (Act 71 of 2008) ("Companies Act").

1. ORDINARY RESOLUTION NUMBER 1 – ADOPTION OF ANNUAL FINANCIAL STATEMENTS

To receive and adopt the audited annual financial statements for the year ended 30 June 2011, together with the reports of the directors, the external auditors and the audit committee.

The complete annual financial statements are set out on pages 173 to 248 of this integrated annual report.

2. ORDINARY RESOLUTIONS NUMBERS 2.1 TO 2.5 – ELECTION AND RE-ELECTION OF DIRECTORS

2.1 & 2.2

To elect Ms KH Mazwai and Ms B Modise, as directors by way of separate resolutions, who retire in accordance with the provisions of article 53.3 of the provisions of the company's memorandum of incorporation, by virtue of their respective appointments being made pursuant to the last annual general meeting and are required to retire at this annual general meeting. Both Ms KH Mazwai and Ms B Modise, being eligible, offer themselves for election. (Please refer to pages 14 and 15 of the integrated annual report for a brief CV of each director standing for election).

2.3 – 2.5

To re-elect Messrs RP Becker, MV Moosa and GR Rosenthal as directors by way of separate resolutions, who retire by rotation at this annual general meeting, in accordance with the provisions of article 53.1 of the company's memorandum of incorporation.

The directors, each being eligible, offer themselves for re-election. (Please refer to pages 14 and 15 of the integrated annual report for a brief CV of each director standing for re-election). Mr MP Egan who also retires by rotation has indicated that he is not available for re-election.

3. ORDINARY RESOLUTION NUMBER 3 – ENDORSEMENT OF REMUNERATION POLICY

To consider and endorse, by way of a non-binding advisory vote, the company's remuneration policy as set out in the remuneration report on pages 148 to 167 of the integrated annual report.

4. ORDINARY RESOLUTION NUMBER 4 – RE-APPOINTMENT OF INDEPENDENT EXTERNAL 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 E MacKeown is the individual registered auditor and member of the aforegoing firm who undertakes the audit.

5. ORDINARY RESOLUTION NUMBER 5 – ELECTION OF AUDIT COMMITTEE MEMBERS

To elect, by way of separate resolutions, the following independent, non-executive directors, as members of the company's audit committee:

5.1 Ms ZBM Bassa

5.2 Ms B Modise*

5.3 Mr DM Nurek

5.5 Mr GR Rosenthal*

* *Subject to their election/re-election as directors pursuant to ordinary resolution number 2.*

Brief CV's of the independent non-executive directors offering themselves for election as members of the audit committee are set out on pages 14 and 15 of the integrated annual report.

SPECIAL BUSINESS

6. ORDINARY RESOLUTION NUMBER 6 – AMENDMENTS TO SUN INTERNATIONAL LIMITED CONDITIONAL SHARE PLAN 2005

"RESOLVED that the Sun International Limited Conditional Share Plan 2005, as previously amended, be and is hereby amended in accordance with the third addendum to the Sun International Limited Conditional Share Plan 2005, as approved by the JSE Limited and be incorporated in the plan rules, initialled by the chairman of the annual general meeting for purposes of identification."

Copies of the amended plan rules referred to in this ordinary resolution number 6 are available for inspection at the registered office of the company from 2 October 2011 to 22 November 2011.

In terms of the JSE Listings Requirements this ordinary resolution number 6 must be passed by a 75% majority of votes cast by shareholders present or represented by proxy at the annual general meeting, excluding all votes attached to shares in the company owned and controlled by existing participants in the Sun International Limited Conditional Share Plan 2005 and that may be affected by the proposed amendments.

Reason for and effect of ordinary resolution number 6

1. The Sun International Conditional Share Plan 2005 ("the CSP") was adopted by shareholders at the company's annual general meeting

held in 2005. The CSP currently provides for the granting of conditional awards to participants. The conditional award entitles participants to a conditional right to a share on the vesting date, subject to the achievement of certain performance conditions. At present, the shares will only be delivered to the participants at the end of the vesting period (i.e. vesting date), provided the performance conditions have been met.

2. The company, having engaged the services of a leading consultant, conducted a review of its various share plans in terms of their structure and market relevance in order to ensure the appropriateness of its remuneration strategy. The outcome of the review indicated that the CSP was not in line with South African emerging market practices that reflect a growing trend towards the use of forfeitable share plans. Forfeitable share plans facilitate the closer alignment of the interests of shareholders and management and may enhance the motivational impact of the share allocations for participants by incentivising the continued relationship of key management with the Group by providing them with an opportunity of receiving shares in the company.

3. Based on the recommendations received and after due consideration, the remuneration committee recommended to the board, and the board has approved for the recommendation of shareholders, that the nature of instruments awarded under the CSP be amended from the grant of a conditional right to receive shares at the end of the vesting period, to the award of forfeitable shares and retaining objective performance conditions.

4. The effect of awarding forfeitable shares is that participants will become owners of the shares from the award date and will benefit from dividends and be able to exercise the associated voting rights, thus providing direct alignment between the interest of participants and those of shareholders as referenced above. In the event that the performance conditions are not met or the participant resigns from the company, the shares are then forfeited by the participant and the awards lapse.

5. In order to effect the necessary changes so as to be able to allocate forfeitable shares and retaining the performance conditions, the following amendments will be made to the CSP:

5.1 The rules of the plan are amended to accommodate the award of forfeitable shares as follows:

5.1.1 the introduction of a definition and the concept of an agent which will hold the forfeitable shares on behalf of the participant until vesting date;

5.1.2 provisions which will define the rights of participants i.e. that they will become the owners of the forfeitable shares entitled to dividends and voting rights but subject to forfeiture in the case of termination of employment (except in the event of a permissible termination event) and in the event that performance and vesting conditions are not met; and

5.1.3 provision for participants to participate in any rights issue in respect of forfeitable shares held by them, subject to approval by the JSE.

The performance conditions relating to the plan, as described in the remuneration report set out on page 148, remain as the performance conditions of the amended plan without any modification. The performance conditions are still considered appropriate and accordingly it is only the nature of the instrument changing, i.e.: from a conditional grant to a forfeitable award.

7. ORDINARY RESOLUTION NUMBER 7 – AUTHORITY TO IMPLEMENT AMENDMENTS TO SUN INTERNATIONAL LIMITED CONDITIONAL SHARE PLAN 2005

"RESOLVED that the directors of the company be and are hereby authorised to do all such things as may be necessary for and incidental to the implementation of ordinary resolution number 6 including, but not limited to, the signature of the third addendum and CSP rules as well as all related or ancillary documents."

The Plan has been approved by the JSE.

Reason for and effect of ordinary resolution number 7

Ordinary resolutions numbers 6 and 7, if passed, will result in the implementation of the Plan, details of which are provided above.

8. ORDINARY RESOLUTION NUMBER 8 – AMENDMENTS TO SUN INTERNATIONAL EMPLOYEE SHARE TRUST DEED

"RESOLVED that the directors of the company (by agreement between the Group companies and the trustees of the Sun International Employee Share Trust), be and they are hereby authorised to amend (and do all such things as may be necessary to amend) the Trust Deed as follows:

By the insertion in clause 7.1.1 of the words, "(save as contemplated in clause 7.1.1bis)", after the word "not" in the third line thereof.

By the insertion of a new clause numbered 7.1.1bis immediately after clause 7.1.1, to read as follows:

"7.1.1bis to acquire and dispose of, and to ratify any acquisition or disposal of shares and other investments by the Trust in Main Street 704 (Proprietary) Limited".

Reason for and effect of ordinary resolution number 8

1. The Sun International Employee Share Trust (the "Trust") was created for the purpose of holding shares in Sun International Group companies for the benefit of employees of the Group.

2. Emfuleni Resorts (Proprietary) Limited ("Emfuleni") procured the incorporation of Main Street 704 (Proprietary) Limited ("Manco") in order to provide management services to Emfuleni. The shares in Manco are to be held by Emfuleni's empowerment partner, Zonwabise Resort Holdings Limited, a trust formed for the benefit of the surrounding community and the trust.

3. However, Manco is not a 'Group company' as contemplated in the deed constituting the Trust (the "Trust Deed").

4. It has thus become necessary to amend the Trust Deed to provide for the acquisition by the Trust of shares in Manco.

5. It is therefore proposed that the Trust Deed be amended as contemplated in ordinary resolution number 8 above, which amendment requires the approval of the shareholders of the company in this general meeting in terms of the provisions of the Trust Deed.

In terms of the JSE Listings Requirements this ordinary resolution number 8 must be passed by a 75% majority of votes cast by shareholders present or represented by proxy at the annual general meeting, excluding all votes attached to shares in the company owned and controlled by existing participants in the Sun International Employee Share Trust and that may be affected by the proposed amendments.

9. 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 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, 2008, as amended, ('the Companies Act') 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 memorandum of incorporation;
- 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 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 the Securities Exchange News Service (SENS) prior to the commencement of the prohibited period; and
- the company only appointing one agent to effect any repurchases on its behalf.'

The directors, having considered the effects of the repurchase of the maximum number of ordinary shares in terms of the aforegoing 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 shall satisfy the solvency and liquidity test in the manner contemplated by the Companies Act;
- 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 integrated annual report, is provided in terms of the JSE Listings Requirements for purposes of this general authority:

- directors and management – pages 14 to 17;
- major beneficial shareholders – page 145;
- directors' interests in ordinary shares – page 174; and
- share capital of the company – page 209.

Litigation statement

The directors in office whose names appear on pages 14 and 15 of the integrated 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.

Director's responsibility statement

The directors in office, whose names appear on pages 14 and 15 of the integrated 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 integrated 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.

Reason for and effect of special resolution number 1

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.

10. SPECIAL RESOLUTION NUMBER 2 – PROVISION OF FINANCIAL ASSISTANCE IN TERMS OF SECTION 44 OF THE ACT

"RESOLVED that, to the extent required by the Companies Act, the board of directors of the company may (for a period of two years from the date on which this resolution is passed), subject to compliance with the requirements of the company's memorandum of incorporation, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, authorise the company to provide direct or indirect financial assistance by way of a loan, guarantee, the provision of security or otherwise to:

(i) any bank registered in terms of the Banks Act, 1990 (including any division, registered branch (including branch of a foreign bank) and/or subsidiary of that bank;
(ii) any of the company's present or future subsidiaries; and/or
(iii) any other company, person, entity, trust or corporation that is or becomes related or inter-related to the company,

for the purpose of, or in connection with the subscription of any securities issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company as contemplated in terms of section 44 of the Companies Act".

Reason for and effect of special resolution number 2

The company may be required from time to time and as and when the need arises to provide financial assistance to the above recipients for the purpose of, or in connection with, the subscription for any securities issued or to be issued by the company or a related or inter-related company as contemplated in section 44 of the Companies Act. Section 44(3)(a)(ii) of the Companies Act requires inter alia that the special resolution referred to in special resolution number 2 be adopted. In the circumstances and in order to, inter alia, ensure that the company's subsidiaries and other related and inter-related companies and corporations have access to financing and/or financial backing from the company (as opposed to banks), it is necessary to obtain the approval of shareholders, as set out in special resolution number 2. Therefore, the reason for, and effect of, special resolution number 2, is to permit the company to provide direct or indirect financial assistance (within the meaning attributed to that term in section 44 of the Companies Act), to entities falling within any category or entities contemplated in special resolution number 2 above. It is noted that in addition to the requirement that special resolution number 2 be adopted, section 44 of the Companies Act further provides that the provision of financial assistance (within the meaning attributed to that term in section 44 of the Companies Act) may only be authorised by the board of directors of the company if the board of directors of the company are satisfied that the terms under which the financial assistance is proposed to be given, are fair and reasonable to the company and immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test and that the board must ensure that any conditions or restrictions in respect of the granting of financial assistance in the company's memorandum of incorporation have been satisfied.

The authority granted to the company in terms of this special resolution number 2 shall be in addition to and not in substitution for any existing authority granted to the company in terms of section 45 of the Companies Act.

Percentage of voting rights required for the adoption of special resolution number 2:

In order for special resolution number 2 to be adopted, the support of 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

11. ORDINARY RESOLUTION NUMBER 9 – 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 the ordinary and special resolutions.'

Statement in terms of section 62(3)(e) of the Companies Act:

Sun International shareholders holding certificated shares and Sun International shareholders holding Sun International shares in dematerialised form in "own name":

- may attend and vote at the annual general meeting; alternatively
- may appoint an individual as a proxy, (who need not also be a shareholder of Sun International) to attend, participate in and speak and vote in your place at the annual general meeting by completing the attached form of proxy and returning it to the registered office of Sun International or to the transfer secretaries, by no later than 09h00 on 21 November 2011. Alternatively, the form of proxy may be handed to the chairman of the annual general meeting at the meeting at any time prior to the commencement of the annual general meeting. Please note that your proxy may delegate his/her authority to act on your behalf to another person, subject to the restrictions set out in the attached form of proxy. Please also note that the attached form of proxy must be delivered to the registered office of Sun International or to the transfer secretaries or handed to the chairman of the annual general meeting, before your proxy may exercise any of your rights as a Sun International shareholder at the annual general meeting.

Please note that any shareholder of Sun International that is a company may authorise any person to act as its representative at the annual general meeting. Please also note that section 63(1) of the Companies Act, requires that persons wishing to participate in the annual general meeting (including the aforementioned representative) must provide satisfactory identification before they may so participate.

Notice to owners of dematerialised shares:

Please note that if you are the owner of dematerialised shares held through a CSDP or broker (or their nominee) and are not registered as an "own name" dematerialised shareholder then you are not a registered Sun International shareholder, but your CSDP or broker (or their nominee) would be.

Accordingly, in these circumstances, subject to the mandate between yourself and your CSDP or broker as the case may be:

- if you wish to attend the annual general meeting you must contact your CSDP or broker, and obtain the relevant letter of representation from it; alternatively
- if you are unable to attend the annual general meeting but wish to be represented at the meeting, you must contact your CSDP or broker, and furnish it with your voting instructions in respect of the annual general meeting and/or request it to appoint a proxy. You must not complete the attached form of proxy. The instructions must be provided in accordance with the mandate between yourself and your CSDP or broker, within the time period required by your CSDP or broker.

CSDPs, brokers or their nominees, as the case may be, recorded in Sun International's subregister as holders of dematerialised shares should, when authorised in terms of their mandate or instructed to do so by the owner on behalf of whom they hold dematerialised shares, vote by either appointing a duly authorised representative to attend and vote at the annual general meeting or by completing the attached form of proxy in accordance with the instructions thereon and returning it to the registered office of the Sun International or to the transfer secretaries, by no later than 09h00 on 21 November 2011. Alternatively, the form of proxy may be handed to the chairman of the annual general meeting at the general meeting at any time prior to the commencement of the annual general meeting.

Voting at the 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.

Electronic participation in the annual general meeting:

Sun International intends to make provision for Sun International shareholders, or their proxies, to participate in the annual general meeting by way of electronic communication. In this regard, Sun International intends making a dial-in facility available that will be linked to the venue at which the annual general meeting will take place, on the date of, and from the time of commencement of, the annual general meeting. The dial-in facility will enable all persons to participate electronically in the annual general meeting in this manner and to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the annual general meeting.

Shareholders wishing to participate electronically in the annual general meeting are required to deliver written notice to Sun International at 4th Floor, 27 Fredman Drive, Sandown, Sandton, Gauteng, Republic of South Africa (marked for the attention of CA Reddiar, Group secretary) by no later than 17 November 2011 that they wish to participate via electronic communication at the annual general meeting (the "Electronic Notice").

In order for the Electronic Notice to be valid it must contain: (a) if the shareholder is an individual, a certified copy of his identity document and/or passport; (b) if the shareholder is not an individual, a certified copy of a resolution or letter of representation by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution. The authority resolution must set out who from the relevant entity is authorised to represent the entity at the annual general meeting via electronic communication; (c) a valid email address and/or facsimile number (the "Contact Address/Number"); and (d) if the shareholder wishes to vote via electronic communication, set out that the shareholder wishes to vote via electronic communication.

NOTICE OF ANNUAL GENERAL MEETING continued

By no later than 24 (twenty four) hours before the annual general meeting Sun International shall use its reasonable endeavours to notify a shareholder at its Contract Address/Number who has delivered a valid Electronic Notice of the relevant details through which the shareholder can participate via electronic communication.

Should you wish to participate in the annual general meeting by way of electronic communication as aforesaid, you, or your proxy, will be required to dial-in on the date of the annual general meeting. The dial-in facility will be linked to the venue at which the annual general meeting will take place on the date of, and from the time of commencement of, the annual general meeting. The dial-in facility will enable all persons to participate electronically in the annual general meeting in this manner and to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the annual general meeting.

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

By order of the Board

CA Reddiar
Company secretary

25 October 2011

Shareholders' diary

Annual general meeting:

Tuesday, 22 November 2011 – 09:00

Executive Boardroom, 4th Floor, 27 Fredman Drive, Sandown, Sandton, Gauteng, Republic of South Africa

Reports/Activity	2012
Announcement of interim results and interim dividend for half year ending 31 December 2012	February
Quarterly business update – results for 9 months to 31 March 2012	May
Financial year end	30 June 2012
Announcement of reviewed annual results and final dividend for the year ending 30 June 2012	August
Quarterly business update – results for 3 months to 30 September 2012	November
2012 annual report published	October/November
Annual general meeting	November

Form of proxy

Sun International Limited

(Incorporated in the Republic of 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 certificated shareholders or own name dematerialised shareholders at the annual general meeting of shareholders of Sun International to be held in the boardroom, 4th Floor, 27 Fredman Drive, Sandown, Sandton, Gauteng, South Africa, on Tuesday, 22 November 2011 at 09:00.

This form of proxy is not to be used by beneficial owners of shares who have dematerialised their shares (**"dematerialised shares"**) through a Central Securities Depository Participant (**"CSDP"**) or broker, as the case may be, unless you are recorded on the sub-register as an own name dematerialised shareholder. Generally, you will not be an own name dematerialised shareholder unless you have specifically requested your CSDP to record you as the holder of the shares in your own name in the company's sub-register.

This form of proxy is only for use by certificated, own name dematerialised shareholders and CSDPs or brokers (or their nominees) registered in the company's sub-register as the holder of dematerialised shares.

Each shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy (who need not also be a shareholder of the company) to attend, participate in and speak and vote in place of that shareholder at the annual general meeting, and at any adjournment thereafter.

Please note the following:

- the appointment of your proxy may be suspended at any time to the extent that you choose to act directly and in person in the exercise of your rights as a shareholder at the annual general meeting;
- the appointment of the proxy is revocable; and
- you may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy, and to the company.

Any shareholder of the company that itself is a company may authorise any person to act as its representative at the annual general meeting.

Section 63(1) of the Companies Act requires that persons wishing to participate in the annual general meeting (including the aforementioned representative) must provide satisfactory identification before they may so participate.

Note that voting will be performed by way of a poll and, accordingly, any person who is present at the annual general meeting, whether as a shareholder or as proxy for a shareholder, shall have the number of votes determined in accordance with the voting rights associated with the Sun International ordinary shares held by that shareholder.

I/We (FULL NAMES IN BLOCK LETTERS)

of (address)

Telephone: (Work) (area code) Telephone: (Home) (area code)

Fax: (area code) Cell number:

being the holder(s) of Sun International ordinary shares

hereby appoint: (refer 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 attend, participate in and speak and vote at the annual general meeting in my/our place and on my/our behalf at the Sun International annual general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at any adjournment thereof and to vote for or against such resolutions or to abstain from voting in respect of the shares in the issued capital of the company registered in my/our name/s, in accordance with the instructions set out below (refer to note 2):

my/our proxy:

- may delegate to another person his/her authority to act on my/our behalf at the Sun International annual general meeting, provided that my/our proxy may only delegate his/her authority to act on my/our behalf at the annual general meeting to a director of the company;
- must provide written notification to the transfer secretaries of the company, namely Computershare Investor Services (Proprietary) Limited, of the delegation by my/our proxy of his/her authority to act on my/our behalf at the Sun International annual general meeting by no later than 09:00 on 21 November 2011. Alternatively, the written notification must be handed to the chairman of the annual general meeting at any time prior to the commencement of the annual general meeting to be held at 09:00 on 22 November 2011; and
- must provide to his/her delegee a copy of his/her authority to delegate his/her authority act on my/our behalf at the annual general meeting.

	Number of ordinary shares		
	For	Against	Abstain
Ordinary resolution number 1 – adoption of annual financial statements			
Ordinary resolution numbers 2.1 to 2.5 – election and re-election of directors:			
2.1 Ms KH Mazwai			
2.2 Ms B Modise			
2.3 Mr RP Becker			
2.4 Mr MV Moosa			
2.5 Mr GR Rosenthal			
Ordinary resolution number 3 – endorsement of remuneration policy			
Ordinary resolution number 4 – re-appointment of independent external auditors			
Ordinary resolution number 5 – election of audit committee members			
5.1 Ms ZBM Bassa			
5.2 Ms B Modise			
5.3 Mr DM Nurek			
5.4 Mr GR Rosenthal			
Ordinary resolution number 6 – amendments to Sun International Limited Conditional Share Plan			
Ordinary resolution number 7 – authority for the directors to implement the amendments to the Share Plan			
Ordinary resolution number 8 – amendments to Sun International Employee Share Trust Deed			
Special resolution number 1 – general authority to repurchase shares			
Special resolution number 2 – provision of financial assistance in terms of S44 Companies Act			
Ordinary resolution number 9 – authority for directors' or company secretary to implement resolutions			

Insert an "X" in the relevant spaces above according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of shares than you own in the company, instead of an "X" insert the number of shares held in respect of which you desire to vote (see note 3).

Signed at this day of 2011

Signature (Authority of signatory to be attached if applicable – see note 11)

Assisted by me (where applicable – see note 9)

Please read the notes overleaf.

Instructions on signing and lodging the form of proxy

A shareholder entitled to attend and vote at the annual general meeting may appoint one or more persons as his/her proxy to attend, speak or vote in his/her stead at the annual general meeting. A proxy need not be a shareholder of the company.

On a poll, every Sun International shareholder shall have for each share held by him/her that proportion of the total votes in the company which the aggregate amount of the nominal value of that share held by him/her bears to the aggregate amount of the nominal value of all the shares issued by the company.

Notes:

1. A shareholder may appoint and insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided overleaf, with or without deleting "the chairman of the annual general meeting". The proxy or proxies need not be shareholder(s) of the company. The person whose name stands first on this form of proxy and who is present at the annual general meeting will be entitled to act as a proxy to the exclusion of those whose names follow.
2. If no proxy is inserted in the spaces provided, then the chairman shall be deemed to be appointed as the proxy to vote or abstain as the chairman deems fit.
3. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box provided. If there is no clear indication as to the voting instructions to the proxy, this form of proxy will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat.
4. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.
5. Completed forms of proxy must be lodged at the registered office of the company, 27 Fredman Drive, Sandown, Sandton, Gauteng, South Africa or posted to the company secretary, PO Box 782121, Sandton 2146, or lodged with or posted to the transfer secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown 2107, South Africa) so as to be received by no later than 09:00 on 21 November 2011. Alternatively, the form of proxy must be handed to the chairman of the annual general meeting at the general meeting at any time prior to the commencement of the annual general meeting to be held at 09:00 on 22 November 2011.
6. 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 the company secretary or waived by the chairman of the annual general meeting if the chairman is reasonably satisfied that the right of the representative to participate and vote has been reasonably verified. CSDPs or brokers registered in the company's sub-register voting on instructions from beneficial owners of shares registered in the company's sub-register, are requested that they identify the beneficial owner in the sub-register on whose behalf they are voting and return a copy of the instruction from such owner to the company secretary or to the transfer secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown 2107, South Africa), together with this form of proxy.
7. The completion and lodging of this form of proxy will not preclude the relevant 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 shareholder wish to do so.
8. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies, but any such alteration or correction will only be validly made if it is accepted by the chairman.
9. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company secretary.
10. If the instrument appointing the proxy or proxies has been delivered to the company, any notice that is required by the Companies Act or the company's memorandum of incorporation to be delivered by the company to the shareholder must (for so long as the proxy or proxies appointment remains in effect) be delivered by the company to: (i) the shareholder or (ii) the proxy or proxies, if the shareholder has directed the company to do so, in writing and paid any reasonable fee charged by the company for doing so.
11. The authority of a person signing the form of proxy in a representative capacity must be attached to the form of proxy unless that authority has already been recorded by the company's transfer secretaries, alternatively waived by the chairman of the annual general meeting.

Election form

Sun International Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1967/007528/06)
(Share code: SUI) (ISIN: ZAE000097580)
("Sun International" or "the Company")

To:

The Directors
Sun International Limited

I/We, the undersigned (please print)

Reference number:

if available, please review the reference number cited on the envelope that contained the copy of this integrated annual report

Of address

Being the registered holder(s) of: ordinary shares in the capital of the Company

do hereby elect to receive any documents or notices from Sun International, by electronic post, to the extent that the Company is permitted to so distribute any notices, documents, records or statements in terms of the Companies Act, No 71 of 2008, as amended, and any and every other statute, ordinance, regulation or rule in force from time to time, including the JSE Listings Requirements, concerning companies and affecting Sun International.

I/We hereby furnish the following email address for such electronic communication:

Email address:

Any written amendment or withdrawal of any such notice of consent by me/us, shall only take effect if signed by me/us and received by the Company.

Signed at on 2011

Signature

Assisted by me (where applicable)

Please complete, detach and return this election form to Sun International's transfer secretaries, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) or by telefax to +27 (11) 370 5271.

Administration

SUN INTERNATIONAL LIMITED

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

Company secretary:

CA Reddiar BA, LLB, LLM, MBA

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, 2196,
Gauteng, Republic of South Africa
PO Box 782121, Sandton 2146, Republic of South Africa
Telephone (+2711) 780 7000, Telefax (+2711) 780 7716
website: 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
Telephone (+27) 11 370 5000, Telefax (+27) 11 370 5271

STUDIO 5

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www.suninternational.com