THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 6 of this Circular apply throughout this Circular, including this front cover.

Action required:

- This Circular is important and should be read in its entirety, with particular attention to the section entitled "Action required by Shareholders", which commences on page 3.
- If you are in any doubt as to what action you should take, please consult your Broker, banker, attorney, CSDP or other professional adviser immediately.
- If you have disposed of all your Sun International Shares, this Circular should be handed to the purchaser of such Sun International Shares or to the Broker, CSDP, banker or other agent through whom the disposal was effected.

Sun International does not accept responsibility, and will not be held liable, for any action of, or omission by, any CSDP or Broker including, without limitation, any failure on the part of the CSDP or Broker of any beneficial owner of Sun International Shares to notify such beneficial owner of the details set out in this Circular.

Sun International Limited

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

CIRCULAR TO SHAREHOLDERS

relating to:

- **the approval of the acquisition by Sun International of the Peermont Group in terms of the Transaction as a Category 1 transaction in terms of the Listings Requirements;**
- **the approval of the proposed conversion of all of the Sun International Shares from par value Sun International Shares of 8 cents each to no par value shares;**
- **the approval of the proposed increase in Sun International's authorised but unissued share capital by a further 50 million Sun International Shares for the purposes of the Equity Raise and the required amendments to Sun International's MOI to reflect the proposed changes in the share capital of Sun International;**
- **the approval of the issue of new Sun International Shares to the shareholders of Maxshell and the holders of PGH2 Preference Shares pursuant to the implementation of the Transaction and to Sun International Shareholders in terms of the Equity Raise; and**
- **the approval of the granting of financial assistance by the Company**

and incorporating:

- **Notice of the General Meeting; and**
- **Form of Proxy (*blue*) in respect of the General Meeting (for use by Certificated Shareholders and "own-name" Dematerialised Shareholders only).**

Investment bank and transaction sponsor to Sun International

Sponsor to Sun International

Corporate law advisor to Sun International

Financial advisor to Peermont Group

Corporate law advisor to Peermont Group

Reporting Accountant to Sun International

Corporate law advisor to the Sellers (other than Mineworkers Investment Company)

Corporate law advisor to Mineworkers Investment Company

Reporting Accountant to Maxshell

Joint underwriters for the Equity Raise

Date of issue: 12 May 2015

Copies of this Circular, in English only, may be obtained at the Company's registered office or at the offices of the Transfer Secretaries, during normal business hours on Business Days from 12 May 2015 until 9 June 2015. The addresses of Sun International and the Transfer Secretaries are set out in the "Corporate Information" section.

CORPORATE INFORMATION

Company secretary and registered office of Sun International

Sun International Limited
(Registration number 1967/007528/06)
Company secretary: CA Reddiar
6 Sandown Valley Crescent
Sandton
2196
(PO Box 784487, Sandton, 2146)

Investment bank and transaction sponsor to Sun International

Investec Bank Limited
(Registration number 1969/004763/06)
2nd Floor
100 Grayston Drive
Sandton
2196
(PO Box 785700, Sandton, 2146)

Sponsor to Sun International

Rand Merchant Bank (a division of FirstRand Bank Limited)
(Registration number 1929/001225/06)
1 Merchant Place, Corner Fredman Drive and
Rivonia Road
Sandton
2196
(PO Box 786273, Sandton, 2146)

Corporate law advisor to Sun International

Cliffe Dekker Hofmeyr Incorporated
(Registration number 2008/018923/21)
1 Protea Place
Sandton
2196
(Private Bag X40, Benmore, 2010)

Reporting accountant to Sun International

PricewaterhouseCoopers Inc.
(Registration number 1998/012055/21)
2 Eglin Road
Sunninghill
2157
(Private Bag X36, Sunninghill, 2157)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
70 Marshall Street
Johannesburg
2001
(PO Box 61051, Marshalltown, 2107)

Joint underwriters for the Equity Raise

Investec Bank Limited (details above)

Nedbank Limited
(Registration number 1951/000009/06)
135 Rivonia Road
Sandown
Sandton
2196
(PO Box 1144, Johannesburg, 2000)

Date of incorporation of Sun International

11 July 1967

Place of incorporation of Sun International

South Africa

Company secretary and registered office of Maxshell

Maxshell 114 Investments Proprietary Limited
(Registration number 2006/024982/07)
Company secretary: DL Petzer
Peermont Place
Block 1
Northdowns Office Park
17 Georgian Crescent West
Bryanston
2021
(PO Box 98670, Sloane Park, 2152)

Financial advisor to Peermont Group

Rand Merchant Bank (a division of FirstRand Bank Limited)
(Registration number 1929/001225/06)
1 Merchant Place, Corner Fredman Drive and Rivonia Road
Sandton
2196
(PO Box 786273, Sandton, 2146)

Corporate law advisor to Peermont Group

Bowman Gilfillan Incorporated
(Registration number 1998/001915/21)
165 West Street
Sandton
2196
(PO Box 785812, Sandton, 2146)

Corporate law advisors to the Sellers (other than Mineworkers Investment Company and BEE Security SPV)

Kirkland & Ellis International LLP
30 St Mary Axe
London
EC3A 8AF

Webber Wentzel
10 Fricker Road
Illovo
Sandton
2196
(PO Box 61771, Marshalltown, 2107)

Corporate law advisor to Mineworkers Investment Company

Read Hope Phillips Thomas & Cadman Inc.
(Registration number 2000/22080/21)
3rd Floor, 30 Melrose Boulevard
Melrose Arch

Melrose North
Gauteng
2196
(PO Box 757, Northlands, 2116)

Reporting accountant to Maxshell

KPMG Incorporated
KPMG Crescent
85 Empire Road
Parktown
Johannesburg
2192
(Private Bag 9, Parkview, 2122)

Date of incorporation of Maxshell

10 August 2006

Place of incorporation of Maxshell

South Africa

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ACTION REQUIRED BY SHAREHOLDERS

Please take careful note of the following provisions regarding the action to be taken by Shareholders:

– If you are in any doubt as to what action you should take arising from this Circular, please consult your CSDP, Broker, banker, attorney, accountant or other professional adviser immediately.
– If you have disposed of all of your Sun International Shares, please forward this Circular to the purchaser of such shares or the CSDP, Broker, banker, attorney or other agent through whom the disposal was effected.
– The General Meeting convened in terms of the notice to Shareholders incorporated in this Circular will be held at The Maslow Hotel, 146 Rivonia Road, Sandton, 2196, Gauteng on 9 June 2015 at 10.00. A notice convening the General Meeting is attached to and forms part of this Circular.

If you have dematerialised your Sun International Shares and have elected:

1. OWN-NAME REGISTRATION

1.1 You are entitled to attend in person, or be represented by proxy, at the General Meeting.

1.2 If you are unable to attend the General Meeting but wish to be represented thereat, you must complete and return the attached Form of Proxy (blue) in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Computershare Investor Services Proprietary Limited, (Registration number 2004/003647/07), 70 Marshall Street, Johannesburg, 2001, PO Box 61051, Marshalltown, 2107 by no later than 10.00 on 5 June 2015.

2. REGISTRATION OTHER THAN OWN-NAME REGISTRATION

2.1 If you wish to attend or be represented at the General Meeting, you must advise your CSDP or Broker timeously that you wish to attend or be represented at the General Meeting, in the manner stipulated in the custody agreement governing the relationship between you and your CSDP or Broker. These instructions must be provided to your CSDP or Broker by the cut-off date and time advised by your CSDP or Broker for instructions of this nature. Your CSDP or Broker will be required to issue the necessary letter of representation to you to enable you to attend or to be represented at the General Meeting.

2.2 If you do not wish to attend or be represented at the General Meeting but wish to vote, and your CSDP or Broker has not contacted you, you are advised to contact your CSDP or Broker and provide them with your voting instructions, in the manner stipulated in the custody agreement governing the relationship between you and your CSDP or Broker. These instructions must be provided to your CSDP or Broker by the cut-off date and time advised by your CSDP or Broker for instructions of this nature. If your CSDP or Broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them.

2.3 You must **not** complete the attached Form of Proxy (*blue*).

If you hold certificated Sun International Shares

3. CERTIFICATED SHAREHOLDERS

3.1 You are entitled to attend in person, or be represented by proxy, at the General Meeting.

3.2 If you are unable to attend the General Meeting but wish to be represented thereat, you must complete and return the attached Form of Proxy *(blue)* in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Computershare Investor Services Proprietary Limited, (Registration number 2004/003647/07), 70 Marshall Street, Johannesburg, 2001, PO Box 61051, Marshalltown, 2107 by no later than 10.00 on 5 June 2015.

General

1. **DEMATERIALISATION**

   If you wish to dematerialise your Sun International Shares, please contact a Broker or a CSDP. If you do not already have a CSDP or Broker, please visit www.investec.co.za.

2. **ELECTRONIC PARTICIPATION**

   Shareholders or their proxies may participate in (but not vote at) the General Meeting by way of a teleconference call. If you wish to do so, you must contact Sun International's company secretary, Chantel Reddiar, on +27 11 780 7762 or email chantel.reddiar@suninternational.com by no later than 5 June 2015 and identify yourself to the satisfaction of the company secretary to obtain the dialing code and pin number. Shareholders participating in this manner will still have to appoint a proxy to vote on their behalf at the General Meeting.

SALIENT DATES AND TIMES

	2015
Record date to receive the Circular and notice of General Meeting	30 April
Circular and notice of General Meeting posted to Shareholders	12 May
Last day to trade in order to be eligible to vote	22 May
Record date to participate in and vote at the General Meeting	29 May
Forms of Proxy for the General Meeting to be lodged with Sun International or the Transfer Secretaries by no later than 10:00	5 June
General Meeting held at The Maslow Hotel, 146 Rivonia Road, Sandton, 2196, Gauteng at 10:00	9 June
Results of the General Meeting to be released on SENS	9 June

Notes:

(a) All dates and times may be changed by Sun International and/or may be subject to the obtaining of certain regulatory approvals. Any change will be published on SENS.

(b) Shareholders should note that as transactions in Sun International Shares are settled through the electronic settlement system used by Strate, settlement of trades takes place 5 Business Days after such trade.

(c) All times given in this Circular are local times in South Africa.

(d) To be valid, the completed Forms of Proxy must be lodged with the Transfer Secretaries of the Company, Computershare Investor Services Proprietary Limited at 70 Marshall Street, Johannesburg, 2001, (PO Box 61051, Marshalltown, 2107), Republic of South Africa on or before 10.00 on 5 June 2015 being at least 48 hours (excluding Saturdays and Sundays and public holidays in the Republic of South Africa) before the time appointed for the holding of the General Meeting. Any Forms of Proxy not received by this time must be handed to the chairperson of the General Meeting immediately prior to the General Meeting.

(e) If the General Meeting is adjourned or postponed, Forms of Proxy submitted for the initial General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting.

DEFINITIONS AND INTERPRETATIONS

In this Circular and its annexures, unless otherwise stated or the context indicates otherwise, the words and expressions in the first column shall have the meanings stated opposite them in the second column, and words and expressions in the singular shall include the plural and *vice versa*, words importing natural persons shall include juristic persons and unincorporated associations of persons and *vice versa*, and any reference to one gender shall include the other gender.

"Additional MIP Shares"	the 52 006 ordinary shares in Maxshell to be issued to Qualifying Participants (as defined in the MIP) pursuant to clause 5.1.2 of the MIP prior to the Closing Date in the proportions set out in Annexure 2 of the Sale Agreement (or such proportions as may be required by the MIP);
"Adjusted HEPS"	adjusted headline earnings per share include adjustments made for certain items of income or expense. These adjustments include pre-opening expenses, earnings and results from discontinuing operations and material items considered to be outside of the normal operating activities of the Sun International Group and/or of a nonrecurring nature;
"associate"	an associate as defined in the Listings Requirements;
"BEE"	black economic empowerment;
"BEE Security SPV"	Opiconsivia Investments 319 Proprietary Limited, registration number 2013/013173/07, a limited liability private company duly incorporated in the Republic of South Africa;
"Board" or "Directors"	the board of directors of Sun International, as set out on page 11 of this Circular;
"Botswana Competition Act"	Botswana Competition Act, 17 of 2009, as amended;
"Broker"	any person registered as a broking member (equities) in terms of the rules of the JSE made in accordance with the provisions of the Financial Markets Act;
"Burgersfort"	the Thaba Moshate Hotel, Casino and Convention Resort, owned and operated by Peermont Global (Tubatse) Proprietary Limited (registration number 2006/019823/07), a subsidiary of Peermont;
"Business Day"	any day other than a Saturday, Sunday or official public holiday in South Africa;
"Certificated Shareholders"	all registered holders of Certificated Shares;
"Certificated Shares"	Sun International Shares which have not been surrendered for dematerialisation in terms of the requirements of Strate;
"CIPC"	the Companies and Intellectual Property Commission, established in terms of the Companies Act;
"Circular"	this bound Circular document, dated 12 May 2015, including the annexures hereto, the Notice of General Meeting and the Form of Proxy (*blue*) in respect of the General Meeting;
"Closing Date"	the last business day of the calendar month in which the Closing Trigger Date falls, unless the Closing Trigger Date falls 5 Business Days or less before the last day of the calendar month, in which case the Closing Date shall be the last Business Day of the next calendar month;
"Closing Trigger Date"	the date which is 5 Business Days after the date of the publication of the results announcement in terms of the Listings Requirements in respect of the Equity Raise;
"Companies Act"	the Companies Act No, 71 of 2008, as amended;
"Common Monetary Area"	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
"Competition Act"	the Competition Act, No. 89 of 1998, as amended;

"Competition Authorities"	the Competition Commission established pursuant to Chapter 4, Part A of the Competition Act or the Competition Tribunal established pursuant to Chapter 4, Part B of the Competition Act or the Competition Appeal Court established pursuant to Chapter 4, Part C of the Competition Act, as the case may be, and the Botswana Competition Authority established under Part II of the Botswana Competition Act;
"Conditions Precedent"	the conditions precedent to the Transaction summarised in paragraph 6 of this Circular;
"CSDP"	a Central Securities Depository Participant, being a "participant" as defined in section 1 of the Financial Markets Act;
"Dematerialised Shareholders"	all registered holders of Dematerialised Shares;
"Dematerialised Shares"	Sun International Shares that have been dematerialised through a CSDP or Broker and are recorded in an uncertificated securities register forming part of Sun International's securities register;
"Dinokana"	Dinokana Investments Proprietary Limited (registration number 2005/030003/07), a limited liability private company duly incorporated in South Africa, which is majority held by Sun International Employee Share Trust and Lereko Investments Proprietary Limited;
"Documents of Title"	share certificates, certified transfer deeds, balance receipts or any other documents of title to Sun International Shares acceptable to Sun International;
"EBITDA"	earnings before interest, tax, depreciation and amortisation;
"EBITDAM"	earnings before interest, tax, depreciation, amortisation and management fees;
"EBITDAR"	earnings before interest, tax, depreciation, amortisation and rental expenses;
"Effective Date"	the earlier of the last day of the calendar month in which the Closing Date falls and 31 December 2015;
"EFT"	electronic funds transfer;
"EPS"	earnings per share;
"Equity Raise"	the underwritten, renounceable, pro rata rights offer of an amount to be determined by the Company and the Underwriters, as the case may be, immediately prior to the launch of the rights offer, proposed to be undertaken by the Company in relation to the Transaction, in terms of which the Company shall be entitled to exclude the holders of Treasury Shares, other than Dinokana, from participating in the offer, as described in paragraph 4.5;
"Exchange Control Regulations"	the Exchange Control Regulations, 1961, as amended, issued under section 9 of the Currency and Exchanges Act 9 of 1933, as amended;
"Financial Markets Act"	the Financial Markets Act, No. 19 of 2012, as amended, which has replaced the Securities Services Act, 2004 (Act 36 of 2004);
"Fincred"	Fincred Factoring Proprietary Limited (registration number 1981/009402/07), a limited liability private company duly incorporated in South Africa, a wholly owned subsidiary of Sun International;
"Form of Proxy"	the Form of Proxy *(blue)* for Certificated Shareholders and "own-name" Dematerialised Shareholders as attached to and forming part of this Circular;
"Gauteng Gambling Board"	the Gauteng Gambling Board established in terms of section 3 of the Gauteng Gambling Act, No. 4 of 1995, as amended;
"General Meeting"	the meeting of Shareholders to be held at The Maslow Hotel, 146 Rivonia Road, Sandton, 2196, Gauteng on 9 June 2015 at 10:00;
"Group"	in relation to a person that is a company, that person, its subsidiaries and that person's holding company and its subsidiaries from time to time;

"HEPS"	headline earnings per share;
"holding company"	has the meaning given to that term in the Companies Act;
"IFRS"	International Financial Reporting Standards;
"Industrial Index"	the FTSE/JSE Africa Industrial 25 Index –J211;
"Investec"	Investec Bank Limited (registration number 1969/004763/06), a limited liability public company duly incorporated in South Africa, acting through its Corporate Finance division;
"Issued Shares"	the Sun International ordinary shares in issue (being in number 118,679,455, including Treasury Shares, as at the Last Practicable Date);
"JSE"	the stock exchange operated by JSE Limited (registration number 2005/022939/06), a public company duly registered and incorporated in South Africa and licensed as an exchange under the Financial Markets Act;
"Last Practicable Date"	4 May 2015, being the last practicable date prior to the finalisation of this Circular;
"Listings Requirements"	the Listings Requirements of the JSE;
"Maxshell"	Maxshell 114 Investments Proprietary Limited (registration number 2006/024982/07), a limited liability private company duly incorporated in South Africa, held by the shareholders listed as such in annexure 1 to the Sale Agreement, which is a document for inspection per paragraph 30. The shareholders of Maxshell are led by the Sellers' Representative;
"Menlyn Maine"	Time Square at Menlyn Maine, the planned development by Sun International at Menlyn, Tshwane;
"Menlyn Maine Note"	the note issued and executed by Fincred in favour of Peermont, the terms of which are detailed in paragraph 5;
"MIC Leisure"	MIC Leisure Proprietary Limited (registration number 1996/001460/07), a private company duly incorporated in accordance with the laws of South Africa;
"MIP"	the management share incentive plan contained in the agreement entitled "MIP Framework Agreement" entered into between, *inter alia*, Peermont, Sellers' Representative, MIC Leisure Proprietary Limited, Maxshell and Anthony Puttergill on or about 16 April 2014;
"MOI"	Memorandum of Incorporation;
"Morula Casino License"	the casino license of Morula Casino and Hotel, a trading division of SISA;
"Nedbank"	Nedbank Limited (registration number 1951/000009/06), a limited liability public company duly incorporated in South Africa;
"Notice of the General Meeting"	the notice of the general meeting of Shareholders attached to and forming part of this Circular;
"Own-name Registration"	Dematerialised Shareholders who have instructed their CSDP to hold their Sun International Shares in their own name on the uncertificated securities registers of Sun International;
"Peermont"	Peermont Global Proprietary Limited (registration number 2006/006340/07), a limited liability private company duly incorporated in South Africa, a wholly-owned subsidiary of Peermont Global Holdings IV Proprietary Limited (a wholly-owned subsidiary of PGH3);
"Peermont Group"	Maxshell and its subsidiaries;
"PGH2"	Peermont Global Holdings II Limited (registration number 2006/006232/06), a limited liability public company duly incorporated in South Africa, a wholly-owned subsidiary of Peermont Global Holdings I Proprietary Limited (a wholly-owned subsidiary of Maxshell);

"PGH2 Preference Shares"	2 437 701 195 of the 2 566 654 269 redeemable preference shares in PGH2, in issue at the date of signature of the Sale Agreement, specifically excluding the 128 953 074 redeemable preference shares in PGH2 held by BEE Security SPV;
"PGH3"	Peermont Global Holdings III Limited (registration number 2013/013178/06), a limited liability public company duly incorporated in South Africa, a wholly-owned subsidiary of PGH2;
"PIK Notes"	the 16% payment-in-kind notes, valued at R1 388.3 million as at the Last Practicable Date, due 24 October 2020 issued by PGH3 from time to time and listed on the Euro MTF Market of the Luxembourg Stock Exchange for an initial principal sum of R1 184.2 million pursuant to the indenture concluded on or about 24 April 2014 between, *inter alia*, PGH3 (as issuer) and BNY Mellon Corporate Trustee Services Limited (as trustee), constituting 100% of the payment-in-kind notes issued by PGH3;
"Purchase Consideration"	the consideration payable by Sun International to the Sellers for the Sale Shares and the Sale Claims in terms of the Sale Agreement, as set out in paragraph 4 of this Circular, estimated to be R4 333 million as at 31 December 2015;
"R" or "Rand"	South African Rand, the official currency of South Africa;
"Register"	the securities register of Sun International maintained by the Transfer Secretaries in accordance with sections 50(1) and 50(3) of the Companies Act, including Sun International's uncertificated securities register;
"Regulations"	the Companies Regulations, 2011, published pursuant to section 223 of the Companies Act;
"Sale Agreement"	the agreement entered into between Sun International, SISA, Maxshell, PGH2, PGH3, The Peermont Empowerment Preservation Company Proprietary Limited (RF), Peermont, Avenue Europe International Master, L.P., Avenue Europe Investments, L.P. and the Sellers on 17 March 2015, in respect of the Transaction as described in this Circular;
"Sale Claims"	(if applicable) all amounts of any nature whatsoever owing by Maxshell and PGH2 to any Seller as at the Closing Date from any cause whatsoever, including by way of loan account or otherwise, in contract or in delict, actual or contingent, and includes any interest accrued thereon; provided that (i) amounts advanced by any Seller as trade credit in the ordinary course of business, (ii) amounts owed to any Seller under the PIK Notes, (iii) amounts owed to any Seller in respect of their PGH2 Preference Shares and (iv) any employment-related claims of any Seller and (v) any management fee payable to MIC Leisure or its holding company, shall not constitute Sale Claims;
"Sale Shares"	1 248 152 ordinary shares in Maxshell in issue as at the signature date of the Sale Agreement, plus the Additional MIP Shares, which shall constitute 100% of the issued shares of Maxshell at the Closing Date and the PGH2 Preference Shares;
"SARB"	South African Reserve Bank;
"Sellers"	the shareholders of Maxshell, the holders of the PGH2 Preference Shares, and the holders of the PIK Notes;
"Sellers' Representative"	GoldenTree Asset Management LP;
"SENS"	the Stock Exchange News Service, the news service operated by the JSE;
"Settlement Agreement"	the settlement agreement entered into contemporaneously with the Sale Agreement amongst SISA, Sun International, Fincred, Peermont, Maxshell, and PGH2 and Peermont;
"Shareholders"	holders of Sun International Shares, including Certificated Shareholders and Dematerialised Shareholders;
"SISA"	Sun International (South Africa) Limited (registration number 1977/071333/06), a limited liability public company registered and duly incorporated in South Africa, and a wholly-owned subsidiary of Sun International;

"Solvency and Liquidity Test"	the solvency and liquidity test set out in section 4(1) of the Companies Act;
"South Africa"	the Republic of South Africa;
"Strate"	Strate Proprietary Limited (registration number 1998/022242/07), a limited liability private company duly incorporated in South Africa, which is a registered central securities depository and which is responsible for the electronic settlement system used by the JSE;
"subsidiaries"	has the meaning given to that term in the Companies Act;
"Sun Consideration Shares"	10 416 667 Sun International Shares to be issued in settlement of R1 250 million of the Purchase Consideration, provided that in the event of a sub-division or consolidation of Sun International Shares the number of shares will be increased or reduced as if the Sun Consideration Shares had been issued at the date of sub-division or consolidation, as the case may be;
"Sun International" or "the Company"	Sun International Limited (registration number 1967/007528/06), a limited liability public company duly incorporated in South Africa and listed on the JSE;
"Sun International Group"	Sun International and its subsidiaries;
"Sun International Shares"	ordinary shares in Sun International;
"Transaction"	the acquisition by Sun International, through its wholly-owned subsidiary, SISA, of the Peermont Group through the acquisition of 100% of the ordinary shares of Maxshell, the PGH2 Preference Shares and the PIK Notes, in terms of the Sale Agreement;
"Transfer Secretaries"	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a limited liability private company duly incorporated according to the company laws of South Africa;
"Treasury Shares"	the Sun International Shares held by subsidiaries of Sun International from time to time (being 5 599 477 Sun International Shares as at the Last Practicable Date);
"Takeover Regulation Panel"	the Takeover Regulation Panel, established by section 196 of the Companies Act;
"Underwriters"	Investec and Nedbank, the joint underwriters of the Equity Raise;
"Underwriting Agreement"	the agreement entered into between Sun International and the Underwriters for the underwriting of the Equity Raise; and
"VWAP"	volume weighted average share price.

Sun International Limited
(Incorporated in the Republic of South Africa)
Registration number 1967/007528/06
Share code: SUI ISIN: ZAE000097580

CIRCULAR TO SHAREHOLDERS

Directors of Sun International

<u>*Executive Directors*</u>

GE Stephens (*Chief executive*)
AM Leeming (*Chief financial officer*)

<u>*Non-executive Directors*</u>

PDS Bacon*
ZBM Bassa*
PL Campher*
EAMMG Cibie*
NN Gwagwa
BLM Makgabo-Fiskerstrand*
IN Matthews*
B Modise*
LM Mojela*
MV Moosa (*Chairman*)
GR Rosenthal*
**Independent*

1. INTRODUCTION

1.1 On 20 March 2015, Sun International announced on SENS that the Sale Agreement had been concluded in terms of which Sun International, through its wholly-owned subsidiary SISA, will acquire 100% of the Peermont Group for the Purchase Consideration (through the acquisition of the Sale Shares and the Sale Claims) and the PIK Notes, which would be settled by Sun International through a combination of cash and the Sun Consideration Shares, as detailed in this Circular.

1.2 Subject to the fulfilment or waiver, as the case may be, of the Conditions Precedent (a summary of which is set out in paragraph 6 of this Circular), and following the implementation of the Transaction, Maxshell will be wholly-owned by Sun International.

1.3 Under the provisions of section 9 of the Listings Requirements, the Transaction is a Category 1 transaction for Sun International and is subject to Shareholder approval as detailed in the Notice of General Meeting.

1.4 Sun International intends to fund the Transaction via a combination of (i) Sun Consideration Shares issued to the Sellers at R120 per Sun International Share in settlement of R1 250 million of the Purchase Consideration (which represents a 8% discount to the 30 day VWAP as at the Last Practicable Date), (ii) the proceeds of the allotment and issue of Sun International Shares under the Equity Raise up to a maximum value of R3 750 million and (iii) Sun International cash and debt facilities.

1.5 As part of the Transaction, the Peermont Group has withdrawn its objection to the amendment of the Morula Casino Licence (for the relocation thereof from Mabopane to Menlyn), as described further in paragraph 5 on page 15. Sun International has also issued the Menlyn Maine Note to Peermont in terms of which Sun International, through its wholly-owned subsidiary Fincred, will pay R700 million (which may be increased to

R900 million in certain defined circumstances) to Peermont if the Transaction is not implemented and Menlyn Maine is opened.

1.6 Sun International will provide financial assistance as contemplated in sections 44 and/or 45 of the Companies Act in connection with the Transaction, as follows:

1.6.1 the issue of a guarantee payable to Peermont upon default by Fincred under the Menlyn Maine Note described in paragraph 5 on page 15;

1.6.2 the granting of a loan to SISA to meet its obligations under the Sale Agreement; and, to the extent required,

1.6.3 the issue of the performance guarantee to the Sellers in respect of the due and punctual performance, observance and discharge by SISA of all of its present and future obligations and liabilities under the Sale Agreement.

2. PURPOSE OF THIS CIRCULAR

The purpose of this Circular is:

2.1 to provide Sun International Shareholders with relevant information to enable them to make an informed decision as to whether or not they should vote in favour of the resolutions set out in the Notice of General Meeting which is attached to, and forms part of, this Circular, in relation to:

2.1.1 the approval of the implementation of the Transaction as a Category 1 transaction in terms of the Listings Requirements;

2.1.2 the approval of the proposed conversion of the Sun International Shares from par value shares of 8 cents each to no par value shares;

2.1.3 the approval of the proposed increase in the number of authorised but unissued Sun International Shares by a further 50 million Sun International Shares for the purposes of the Equity Raise as well as consequential changes to the Company's MOI to reflect the proposed changes in the share capital of Sun International;

2.1.4 the approval of the issue of new Sun International Shares pursuant to the implementation of the proposed Transaction and Equity Raise, and approval for the issue of more than 30% of the issued Sun International Shares;

2.1.5 the approval for the issue of the Sun Consideration Shares to the relevant Sellers;

2.1.6 allowing Sun International to exclude the holders of Treasury Shares, other than Dinokana, from participating in the Equity Raise;

2.1.7 placing the authorised but unissued Sun International Shares under the control of the Directors solely for the purposes of implementing the Equity Raise and the issue of the Sun Consideration Shares;

2.1.8 the approval of the issue of Sun Consideration Shares at a discount which may be greater than 10% to the lower of (i) the 30 business day VWAP at the date that the placing of these shares is authorised by the Directors and (ii) the 3 business day VWAP at the date of the placing of these shares;

2.1.9 the approval of the granting of financial assistance by Sun International; and

2.2 to convene the General Meeting in order for Sun International Shareholders to consider and determine whether or not to vote in favour of the aforementioned resolutions.

3. RATIONALE FOR THE TRANSACTION

The acquisition of Peermont is an attractive opportunity for Sun International and is aligned with its growth strategy, as follows:

3.1 The Transaction is aligned to Sun International's strategy to enhance and leverage its existing asset portfolio and seek new growth opportunities.

3.2 Emperors Palace represents a significant proportion of the Peermont Group portfolio. The acquisition of Emperors Palace (through the Transaction) provides Sun International with an opportunity to increase its exposure to gaming revenue in Gauteng, being the provincial jurisdiction with the highest gambling spend in South Africa. Emperors Palace is also one of the largest casinos in South Africa, with an attractive financial and operating profile. Emperors Palace has an EBITDAM margin of greater than 41%, which is well above the average of Sun International's properties.

3.3 As a result of the Transaction, Sun International's portfolio of South African assets will be more diversified. This diversification has the effect of reducing Sun International's reliance on its GrandWest property in the Western Cape, which currently represents 28% of the Sun International Group's EBITDA (calculated based on Sun International's published unaudited interim results at 31 December 2014).

3.4 Sun International remains committed to its strategy of diversifying its portfolio and increasing its exposure to offshore opportunities, specifically in Latin America. While the Peermont Group's portfolio of assets will initially increase the proportion of the combined business located in southern Africa, it also opens the possibility of further restructuring of the local assets, with the objective of creating a portfolio of fewer, larger, quality assets.

3.5 As part of the intended further restructuring of local assets, Sun International is exploring the possibility of disposing, in due course, of the smaller assets within the Peermont Group portfolio, as well as certain of its own smaller assets.

3.6 Sun International believes that the Transaction and the further restructuring possibilities that may arise from it will further enhance its position and scale as a leading hotel, resort and gaming operator thereby enabling it to undertake larger developments and acquisitions globally.

3.7 Peermont had raised objections to the amendment of the Morula Casino License for the relocation thereof from the current site in Mabopane to Menlyn, Tshwane. In terms of the Settlement Agreement, this objection has been withdrawn.

4. PURCHASE CONSIDERATION AND FINANCING OF THE TRANSACTION

4.1 The Purchase Consideration has been determined with reference to an enterprise value of the Peermont Group of R9 425 million, less net debt and subject to certain capital expenditure and working capital benchmark adjustments, if applicable, calculated at the Effective Date. The enterprise value has been determined based on the forecast 2015 earnings of the Peermont Group (which are anticipated to be higher than the 2014 earnings, not only due to the opening of Burgersfort but also due to organic growth in the existing business). Sun International will acquire the PIK Notes for a consideration equal to 101% of the face value of the PIK Notes at the Closing Date, plus any interest accrued but not paid in kind.

4.2 The Purchase Consideration will be escalated at a rate of 11% per annum from 1 January 2016 to the Closing Date.

4.3 Certain of the Sellers previously agreed to put and call options in respect of their ordinary shares in Maxshell and the Purchase Consideration will be allocated to such Sellers based on the price applicable had such options been exercised. The Purchase Consideration will be adjusted to take into account 51% of the difference between the price which the said Sellers would have received were they entitled to sell their Sale Shares on a *pari passu* basis and the price applicable to the exercise of the options. The 51% of such difference referred to above would have been payable to a warehousing trust had the options been exercised. Sun International has undertaken to apply the said amount to fund the BEE requirements of the Sun International Group. In terms of the Sale Agreement, the relevant Sellers have undertaken not to exercise the said put and call options, which will cease to be of any force or effect upon the closing of the Transaction.

4.4 Sun International will effectively assume all the debt currently within the Peermont Group and intends to fund the Transaction as follows:

4.4.1 by the issue of the Sun Consideration Shares to the Sellers to the value of R1 250 million, based on a price of R120 per Sun International Share, which represents an 8% discount to the 30-day VWAP at the Last Practicable Date. This equates to a placement of 10 416 667 Sun International Shares;

4.4.2 through the Equity Raise up to a maximum value of R3 750 million, the details of which are set out in paragraph 4.5 below and the proceeds of which will be used to settle part of the Purchase Consideration as set out in paragraph 4.4.3 below; and

4.4.3 through existing cash and debt facilities of Sun International for the remainder of the Purchase Consideration.

The estimated funding of the Purchase Consideration is set out in the table below:

	R'm
An issue of 10 416 667 Sun Consideration Shares at R120 per share to the Sellers	1 250
The proceeds of the Equity Raise up to a maximum value of	3 750
A rollover of the existing senior debt within the Peermont Group	3 850
New estimated debt facility	575
Total	**9 425**

4.4.4 The Conditions Precedent relating to regulatory matters as described per paragraph 6 are envisaged to be fulfilled approximately 9 months after the General Meeting and only thereafter would result in the implementation of the Transaction. To the extent that Sun International is able to complete the restructuring of its smaller assets, together with Peermont's smaller assets, as described per paragraph 3.5, within the abovementioned timeframe, this may result in a change in the basis of the funding of the Transaction and a resultant reduction in the Equity Raise. Such restructuring of the smaller assets would however be conditional upon the receipt of the requisite regulatory approvals.

4.5 **Equity Raise**

4.5.1 Sun International intends to undertake the Equity Raise once the Conditions Precedent as described per paragraph 6 have been fulfilled, in order to settle a portion of the Purchase Consideration. The final terms of the Equity Raise have not been finalised and the quantum may be reduced as set out in paragraph 4.4.4 above. Announcements will be released on SENS and published in the Business Day in due course, which will provide the terms of the Equity Raise, the Equity Raise price per Sun International Share, the number of Sun International Shares to be offered and the ratio of entitlement. A circular will be sent to Shareholders containing full details of the Equity Raise.

4.5.2 Sun International, together with the Underwriters, has entered into the Underwriting Agreement whereby the Underwriters undertake to underwrite the Equity Raise. The amount of the Equity Raise and the Equity Raise price per share will be determined by Sun International and the Underwriters prior to the Equity Raise depending on, *inter alia*, market conditions prevailing at such time. In terms of the Underwriting Agreement, the subscription price for Sun International Shares will be determined for the purposes of the Equity Raise at a 15% discount to the lower of the 30-day and the 5-day VWAP at the declaration date. The discount may be increased to 20% in the event of market volatility in the 60-day period prior to the Equity Raise.

4.5.3 In order to implement the Equity Raise, Sun International needs to increase its authorised share capital by firstly converting its share capital from ordinary shares with a par value of 8 cents per share to ordinary shares of no par value, as required by the Companies Act, and thereafter authorising 50 million additional Sun International Shares and making consequential changes to its MOI. The required resolutions are set out in Special resolutions numbers 1 and 2 of the resolutions recorded in the Notice of General Meeting. The JSE has approved the corresponding amendment to the details of the Company's share capital, subject to such increase and amendments being filed with the CIPC.

4.5.4 Subject to the conversion of the Sun International Shares from par value shares to shares of no par value, Sun International intends to increase its authorised shares by 50 million ordinary shares to 200 million ordinary shares, and to place the authorised but unissued Sun International Shares in the Company under the control of the Directors for the purposes of the Equity Raise and the issue of the Sun International Consideration Shares.

4.5.5 The Regulations require that, when Sun International converts its Sun International Shares into no par value Sun International Shares, the Board proposes the conversion by means of a board resolution and prepares a report in respect of the proposed conversion which, *inter alia*, evaluates any material adverse effects of the conversion on Shareholders. The Board has approved the resolution to this effect and the report of the Board for this purpose is included as Annexure VII to this Circular.

4.5.6 Further, if the voting power of the Sun International Shares that are issuable as a result of the Equity Raise together with the Sun Consideration Shares will be equal to or exceed 30% of the voting power of all the Sun International Shares in issue immediately before the implementation of their issue, section 41(3) of the Companies Act requires the approval of Sun International Shareholders by special resolution and this is covered in special resolution number 4 of the resolutions in the Notice of General Meeting. At this stage, it is not certain whether the number of Sun International Shares offered in terms of the Equity Raise will be at sufficiently high levels to require this special resolution, however, the special resolution is proposed in order to cover such an eventuality. Such authority will include the authority to allot and issue any Sun International Shares in the authorised but unissued share capital of the Company to the Underwriters of the Equity Raise (whether or not any such Underwriter is a related party (as defined for the purposes of the Listings Requirements) and/or a person falling within the ambit of section 41(1) of the Companies Act, being a Director, future Director, prescribed officer or future prescribed officer of the Company or a person related or inter-related to the Company or related or inter-related to a Director or prescribed officer of the Company (or a nominee of any of the foregoing persons)).

4.5.7 Sun International wishes to exclude the holders of Treasury Shares, other than Dinokana, from participating in the Equity Raise, and in terms of its MOI, requires approval by the Sun International Shareholders for the Equity Raise to exclude holders of Treasury Shares, other than Dinokana. In terms of the Companies Act, a rights offer (as defined in section 95(1)(l)) is not required to be made to all shareholders of a company. However, Clause 16 of the Company's MOI requires a rights offer to existing Shareholders to be made pro rata to their shareholding immediately before the rights offer was made, unless Shareholder approval has been obtained.

4.5.8 With regards to the Treasury Shares, if the Equity Raise proceeded on the basis that the rights offer is made to all Shareholders, the subsidiaries of the Company which hold the Treasury Shares would be required to fund their participation in the Equity Raise. In the Company's view, it is more practical for the holders of Treasury Shares to be excluded from the Equity Raise. Sun International Investments No. 2 Proprietary Limited, a holder of Treasury Shares, has agreed in writing to the decision of the Company to exclude the holders of Treasury Shares, other than Dinokana, from participating in the Equity Raise, subject to the Sun International Shareholders adopting ordinary resolution number 4 set out in the Notice of General Meeting, thereby entitling the Company to exclude the holders of Treasury Shares, other than Dinokana, from participating in the Equity Raise.

5. AMENDMENT OF SUN INTERNATIONAL'S MORULA CASINO LICENCE

5.1 SISA received approval from the Gauteng Gambling Board on or about 31 July 2014 to amend its Morula Casino Licence to, amongst other things, provide for the relocation of the licensed premises from the current site in Mabopane to a site located at Menlyn, Tshwane. In addition, Fincred applied for the Morula Casino Licence to be transferred to it from SISA, which also received approval from the Gauteng Gambling Board on or about 31 July 2014.

5.2 The aforementioned approvals, which are subject to certain conditions that largely reflect the commitments made in the application, pave the way for Sun International to commence planning and construction of the R3 billion development to be known as Time Square at Menlyn Maine. Menlyn Maine is anticipated to generate annual EBITDA of R600 million and annual management fees of R95 million, a significant increase from the Morula EBITDA of R16 million and management fees of R7 million per annum (as at 30 June 2014). Sun International, through group companies, will hold an effective 74.9% of Menlyn Maine and the management contract on normal commercial terms.

5.3 Peermont had raised an objection to the amendment of the Morula Casino Licence for the relocation thereof to Menlyn Maine. Notwithstanding this objection, the Gauteng Gambling Board granted the approvals as described in paragraph 5.1. Subsequent to the granting of the approvals, Peermont brought review proceedings in the High Court of South Africa (Gauteng Division, Pretoria), in which it sought to set aside the Gauteng Gambling Board approvals.

5.4 Separately, Sun International and Peermont, amongst others, have entered into the Sale Agreement. In anticipation of implementing the Transaction, the parties to the Sale Agreement have agreed to settle the dispute in terms of the review proceedings brought by Peermont by way of the withdrawal of the review application by Peermont, upon the terms and subject to the conditions set out in the Settlement Agreement. The review application was subsequently withdrawn on 18 March 2015.

5.5 In the event that the Transaction is not successfully implemented and Menlyn Maine opens to the public (or the licensed premises are relocated to a site which is within a 5-km radius of Menlyn Maine, and the relocated casino opens to the public), Fincred has issued Peermont with a financial instrument that irrevocably obliges Fincred to pay Peermont a capital amount of R700 million, which may increase to R900 million if SISA does not accept any condition or approval requirements which may be imposed by the Competition Authorities ("Condition") as a result of any action or inaction by SISA, and, as a result of SISA not accepting the Condition, the Sale Agreement lapses as a result of the Condition Precedent in paragraph 6.1.4 not being fulfilled.

5.6 The obligations of Fincred in terms of the Menlyn Maine Note will be guaranteed by Sun International, subject to the approval of Special Resolution number 5 in the Notice of General Meeting attached to this Circular.

5.7 The Menlyn Maine Note will bear interest at a rate of 12.5% per annum, accruing on a daily basis from the earlier of the date on which the Menlyn Maine Note becomes unconditional and 31 December 2017. Fincred can redeem the Menlyn Maine Note at any time but must redeem it in full and pay any outstanding amounts due to Peermont on the fifth anniversary of the Menlyn Maine Note becoming unconditional.

6. CONDITIONS PRECEDENT TO THE TRANSACTION AND THE TERMS OF THE TRANSACTION

6.1 The Transaction is conditional upon fulfilment or waiver of, *inter alia,* the following Conditions Precedent, which are still outstanding as at the Last Practicable Date:

6.1.1 the requisite majority of Sun International Shareholders approving the resolutions required to implement the Transaction and the Equity Raise, as per the resolutions in the Notice of General Meeting;

6.1.2 the approval of the Financial Surveillance Department of SARB required in terms of the Exchange Control Regulations being obtained, including approval for:

6.1.2.1 the transfer of the relevant Sale Shares, Sale Claims and PIK Notes from non-resident Sellers to Sun International;

6.1.2.2 the payment of cash portions of the Purchase Consideration from the relevant Sellers' accounts into foreign bank accounts; and

6.1.2.3 the issue and allotment of Sun Consideration Shares to non-residents, all as required in terms of, *inter alia*, regulations 3, 10 and 14 of the Exchange Control Regulations;

6.1.3 the approvals required by the Gauteng Gambling Board being obtained; and

6.1.4 the approvals required by the Competition Authorities being obtained.

6.2 The Conditions Precedent are not capable of being waived, save for the Condition Precedent in paragraph 6.1.3 above.

6.3 The Takeover Regulation Panel has exempted the Transaction from compliance with the provisions of Parts B and C of Chapter 5 of the Companies Act and the Takeover Regulations.

6.4 The Sellers have warranted that they have title in and to the securities and Sale Claims being sold and that Maxshell indirectly holds 100% of Peermont. The Sale Agreement may be terminated where certain material adverse risks arise or are identified.

7. INFORMATION ON SUN INTERNATIONAL

7.1 Nature of the business

Sun International is a tourism, leisure and gaming group and operates or has an interest in a total of 26 resorts, luxury hotels and casinos across ten countries. This includes 15 operations in South Africa, two in Zambia, two in Lesotho, one in Botswana, one in Nigeria, one in Swaziland, one in Namibia and one near Santiago in Chile. Sun International also opened a casino in Panama in October 2014 and will open a casino in Colombia during May 2015. The Group derives the significant majority of its earnings from its casino operations.

During 2014, Sun International acquired a 25.1% shareholding in slot operator GPI Slots Proprietary Limited, with an option to acquire up to a 70% shareholding. It also disposed of the majority of its shareholding in its African operations, other than those in Nigeria and South Africa, to Minor Hotel Group Limited. Sun International recently announced the proposed merger of its Latin American portfolio with the casino and hotel portfolio of assets of Dreams S.A. Sun International also recently announced the restructuring of its existing BEE structure implemented through Dinokana.

In January 2015, the Competition Commission recommended to the Competition Tribunal that the proposed acquisition by Tsogo Sun Holdings Limited of a minority interest in each of SunWest International Proprietary Limited and Worcester Casino Proprietary Limited from Sun International be prohibited. The parties to the proposed acquisition have opposed the recommendation; however no final judgment has been made as at the Last Practicable Date.

There have been no changes in controlling shareholder, trading objects, operations or names of the Sun International Group during the previous five years.

7.2 Prospects

Sun International's approach has been to differentiate its hotels, resorts and casinos in architecture, service, experience, location and the mix of entertainment and activities. This approach has created an attractive profile for Sun International and it has a compelling and global competence in both the development and operation of casinos, hotels and resorts, as well as experience operating in emerging markets.

The transactions referred to in 7.1 above reflect a strategic intent to reduce exposure to Africa and increase it to Latin America and alternate forms of gaming. Sun International's entry into Latin America began in Chile and has been a success story for the Sun International Group, giving it the track record and confidence to pursue other attractive opportunities that offer gaming in the region.

8. INFORMATION ON PEERMONT

8.1 History and nature of the business

Peermont was founded in 1995 under the name Global Resorts, was subsequently rebranded Peermont Global in 2003 and listed on the JSE during 2004. Peermont was subsequently delisted from the JSE in 2007, after a private equity-led buyout by a consortium led by the Mineworkers Investment Company. During April 2014, the Peermont Group completed a restructure of its debt and equity to create a more sustainable capital structure.

Peermont operates a portfolio of gaming and hospitality businesses in South Africa and Botswana, owning nine casino resorts, including its flagship Emperors Palace casino resort, three stand-alone hotels and one stand-alone casino.

Peermont owns and operates the following properties:

Property	Location	Gambling Jurisdiction	Hotel Category	Property Type	Slot Machines	Gaming Tables	Rooms
South Africa							
Emperors Palace	Kempton Park	Gauteng	Five, four and three star	Casino resort	1 724	68	667
Graceland	Secunda	Mpumalanga	Four star	Casino resort	311	18	98
Mmabatho Palms	Mafikeng	North West	Four star	Casino resort	152	8	150
Khoroni	Thohoyandou	Limpopo	Three star	Casino resort	150	7	82
Rio	Klerksdorp	North West	Three star	Casino resort	274	11	70
Umfolozi	Empangeni	KZN	Three star	Casino resort	273	12	44
Frontier	Bethlehem	Free State	Three star	Casino resort	140	9	21
Mondazur*	San Lameer, KZN	–	Four star	Stand-alone hotel	–	–	40
Thaba Moshate	Burgersfort	Limpopo	Three star	Casino resort	150	8	82
Botswana							
Grand Palm	Gaborone	Botswana	Four and three star	Casino resort	150	15	337
Sedibeng Casino	Francistown	Botswana	–	Stand-alone casino	50	–	–
Mondior	Gaborone	–	Four star	Stand-alone hotel	–	–	67
Metcourt Lodge	Francistown	–	Three star	Stand-alone hotel	–	–	53
Total					**3 374**	**156**	**1 711**

* *Currently the subject of a sale agreement with a third party*

8.2 **Financial overview of Maxshell**

	2014 R'm	% change	2013 R'm
Revenue	**3 252,9**	5,7	3 078,6
Cash costs	**2 060,9**	5,8	1 948,0
Adjusted operating profit	**922,3**	6,2	868,7
EBITDA	**1 204,8**	5,8	1 138,3
EBITDAR	**1 233,8**	5,8	1 166,6
EBITDA margin	**37,0%**		37,0%
EBITDAR margin	**37,9%**		37,9%
	Cents		Cents
Basic EPS	**712 557**		(1 646 500)
Diluted EPS	**676 121**		(1 646 500)
HEPS	**(149 234)**		(1 638 150)
Diluted HEPS	**(141 603)**		(1 638 150)
Net asset value per share	**215 919**		(5 679 100)

9. *PRO FORMA* FINANCIAL EFFECTS OF THE TRANSACTION

9.1 The table below sets out the *pro forma* financial effects of the Transaction and the Equity Raise on the published unaudited profit and cash dividend announcement of Sun International for the six months ended 31 December 2014. The *pro forma* financial effects have been prepared for illustrative purposes only and because of their *pro forma* nature, may not fairly present the Company's financial position, changes in equity, results of operations or cash flows, nor the effect and impact of the Transaction and Equity Raise going forward.

9.2 The *pro forma* financial effects have been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the published unaudited profit and cash dividend announcement of Sun International for the six months ended 31 December 2014. The *pro forma* financial effects are presented in accordance with the Listings Requirements and the Guide on *Pro Forma* Financial Information issued by the South African Institute of Chartered Accountants and ISAE 3420, Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information Included in a Prospectus.

9.3 The directors of the Company are responsible for the compilation, contents and preparation of the *pro forma* financial effects. Their responsibility includes determining that the *pro forma* financial effects have been properly compiled on the basis stated, which is consistent with the accounting policies of Sun International and that the *pro forma* adjustments are appropriate for purposes of the *pro forma* financial information disclosed pursuant to the Listings Requirements.

9.4 The *pro forma* financial effects should be read in conjunction with the *pro forma* condensed group statement of financial position, the *pro forma* condensed group income statement contained in Annexure II and the independent reporting accountant's report thereon contained in Annexure III.

9.5 The *pro forma* effects ignore the positive impact of the proposed relocation of Morula to Menlyn Maine.

	Before (cents)[1] (A)	***Pro forma* after the Transaction and Equity Raise (cents)[2] (B)**	**Change (%)[3] (B/A)**
Earnings per share	849	683	(19.5)
Diluted earnings per share	843	680	(19.3)
Headline earnings per share[6]	372	366	(1.5)
Diluted headline earnings per share[6]	369	364	(1.3)
Adjusted headline earnings per share[6]	413	425	2.9
Diluted adjusted headline earnings per share[6]	410	423	3.1
Net asset value per share	2 099	5 073	141.6
Net tangible asset value per share	1 285	(401)	n/m
Weighted average number of Sun International shares in issue (thousands)	93 065	137 418	
Weighted average diluted number of Sun International shares in issue (thousands)	93 681	138 034	
Weighted average adjusted number of Sun International shares in issue (thousands)	103 980	148 333	
Weighted average diluted adjusted number of Sun International shares in issue (thousands)	104 596	148 949	
Number of shares in issue (thousands)	93 072	137 425	

Notes and assumptions:

1. The Sun International information reflected in the "Before" column has been extracted from the published unaudited profit and cash dividend announcement of Sun International for the six month period ended 31 December 2014.
2. The Sun International information reflected in the "*Pro forma* after the Transaction and Equity Raise" column has been calculated on the basis that the Transaction and Equity Raise has been implemented. The *pro forma* statement of comprehensive income, the statement of financial position and the related notes thereto are set out in Annexure II and the independent reporting accountant's assurance report on the *pro forma* financial information is reproduced in Annexure III to this Circular.
3. The effects on earnings, diluted earnings, headline earnings, diluted headline earnings, adjusted headline earnings, diluted adjusted headline earnings are calculated on the basis that the Transaction and Equity Raise were effective 1 July 2014, while the effects on net asset value and net tangible asset value per share are calculated on the basis that the Transaction and Equity Raise were effective 31 December 2014.
4. The Purchase Consideration per the Sale Agreement is calculated based on the forecast 31 December 2015 balances. However for the purposes of the *pro forma* financial effects the Purchase Consideration is calculated on the basis of the 31 December 2014 historic balances for Maxshell in order to show the effect as at 31 December 2014.
5. The *pro forma* financial effects are presented on the assumption that the Sun Consideration Shares totalling 10 416 667 shares are issued to the Sellers at a fair value of R136.00 per Sun International Share and R3 750 million is raised in terms of the Equity Raise at a value of R110.50 per Sun International Share (being the 30 day VWAP as at the Last Practicable Date, at a discount of 15%). The price at which the shares are to be issued in terms of the Equity Raise and the consequent number of Sun International Shares to be issued is still to be determined and full details thereof will be set out in a separate circular to shareholders in this regard.
6. Transaction costs for the Transaction and Equity Raise have not been accounted for in the calculation of adjusted headline earnings per share as these are once-off in nature.
7. The detailed notes and assumptions to the financial effects are presented in Annexure II and the *pro forma* financial effects should be read in conjunction with the *pro forma* condensed group statement of financial position and the *pro forma* condensed group income statement contained therein.

10. **SHARE CAPITAL**

10.1 The authorised and Issued Shares of Sun International on the Last Practicable Date, before the conversion of the Sun International Shares from par value to no par value shares and the increase in authorised share capital are set out below:

	Number of shares	R'm
Authorised		
Ordinary shares of 8 cents each	150 000 000	12
Variable rate cumulative redeemable preference shares of 1 cent each	100 000 000	1
Issued		
Share capital		
Ordinary shares of 8 cents each	118 679 455	9
Share premium		875
Treasury shares and share options		
Held by subsidiaries	5 599 477	957
Deemed treasury shares		
– Employee share schemes	1 615 485	308
– Held by Dinokana	6 719 759	367
– Held by Employee Share Trusts	2 597 419	85

10.2 The authorised and Issued Shares of Sun International post the Transaction and post the increase in authorised share capital and conversion of the Sun International Shares from par value to no par value shares, are set out below:

	Number of shares	R'm
Authorised		
Ordinary no par value shares	200 000 000	12
Variable rate cumulative redeemable preference shares of 1 cent each	100 000 000	1
Issued		
Share capital*		
Ordinary no par value shares	163 032 773	5 009
Treasury shares and share options		
Held by subsidiaries	5 599 477	957
Deemed treasury shares		
– Employee share options	1 615 485	308
– Held by Dinokana	6 719 759	367
– Held by Employee Share Trusts	2 597 419	85

* *The share capital is calculated on the assumption that Sun International Shares to the value of R1 250 million are issued to the Sellers at a price of R120 per Sun International Share and R3 750 million is raised in terms of the Equity Raise at R110.50 per Sun International Share, being the 30-day VWAP (R130) as at the Last Practicable Date less a 15% discount*

10.3 Sun International's MOI will be amended subject to the approvals to be obtained from Sun International Shareholders in terms of the resolutions in the Notice of General Meeting. As such, the Sun International Shares will be of no par value and accordingly there will be no share premium account that will arise upon the issue of Sun International Shares.

11. MAJOR SHAREHOLDERS

As at the Last Practicable Date, insofar as is known to Sun International, the following Shareholders (other than Directors) had greater than a 5% indirect and/or direct beneficial shareholding in Sun International:

Shareholder	Direct shareholding	Indirect shareholding	% of total shareholding
Allan Gray	9 878 279	15 391 391	22.35
Sanlam	7 073 438	1 026 315	7.16
MMI Holdings Limited	6 982 745	462 159	6.58
Dinokana Investments (Pty) Ltd	6 719 759	–	5.94
Old Mutual	5 875 545	747 786	5.86
Total	36 529 766	17 627 651	47.89

12. SHAREHOLDER IRREVOCABLES AND INDICATIONS OF SUPPORT

12.1 Sun International has received irrevocable undertakings from Sun International Shareholders holding 28.0% of the Issued Shares to vote the Sun International Shares held by them at the General Meeting in favour of the resolutions to be proposed at the General Meeting. In addition, Sun International Shareholders holding 16.6% of Sun International Shares have provided letters of support in favour of the Transaction. Details of these parties at the Last Practicable Date are set out below:

Party	Shares subject to undertaking at the signature date of irrevocable undertaking	Shares subject to undertaking at Last Practicable Date	% holding at Last Practicable Date	% of effective voting rights at the Last Practicable Date
Irrevocable undertakings				
Allan Gray	26 024 358	25 923 848	22.9	22.9
Momentum	3 142 112	6 945 890	6.1	6.1
Sun International Employee Share Trust	2 597 419	2 597 419	2.3	2.3
Indicators of support				
Prudential	12 143 821	12 143 821	10.7	10.7
Old Mutual	4 494 113	4 862 351	4.3	4.3
	48 401 823	**52 473 329**	**46.3**	**46.3**

13. DIRECTORS' INTERESTS IN THE TRANSACTION

Save for the disclosure made per paragraph 14, no Directors have a material beneficial interest, whether direct or indirect, in the Transaction, nor do any of them have a material interest in a transaction that was effected by Sun International during the current or immediately preceding financial year, nor during an earlier financial year in respect of an outstanding or unperformed interest.

14. DIRECTORS' INTERESTS IN SECURITIES

14.1 Directors' interests in securities

14.1.1 A statement showing the direct and indirect beneficial interests of the Directors (and their associates), including Directors who have resigned during the 18 months prior to the Last Practicable Date, holdings in Sun International Shares as at 30 June 2014 are as follows:

Director	Indirect shareholding	Direct shareholding	Number of shares	% of total shareholding
NN Gwagwa	282 901	–	282 901	0.3
AM Leeming	–	84 475	84 475*	0.1
IN Matthews	–	2 723	2 723	0.0
KH Mazwai#	–	91 398	91 398	0.1
MV Moosa	577 227	–	577 227	0.6
GE Stephens	–	201 732	201 732**	0.2
Total	**860 128**	**380 328**	**1 240 456**	**1.3**

 # KH Mazwai resigned as of 31 January 2015

** 82 518 of which are held through share plans*

*** Held through share plans*

14.1.2 The following are the number of grants and share options held by Directors and individuals who were Directors of Sun International during the past 18 months as at 30 June 2014:

Director	Number of grants
Equity Growth Plan	
GE Stephens	246 950
AM Leeming	134 711
KH Mazwai#	109 300
Conditional share plan	
GE Stephens	35 630
AM Leeming	30 975
KH Mazwai#	30 262
Deferred Bonus Plan	
GE Stephens	6 241
AM Leeming	5 775
KH Mazwai#	3 774
Restricted Share Plan	
GE Stephens	147 329
AM Leeming	59 099
KH Mazwai#	44 538
Bonus Share Matching Plan	
GE Stephens	28 358
AM Leeming	13 137
KH Mazwai#	7 688

 # KH Mazwai resigned as of 31 January 2015

14.1.3 The following changes to Directors and individuals who were directors of Sun International during the past 18 months, interests in Sun International Shares, grants and share options occurred between the end of the preceding financial year (i.e. 30 June 2014) and the Last Practicable Date:

Individual	Date of grant	Grants made	Grants vested	Grants exercised	Grants forfeited
GE Stephens					
Bonus Share Matching Plan	11.09.2014	30 771			
Conditional Share Plan	29.06.2011		6 867	0	8 959^
Restricted Share Plan	01.10.2011		31 081	0	0
TOTAL		30 771	37 948	0	8 959
AM Leeming					
Bonus Share Matching Plan	11.09.2014	14 255			
Conditional Share Plan	29.06.2011		6 052	0	7 897^
Deferred Bonus Plan	27.09.2011		2 225	0	0
TOTAL		14 255	8 277	0	7 897
KH Mazwai#					
Bonus Share Matching Plan	11.09.2014	7 300			
Conditional Share Plan	29.06.2011		6 621	6 621	8 638^
Deferred Bonus Plan	27.09.2011		801	801	
TOTAL		7 300	7 422	7 422	8 638

^ A portion forfeited due to the relevant performance condition not being met.

 # KH Mazwai resigned as of 31 January 2015

14.2 Directors' emoluments

14.2.1 A statement showing the Directors' emoluments, including Directors who have resigned during the 18 months prior to the Last Practicable Date, for the period ended 30 June 2014 are as follows:

Executive directors	Salary R	Gross Executive Bonus Scheme R	Retirement contributions R	Other benefits R	Total R
GE Stephens	5 287 325	6 912 951	713 115	94 560	**13 007 951**
AM Leeming	3 293 314	3 202 448	576 000	130 686	**7 202 448**
KH Mazwai#	2 041 744	1 640 018	455 058	312 198	**4 449 018**
	10 622 383	**11 755 417**	**1 744 173**	**537 444**	**24 659 417**

Non-executive directors	Subsidiaries and trust fees R	Director's fees R	Committee fees R	Total R
PDS Bacon	–	258 900	110 800	**369 700**
ZBM Bassa	–	258 900	193 675	**452 575**
PL Campher	10 000	258 900	340 992	**609 892**
NN Gwagwa	–	234 800	55 500	**290 300**
BLM Makgabo-Fiskerstrand	–	234 800	36 300	**271 100**
IN Matthews	30 000	421 200	239 608	**690 808**
B Modise	–	234 800	89 000	**323 800**
LM Mojela	17 921	258 900	73 208	**350 029**
MV Moosa	–	974 100	245 000	**1 219 100**
GR Rosenthal	–	258 900	305 500	**564 400**
	57 921	**3 394 200**	**1 689 583**	**5 141 704**

 # KH Mazwai resigned as of 31 January 2015

14.3 **Directors' service contracts**

14.3.1 There are no service contracts between Sun International and any of its Directors longer than one year in duration. Such contracts are terminable on six months' notice. Executive Directors do not receive fees for their services as Directors.

14.3.2 The current remuneration of non-executive Directors is in line with the recommendations of King III. The non-executive Directors' fees have been split into a base fee component and an attendance fee component.

14.3.3 The remuneration receivable by the Directors will not be varied as a consequence of the Transaction.

15. COSTS IN RELATION TO THE TRANSACTION

The following expenses and provisions are expected, or have been provided for, by Sun International in connection with the Transaction. All the fees payable to the parties below are exclusive of value-added tax. These expenses are once off in nature.

Service	Service provider	R'000
Legal fees	Cliffe Dekker Hofmeyr	5 500
Investment banking and transactional sponsor fees	Investec	15 000
Reporting Accountants fees	PricewaterhouseCoopers Inc	250
Printing and publication costs	Ince	140
JSE Documentation Fees	JSE	24
Estimated total expenses and fees		**20 914**

16. LITIGATION

There are currently no legal or arbitration proceedings, including any such proceedings that are pending or threatened which may have, or have had, a material effect on the Sun International Group financial position or the Peermont Group financial positions during the 12 months preceding the date of this Circular.

17. MATERIAL CHANGES

The Board is not aware of any material changes in the financial or trading position of the Sun International Group subsequent to the latest unaudited results for the 6 month period ended 31 December 2014.

The board of directors of Maxshell are not aware of any material changes in the financial or trading position of the Peermont Group subsequent to the latest audited results as at 31 December 2014.

18. MATERIAL LOANS AND BORROWINGS OF SUN INTERNATIONAL

The loans and borrowings of Sun International are disclosed in the annual financial statements as at 30 June 2014 and there are no individually material loans. There have been no new material loans and borrowings in the Sun International Group since the last reporting period, being the six months ended 31 December 2014.

19. MATERIAL LOANS AND BORROWINGS OF THE PEERMONT GROUP

The material loans and borrowings of the Peermont Group prior to and post the Transaction are disclosed in Annexure VI to this Circular. There have been no new material loans and borrowings in the Peermont Group since the last reporting period, being 31 December 2014.

20. MATERIAL CONTRACTS AND ACQUISITIONS ENTERED INTO BY SUN INTERNATIONAL

20.1 Save for the agreements relating to the Transaction as described in this Circular and as set out below, neither Sun International nor any of its subsidiaries have entered into any material contract, other than in the ordinary course of business, within the two years prior to the Last Practicable Date or at any time and containing an obligation or settlement that is material to the Sun International Group at the Last Practicable Date:

20.1.1 On 13 February 2015, Sun International reached agreement and concluded a memorandum of understanding with the shareholders of Dreams S.A. to merge its casino and hotel portfolio of assets with Sun International's Latin American assets. It is anticipated that the merger of assets will give Sun International approximately 50% of the combined entity. As part of the proposed merger, Sun International will increase its shareholding to 55% and consolidate the results of the merged entity. The majority of the remaining shareholding will be held by a Chilean family who were involved in the development of the Dreams S.A. portfolio and wish to remain as medium to long term shareholders, seeking to grow the business and increase its value. This is a Category 1 transaction in terms of the Listings Requirements.

21. MATERIAL CONTRACTS AND ACQUISITIONS ENTERED INTO BY THE PEERMONT GROUP

21.1 Save for the agreements relating to the Transaction as described in this Circular, neither Peermont nor any of its subsidiaries have entered into any material contract, other than in the ordinary course of business and the 2014 capital restructuring described in paragraph 21.2 below, within the two years prior to the Last Practicable Date or at any time and containing an obligation or settlement that is material to the Peermont Group at the Last Practicable Date.

21.2 The Peermont Group entered into a series of agreements to restructure the equity and refinance the debt of the Peermont Group, which included a restructure agreement between all relevant parties including the holders of all the issued shares in Maxshell and PGH I, on or about 31 October 2013, and which was implemented during April 2014. The material borrowings arising as a result of this restructure are disclosed in Annexure VI of this Circular.

22. CONSENTS

All parties as detailed on the cover of this Circular have consented in writing to the inclusion of their names and reports in this Circular in the form and context in which they appear and have not withdrawn their consents prior to the publication of this Circular.

23. DIRECTORS' RESPONSIBILITY STATEMENT AND RECOMMENDATION

23.1 The Directors, whose names are set out on page 11 of this Circular, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no other facts that have been omitted which would make the contents of this Circular false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by law and the Listings Requirements.

23.2 Having regard to the background information, the Board is of the opinion that the Transaction is fair insofar as the Sun International Shareholders are concerned, that the Transaction would be of future benefit to Sun International Shareholders and, accordingly, recommend that Shareholders vote in favour of the resolutions necessary to implement the Transaction.

23.3 Those Directors who hold Sun International Shares and are permitted to vote, intend to vote in favour of the resolutions, as set out in the Notice of General Meeting.

23.4 There will be no change to the Directors of Sun International as a result of the Transaction.

24. WORKING CAPITAL STATEMENT

The Board is of the opinion that the working capital available to the Sun International Group, as enlarged by the Transaction, is sufficient for the enlarged Sun International Group's present requirements, that is for at least the next twelve months from the date of issue of this Circular.

25. VOTING RIGHTS

25.1 All the issued Sun International Shares rank *pari passu* with each other.

25.2 At the General Meeting, every Shareholder present or represented by proxy at the General Meeting shall have one vote on a show of hands, and on a poll shall have that number of votes determined in accordance with the voting rights associated with the Sun International Shares held by that Shareholder.

26. GENERAL MEETING

26.1 A General Meeting of Shareholders will be held at The Maslow Hotel, 146 Rivonia Road, Sandton, 2196, Gauteng on 9 June 2015 at 10:00 in order to consider, and, if deemed fit, pass, with or without modification, the resolutions as set out in the notice of General Meeting attached and forming part of this Circular.

26.2 Shareholders are referred to the Notice of General Meeting attached to this Circular for detail on the resolutions to be proposed at the General Meeting and to the "Action required by Shareholders" section of this Circular for information on the procedure to be followed by Shareholders in order to exercise their votes at the General Meeting.

27. ELECTRONIC PARTICIPATION IN THE GENERAL MEETING

27.1 Sun International intends to make provision for Shareholders, or their proxies, to participate in the 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 General Meeting will take place, on the date of, and from the time of commencement of, the General Meeting. The dial-in facility will enable all persons to participate electronically in the General Meeting in this manner and to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the General Meeting.

27.2 Shareholders wishing to participate electronically in the General Meeting are required to deliver written notice as outlined in the Notice to General Meeting attached to this Circular. Please note that the cost of the dial in facilities described above will be for the account of Sun International.

27.3 Shareholders participating in the General Meeting by electronic participation will still have to appoint a proxy to vote at the General Meeting.

28. EXCHANGE CONTROL APPROVAL

28.1 The following is a summary of the relevant Exchange Control Regulations as certain of the Sellers are not resident in South Africa, or have registered addresses outside South Africa.

28.2 Emigrants from the Common Monetary Area

The Sun Consideration Shares received by Sellers who are emigrants from the Common Monetary Area and whose registered address is outside the Common Monetary Area will be credited directly to their blocked security accounts at the CSDP controlling their blocked portfolios.

28.3 Non-residents of the Common Monetary Area

The Sun Consideration Shares received by Sellers who are non-residents of the Common Monetary Area and who have never resided in the Common Monetary Area and whose registered address is outside the Common Monetary Area, will be credited to their security accounts at the CSDP controlling their portfolios.

29. REFERENCES

Sun International information incorporated in this Circular by reference will be available for inspection per paragraph 30 below and can be accessed on Sun International's website as follows:

Circular paragraph reference	Information	Website
18	Sun International Integrated Annual Report for the years ended 30 June 2014, 30 June 2013 and 30 June 2012 (including annual financial statements)	http://www.suninternational.com/corporate/investors/
3.3 18	Sun International Unaudited Profit and Cash Dividend Announcement for the six months ended 31 December 2014 (interim results)	http://www.suninternational.com/corporate/investors/

30. DOCUMENTS AVAILABLE FOR INSPECTION

30.1 Copies of the following documents will be available for inspection during normal business hours at the registered office of Sun International at 6 Sandown Valley Crescent, Sandton, from 12 May 2015 up to and including the date of the General Meeting:

30.1.1 The MOI of Sun International and its subsidiaries;

30.1.2 The Sale Agreement;

30.1.3 The Settlement Agreement (including the Menlyn Maine Note);

30.1.4 The annual reports of Sun International for the 3 years ended 30 June 2012, 30 June 2013 and 30 June 2014;

30.1.5 The interim results of Sun International for the 6 month period ended 31 December 2014;

30.1.6 The annual reports of Maxshell for the 3 years ended 31 December 2012, 31 December 2013 and 31 December 2014;

30.1.7 The reviewed results of Maxshell for the six month period ended 31 December 2014;

30.1.8 The latest sworn appraisals or valuations relative to movable and immovable property and items of a similar nature;

30.1.9 Copies of service agreements with directors, managers, underwriters, vendors and promoters entered into during the last three years;

30.1.10 The written consent of each of the advisers set out on the cover of this Circular; and

30.1.11 A signed copy of this Circular.

For and on behalf of
SUN INTERNATIONAL LIMITED

12 May 2015
Sandton

TRADING HISTORY OF SUN INTERNATIONAL SHARES

The high, low and closing prices of Sun International Shares on the JSE, and the volumes traded, since 30 May 2014, were as follows:

Daily (30 days)

Date	Closing (cents)	High (cents)	Low (cents)	Volume (shares)	Value (Rand)
2015/03/18	12 640	12 800	12 580	691 912	87 448 860
2015/03/19	12 881	12 975	12 751	350 594	45 067 220
2015/03/20	13 150	13 344	12 200	645 386	83 412 390
2015/03/23	13 095	13 250	12 700	909 333	119 394 100
2015/03/24	13 025	13 140	12 949	150 877	19 668 060
2015/03/25	12 849	13 100	12 755	265 410	34 485 080
2015/03/26	12 750	12 900	12 561	411 038	52 067 870
2015/03/27	12 850	13 100	12 731	477 754	61 138 030
2015/03/30	12 850	13 099	12 688	420 698	54 078 380
2015/03/31	12 600	13 078	12 590	388 244	49 767 870
2015/04/01	12 798	12 861	12 575	4 504 220	568 133 500
2015/04/02	13 000	13 067	12 826	840 743	109 267 600
2015/04/07	12 850	13 201	12 850	286 829	37 519 120
2015/04/08	12 885	13 000	12 800	175 009	22 525 190
2015/04/09	13 000	13 096	12 876	282 443	36 613 740
2015/04/10	12 950	13 037	12 915	159 231	20 640 170
2015/04/13	12 990	13 090	12 962	133 533	17 366 100
2015/04/14	12 750	13 000	12 707	87 095	11 140 100
2015/04/15	12 908	12 918	12 750	74 502	9 546 318
2015/04/16	13 050	13 114	12 951	253 437	33 050 830
2015/04/17	13 059	13 115	13 037	398 934	52 104 010
2015/04/20	12 965	13 109	12 949	130 322	16 957 230
2015/04/21	13 094	13 270	12 976	454 527	59 147 510
2015/04/22	13 141	13 211	13 100	70 837	9 333 236
2015/04/23	13 500	13 589	13 195	530 829	70 837 580
2015/04/24	13 740	13 849	13 505	1 467 227	201 674 300
2015/04/28	13 590	13 850	13 201	319 045	43 614 110
2015/04/29	13 700	13 750	13 546	317 936	43 465 520
2015/04/30	13 240	13 725	13 202	309 328	41 269 660
2015/05/04	13 600	13 696	13 440	216 667	29 410 490

Monthly (12 months)

Date	Closing (cents)	High (cents)	Low (cents)	Volume (shares)	Value (Rand)
2014/05/30	10 600	10 900	10 001	1 943 973	205 762 200
2014/06/30	11 000	11 050	10 275	2 282 667	246 927 600
2014/07/31	10 720	11 505	10 347	5 816 169	632 937 400
2014/08/29	11 700	11 879	10 601	4 794 898	543 434 600
2014/09/30	11 970	12 505	11 500	3 851 812	460 127 400
2014/10/31	12 350	13 000	11 522	3 492 579	418 009 600
2014/11/28	12 264	13 200	11 350	3 899 061	473 979 600
2014/12/31	12 890	13 000	11 682	3 521 754	424 501 300
2015/01/30	13 000	13 286	12 091	3 709 381	467 035 600
2015/02/27	13 167	14 250	12 656	4 569 683	614 711 200
2015/03/31	12 600	14 000	12 200	7 194 894	933 956 900
2015/04/30	13 240	13 850	12 575	10 796 027	1 404 206 000

PRO FORMA FINANCIAL INFORMATION

The tables below set out the *pro forma* financial information of Sun International based on the published unaudited profit and cash dividend announcement for the six months ended 31 December 2014. The *pro forma* financial information has been prepared for illustrative purposes only and because of its *pro forma* nature, may not fairly present the Company's financial position, changes in equity, results of operations or cash flows, nor the effect and impact of the Transaction and Equity Raise going forward.

The purpose of the *pro forma* financial information is to illustrate the impact of the Transaction and the Equity Raise had it been effective 31 December 2014 for purposes of the *pro forma* condensed group statement of financial position and 1 July 2014 for purposes of the *pro forma* condensed group income statement and on the assumptions set out below. The *pro forma* financial effects presented below do not purport to be indicative of the financial results of the Transaction and the Equity Raise if it had been implemented on a different date.

The *pro forma* financial information has been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the published unaudited profit and cash dividend announcement of Sun International for the six months ended 31 December 2014. The *pro forma* financial information is presented in accordance with the Listings Requirements and the Guide on *Pro Forma* Financial Information issued by the South African Institute of Chartered Accountants and ISAE 3420 (Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information Included in a Prospectus).

The Directors are responsible for the compilation, contents and preparation of the *pro forma* financial information. Their responsibility includes determining that the *pro forma* financial information has been properly compiled on the basis stated, which is consistent with the accounting policies of Sun International and that the *pro forma* adjustments are appropriate for purposes of the *pro forma* financial information disclosed pursuant to the Listings Requirements.

The *pro forma* condensed group statement of financial position as at 31 December 2014 and the *pro forma* condensed group income statement for the six months then ended, should be read in conjunction with the independent reporting accountant's report thereon contained in Annexure III.

The *pro forma* condensed group income statement below presents the effects of the Transaction and Equity Raise on the published unaudited profit and cash dividend announcement of Sun International for the six months ended 31 December 2014 on the assumption that the Transaction was effective 1 July 2014.

***Pro forma* condensed group income statement for the six months ended 31 December 2014**

R'm	Sun International 6 months ended 31 December 2014[1]	Maxshell 6 months ended 31 December 2014[2]	*Pro forma* adjustments[3]	Notes	*Pro forma* after the Transaction and Equity Raise
Revenue	5 290	1 742			7 032
Casino	4 339	1 352			5 691
Rooms	428	161			589
Food, beverage and other revenue	523	229			752
Other income	462	5			467
Operating costs	(4 370)	(1 263)	(34)	3.1	(5 667)
Operating profit	**1 382**	**484**	**(34)**		**1 832**
Foreign exchange profits	(32)	–			(32)
Interest income	12	(1)			11
Interest expense	(288)	(344)	149	3.2	(483)
Share of associates losses	(1)	–			(1)

R'm	Sun International 6 months ended 31 December 2014[1]	Maxshell 6 months ended 31 December 2014[2]	*Pro forma* adjustments[3]	Notes	*Pro forma* after the Transaction and Equity Raise
Profit before tax	**1 073**	**139**	**115**		**1 327**
Tax	(235)	(39)	(52)	3.3	(326)
Profit from continuing operations	**838**	**100**	**63**		**1 001**
Profit from discontinued operations	47	–	–		47
Profit for the period	**885**	**100**	**63**		**1 048**
Attributable to minorities	95	14	–		109
Attributable to ordinary shareholders	790	86	63		939
	885	**100**	**63**		**1 048**
Reconciliation of headline earnings					
Profit attributable to ordinary shareholders	790	86	63		939
Preference dividends accrued		(220)	220	3.4	–
Basic earnings	**790**	**(134)**	**283**		**939**
Headline earnings adjustments	(462)	8			(454)
Profit on disposal of shares in subsidiaries	(462)				(462)
Impairment of Mondazur property		9			9
Gain on Taung operation sold		–			–
Profit on disposal of property, plant and equipment		–			–
Gain on disposal of 152 Bryanston Drive (asset held for sale)		(1)			(1)
Tax relief on above items	18	–			18
Minorities' interests in above items	–	–			–
Headline earnings	346	(126)	283		503
Adjusted headline earnings adjustments					
Pre-opening expenses	48				48
Transaction costs, PIK Note premium and STT	–		44		44
Restructure costs	35				35
Monticello purchase price adjustment	23				23
Monticello profits – consolidated from 1 July 2014 to 31 October 2014	(27)				(27)
Other	12				12
Foreign exchange losses/(profits) on intercompany loans	13				13

R'm	Sun International 6 months ended 31 December 2014[1]	Maxshell 6 months ended 31 December 2014[2]	*Pro forma* adjustments[3]	Notes	***Pro forma* after the Transaction and Equity Raise**
Tax on the above items	(20)				(20)
Minorities' interests on the above items	(11)				(11)
Reversal of Employee Share Trusts' (i)	10				10
Adjusted headline earnings	**429**	**(126)**	**327**		**630**
Number of shares ('000)					
– for EPS calculation	**93 065**		44 353	3.5	137 418
– for diluted EPS calculation	**93 681**		44 353	3.5	138 034
– for adjusted headline EPS calculation	**103 980**		44 353	3.5	148 333
– for diluted adjusted headline EPS calculation	**104 596**		44 353	3.5	148 949
Earnings per share (cents)					
Basic	849				683
Headline	372				366
Adjusted headline	413				425
Diluted earnings per share (cents)					
Basic	843				680
Headline	369				364
Adjusted headline	410				423

Notes and assumptions

1. Extracted from the published unaudited profit and cash dividend announcement of Sun International for the six months ended 31 December 2014.
2. Extracted from the reviewed historical financial information of Maxshell for the six months ended 31 December 2014.
3. *Pro forma* adjustments have been prepared using accounting policies in terms of IFRS and Sun International management's best estimates at this stage:

3.1 The operating costs adjustment is calculated as follows:

One-off Transaction costs per paragraph 15	(21)
One-off PIK Note early redemption premium, calculated as 1% of the face value of the PIK Note of R1 184 million	(11)
Recurring amortisation of the structuring and arranging fee on the new debt raised, calculated as 0.3% of the value of the new debt raised of R535 million for six months	(2)
	(34)

Transaction costs and the PIK Note early redemption premium are expensed as incurred.

3.2 The adjustment to interest expense is calculated on the basis that new debt is raised at an interest rate of 3-month JIBAR + 1.75% and the existing debt of Peermont will be refinanced by Sun International at an assumed rate of 3-month JIBAR + 2.7%. The adjustment is calculated as follows:

Interest expense on new debt raised	(21)
Interest saving due to refinancing of Peermont debt	54
Interest on existing Peermont senior debt	225
Interest on refinanced debt	(171)
Interest saving on redemption of PIK Note	116
	149

Interest saving on the redemption of the PIK note represents the related interest charge for the period.

3.3 The tax payable of R52 million is based on the recurring reduced interest expense above at the corporate tax rate of 28% and the one-off securities transfer tax of 0.25% of the assumed Purchase Consideration R4 242 million based on the financial position of Peermont at 31 December 2014.

3.4 The accrued preference dividends of R220 million are reversed in the calculation of basic earnings due to the fact that the preference dividends would accrue to the Sun International Group post the Transaction.

3.5 The increase in weighted average number of Sun International Shares is calculated as follows:

	'000
Sun Consideration Shares issued	10 417
Sun International Shares to be issued in terms of the Equity Raise to the value of R3 750 million at an assumed price equal to the 30 day VWAP of R130 per Sun International Share as at the Last Practicable Date, less a discount of 15% (the discount per the Underwrite Agreement)	33 936
	44 353

The price at which the shares are to be issued in terms of the Equity Raise and the consequent number of Sun International Shares to be issued is still to be determined and full details thereof will be set out in a separate circular to shareholders in this regard.

The *pro forma* condensed group statement of financial position below presents the effects of the Transaction on the published unaudited profit and cash dividend announcement of Sun International at 31 December 2014 on the assumption that the Transaction was effective 1 July 2014.

***Pro forma* condensed group statement of financial position at 31 December 2014**

R'm	Sun International as at 31 December 2014[1]	Maxshell as at 31 December 2014[2]	*Pro forma* adjustments[3]	Notes	*Pro forma* after the Transaction and the Equity Raise
Assets					
Non-current assets					
Property, plant and equipment	11 298	4 213			15 511
Intangible assets	758	4 617	2 147	**3.1**	7 522
Investment in associates	392				392
Investment in joint ventures	191				191
Investments		1			1
Available-for-sale investment	48				48
Loans and receivables	10	–			10
Pension fund asset	45				45
Deferred tax	287	8			295
	13 029	8 839	2 147		24 015
Current assets					
Loans and receivables	2	–			2
Inventory	–	67			67
Accounts receivable	636	88			724
Amounts due by related parties		3			3
Tax	75	6			81
Cash and cash equivalents	567	296	(118)	**3.2**	745
	1 280	460	(118)		1 622
Non-current assets held for sale	75	20			95
Total assets	14 384	9 319	2 029		25 732
Equity and liabilities					
Capital and reserves					
Ordinary shareholders equity	1 954	2 695	2 322	**3.3**	6 971
Minorities' interests	406	123			529
Total equity	2 360	2 818	2 322		7 500
Non-current liabilities					
Deferred tax	448	736	433	**3.1**	1 617
Borrowings	5 904	5 019	(726)	**3.4**	10 197
Derivative instruments		22			22
Amounts due to related parties		54			54
Other non-current liabilities	842				842
	7 194	5 831	(293)		12 732
Current liabilities					
Accounts payable and accruals	1 253	461			1 714
Borrowings	3 467	164			3 631
Tax	58	1			59
Current portion of derivative instruments		9			9

R'm	Sun International as at 31 December 2014[1]	Maxshell as at 31 December 2014[2]	*Pro forma* adjustments[3]	Notes	*Pro forma* after the Transaction and the Equity Raise
Amounts due to related parties		35			35
	4 778	670	–		5 448
Current liabilities held for sale	52				52
Total equity and liabilities	14 384	9 319	2 029		25 732
No of shares in issue ('000)	93 072	–	44 353		137 425
Net asset value per share (cents)	2 099				5 073
Net tangible asset value per share (cents)	1 285				(401)

Notes and assumptions

1. Extracted from the published unaudited profit and cash dividend announcement of Sun International for the six months ended 31 December 2014.
2. Extracted from the reviewed historical financial information of Maxshell for the six months ended 31 December 2014.
3. *Pro forma* adjustments have been prepared using accounting policies in terms of IFRS and Sun International management's best estimates at this stage:

3.1 Goodwill and intangible assets adjustment represents the value paid in excess of the book net asset value of the Peermont Group, calculated as follows:

	R'm
Assumed Purchase Consideration based on financial position of Peermont Group at 31 December 2014	4 242
Book net asset value of Maxshell as at 31 December 2014	(2 695)
Fair value uplift attributed to intangible assets	1 547
Deferred tax thereon and attributed to goodwill	433
Fair value uplift on purchase price attributable to goodwill, calculated as the excess of the current Sun International Share price (R136 as at the Last Practicable Date) over the R120 issue price of the Sun Consideration Shares per the Sale Agreement	167
	2 147

Based on preliminary fair value allocation exercise, the surplus of the Purchase Consideration over the book net asset value of the Peermont Group is attributed to indefinite life intangible assets. A fair value allocation exercise in terms of IFRS 3: Business Combinations will need to be performed at the effective date of the Transaction.

Sun International's accounting policy for goodwill is as follows:

Goodwill on acquisition of subsidiaries is included in intangible assets. Separately recognized goodwill is assessed for impairment on an annual basis or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Goodwill 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.

The Purchase Consideration per the Sale Agreement is calculated based on the 31 December 2015 balances. However, for the purposes of the *pro forma* financial effects, the Purchase Consideration is calculated on the basis of the 31 December 2014 historic balances in order to show the effect as at 31 December 2014.

3.2 The cash adjustment is calculated as follows:

	R'm
Assumed Purchase Consideration based on the financial position of Peermont Group at 31 December 2014	(4 242)
Adjusted for partial settlement through Sun Consideration Shares	1 250
Cash received from the Equity Raise	3 750
Cash received for additional debt required for Purchase Consideration	535
Structuring and arranging fee on the new debt raised, calculated as 0.3% of the value of the new debt raised of R535 million	(2)
Redemption of PIK note (excluding early redemption premium)	(1 259)
PIK Note early redemption premium (1% of the face value of the PIK Note being R1 184 million)	(12)
Transaction costs	(21)
PIK Note early redemption premium	(12)
Equity Raise fee at 2.5% of the value of the Equity Raise of R3 750 million	(94)
Settlement of securities transfer tax	(11)
	(118)

3.3 Equity is increased by the issue of 10.4 million Sun Consideration Shares, assumed to be issued at the fair value equal to the market price of R136 as at the Last Practicable Date and an assumed 33.9 million Sun International Shares to the value of R3 750 million in terms of the Equity Raise. The value of the equity issued in respect of the Sun Consideration Shares will be determined on the effective date of the Transaction.

The price at which the shares are to be issued in terms of the Equity Raise and the consequent number of Sun International Shares to be issued is still to be determined and full details thereof will be set out in a separate circular to shareholders in this regard.

R138 million arising from once-off transaction costs, Equity Raise fees and securities transfer tax, and the one-off penalty of 1% of the face value of the PIK Note of R1 184 million on early redemption of the PIK Note have been taken into account with the effect of reducing equity.

The ordinary shareholders equity of Maxshell is eliminated on consolidation.

3.4 Sun International will raise an additional R535 million in debt in order to settle a portion of the Purchase Consideration and will purchase the PIK Note with a balance of R1 259 million as at 31 December 2014.

The R2 million structuring and arranging fee is capitalised to the debt balance.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT

"7 May 2015

The Directors
Sun International Limited
6 Sandown Valley Crescent
Sandton
2196

Independent reporting accountant's assurance report on the compilation of *pro forma* financial information of Sun International Limited ("Sun International" or "the Company")

Introduction

Sun International Limited ("Sun International" or "the Company") is issuing a circular to its shareholders ("the Circular") regarding the proposed acquisition of Maxshell 114 Investments (Pty) Ltd ("Maxshell") ("the Transaction") and a renounceable rights offer ("Equity Raise").

At your request and for the purposes of the Circular to be dated on or about 12 May 2015, we present our assurance report on the compilation of the *pro forma* financial information of Sun International by the Directors. The *pro forma* financial information, presented in paragraph 9 and Annexure II to the Circular, consists of the *pro forma* statement of financial position as at 31 December 2014, the *pro forma* income statement for the six months ended 31 December 2014 and the *pro forma* financial effects ("the *Pro Forma* Financial Information"). The *Pro Forma* Financial Information has been compiled on the basis of the applicable criteria specified in the JSE Limited (JSE) Listings Requirements.

The *Pro Forma* Financial Information has been compiled by the Directors to illustrate the impact of the Transaction and Equity Raise on the company's reported financial position as at 31 December 2014, and the company's financial performance for the six months then ended, as if the Transaction and Equity Raise had taken place at 31 December 2014 and 1 July 2014, respectively. As part of this process, information about the company's financial position and financial performance has been extracted by the Directors from the company's unaudited profits and cash dividend announcement for the six months ended 31 December 2014.

Directors' responsibility

The Directors of Sun International are responsible for the compilation, contents and presentation of the *Pro Forma* Financial Information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 9 and Annexure II. The directors of Sun International are also responsible for the financial information from which it has been prepared.

Reporting accountant's responsibility

Our responsibility is to express an opinion about whether the *Pro Forma* Financial Information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information Included in a Prospectus. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *Pro Forma* Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *Pro Forma* Financial Information.

As the purpose of *Pro Forma* Financial Information included in a circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *Pro Forma* Financial Information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- the related *pro forma* adjustments give appropriate effect to those criteria; and
- the *Pro Forma* Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the *Pro Forma* Financial Information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *Pro Forma* Financial Information.

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

Opinion

In our opinion, the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in paragraph 9 and Annexure II of the Circular.

PricewaterhouseCoopers Inc.
Director: Eric Mackeown
Registered Auditor
Sunninghill"

HISTORICAL FINANCIAL INFORMATION OF MAXSHELL

The definitions commencing on page 6 of the Circular have been used throughout this Annexure.

BASIS OF PREPARATION

The historical financial information of Maxshell, comprising of the statements of comprehensive income, statements of cash flows and the statements of changes in equity for the years ended 31 December 2014, 2013 and 2012, the statements of financial position as at 31 December 2014, 2013 and 2012 and the notes thereto (collectively "Historical Financial Information of Maxshell") has been extracted, from the audited annual financial statements of Maxshell for the years ended 31 December 2014, 2013 and 2012. The Historical Financial Information of Maxshell has been amended to include additional disclosure required by the JSE for earnings per share, headline earnings per share (and diluted, if applicable), net asset value per share and net tangible asset value per share.

The financial statements were audited by KPMG Inc. and reported on without qualification.

The extracted historical financial information is the responsibility of the directors of Sun International Limited.

The Report of Historical Financial Information of Maxshell has been prepared in accordance with IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements, and the accounting policies of Sun International Limited.

Commentary

Maxshell is a company domiciled in South Africa. Maxshell's registered office is Peermont Place, Block 1, Northdowns Office Park, 17 Georgian Crescent West, Bryanston, 2021. This Historical Financial Information comprises Maxshell and its subsidiaries (collectively referred to as the "Peermont Group"). The group's objective is to develop, own and operate a desirable portfolio of quality gaming and hospitality businesses offering exciting and relaxing products and services, to create and maximise value for all stakeholders.

DEFINITIONS

ABSA	ABSA Bank Limited
Aldabri	Aldabri 435 Proprietary Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2010/000648/07)
B-BBEE	Broad-based Black Economic Empowerment
BDC	Botswana Development Corporation Limited
Common Terms Agreement	The agreement dated 1 April 2014 under which the Senior debt was raised
Companies Act	South African Companies Act No. 71 of 2008
€ or Euro	European Euro, legal tender of the European Union
EBITDA	Earnings before interest, taxation, depreciation, amortisation, charges relating to the management long-term incentive programme and other non-cash items. Non-recurring transaction costs are excluded from EBITDA
EBITDAR	Earnings before interest, taxation, depreciation, amortisation, charges relating to the management long-term incentive programme, rentals and other non-cash items. Non-recurring transaction costs are excluded from EBITDAR
Emperors Palace	A division of Peermont, trading as Emperors Palace Hotel Casino Convention Resort
Eskom	Electricity Supply Commission by the government of South Africa
FECs	Forward exchange contracts
FNB	First National Bank, a division of FirstRand Bank Limited

GGB	Gauteng Gambling Board
GTAM	Golden Tree Asset Management, LP
Group Capital Restructure	The capital restructure and debt refinance process that was implemented by Maxshell and its subsidiaries in April 2014
Head office	The head office function of Peermont
High Court	The High Court of South Africa (Gauteng Division, Pretoria)
Holding companies	Maxshell, PGH I, PGH II, PGH III and PGH IV
IAS	International Auditing Standards
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
JIBAR	Johannesburg interbank agreed rate
LGB	Limpopo Gambling Board
Main Street 1070	Main Street 1070 (RF) Proprietary Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2012/182562/07)
Management Incentive Programme or MIP	The Peermont Global 2014 Management Incentive Plan implemented for the benefit of certain members of management of the Peermont Group as described in and governed by the MIP Framework Agreement and the Rules of the Peermont Global 2014 Management Incentive Plan
Maxitrade 85	Maxitrade 85 Security Holding Company Proprietary Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/025081/07)
MIC Leisure	MIC Leisure Proprietary Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 1996/001460/07)
Mmabatho Palms	A division of PGNW, trading as Mmabatho Palms Hotel Casino Convention Resort
Mondazur	A division of Peermont, trading as Mondazur Hotel and Spa
NACA	Nominal annual compounded annually
NACM	Nominal annual compounded monthly
NACQ	Nominal annual compounded quarterly
NACS	Nominal annual compounded semi-annually
NCI	Non-controlling interest
Nedbank	Nedbank Limited
P or Pula	Botswana Pula, legal tender of the Republic of Botswana
PCT	Peermont Children's Trust (Registration number IT 7550/97)
Peermont	Peermont Global Proprietary Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/006340/07)
Peermont group	Peermont and its subsidiaries
Maxshell or the company	Maxshell 114 Investments Proprietary Limited (currently in the process of being renamed Peermont Holdings Proprietary Limited), a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/024982/07)
Maxshell group or the group	Maxshell and its subsidiaries

PET	Peermont Education Trust (Registration number IT 7551/97)
PGB	Peermont Global (Botswana) Limited, a limited liability company incorporated under the laws of the Republic of Botswana (Registration number 95/414), including all operations based in Botswana, namely the Grand Palm Hotel Casino Convention Resort, the Mondior Hotel, the Peermont Metcourt Inn, the Gaborone International Convention Centre, all in Gaborone, and Peermont Metcourt Hotel and Sedibeng Casino in Francistown
PGEFS or Frontier	Peermont Global (Eastern Free State) Proprietary Limited, trading as Frontier Inn and Casino, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 1999/011534/07)
PGER	Peermont Global (East Rand) Proprietary Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 1996/009361/07) (In liquidation)
PGERH	PGER Holdings Proprietary Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 1997/015805/07)
PGH I	Peermont Global Holdings I Proprietary Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/023109/07)
PGH II	Peermont Global Holdings II Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/006232/06)
PGH II PIK Notes	The original R887,0 million 18% PIK Notes, issued by PGH II in 2007 and since converted to preference shares, that were listed on the Global Exchange Market of the Irish Stock Exchange
PGH II equity preference shares	Redeemable preference shares issued by PGH II in 2014
PGH III	Peermont Global Holdings III Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2013/013178/06)
PGH III PIK Notes	The initial R1 184 210 527 16% payment-in-kind notes issued by PGH III on 24 April 2014 and onlent to PGH IV and by PGH IV to Peermont, including notes issued as coupon roll-up, listed on the Euro MTF Market of the Luxembourg Stock Exchange
PGH IV	Peermont Global Holdings IV Proprietary Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2013/013176/07)
PGIL	Peermont Global Investments Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 1995/004449/06)
PGKZN or Umfolozi	Peermont Global (KZN) Proprietary Limited, trading as Umfolozi Hotel Casino Convention Resort, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/029290/07)
PGLim or Khoroni	Peermont Global (Limpopo) Proprietary Limited, trading as Khoroni Hotel Casino Convention Resort, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/034446/07)
PGMKZN	Peermont Global Management (KZN) Proprietary Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/000558/07)
PGMNW&L	Peermont Global Management (NW&L) Proprietary Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/029265/07)
PGNW	Peermont Global (North West) Proprietary Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/028470/07), which includes the divisions of Mmabatho Palms and Rio

PGSH or Graceland	Peermont Global (Southern Highveld) Proprietary Limited, trading as Graceland Hotel Casino and Country Club, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 1995/004452/07)
PGSHIH	PGSH Investment Holdings Proprietary Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2005/031301/07)
PGT or Tubatse	Peermont Global (Tubatse) Proprietary Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/019823/07)
PIK	Payment-in-kind
PIK Equity Loan	PIK Equity Loan, a loan previously raised in 2007 by PGH I and onlent to Peermont
PKZNST	Peermont (KZN) Staff Trust (Registration number IT1026/2008)
PNWLT	Peermont NW&L Employee Incentive Trust (Registration number IT 4329/01)
PSHST	Peermont Southern Highveld Staff Trust (Registration number IT 1979/20)
PSMT	Peermont Senior Management Trust (Registration number IT 1929/2009)
R or Rand	South African Rand, legal tender of the Republic of South Africa
Richard Ellis	CB Richard Ellis Proprietary Limited, a registered valuer under the Valuers Act
Rio	A division of PGNW, trading as Rio Hotel Casino Convention Resort
SARS	South African Revenue Service
Senior A Loan	Senior facility A, a R1 450 000 000 tranche of the original Senior debt
Senior B Loan	Senior facility B, a R2 650 000 000 tranche of the original Senior debt
Senior debt	The original combined Senior A Loan and Senior B Loan totalling R4 100 000 000, due 2020, raised by Peermont in 2014 under the Common Terms Agreement dated 1 April 2014
Senior debt Guarantors	Consist of PGH IV, Peermont, PGNW, PGKZN, PGMNW&L, PGMKZN and PGT
SISA	Sun International (South Africa) Limited, a limited liability company incorporated in the Republic of South Africa (Registration number 1967/007528/06)
SRSs	Symmetrical recovery swaps
SSNs or the notes	The original €520 million 7¾% Senior Secured Notes due 2014, issued on 24 April 2007 and redeemed in 2014, that were listed on the Global Exchange Market of the Irish Stock Exchange
SSN Guarantors	Consisted of PGH II, Peermont, PGNW, PGKZN, PGLim, PGMNW&L and PGMKZN
Sun International	Sun International Limited, a limited liability company incorporated in the Republic of South Africa (Registration number 1967/007528/06)
Umodzi Holdings	Umodzi Holdings Limited, a limited liability company incorporated under the laws of the Republic of Malawi (Registration number 12076)
US$	United States Dollar, legal tender of the United States of America
Valuers Act	Property Valuers Profession Act No. 47 of 2000
VAT	Value added tax
Vengatrim	Vengatrim Proprietary Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2010/022312/07)
WCF	Working Capital Facility

MAXSHELL CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER

	Note	2014 R'm	2013 R'm	2012 R'm
Revenue		**3 252.9**	3 078.6	2 856.9
Gaming		**2 525.2**	2 382.6	2 199.1
Rooms		**312.2**	307.0	288.9
Food and beverage		**347.7**	326.1	305.9
Other		**67.8**	62.9	63.0
Other income	1	**31.1**	8.6	5.3
		3 284.0	3 087.2	2 862.2
Operating costs		**(2 395.8)**	(2 217.6)	(2 054.4)
Employee costs		**(738.8)**	(662.5)	(619.0)
VAT and gaming levies on gross gaming revenue		**(505.1)**	(475.7)	(440.5)
Promotions and marketing		**(185.0)**	(176.6)	(167.9)
Depreciation and amortisation		**(282.5)**	(269.6)	(248.1)
Property and equipment rentals		**(29.0)**	(28.3)	(27.8)
Property costs		**(123.4)**	(112.9)	(106.9)
Consumables and services		**(350.5)**	(331.9)	(297.0)
Other operational costs		**(181.5)**	(160.1)	(147.2)
Operating profit before net finance expenses and restructuring		**888.2**	869.6	807.8
Restructuring		**8 293.1**	–	–
Restructuring income		**8 492.7**	–	–
Employee costs		**(43.3)**	–	–
Advisory services		**(139.6)**	–	–
Other transaction costs		**(16.7)**	–	–
Operating profit before net finance expenses		**9 181.3**	869.6	807.8
Net finance expenses		**(1 448.4)**	(3 260.3)	(2 611.6)
Finance income		**29.8**	1 566.3	396.3
Finance expenses		**(1 478.2)**	(4 826.6)	(3 007.9)
Profit/(loss) before taxation		**7 732.9**	(2 390.7)	(1 803.8)
Taxation		**(612.8)**	225.6	26.3
Profit/(loss) for the year		**7 120.1**	(2 165.1)	(1 777.5)
Attributable to:				
Equity holders of Maxshell		**7 203.2**	(1 646.5)	(1 357.9)
Non-controlling interests		**(83.1)**	(518.6)	(419.6)
		7 120.1	(2 165.1)	(1 777.5)

MAXSHELL CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

	2014 R'm	2013 R'm	2012 R'm
Profit/(loss) for the year	**7 120.1**	(2 165.1)	(1 777.5)
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Exchange differences on translating foreign operations	**1.6**	13.0	(1.0)
Total comprehensive income for the year	**7 121.7**	(2 152.1)	(1 778.5)
Attributable to:			
Equity holders of Maxshell	**7 204.2**	(1 638.7)	(1 358.5)
Non-controlling interests	**(82.5)**	(513.4)	(420.0)
	7 121.7	(2 152.1)	(1 778.5)
Number of shares:	**Shares**	**Shares**	**Shares**
Weighted average number of shares	**965 046**	100 000	100 000
Diluted weighted average number of shares	**1 017 052**	100 000	100 000
	Cents	**Cents**	**Cents**
Basic EPS	**712 557**	(1 646 500)	(1 357 900)
Diluted EPS	**676 121**	(1 646 500)	(1 357 900)
HEPS	**(149 234)**	(1 638 150)	(1 358 944)
Diluted HEPS	**(141 603)**	(1 638 150)	(1 358 944)

MAXSHELL CONSOLIDATED STATEMENTS OF FINANCIAL POSITION FOR THE YEARS ENDED 31 DECEMBER

	Notes	**2014 R'm**	2013 R'm	2012 R'm
Assets				
Total non-current assets		**8 839.3**	8 713.5	9 106.0
Property, plant and equipment	3	**4 213.2**	4 077.9	4 147.3
Intangible assets	4	**4 616.9**	4 620.8	4 586.3
Derivative instruments		**–**	–	354.4
Investments		**1.3**	3.8	5.0
Loans and receivables		**–**	0.4	0.7
Deferred taxation assets		**7.9**	10.6	12.3
Total current assets		**480.1**	1 996.7	416.3
Non-current asset held for sale		**20.6**	36.6	36.6
Inventories		**66.7**	60.3	56.6
Trade and other receivables		**88.1**	157.6	127.6
Amounts due by related parties		**2.5**	0.3	0.4
Loans and receivables		**0.3**	0.4	0.6
Current portion of derivative instruments		**–**	1 558.7	–
Taxation receivable		**5.5**	4.2	5.3
Cash and cash equivalents		**296.4**	178.6	189.2
Total assets		**9 319.4**	10 710.2	9 522.3
Equity and liabilities				
Equity				
Capital and reserves		**2 695.0**	(5 679.1)	(4 081.8)
Non-controlling interests		**123.3**	(1 474.3)	(891.2)
Total equity		**2 818.3**	(7 153.4)	(4 973.0)
Total non-current liabilities		**5 831.4**	11 245.7	13 548.6
Interest-bearing long-term borrowings	5	**5 019.3**	10 178.8	12 351.2
Preference share liability		**–**	845.4	706.1
Derivative instruments		**21.9**	3.2	–
Amounts due to related parties		**53.9**	21.9	27.3
Deferred taxation liabilities		**736.3**	196.4	464.0
Total current liabilities		**669.7**	6 617.9	946.7
Trade and other payables		**460.9**	381.5	362.6
Current portion of derivative instruments		**8.8**	27.6	328.7
Current portion of interest-bearing long-term borrowings	5	**163.6**	6 099.3	103.3
Amounts due to related parties		**35.3**	19.6	17.1
Bank overdraft		**–**	89.0	134.8
Taxation payable		**1.1**	0.9	0.2
Total equity and liabilities		**9 319.4**	10 710.2	9 522.3
		cents	cents	cents
Net asset value per share		**215 919**	(5 679 100)	(4 081 800)
Net tangible asset value per share		**(153 980)**	(10 299 900)	(8 686 100)

MAXSHELL CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER

	Share capital R'm	Share premium R'm	Stated capital R'm	Equity preference shares R'm	Treasury shares R'm	Translation reserve R'm	Accumulated loss R'm	Capital and reserves R'm	Non-controlling interests R'm	Total equity R'm
Balance at 1 January 2012	*	98.3	–	–	(4.0)	(4.0)	(2 793.8)	(2 703.5)	(476.1)	(3 179.6)
Total comprehensive income for the year	–	–	–	–	–	(0.6)	(1 357.9)	(1 358.5)	(420.0)	(1 778.5)
Loss for the year	–	–	–	–	–	–	(1 357.9)	(1 357.9)	(419.6)	(1 777.5)
Other comprehensive income	–	–	–	–	–	(0.6)	–	(0.6)	(0.4)	(1.0)
Transactions with owners accounted directly in equity										
Adjustment to non-controlling interest	–	–	–	–	–	–	(21.1)	(21.1)	21.1	–
Preference share dividends paid to PGB non-controlling interest	–	–	–	–	–	–	–	–	(0.5)	(0.5)
Redemption of PGB preference shares	–	–	–	–	–	–	–	–	(12.3)	(12.3)
Acquisition of non-controlling interest	–	–	–	–	–	–	1.3	1.3	(2.3)	(1.0)
Dividends paid	–	–	–	–	–	–	–	–	(1.1)	(1.1)
Balance at 31 December 2012	*	98.3	–	–	(4.0)	(4.6)	(4 171.5)	(4 081.8)	(891.2)	(4 973.0)
Balance at 1 January 2013	*	98.3	–	–	(4.0)	(4.6)	(4 171.5)	(4 081.8)	(891.2)	(4 973.0)
Total comprehensive income for the year	–	–	–	–	–	7.8	(1 646.5)	(1 638.7)	(513.4)	(2 152.1)
Loss for the year	–	–	–	–	–	–	(1 646.5)	(1 646.5)	(518.6)	(2 165.1)
Other comprehensive income	–	–	–	–	–	7.8	–	7.8	5.2	13.0
Transactions with owners accounted directly in equity										
Disposal of shares in subsidiary	–	–	–	–	–	–	41.4	41.4	(41.4)	–
Preference share dividends paid to PGB non-controlling interest	–	–	–	–	–	–	–	–	(1.2)	(1.2)
Redemption of PGB preference shares	–	–	–	–	–	–	–	–	(11.3)	(11.3)
Dividends paid	–	–	–	–	–	–	–	–	(15.8)	(15.8)
Balance at 31 December 2013	*	98.3	–	–	(4.0)	3.2	(5 776.6)	(5 679.1)	(1 474.3)	(7 153.4)

MAXSHELL CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER

	Share capital R'm	Share premium R'm	Stated capital R'm	Equity preference shares R'm	Treasury shares R'm	Translation reserve R'm	Accumu-lated loss R'm	Capital and reserves R'm	Non-controlling interests R'm	Total equity R'm
Balance at 1 January 2014	*	98.3	–	–	(4.0)	3.2	(5 776.6)	(5 679.1)	(1 474.3)	(7 153.4)
Total comprehensive income for the year	–	–	–	–	–	**1.0**	**7 203.2**	**7 204.2**	**(82.5)**	**7 121.7**
Profit/(loss) for the year	–	–	–	–	–	**–**	**7 203.2**	**7 203.2**	**(83.1)**	**7 120.1**
Other comprehensive income	–	–	–	–	–	**1.0**	**–**	**1.0**	**0.6**	**1.6**
Transactions with owners accounted directly in equity										
Share capital and share premium converted to stated capital	**(*)**	**(98.3)**	**98.3**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Ordinary shares issued	**–**	**–**	**461.9**	**–**	**(5.8)**	**–**	**–**	**456.1**	**–**	**456.1**
Equity preference shares issued	**–**	**–**	**–**	**2 437.7**	**(28.9)**	**–**	**–**	**2 408.8**	**–**	**2 408.8**
Preference dividends accrued on equity preference shares	**–**	**–**	**–**	**330.6**	**(3.9)**	**–**	**(326.7)**	**–**	**–**	**–**
PGH I repurchase of ordinary shares	**–**	**–**	**–**	**–**	**4.0**	**–**	**(1 699.0)**	**(1 695.0)**	**1 699.0**	**4.0**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(18.9)**	**(18.9)**
Balance at 31 December 2014	**–**	**–**	**560.2**	**2 768.3**	**(38.6)**	**4.2**	**(599.1)**	**2 695.0**	**123.3**	**2 818.3**

* *Less than R50 000.*

MAXSHELL CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER

	Notes	**2014 R'm**	2013 R'm	2012 R'm
Cash inflows from operating activities	26.1	**1 260.0**	1 120.8	1 088.1
Finance income received	26.2	**29.7**	33.0	14.2
Finance expenses paid	26.3	**(550.8)**	(824.0)	(767.2)
Taxation paid	26.4	**(72.0)**	(40.0)	(39.0)
Net cash inflows from operating activities		**666.9**	289.8	296.1
Cash outflows from investing activities		**(373.8)**	(218.0)	(177.6)
Replacement of property, plant and equipment to maintain operations		**(172.9)**	(180.6)	(161.8)
Acquisition of property, plant and equipment to expand operations		**(252.8)**	(20.1)	(10.9)
Replacement of intangible assets to maintain operations		**(7.9)**	(23.6)	(5.1)
Proceeds on disposal of property, plant and equipment		**2.0**	5.7	1.1
Proceeds on disposal of asset held for sale		**54.9**	–	–
Redemption of investment in preference shares		**2.5**	–	–
Enterprise development loans receivable repaid		**0.4**	0.6	0.1
Acquisition of non-controlling interest		**–**	–	(1.0)
Cash outflows from financing activities		**(86.5)**	(39.2)	(22.8)
Interest-bearing long-term borrowings raised		**5 225.0**	–	–
SSNs and rehedging loan repaid		**(4 972.1)**	–	–
Transaction costs paid		**(190.1)**	–	–
Capital repayments on senior debt		**(97.5)**	–	–
Other interest-bearing long-term borrowings repaid		**(28.8)**	(8.5)	(8.7)
Dividends paid to non-controlling interests	26.5	**(18.9)**	(14.3)	(0.1)
Decrease in non-current amounts due to related parties		**(4.1)**	(5.1)	(1.7)
Redemption of PGB preference shares – non-controlling interest		**–**	(11.3)	(12.3)
Net increase in cash and cash equivalents		**206.6**	32.6	95.7
Cash and cash equivalents at beginning of the year		**89.6**	54.4	(41.4)
Effect of exchange rate fluctuations on cash held		**0.2**	2.6	0.1
Cash and cash equivalents at end of the year	26.6	**296.4**	89.6	54.4

ACCOUNTING POLICIES

Reporting entity

Maxshell is a company domiciled in South Africa.

BASIS OF PREPARATION

Statement of compliance

The financial statements from which this Report of Historical Financial Information of Maxshell has been extracted have been prepared in accordance with IFRS, interpretations of these standards adopted by the IASB and the requirements of the Companies Act of South Africa.

Basis of measurement

The Report of Historical Financial Information of Maxshell is prepared on the historical cost basis, except for interests in derivative financial instruments that are measured at fair value.

Functional and presentation currency

The Report of Historical Financial Information of Maxshell is presented in Rand which is the group's functional currency. All financial information presented in Rand has been rounded to the nearest million, except where otherwise indicated.

Adoption of new and revised accounting policies

The group adopted the following new and revised accounting standards, amendments to standards and new interpretations during the year:

The adoption of IFRIC 21 *Levies* and of the amendments to IAS 32 *Financial Instruments: Presentation*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 10 *Consolidated Financial Statements,* IFRS 11 *Joint Arrangements,* IFRS *12 Disclosure of Interests in Other Entities* and IAS 27 *Separate Financial Statements* had no effect on the results of the group.

The adoption of the amendments to IAS 36 *Impairment of Assets* resulted in additional disclosure in the separate financial statements of Peermont regarding investments in subsidiaries, however this had no effect on the results of the company or group.

Use of estimates and judgements

The preparation of Historical Financial Information of Maxshell in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the appropriate notes.

Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in this Report of Historical Financial Information of Maxshell, and have been applied consistently by all group entities.

Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the group.

The group measures any goodwill arising at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised (generally fair value) amount of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities which the group incurs in connection with a business combination, are charged to profit or loss as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Acquisition of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. The adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Investment in subsidiaries

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Changes in the group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

In the company financial statements, investments are accounted for at cost less accumulated impairment losses.

Staff trusts which are controlled by the group are included in the Report of Historical Financial Information of Maxshell from the date that control commences until the date that control ceases. The assets vesting under the control of the trustees of any controlled trusts are recognised and the resulting trust equity is recognised as a liability. Any distributions/dividends are recognised as a reduction to the liability in the period these are accrued or paid.

Loss of control

When the group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and any related non-controlling interests and other components of equity related to the subsidiary. Any resulting gain or loss is recognised in profit or loss. Any interest retained by the group is measured at fair value at the date that control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the group at the foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rate ruling at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the foreign exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the foreign exchange rate ruling at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Rand at foreign exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated to Rand at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control in that operation is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control of that subsidiary, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

Financial instruments

Non-derivative financial assets

The group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The group initially recognises loans and receivables on the date that these are originated. All other financial assets are recognised on the trade date, which is the date that the group becomes party to the contractual provisions of the instrument.

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in transferred financial assets that is created or retained in the group is recognised as a separate asset.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income, are recognised in profit or loss.

Held-to-maturity financial assets

Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity assets are measured at amortised cost using the effective interest rate method, less any impairment losses.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in money market instruments, all of which are available for use by the group. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management, are included as a component of cash and cash equivalents for the purposes of the statements of cash flows.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Such assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, such assets are measured at fair value and changes therein, other than impairment losses and foreign currency differences, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified as profit or loss.

Non-derivative financial liabilities

Non-derivative financial liabilities comprise interest-bearing long-term borrowings, amounts due to related parties and trade and other payables.

The group initially recognises debt securities issued and subordinated liabilities on the date that these are originated. All other financial liabilities are recognised initially on trade date, which is the date that the group becomes party to the contractual provisions of the instrument.

The group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Non-derivative financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purposes of the statements of cash flows.

Derivative financial instruments

In accordance with its treasury policy, the group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivatives are recognised initially at fair value and directly attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivative financial instruments are stated at fair value with any gain or loss on re-measurement to fair value recognised immediately in profit or loss.

Offset

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when, and only when, the group has a legally enforceable right to offset the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial guarantee contracts

Financial guarantee contracts are classified as insurance contracts as defined in IFRS 4 *Insurance Contracts*. A liability is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle such contracts and a reliable estimate can be made of the amount of the obligation. The amount recognised is the best estimate of the expenditure required to settle the contract at the reporting date.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any taxation effects.

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the company's option, and any dividends are discretionary. Dividends on preference share capital classified as equity are recognised as distributions within equity.

Preference share capital is classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as an interest expense in profit or loss as accrued.

Repurchase and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any taxation effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount is recognised as an increase in equity.

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour; any other costs directly attributable to bringing the assets to a working condition for their intended use; the costs of dismantling and removing the items and restoring the site on which these are located; and capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The carrying value of land and freehold buildings is compared to values determined by professional valuers at least once every three years, using the open market value basis for land and, where appropriate, the depreciated replacement cost method for buildings. When the carrying value of buildings materially exceeds the value determined by professional valuers, the carrying value is adjusted downwards through a charge to profit or loss. The residual value, if not insignificant, is reassessed annually.

Hotel, casino and other pre-opening expenses are written off in full in the year of commencement of trading.

When parts of an item of property, plant and equipment have different useful lives, these are accounted for as separate items of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is capitalised when it is probable that the future economic benefits associated with the expenditure from the use of assets will flow to the group and its cost can be measured reliably. All other subsequent expenditure is recognised as an expense in profit or loss as incurred.

Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Depreciation is based on cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of the asset, that component is depreciated separately. Depreciation is not provided on land or capital work in progress.

Leased assets are depreciated over the shorter of the lease term and their useful lives, unless it is reasonably certain that the group will obtain ownership by the end of the lease term.

Items of property, plant and equipment are depreciated from the date that these are installed and are ready for use, or, in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Current depreciation rates for each category of property, plant and equipment are as follows:

Freehold buildings	2.6%
Leasehold buildings and improvements	Lease period
Furniture, fittings and equipment	16.7% – 33.3%

The depreciation methods, residual values and useful lives are reviewed at each annual reporting date and adjusted if appropriate.

Intangible assets

Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition refer to the accounting policy for business combinations.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

Other intangible assets

Indefinite life intangible assets are measured at cost less any accumulated impairment losses. The carrying value is assessed annually for impairment.

Other intangible assets that are acquired by the group are measured at cost less accumulated amortisation and accumulated impairment losses.

Casino licence application costs and bid commitment costs are included in the cost of casino licences.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other subsequent expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, unless such lives are indefinite, from the date these are available for use. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment annually.

The current estimated useful lives per category of intangible assets are as follows:

Goodwill	Indefinite
Casino licences and licence application costs	Indefinite/licence period
Computer software	20.0% – 50.0%
Franchise costs	Lease period
Management contracts	Indefinite/contract period
Trademarks	Indefinite

The basis of amortisation, residual values and useful lives are reviewed at each reporting date and adjusted if appropriate.

Leased assets

Leases in terms of which the group assumes substantially all the risks and rewards of ownership of the underlying asset are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised in the statement of financial position.

Assets held-for-sale

Non-current assets are classified as held-for-sale if it is highly probable that these will be recovered primarily through sale rather than through continuing use.

Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

Inventories

Inventories, comprising mainly food and beverage, consumable stores and operating equipment, are measured at the lower of cost and net realisable value. The cost of inventories comprises all costs in bringing the inventories to their present location and condition and is determined using the weighted average method. Obsolete, redundant and slow moving inventories are identified and written down to an estimated net realisable value, being the estimated selling price in the ordinary course of business, less selling expenses.

Impairment

Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the group on terms that the group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers and observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

Financial assets measured at amortised cost

The group considers evidence of impairment for financial assets measured at amortised cost at both specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing for collective impairment, the group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance against the asset. Interest on the impaired asset continues to be recognised. When the group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. When a subsequent event causes the amount of the impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the group's non-financial assets, other than inventories and deferred taxation assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or assets that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to a present value using a pre-taxation discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units, secondly intangible casino licences and then to reduce the carrying amounts of the other assets in the cash-generating units on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

B-BBEE transactions

Where the group receives B-BBEE credentials and other benefits from B-BBEE partners and equity instruments were issued as consideration, the transaction is recognised as a share-based payment transaction, even when the group cannot specifically identify the services rendered. The difference between the fair value of the equity instruments and the fair value of cash and other assets received is recognised in profit or loss.

Provisions

A provision is recognised in the statements of financial position if, as a result of a past event, the group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic resources will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-taxation rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Revenue

Revenue is measured at the fair value of the consideration received/receivable for goods and services provided in the normal course of business. Revenue derived from hotel and conference activities, food and beverage revenues, rentals, entertainment revenues, the provision of management services and other revenue, is recorded on an accrual basis. Casino winnings are accounted for on a cash received basis. VAT and other taxes levied on casino winnings are included in revenue and treated as expenses as these are borne by the group and not its customers. VAT on all other revenue transactions is excluded from revenue.

The group has customer loyalty programmes whereby customers are awarded redeemable credits entitling customers to the right to purchase goods or receive benefits from the group. The amount allocated to the loyalty points liability is deferred and revenue is recognised when the loyalty points are redeemed and the group has fulfilled its obligations to supply the goods or benefits. Deferred revenue is also released to revenue when the loyalty points expire or when it is no longer probable that the loyalty points will be redeemed.

Employee benefits

Short-term employee benefits

Short-term employee benefits are measured on an undiscounted cost basis and are expensed in profit or loss during the period in which the employee renders the related service. A liability for employee entitlement to wages, salaries and annual leave represent the amount which the group has a present legal or constructive obligation to pay as a result of employees' services provided, and the obligation can be estimated reliably.

Share-based payment transactions

Cash-settled share-based payments awards granted to employees are measured at the fair value on grant date. These awards are generally recognised as an expense, with a corresponding increase in liabilities, over the vesting period. The liability is remeasured at each reporting date and at settlement date based on the estimated fair value of the share-based payment awards. Any changes in the liability are recognised in profit or loss.

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions.

Long-term employee benefits

Liabilities for employee benefits which are not expected to be settled within 12 months are discounted using the market yields at the reporting date on high quality bonds with terms which most closely match the terms of maturity of the related liabilities.

Retirement benefits

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution provident and pension plans are recognised as an expense in profit or loss as incurred. The group does not incur any liability for post-employment medical aid benefits.

Leases

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Determining whether an arrangement contains a lease

At the inception of an arrangement, the group determines whether such arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset(s).

At inception or on reassessment of the arrangement, the group separates payments and other consideration required by such agreement into those for the lease and those for other elements on the basis of their relative fair values. If the group concludes for a finance lease that it is impracticable to separate payments reliably, then the asset and liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the group's incremental borrowing rate.

Finance income and finance expenses

Finance income comprises interest income on funds invested, dividend income, foreign exchange gains, changes in fair value of financial assets at fair value through profit or loss and gains on hedging instruments recognised in profit or loss. Interest income is recognised in profit or loss as it accrues, using the effective interest method.

Dividend income is recognised in profit or loss on the date the group's right to receive payment is established.

Finance expenses comprise interest expenses and transaction costs on borrowings calculated using the effective interest method, dividends on redeemable preference shares classified as liabilities, foreign exchange losses and losses on hedging instruments that are recognised in profit or loss. The interest expense component of finance lease payments is recognised in profit or loss using the effective interest method. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest rate method.

Taxation

Income taxation comprises current and deferred taxation. Current taxation and deferred taxation is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current taxation is the expected taxation payable on the taxable income for the year, using taxation rates enacted or substantively enacted at the reporting date, and any adjustment to taxation payable in respect of previous years. Current taxation payable also includes any taxation liability arising from the declaration of dividends.

Deferred taxation is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxation is not recognised for:

- temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries or jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising from the initial recognition of goodwill.

Deferred taxation is measured at the taxation rates that are expected to be applied to the temporary differences when these reverse, using the taxation rates enacted or substantively enacted at the reporting date.

Deferred taxation assets and liabilities are offset if there is a legally enforceable right to offset current taxation liabilities and assets, and these relate to income taxation levied by the same taxation authority on the same taxable entity, or on different taxable entities, but the entities intend to settle current taxation liabilities and assets on a net basis.

In determining the amount of current and deferred taxation the group takes into account the impact of uncertain taxation positions and whether additional taxes and interest may be due. Accruals for taxation liabilities for all open taxation years are based on assessment of many factors, including interpretations of taxation law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the group to change its judgement regarding the adequacy of existing taxation liabilities. Such changes to taxation liabilities will impact taxation expense in the period such a determination is made.

A deferred taxation asset is recognised for unused taxation losses, taxation credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available in the foreseeable future against which the asset can be utilised. Deferred taxation assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related taxation benefit will be realised.

SEGMENT REPORTING

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. All operating segments' operating results are reviewed regularly by the group's management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

		Group		
		2014	2013	2012
		R'm	R'm	R'm
1.	**OTHER INCOME**			
	Profit on disposal of asset held for sale	**18.3**	–	–
	Recovery of PGT licence costs	**6.9**	–	–
	Prescription income	**2.8**	3.0	0.6
	Insurance claims received	**1.4**	3.7	0.9
	Refunds received	**1.3**	1.3	2.7
	Profit on disposal of property, plant and equipment	**0.3**	0.5	0.2
	Sundry income	**0.1**	0.1	–
	Gain on sale of right to acquire investment	**–**	–	0.9
		31.1	8.6	5.3
2.	**EMPLOYEE COSTS**			
	Salaries and wages	**594.4**	601.0	560.0
	Provident fund contributions	**51.8**	47.9	45.2
	Increase in leave liability	**4.6**	5.7	5.5
	Unemployment Insurance Fund	**3.0**	2.9	2.6
	Pension fund contributions	**3.1**	3.2	2.7
	Share-based payment expense (refer to note 27)	**52.0**	–	–
	Directors' emoluments	**29.9**	1.8	3.0
		738.8	662.5	619.0
3.	**VAT AND GAMING LEVIES ON GROSS GAMING REVENUES**			
	VAT on gross gaming revenues	**281.7**	265.9	247.3
	Gaming levies	**223.4**	209.8	193.2
		505.1	475.7	440.5

4. OPERATING PROFIT BEFORE NET FINANCE EXPENSES AND RESTRUCTURING

	Group		
	2014 **R'm**	2013 R'm	2012 R'm
Operating profit before net finance expenses and restructuring is stated after taking into account:			
Auditors' remuneration	**6.4**	6.2	5.9
Audit fee	**5.5**	5.4	5.2
– current year	**5.4**	5.4	5.1
– prior year underprovision	**0.1**	*	–
– expenses	*****	*	0.1
Other services – fees paid	**0.9**	0.8	0.7
Cost of sales – food and beverage	**124.1**	114.5	94.7
Depreciation, amortisation and impairment	**282.5**	269.6	248.1
– freehold buildings	**104.1**	102.8	103.5
– leasehold buildings and improvements	**9.3**	8.4	7.1
– furniture, fittings and equipment	**143.5**	141.4	134.0
– intangible assets	**16.3**	9.2	3.5
– impairment of freehold buildings at Mondazur	**9.3**	7.8	–
Consulting fees	**8.6**	12.7	11.3
Service fees paid to related parties (refer to note 25.3)	**7.7**	7.1	6.9
Increase in allowance for impairment of trade receivables	**8.2**	1.4	0.4

* Less than R50 000

5. NET FINANCE EXPENSES

Interest received/receivable	**28.9**	31.4	13.7
Foreign exchange gains – realised	**0.8**	1.6	0.6
Fair value gain on interest rate swaps	**0.1**	–	–
Preference dividends receivable	*****	0.3	0.3
Foreign exchange gains on SRSs to hedge SSN liability and related coupon payments	**–**	1 533.0	381.7
Finance income	**29.8**	1 566.3	396.3
Interest paid/payable – Senior debt	**(306.8)**	-	-
Interest paid/payable – SSNs	**(201.6)**	(521.9)	(425.2)
Interest payable – PIK Equity Loan	**(572.5)**	(1 944.1)	(1 440.0)
Interest payable – PGH III PIK Notes	**(133.6)**	–	–
Interest payable – PGH II PIK Notes	**(108.4)**	(388.8)	(322.5)
Preference dividends accrued	**(42.1)**	(139.3)	(118.7)
Foreign exchange losses on restatement of SSN liability	**(39.0)**	(1 387.8)	(275.1)
Interest paid – interest rate swaps settlement	**(23.8)**	–	–
Interest paid/payable – deferred hedging loan	**(21.2)**	(60.3)	(62.0)
Other interest paid	**(21.8)**	(39.3)	(35.2)
Foreign exchange losses on SRSs to hedge SSN liability and related coupon payments	**(7.4)**	–	–
Foreign exchange losses on SSN coupon payments	**–**	(314.3)	(329.2)
Fair value loss on forward starting interest rate swap	**–**	(30.8)	–
Finance expenses	**(1 478.2)**	(4 826.6)	(3 007.9)

	Group		
	2014	2013	2012
	R'm	R'm	R'm
6. **TAXATION**			
Current taxation			
– current year	**56.8**	37.1	32.4
– prior year (under)/overprovision	**8.6**	(0.6)	*
Deferred taxation			
– current year	**550.4**	(267.3)	(207.2)
– change in tax rate	**–**	–	146.3
– prior year (under)/overprovision	**(8.0)**	0.2	(0.9)
Dividends withholding tax			
– current year	**0.1**	*	*
Withholding taxation offset	**4.9**	5.0	3.1
Total taxation charge/(credit)	**612.8**	(225.6)	(26.3)
Reconciliation of effective taxation rate	**%**	%	%
South African standard taxation rate	**28.0**	28.0	28.0
Taxation effect of reconciling items:			
Capital portion of loans waived	**(12.8)**	–	–
Non-deductible expenses	**(6.6)**	(16.3)	(17.8)
Utilisation of previously unrecognised taxation assets	**(0.9)**	–	0.3
Withholding taxation offset	**0.1**	(0.2)	(0.2)
Effect of taxation rates in foreign jurisdictions	*****	0.1	0.2
Deferred taxation asset not recognised	**0.4**	(2.2)	(1.1)
Capital gains	**(0.2)**	*	0.1
Prior year overprovision	*****	*	0.1
Change in taxation rate	**–**	–	(8.1)
Effective taxation rate	**8.0**	9.4	1.5

In 2014 an estimated taxation loss at Vengatrim amounting to R0.1 million (2013: Rnil, 2012: Rnil) has not been raised as a deferred taxation asset and in 2013 estimated taxation losses at PGNW amounting to R168.2 million (2012: R69.9 million) and at PGKZN amounting to R22.0 million (2012: Rnil) had not been raised as deferred taxation assets due to the uncertainty as to the timing of realising these assets which has limited the amount of the deferred taxation assets raised in these entities. The group has total estimated taxation losses of R2 200.5 million (2013: R4 217.7 million; 2012: R3 408.3 million) which have been accounted for in deferred taxation (refer to note 12).

** Less than R50 000 or 0.05%.*

7. PROPERTY, PLANT AND EQUIPMENT

	Cost R'm	Accumulated depreciation R'm	Carrying value R'm
Group			
2014			
Land	**189.3**	**–**	**189.3**
Freehold buildings	**3 947.9**	**(754.2)**	**3 193.7**
Leasehold buildings and improvements	**239.5**	**(51.4)**	**188.1**
Furniture, fittings and equipment	**1 226.4**	**(815.8)**	**410.6**
Capital work in progress	**231.5**	**–**	**231.5**
	5 834.6	**(1 621.4)**	**4 213.2**
2013			
Land	199.4	–	199.4
Freehold buildings	3 941.3	(664.1)	3 277.2
Leasehold buildings and improvements	231.4	(42.6)	188.8
Furniture, fittings and equipment	1 104.2	(706.3)	397.9
Capital work in progress	14.6	–	14.6
	5 490.9	(1 413.0)	4 077.9
2012			
Land	194.3	–	194.3
Freehold buildings	3 922.9	(552.7)	3 370.2
Leasehold buildings and improvements	217.9	(31.4)	186.5
Furniture, fittings and equipment	954.8	(586.2)	368.6
Capital work in progress	27.7	–	27.7
	5 317.6	(1 170.3)	4 147.3

	Notes	Group **2014 R'm**	2013 R'm	2012 R'm
Carrying value of encumbered land, buildings and moveable assets		**4 213.2**	4 077.9	4 147.3
Certain of the properties are encumbered to secure interest-bearing long-term borrowings (refer to note 20)				
Land and freehold buildings comprise the following properties:				
Erven 8 and 9, Jurgenspark Extension 3; erven 13 and 14, Jurgenspark Extension 2; remaining extent of portion 210 of the farm Witkoppie 64; and Erf 569, Jet Park Extension 28, Gauteng	(i)	**2 737.4**	2 791.3	2 864.0
Portion 1 of the farm Graceland 593 IS; remainder of the farm Graceland 593 IS (excluding Portions 1 and 2); Portion 42 (a portion of Portion 37) of the Farm Driehoek 275; remaining extent of Erf 8438 Secunda Extension 16; and, Erf 5869 Secunda Extension 16, Mpumalanga	(ii)	**257.3**	260.1	265.6
Erven 995 and 996, Meiringspark Extension 8, Klerksdorp and Portion 605 (portion of Portion 604) of the Farm Townlands, Klerksdorp, North West	(iii)	**149.7**	154.9	157.9
Portion 1 of Erf 113; portion of the remainder of Erf 193; portion of the remaining extent of portion 3 of Erf 246; Erf 291; Erf 292; Erf 298 and Erf 299 (extension 86),Kuleka, Empangeni, KwaZulu-Natal	(iv)	**80.4**	82.2	80.5
Erf 20, Thohoyandou, Venda, Limpopo	(v)	**61.5**	60.8	62.4

		Group		
	Notes	**2014** **R'm**	2013 R'm	2012 R'm
Portion 152 of the farm Pretoriuskloof, Johan Blignaut Drive, Bethlehem, Free State	(vi)	**55.9**	56.6	56.1
Erven 8311 to 8320 of Burgersfort Extension 46, Limpopo	(vii)	**21.5**	21.5	21.5
Lot 16145 and 16147, Francistown, Botswana	(viii)	**19.3**	19.2	17.9
Erf 101 San Lameer, Registration Division ET, KwaZulu-Natal	(ix)	–	30.0	38.6
		3 383.0	3 476.6	3 564.5

(i) The property was independently valued as at 30 June 2013 by Richard Ellis at R4 233,0 million on a depreciated replacement cost basis with a market value of R3 672,4 million calculated using the capitalisation of net income approach.

2014

Peermont has issued two continuing covering mortgage bonds over the immovable property in favour of Main Street 1070 as follows:

– for the maximum sum of R8 billion and the further additional sum of R1.6 billion on 11 April 2014.

– for the maximum sum of R8 billion and the further additional sum of R1.6 billion on 20 May 2014.

Peermont has issued a general notarial bond over specified moveable assets in favour of Main Street 1070 for the maximum sum of R8 billion and the further additional sum of R1.6 billion on 9 May 2014.

Peermont has ceded as security, for the performance of the secured obligations, its secured assets to Main Street 1070.

2013 and 2012

Peermont had issued covering mortgage bonds over the immovable property in favour of Maxitrade 85 for the sum of R5.5 billion. The bonds were registered on 10 July and 31 July 2007.

Peermont had issued a notarial special bond over specified moveable assets in favour of Maxitrade 85 for the sum of R5.5 billion. The bond was registered on 30 May 2007.

Peermont had issued a notarial general bond over specified moveable assets in favour of Maxitrade 85 for the sum of R5.5 billion. The bond was registered on 30 May 2007.

(ii) Land and buildings, owned by PGSH, were independently valued as at 30 June 2013 by Richard Ellis at R446.0 million on a depreciated replacement cost basis with a market value of R379.0 million calculated using the capitalisation of net income approach.

(iii) The property, owned by PGNW, was independently valued as at 30 June 2013 by Richard Ellis at R294.5 million on a depreciated replacement cost basis with a market value of R221.0 million calculated using the capitalisation of net income approach.

2014

PGNW has issued two continuing covering mortgage bonds over the immovable property in favour of Main Street 1070 as follows:

– for the maximum sum of R8 billion and the further additional sum of R1.6 billion on 11 April 2014.

– for the maximum sum of R8 billion and the further additional sum of R1.6 billion on 20 May 2014.

PGNW has issued a general notarial bond over specified moveable assets in favour of Main Street 1070 for the maximum sum of R8 billion and the further additional sum of R1.6 billion on 9 May 2014.

PGNW has ceded as security, for the performance of the secured obligations, its secured assets to Main Street 1070.

2013 and 2012

PGNW had issued a covering mortgage bond over the immovable property in favour of Maxitrade 85 for the sum of R1 billion. The bond was registered on 31 July 2007.

PGNW had issued a notarial special bond over specified moveable assets in favour of Maxitrade 85 for the sum of R1 billion. The bond was registered on 28 May 2007.

PGNW had issued a notarial general bond over specified moveable assets in favour of Maxitrade 85 for the sum of R1 billion.The bond was registered on 28 May 2007.

(iv) The property, owned by PGKZN, was independently valued at market value as at 30 June 2013 by Richard Ellis at R215.3 million on a depreciated replacement cost basis with a market value of R150.0 million calculated using the capitalisation of net income approach.

2014

PGKZN has issued a continuing covering mortgage bond over the immovable property in favour of Main Street 1070 for the maximum sum of R8 billion and the further additional sum of R1.6 billion on 11 April 2014.

PGKZN has issued a general notarial bond over specified moveable assets in favour of Main Street 1070 for the maximum sum of R8 billion and the further additional sum of R1.6 billion on 11 May 2014.

PGKZN has ceded as security, for the performance of the secured obligations, its secured assets to Main Street 1070.

2013 and 2012

PGKZN had issued a covering mortgage bond over the immovable property in favour of Maxitrade 85 for the sum of R1 billion. The bond was registered on 6 July 2007.

PGKZN had issued a notarial special bond over specified moveable assets in favour of Maxitrade 85 for the sum of R1 billion. The bond was registered on 31 May 2007.

PGKZN had issued a notarial general bond over specified moveable assets in favour of Maxitrade 85 for the sum of R1 billion. The bond was registered on 31 May 2007.

(v) The property, owned by PGLim, was independently valued as at 30 June 2013 by Richard Ellis at R104.0 million on a depreciated replacement cost basis with a market value of R169.3 million calculated using the capitalisation of net income approach.

2014

In 2015 PGLim will issue security over its assets in favour of Main Street 1070 as final approval of the debt agreements was obtained on 27 March 2015.

2013 and 2012

PGLim had issued a covering mortgage bond over the immovable property in favour of Maxitrade 85 for the sum of R1 billion. The bond was registered on 25 July 2007.

PGLim had issued a notarial special bond over specified moveable assets in favour of Maxitrade 85 for the sum of R1 billion. The bond was registered on 25 July 2007.

PGLim had issued a notarial general bond over specified moveable assets in favour of Maxitrade 85 for the sum of R1 billion. The bond was registered on 25 July 2007.

(vi) The property, owned by PGEFS, was independently valued at market value as at 30 June 2013 by Richard Ellis at R114.0 million on a depreciated replacement cost basis with a market value of R89.0 million calculated using the capitalisation of net income approach.

A mortgage bond and notarial bond have been registered in favour of ABSA over land and buildings and all other moveable property, plant and equipment belonging to PGEFS, which have a total carrying value of R73,8 million (2013: R72.4 million). Refer to note 20 for further disclosure.

(vii) The land, owned by PGT, was acquired on 20 December 2007 for R21.5 million. The carrying value of the property is considered to approximate its fair value.

PGT has issued a continuing covering mortgage bond over the immovable property in favour of Main Street 1070 for the maximum sum of R8 billion and the further additional sum of R1.6 billion on 20 May 2014.

PGT has issued a general notarial bond over specified moveable assets in favour of Main Street 1070 for the maximum sum of R8 billion and the further additional sum of R1.6 billion on 9 May 2014.

PGT has ceded as security, for the performance of the secured obligations, its secured assets to Main Street 1070.

(viii) The property, owned by PGB, was independently valued as at 30 June 2013 by RealReach Proprietary Limited, a qualified valuer and member of the Real Estate Institute of Botswana, at an open market value of P21,6 million (R26.9 million) using the depreciated replacement cost approach.

The overdraft facility of PGB is secured by a first covering mortgage bond for the sum of seven million Pula over plot 16145, Francistown.

(ix) The property was reclassified as held-for-sale in the current year (refer to note 13).

		Group		
		2014	2013	2012
	Notes	**R'm**	R'm	R'm
Leasehold buildings and improvements comprise the following properties:				
Remaining extent of Lot 17989 in Block 5 and Lot 21117, extension 15, Gaborone, Botswana	(i)	**108.2**	109.4	99.9
Erf 3157 Mmabatho, North West	(ii)	**79.6**	77.8	80.6
Portion 25 of the farm Taung 894-HN, North West	(iii)	–	–	3.2
Portion 20 of Erf 45, Bryanston township, Gauteng	(iv)	**0.3**	1.6	2.8
		88.1	188.8	186.5

(i) The leasehold buildings, occupied by PGB, were independently valued as at 30 June 2013 by RealReach Proprietary Limited, a qualified valuer and member of the Real Estate Institute of Botswana, at an open market value of P474.5 million (R590.4 million) using the depreciated replacement cost approach.

The overdraft facility of PGB is secured by a first covering mortgage bond for the sum of P18 million over lot 21117, Gaborone.

The First National Bank of Botswana Limited holds a first covering mortgage bond for the sum of P15 million over the portion of lot 17989, Gaborone.

(ii) The leasehold buildings, occupied by PGNW, were independently valued as at 30 June 2013 by Richard Ellis at R337.7 million on a depreciated replacement cost basis with a market value of R209.4 million calculated using the capitalisation of net income approach.

(iii) The leasehold buildings, previously owned by PGNW, were disposed of in 2013.

(iv) Improvements to the leasehold buildings, occupied by Peermont, were made in January 2012 at a cost of R3.8 million. The carrying value of the leasehold improvements is considered to approximate the fair value at the reporting date.

	Land R'm	Freehold buildings R'm	Leasehold buildings and improve-ments R'm	Furniture, fittings and equipment R'm	Capital work in progress R'm	Total R'm
Group						
2014						
Opening carrying value	**199.4**	**3 277.2**	**188.8**	**397.9**	**14.6**	**4 077.9**
Additions	**–**	**38.5**	**7.0**	**151.1**	**229.1**	**425.7**
Depreciation	**–**	**(104.1)**	**(9.3)**	**(143.5)**	**–**	**(256.9)**
Impairment	**–**	**(9.3)**	**–**	**–**	**–**	**(9.3)**
Disposals	**–**	**–**	**–**	**(1.7)**	**–**	**(1.7)**
Reclassification	**(10.2)**	**(8.8)**	**(0.2)**	**6.0**	**(12.2)**	**(25.4)**
Unrealised foreign exchange movements	**0.1**	**0.2**	**1.8**	**0.8**	*****	**2.9**
Closing carrying value	**189.3**	**3 193.7**	**188.1**	**410.6**	**231.5**	**4 213.2**
2013						
Opening carrying value	194.3	3 370.2	186.5	368.6	27.7	4 147.3
Additions	*	13.7	4.1	140.2	42.7	200.7
Depreciation	–	(102.8)	(8.4)	(141.4)	–	(252.6)
Impairment	–	(7.8)	–	–	–	(7.8)
Disposals	–	–	(3.1)	(2.1)	–	(5.2)
Reclassification	4.7	2.6	(0.2)	27.7	(55.9)	(21.1)
Unrealised foreign exchange movements	0.4	1.3	9.9	4.9	0.1	16.6
Closing carrying value	199.4	3 277.2	188.8	397.9	14.6	4 077.9
2012						
Opening carrying value	194.3	3 500.7	178.3	369.7	13.4	4 256.4
Additions	–	6.5	12.5	112.9	40.8	172.7
Depreciation	–	(103.5)	(7.1)	(134.0)	–	(244.6)
Disposals	–	–	–	(0.9)	–	(0.9)
Reclassification	–	(33.5)	2.5	20.7	(26.5)	(36.8)
Unrealised foreign exchange movements	*	*	0.3	0.2	*	0.5
Closing carrying value	194.3	3 370.2	186.5	368.6	27.7	4 147.3

The carrying amounts of the tangible assets were subject to an impairment test at 30 September 2014 (refer to note 8).

** Less than R50 000.*

8. INTANGIBLE ASSETS

	Cost R'm	Accumulated depreciation R'm	Carrying value R'm
Group			
2014			
Goodwill	**1 385.9**	**(2.8)**	**1 383.1**
Casino licences	**2 797.9**	**(2.7)**	**2 795.2**
Management contracts	**382.4**	**–**	**382.4**
Trademarks	**20.0**	**–**	**20.0**
Computer software	**81.5**	**(45.3)**	**36.2**
Franchise costs	**6.7**	**(6.7)**	**–**
	4 674.4	**(57.5)**	**4 616.9**
2013			
Goodwill	1 386.2	(2.8)	1 383.4
Casino licences	2 797.9	(2.7)	2 795.2
Management contracts	382.4	–	382.4
Trademarks	20.0	–	20.0
Computer software	67.9	(28.1)	39.8
Franchise costs	6.6	(6.6)	–
	4 661.0	(40.2)	4 620.8
2012			
Goodwill	1 386.2	(2.8)	1 383.4
Casino licences	2 797.6	(2.4)	2 795.2
Management contracts	382.4	–	382.4
Trademarks	20.0	–	20.0
Computer software	25.2	(20.1)	5.1
Franchise costs	6.1	(5.9)	0.2
	4 617.5	(31.2)	4 586.3

Goodwill arose on the acquisition of the 100% interest in PGIL on 25 April 2007, and is not amortised.

The management contracts represent the right of PGMKZN, PGMNW&L and Peermont to receive management fees from the group's management contracted entities.

The casino licences, the management contracts and the trademarks, with the exception of the Grand Palm and Sedibeng Casino licences, which have a remaining useful life of approximately seven years, have an indefinite life and are not amortised. The licences are treated as having an indefinite useful life because they are expected to contribute to the group's net cash inflows indefinitely subject to an annual administrative process. The carrying amount of goodwill, the casino licences, the management contracts and the trademarks were subject to an impairment test as at 30 September 2014, using a discounted cash flow methodology based on value in use.

The following key assumptions were utilised in determining the future cash flows:

- growth in revenue of between 1.2% and 7.5% with an average of 5.4%;
- growth in fixed costs of between 4.0% and 7.8% with an average of 6.3%;
- resulting in an average EBITDA growth of 5.0%;
- a weighted average cost of capital of 12.3%;
- replacement capital expenditure of between 6.0% of annual projected revenues;
- the taxation rate was assumed to remain at 28.0% in South Africa and 22.0% in Botswana, for the foreseeable
- future;
- rates relating to management fee income and gaming levies to remain constant; and,
- an average exit EBITDA multiple of eight times was used in the discounted cash flow as an exit perpetuity.

On this basis, the fair value amounts were in excess of the carrying value and no impairment was required.

The other intangible assets were reviewed for impairment at 30 September 2014 and no impairment was required.

Computer software is amortised over its expected useful life of two to five years.

Franchise costs relate to the value of the Spur and News Café franchises acquired by PGB in 2005, and to the Queen of the Nile restaurant franchise acquired by Emperors Palace in 2008.

Certain of the intangible assets are encumbered as security for interest-bearing long-term borrowings (refer to note 20).

	Goodwill R'm	Casino licences R'm	Management contracts R'm	Trademarks R'm	Computer software R'm	Franchise costs R'm	Total R'm
Group							
2014							
Opening carrying value	**1 383.4**	**2 795.2**	**382.4**	**20.0**	**39.8**	–	**4 620.8**
Additions	–	–	–	–	**7.9**	–	**7.9**
Realisation of goodwill	**(0.3)**	–	–	–	–	–	**(0.3)**
Amortisation	–	–	–	–	**(16.3)**	–	**(16.3)**
Reclassification	–	–	–	–	**4.8**	–	**4.8**
Unrealised foreign exchange movements	–	–	–	–	*****	–	*
Closing carrying value	**1 383.1**	**2 795.2**	**382.4**	**20.0**	**36.2**	–	**4 616.9**
2013							
Opening carrying value	1 383.4	2 795.2	382.4	20.0	5.1	0.2	4 586.3
Additions	–	–	–	–	23.6	–	23.6
Amortisation	–	–	–	–	(9.0)	(0.2)	(9.2)
Reclassification	–	–	–	–	19.8	–	19.8
Unrealised foreign exchange movements	–	–	–	–	0.3	*	0.3
Closing carrying value	1 383.4	2 795.2	382.4	20.0	39.8	–	4 620.8
2012							
Opening carrying value	1 383.4	2 795.5	382.4	20.0	2.5	0.8	4 584.6
Additions	–	–	–	–	5.1	–	5.1
Amortisation	–	(0.3)	–	–	(2.6)	(0.6)	(3.5)
Disposals	–	–	–	–	*	–	–
Reclassification	–	–	–	–	0.1	–	0.1
Unrealised foreign exchange movements	–	*	–	–	*	*	–
Closing carrying value	1 383.4	2 795.2	382.4	20.0	5.1	0.2	4 586.3

9. INVESTMENTS

	2014 R'm	2013 R'm	2012 R'm
Investment in ordinary shares of PGSHIH held by PSHST	**1.3**	1.3	1.3
Investment in preference shares of PGHSHIH	**–**	2.5	3.7
– initial investment	**6.4**	6.4	**6.4**
– accrued preference dividends	**1.1**	1.1	**0.8**
– redemption of preference dividends	**(7.5)**	(5.0)	**(3.5)**
	1.3	3.8	5.0

PSHST holds 20% of the ordinary shares issued by PGSHIH.

Peermont held 100% of the redeemable preference shares issued by PGSHIH. The preference dividends accrued at the prime interest rate compounded monthly in arrears. The remaining preference shares were redeemed in the current year.

10. LOANS AND RECEIVABLES

	2014 R'm	2013 R'm	2012 R'm
The loans were granted by Emperors Palace as part of an enterprise development programme:			
Total loans and receivables	**5.4**	5.8	6.2
Less: Impairment due to uncertainty of recovery	**(5.1)**	(5.0)	(4.9)
	0.3	0.8	1.3
Less: Current portion included in current assets	**(0.3)**	(0.4)	(0.6)
	–	0.4	0.7

** Less than R50 000.*

11. DERIVATIVE INSTRUMENTS

Hedging derivatives

Peermont entered into a forward starting interest rate swap agreement to hedge the interest rate exposure on the Senior A and Senior B loans (refer note 20) raised as part of the Group Capital Restructure in 2014.

Peermont entered into SRSs to hedge the foreign exchange exposure of the SSNs (refer note 20), resulting in derivative assets and liabilities recorded at fair values. The SRSs were settled as part of the Group Capital Restructure in 2014.

	2014 R'm	2013 R'm	2012 R'm
Interest rate swap liabilities	**(30.7)**	(30.8)	–
SRS asset	**–**	1 558.7	25.7
Total derivative instruments	**(30.7)**	1 527.9	25.7
Current portion of interest rate swaps included in current liabilities	**8.8**	27.6	–
Current portion of SRSs included in current (assets)/liabilities	**–**	(1 558.7)	328.7
Non-current (liability)/asset	**(21.9)**	(3.2)	354.4

	2014 R'm	2013 R'm	2012 R'm
12. DEFERRED TAXATION			
Net deferred taxation liability			
At beginning of the year	**185.8**	451.7	513.5
Deferred taxation charge for the year	**542.4**	(267.1)	(61.8)
Difference due to translation of foreign operation	**0.2**	1.2	*
At end of the year	**728.4**	185.8	451.7
Deferred taxation assets and liabilities are attributable to the following temporary differences:			
Estimated taxation losses	**2 200.5**	4 217.7	3 408.3
Trade and other payables	**224.6**	166.5	157.1
Income received in advance	**22.4**	23.4	18.1
Discount on interest-bearing long-term borrowings	**–**	16.9	–
	2 447.5	4 424.5	3 583.5
Taxation effect on:			
– buildings	**(2 652.4)**	(2 716.4)	(2 786.2)
– casino licences	**(2 738.8)**	(2 738.9)	(2 738.8)
– management contracts	**(383.4)**	(383.4)	(383.4)
– land	**(99.9)**	(99.9)	(99.9)
– trademarks	**(20.0)**	(20.0)	(20.0)
Capital allowances	**(170.0)**	(234.5)	(233.0)
Capitalised costs on interest-bearing long-term borrowings	**(81.8)**	–	–
Discount on interest-bearing long-term borrowings	**–**	–	(38.5)
Financial liabilities	**–**	–	(0.2)
Prepayments	**(7.3)**	(7.5)	(7.2)
	(6 153.6)	(6 200.6)	(6 307.2)
Foreign deferred taxation at 22.0%	**16.2**	24.7	22.5
South African deferred taxation at 28.0%	**121.3**	(429.9)	(161.7)
South African/foreign taxation at 18.6%/22.0% respectively	**590.9**	591.0	590.9
Net deferred taxation	**728.4**	185.8	451.7
Comprising:			
Deferred taxation assets	**(7.9)**	(10.6)	(12.3)
Deferred taxation liabilities	**736.3**	196.4	464.0

Deferred taxation has been raised at 28.0% and capital gains taxation at 18.6%, except for foreign deferred taxation at 22.0% and foreign capital gains taxation at 22.0%. During February 2012, the Minister of Finance announced an increase in the capital gains taxation rate in South Africa from 14.0% to 18.6%. The effect of the taxation rate change in the year ended 31 December 2012 has been disclosed in the taxation note (refer to note 6).

** Less than R50 000*

			Group	
		2014	2013	2012
		R'm	R'm	R'm
13. **NON-CURRENT ASSET HELD FOR SALE**				
Erf 101 San Lameer, Registration Division ET, KwaZulu-Natal	(i)	**20.6**	–	–
Portion 20 of Erf 45 Bryanston, Johannesburg, Gauteng	(ii)	**–**	36.6	36.6
		20.6	36.6	36.6

(i) The Mondazur property is reflected as a non-current asset held for sale, following the commitment of Peermont to a plan to sell the property. Revenue of R14.5 million (2013: R14.1 million) and a loss for the year of R11.8 million (2013: R10.1 million) relating to the property is included in the income statement, after taking into account the impairment of the property.

The property was independently valued as at 30 June 2013 by Richard Ellis at R61.8 million on a depreciated replacement cost basis with a market value of R33.0 million calculated using the capitalisation of net income approach. The directors impaired the carrying value to R20.6 million (2013: R30.0 million) to reflect the expected realisable value at the reporting date.

2013, 2012

The company had issued a covering mortgage bond over the immovable property in favour of Maxitrade 85 for the sum of R1 billion. The bond was registered on 6 July 2007.

(ii) The property was sold in the current year. Rental income relating to the property to the amount of R4.0 million (2013: R4.4 million; 2012: R2.8 million) is included in other revenue in the statement of comprehensive income and is included in the head office operating segment.

A first covering mortgage bond of R23.9 million, which was shown as a current liability at 31 December 2013 was registered in favour of Nedbank over the property (refer to note 20). The loan was settled in the current year.

	2014	2013	2012
	R'm	R'm	R'm
14. **INVENTORIES**			
Food and beverage	**13.5**	11.8	11.9
Operating equipment	**34.2**	32.0	28.3
Consumables stores	**19.0**	16.5	16.4
	66.7	60.3	56.6
15. **TRADE AND OTHER RECEIVABLES**			
Gross trade receivables	**71.0**	58.3	43.4
Less: Allowance for impairment of trade receivables	**(12.2)**	(5.0)	(4.3)
Net trade receivables	**58.8**	53.3	39.1
Sundry receivables	**11.2**	7.9	29.4
Prepayments	**13.3**	16.9	24.1
VAT	**4.7**	1.1	0.2
Deferred finance expenses	**0.1**	–	1.5
Deferred restructure expenses	**–**	78.4	33.3
	88.1	157.6	127.6

	Group		
	2014	2013	2012
	R'm	R'm	R'm
16. **STATED CAPITAL, SHARE CAPITAL AND SHARE PREMIUM**			
Stated capital and share capital			
Authorised			
3 000 000 000 (2013 and 2012: 100 000) A ordinary shares (2013: ordinary shares) of no par value (2013 and 2012: 1 cent each)	**–**	*	*
300 000 (2013 and 2012: nil) B ordinary shares of no par value	**–**	–	–
Share capital			
100 000 (2012: 100 000) A ordinary shares of 1 cent (2012: 1 cent) each	**–**	*	*
Stated capital			
1 248 152 (2013 and 2012: nil) B ordinary shares of no par value	**560.2**	–	–
Treasury shares			
14 769 (2013 and 2012: nil) A ordinary shares of no par value	**(5.8)**	–	–
	554.4	–	–

In terms of the Management Incentive Programme, the Management Team is entitled to a share-based incentive on execution of an exit event, totalling 23 003 ordinary shares (2% shareholding) in Maxshell if average annual EBITDA growth of at least 6.75% is achieved from the inception of the Programme to the date of the exit event and 52 006 ordinary shares (4% shareholding) in Maxshell if average annual EBITDA growth of 7.5% or more is achieved over the period. Refer to note 28 for more information regarding share-based payments.

	2014	2013	2012
Share premium			
Arising on issue of shares	**98.3**	98.3	98.3
Converted to stated capital	**(98.3)**	–	–
	–	98.3	98.3
17. **EQUITY PREFERENCE SHARES**			
PGH II – Issued			
2 566 654 269 (2013: nil) redeemable preference shares of no par value	**2 437.7**	–	–
Preference dividends accrued	**330.6**	–	–
	2 768.3	–	–
Treasury shares	**(32.8)**	–	–
28 921 573 (2013: nil) redeemable preference shares of no par value.	**(28.9)**	–	–
Preference dividends accrued	**(3.9)**	–	–
	2 735.5	–	–

The preference dividend on the redeemable preference shares is calculated at 18% compounded annually.

	Group 2014 R'm	2013 R'm	2012 R'm
18. TRANSLATION RESERVE			
Translation reserve comprising all foreign exchange differences arising from the translation of the financial statements of foreign operations	**4.2**	3.2	(4.6)

19. NON-CONTROLLING INTERESTS (NCI)

The following table summarises the information relating to each of the group's subsidiaries that has material NCI, before any intra-group eliminations.

	PGB R'm	PGSH R'm	PGEFS R'm	PGKZN R'm	PGLim R'm	PGNW R'm	PGH I R'm	Total R'm
Group								
2014								
Percentage of NCI	**40%**	**30%**	**30%**	**10%****	**10%****	**10%****	**0%*****	
Financial information before intra-group eliminations								
Total assets	**223.3**	**196.3**	**95.7**	**388.7**	**131.6**	**709.0**	**–**	
Total liabilities	**(54.7)**	**(21.7)**	**(10.4)**	**(202.6)**	**(74.3)**	**(411.3)**	**–**	
Net assets	**168.6**	**174.6**	**85.3**	**186.1**	**57.3**	**297.7**	**–**	
Carrying amount of NCI	**65.3**	**36.0**	**12.2**	**8.8**	**5.6**	**(4.6)**	**–**	**123.3**
Revenue	**313.6**	**175.7**	**57.3**	**175.8**	**108.6**	**288.0**	**3 252.9**	
Profit and total comprehensive income for the year	**34.0**	**24.9**	**3.7**	**160.5**	**65.6**	**368.6**	**7 122.4**	
Profit for the year allocated to NCI	**13.6**	**7.5**	**1.1**	**16.0**	**6.6**	**36.9**	**(164.8)**	**(83.1)**
Other comprehensive income at holding company allocated to NCI	**0.6**	**–**	**–**	**–**	**–**	**–**	**–**	**0.6**
Total as per group statement of comprehensive income	**14.2**	**7.5**	**1.1**	**16.0**	**6.6**	**36.9**	**(164.8)**	**(82.5)**

*** Based on the effective ownership of the group including holdings by consolidated trusts.*
**** Non-controlling interest in PGH I and its subsidiaries. Therefore the financial information represents consolidated amounts.*

19.	PGB R'm	PGSH R'm	PGEFS R'm	PGKZN R'm	PGLim R'm	PGNW R'm	PGH I R'm	Total R'm
Group								
2013								
Percentage of NCI	40%	30%	30%	10%**	10%**	10%**	25%***	
Financial information before intra-group eliminations								
Total assets	220.1	199.4	95.7	390.6	150.2	717.4	10 710.6	
Total liabilities	(58.5)	(24.7)	(14.1)	(462.7)	(160.2)	(1 131.8)	(17 863.5)	
Net assets	161.6	174.7	81.6	(72.1)	(10.0)	(414.4)	(7 152.9)	
Carrying amount of NCI	62.4	36.0	11.1	(7.2)	(1.0)	(41.4)	(1 534.2)	(1 474.3)
Revenue	304.1	185.0	60.5	172.2	102.8	298.1	3 078.6	
Profit/(loss) and total comprehensive income for the year	43.7	29.9	6.7	(47.8)	(10.0)	(171.9)	(2 152.2)	
Profit/(loss) for the year allocated to NCI	17.5	9.0	2.0	(4.8)	(1.0)	–	(541.3)	(518.6)
Other comprehensive income at holding company allocated to NCI	5.2	–	–	–	–	–	–	5.2
Total as per group statement of comprehensive income	22.7	9.0	2.0	(4.8)	(1.0)	–	(541.3)	(513.4)

*** Based on the effective owndership of the group including holdings by consolidated trusts.*
**** Non-controlling interest in PGH I and its subsidiaries. Therefore the financial information represents consolidated amounts.*

	PGB R'm	PGSH R'm	PGEFS R'm	PGKZN R'm	PGLim R'm	PGNW R'm	PGH I R'm	Total R'm
Group								
2012								
Percentage of NCI	40%	30%	30%	10%**	10%**	0%**	25%***	
Financial information before intra-group eliminations								
Total assets	226.0	186.7	97.9	386.0	158.9	730.0	9 522.6	
Total liabilities	(56.4)	(21.0)	(21.0)	(410.3)	(158.9)	(972.5)	(14 495.1)	
Net assets	169.6	165.7	76.9	(24.3)	*	(242.5)	(4 972.5)	
Carrying amount of NCI	66.5	28.6	9.0	(2.4)	*	–	(992.9)	(891.2)
Revenue	276.3	169.9	56.0	166.1	99.9	280.5	2 856.9	
Profit/(loss) and total comprehensive income for the year	43.7	27.2	10.7	(38.4)	(5.1)	(126.3)	1 778.3	
Profit/(loss) for the year allocated to NCI	17.6	8.2	3.2	(3.8)	(0.5)	–	(444.3)	(419.6)
Other comprehensive income at holding company allocated to NCI	(0.4)	–	–	–	–	–	–	(0.4)
Total as per group statement of comprehensive income	17.2	8.2	3.2	(3.8)	(0.5)	–	(444.3)	(420.0)

*** Based on the effective owndership of the group including holdings by consolidated trusts.*
**** Non-controlling interest in PGH I and its subsidiaries. Therefore the financial information represents consolidated amounts.*

19. In 2014 as part of the Group Capital Restructure the Group respurchased 25% of the shares in PGH I from the non-19. controlling shareholders. The change in the group's ownership interest in PGH I is as follows:

	Group 2014 R'm
Ownership interest at beginning of year	(5 618.7)
Effect of decrease in ownership interest	(1 699.0)
Transactions accounted directly in equity	2 883.0
Share of comprehensive income	7 287.2
Ownership interest at end of year	(2 852.5)

At 31 December 2013 the group disposed of 10% of the shares in PGNW in terms of a B-BBEE transaction. The change in the group's ownership interest in PGNW was as follows:

	Group 2013 R'm
Ownership interest at beginning of year	(242.5)
Share of comprehensive income	(171.9)
Effect of decrease in ownership interest	41.4
Ownership interest at end of year	(373.0)

In 2012 the group acquired the remaining 10.6% of the shares in PGEFSH. Subsequently the investment in PGEFS was transferred from PGEFSH to Peermont and PGEFSH was placed in liquidation. The change in the group's ownership interest in PGEFSH is as follows:

	Group 2012 R'm
Ownership interest at beginning of year	71.5
Share of comprehensive income	37.6
Effect of increase in ownership interest	2.2
Liquidation dividend received	(9.3)
Effect of transfer of investment in PGEFS from PGEFSH to PGL	(102.0)
Ownership interest at end of year	*

		Group	
	2014 R'm	2013 R'm	2012 R'm
20. **INTEREST-BEARING LONG-TERM BORROWINGS**			
South African – secured			
Senior A Loan	**1 325.3**	–	–

On 24 April 2014 Peermont raised R1 450.0 million under its Senior A Facility Agreement. The Senior A Loan bears interest at the three-month JIBAR plus 4.25%. Peermont advanced proportionate amounts to certain of its subsidiaries. The capital and interest of the Senior A Loan are payable in quarterly instalments which commenced on 30 June 2014. Transaction costs of R32.6 million were capitalised against the loan balance at inception. The Senior A Loan will mature on 16 April 2020.

	Group		
	2014	2013	2012
	R'm	R'm	R'm
Senior B Loan	**2 595.4**	–	–
On 24 April 2014 Peermont raised R2 650.0 million under its Senior B Facility Agreement. The Senior B Loan bears interest at the three-month JIBAR plus 4.75%. Peermont advanced proportionate amounts to certain of its subsidiaries. The interest on the Senior B Loan is payable in quarterly instalments which commenced on 30 September 2014. Transaction costs of R59.7 million were capitalised against the loan balance at inception. The capital of the Senior B Loan is payable on the maturity date being 16 April 2020.			
The Senior A Loan and Senior B Loan are Peermont's senior secured obligations, are guaranteed by the Senior debt Guarantors (including the company) and rank senior in right of payment to all of Peermont's exisiting and future indebtedness.			
The Senior A Loan and Senior B Loan are secured over all of Peermont's capital stock and certain of its assets.			
The Senior A Loan and Senior B Loan are subject to a mandatory repayment clause in terms of which Peermont is required to offer additional repayment amounts of a percentage of excess free cash flow, as defined in the Common Terms Agreement, if excess free cash flow is generated over and above certain agreed upon amounts to be determined on 30 June and 31 December each year. The percentage applicable to the repayment amount is affected by the senior leverage ratio as defined in the Common Terms Agreement as well as group EBITDA performance for the 12 months preceding the measurement date. From the inception of these loans and up to the reporting date no such payments have been required.			
ABSA term loan	**3.6**	8.5	13.3
The original loan of R35.0 million was raised by PGEFS and bears interest at the three-month JIBAR plus 2.5%. The capital is repayable in 32 quarterly payments which commenced in August 2007, and the final payment will be made in June 2015. Refer to note 7 for further details.			
Deferred hedging loan	–	410.5	410.4
On 16 July 2010, Peermont raised a R400.0 million deferred hedging loan due April 2017. This loan bore interest at JIBAR plus 9.75% NACS. The loan was secured by second priority security interests over all of Peermont's capital stock and certain of its assets, and therefore ranked *pari passu* with the SSNs. Interest was payable on 29 April and 29 October each year. The deferred hedging loan was settled as part of the Group Capital Restructure (refer note 30).			
Nedbank property loan	–	23.9	27.6
A loan of R43.8 million was raised by Peermont in February 2009 and bore interest at a variable rate linked at a margin of 1.0% below prime NACM. The loan was repaid in the current year. Refer to note 13 for further details.			

Foreign – unsecured

	Group		
	2014	2013	2012
	R'm	R'm	R'm
PGH III PIK Notes	**1 258.6**	–	–
On 24 April PGH III issued PIK Notes with a face value of R1184.2 million at on on-issue discount of 5%, raising R1 125.0 million. The proceeds were onlent to PGH IV and then onlent by PGH IV to Peermont, which in turn advanced proportionate amounts to certain of its subsidiaries. The PGH III PIK Notes bear interest at 16.0% NACS and the interest and discount are amortised over the terms of the PGH III PIK Notes on the effective interest rate method at an effective interest rate of 16.93% NACS. Interest on the PGH III PIK Notes is payable, at the option of PGH III, on 31 March and 30 September each year. the PGH III PIK Notes will mature on 24 October 2020 and are listed on the Euro MTF Market of the Luxembourg Stock Exchange.			
PIK Equity Loan	**–**	7 498.4	5 554.3
On 24 April 2007 PGH I raised R1 086.3 million under a PIK Equity Loan agreement bearing interest at 18.0% NACS, with increments to 21.5% in the fifth to seventh year of the loan. The full amount was advanced to PGH II, which in turn advanced the full amount to Peermont, which lent proportionate amounts to certain of its subsidiaries. An effective interest rate of 21.5% (2013: 20.0% to 21.5%) NACS was charged on the PIK Equity Loan. The PIK Equity Loan has been settled as part of the Group Capital Restructure (refer to note 30). The PIK Equity Loan and the B ordinary shares were accounted for as a single financial instrument as the repayment of the PIK Equity Loan principal, in whole or part, would have triggered the repurchase of a *pro rata* amount of the B ordinary shares, at an amount which would ensure that the lenders achieve an internal rate of return of not less than 33.5% on the loan principal and subscription price of the B ordinary shares.			
PGH II PIK Notes	–	2 276.7	1 887.9
On 24 April 2007 PGH II issued the R887.0 million 18.0% PIK Notes due 2015 and advanced the full amount raised to Peermont, which in turn advanced proportionate amounts to certain of its subsidiaries. The costs incidental to the issue of the PGH II PIK Notes were capitalised to the loan and amortised on the effective interest rate method over the expected period of the loan, resulting in an effective interest rate of 19.63% (2013: 19.63%) NACS. Interest on the PGH II PIK Notes was payable, at the option of PGH II, on 30 April and 30 October each year. The PGH II PIK Notes were settled as part of the Group Capital Restructure (refer note 30). The PGH II PIK Notes were listed on the Irish Stock Exchange on its Global Exchange Market.			
Foreign – secured			
SSNs	**–**	6 060.1	4 561.0

On 24 April 2007 Peermont issued the original €520.0 million 7¾% SSNs due 2014. At 31 December 2013 €416.1 million of the SSNs remained outstanding. The SSNs, Peermont's second priority secured obligations, were guaranteed by the SSN Guarantors and ranked equal in right of payment with all of Peermont's existing and future unsubordinated indebtedness and senior in right of payment to all of Peermont's existing and future indebtedness that was subordinated in right of payment to the SSNs.

	Group		
	2014	2013	2012
	R'm	R'm	R'm
The SSNs were secured by second priority security interests over all of Peermont's capital stock and certain of its assets (refer to notes 7 and 8). The costs incidental to the issue of the SSNs were capitalised to the loan and amortised on the effective interest rate method over the anticipated redemption period of the loan, resulting in an effective interest rate of 10.21% (2013: 10.21%) NACS. Interest was payable on 30 April and 30 October each year. The SSNs were settled as part of the Group Capital Restructure (refer note 30). The SSNs were listed on the Irish Stock Exchange on its Global Exchange Market.			
Total interest-bearing long-term borrowings	5 182.9	16 278.1	12 454.5
Less: Current portion included in current liabilities	**(163.6)**	(6 099.3)	(103.3)
– Nedbank property loan related to asset held for sale	**–**	(23.9)	(27.6)
– Current portion of other borrowings	**(163.6)**	(6 075.4)	(75.7)
	5 019.3	10 178.8	12 351.2

The group's borrowing capacity is constrained by certain loan agreements, which place a limit on borrowings.

In common with many issues of senior debt, the group has various restrictions placed on future borrowings, permitted payments, awarding of guarantees or liens, future issues and sales of capital stock of restricted subsidiaries, transactions with affiliates and the sale of assets by the facility agreements for the Senior A Loan and the Senior B Loan. These remain in place until these loans are settled.

	Group		
	2014	2013	2012
	R'm	R'm	R'm
21. **PREFERENCE SHARE LIABILITIES**			
Authorised			
100 000 (2013: 100 000) unsecured cumulative redeemable participating preference shares of 1 cent (2013: 1 cent) each			
Issued			
100 000 unsecured cumulative redeemable participating preference shares of 1 cent each, all issued by 11 May 2007	**–**	*	*
Premium arising on issue of shares	**–**	241.2	241.2
Preference share dividends accrued	**–**	585.0	446.4
	–	826.2	687.6

The preference dividend on the unredeemed Maxshell preference shares was calculated at 28.0% x (1 – the prevailing corporate taxation rate), at 20.16% compounded annually from the date of issue. The preference dividends were payable after the designated date, being the first business day after the date on which all the claims of the PGH I B ordinary shareholders and the claims of the holders of the PIK Equity Loan would have been finally and irrevocable discharged in full, and all the PGH I B ordinary shares would have been repurchased by PGH I. In addition, the preference dividends were payable as and when the company determined that it had sufficient free cash flow to make such payments.

			Group	
		2014	2013	2012
		R'm	R'm	R'm
21.	**PREFERENCE SHARE LIABILITIES**			
	PGH I – Issued	**–**	19.2	18.5
	3 577 unsecured cumulative redeemable participating preference shares of 1 cent each, all issued by 11 May 2007	**–**	*	*
	Premium arising on issue of shares	**–**	9.0	9.0
	Preference share dividends accrued	**–**	21.6	16.4
	Treasury shares	**–**	(11.4)	(6.9)

The preference dividend on the unredeemed PGH I preference shares was calculated at 28.0% × (1 – the prevailing corporate taxation rate), at 20.16% compounded annually from the date of issue. The preference dividends were payable after the designated date, being the first business day after the date on which all the claims of the PGH I B ordinary shareholders and the claims of the holders of the PIK Equity Loan would have been finally and irrevocable discharged in full, and all the PGH I B ordinary shares would have been repurchased by PGH I. In addition, the preference dividends were payable as and when the company determined that it had sufficient free cash flow to make such payments.

Preference shares were repurchased as part of the Group Capital Restructure (refer to note 30).

		2014	2013	2012
	Total preference share liabilities	**–**	845.4	706.1
22.	**TRADE AND OTHER PAYABLES**			
	Trade payables	**51.5**	58.7	63.5
	Accrued expenses	**293.2**	216.8	196.8
	Leave pay accrual	**32.4**	32.2	32.0
	Other payables	**60.5**	50.8	50.3
	VAT	**23.3**	23.0	20.0
		460.9	381.5	362.6
23.	**COMMITMENTS**			
	Capital commitments			
	Authorised			
	– contracted for	**10.4**	37.9	80.8
	– not contracted for	**277.9**	508.4	147.6
	Replacement capital expenditure	**113.8**	211.5	147.6
	Expansion capital expenditure	**164.1**	296.9	–
		288.3	546.3	228.4
	The proposed capital expenditure will be financed from internally generated cash resources.			
	Lease commitments			
	Future operating lease charges			
	– payable within one year	**16.5**	14.4	14.5
	– payable two to five years	**61.5**	49.1	43.2
	– payable thereafter	**210.0**	219.3	219.8
		288.0	282.8	277.5

		Group	
	2014	2013	2012
	R'm	R'm	R'm
24. **RETIREMENT BENEFIT INFORMATION**			
The group provides retirement benefits for its permanent employees through defined contribution schemes.			
Total amount expensed during the year amounted to:			
Peermont Global Provident Fund	**51.8**	47.9	45.2
The Grand Palm Pension Fund – Botswana	**3.1**	3.2	2.7

These amounts include the full cost to the company and its subsidiaries. The group provides no post-retirement, medical or other benefits.

25. RELATED PARTIES

25.1 Identity of related parties with whom material transactions have occurred

The following are subsidiaries and related parties of the group:

– PGH I
– PGH II
– PGH III
– PGH IV
– Peermont
– PGB
– PGEFS
– PGKZN
– PGLim
– PGMKZN
– PGMNW&L
– PGNW
– PGSH
– PGT
– Vengatrim
– MIC Leisure
– GTAM

PGH I, PGH II, PGH III and PGH IV are intermediate holding companies of Peermont.

Peermont is the holding company of PGT, PGSH, PGNW, PGKZN, PGLim, PGEFS, PGMNW&L, PGMKZN and PGB.

There are various other Peermont group community and employee benefit trusts and intermediate holding and dormant companies.

Other than with the directors, there are no other related parties with whom material transactions have taken place.

25.2 Types of related party transactions

Management fees, development fees, payroll and ancillary cost payments and lease payments have been made and interest and dividends have been received from certain related parties.

The group is liable for certain share-based payments in terms of the Management Incentive Programme. Refer to note 28 for further details.

		Group	
	2014 R'm	2013 R'm	2012 R'm
25.3 **Material related party transactions**			
Fees paid to related parties			
MIC Leisure	**4.5**	4.3	4.1
CO Elk	**1.5**	1.3	2.7
PGSHIH	**1.3**	1.5	–
PGEFS non-controlling interests	**0.4**	–	–
	7.7	7.1	6.8
Transaction costs paid to related parties			
GTAM	**24.4**	27.0	–
MIC Leisure	**12.5**	–	–
	36.9	27.0	–
25.4 **Amounts due by related parties**			
Current			
Umodzi Holdings	**1.7**	–	–
PET	**0.3**	0.1	0.2
Aldabri	**0.2**	0.1	0.1
PCT	**0.2**	0.1	0.1
Other related parties	**0.1**	*	–
	2.5	0.3	0.4
25.5 **Amounts due to related parties**			
Non-current	**53.9**	21.9	27.3
Share-based payment liability (refer to note 27)	**39.4**	–	–
PNWLT	**9.5**	14.5	18.5
PKZNST	**3.9**	6.2	7.7
PSHST	**1.1**	1.2	1.1
Current	**35.3**	19.6	17.1
Share-based payment liability (refer to note 27)	**12.6**	–	–
PNWLT	**9.4**	7.3	6.1
BDC	**6.0**	5.9	5.5
PKZNST	**3.9**	3.1	2.6
PCT	**1.5**	1.4	1.3
PET	**1.5**	1.4	1.3
PSHST	**0.2**	0.2	0.2
PGSHIH	**0.1**	0.3	0.1
Other related parties	**0.1**	*	–
	89.2	41.5	44.4

** Less than R50 000*

	2014 R'm	Group 2013 R'm	2012 R'm
26. NOTES TO THE STATEMENT OF CASH FLOWS			
26.1 Cash inflows from operating activities			
Operating profit before net finance expenses and restructuring	**888.2**	869.6	807.8
Adjusted for:			
– depreciation of property, plant and equipment	**256.9**	252.6	244.6
– amortisation of intangible assets	**16.3**	9.2	3.5
– impairment of property, plant and equipment	**9.3**	7.8	–
– unrealised foreign exchange rate movements	**(0.9)**	(2.8)	(1.6)
– profit on disposal of property, plant and equipment	**(0.3)**	(0.5)	(0.2)
– impairment of loans and receivables	**0.1**	0.1	–
– profit on disposal of asset held for sale	**(18.3)**	–	
– share-based payment accrual	**52.0**	–	(0.9)
– share of profits of Mmabatho staff complex	**–**	–	(1.1)
Cash generated by operations before working capital changes	**1 203.3**	1 136.0	1 052.1
Changes in working capital	**56.7**	(15.2)	36.0
Increase in inventories	**(6.3)**	(2.7)	(0.5)
Increase in trade and other receivables	**(8.9)**	(30.2)	(30.2)
Increase in trade and other payables	**74.0**	15.9	60.0
Increase in amounts due by related parties	**(2.1)**	0.1	–
Increase in amounts due to related parties	*****	1.7	6.7
Cash inflows from operating activities	**1 260.0**	1 120.8	1 088.1
26.2 Finance income received			
Interest received	**28.9**	31.4	13.6
Foreign exchange gains – realised	**0.8**	1.6	0.6
	29.7	33.0	14.2
26.3 Finance expenses paid			
Total finance expenses	**(1 478.2)**	(4 826.6)	(3 007.9)
Less: Finance expenses accrued remaining in interest-bearing long-term borrowings	**927.4**	4 002.6	2 240.7
	(550.8)	(824.0)	(767.2)
26.4 Taxation paid			
Amounts receivable at beginning of year	**3.3**	5.1	2.4
Statement of comprehensive income charge	**(70.4)**	(41.5)	(35.5)
Taxation charge relating to staff trusts	**(0.3)**	(0.1)	(0.8)
Unrealised foreign exchange difference	**(0.2)**	(0.2)	*
Amounts receivable at end of year	**(4.4)**	(3.3)	(5.1)
	(72.0)	(40.0)	(39.0)
26.5 Dividends paid to non-controlling interests			
Gross dividend declared to non-controlling shareholders	**(18.9)**	(15.8)	(1.1)
Redemption of PGSHIH preference shares	**–**	1.5	1.0
	(18.9)	(14.3)	(0.1)
26.6 Cash and cash equivalents			
Bank balances	**253.3**	129.5	140.9
Cash on hand	**43.1**	49.1	48.3
Cash and cash equivalents	**296.4**	178.6	189.2
Bank overdraft	**–**	(89.0)	(134.8)
	296.4	89.6	54.4
26.7 Stated capital and equity preference shares			
Ordinary shares issued	**461.9**	–	–
Equity preference shares issued	**2 437.7**	–	–
Non-cash transactions from Group Capital Restructure	**(2 899.6)**	–	–
	–	–	–

Certain amounts on call are held as security for guarantees (refer to note 29).

27. FINANCIAL INSTRUMENTS

Exposure to market risk, which includes currency and interest rate risk, and liquidity and credit risk arises in the normal course of the group's business. Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange rates and interest rates. Whilst these financial instruments are subject to the risk of market rates changing subsequent to acquisition, such changes would generally be offset by opposite effects on the items being hedged.

Summary of the use of derivative instruments by the group

Currency derivatives are usually utilised to eliminate or reduce the exposure of foreign currency denominated assets and liabilities, and to hedge future transactions and cash flows. The group was party to SRSs in the management of its foreign exchange rate exposures relating to the SSNs. The group has entered into interest rate swaps in the management of interest rate exposures on the Senior debt that was raised as part of the Group Capital Restructure. The instruments purchased are primarily denominated in the currencies of the group's principal markets.

As a matter of principle, the group does not enter into derivative contracts for trading purposes.

27.1 Foreign currency risk

Foreign currency risk is the risk that the changes in foreign exchange rates will affect the group's income or the value of the group's holdings of financial instruments.

The group is exposed to foreign currency risk on revenues, purchases, borrowings and bank balances that are denominated in a currency other than the Rand. The currencies giving rise to this risk are primarily the Pula, Euro and US$.

At any point in time the group usually hedges estimated foreign currency exposure in respect of significant purchases of property, plant and equipment and forecast transactions. The group used SRSs to hedge its foreign currency risk on the SSNs.

In respect of other monetary assets and liabilities held in currencies other than the Rand, the group usually ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates.

Monetary assets and liabilities held in Pula by the company's subsidiary in Botswana are not hedged.

At 31 December 2014, it is estimated that a strengthening or weakening of the Rand against the Pula, Euro or US$ would have minimal impact on the profit or loss or equity of the group.

At 31 December 2014 there is no exposure relating to the SSNs as these and the related SRSs were settled during the year. The principal or contract amounts of derivative financial instruments for interest-bearing long-term borrowings and forecast transactions at 31 December 2013 were:

	Principal amount €'m	Net fair value of hedge R'm	Transaction dates	Hedging instruments
Group				
2013				
Interest-bearing long-term borrowings				
SSNs	€416.1	1 329.4	30 April 2014	SRSs
Forecast transactions				
Interest on SSNs	€16.2	229.3	Interest for the period 1 January 2014 to 30 April 2014	SRSs
		1 558.7		
Group				
2012				
Interest-bearing long-term borrowings				
SSNs	€416.1	193.1	30 April 2014	SRSs
Forecast transactions				
Interest on SSNs	€48.4	(167.4)	Interest for the period 1 January 2013 to 30 April 2014	SRSs
		25.7		

27.2 Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the group's income or the value of its holdings of financial instruments.

In managing interest rate risks the group aims to reduce the impact of short-term fluctuations on the group's earnings. However, over the longer term, permanent changes in interest rates would have an impact on earnings.

The group entered into a forward starting interest rate swap agreement to hedge 50% of the JIBAR exposure on the Senior debt that was raised as part of the Group Capital Restructure in 2014.

	Interest rate (NACQ)	Carrying value R'm	Proportion of risk hedged %	Fixed rate on hedged amount % p.a.	Fair value of hedge R'm
Group					
2014					
Senior A Loan	3-month JIBAR plus 4.25%	**1 325.3**			
Senior B Loan	3-month JIBAR plus 4.75%	**2 595.4**			
		3.920.7	**50%**	**7.64% p.a.**	**(30.7)**

At 31 December 2014, it is estimated that a general increase of one percentage point in interest rates on debt with variable interest rates will negatively affect the profit before taxation by R19,6 million (2013: R4,4 million; 2012: R4.5 million), and reduce the equity by a comparable amount. A one percentage point decrease would have an equal and opposite effect.

27.3 Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Financial assets, which are potentially subject to concentrations of credit risk, consist principally of investments, loans and receivables, derivative instruments, trade and other receivables, amounts due by related parties and cash and cash equivalents. The cash and cash equivalents are placed with high credit quality financial institutions. Trade receivables are presented net of the allowance for impairment of receivables. Credit risk with respect to trade receivables is limited due to the large number of customers comprising the group's customer base and their dispersion across the population and different geographical areas. Therefore, at reporting date there were no significant concentrations of credit risk. Credit risk on amounts due by related parties is limited given the nature of the balance.

Impairment losses

The ageing of trade receivables at the reporting date was:

	2014		2013		2012	
	Gross R'm	**Impairment R'm**	Gross R'm	Impairment R'm	Gross R'm	Impairment R'm
Group						
Not past due						
Current	**29.5**	**–**	29.3	–	16.0	–
Outstanding 31 – 60 days	**13.7**	**–**	12.4	–	13.8	–
Outstanding 61 – 90 days	**9.7**	**–**	5.5	–	4.8	–
Past due						
Outstanding more than 90 days	**18.1**	**(12.2)**	11.1	(5.0)	8.8	(4.3)
Total	**71.0**	**(12.2)**	58.3	(5.0)	43.4	(4.3)

Based on past experience, the group believes that no impairment allowance is necessary in respect of trade receivables past due other than those impaired. An impairment allowance has not been raised on those specific trade receivables past due as certain of these amounts are assessed as recoverable. The amounts that are considered past due are based on specific circumstances relative to each individual trade receivable.

The allowance account in respect of trade receivables is used to record impairment losses unless the group is satisfied that no recovery of the amount owing is possible. At that point the amount considered irrecoverable is written off against the financial asset directly.

The movement on the allowance for impairment in respect of trade receivables during the year was as follows:

	Group		
	2014	2013	2012
	R'm	R'm	R'm
Balance at beginning of year	**(5.0)**	(4.3)	(5.0)
Increase in allowance for impairment of trade receivables	**(8.2)**	(1.4)	(0.4)
Impairment loss recognised	**1.0**	0.7	1.1
Balance at end of year	**(12.2)**	(5.0)	(4.3)
The carrying amounts of financial assets included in the statement of financial position represent the group's exposure to credit risk. At reporting date, the group has an estimated maximum exposure of:			
Investments	**1.3**	3.8	3.7
Loans and receivables	**0.3**	0.8	1.3
Derivative instruments	**–**	1 558.7	354.4
Trade receivables	**58.8**	53.3	39.1
Sundry receivables	**11.2**	7.9	29.4
Amounts due by related parties	**2.5**	0.3	0.4
Cash and cash equivalents	**296.4**	178.6	189.2
	370.5	1 803.4	617.5

27.4 Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or financial assets.

The group's current liabilities exceed its current assets. This is consistent with historical trends and is similar to many other entities within the gaming industry. The net result is that the working capital cycle generates cash for the group and the current liabilities continue to be met by cash generated from operations.

The group's liquidity risk is concentrated in its funding sources. The greatest exposure to liquidity risk would be where the companies are unable to meet specific cash flows required by specific debt agreements. The most significant of these would be the cash flow requirements of the Senior debt.

The group's R250 million WCF is available until 30 April 2017.

Maturity analysis

	Carrying value R'm	Within one year R'm	1 – 5 years R'm	More than 5 years R'm	No fixed maturity R'm
Group					
2014					
Financial assets					
Investments	**1.3**	**–**	**–**	**–**	**1.3**
Loans and receivables	**0.3**	**0.3**	**–**	**–**	**–**
Trade and other receivables	**70.0**	**70.0**	**–**	**–**	**–**
Amounts due by related parties	**2.5**	**2.5**	**–**	**–**	**–**
Cash and cash equivalents	**296.4**	**296.4**	**–**	**–**	**–**
Financial liabilities					
Interest-bearing long-term borrowings*	**5 182.9**	**163.6**	**1 105.0**	**3 914.3**	**–**
Derivative instruments	**30.7**	**8.8**	**21.9**	**–**	**–**
Amounts due to related parties	**37.2**	**22.7**	**14.5**	**–**	**–**
Trade and other payables	**405.2**	**405.2**	**–**	**–**	**–**
2013					
Financial assets					
Investments	3.8	1.2	1.3	–	1.3
Loans and receivables	0.8	0.4	0.4	–	–
Derivative instruments	1 558.7	1 558.7	–	–	–
Trade and other receivables	61.2	61.2	–	–	–
Amounts due by related parties	0.3	0.3	–	–	–
Cash and cash equivalents	178.6	178.6	–	–	–
Financial liabilities					
Interest-bearing long-term borrowings*	16 278.1	6 099.3	2 680.4	7 498.4	–
Preference share liabilities	845.4	–	–	845.4	–
Derivative instruments	30.8	27.6	3.2	–	–
Amounts due to related parties	41.5	19.6	21.9	–	–
Trade and other payables	326.3	326.3	–	–	–
Bank overdraft	89.0	89.0	–	–	–
2012					
Financial assets					
Investments	5.0	1.2	2.5	–	1.3
Loans and receivables	1.3	0.6	0.7	–	–
Derivative instruments	354.4	–	354.4	–	–
Trade and other receivables	68.5	68.5	–	–	–
Amounts due by related parties	0.4	0.4	–	–	–
Cash and cash equivalents	189.2	189.2	–	–	–
Financial liabilities					
Interest-bearing long-term borrowings*	12 454.5	103.3	6 796.9	5 554.3	–
Preference share liabilities	706.1	–	–	706.1	–
Derivative instruments	328.7	328.7	–	–	–
Amounts due to related parties	44.4	17.1	27.3	–	–
Trade and other payables	342.6	342.6	–	–	–
Bank overdraft	134.8	134.8	–	–	–

Contracted cash flows are expected to be equal to the maturity analysis with the exception of interest-bearing long-term borrowings. The following are the contractual maturities of these financial liabilities, including estimated interest payments.

Group **2014** Rand	Carrying value R'm	Contractual cash flows R'm	Within one year R'm	1 – 5 years R'm	More than 5 years R'm
Senior A Loan	**1 325.3**	**1 794.3**	**294.4**	**1 409.5**	**90.4**
Senior B Loan	**2 595.4**	**4 182.6**	**288.2**	**1 153.6**	**2 740.8**
PGH III PIK Notes Loan	**1 258.6**	**3 222.8**	**–**	**–**	**3 222.8**
ABSA term loan	**3.6**	**3.8**	**3.8**	**–**	**–**

Group 2013 Rand	Carrying value R'm	Contractual cash flows R'm	Within one year R'm	1 – 5 years R'm	More than 5 years R'm
SSNs*	6 060.1	4 749.3	4 749.3	–	–
PGH II PIK Notes Loan	2 276.7	2 876.4	–	2 876.4	–
PIK Equity Loan**	7 498.4	11 039.0	–	–	11 039.0
Deferred hedging loan	410.5	618.8	62.5	556.3	–
Other interest-bearing long-term borrowings	32.4	38.6	34.9	3.7	–
Preference share liabilities	845.4	1 097.7	–	1 097.7	
Euro	€'m	€'m	€'m	€'m	€'m
SSNs	416.1	432.2	432.2	–	–

Group 2012 Rand	Carrying value R'm	Contractual cash flows R'm	Within one year R'm	1 - 5 years R'm	More than 5 years R'm
SSNs*	4 561.0	5 474.3	725.0	4 749.3	–
PGH II PIK Notes Loan	1 887.9	2 876.4	–	2 876.4	–
PIK Equity Loan**	5 554.3	11 039.0	–	–	11 039.0
Deferred hedging loan	410.4	680.1	61.3	618.8	–
Other interest-bearing long-term borrowings	40.9	44.3	35.2	9.1	–
Preference share liabilities**	706.1	1 097.7	–	–	1 097.7
Euro	€'m	€'m	€'m	€'m	€'m
SSNs	416.1	432.2	432.2	432.2	–

* *The contractual cash flows of the SSN liability represented the amounts due in terms of the SRSs utilised to hedge the foreign currency exposure relating to the SSNs. Refer to note 26.1 for the balance of the corresponding financial asset which offsets this liability.*

** *The PIK Equity Loan was contractually due in 2106 by PGH I. If PGH I had not met this contractual repayment by April 2015, the rights attaching to the ordinary shares issued by it would have commenced diluting in favour of the holders of the loan, up to 2024 when the holders of the loan would have held all such rights. Therefore, the disclosed amount was the contractual obligation to April 2015.*

27.5 Fair values

Fair value analysis

The fair values of all financial instruments shown in the statement of financial position are set out below.

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments:

Interest-bearing long-term borrowings

Fair value is calculated based on discounted expected future principal and interest cash flows.

Trade and other receivables/payables

For receivables/payables with a remaining life of less than one year, the carrying amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine the fair value.

Derivative instruments

The interest rate swaps and SRSs are valued by external advisors utilising standard market practices and assumptions. A risk based discounted cash flow approach is used to estimate the fair value of the derivative instruments. These cash flows are discounted using discount factors that are further adjusted for the credit risk of Peermont.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels are defined as follows:

Level 1: quoted prices in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data.

		Group	
	2014	2013	2012
	R'm	R'm	R'm
Level 2			
Financial assets			
Derivative instruments	**–**	1 558.7	25.7
Financial liabilities			
Derivative instruments	**(30.7)**	(30.8)	–

The fair values together with the carrying values of all financial instruments shown in the statement of financial position are as follows:

	Fair value R'm	Carrying value R'm
Group		
2014		
Financial assets		
Investments	**1.3**	**1.3**
Loans and receivables	**0.3**	**0.3**
Trade and other receivables	**70.0**	**70.0**
Amounts due by related parties	**2.5**	**2.5**
Cash and cash equivalents	**296.4**	**296.4**
	370.5	**370.5**
Financial liabilities		
Interest-bearing long-term borrowings	**5 182.9**	**5 182.9**
Derivative instruments	**30.7**	**30.7**
Amounts due to related parties	**37.2**	**37.2**
Trade and other payables	**405.2**	**405.2**
	5 656.0	**5 656.0**

	Fair value R'm	Carrying value R'm
2013		
Financial assets		
Investments	3.8	3.8
Loans and receivables	0.8	0.8
Derivative instruments	1 558.7	1 558.7
Trade and other receivables	61.2	61.2
Amounts due by related parties	0.3	0.3
Cash and cash equivalents	178.6	178.6
	1 803.4	1 803.4
Financial liabilities		
Interest-bearing long-term borrowings	9 688.8	16 278.1
Preference share liabilities	–	845.4
Derivative instruments	30.8	30.8
Amounts due to related parties	41.5	41.5
Trade and other payables	326.3	326.3
Bank overdraft	89.0	89.0
	10 176.4	17 611.1

At 31 December 2013 the SSNs were trading on the Global Exchange Market of the Irish Stock Exchange at approximately 100,0% of the initial issue price of €416,1 million. The fair market value was estimated at the market trading value translated to Rand at the spot rate at reporting date being R6 004,0 million. The fair market value of the PGH II PIK Notes Loan was estimated at 100,0% of the face value being R2 344,6 million. The fair market value of the PIK Equity Loan was estimated at 24,1% of the face value being R897,3 million. The fair value of the remaining long-term interest-bearing borrowings was considered to approximate the carrying value of R442,9 million.

	Fair value R'm	Carrying value R'm
2012		
Financial assets		
Investments	5.0	5.0
Loans and receivables	1.3	1.3
Derivative instruments	354.4	354.4
Trade and other receivables	68.5	68.5
Amounts due by related parties	0.4	0.4
Cash and cash equivalents	189.2	189.2
	618.8	618.8
Financial liabilities		
Interest-bearing long-term borrowings	8 300.0	12 454.5
Preference share liabilities	–	706.1
Derivative instruments	328.7	328.7
Amounts due to related parties	44.4	44.4
Trade and other payables	342.6	342.6
Bank overdraft	134.8	134.8
	9 150.5	14 011.1

27.6 **Basis of measurement**

	Total R'm	At fair value through profit or loss R'm	Loans and receivables/ liabilities at amortised cost R'm	Held to maturity R'm	Available for sale R'm
Group					
2014					
Financial assets					
Investments	**1.3**	**–**	**–**	**–**	**1.3**
Loans and receivables	**0.3**	**–**	**0.3**	**–**	**–**
Trade and other receivables	**70.0**	**–**	**70.0**	**–**	**–**
Amounts due by related parties	**2.5**	**–**	**2.5**	**–**	**–**
Cash and cash equivalents	**296.4**	**–**	**296.4**	**–**	**–**
	370.5	**–**	**369.2**	**–**	**1.3**
Financial liabilities					
Interest-bearing long-term borrowings	**5 182.9**	**–**	**5 182.9**	**–**	**–**
Derivative instruments	**30.7**	**30.7**	**–**	**–**	**–**
Amounts due to related parties	**37.2**	**–**	**37.2**	**–**	**–**
Trade and other payables	**405.2**	**–**	**405.2**	**–**	**–**
	5 656.0	**30.7**	**5 625.3**	**–**	**–**
2013					
Financial assets					
Investments	3.8	–	–	2.5	1.3
Loans and receivables	0.8	–	0.8	–	–
Derivative instruments	1 558.7	1 558.7	–	–	–
Trade and other receivables	61.2	–	61.2	–	–
Amounts due by related parties	0.3	–	0.3	–	–
Cash and cash equivalents	178.6	–	178.6	–	–
	1 803.4	1 558.7	240.9	2.5	1.3
Financial liabilities					
Interest-bearing long-term borrowings	16 278.1	–	16 278.1	–	–
Preference share liabilities	845.4	845.4			
Derivative instruments	30.8	30.8	–	–	–
Amounts due to related parties	41.5	–	41.5	–	–
Trade and other payables	326.3	–	326.3	–	–
Bank overdraft	89.0	–	89.0	–	–
	17 611.1	30.8	17 580.3	–	–
2012					
Financial assets					
Investments	5.0	–	–	3.7	1.3
Loans and receivables	1.3	–	1.3	–	–
Derivative instruments	354.4	354.4	–	–	–
Trade and other receivables	68.5	–	68.5	–	–
Amounts due by related parties	0.4	–	0.4	–	–
Cash and cash equivalents	189.2	–	189.2	–	–
	618.8	354.4	259.4	3.7	1.3

	Total R'm	At fair value through profit or loss R'm	Loans and receivables/ liabilities at amortised cost R'm	Held to maturity R'm	Available for sale R'm
Financial liabilities					
Interest-bearing long-term borrowings	12 454.5	–	12 454.5	–	–
Preference share liabilities	706.1	–	706.1		
Derivative instruments	328.7	328.7	–	–	–
Amounts due to related parties	44.4	–	44.4	–	–
Trade and other payables	342.6	–	342.6	–	–
Bank overdraft	134.8	–	134.8	–	–
	14 011.1	328.7	13 682.4	–	–

	Group		
	2014 R'm	2013 R'm	2012 R'm
28. **SHARE-BASED PAYMENT TRANSACTIONS**			
Opening balance of share-based payment liability	–	–	–
Liability raised for vesting of shares	**28.7**	–	–
Liability raised for general incentive	**23.3**	–	–
Closing balance of share-based payment liability	**52.0**	–	–
Less: Current portion included in current liabilities	**(12.6)**	–	–
	39.4	–	–

Retention shares

In terms of the Management Incentive Programme that was implemented from 1 April 2014, Vengatrim obtained 14 769 ordinary shares in Maxshell and 28 921 573 preference shares in PGH II funded by a loan account from Peermont.

The rules of the programme provide that the ordinary share investment in Maxshell and the preference share investment in PGH II vest in the participating members of management over a period of five years in five equal tranches with the first vesting to be implemented effective 1 April 2015. The vesting conditions include that the participant must be employed by the Maxshell Group on the relevant vesting date.

The value of the share-based payment liability relating to the retention shares is calculated based on the estimated fair value of the ordinary shares of Maxshell and the preference shares of PGH II at the reporting date and is recognised over the vesting period. For this purpose the fair value of an ordinary share of Maxshell has been estimated based on a group enterprise value which assumed an EBITDA multiple of approximately eight times. The fair value of a preference share in PGH II was estimated at the issue price plus accrued preference dividends at a rate of 18.0% NACA.

General incentive

In addition to the above, when a general vesting event occurs in terms of the rules of the Management Incentive Programme, the participants of the programme are entitled to receive ordinary shares equalling 2% or 4% of the total issued ordinary shares of Maxshell on condition that pre-set hurdle rates relating to the EBITDA growth of the group from inception of the programme are achieved at the date of the event. The value of the share-based payment liability relating to the general incentive was calculated based on the calculated fair value of the ordinary shares of Maxshell and took into account the probability of a general vesting event taking place, the estimated timing of such an event and the probability of the EBITDA growth hurdles being achieved.

Put/call options

Until the final tranche vests, upon termination of employment of a participant of the programme, the group will have a call option to obtain the vested shares of the participant and the participant will have a put option to dispose of these shares to the group at a market price calculated in terms of the rules of the programme. Therefore, the share-based payments are treated as cash-settled.

In the current year an amount of R28,7 million (2013: Rnil) was expensed in terms of the retention shares and R23.3 million (2013: Rnil) relating to the general incentive. The liability is included in amounts due to related parties (refer to note 25.5).

	Group		
	2014	2013	2012
	R'm	R'm	R'm
29. **CONTINGENT LIABILITIES**			
Guarantees			
Guarantees issued by financial institutions on behalf of group entities in favour of various gambling boards and other institutions as security for the payment of amounts due:			
– cash-backed guarantees	**4.3**	4.9	4.3
– other bank guarantees	**59.7**	60.0	59.9
Guarantee provided to the LGB by PGT in respect of its development obligations	**98.1**	–	–
Guarantees provided to Eskom by group entities in respect of electricity deposits	**1.1**	1.1	1.1
Guarantee issued by FNB on behalf of Peermont in favour of the South African Post Office	**0.5**	0.5	0.5
Guarantee issued by the First National Bank of Botswana Limited on behalf of PGB in favour of the Botswana Power Corporation	**0.2**	0.2	0.2

Staff housing loans

Certain companies within the group assist their employees to obtain housing loans through FNB. This is achieved by employees granting FNB security over their provident fund assets for housing loans granted to them. The companies have given a further guarantee to FNB for any shortfall realised by the bank on the foreclosure on any housing loans. At 31 December 2014 and 31 December 2013 the balances accrued to the members in the provident fund exceed the loans granted by FNB and as such there is no current or expected future liability.

Taxation

In prior years, SARS challenged the taxation effect of a R33.8 million gain made by PGERH on the realisation of a foreign currency option contract in 2005. The company obtained two Senior Counsel opinions at the time of submitting the taxation return and consequently treated the gain as non-taxable. SARS assessed PGERH for taxation and interest. PGERH sought to resolve the matter through an alternative dispute resolution mechanism, but this was unsuccessful. The group's legal advisors remain in contact with SARS officials in an attempt to resolve this long outstanding dispute. Should the SARS position prove to be correct, the group may be exposed to an additional taxation liability of approximately R9.8 million and any interest and or penalties assessed by SARS.

Other

The group is party to various claims and legal actions in the ordinary course of its business. Management believes that such claims and actions, either individually or in the aggregate, will not have a material adverse effect on the business, financial condition or results of operations.

30. GROUP CAPITAL RESTRUCTURE

In April 2014 the Maxshell group implemented the Group Capital Restructure involving the issue of new equity, the raising of new debt and the repayment of certain existing debt.

On the transaction date, the PIK Equity Loan including B share interest amounted to R8 070.9 million. The B shares were repurchased at the nominal value of R45, which was paid on behalf of PGH I by Peermont, settling the B share liability amounting to R4 234.6 million. The remaining PIK Equity Loan of R3 836.3 million was settled through the issue of R348.6 million in A ordinary shares by Maxshell to the holders of the PIK Equity Loan in settlement of the outstanding balance due by PGH I. The total resulting gains of R7 722.3 million were recognised through the income statement.

The PGH II PIK Notes of R2 385.1 million were settled through the issue of equity preference shares of R2 379.8 million. R8.1 million was paid by Peermont for the redemption of non-converted PIK Notes and unamortised discount amounts totalling R2.8 million were recognised as a debit to the income statement.

The PGH I A ordinary shares of R25 000 and preference shares with a balance of R20.3 million held by PSMT, members of management and the founding individuals were repurchased at R13.0 million and R3.6 million respectively on loan account and a resulting net gain of R2.2 million was recognised through the income statement. This loan account of R16.6 million was settled through an issue of A ordinary shares of R11.3 million and PGH II equity preference shares of R5.3 million.

As part of the Management Incentive Programme, additional A ordinary shares of R5.8 million and PGH II equity preference shares of R28.9 million were issued to Vengatrim (a group subsidiary) and recognised as treasury shares.

The outstanding Maxshell preference shares with a carrying amount of R867.2 million were repurchased through the issue of an additional R96.2 million of A ordinary shares and the resulting gain of R771.0 million was recognised through the income statement.

Senior B Loan of R2 650.0 million and the PGH III PIK Notes of R1 125.0 million (R1 184.2 million loan at an on-issue discount of 5%). The SSN capital amounting to R4 572.1 million, net of the derivative asset, as well as the deferred hedging loan capital of R400.0 million were settled in cash.

Restructuring bonuses totalling R43.3 million, which include amounts received from PSMT, were allocated to the relevant members of management who reinvested these in the Maxshell group in the form of A ordinary shares and PGH II equity preference shares.

Other transaction costs of R248.6 million were incurred, of which R190.1 million was paid in cash in the current year. Of these costs, R92.3 million was capitalised to the Senior debt and R156.3 million was recognised in the income statement.

31. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of Report of Historical Financial Information of Maxshell in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.

The group makes estimates, judgements and assumptions concerning the future. Those that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are detailed below.

Residual value and useful life

The group depreciates its assets over their estimated useful lives taking into account residual values, which are re-assessed on an annual basis. The actual lives and residual values of these assets can vary depending on a variety of factors.

Technological innovation, product life cycles and maintenance programmes all impact the useful lives and residual values of assets. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Income taxation

The group recognises the net future taxation benefit related to deferred income taxation assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income taxation assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing taxation laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred taxation assets recorded at the balance sheet date could be impacted. Additionally, future changes in taxation laws in the jurisdictions in which the group operates could limit the ability of the group to obtain taxation deductions in future periods.

Contingent liabilities

Management applies its judgement to the fact patterns and advice it receives from its attorneys, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability.

Impairment of intangible assets

The group annually tests goodwill and indefinite life assets for impairment. This involves using certain assumptions and judgements regarding future events that principally affect future cash flows of the group (refer note 8).

Valuation of derivative instruments

The group is required to assess the valuation of its derivative instruments at each reporting period. Management generally utilises the services of external advisors in determining these values. These assessments require a considerable amount of judgment as to interest and foreign exchange rates utilised; the reliance on the sources of these rates; the judgment and integrity of external advisors performing such valuations; and, the projected dates of realisation of such instruments, etc. The final values realised at transactions dates or maturity may vary from the estimates used by management.

Fair value of SSNs, PGH II PIK Notes and PIK Equity Loan

In 2013 management estimated the fair values of the SSNs, PGH II PIK Notes and PIK Equity Loan using the best available information at reporting date.

32. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE AT THE DATE OF SIGNATURE OF THE FINANCIAL STATEMENTS FROM WHICH THIS REPORT OF HISTORICAL FINANCIAL INFORMATION OF MAXSHELL HAS BEEN EXTRACTED

In the current year, the group has adopted all the new and revised Standards and Interpretations issued by the IASB and the IFRIC of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2014. The adoption of these standards has not resulted in changes to the group's accounting policies.

At the date of authorisation of the financial statements the following standards and interpretations, which could materially affect the financial statements in future reporting periods, were in issue but not yet effective:

IAS 1 (amended 2014) *Presentation of Financial Statements* – The amendments clarify the application of the materiality guidelines in the standard; aggregation and disaggregation of items in the financial statements; and flexibility regarding the order and structure of notes to the financial statements – Effective annual periods commencing on or after 1 January 2016, which will impact the financial statements for the first time in the financial year ending 31 December 2016.

IAS 16 and IAS 38 (amended 2014) *Clarification of Acceptable Methods of Depreciation and Amortisation* – The amendments to IAS 16 *Property, Plant and Equipment* state that revenue-based methods of depreciation cannot be used for these assets. The amendments to IAS 38 *Intangible Assets* introduce a rebuttable presumption that the use of revenue-based amortisation methods is inappropriate unless revenue and the consumption of the economic benefits of these assets are highly correlated – Effective annual periods commencing on or after 1 January 2016, which will impact the financial statements for the first time in the financial year ending 31 December 2016.

IAS 27 (amended 2014) *Separate Financial Statements* – The amendments allow the use of the equity method in separate financial statements, and apply to the accounting for associates and joint ventures as well as for subsidiaries – Effective annual periods commencing on or after 1 January 2016, which will impact the financial statements for the first time in the financial year ending 31 December 2016.

IFRS 9 *Financial Instruments* – New standard on Financial Instruments to replace IAS 39 *Financial Instruments: Recognition and Measurement.* IFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment – Effective annual periods commencing on or after 1 January 2018, which will impact the financial statements for the first time in the financial year ending 31 December 2018.

IFRS 10 and IAS 28 (amended 2014) *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* – The amendments cover the transfer of assets involving an associate or a joint venture and require the full gain/loss to be recognised when the assets transferred meet the definition of a business under IFRS 3 *Business Combinations* – Effective annual periods commencing on or after 1 January 2016, which will impact the financial statements for the first time in the financial year ending 31 December 2016.

IFRS 11 (amended 2014) *Joint Arrangements* – The amendments require business combination accounting to be applied to acquisitions of interest in a joint operation that constitutes a business – Effective annual periods commencing on or after 1 January 2016, which will impact the financial statements for the first time in the financial year ending 31 December 2016.

IFRS 14 *Regulatory Deferral Accounts* – Interim standard that provides guidance on accounting for regulatory deferral account balances by first-time adopters of IFRS while the IASB considers more comprehensive guidance on accounting for the effects of rate regulation – Effective annual periods commencing on or after 1 January 2016, which will impact the financial statements for the first time in the financial year ending 31 December 2016.

IFRS 15 *Revenue from Contracts with Customers* – New standard on revenue that replaces IAS 18 *Revenue* as well as other IFRS dealing with revenue recognition. Entities will apply a five-step model to determine when to recognise revenue and the amount thereof. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer, being either over time or at a point in time. New qualitative and quantitative disclosure requirements aim to enable financial statement users to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers – Effective annual periods commencing on or after 1 January 2017, which will impact the financial statements for the first time in the financial year ending 31 December 2017.

The group has evaluated the effect of all new standards, amendments and interpretations that have been issued prior to 31 December 2014, which would be effective for the group's accounting periods on or after 1 January 2015. The full implications of the requirements of IFRS 9 *Financial Instruments (effective 2018)* and IFRS 15 *Revenue from Contracts with Customers* (effective 2017) are in the process of being evaluated. Based on management's evaluation of other standards, amendments and interpretations issued but not yet effective, these are not expected to have a significant impact on the group's results.

33. EVENTS SUBSEQUENT TO YEAR-END

Sun International Transaction

On 21 March 2015 Sun International announced that an agreement had been concluded with the holders of the ordinary shares, preference shares and mezzanine debt in the Maxshell group, in terms of which Sun International, through its wholly owned subsidiary SISA, will acquire 100% of the Maxshell group (the "Proposed Transaction").

The rationale for the transaction was to acquire the Emperors Palace operation which has an attractive financial and operating profile; to further diversify its portfolio of assets in southern Africa and as a means to restructure their local asset portfolio, with a medium term objective of creating a portfolio with fewer, larger, quality assets. In terms of a settlement agreement entered into between the parties as described below, the objection raised by Peermont against the proposed relocation of its Morula license from the current site in Mabopane to Menlyn ("Menlyn Maine"), Tshwane ("Menlyn Maine Relocation") has also now been withdrawn.

Sun International will acquire 100% of the issued ordinary shares of Maxshell, and the PGH II equity preference shares and PGH III PIK Notes, for a purchase consideration determined with reference to an enterprise value of Peermont of R9 425 million, less net debt and certain capital expenditure and working capital benchmark adjustments, if applicable.

The sale is conditional on the fulfilment or waiver of the following conditions precedent:
- Approvals or applicable exemptions being obtained from applicable regulatory bodies, where necessary, including the GGB, the financial surveillance department of the South African Reserve Bank, the Takeover Regulation Panel, and competition authorities in the jurisdictions in which the businesses of the Maxshell group operate; and
- the approval of the requisite majority of Sun International shareholders of the resolutions necessary for implementation of the transaction and a proposed rights offer to Sun International to partially fund the transaction.

The anticipated time frame for implementation and closing of the Proposed Transaction is expected to be between nine to 12 months.

The parties have entered into an agreement for Peermont's withdrawal of its review application relating to the Menlyn Maine Relocation in the High Court. In the event that the Proposed Transaction is not successfully implemented and Menlyn Maine opens to the public (or the licensed premises are relocated to a site which is within a five km radius of Menlyn Maine, and the relocated casino opens to the public), Menlyn Maine will issue Peermont with a financial instrument that obliges Menlyn Maine to pay Peermont a capital amount of R700 million, which may increase to R900 million in certain defined circumstances (the "Note"). The Note has a term of five years bearing interest from the earlier of commencement of the operations of Menlyn Maine and 31 December 2017 and is without fixed terms of repayment but can be repaid at any time (without penalty) by Menlyn Maine. The Note is guaranteed by Sun International.

Sun International has approached its major shareholders to determine support for the Proposed Transaction and shareholders representing 44,1% of the total shares in issue (net of treasury shares) in Sun International have provided written undertakings to support the Proposed Transaction.

A circular, which contains further details of the Proposed Transaction, together with a notice of general meeting to vote on the resolutions required to implement the Proposed Transaction and the proposed rights offer, will be issued to Sun International shareholders in due course.

Other

No other material events and circumstances which require adjustment to, or disclosure in, these financial statements have occurred subsequent to year end and up to the date of signature of the financial statements.

34. SEGMENT ANALYSIS

	Revenue R'm	EBITDA R'm	Depreciation and amortisation R'm	Operating profit/(loss) R'm	Profit/(loss) for the year R'm	Replacement capital expenditure R'm	Expansion capital expenditure R'm	Segment assets R'm	Segment liabilities R'm	Casino licences R'm	Goodwill R'm
Group											
2014											
Emperors Palace	**2 110.9**	**754.0**	**(168.7)**	**585.3**	**6 872.2**	**93.1**	**28.5**	**6 532.8**	**4 784.5**	**2 184.7**	**1 176.3**
Botswana# **	**313.6**	**79.1**	**(25.6)**	**51.6**	**34.2**	**19.9**	**–**	**302.7**	**62.7**	**70.5**	**9.7**
Head office and management companies	**219.3**	**149.2**	**(2.4)**	**115.0**	**(5 031.2)**	**0.4**	**–**	**5 997.0**	**5 984.4**	**–**	**58.9**
Head office **	**170.0**	**115.8**	**(2.4)**	**81.6**	**(5 141.8)**	**0.4**	**–**	**5 791.8**	**5 866.9**	**–**	**34.5**
PGMNW&L	**31.3**	**21.3**	**–**	**21.3**	**78.4**	**–**	**–**	**134.9**	**79.0**	**–**	**16.4**
PGMKZN	**18.0**	**12.1**	**–**	**12.1**	**32.2**	**–**	**–**	**70.3**	**38.5**	**–**	**8.0**
Graceland	**175.7**	**48.7**	**(18.1)**	**30.6**	**22.0**	**17.4**	**–**	**393.1**	**92.1**	**79.1**	**–**
Umfolozi	**175.8**	**56.9**	**(15.7)**	**41.2**	**160.6**	**9.0**	**–**	**345.4**	**195.8**	**176.3**	**24.4**
Rio	**173.6**	**57.3**	**(17.1)**	**40.2**	**260.7**	**9.5**	**–**	**432.4**	**283.0**	**178.9**	**59.8**
Mmabatho Palms	**113.7**	**19.3**	**(10.5)**	**8.9**	**108.4**	**11.0**	**–**	**214.1**	**121.6**	**66.9**	**34.2**
Khoroni	**108.6**	**30.9**	**(7.8)**	**23.1**	**65.6**	**12.9**	**–**	**128.0**	**73.7**	**14.6**	**17.0**
Frontier	**57.3**	**11.7**	**(6.0)**	**5.7**	**3.9**	**7.5**	**–**	**111.9**	**13.3**	**24.2**	**2.2**
Mondazur	**14.8**	**(2.1)**	**(10.6)**	**(12.8)**	**(11.8)**	**0.3**	**–**	**24.4**	**52.8**	**–**	**–**
Thaba Moshate	**–**	**–**	**–**	**–**	**–**	**–**	**224.3**	**258.6**	**267.7**	**–**	**–**
Holding companies	**–**	**(0.5)**	**–**	**(0.5)**	**4 638.1**	**–**	**–**	**0.5**	**0.1**	**–**	**0.6**
Other	**1.0**	**0.3**	**–**	**(0.1)**	**(2.6)**	**(0.2)**	**–**	**36.7**	**27.6**	**–**	**–**
Intercompany	**(211.4)**	**–**	**–**	**–**	**–**	**–**	**–**	**(5 458.2)**	**(5 458.2)**	**–**	**–**
Peermont group total	**3 252.9**	**1 204.8**	**(282.5)**	**888.2**	**7 120.1**	**180.8**	**252.8**	**9 319.4**	**6 501.1**	**2 795.2**	**1 383.1**

\# *Average exchange rate (Rand/Pula) of 1.2342 applied to income statement and cash flow items, year end rate of 1.2442 applied to statement of financial position items.*

** *Head office EBITDA excludes the profit on disposal of the property held for sale of R18.3 million and MIP charges of R50.1 million. Botswana EBITDA excludes MIP charges of R1.9 million.*

	Revenue R'm	EBITDA R'm	Depreciation and amortisation R'm	Operating profit/(loss) R'm	Profit/(loss) for the year R'm	Replacement capital expenditure R'm	Expansion capital expenditure R'm	Segment assets R'm	Segment liabilities R'm	Casino licences R'm	Goodwill R'm
Group											
2013											
Emperors Palace	1 936.3	678.4	(162.4)	516.2	(1 606.6)	127.2	3.5	6 491.5	11 892.5	2 184.7	1 176.3
Botswana#	304.1	84.9	(25.2)	59.6	47.2	18.4	0.1	299.4	66.6	70.5	9.7
Head office and management companies	210.4	134.8	(2.4)	132.3	916.0	0.7	–	16 724.9	13 894.6	–	58.9
Head office	159.1	100.1	(2.4)	97.6	935.5	0.7	–	16 462.3	13 609.2	–	34.5
PGMNW&L	32.8	22.3	–	22.3	(16.0)	–	–	184.2	206.7	–	16.4
PGMKZN	18.5	12.4	–	12.4	(3.5)	–	–	78.4	78.7	–	8.0
Graceland	185.0	55.4	(17.6)	37.8	27.0	13.5	–	400.0	95.5	79.1	–
Umfolozi	172.2	59.5	(14.1)	45.3	(47.5)	12.3	–	347.2	456.0	176.3	24.4
Rio	171.9	61.9	(15.0)	46.9	(116.4)	14.1	7.3	440.8	759.6	178.9	59.8
Mmabatho Palms	114.3	23.8	(10.0)	13.8	(55.5)	6.7	–	212.2	362.1	66.9	34.2
Khoroni	102.8	30.0	(8.1)	21.9	(10.0)	5.2	–	146.6	159.6	14.6	17.0
Frontier	60.5	15.2	(4.8)	10.4	6.8	5.6	2.2	111.7	17.0	24.2	2.2
Mondazur	14.1	(1.8)	(9.3)	(11.0)	(10.1)	0.4	–	34.8	51.4	–	–
Taung**	11.8	0.6	(0.6)	0.9	0.9	0.1	–	1.8	(0.3)	–	–
Thaba Moshate	–	–	–	–	–	–	7.0	29.5	29.5	–	–
PCC	0.6	(0.3)	(0.1)	(0.3)	(0.2)	–	–	0.1	3.3	–	–
Holding companies	–	(4.2)	–	(4.2)	(1 316.7)	–	–	1.9	4 616.4	–	0.9
Other	0.2	0.1	–	*	*	–	–	40.9	32.9	–	–
Intercompany	(205.6)	–	–	–	–	–	–	(14 573.1)	(14 573.1)	–	–
Peermont group total	3 078.6	1 138.3	(269.6)	869.6	(2 165.1)	204.2	20.1	10 710.2	17 863.6	2 795.2	1 383.4

Average exchange rate (Rand/Pula) of 1.1688 applied to income statement and cash flow items, year-end rate of 1.2240 applied to statement of financial position items.

* *Less than R50 000*

** *EBITDA at Taung excludes the profit on the disposal of the property of R0.9 million.*

	Revenue R'm	EBITDA R'm	Depreciation and amortisation R'm	Operating profit/(loss) R'm	Profit/(loss) for the year R'm	Replacement capital expenditure R'm	Expansion capital expenditure R'm	Segment assets R'm	Segment liabilities R'm	Casino licences R'm	Goodwill R'm
Group											
2012											
Emperors Palace	1 789.0	622.6	(155.0)	467.6	(1 349.1)	79.2	–	6 528.0	10 322.3	2 184.7	1 176.3
Botswana#	276.3	78.4	(21.0)	57.4	47.3	34.3	10.9	305.4	64.6	70.5	9.7
Head office and management companies	195.4	122.3	(2.1)	120.1	747.8	2.8	–	13 098.5	11 247.4	–	58.9
Head office	145.5	88.4	(2.1)	86.2	767.4	2.8	–	12 834.7	10 980.3	–	34.5
PGMNW&L	31.8	21.7	–	21.7	(15.5)	–	–	184.1	190.6	–	16.4
PGMKZN	18.1	12.2	–	12.2	(4.1)	–	–	79.7	76.5	–	8.0
Graceland	169.9	50.2	(15.9)	34.2	21.8	12.1	–	390.6	92.2	79.1	–
Umfolozi	166.1	58.7	(14.4)	44.3	(36.6)	10.1	–	342.3	403.5	176.3	24.4
Rio	164.9	61.3	(13.9)	47.3	(77.6)	8.8	–	445.5	647.6	178.9	59.8
Mmabatho Palms	107.2	22.7	(10.0)	13.7	(43.7)	6.1	–	226.9	321.4	66.9	34.2
Khoroni	99.9	31.6	(7.1)	24.6	(4.9)	7.7	–	155.3	158.3	14.6	17.0
Frontier	56.0	14.4	(6.1)	8.3	10.1	5.2	–	113.8	23.9	24.2	2.2
Mondazur	13.6	(0.9)	(1.9)	(2.8)	(2.5)	0.3	–	43.6	50.1	–	–
Taung**	10.7	0.1	(0.6)	(0.5)	(2.6)	0.3	–	13.3	12.1	–	–
PCC	0.5	(1.1)	(0.1)	(1.2)	(0.9)	–	–	0.9	3.9	–	–
Thaba Moshate	–	–	–	–	–	–	–	21.5	21.5		
Holding companies	–	(5.2)	–	(5.2)	(1 086.7)	–	–	0.3	3 298.1	–	0.9
Other	–	(0.1)	–	*	0.1	–	–	44.3	36.3	–	–
Intercompany	(192.6)	–	–	–	–	–	–	(12 207.9)	(12 207.9)	–	–
–											
Peermont group total	2 856.9	1 055.0	(248.1)	807.8	(1 777.5)	166.9	10.9	9 522.3	14 495.3	2 795.2	1 383.4

Average exchange rate (Rand/Pula) of 1.0785 applied to income statement and cash flow items, year-end rate of 1.1097 applied to statement of financial position items.

* *Less than R50 000*

** *EBITDA at Taung excludes the profit on the disposal of the property of R0.9 million.*

35. EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE

35.1 Basic earnings per share

	Dec 2014 R'm	Dec 2013 R'm	Dec 2012 R'm
DILUTED EARNINGS			
Profit/(loss) attributable to equity holders of Maxshell	**7 203.2**	(1 646.5)	(1 357.9)
Adjusted for:			
Preference dividends accrued (preference shares classified as equity)	**(326.7)**	–	–
	6 876.5	(1 646.5)	(1 357.9)
SHARES	**Shares**	Shares	Shares
Weighted average number of ordinary shares outstanding during the period	**965 046.03**	100 000	100 000
Issued shares at beginning of year	**100 000**		
Shares issued effective 1 Apr 2014	**1 148 152**		
Number of days	**275**		
	Cents	Cents	Cents
Earnings/(Loss) per ordinary share	**712 557**	(1 646 500)	(1 357 900)

35.2 Diluted earnings per share

	Shares	Shares	Shares
Weighted average shares	**965 046**	100 000	100 000
Contingently issuable shares	**52 006**		
SHARES	**1 017 052**	100 000	100 000
Cents	**Cents**	Cents	
Earnings/(Loss) per ordinary share	**676 121**	(1 646 500)	(1 357 900)

35.3 Headline earnings per share

	Dec 2014				2013				2012			
HEADLINE EARNINGS	**Gross**	**Tax**	**NCI**	**Net**	Gross	Tax	NCI	Net	Gross	Tax	NCI	Net
	R'm	**R'm**	**R'm**	**R'm**	R'm	R'm	R'm	R'm	R'm	R'm	R'm	R'm
Basic earnings				**6 876.5**				(1 646.5				(1 357.9)
Add back:												
Impairment of Mondazur property	**9.3**	**–**	**–**	**9.3**	7.8	–	–	7.8	–	–	–	–
Impairment of enterprise development loans	**0.1**	**–**	**–**	**0.1**	0.1	–	–	0.1	–	–	–	–
Gain on Taung operation sold	**0.4**	**–**	**(0.0)**	**0.4**	0.9	–	(0.1)	0.8	–	–	–	–
Less:												
Net restructuring gains (net of transaction costs)	**(8 293.1)**	**(17.6)**	**–**	**(8 310.7)**	–	–	–	–	–	–	–	–
Profit on disposal of property, plant and equipment	**(0.3)**	**0.1**	*****	**(0.2)**	(0.5)	0.1	*	(0.4)	(0.2)	0.1	*	(0.1)
Gain on disposal of 152 Bryanston Drive (asset held for sale)	**(18.3)**	**2.8**	**–**	**(15.5)**	–	–	–	–	–			
Gain on sale of right to acquire investment in Mmabatho staff complex	**–**	**–**	**–**	**–**	–	–	–	–	(0.9)	–	(0.9)	
Headline earnings				**(1 440.2)**				(1 638.2)				(1 358.9)

* *Immaterial*

HEADLINE EARNINGS PER SHARE	**Cents**	Cents	Cents
Headline earnings/(loss) per ordinary share	**(149 234)**	(1 638 150)	(1 358 944)
Diluted headline earnings/(loss) per ordinary share	**(141 603)**	(1 638 150)	(1 358 944)

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE REPORT OF HISTORICAL FINANCIAL INFORMATION OF MAXSHELL

The Directors
Sun International Limited
6 Sandown Valley Crescent
Sandton
2196

Independent reporting accountant's report on the report of Historical Financial Information of Maxshell 114 Investments Proprietary Limited and its subsidiaries ("Maxshell or Peermont Group")

The definitions commencing on page 6 of this Circular apply *mutatis mutandis* to this report.

At your request, and for the purposes of the Circular to be dated on or about 12 May 2015, we have audited the historical financial information, presented in the Report of Historical Financial Information of the Peermont Group for the years ended 31 December 2014, 31 December 2013 and 31 December 2012, which comprises the consolidated statements of financial position, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes ("the Historical Financial Information of Maxshell"), as presented in Annexure IV to the Circular, in compliance with International Financial Reporting Standards ("IFRS") and the JSE Listings Requirements.

KPMG Inc. is the independent reporting accountant in respect of the Report of Historical Financial Information of Maxshell.

Responsibility of the directors

The Directors of Sun International Limited are responsible for the compilation, contents and preparation of the Circular in accordance with the JSE Listings Requirements.

The directors of Maxshell are responsible for the fair presentation of the Historical Financial Information of Maxshell in accordance with IFRS and for such internal control as the directors of Maxshell determine is necessary to enable the preparation of Historical Financial Information of Maxshell that is free from material misstatement, whether due to fraud or error.

Responsibility of the Independent Reporting Accountants

Our responsibility is to express an audit opinion on the Historical Financial Information of Maxshell based on our audits, for the years ended 31 December 2014, 31 December 2013 and 31 December 2012.

Historical Financial Information of Maxshell

We have audited the Historical Financial Information of Maxshell, attached as Annexure IV to the Circular.

Responsibility of the Independent Reporting Accountants in respect of the Historical Financial Information of Maxshell

Our responsibility is to express an opinion on the Historical Financial Information of Maxshell. We conducted our audits 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 Historical Financial Information of Maxshell is free from material misstatement.

Scope of audit

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The evidence utilised, included evidence previously obtained by KPMG Inc. in the conduct of their audits of the statutory financial statements of Maxshell and underlying the Historical Financial Information of Maxshell.

Opinion

In our opinion, the Historical Financial Information of Maxshell, as set out in Annexure IV to the Circular, presents fairly, in all material respects, for the purpose of the Circular the consolidated financial position of Maxshell at 31 December 2014, 31 December 2013 and 31 December 2012 and its consolidated financial performance and cash flows for the years then ended in accordance with IFRS and in the manner required by the Listings Requirements.

KPMG Inc.

Per **Goodness Luphoko**
Chartered Accountant (SA)
Registered Auditor
Director

KPMG Crescent
85 Empire Road
Parktown
Johannesburg
2192

MATERIAL BORROWINGS OF THE PEERMONT GROUP

The material loans and borrowings of Maxshell as at 31 December 2014 are set out below:

Loan[1]	Balance at 31 December 2014 R'm	Interest rate	Payment terms	Maturity	Secured/unsecured
Senior A Loan[2]	1 325.3	3-month JIBAR plus 4.25% NACS[3]	Interest is payable quarterly in instalments, which commenced 30 June 2014	16-Apr-20	Secured over all of Peermont's stock and certain of its assets as well as those of certain of its subsidiaries
Senior B Loan[2]	2 595.4	3-month JIBAR plus 4.75% NACS[3]	Interest is payable quarterly in instalments, which commenced 30 September 2014; Capital is repayable on maturity	16-Apr-20	Secured over all of Peermont's stock and certain of its assets as well as those of certain of its subsidiaries
PIK Notes[2]	1 258.6	16% NACS[3]	Interest is payable at the option of PGH3 on 31 March and 30 September each year	24-Oct-20	Unsecured

Notes:

1. The borrowings above arose on the 2007 restructuring of the Peermont Group's debt
2. The lenders of the Senior A and Senior B loans are set out below:

Lender	Senior A Loan R'm	Senior B Loan R'm
Investec Bank Limited (acting through its Corporate and Institutional Banking Division)	264.0	517.0
The Standard Bank of South Africa Limited (acting through its Corporate and Investment Banking division)	197.7	388.0
ABSA Bank Limited (acting through its Corporate and Investment Banking division)	123.7	242.3
Ashburton SA Credit Co-Investment Fund 1 (RF) Limited	29.0	56.5
Inguza Investments (RF) Limited	29.0	56.5
Old Mutual Life Assurance Company (South Africa) Limited	66.0	129.2
Old Mutual Specialised Finance Pty Limited	66.0	129.2
Sanlam Credit Conduit Pty Limited	9.3	17.0
Sanlam Life Insurance Limited (acting through its Sanlam Structured Solutions division)	16.8	30.0
Investec Asset Management Proprietary Limited (acting as agent on behalf of its clients)	198.0	387.8
FirstRand bank Limited (acting through its Rand Merchant Bank division)	353.0	696.5
Total	**1 352.5**	2 650.0

Note: The difference in the total loan balances is due to capitalisation of transaction costs

3. Nominal annual compounded semi-annually
4. The PIK Notes are listed on the Euro MTF Market of the Luxembourg Stock Exchange

REPORT OF THE BOARD OF DIRECTORS OF SUN INTERNATIONAL IN TERMS OF THE COMPANIES REGULATIONS, 2011 (THE "REGULATIONS") REGARDING THE CONVERSION OF THE COMPANY'S ORDINARY SHARE CAPITAL TO NO PAR VALUE SHARES

1. BACKGROUND

1.1 The Companies Act, No. 71 of 2008, as amended ("Companies Act"), does not permit the creation of par value shares or shares with a nominal value. However, in terms of the transitional arrangements detailed in Schedule 5 of the Companies Act and the Regulations, pre-existing companies that already have par value shares in issue are allowed to retain such shares but cannot authorise any new par value shares after the date that the Companies Act came into effect, being 1 May 2011.

1.2 Sun International intend to implement a rights offer (the "Equity Raise") in order to raise equity funding to be used to fund a portion of the consideration payable in respect of the acquisition by Sun International, through one of its wholly-owned subsidiaries of 100% of the Peermont Group. Details of this acquisition are set out in a circular to Sun International shareholders, dated [12 May 2015] ("Circular").

1.3 Sun International, which has ordinary shares ("Sun International Shares") each with a par value of 8 cents, may have insufficient authorised and unissued Sun International Shares to issue for the purposes of the Equity Raise. Accordingly, in order to implement the Equity Raise, Sun International must increase the number of authorised and unissued Sun International Shares. However, so as to meet the requirements of the Companies Act, the Regulations and the Listings Requirements of the JSE Limited (the "JSE"), in order to increase the number of authorised Sun International Shares, Sun International must first convert the Sun International Shares from shares with a par value of 8 cents into Sun International Shares of no par value.

1.4 In terms of:

1.4.1 regulation 31(6) of the Regulations – a company may amend its memorandum of incorporation ("Memorandum of Incorporation") to effect a conversion of its authorised and issued shares of par value to shares of no par value by way of a resolution proposed by the Board at any time after the date on which the Companies Act came into effect, and such resolution will have been adopted if it is approved by: (i) a special resolution adopted by the holders of shares of each such class of shares and (ii) a further special resolution adopted by a meeting of the Company's shareholders called for that purpose;

1.4.2 article 11.3 of the Memorandum of Incorporation of Sun International – Sun International may, by way of special resolution of its shareholders, convert all of its share capital into shares of no par value; and

1.4.3 regulation 31(7) of the Regulations – the board of a company is required to prepare a report in respect of a proposed resolution to convert any par value shares in to no par value shares ("Report"). This document constitutes the Report in relation to the proposed conversion.

1.5 Sun International's shareholders are requested to approve the special resolutions required to authorise the conversion of all the Sun International Shares from par value Sun International Shares of 8 cents each to no par value Sun International Shares.

1.6 In accordance with regulation 31(6) of the Regulations, the proposed conversion will require the approval by special resolution of the holders of Sun International Shares and thereafter all of the Sun International shareholders will need to approve the conversion by a special resolution. Details in respect of the meeting of Sun International shareholders that are necessary for the approval of these resolutions are set out in the notice of general meeting attached to the Circular.

2. THE REPORT

2.1 In terms of regulations 31(7) of the Regulations, the Report is required to, at a minimum:

2.1.1 state all information relevant to the value of the securities affected by the proposed conversion;

2.1.2 identify holders of the company's securities affected by the proposed conversion;

2.1.3 describe the material effects that the proposed conversion will have on the rights of the holders of the company's securities affected by the proposed conversion; and

2.1.4 evaluate any material adverse effects of the proposed arrangement against the compensation that any of those persons will receive in terms of the arrangement.

2.2 Information relevant to the value of the securities affected by the proposed conversion

2.2.1 The securities affected by the proposed conversion are the authorised and issued Sun International Shares, which currently comprise of 150 000 000 authorised Sun International Shares of 8 cents each of which 118 679 455 Sun International Shares of 8 cents each have been issued.

2.2.2 The Sun International Shares that are issued are listed on the Main Board of the JSE, trading under the share code SUI.

2.2.3 Information in relation to the historic net asset value, earnings, headline earnings and distribution per Sun International Share is detailed in the financial statements of Sun International for FY 2014, FY 2013 and FY 2012, which are available for inspection at the registered office of Sun International, 6 Sandown Valley Crescent, Sandton, 2196, and in electronic form on the Company's website www.suninternational.com

2.2.4 Given that the number of Sun International Shares in issue and the rights attaching to those shares will be unaffected by the proposed conversion, the proposed conversion will have no impact on the historic net asset value, earnings, headline earnings and distributions per Sun International Share and should have no impact on the price at which Sun International Shares trade on the JSE.

2.2.5 Sun International shareholders holding share certificates in respect of Sun International Shares with a par value of 8 cents will not be asked to surrender their share certificates at this point in time and will be able to dematerialise the share certificates of such Sun International Shares with a par value of 8 cents in order to trade in their Sun International Shares.

2.3 Holders of the Company's securities affected by the proposed conversion

The proposed conversion will only affect the holders of Sun International Shares.

2.4 Material effects of the proposed conversion on Sun International shareholders

2.4.1 The proposed conversion will result in the conversion of each Sun International Share of 8 cents each into a Sun International Share of no par value.

2.4.2 Accordingly, after the proposed conversion each holder of Sun International Shares will own the identical number of Sun International Shares as they held before the proposed conversion and the no par value Sun International Share which they hold post the conversion will represent the same proportion of the total issued share capital of Sun International Shares as the par value Sun International Shares which they held represented in the total issued share capital of Sun International Shares before the conversion.

2.4.3 Article 11.1.1.2 of the existing Memorandum of Incorporation of Sun International states that each holder of a Sun International Share shall be entitled to exercise one vote for each Sun International Share held in respect of any matter to be decided by way of a poll. By way of example:

2.4.3.1 prior to the proposed conversion, a holder of Sun International Shares who holds 5 706 473 Sun International Shares of 8 cents each with a nominal value of R456 518 is entitled to approximately 5% of the total votes exercisable by holders of Sun International Shares; and

2.4.3.2 after the proposed conversion, the same holder of Sun International Shares would hold 5 706 473 no par value Sun International Shares and would be entitled to approximately 5% of the votes exercisable by the holders of no par value Sun International Shares.

2.4.4 The proposed conversion has no other impact on any of the rights attaching to the Sun International Shares and the no par value Sun International Shares will confer on a Sun International shareholder all of the same rights as they enjoyed as the holder of par value Sun International Shares before the proposed conversion including (without limitation) the right to participate in the profits of Sun International on winding up.

2.5 **Evaluation of material adverse effects of the proposed conversion against compensation offered**

2.5.1 As detailed in paragraph 2.4 above, the proposed conversion has no adverse effects on the holders of Sun International Shares as they are in the same position and enjoy the same rights before and after the proposed conversion.

2.5.2 There is no compensation being offered in the context of the proposed conversion of Sun International Shares as there is no adverse effect following the proposed conversion on holders of Sun International Shares.

GENERAL

3. In terms of regulation 31(8)(b) of the Regulations, a copy of this Report will be filed at the Companies and Intellectual Property Commission and at the South African Revenue Services at the same time as this Report is published to the shareholders of Sun International.

Sun International Limited
(Incorporated in South Africa)
(Registration number 1967/007528/06)
Share code: SUI ISIN: ZAE000097580
("**Sun International**" or "**the Company**")

NOTICE OF GENERAL MEETING

Capitalised terms used in this Notice of General Meeting and the resolutions but not otherwise defined will have the meanings given to them in the Circular.

Notice is hereby given that a General Meeting of Shareholders of Sun International will be held at The Maslow Hotel, 146 Rivonia Road, Sandton, Gauteng, South Africa, on 9 June 2015 at 10:00 to, among other things, consider, and if deemed fit, to pass (with or without modification) the ordinary resolutions and special resolutions set out below. The record date for determining which Shareholders are entitled to: (i) receive notice of the General Meeting is 12 May 2015 and (ii) participate in and vote at the General Meeting is 29 May 2015, in terms of section 62(3)(a), as read with section 59 of the Companies Act.

ORDINARY RESOLUTION NUMBER 1 – Approval of the implementation of the Transaction as a Category 1 transaction

"It is resolved that as an ordinary resolution, subject to the passing of special resolutions numbers 1, 2, 3, 4 and 5 and ordinary resolutions numbers 2, 3 and 4, and required filings with CIPC having been completed, the acquisition of the Peermont Group upon the terms and subject to the conditions set out in the Circular of which this Notice of General Meeting forms part, be and is hereby approved by the Sun International Shareholders."

Percentage of voting rights required for the adoption of ordinary resolution number 1:

Ordinary resolution 1 must be approved by a simple majority (that is, more than 50%) of the voting rights cast by Sun International Shareholders present in person or by proxy or represented at the General Meeting.

ORDINARY RESOLUTION NUMBER 2 – Placing control of the authorised but unissued Sun International Shares in the hands of the Directors solely for the purposes of the Equity Raise and the issue of the Sun Consideration Shares

"It is resolved as an ordinary resolution, subject to the passing of special resolutions numbers 1, 2, 3, 4 and 5 and ordinary resolutions numbers 1, 3 and 4, and required filings with the CIPC having been completed that the Sun International Shares of no par value in the authorised but unissued share capital of the Company be and are hereby placed under the control of the Directors with specific authority to allot and issue such Sun International Shares upon such terms and conditions as they may determine for the specific purpose of implementing the proposed Equity Raise and issuing the Sun Consideration Shares in terms of the Transaction, subject to the provisions of the Companies Act, the Company's MOI and the Listings Requirements."

Percentage of voting rights required for the adoption of ordinary resolution number 2:

Ordinary resolution 2 must be approved by a simple majority (that is, more than 50%) of the voting rights cast by Sun International Shareholders present in person or by proxy or represented at the General Meeting.

ORDINARY RESOLUTION NUMBER 3 – Authority to issue the Sun Consideration Shares at a discount of greater than 10%

"It is resolved as an ordinary resolution, subject to the passing of special resolutions numbers 1, 2, 3, 4 and 5 and ordinary resolutions numbers 1, 2 and 4, that the Company may issue the Sun Consideration Shares at a greater than 10% discount to the lower of (i) the 30 business day VWAP to the date that the placing is authorised by the Directors, and (ii) the 3 business day VWAP to the date of the placing."

Percentage of voting rights required for the adoption of ordinary resolution number 3:

In terms of paragraph 5.62 of the Listings Requirements, ordinary resolution number 3 must be approved by 75% of the voting rights cast by Sun International Shareholders present in person or by proxy or represented at the General Meeting (excluding any Seller or its associates).

ORDINARY RESOLUTION NUMBER 4 – Authorisation to exclude the holders of the Treasury Shares, other than Dinokana, from participating in the Equity Raise

"It is resolved as an ordinary resolution that, subject to the passing of special resolutions numbers 1, 2, 3, 4 and 5 and ordinary resolutions numbers 1, 2 and 3, the Company be and is hereby entitled to exclude the holders of the Treasury Shares, other than Dinokana, from participating in the Equity Raise."

Percentage of voting rights required for the adoption of ordinary resolution number 4:

Ordinary resolution 4 must be approved by a simple majority (that is, more than 50%) of the voting rights cast by Sun International Shareholders present in person or by proxy or represented at the General Meeting.

The reason for this ordinary resolution number 4 is that the Company wishes to be entitled to exclude the holders of Treasury Shares, other than Dinokana, from participating in the Equity Raise. In terms of the Companies Act, a rights offer (as defined in section 95(1)(l)) is not required to be made to all shareholders of a company. However, clause 16.1 of the Company's MOI requires that a rights offer be made to all Sun International Shareholders pro rata to their shareholding in Sun International immediately before the rights offer was made, unless such shares are to be issued pursuant to the approval by the Sun International Shareholders, provided that same has been approved by the JSE (where necessary). Sun International has obtained approval from the JSE on the basis that ordinary resolution number 4 is approved by 50% of the voting rights exercised by Sun International Shareholders present in person or by proxy or represented at the General Meeting.

The effect of ordinary resolution number 4 is to entitle the Company to exclude the holders of Treasury Shares, other than Dinokana, from participating in the Equity Raise.

ORDINARY RESOLUTION NUMBER 5 – Authority for the Directors or company secretary to implement ordinary resolutions number 1, 2, 3 and 4, and special resolutions 1, 2, 3, 4 and 5

"It is resolved as an ordinary resolution that any Director or the company secretary of the Company be and is hereby authorised to do all such things and sign all such documents as may be required to give effect to the Transaction."

Percentage of voting rights required for the adoption of ordinary resolution number 5:

Ordinary resolution 5 must be approved by a simple majority (that is, more than 50%) of the voting rights cast by Sun International Shareholders present in person or by proxy or represented at the General Meeting.

SPECIAL RESOLUTION NUMBER 1 – Conversion of Sun International Share capital from par value Sun International Shares to no par value Sun International Shares

"It is resolved as a special resolution, subject to the passing of special resolutions numbers 2, 3, 4 and 5 and ordinary resolutions numbers 1, 2, 3 and 4, and required filings with the CIPC having been completed, the Sun International Shares (comprising the issued, and the authorised but unissued, Sun International Shares) be converted, with effect from the date that this resolution is filed with the CIPC, from Sun International Shares with a nominal value of 8 cents each into Sun International Shares of no par value on the basis that each existing Sun International Share of 8 cents be converted into one Sun International Share with no par value in terms of article 11.3 of the MOI."

Percentage of voting rights required for the adoption of special resolution number 1:

Special resolution 1 must be approved by a 75% majority of the votes cast by Sun International Shareholders present in person or by proxy or represented at the General Meeting.

The reason for special resolution number 1 is that the Companies Act limits the ability of companies to restructure their par value share capital. In order to meet the requirements of the Companies Act to increase the authorised shares, the Sun International Shares must be converted from Sun International Shares with a nominal or par value of 8 cents each into Sun International Shares of no par value in compliance with the requirements of the Companies Act.

The effect of special resolution number 1 is that the Sun International Shares (comprising the issued, authorised and unissued Sun International Shares) will be converted from 150 000 000 authorised Sun International Shares of 8 cents each and 118 679 455 issued Sun International Shares of 8 cents each into 150 000 000 authorised Sun International Shares of no par value and 118 679 455 issued Sun International Shares of no par value.

SPECIAL RESOLUTION NUMBER 2 – Increase in the number of authorised but unissued Sun International Shares

"It is resolved as a special resolution that, subject to the passing of special resolutions numbers 1, 3, 4, and 5 and ordinary resolutions numbers 1, 2, 3 and 4, and required filings with the CIPC having been completed, the existing authorised share capital of the Company, being 150 million Sun International Shares of no par value, be and is hereby increased by the creation of a further 50 million Sun International Shares with no par value, such that, pursuant to such increase, the authorised share capital of the Company shall comprise 200 million Sun International Shares of no par value."

Percentage of voting rights required for the adoption of special resolution number 2:

Special resolution 2 must be approved by a 75% majority of the votes cast by Sun International Shareholders present in person or by proxy or represented at the General Meeting.

The reason for special resolution number 2 is that the Company may not have sufficient authorised but unissued Sun International Shares for purposes of the Equity Raise and hence the Company has proposed the increase in the number of authorised Sun International Shares.

The amount of the Equity Raise and the Equity Raise price will be determined by the Company and the Underwriters immediately prior to the Equity Raise depending on, *inter alia*, market conditions prevailing at such time. Consequently the Directors believe that it is necessary to increase the share capital by this number of Sun International Shares in order to give the Company sufficient flexibility to make the Equity Raise at a price which will, in the circumstances prevailing at the time at which that price is determined, be appropriate.

The effect of special resolution number 2 is to increase the authorised share capital of the Company from 150 million Sun International Shares with no par value to 200 million Sun International Shares with no par value.

SPECIAL RESOLUTION NUMBER 3 – Authorisation for the amendment of the Company's MOI

"It is resolved as a special resolution that subject to the passing of special resolutions numbers 1, 2, 4 and 5, and ordinary resolutions numbers 1, 2, 3 and 4, the Company's MOI be and is hereby amended, with effect from the date of filing of the amendments below with CIPC, by the deletion of clause 11.1.1 of the Company's MOI and the replacement thereof with the following clause 11.1.1:

11.1.1 200 000 000 (two hundred million) ordinary no par value Shares ("**Ordinary Shares**"). Each such Ordinary Share shall rank *pari passu* in all respects with all other Ordinary Shares and each holder of Ordinary Shares shall be entitled to: **10.5(a)**

- 11.1.1.1 exercise one vote on any matter to be decided on a show of hands irrespective of the number of Ordinary Shares held or the Voting Rights such holder would otherwise be entitled to exercise in respect of the number of Ordinary Shares held, whether at a Shareholders' Meeting or otherwise and whether in person or by proxy; **10.5(b)**
- 11.1.1.2 exercise one vote for each Ordinary Share held in respect of any matter to be decided by way of a poll; **10.5(b)**
- 11.1.1.3 vote on any matter to be decided by the Shareholders at any Shareholders Meeting; **10.5 (b)**
- 11.1.1.4 vote on any proposal to amend the preferences, rights, limitations and other terms associated with that Ordinary Share;
- 11.1.1.5 participate proportionally in any Distribution made by the Company; and
- 11.1.1.6 receive proportionally the net assets of the Company upon its liquidation; and"

Percentage of voting rights required for the adoption of special resolution number 3:

Special resolution 3 must be approved by a 75% majority of the votes cast by Sun International Shareholders present in person or by proxy or represented at the General Meeting.

The reason for special resolution number 3 is to amend the Company's MOI as required in terms of section 36(2) of the Companies Act and regulation 31(6)(b)(i) of the Regulations.

The effect of special resolution number 3 is to ensure that the Company's MOI contains the correct detail in relation to the Company's authorised share capital.

SPECIAL RESOLUTION NUMBER 4 – Authorisation for the issue of 30% or more of the Company's Sun International Shares for the purposes of implementing the Equity Raise and the Transaction and for the issue of shares to Underwriters, directors and officers

"It is resolved as a special resolution, subject to the passing of special resolutions numbers 1, 2, 3, and 5 and ordinary resolutions numbers 1, 2, 3 and 4, and required filings with the CIPC having been completed, to the extent required in terms of the provisions of sections 41(1) and/or 41(3) of the Companies Act that the Directors be and are hereby authorised to allot and issue such number of Sun International Shares in the authorised but unissued share capital of the Company as are required pursuant to and for the purposes of the Equity Raise and the issue of the Sun Consideration Shares in terms of the Transaction, even if such number of Sun International Shares have voting power equal to or in excess of 30% of the voting rights of all Sun International Shares immediately prior to such issue. Such authority will include the authority to allot and issue any Sun International Shares in the authorised but unissued share capital of the Company to any underwriters of the Equity Raise (whether or not any such underwriter is a related party to the Company (as defined for the purposes of the Listings Requirements) and/or a person falling within the ambit of section 41(1) of the Companies Act, being a Director, future Director, prescribed officer or future prescribed officer of the Company or a person related or inter-related to the Company or related or interrelated to a Director or prescribed officer of the Company (or a nominee of any of the foregoing persons))."

Percentage of voting rights required for the adoption of special resolution number 4:

Special resolution 4 must be approved by a 75% majority of the votes cast by Sun International Shareholders present in person or by proxy or represented at the General Meeting.

The reason for special resolution number 4 is to authorise the issue of Sun International Shares with no par value which have voting rights equal to or in excess of 30% of the voting rights of all Sun International Shares of no par value immediately prior to the issue and/or to the Underwriters and/or a person falling within the ambit of section 41(1) of the Companies Act, being a Director, future Director, prescribed officer or future prescribed officer of the Company or a person related or inter-related to the Company or related or inter-related to a Director or prescribed officer of the Company (or a nominee of any of the foregoing persons), to the extent required for the purposes of implementation of the Equity Raise.

The effect of special resolution number 4 is to authorise the directors of the Company, in terms of section 41(3) of the Companies Act, to issue Sun International Shares with no par value which have voting rights equal to or in excess of 30% of the voting rights of all Sun International Shares of no par value immediately prior to the issue and/or to the Underwriters and/or to a person falling within the ambit of section 41(1) of the Companies Act, being a Director, future Director, prescribed officer or future prescribed officer of the Company or a person related or inter-related to the Company or related or inter-related to a Director or prescribed officer of the Company (or a nominee of any of the foregoing persons), to the extent required for the purposes of implementation of the Equity Raise.

SPECIAL RESOLUTION NUMBER 5 – Authorisation for the Company to grant financial assistance

"It is resolved as a special resolution that, to the extent that the issuing of the Menlyn Maine Note, the granting of the loan to SISA to meet its obligations under the Sale Agreement and the performance guarantee provided by Sun International to the Sellers in terms of the Sale Agreement constitutes or gives rise to the granting by the Company of financial assistance as contemplated in sections 44 and/or 45 of the Companies Act the provision of such financial assistance be and is hereby authorised by way of special resolution in terms of sections 44(3)(a)(ii) and 45(3)(a)(ii) of the Companies Act respectively, on the terms and conditions and for the amounts that the Board may determine from time to time."

Percentage of voting rights required for the adoption of special resolution number 5

Special resolution 5 must be approved by a 75% majority of the votes cast by Sun International Shareholders present in person or by proxy or represented at the General Meeting.

The reason for and effect of special resolution number 5 is to authorise the Company to provide direct or indirect financial assistance as set out above.

The inclusion of special resolution number 5 is to approve the direct or indirect financial assistance to be provided by Sun International as set out above which falls within the categories of financial assistance contemplated in sections 44 and 45 of the Companies Act.

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 General Meeting; alternatively
- may appoint an individual as a proxy *(blue)* (who need not also be a Shareholder of Sun International) to attend, participate in and speak and vote in your place at the General Meeting by completing the attached Form of Proxy *(blue)* and returning it to the registered office of Sun International or to the transfer secretaries, to be received by no later than 10:00 on 5 June 2015. Alternatively, the Form of Proxy may be handed to the chairman of the General Meeting at the General Meeting at any time prior to the commencement of the 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 General Meeting, before your proxy may exercise any of your rights as a Sun International Shareholder at the General Meeting.

Please note that any Shareholder that is a company may authorise any person to act as its representative at the General Meeting. Please also note that section 63(1) of the Companies Act requires that persons wishing to participate in the 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 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 General Meeting but wish to be represented at the General Meeting, you must contact your CSDP or Broker, and furnish it with your voting instructions in respect of the 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.

CSDP's, Brokers or their nominees, as the case may be, recorded in the Company's register 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 General Meeting or by completing the attached Form of Proxy *(blue)* in accordance with the instructions thereon and returning it to the registered office of the Sun International or to the transfer secretaries, to be received by no later than 10:00 on 5 June 2015. Alternatively, the Form of Proxy may be handed to the chairman of the General Meeting at the General Meeting at any time prior to the commencement of the General Meeting.

Voting at the General Meeting

In order to more effectively record the votes and give effect to the intentions of Shareholders, voting on all resolutions will be conducted by way of a poll.

VOTING

All Shareholders recorded in the Register on Friday, 29 May 2015 will be entitled to attend and vote at the General Meeting. On a show of hands every Shareholder who is present in person or by proxy, or, in the case of a company, the representative appointed in terms of section 188 of the Companies Act, shall have one vote.

On a poll, every Shareholder present in person or by proxy, or, if a company, the representative appointed in terms of section 58 of the Companies Act, shall be entitled to one vote for every share held or represented by the Shareholder.

The votes of holders of Sun International treasury shares will not be taken into account for approval of any resolution considered at the General Meeting.

Electronic participation in the General Meeting

Sun International intends to make provision for Sun International Shareholders, or their proxies, to participate in the 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 General Meeting will take place, on the date of, and from the time of commencement of, the General Meeting. The dial-in facility will enable all persons to participate electronically in the General Meeting in this manner and to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the General Meeting.

Shareholders wishing to participate electronically in the General Meeting are required to deliver written notice to Sun International at 6 Sandown Valley Crescent, Sandown, Sandton, Gauteng, South Africa (marked for the attention of CA Reddiar, Company Secretary) or email at chantel.reddiar@suninternational.com by no later than 5 June 2015 that they wish to participate via electronic communication at the 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/her 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 General Meeting via electronic communication; and (c) a valid email address and/or facsimile number (the "Contact Address/Number").

By no later than 24 (twenty-four) hours before the General Meeting Sun International shall use its reasonable endeavours to notify a Shareholder at its Contact 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 General Meeting by way of electronic communication as aforesaid, you will be required to dial-in on the date of the General Meeting. The dial-in facility will be linked to the venue at which the General Meeting will take place on the date of, and from the time of commencement of, the General Meeting. The dial-in facility will enable all persons to participate electronically in the General Meeting in this manner and to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the General Meeting.

Shareholders participating in this manner will still have to appoint a proxy to vote on their behalf at the General Meeting.

By order of the Board

Chantel Reddiar
Company Secretary

12 May 2015

Registered office
6 Sandown Valley Crescent
Sandown
Sandton, 2031
(PO Box 782121, Sandton, 2146)

Transfer Secretaries
Postal address
Computershare Investor Services Proprietary Limited
PO Box 61051, Marshalltown 2107
South Africa

Delivery address
Computershare Investor Services Proprietary Limited
Ground Floor, 70 Marshall Street
Johannesburg, 2001
South Africa

Sun International

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 – GENERAL MEETING (BLUE)

For use by Certificated Shareholders or Dematerialised Shareholders with Own-name Registration at the General Meeting to be held at 10:00 on 9 June 2015 at The Maslow Hotel, 146 Rivonia Road, Sandton, 2196, Gauteng.

The definitions and interpretations commencing on page 6 of the Circular to which this Form of Proxy is attached also apply to this Form of Proxy.

If Shareholders have dematerialised their shares with a CSDP or Broker, other than with Own-name Registration, they must arrange with the CSDP or Broker to provide them with the necessary letter of representation to attend the General Meeting or the Shareholder must instruct them as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the Shareholder and the CSDP or Broker, in the manner and cut-off time stipulated therein.

Please read the notes on the reverse hereof carefully, which, amongst other things, set out the rights of Shareholders in terms of section 58 of the Companies Act with regard to the appointment of proxies.

For the General Meeting

I/We (Name/s in block letters) ____________________

Of (Address in block letters) ____________________

Telephone number ____________________ Mobile phone number ____________________

Email address ____________________

being a Shareholder of Sun International and holding shares in Sun International, and entitled to vote, do hereby appoint (refer to note 1 at the end of this proxy form):

____________________ or, failing him/her,

the Chairman of the General Meeting as my/our proxy(ies) to vote on a poll on my/our behalf at the General Meeting to be held at 10:00 on 9 June 2015 at The Maslow Hotel, 146 Rivonia Road, Sandton, 2196, Gauteng and at any postponement or adjournment thereof.

Please indicate with an "X" in the spaces below how you wish your proxy to vote in respect of the resolution to be proposed, as contained in the notice of the abovementioned General Meeting.

*I/We desire my/our proxy to vote on the resolution to be proposed, as follows:

	For	Against	Abstain
ORDINARY RESOLUTION NUMBER 1 – Approval of the implementation of the Transaction as a Category 1 transaction			
ORDINARY RESOLUTION NUMBER 2 – Placing control of the authorised but unissued Sun International Shares in the hands of the Directors solely for the purposes of the Equity Raise and the issue of the Sun Consideration Shares			
ORDINARY RESOLUTION NUMBER 3 – Authority to issue the Sun Consideration Shares at a discount of greater than 10%			
ORDINARY RESOLUTION NUMBER 4 – Authorisation to exclude the holders of the Treasury Shares, other than Dinokana, from participating in the Equity Raise			
ORDINARY RESOLUTION NUMBER 5 – Authority for the Directors or company secretary to implement ordinary resolutions numbers 1, 2, 3 and 4, and special resolutions 1, 2, 3, 4 and 5			
SPECIAL RESOLUTION NUMBER 1 – Conversion of Sun International Share capital from par value Sun International Shares to no par value Sun International Shares			
SPECIAL RESOLUTION NUMBER 2 – Increase in the number of authorised but unissued Sun International Shares			
SPECIAL RESOLUTION NUMBER 3 – Authorisation for the amendment of the Company's MOI			
SPECIAL RESOLUTION NUMBER 4 – Authorisation for the issue of 30% or more of the Company's Sun International Shares for the purposes of implementing the Equity Raise and the Transaction and for the issue of shares to Underwriters, directors and officers			
SPECIAL RESOLUTION NUMBER 5 – Authorisation for the Company to grant financial assistance			

Signed by me/us this ____________________ day of ____________________ 2015

Signature ____________________

Assisted by me (where applicable) (see note 12 on reverse of this proxy form) ____________________

Full name/s of signatory if signing in a representative capacity (see note 11 on reverse of this proxy form) ____________________

* *If this Form of Proxy is returned without any indication of how the proxy should vote, the proxy will exercise his/her discretion both as to how he/she votes and as to whether or not he/she abstains from voting.*

Notes

1. A Shareholder entitled to attend and vote at the abovementioned meeting is entitled to appoint one or more proxies to attend, speak and, on a poll, vote in his/her stead or abstain from voting. The proxy need not be a member of Sun International.
2. A proxy may delegate the proxy's authority to act on behalf of the Shareholder to another person, subject to any restriction set out in the instrument appointing the proxy.
3. The completion and lodging of this Form of Proxy will not preclude the relevant Shareholder from attending the 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. Accordingly, the appointment of a proxy in terms hereof is suspended at any time and to the extent that the Shareholder chooses to act directly and in person in the exercise of any rights as a Shareholder.
4. A proxy is entitled to exercise, or abstain from exercising, any voting right of the Shareholder without direction, except to the extent that the voting instructions are set out in the relevant section of the proxy form.
5. The appointment of a proxy shall remain valid until the end of the meeting contemplated in this appointment (including in respect of any adjournment or postponement of the General Meeting), unless revoked in the manner contemplated in note 6 below.
6. A Shareholder 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 Sun International. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the Shareholder as of the later of (i) the date stated in the revocation instrument, if any, or (ii) the date on which the revocation instrument was delivered to Sun International.
7. Please insert the number of Sun International Shares, as the case may be, in the relevant spaces according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of Sun International Shares, as the case may be, exercisable by you, insert the number of Sun International Shares, as the case may be, held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise and compel the chairman, if the chairman is an authorised proxy, to vote in favour of the resolution, or to authorise any other proxy to vote for or against the resolution or abstain from voting as he/she deems fit, in respect of all the Shareholder's votes exercisable thereat. A Shareholder or its/his/her proxy is not obliged to use all the votes exercisable by the Shareholder or its/his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the Shareholder or its/his/her proxy.
8. To be valid, this Form of Proxy must be completed and returned to Sun International 's Transfer Secretaries, Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by not later than 10:00 on 5 June 2015.
9. Any alteration or correction made to this Form of Proxy must be initialled by the signatory(ies).
10. In the case of a joint holding, the first-named only is required to sign.
11. The authority of a person signing a proxy in a representative capacity must be attached to the Form of Proxy unless that authority has already been recorded by Sun International.
12. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian as applicable, unless the relevant documents establishing capacity are produced or have been registered with the Transfer Secretaries.
13. If the instrument appointing a proxy or proxies has been delivered to Sun International, as long as that appointment remains in effect, any notice that is required by the Companies Act or Sun International's MOI to be delivered by Sun International to the Shareholder must be delivered by Sun International to (i) the Shareholder or (ii) the proxy or proxies, if the Shareholder has directed Sun International in writing to do so and paid any reasonable fee charged by Sun International for doing so.