

Financial statements

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Directors' approval

The annual financial statements which appear on pages 132 to 187 and the corporate governance report on pages 111 to 127 were approved by the board of directors on 15 October 2007 and signed on its behalf by:



DA Hawton
Chairman



DC Coutts-Trotter
Chief Executive

Group secretary's certificate

TO THE MEMBERS OF SUN INTERNATIONAL LIMITED

I certify that the company has lodged with the Registrar of Companies all returns required of a public company in terms of the Companies Act, in respect of the year ended 30 June 2007 and that all such returns are true, correct and up to date.



SA Bailes
Group Secretary

15 October 2007

Report of the independent auditors

TO THE MEMBERS OF SUN INTERNATIONAL LIMITED

We have audited the annual financial statements and group annual financial statements of Sun International Limited, which comprise the directors' report, the balance sheet and the consolidated balance sheet as at 30 June 2007, the income statement and the consolidated income statement, the statement of changes in equity and the consolidated statement of changes in equity, the cash flow statement and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 132 to 187.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but

not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and of the group as of 30 June 2007, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.



PricewaterhouseCoopers Inc

Director: DB von Hoesslin

Registered Auditor

Johannesburg

15 October 2007

Report of the directors

for the year ended 30 June 2007

NATURE OF BUSINESS

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

EARNINGS

The results of the company and the group are set out in the income statements on page 146.

Segmental information is set out on pages 150 to 151.

DIVIDENDS

Dividends totalling 400 cents per share (2006: 290 cents) have been declared by the directors in respect of the year under review, as follows:

Interim, declared 20 February 2007, paid 26 March 2007:	185 cents
Final, declared 29 August 2007, paid 25 September 2007:	215 cents

The final dividend referred to above will be accounted for in the 2008 annual financial statements as it was declared subsequent to the year end.

REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

Detailed commentary on the nature of business of the company and its subsidiaries, acquisitions, disposals, future developments and prospects of the group are given in the chairman's report, the chief executive's report, the review of operations and the chief financial officer's review commencing on pages 6, 10, 23 and 50 respectively.

SHARE CAPITAL

899 400 ordinary shares with a par value of 8 cents each (ordinary shares) were purchased by the company for a consideration of R91 764 976 during the financial year in terms of the general authority to repurchase shares granted to the directors at the 2005 annual general meeting. These ordinary shares were cancelled, delisted

from the JSE Limited, and restored to the status of authorised ordinary shares.

The following ordinary shares in the unissued share capital of the company remain under the control of the directors as a specific authority in terms of section 221 (2) of the Companies Act 1973, to allot and issue as follows:

- + 10 172 156 ordinary shares for purposes of the share option scheme;
- + 10 780 000 ordinary shares for purposes of the share plans.

Details of the authorised and issued share capital appear in note [22] to the annual financial statements.

SHARE INCENTIVE SCHEMES

Particulars relating to options under the share option scheme and awards under the share plans are given in note 36 to the annual financial statements.

SUBSIDIARIES

Particulars relating to interests in principal subsidiaries appear on page 187.

BORROWING CAPACITY

The company's borrowings are not restricted in terms of the articles of association.

DIRECTORS AND GROUP SECRETARY

The names of the directors in office at the date of this report appear on pages 106 and 107 and particulars of the group secretary on page 109.

There were no changes in the directorate during the financial year and to the date of this report.

In terms of the company's articles of association Messrs H Adams and L Boyd, Ms LM Mojela, Messrs E Oblowitz and PEI Swartz are required to retire from office at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

As at 30 June 2007, the directors of the company beneficially held, directly or indirectly, 1 176 315 (2006: 1 141 064)

Report of the directors

for the year ended 30 June 2007

ordinary shares in the issued capital of the company, as follows:

	2007	2006
RP Becker	3 798	Nil
L Boyd	1 000	Nil
DC Coutts-Trotter	141 488	128 278
NN Gwagwa	*264 063	*176 042
DA Hawton	120 406	125 168
IN Matthews	3 242	3 242
MV Moosa	*638 151	*704 167
E Oblowitz	1 852	1 852
PEI Swartz	2 315	2 315
	1 176 315	1 141 064

* The effective holdings by Dr NN Gwagwa and Mr MV Moosa are held indirectly through Lereko Investments (Pty) Limited and Dinokana.

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

Ordinary shares acquired

RP Becker	3 611
DC Coutts-Trotter	8 932
	12 543

Ordinary shares purchased by the company in terms of the share buy back on 30 July 2007

L Boyd	160
DC Coutts-Trotter	20 525
DA Hawton	19 265
IN Matthews	519
E Oblowitz	296
PEI Swartz	370
	41 135

HOLDING COMPANY

The company has no holding or ultimate holding company.

SPECIAL RESOLUTIONS PASSED BY THE COMPANY AND ITS SUBSIDIARIES

Company

The following special resolutions were passed at the 2006 annual general meeting:

- + the general authority granted for the company to acquire up to 20% of the company's issued ordinary shares (or by a subsidiary of the company up to 10%) in any one financial year was renewed; and
- + the articles of association were amended to give the directors the discretion not to declare or pay dividends in respect of treasury shares held by subsidiaries.

The following special resolutions were passed at a general meeting held on 29 June 2007:

- + specific authority was granted for the company to acquire 16 ordinary shares out of every 100 issued ordinary shares held in the company for a consideration of R145,35 per ordinary share in terms of a scheme of arrangement proposed by the company and its wholly owned subsidiary, Sun International Investments No. 2, between the company and its shareholders, with the exception of Sun International Investments No. 2, the participants of the Sun International Deferred Bonus Plan 2005, Dinokana and SIEST (the excluded shareholders); and
- + specific authority was granted for Sun International Investments No. 2 to acquire 16 ordinary shares out of every 100 issued ordinary shares held in the company for a consideration of R145,35 per ordinary share from shareholders of the company (with the exception of the excluded shareholders) and subject to it acquiring a maximum of 10% of the ordinary shares in issue, inclusive of those ordinary shares already owned by it.

Subsidiaries

The following special resolutions were passed by subsidiaries during the year:

Report of the directors

for the year ended 30 June 2007

+ *Sun International Investments No. 2*

Grant of specific authority to acquire from each shareholder of Sun International (other than the excluded shareholders) 16 ordinary shares out of every 100 issued ordinary shares in terms of the scheme of arrangement proposed by Sun International and Sun International Investments No. 2, and its ordinary shareholders; and

+ *SISA*

Increase in the authorised share capital from R67 500 000 comprising 2 250 000 000 ordinary shares with a par value of 3 cents each to R67 500 200, by the creation of 20 000 cumulative non-convertible redeemable preference shares of 1 cent each (the preference shares) and amendment of the articles of association to include the rights and privileges attaching to the preference shares.

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

POST BALANCE SHEET EVENTS

+ Settlement of Afrisun Leisure litigation

On 26 July 2007 SISA agreed to an out of court settlement with Afrisun Leisure in respect of the claims brought against it and others. The claim was settled at R110 million and the legal proceedings have been withdrawn.

+ Share buy back

On 30 July 2007 the company and Sun International Investments No. 2 purchased 16 084 833 ordinary shares at a price of R145,35 per ordinary share, representing 13,8% of the current issued ordinary share capital. The purchased ordinary shares have been dealt with as follows:

	Number of ordinary shares	Value Rm
Delisted and cancelled	11 323 838	1 646
Held as treasury shares by Sun International Investments No. 2	4 760 995	692
	16 084 833	2 338

The number of ordinary shares in issue after the purchase totals 105 494 769 including 10 549 477 ordinary shares held as treasury shares by Sun International Investments No. 2.

The transaction was funded by the issue of 2 001 000 redeemable variable rate cumulative preference shares with a par value of 1 cent each, issued for a consideration of R2bn, together with funding sourced from internally generated cash flows.

+ Shareholding in SunWest

On 17 August 2007 the group entered into binding agreements with GPI whereby GPI will acquire an additional 4% shareholding in SunWest from Sun International for R83 million and be granted an option by Sun International over 2,46% of SunWest at a price of R425 per share up to 31 December 2007 and thereafter at fair market value. In addition a further option of up to a 5% shareholding, at R165 per share, is to be granted by SunWest in exchange for a lock in of between 25 – 35% of GPI's BEE shareholders. GPI has also agreed to redeem the balance of the existing preference shares of R57,8 million subscribed for by SISA. The transactions are subject to a number of conditions precedent, including various regulatory approvals. On implementation of all of the above transactions SISA's effective shareholding in SunWest will reduce from 67,4% to 58,5% and GPI will have an economic interest in SunWest of 30%. In addition, voting control will be returned to the group's empowerment partners through GPI. All major decisions continue to require the support and consent of the two major shareholders, SISA and GPI.

+ Disposal of Life Esidimeni

RAH has disposed of its 45% interest in Life Esidimeni Group Holdings (Proprietary) Limited for R180 million with effect from 10 October 2007. In terms of the sale agreement, RAH has warranted its share of the pension fund exposure in the company which is capped at the proceeds received from the sale. RAH has raised a provision of R18 million for its share of the provision held in Life Esidimeni, however a contingent liability exists in terms of the warranty given.

Accounting policies

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

BASIS OF PREPARATION

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

Preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. More detail on the estimates and assumptions are included under the policy dealing with 'Critical Accounting Estimates and Judgements'. Actual results may differ from those estimates.

GROUP ACCOUNTING

Subsidiaries

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

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets

given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

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

The company accounts for subsidiary undertakings at cost.

Transactions with minority shareholders

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

Special purpose entities

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

Accounting policies

when the substance of the relationship indicates that the SPE is controlled by the group.

INTANGIBLE ASSETS

Goodwill

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

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

Other intangible assets

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

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

Leasehold premiums	Lease period
Gaming licence bids	Period of exclusivity up to a maximum of 20 years
Management contracts	Period of initial contract

FOREIGN CURRENCY TRANSLATION

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

are presented in South African Rands which is the company's functional and presentation currency.

Transactions and balances

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

Foreign entities

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

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

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

PROPERTY, PLANT AND EQUIPMENT

Freehold land is included at cost.

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

Accounting policies

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

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

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

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

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

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

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. However, costs that are directly associated with identifiable and unique software products controlled by the group and which have probable economic benefits exceeding the costs beyond one year are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of the relevant overheads. Expenditure which enhances or

extends the performance of these assets beyond their original specifications is recognised as a capital improvement and added to the original cost of the asset.

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

IMPAIRMENT OF ASSETS

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

PRE-OPENING EXPENDITURE

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

INVENTORY

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

TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less a provision for impairment. This provision is based on a review of all outstanding amounts at year end and is established when there is objective evidence that the group will not be able to collect all amounts due

Accounting policies

according to the original terms. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Bad debts are written off during the year in which they are identified.

CASH AND CASH EQUIVALENTS

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

TRADE PAYABLES

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

FINANCIAL INSTRUMENTS

Financial instruments carried at the balance sheet date include cash and cash equivalents, investments, trade and non current receivables, trade payables and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Derivative financial instruments are initially recognised in the balance sheet at fair value on the date a derivative contract is entered into and are subsequently measured at their fair value. Changes in fair value of derivative financial instruments are recognised in the income statement. However, changes in fair value of derivative financial instruments that are designated and effective as cash flow hedges are recognised directly in equity. Amounts deferred in equity are recognised in the income statement in the same period in which the hedged firm commitment or forecasted transaction affects net profit or loss.

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

FINANCIAL ASSETS

The group categorises its financial assets into loans and receivables, trade receivables and available-for-sale investments. The categorisation depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables originated by the group are included in non current assets. The portion of loans and receivables that is receivable during the next 12 months is included in current assets. Loans and receivables originated by the group are carried at amortised cost using the effective interest rate method.

Available-for-sale investments

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

Accounting policies

All purchases and sales of financial assets are recognised on the trade date, which is the date that the group commits to purchase or sell the asset. Cost of purchase includes transaction costs.

Available-for-sale investments are carried at fair value. Unrealised gains and losses arising from changes in the fair value of available-for-sale investments are recognised directly in equity in the period in which they arise. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are transferred to the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A significant or prolonged decline in fair value of a financial asset below its cost is considered an indicator that the asset is impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is recognised in the income statement.

NON CURRENT ASSETS HELD FOR SALE

Non current assets are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than continuing use.

An impairment loss is recognised for any initial or subsequent write down of the asset to the fair value less costs to sell. A gain is recognised for any subsequent increase in fair value less costs to sell an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the

date of the sale of the non current asset is recognised at the date of derecognition.

Non current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

DEFERRED TAX

Deferred tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Currently enacted or substantively enacted tax rates at the balance sheet date that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled are used to determine deferred taxation.

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

SECONDARY TAXATION

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

LEASES

Leases of assets where the group assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding lease obligations, net of finance charges, are included in borrowings. The interest element of the lease payment is charged to the

Accounting policies

income statement over the lease period. The assets acquired under finance leasing contracts are depreciated over the shorter of the useful life of the asset or the lease period. Where a lease has an option to be renewed the renewal period is considered when the period over which the asset will be depreciated is determined.

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

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

BORROWINGS

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

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

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

EMPLOYEE BENEFITS

Defined benefit scheme

The group operates a defined benefit pension scheme. The defined benefit pension scheme is funded through

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

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

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

Defined contribution scheme

The group operates a number of defined contribution plans. The defined contribution plans are provident funds under which the group pays fixed contributions into separate entities. The group has no legal or constructive obligations to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Post-retirement medical aid contributions

The group provides limited post-retirement health-care benefits to eligible employees. The entitlement to these benefits is conditional upon the employee remaining in service up to retirement age and the employee must have joined the group before 30 June 2003. The expected costs

Accounting policies

of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are recognised in the income statement. These obligations are valued annually by independent qualified actuaries.

Share based payments

The group operates equity settled, share based compensation plans. The fair value of the services received in exchange for awards made is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the grants, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of awards that are expected to become exercisable. At each balance sheet date, the group revises its estimates of the number of awards that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

PROVISIONS

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

SHARE CAPITAL

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

External costs directly attributable to the issue of new shares, other than on a business combination, are shown

as a deduction from the proceeds, net of income taxes, in equity. Share issue costs incurred directly in connection with a business combination are included in the cost of acquisition.

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

REVENUE RECOGNITION

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

Revenue includes net gaming win, hotel, entertainment and restaurant revenues, management and other fees, dividend income, rental income and the invoiced value of goods and services sold, less returns and allowances. Value Added Tax (VAT) and other taxes levied on casino winnings are included in revenue and treated as overhead expenses as these are borne by the group and not by its customers. VAT on all other revenue transactions is considered to be a tax collected by an agent on behalf of the revenue authorities and is excluded from revenue.

DIVIDEND DISTRIBUTIONS

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

Accounting policies

SEGMENTAL REPORTING

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

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

Segmental information is set out in note 1 to the annual financial statements.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Critical accounting estimates and assumptions

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

Asset useful lives and residual values

Property, plant and equipment is depreciated over its useful life taking into account residual values where appropriate. The actual useful lives of the assets and residual values are assessed annually. In re-assessing asset useful lives, factors such as technological innovation, product life cycles and maintenance programmes are

taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Treatment of levies and VAT on casino revenue

The group regards VAT levied on gaming win to be comparable with levies on casino revenue which are paid to the relevant authorities. These are treated as costs to the group as they are borne by the group and have no effect on casino activities from the customer's perspective. In the casino industry, the nature of betting transactions makes it difficult to separate bets placed by customers and winnings paid to customers. It therefore follows that casinos experience practical difficulties reflecting output tax separately from input tax. Any change in either the VAT rate or the provincial gaming levies are absorbed by the group and would not impact the customers. These costs are disclosed separately from other expense items on the face of the income statement.

Impairment of assets

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

Future cash flows expected to be generated by the assets are projected, taking into account market conditions and the expected useful lives of assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to

Accounting policies

the present value. If the information to project future cash flows is not available or could not be reliably estimated, management uses the best alternative information available to estimate a possible impairment.

Valuation of derivatives and other financial instruments

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

Consolidation of subsidiaries and special purpose entities

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

Pension fund asset

On early adoption of IFRIC 14, management assesses whether the group had an unconditional right to a refund in respect of the surplus from the pension plan. A legal interpretation was obtained which indicated that the group does not have an unconditional right to the full refund of the surplus.

ACCOUNTING POLICY DEVELOPMENTS

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

Amendments to published standards effective in 2007

IAS 19 (Amendment), Employee Benefits

The statement is mandatory for the group's accounting periods beginning on or after 1 January 2006. It introduces the option of an alternative recognition approach for actuarial gains and losses. It also adds new disclosure requirements. As the group does not intend to change the accounting policy adopted for recognition of actuarial gains and losses, adoption of this amendment only impacts the format and extent of disclosures presented in the accounts.

IFRIC 14 – IAS 19 The Limit on Defined Benefit Assets, Minimum Funding Requirements and their Interaction

The group early adopted this interpretation and accordingly an asset of R10 million has been recognised for the year ended 30 June 2007.

Standards, amendments and interpretations effective in 2007 which are not relevant or have no material impact

The following standards, amendments and interpretations are mandatory for the group's accounting periods beginning on or after 1 July 2006 but are not relevant to or have no material impact on the group's operations:

- + IAS 21 (Amendment), Net Investment in a Foreign Operation;
- + IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions;
- + IAS 39 (Amendment), The Fair Value Option;
- + IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts;
- + IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards and

Accounting policies

IFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources;

- + IFRIC 4, Determining whether an Arrangement contains a Lease;
- + IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds;
- + IFRIC 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment;
- + IFRIC 7, Applying the restatement approach under IAS 29 Financial Reporting in Hyperinflationary Economies; and
- + IFRIC 9, Reassessment of Embedded Derivatives.

Standards, amendments and interpretations not yet effective

The group has evaluated the effect of all new standards, amendments and interpretations that have been issued prior to 30 June 2007, which would be effective for the group's accounting periods on or after 1 July 2007. Based on the evaluation, management does not expect these standards, amendments and interpretations to have a significant impact on the group's results and disclosures. The expected implications of applicable standards, amendments and interpretations are dealt with below.

IFRS 7, Financial Instruments: Disclosures, and a Complementary Amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures

IFRS 7, will be adopted as from 1 July 2007. It introduces new disclosures relating to financial instruments. This standard does not have any impact on the classification and valuation of financial instruments.

The group has assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to the market risk and capital disclosures required by the amendment to IAS 1.

IFRS 8, Operating Segments

IFRS 8 sets out the requirements for disclosure of information about an entity's operating segments, its products and services, the geographical areas in which it operates, and its major customers.

The group's current disclosure will be benchmarked against the requirements of IFRS 8 and areas requiring additional disclosure will be identified.

IFRIC 10, Interim Financial Reporting and Impairment

IFRIC 10, (effective for annual periods beginning on or after 1 November 2006), prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date.

The group will apply IFRIC 10 from 1 July 2007. The impact will be determined by possible future impairment charges.

IFRIC 11, IFRS 2 – Group and Treasury Share Transactions

This interpretation addresses issues on whether certain share based payment transactions should be accounted for as equity settled or as cash settled under the requirements of IFRS 2, and where certain arrangements involve two or more entities within the same group.

Accounting policies

The interpretation is applicable to the group but no impact is currently expected.

IFRIC 12, Service Concession Arrangements

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

This interpretation is not applicable to the group.

IFRIC 13, Customer Loyalty Programme

This interpretation addresses how companies that grant their customers loyalty award credits when buying goods or services, should account for their obligation to provide free or discounted goods, or services, if and when customers redeem the points.

The group currently complies with the interpretation.

Income statements

for the year ended 30 June

Company			Group	
2006 Rm	2007 Rm	Notes	2007 Rm	2006 Rm
491	656		6 937	5 949
–	–		5 359	4 543
–	–		776	681
491	656		802	725
–	–		85	216
–	–	2	(1 307)	(1 214)
–	–	3	(1 133)	(948)
–	–	4	(518)	(473)
–	–		(577)	(509)
–	–		(683)	(587)
–	–		(74)	(62)
–	–		(224)	(222)
(4)	(7)		(472)	(482)
–	–		(97)	–
(211)	–		–	(219)
276	649	5	1 937	1 449
–	–		(10)	52
28	21	6	77	74
(36)	(35)	7	(313)	(250)
268	635		1 691	1 325
(2)	1	8	(669)	(517)
266	636		1 022	808
384	–		–	387
650	636		1 022	1 195
			224	262
			798	933
			1 022	1 195

Balance sheets

as at 30 June

Company			Group	
2006 Rm	2007 Rm	Notes	2007 Rm	2006 Rm
		ASSETS		
		Non current assets		
–	–	Property, plant and equipment	5 883	5 407
–	–	Intangible assets	361	395
2 514	2 527	Investments in subsidiaries		
–	–	Available-for-sale investment	44	141
684	689	Loans and receivables	159	302
–	–	Pension fund asset	10	–
5	–	Deferred tax	25	17
3 203	3 216		6 482	6 262
		Current assets		
–	–	Available-for-sale investment	–	183
–	–	Non current asset held for sale	164	–
158	308	Loans and receivables	1	5
–	–	Inventory	32	35
21	–	Accounts receivable	354	290
3	7	Taxation	12	9
–	–	Cash and cash equivalents	1 089	756
182	315		1 652	1 278
3 385	3 531	Total assets	8 134	7 540
		EQUITY AND LIABILITIES		
		Capital and reserves		
3 046	3 222	Ordinary shareholders' equity	2 348	3 083
–	–	Minorities' interests	642	742
3 046	3 222		2 990	3 825
		Non current liabilities		
–	1	Deferred tax	394	408
262	267	Borrowings	2 271	1 458
–	–	Other non current liabilities	139	125
262	268		2 804	1 991
		Current liabilities		
24	22	Accounts payable and accruals	862	683
–	–	Provisions	60	51
53	19	Borrowings	1 275	868
–	–	Taxation	143	122
77	41		2 340	1 724
339	309	Total liabilities	5 144	3 715
3 385	3 531	Total equity and liabilities	8 134	7 540

Cash flow statements

for the year ended 30 June

Company			Group	
2006 Rm	2007 Rm	Notes	2007 Rm	2006 Rm
		Cash flows from operating activities		
		Cash receipts from customers	6 915	5 965
		Cash paid to suppliers, government and employees	(4 299)	(3 919)
(14)	–	Cash generated/(utilised) by operations	2 616	2 046
–	–	Pre-opening expenses	(8)	(13)
(30)	(4)	Taxation paid	(704)	(598)
(44)	(4)	<i>Net cash inflow/(outflow) from operating activities</i>	1 904	1 435
		Cash flows from investing activities		
		Purchase of property, plant and equipment		
		Expansion	(522)	(214)
		Replacement	(450)	(354)
		Purchase of intangible assets	(2)	(1)
		Proceeds on disposal of property, plant and equipment	8	11
		Proceeds on disposal of operations	–	17
		Proceeds on disposal of shares in subsidiaries	37	4
(5)	–	Purchase of additional shares in subsidiaries	(952)	(25)
513	677	Investment income	77	74
–	(5)	Other non current investments and loans made	(15)	(57)
34	–	Other non current investments and loans realised	302	209
542	672	<i>Net cash (outflow)/inflow from investing activities</i>	(1 517)	(336)
		Cash flows from financing activities		
(138)	(29)	Increase/(decrease) in borrowings	1 067	3
(30)	(18)	Interest paid	(292)	(232)
(279)	(379)	Dividends paid	(581)	(498)
22	(92)	(Decrease)/increase in share capital	(92)	22
(73)	(150)	Purchase of treasury shares and share options	(150)	(266)
–	–	Increase in minority shareholder funding	–	19
(498)	(668)	<i>Net cash outflow from financing activities</i>	(48)	(952)
		Effects of exchange rate changes on cash and cash equivalents	(6)	11
		Net increase in cash and cash equivalents	333	158
		Cash and cash equivalents at the beginning of the year	756	589
		Cash of operations previously equity accounted	–	9
		Cash and cash equivalents at the end of the year	1 089	756

Statements of changes in shareholders' equity

for the year ended 30 June

Notes	Share capital Rm	Share premium Rm	Treasury shares Rm	Treasury share options Rm	Foreign currency translation reserve Rm	Share based payment reserve Rm	Available-for-sale investment reserve Rm	Reserve for non-controlling interests* Rm	Retained earnings Rm	Ordinary shareholders' equity Rm	Minorities' interests Rm	Total Rm
GROUP												
Balance at 1 July 2005	10	1 612	(87)	(88)	250	36	90	(700)	2 028	3 151	693	3 844
Share issue		35								35		35
Share buy back	(1)		(626)							(627)		(627)
Treasury shares issued			213							213		213
Odd lot offer		(13)								(13)		(13)
Treasury shares purchased			(192)							(192)		(192)
Treasury share options purchased				(151)						(151)		(151)
Treasury share options exercised				77						77		77
Employee share based payments						26				26		26
Fair value adjustment							(6)			(6)		(6)
Additional minority funding											19	19
Consolidation of operations previously equity accounted											16	16
Acquisition of minorities' interests								(25)		(25)	5	(20)
Disposal of interests to minorities								6		6	(7)	(1)
Currency translation differences – movement for the year					17					17	(1)	16
– realised during the year					(108)					(108)		(108)
Minority interest acquired									15	15	(15)	–
Profit									933	933	262	1 195
Dividends paid									(268)	(268)	(230)	(498)
Balance at 30 June 2006	9	1 634	(692)	(162)	159	62	84	(719)	2 708	3 083	742	3 825
Share buy back	22	(92)								(92)		(92)
Treasury share options purchased	22			(150)						(150)		(150)
Employee share based payments	36					18				18		18
Deferred tax on employee share based payments	24					(7)				(7)		(7)
Fair value adjustment							(84)			(84)		(84)
Other									12	12		12
Acquisition of minorities' interests								(876)		(876)	(93)	(969)
Disposal of interests to minorities								12		12	(7)	5
Currency translation differences					(9)					(9)		(9)
Profit									798	798	224	1 022
Dividends paid									(357)	(357)	(224)	(581)
Balance at 30 June 2007	9	1 542	(692)	(312)	150	73	–	(1 583)	3 161	2 348	642	2 990
COMPANY												
Balance at 1 July 2005	9	1 612	–	–	–	36	–	–	970	2 627	–	2 627
Share issue		35								35		35
Odd lot offer		(13)								(13)		(13)
Employee share based payments						26				26		26
Profit									650	650		650
Dividends paid									(279)	(279)		(279)
Balance at 30 June 2006	9	1 634	–	–	–	62	–	–	1 341	3 046	–	3 046
Share buy back	22	(92)								(92)		(92)
Employee share based payments	36					18				18		18
Deferred tax on employee share based payments	24					(7)				(7)		(7)
Profit									636	636		636
Dividends paid									(379)	(379)		(379)
Balance at 30 June 2007	9	1 542	–	–	–	73	–	–	1 598	3 222	–	3 222

* Reserve for non-controlling interests relates to the premium paid on purchases of minorities' interests and profit and loss on disposals of interests to minorities.

Notes to the annual financial statements

for the year ended 30 June

	Revenue		EBITDA		Depreciation and amortisation		Operating profit	
	2007	2006	2007	2006	2007	2006	2007	2006
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
I. SEGMENTAL ANALYSIS								
Gaming units	4 794	4 053	1 834	1 458	332	312	1 469	1 126
GrandWest	1 595	1 398	693	600	90	91	594	504
Carnival City	908	786	333	268	56	53	268	209
Sibaya	684	586	247	175	59	54	181	114
Boardwalk	435	384	179	151	28	29	151	122
Carousel	295	251	88	69	22	22	65	46
Morula	231	190	56	44	23	23	32	23
Meropa	199	159	83	61	13	14	68	45
Windmill	184	112	77	40	15	11	60	29
Flamingo	125	108	47	39	10	11	37	27
Lesotho	92	79	17	11	9	4	7	7
Worcester	46	–	14	–	7	–	6	–
Hotels and resorts units	2 055	1 824	441	351	174	138	234	175
Sun City	1 059	965	190	160	101	74	89	79
Wild Coast Sun	274	237	55	46	15	16	39	30
Table Bay	173	154	63	52	14	13	34	18
Swaziland	148	140	19	14	9	8	10	6
Zambia	181	140	51	30	16	14	33	16
Namibia	102	95	29	25	8	7	10	10
Botswana	118	93	34	24	11	6	19	16
Management activities	586	482	278	221	9	11	269	211
Other	(498)	(410)	8	(15)	3	12	(35)	(63)
Central office and other	64	52	8	(15)	3	12	(3)	(32)
Elimination of intragroup revenues	(562)	(462)						
Other income							85	216
Other expenses							(117)	(247)
Total	6 937	5 949	2 561	2 015	518	473	1 937	1 449
Other								
City Lodge								
Net interest expense and foreign exchange profit								
Taxation								
Minorities' interests								
Deferred taxation								
Borrowings								
	6 937	5 949	2 561	2 015	518	473	1 937	1 449

Notes to the annual financial statements

for the year ended 30 June

Discontinued operations		Segment results		Assets		Liabilities		Capital expenditure	
2007 Rm	2006 Rm	2007 Rm	2006 Rm	2007 Rm	2006 Rm	2007 Rm	2006 Rm	2007 Rm	2006 Rm
		1 469	1 126	4 420	3 936	533	390	757	349
		594	504	1 395	1 116	147	112	431	62
		268	209	655	628	100	79	101	68
		181	114	870	885	87	75	43	54
		151	122	338	344	43	30	22	21
		65	46	341	339	34	24	10	18
		32	23	152	127	28	18	21	10
		68	45	157	153	19	13	14	9
		60	29	181	193	17	13	9	99
		37	27	98	100	12	10	8	7
		7	7	60	51	23	16	1	1
		6	–	173	–	23	–	97	–
		234	175	2 413	2 186	447	311	202	141
		89	79	1 505	1 288	291	210	145	59
		39	30	196	198	33	17	15	15
		34	18	147	163	24	19	8	5
		10	6	86	77	20	13	9	4
		33	16	334	328	42	24	10	9
		10	10	49	41	14	10	9	20
		19	16	96	91	23	18	6	29
		269	211	654	260	20	56	11	–
	378	(35)	315	610	1 132	61	102	2	78
	378	(3)	346	610	1 132	61	102	2	78
		85	216						
		(117)	(247)						
	–	1 937	1 827	8 097	7 514	1 061	859	972	568
	9	(246)	(124)						
		(669)	(517)	12	9	143	122		
		(224)	(262)	25	17	394	408		
						3 546	2 326		
	–	798	933	8 134	7 540	5 144	3 715	972	568

Notes to the annual financial statements

for the year ended 30 June

	Group		Company	
	2007 Rm	2006 Rm	2007 Rm	2006 Rm
2. OTHER INCOME				
Realisation of fair value gains on KZL shares	84	83	-	-
Fair value adjustment on loan origination	1	25	-	-
Currency translation reserve realised	-	108	-	-
	85	216	-	-
3. EMPLOYEE COSTS				
Salaries, wages, bonuses and other benefits	(1 168)	(1 061)	-	-
Pension costs – defined contribution plans	(121)	(117)	-	-
– defined benefit plans (refer note 18)	-	(10)	-	-
contributions paid	(10)	(10)	-	-
pension fund surplus recognition	10	-	-	-
Employee share based payments	(18)	(26)	-	-
	(1 307)	(1 214)	-	-
Number of employees at the end of the year	8 414	8 440	-	-
4. DEPRECIATION AND AMORTISATION				
Property, plant and equipment (refer note 13)	(474)	(427)	-	-
Intangible assets (refer note 14)	(44)	(46)	-	-
	(518)	(473)	-	-
5. OPERATING PROFIT IS STATED AFTER (CHARGING)/CREDITING THE FOLLOWING:				
Operating lease charges				
Plant, vehicles and equipment	(16)	(22)	-	-
Auditors' remuneration	(12)	(10)	-	-
Audit fees	(10)	(8)	-	-
Fees for other services	(1)	(2)	-	-
Expenses	(1)	-	-	-
Professional fees	(21)	(16)	-	(1)
Loss on disposal of property, plant and equipment	(6)	(10)	-	-
Dividend income			656	491
6. INTEREST INCOME				
Interest earned on cash and cash equivalents	59	51	21	21
Preference share dividends	18	23	-	1
Imputed interest on loans receivable	-	-	-	6
	77	74	21	28
7. INTEREST EXPENSE				
Interest paid on borrowings	(243)	(239)	(18)	(18)
Preference share dividends	(65)	(15)	-	(12)
Imputed interest on loans payable	(21)	(18)	(17)	(6)
Capitalised to property, plant and equipment	16	22	-	-
	(313)	(250)	(35)	(36)

Notes to the annual financial statements

for the year ended 30 June

	Group		Company	
	2007 Rm	2006 Rm	2007 Rm	2006 Rm
8. TAXATION				
Normal taxation – South African	(541)	(424)	1	(2)
– Foreign	(18)	(15)	–	–
	(559)	(439)	1	(2)
Current taxation – this year	(590)	(437)	(2)	(2)
– prior years	3	29	2	(4)
Deferred tax – this year	30	(12)	1	–
– prior years	(2)	(19)	–	4
Secondary tax on companies	(95)	(62)	–	–
Capital gains tax	(12)	(14)	–	–
Other taxes	(3)	(2)	–	–
	(669)	(517)	1	(2)
Estimated tax losses available for set off against future taxable income	125	229	–	–
Reconciliation of rate of taxation	%	%	%	%
Standard rate – South Africa	29,0	29,0	29,0	29,0
Adjusted for:				
Exempt income and disallowable expenses	6,4	7,2	(28,7)	(28,3)
Tax losses	(0,5)	(0,3)	–	–
Prior year over provision	–	(0,6)	(0,5)	–
Secondary tax on companies	5,6	4,7	–	0,1
Lower tax applicable to capital gains	(0,7)	(0,8)	–	–
Other taxes	(0,2)	(0,2)	–	–
Effective tax rate	39,6	39,0	(0,2)	0,8
9. PROFIT FROM DISCONTINUED OPERATIONS				
Equity retained profits	–	13	–	–
Taxation on equity profits	–	(5)	–	–
Profit on disposal of SCME	–	14	–	–
Profit on disposal of City Lodge	–	392	–	411
Capital gains tax on sale	–	(27)	–	(27)
	–	387	–	384
Cash flow from discontinued operations				
Operating activities	–	(27)	–	(27)
Investing activities	–	7	–	(5)

Ster Century Middle East

The assets of SCME were disposed of on 31 October 2005.

City Lodge Hotels Limited

The investment in City Lodge Hotels Limited was disposed of on 6 September 2005 through a scheme of arrangement, whereby Sun International shareholders received City Lodge shares in exchange for a portion of their Sun International shares.

Notes to the annual financial statements

for the year ended 30 June

	Group		Company	
	2007 Rm	2006 Rm	2007 Rm	2006 Rm
10. EBITDA RECONCILIATION				
Operating profit	1 937	1 449		
Depreciation and amortisation	518	473		
Other income	(85)	(216)		
BEE transaction charge	–	219		
Property and equipment rental	74	62		
Indirect taxes relating to prior years	–	(11)		
Loss on disposal of property, plant and equipment	6	10		
Impairment provision reversal	(4)	–		
Impairment of investment	97	–		
Pension fund surplus recognition	(10)	–		
Pre-opening expenses	8	13		
Reversal of Employee Share Trusts' consolidation*	20	16		
EBITDA	2 561	2 015		
<i>* The consolidation of the Employee Share Trusts are reversed as the group does not receive the economic benefits of these trusts.</i>				
11. EARNINGS PER SHARE				
Profit attributable to ordinary shareholders	798	933		
Headline earnings adjustments	99	(490)		
Impairment of investment	97	–		
Loss on disposal of property, plant and equipment	6	10		
Impairment provision reversal	(4)	–		
Profit on disposal of City Lodge	–	(392)		
Currency translation reserve realised	–	(108)		
Taxation relief on the above items	2	22		
Minorities' interests in the above items	(30)	2		
Headline earnings	869	467		
Adjusted headline earnings adjustments	(85)	102		
Pre-opening expenses	8	13		
Realisation of fair value gains on KZL shares	(84)	(83)		
Foreign exchange losses/(profits) on intercompany loans	2	(11)		
Fair value adjustments on loan origination	(1)	(25)		
Pension fund surplus recognition	(10)	–		
Indirect taxes relating to prior years	–	(11)		
BEE transaction charge	–	219		
Taxation relief on the above items	12	14		
Minorities' interests in the above items	(3)	16		
Reversal of Employee Share Trusts' consolidation	21	20		
Results from discontinued operations	–	(17)		
Adjusted headline earnings	814	602		
Number of shares for EPS calculation (000's)				
Weighted average number of shares in issue	104 864	107 056		
Adjustment for dilutive share options	1 936	1 338		
	106 800	108 394		

Notes to the annual financial statements

for the year ended 30 June

	Group		Company	
	2007 Rm	2006 Rm	2007 Rm	2006 Rm
II. EARNINGS PER SHARE (continued)				
Number of shares for adjusted HEPS calculation (000's)				
Weighted average number of shares in issue	104 864	107 056		
Adjustment for share buy back	–	(1 432)*		
Treasury shares held by Employee Share Trusts	6 442	4 594		
Adjusted weighted average number of shares in issue	111 306	110 218		
Adjustment for dilutive share options	1 936	1 338		
Diluted adjusted weighted average number of shares in issue	113 242	111 556		
Earnings per share (cents)				
Basic	761	872		
Continuing operations	761	511		
Discontinued operations	–	361		
Headline	829	437		
Adjusted headline	731	546		
Diluted earnings per share (cents)				
Basic	747	861		
Continuing operations	747	504		
Discontinued operations	–	357		
Headline	814	431		
Adjusted headline	719	539		

Earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue.

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

For the diluted earnings per share calculation the weighted average number of ordinary shares in issue is adjusted to take account of potential dilutive share options granted to employees. The number of shares taken into account is determined by taking the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to the outstanding share options and awards. This calculation is done to determine the "unpurchased" shares to be added to the ordinary shares outstanding for the purpose of computing the dilution.

* In accordance with the group's practice of excluding discontinued operations from adjusted HEPS, the result from City Lodge has been excluded. The number of shares used in the adjusted HEPS calculation has been reduced by 1 431 713 to reflect the weighted average number of Sun International shares that were acquired.

Notes to the annual financial statements

for the year ended 30 June

	Group		Company	
	2007 Rm	2006 Rm	2007 Rm	2006 Rm
12. DIVIDENDS PAID				
A final dividend of 110 cents per share for the year ended 30 June 2005 was declared on 30 August 2005 and paid on 26 September 2005.		(126)		(128)
An interim dividend in respect of the 2006 financial year of 135 cents per share was declared on 2 March 2006 and paid on 3 April 2006.		(142)		(151)
A final dividend of 155 cents per share for the year ended 30 June 2006 was declared on 28 August 2006 and paid on 26 September 2006.	(164)		(173)	
An interim dividend in respect of the 2007 financial year of 185 cents per share was declared on 20 February 2007 and paid on 26 March 2007.	(193)		(206)	
	(357)	(268)	(379)	(279)
A final dividend of 215 cents per share for the year ended 30 June 2007 was declared on 29 August 2007 and paid on 25 September 2007.				
13. PROPERTY, PLANT AND EQUIPMENT				
Net carrying value				
Freehold land and buildings	2 635	2 408	–	–
Leasehold land and buildings	1 034	1 079	–	–
Infrastructure	563	538	–	–
Plant and machinery	267	238	–	–
Equipment	821	660	–	–
Furniture and fittings	298	279	–	–
Vehicles	12	13	–	–
Operating equipment	79	71	–	–
Capital work in progress	174	121	–	–
	5 883	5 407	–	–

Notes to the annual financial statements

for the year ended 30 June

13. PROPERTY, PLANT AND EQUIPMENT (continued)

2007 Rm	Group cost					
	Opening	Exchange adjustments	Additions	Disposals and write-offs	Reclassi- fications	Closing
Freehold land and buildings	2 832	(5)	121	(1)	175	3 122
Leasehold land and buildings	1 448	(1)	25	(10)	1	1 463
Infrastructure	738	(1)	26	(1)	31	793
Plant and machinery	493	–	37	(5)	21	546
Equipment	1 644	(3)	277	(318)	106	1 706
Furniture and fittings	705	(2)	75	(47)	10	741
Vehicles	54	–	6	(15)	–	45
Operating equipment	71	–	8	–	–	79
Capital work in progress	121	–	397	–	(344)	174
	8 106	(12)	972	(397)	–	8 669

Rm	Accumulated depreciation					
	Opening	Exchange adjustments	Depre- ciation on disposals	Depre- ciation	Closing	
Freehold land and buildings	(424)	1	–	(64)	(487)	
Leasehold land and buildings	(369)	–	7	(67)	(429)	
Infrastructure	(200)	–	1	(31)	(230)	
Plant and machinery	(255)	1	4	(29)	(279)	
Equipment	(984)	1	312	(214)	(885)	
Furniture and fittings	(426)	1	45	(63)	(443)	
Vehicles	(41)	–	14	(6)	(33)	
	(2 699)	4	383	(474)	(2 786)	

Notes to the annual financial statements

for the year ended 30 June

13. PROPERTY, PLANT AND EQUIPMENT (continued)

2006 Rm	Group cost						
Asset type	Opening	Exchange adjustments	Consolidation of subsidiaries previously equity accounted	Additions	Disposals and write-offs	Reclassi- fications	Closing
Freehold land and buildings	2 811	14	8	37	(38)	–	2 832
Leasehold land and buildings	1 419	3	–	22	–	4	1 448
Infrastructure	677	2	–	61	(3)	1	738
Plant and machinery	482	1	5	4	(2)	3	493
Equipment	1 454	1	13	256	(93)	13	1 644
Furniture and fittings	653	3	26	62	(42)	3	705
Vehicles	47	–	1	10	(4)	–	54
Operating equipment	68	1	2	3	(3)	–	71
Capital work in progress	39	–	–	113	–	(31)	121
	7 650	25	55	568	(185)	(7)	8 106

Rm	Accumulated depreciation						
Asset type	Opening	Exchange adjustments	Consolidation of subsidiaries previously equity accounted	Depre- ciation on disposals	Depre- ciation	Closing	
Freehold land and buildings	(372)	(3)	–	13	(62)	(424)	
Leasehold land and buildings	(329)	–	–	–	(40)	(369)	
Infrastructure	(175)	–	–	2	(27)	(200)	
Plant and machinery	(224)	(1)	(2)	2	(30)	(255)	
Equipment	(855)	–	(10)	84	(203)	(984)	
Furniture and fittings	(392)	(2)	(13)	42	(61)	(426)	
Vehicles	(39)	–	(2)	4	(4)	(41)	
	(2 386)	(6)	(27)	147	(427)	(2 699)	

Net carrying value of property and equipment held under finance leases is R171 million (2006: R210 million).

A copy of the register of properties is available for inspection by members of the public at the registered office of the company.

Borrowing costs of R16 million (2006: R22 million) were capitalised during the year and are included in "Additions" above. A capitalisation rate approximating the borrowing costs of the loans used to finance the relevant projects was used.

Included in freehold land and buildings and infrastructure are assets of R1 208 million (2006: R1 149 million) where the residual value is deemed to approximate the carrying value.

Notes to the annual financial statements

for the year ended 30 June

	Group		Company	
	2007 Rm	2006 Rm	2007 Rm	2006 Rm
14. INTANGIBLE ASSETS				
Cost				
Sun International name*	72	72		
Bid costs	524	514		
Management contracts	18	18		
Lease premiums	35	35		
	649	639		
Accumulated amortisation				
Bid costs	(271)	(228)		
Management contracts	(1)	(1)		
Lease premiums	(16)	(15)		
	(288)	(244)		
Net carrying value				
Sun International name*	72	72		
Bid costs	253	286		
Management contracts	17	17		
Lease premiums	19	20		
	361	395		
Movements on intangible assets				
Balance at beginning of year	395	433		
Bid costs incurred	10	1		
Reclassification from property, plant and equipment	-	7		
Amortised during the year	(44)	(46)		
Bid costs and management contracts	(43)	(43)		
Lease premiums	(1)	(3)		
	361	395		
<p>*The Sun International name is classified as an indefinite life intangible asset as the group believes that it will benefit from the name for an indefinite period. The name was tested for impairment by discounting 5 years of projected cash flows on relevant management contracts. Discount rates were based on the risk free rate of the appropriate country, a standard risk premium and a country risk premium and ranged from 13,4% to 17,9%. In determining the growth rates applied in the impairment calculations, consideration was given to the location of the business, including economic and political facts and circumstances. There has been no indication of impairment.</p>				
15. INVESTMENTS IN SUBSIDIARIES				
Shares at cost				
Balance at beginning of year			2 514	2 484
Additional investment in subsidiaries			2	4
Employee share based payments			11	26
Balance at end of year			2 527	2 514
<p>The interests of the company in the aggregate pre tax net profits and losses of its subsidiaries amounted to R1 209 million (2006: R938 million) and R11 million (2006: R39 million) respectively and post tax net profits and losses of its subsidiaries amounted to R694 million (2006: R661 million) and R11 million (2006: R3 million) respectively.</p>				

Notes to the annual financial statements

for the year ended 30 June

	Group		Company	
	2007 Rm	2006 Rm	2007 Rm	2006 Rm
16. AVAILABLE-FOR-SALE INVESTMENTS				
Available-for-sale investments comprise:				
KZL	–	183	–	–
Cape Town International Convention Centre Company (Proprietary) Limited	44	141	–	–
	44	324	–	–
Current portion	–	(183)	–	–
	44	141	–	–
Movement on available-for-sale investments:				
Balance at beginning of year	324	428	–	–
Currency translation adjustments	–	8	–	–
Disposals	(183)	(189)	–	–
Impairment	(97)	–	–	–
Write up of KZL to market value	–	77	–	–
	44	324	–	–
Director's valuation of unlisted investment	44	141	–	–
Market value of listed investment	–	183	–	–
	44	324	–	–
The 24,8% (2006: 24,8%) investment in the unlisted Cape Town International Convention Centre Company (Proprietary) Limited forms part of the group's bid commitments in the Western Cape. This investment has been impaired during the year based on the Cape Town Convention Centre Company impairing the carrying value of its buildings. An impairment charge of R97 million has been recognised. This investment is carried at its impaired value as its fair value cannot be reliably determined.				
17. LOANS AND RECEIVABLES				
Other assets				
Ordinary shares in RAH	–	39	–	–
Loans				
Share incentive schemes	–	–	308	158
Preference share funding of empowerment partners	149	262	–	–
Loans to subsidiaries	–	–	689	684
Other loans	11	6	–	–
	160	307	997	842
Current portion	(1)	(5)	(308)	(158)
	159	302	689	684
Loans are due over the following financial years:				
2007	–	5	–	158
2008	1	–	308	–
2009	25	–	–	–
2010	35	–	–	–
2011	–	–	–	–
2012 onwards	99	263	689	684
	160	268	997	842

Notes to the annual financial statements

for the year ended 30 June

	Group		Company	
	2007 %	2006 %	2007 %	2006 %
17. LOANS AND RECEIVABLES (continued)				
The weighted average interest and dividend rates were as follows:				
Share incentive schemes	–	–	NIB	NIB
Preference share funding of empowerment partners*	9,9	8,5	–	–
Loans to subsidiaries			3,2	3,2
Other loans	8,8	2,3	–	–
Weighted average	9,9	8,3	2,6	2,6
<i>*These rates are linked to the prime bank overdraft rate.</i>				
NIB – Non interest bearing				
The fair value of loans and receivables approximates their carrying value.				

	Rm	Rm
18. RETIREMENT BENEFIT INFORMATION		
Valuation in terms of the Financial Services Board guidelines		
A valuation of the defined benefit fund was carried out on 1 July 2004, the group's surplus apportionment date, by an independent firm of consulting actuaries. The fund was found to have a surplus of R29,8 million, which the trustees have designated as a solvency reserve in terms of circular PF 117 issued by the Financial Services Board (FSB). Circular PF 117 deals, amongst other issues, with the allocation of assets to solvency reserves. Any allocation of assets to contingency reserves reduces the amount of surplus available for distribution to former members and other stakeholders. The valuation has been approved by the FSB. The results of the valuation are summarised below:		
Present value of funded obligations	(189)	(189)
Fair value of fund assets	219	219
Surplus before contingency reserve	30	30
Contingency reserve	(30)	(30)
Surplus available for distribution	–	–
The group carries out statutory actuarial valuations every three years. The next valuation will be undertaken effective 1 July 2007.		

Notes to the annual financial statements

for the year ended 30 June

	Group	
	2007 Rm	2006 Rm
18. RETIREMENT BENEFIT INFORMATION		
(continued)		
IAS 19 valuation		
The surplus calculated in terms of IAS 19: Employee benefits is presented below. It should be noted that this valuation is performed on a different basis to the valuation in terms of the FSB guidelines.		
The amount recognised in the balance sheet is determined as follows:		
Present value of funded obligations	(237)	(205)
Balance at beginning of year	(205)	(178)
Current service cost	(8)	(8)
Interest cost	(17)	(15)
Contributions by plan participants	(3)	(3)
Actuarial losses	(14)	(16)
Benefits paid	10	15
Fair value of plan assets	449	340
Balance at beginning of year	340	246
Expected return on plan assets	28	21
Actuarial gains	81	78
Employer contributions	7	7
Contributions by plan participants	3	3
Benefits paid	(10)	(15)
Present value of retirement benefit surplus	212	135
Less: application of asset ceiling	(202)	(135)
	10	-
In applying the asset ceiling the present value of the retirement benefit surplus that may be recognised as an asset is limited to the lower of the amount as determined above or the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan plus any cumulative unrecognised net actuarial losses and past service costs.		
The present value of the retirement benefit surplus at 30 June 2005 and 2004 were R67 million and R47 million respectively.		
The amounts recognised in the income statement are as follows:		
Current service cost	8	8
Interest cost	17	15
Expected return on plan assets	(28)	(21)
Net actuarial gains recognised during the year	(67)	(62)
Effect of asset ceiling	70	70
Total (refer note 3)	-	10

The actual return on plan assets was R109 million (2006: R98 million).

Notes to the annual financial statements

for the year ended 30 June

	Group		Company	
	2007 %	2006 %	2007	2006
18. RETIREMENT BENEFIT INFORMATION (continued)				
The principal actuarial assumptions used were as follows:				
Discount rate	8,00	8,25		
Expected return on plan assets	8,00	8,25		
Future salary increases	8,00	6,50		
Future pension increases	4,00	4,50		
Plan assets comprise:				
Listed equity investments	74	76		
Bonds	21	19		
Other	5	5		
Pension plan assets include the company's ordinary shares with a fair value of R8 million (2006: R4 million).				
The expected return on plan assets has been set equal to the discount rate used to value the defined benefit obligations of the fund.				
Expected contributions to post-employment benefit plans for the year ending 30 June 2008 approximate R10 million.				
Experience adjustment on plan liabilities	6	8		
Experience adjustment on plan assets	18	23		
	Rm	Rm	Rm	Rm
19. NON CURRENT ASSET HELD FOR SALE				
Life Esidimeni	164	–	–	–
As part of the acquisition of RAH, the group acquired a 45% equity interest in Life Esidimeni. The group stated its intention to dispose of this investment as it is not part of the core business of the group. The investment was valued by the directors based on the potential proceeds less capital gains tax and a provision for the litigation in respect of the Life Care Group Pension fund. Refer note 38.4.				
20. INVENTORY				
Merchandise	5	2	–	–
Consumables and hotel stocks	27	33	–	–
	32	35	–	–

Notes to the annual financial statements

for the year ended 30 June

	Group		Company	
	2007 Rm	2006 Rm	2007 Rm	2006 Rm
21. ACCOUNTS RECEIVABLE				
Trade receivables	145	123	–	–
Less impairment	(9)	(9)	–	–
Net trade receivables	136	114	–	–
Prepayments	68	76	–	–
VAT	36	18	–	1
Receivables from subsidiaries	–	–	–	20
Share option scheme and discontinued share purchase scheme	–	16	–	–
Sun International Vacation Club Association	–	12	–	–
Other receivables	114	54	–	–
	354	290	–	21
The fair value of accounts receivables approximates their carrying value.				
22. SHARE CAPITAL AND PREMIUM				
<i>Authorised</i>				
150 000 000 (2006: 150 000 000) ordinary shares of 8 cents each	12	12	12	12
100 000 000 (2006: 100 000 000) variable rate cumulative redeemable preference shares of 1 cent each	1	1	1	1
<i>Issued</i>				
Share capital	9	9	9	9
Share premium	1 542	1 634	1 542	1 634
Treasury shares	(692)	(692)		
– Shares held by the group	(415)	(415)		
– Shares held by Employee Share Trusts	(277)	(277)		
Treasury share options	(312)	(162)		
	547	789	1 551	1 643

During the year the group purchased 899 400 shares at an average price of R102,03. The shares have been delisted from the JSE Limited and represented 0,8% of the group's issued share capital.

10 172 156 shares in the unissued share capital of the company remain under the control of the directors as a specific authority in terms of section 221(2) of the Companies Act to allot and issue in accordance with the share option scheme. A further 10 780 000 shares have been placed under the specific control of the directors to allot and issue in accordance with the Equity Growth Plan, Conditional Share Plan and Deferred Bonus Plan.

Notes to the annual financial statements

for the year ended 30 June

	Group			
	2007 Number of shares	2007 Rm	2006 Number of shares	2006 Rm
22. SHARE CAPITAL AND PREMIUM (continued)				
Movement during the year				
Statutory shares in issue	116 818 607	1 551	117 718 007	1 643
Balance at the beginning of the year	117 718 007	1 643	116 392 903	1 621
Odd lot offer	-	-	(141 940)	(13)
Share buy back	(899 400)	(92)	-	-
Shares issued	-	-	1 467 044	35
Treasury shares and share options	(12 229 949)	(1 004)	(12 229 949)	(854)
Balance at the beginning of the year	(12 229 949)	(854)	(2 615 895)	(174)
Shares bought back in terms of City Lodge disposal	-	-	(8 590 275)	(627)
Deemed treasury shares on consolidation of the Employee Share Trusts	-	-	(3 825 572)	(192)
Treasury shares re-issued to Dinokana	-	-	2 801 793	213
Treasury share options purchased	-	(150)	-	(151)
Treasury share options exercised	-	-	-	77
Closing balance	104 588 658	547	105 488 058	789
Treasury shares				
Held by subsidiary	5 788 482	414	5 788 482	414
Held by Employee Share Trusts	6 441 467	366	6 441 467	366
	12 229 949	780	12 229 949	780

	Group		Company	
	2007 Rm	2006 Rm	2007 Rm	2006 Rm
23. RETAINED EARNINGS				
Retained earnings at the end of the year comprise:				
Company	1 598	1 341	1 598	1 341
Subsidiaries and equity investments	1 563	1 367	-	-
	3 161	2 708	1 598	1 341

Any future dividend declarations out of the retained earnings of the company or any of its subsidiaries incorporated in South Africa will be subject to STC, to the extent that STC credits are not available, at the prescribed rate which is currently 12,5% and is expected to be changed to 10% with effect from 1 October 2007.

Notes to the annual financial statements

for the year ended 30 June

	Group		Company	
	2007 Rm	2006 Rm	2007 Rm	2006 Rm
24. DEFERRED TAX				
Balance at beginning of year	391	359	(5)	(1)
Income statement (credit)/charge for year	(30)	12	(1)	–
Prior year under/(over)provision	2	19	–	(4)
Currency translation adjustments	(1)	1	–	–
Credited directly to equity	7	–	7	–
Balance at end of year	369	391	1	(5)
Deferred tax arises from the following temporary differences:				
Deferred tax liabilities				
Accelerated asset allowances				
Balance at beginning of year	453	429	–	–
Currency translation adjustments	–	1	–	–
(Credited)/charged to income statement	(41)	23	–	–
	412	453	–	–
Deferred tax assets				
Assessable losses	(4)	–	–	–
Credited to income statement	(4)	–	–	–
Prepayments	–	(8)	–	–
Balance at beginning of year	(8)	(4)	–	–
Charged/(credited) to income statement	8	(4)	–	–
Disallowed accruals and provisions	(67)	(83)	7	–
Balance at beginning of year	(83)	(71)	–	–
Currency translation adjustments	(1)	–	–	–
Credited directly to equity	7	–	7	–
Charged/(credited) to income statement	10	(12)	–	–
Fair value adjustments	28	29	(6)	(5)
Balance at beginning of year	29	5	(5)	(1)
(Credited)/charged to income statement	(1)	24	(1)	(4)
	(43)	(62)	1	(5)
Net deferred tax liability/(asset)	369	391	1	(5)
Aggregate assets and liabilities on subsidiary company basis:				
Deferred tax assets	(25)	(17)	–	(5)
Deferred tax liabilities	394	408	1	–
	369	391	1	(5)

Notes to the annual financial statements

for the year ended 30 June

	Group		Company	
	2007 Rm	2006 Rm	2007 Rm	2006 Rm
25. BORROWINGS				
Non current				
Term facilities	322	616	–	–
V&A loan	302	303	267	262
Redeemable preference shares	1 334	194	–	–
Lease liabilities	227	268	–	–
Vacation Club members	86	77	–	–
	2 271	1 458	267	262
Current				
Overdrafts	836	216	19	53
Term facilities	163	222	–	–
General facilities	231	394	–	–
Lease liabilities	45	36	–	–
	1 275	868	19	53
Total borrowings	3 546	2 326	286	315
Secured	329	354	–	–
Unsecured	3 217	1 972	286	315
	3 546	2 326	286	315
The fair value of borrowings approximate their carrying values except for the V&A loan which has a fair value of R410 million (2006: R383 million). The fair value has been determined on a discounted cash flow basis using a discount rate of 10% (2006: 10%).				
The carrying amounts of the borrowings are denominated in the following currencies:				
Rand	3 546	2 319	286	315
Pula	–	7	–	–
	3 546	2 326	286	315
Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.				
Net book value of property, plant and equipment encumbered by secured loans	572	325	–	–
The current borrowings are repayable as follows:				
6 months or less	647	129	19	–
6 – 12 months	628	739	–	53
	1 275	868	19	53
The non current borrowings are repayable over the following financial years:				
2008	–	248	–	–
2009	157	214	–	–
2010	152	142	–	–
2011	327	418	–	–
2012 onwards	1 635	436	267	262
	2 271	1 458	267	262

Notes to the annual financial statements

for the year ended 30 June

	Group		Company	
	2007 %	2006 %	2007 %	2006 %
25. BORROWINGS (continued)				
Interest rates				
Year end interest rates				
Overdraft	10,3	10,1	10,5	10,0
Term facilities	11,0	9,3	–	–
General facilities	11,3	8,9	–	–
V&A loan	12,2	12,2	8,3	8,3
Redeemable preference shares	8,7	8,5	–	–
Lease liabilities	11,9	11,8	–	–
Vacation Club Members	11,3	11,3	–	–
Weighted average	10,2	10,0	8,0	8,6
	Rm	Rm	Rm	Rm

As at 30 June 2007, interest rates on 19% (2006: 51%) of the group's borrowings were fixed. 100% (2006: 31%) of these fixed borrowings were for periods longer than 12 months. The interest rates other than on the V&A loan, approximate those currently available to the group in the market.

Redeemable preference shares:

Dinokana	194	194	–	–
SISA	1 000	–	–	–
Mahogany Rose Investments 46 (Proprietary) Limited	94	–	–	–
Afrisun Leisure	46	–	–	–
	1 334	194	–	–

Preference dividends on the Dinokana preference shares are payable semi-annually on 31 March and 30 September and are calculated at a rate of 72% (2006: 77%) of the bank prime overdraft rate. The preference shares are redeemable on 3 December 2010.

Preference dividends on the SISA preference shares are payable semi-annually on 31 August and 28 February and are calculated at a rate of 63% of the bank prime overdraft rate. The preference shares are redeemable on 13 October 2011.

Preference dividends on the Mahogany Rose preference shares are payable semi-annually on 31 March and 30 September and are calculated at a rate of 68,6% of the bank prime overdraft rate. The preference shares are redeemable on 9 April 2010.

Preference dividends on the Afrisun Leisure preference shares are payable semi-annually on 31 March and 30 September and are calculated at a rate of 68% of the bank prime overdraft rate. The preference shares are redeemable on 31 March 2011.

Notes to the annual financial statements

for the year ended 30 June

	2007 Rm	Group 2006 Rm
25. BORROWINGS (continued)		
A register of non current loans is available for inspection at the registered office of the company.		
The group had unutilised borrowing facilities of R1 875 million (2006: R994 million) at 30 June. The company's borrowings are not restricted by its articles of association. All undrawn borrowing facilities are renewable annually and none has fixed interest rates.		
Capitalised lease liabilities		
Finance lease liabilities are primarily for buildings and slot machines. At the time of entering into the capital lease arrangements, the commitments are recorded at the present value using applicable interest rates. The aggregate amounts of minimum lease payments and the related imputed interest under the capitalised lease contracts payable in each of the next five financial years and thereafter are as follows:		
Aggregated lease payments payable for the year ended 30 June:		
2007		66
2008	75	73
2009	78	78
2010	71	71
2011	66	66
2012	67	66
Thereafter	4	4
	361	424
Imputed interest for the year ended 30 June:		
2007		(30)
2008	(30)	(30)
2009	(25)	(25)
2010	(18)	(19)
2011	(12)	(12)
2012	(4)	(4)
	(89)	(120)
Net capital payments	272	304
Net carrying value of assets held under finance leases	171	210

Notes to the annual financial statements

for the year ended 30 June

	Group		Company	
	2007 Rm	2006 Rm	2007 Rm	2006 Rm
26. OTHER NON CURRENT LIABILITIES				
Straight lining of operating leases	20	11	-	-
Deferred income	48	52	-	-
Post retirement medical aid liability	75	66	-	-
	143	129	-	-
Current portion	(4)	(4)	-	-
	139	125	-	-
Deferred income				
Deferred income represents sales proceeds in respect of the second phase Vacation Club units constructed at Sun City. This revenue is recognised over the 15 year period of the members' contracts.				
Post retirement medical benefits				
The group contributes towards the post retirement medical aid contributions of eligible employees employed by the group as at 30 June 2003. Employees who join the group after 1 July 2003 will not be entitled to any co-payment subsidy from the group upon retirement. Employees are eligible for such benefits on retirement based upon the number of completed years of service. The method of accounting and valuation are similar to those used for defined benefit schemes. The actuarial valuation to determine the liability is performed annually.				
The amounts recognised in the balance sheet were determined as follows:				
Present value of unfunded obligations	75	66		
The group has no matched asset to fund the obligations. There are no unrecognised actuarial gains or losses and no unrecognised past service costs.				
Movement in unfunded obligation:				
Benefit obligation at beginning of year	66	53		
Associates now consolidated	-	2		
Interest cost	6	4		
Current service cost	4	3		
Actuarial loss	-	5		
Benefits paid	(1)	(1)		
Benefit obligation at end of year	75	66		
The amounts recognised in the income statement are as follows:				
Current service cost	4	3		
Interest cost	6	4		
Net actuarial losses	-	5		
Total	10	12		

Notes to the annual financial statements

for the year ended 30 June

	Group		Company	
	2007 %	2006 %	2007	2006
26. OTHER NON CURRENT LIABILITIES (continued)				
The effect of a 1% movement in the assumed retirement cost trend rate were as follows:				
The effect of a 1% increase relates to increasing the long-term future inflation assumption from 4,5% per annum to 5,5% per annum and hence reducing the gap between the discount rate and the inflation rate from 3,5% per annum to 2,5% per annum. The resultant increase in the liability is equal to R18,1 million, or 24,2% and the resultant increase in the total of the service and interest costs is R2,7 million.				
The effect of a decrease of 1% relates to reducing the long-term future inflation assumption from 4,5% per annum to 3,5% per annum and hence widening the gap between the discount rate and the inflation rate from 3,5% per annum to 4,5% per annum. The resultant reduction in the liability is equal to R13,9 million, or 18,5% and the resultant reduction in the total of the service and interest costs is R2 million.				
Expected contributions to post-employment benefit plans for the year ending 30 June 2008 are R10 million.				
The principal actuarial assumptions used for accounting purposes were:				
Discount rate	8,00	8,50		
Price inflation allowed by group	4,50	5,00		
	Rm	Rm	Rm	Rm
27. ACCOUNTS PAYABLE AND ACCRUALS				
Trade payables	162	94	–	–
Accrued expenses	663	460	–	–
Capital creditors	11	27	–	–
Other payables	26	102	22	24
	862	683	22	24
The fair value of accounts payable approximate their carrying value.				

Notes to the annual financial statements

for the year ended 30 June

	2007 Rm	Group 2006 Rm
28. PROVISIONS		
Movements on provisions		
Balance at beginning of year:		
Lease commitments and property closure costs	13	9
Progressive jackpots	38	41
	51	50
Created during the year:		
Lease commitments and property closure costs	10	13
Net progressive jackpots	6	–
Retrenchment and restructure costs	4	–
	20	13
Utilised during the year:		
Lease commitments and property closure costs	(11)	(9)
Net progressive jackpots	–	(3)
	(11)	(12)
Balance at end of year:		
Lease commitments and property closure costs	12	13
Progressive jackpots	44	38
Retrenchment and restructure costs	4	–
	60	51

Lease commitments and property closure costs

The provision represents estimated costs which the group expects to incur on termination of property leases.

Progressive jackpots

Provision is made for progressive jackpots greater than R100 000. This provision is calculated based on the readings of the group's progressive jackpot machines. The full provision is expected to be utilised within the next financial year.

29. ACQUISITION OF RAH

The offer made by the group to acquire all the issued share capital of RAH closed on 15 September 2006. Shareholders holding 58,1% of RAH shares accepted the offer and together with the 12 193 698 RAH shares acquired in the market, the group owns 61,3% of the RAH shares in issue. The group's initial consideration for the RAH shares (including costs) amounted to R1 183 million. Subsequently, a capital reduction on the Oceana proceeds of R205 million was received, reducing the consideration to R978 million. The excess of the purchase consideration over the fair value of the assets, liabilities and contingent liabilities acquired, amounting to R852 million, has been accounted for directly in the reserve for non-controlling interests.

Notes to the annual financial statements

for the year ended 30 June

	Group	
	% before acquisition*	%after acquisition*
29. ACQUISITION OF RAH (continued)		
As a result of the acquisition, the group's effective interest in a number of its subsidiaries increased as summarised below:		
SunWest	58,8	67,4
Afrisun Gauteng	70,0	82,9
Emfuleni Resorts	70,2	76,6
Afrisun KZN	55,9	62,9
Gauteng Casino Resort Manco	20,0	39,0
Western Cape Casino Resort Manco	20,0	26,7
Emfuleni Casino Resorts Manco	20,0	26,7
Afrisun KZN Manco	20,0	26,7
<i>* Excludes the shareholding of the Employee Share Trusts.</i>		
Details of net assets acquired and premium paid for the non controlling interest are as follows:		

	Rm
Purchase consideration	
Cash paid in the current year	941
Cash paid during the prior year	37
Total purchase consideration	978
Share of minorities' interests purchased	(108)
Fair value of other net assets acquired	(18)
Reserve for non-controlling interest	852
The assets and liabilities as of 15 September 2006 arising from the acquisition and their fair values as determined by the group are as follows:	

	Book value Rm	Fair value Rm
Cash and cash equivalents	29	29
Other investments	164	157
Other loans	(6)	(6)
Borrowings (refer note 30.6)	(166)	(166)
Accounts payable and accruals	(2)	(2)
Net assets	19	12
Minority interests	(1)	
Net assets acquired	18	
Purchase consideration settled in cash in the current year	941	
Cash and cash equivalents in subsidiary acquired	(29)	
Cash outflow on acquisition (refer note 30.4)	912	

Notes to the annual financial statements

for the year ended 30 June

	Group		Company	
	2007 Rm	2006 Rm	2007 Rm	2006 Rm
30. CASH FLOW INFORMATION				
30.1 Cash generated/(utilised) by operations				
Operating profit	1 937	1 449	649	276
Non cash items and items dealt with separately:				
Dividend income	–	–	(656)	(491)
Depreciation and amortisation	518	473	–	–
Loss on disposal of property, plant and equipment	6	10	–	–
Realised fair value gains on KZL shares	(84)	(83)	–	–
Impairment of investment	97	–	–	–
Pension fund surplus recognition	(10)	–	–	–
Currency translation reserve realised	–	(108)	–	–
BEE transaction charge	–	219	–	211
Pre-opening expenses	8	13	–	–
Foreign exchange (losses)/profits	(10)	52	–	–
Fair value adjustment on loan origination	(1)	(25)	–	–
Unrealised foreign exchange losses/(profits)	2	(11)	–	–
Deferred income (released)/raised	(4)	18	–	–
Employee share based payments	18	26	–	–
Post-retirement medical aid	10	12	–	–
Other items	9	8	(16)	(11)
Cash generated/(utilised) by operations before working capital changes	2 496	2 053	(23)	(15)
Working capital changes	120	(7)	23	1
Inventory	3	(3)	–	–
Accounts receivable	(64)	22	21	4
Accounts payable, accruals and provisions	181	(26)	2	(3)
	2 616	2 046	–	(14)
30.2 Taxation paid				
(Liability)/overpayment at beginning of year	(113)	(197)	3	6
Current tax provided (refer note 8 and 9)	(587)	(411)	–	(33)
Capital gains tax and STC	(110)	(103)	–	–
Other taxes	(25)	–	–	–
Liability/(overpayment) at end of year	131	113	(7)	(3)
	(704)	(598)	(4)	(30)
30.3 Proceeds on disposal of shares in subsidiaries				
Emfuleni Resorts	–	2	–	–
Teemane	2	1	–	–
Afrisun KZN	35	1	–	–
	37	4	–	–
30.4 Purchase of additional shares in subsidiaries				
Acquisition of RAH (refer note 29)	(912)	–	–	–
Other subsidiaries	(40)	(25)	–	(5)
	(952)	(25)	–	(5)
30.5 Investment income				
Dividends received	–	–	656	491
Interest income	77	74	21	28
Imputed interest on loans receivable	–	–	–	(6)
	77	74	677	513

Notes to the annual financial statements

for the year ended 30 June

	Group		Company	
	2007 Rm	2006 Rm	2007 Rm	2006 Rm
30. CASH FLOW INFORMATION (continued)				
30.6 Increase/(decrease) in borrowings				
Increase in borrowings	1 399	190	5	–
Decrease in borrowings	(786)	(339)	–	(180)
Increase/(decrease) in bank overdrafts	620	152	(34)	42
Acquisition of RAH (refer note 29)	(166)	–	–	–
	1 067	3	(29)	(138)
30.7 Interest paid				
Interest expense	(313)	(250)	(35)	(36)
Imputed interest on loans payable	21	18	17	6
	(292)	(232)	(18)	(30)
30.8 Dividends paid				
To shareholders	(357)	(268)	(379)	(279)
To minorities in subsidiaries	(224)	(230)	–	–
	(581)	(498)	(379)	(279)
30.9 Cash and cash equivalents consist of:				
Cash	983	675	–	–
Cash floats	106	81	–	–
	1 089	756	–	–

31. FINANCIAL INSTRUMENTS

(i) Financial risk management

Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to US dollars, Sterling and Euros. Companies in the group use foreign exchange contracts (FECs) to hedge certain of their exposures to foreign currency risk. The group has a number of investments in foreign entities, whose net assets are exposed to currency exposures. The group has no material FECs outstanding at year end.

Credit risk

The group has no significant concentration of credit. Trade debtors consist mainly of large tour operators. The granting of credit is controlled by application and account limits and at year end management did not consider there to be any material credit risk exposure.

Interest rate risk

The group manages interest rate risk by entering into short and long term debt instruments with a combination of fixed and variable interest rates. The interest rate characteristics of new and refinanced debt instruments are restructured according to expected movement in interest rates. (refer note 25)

Liquidity risk

The group at all times maintains adequate committed credit facilities in order to meet all its commitments as and when they fall due. Repayment of long term borrowings are structured so as to match the expected cash flows from the operations to which they relate.

Notes to the annual financial statements

for the year ended 30 June

	Group	
	2007 Rm	2006 Rm
32. CONTINGENT LIABILITIES		
(i) In the event of default by the current tenants, the group will be liable for lease liabilities relating to the Mmabatho staff flats and the Taung flats. The Mmabatho staff flats' current rental is R4,3 million per annum, escalating at 11% per annum and expires on 30 November 2011. The Taung flats' current rental is R2,7 million per annum, escalating at 11% per annum and expires on 31 October 2010.		
(ii) The group has granted a put option in respect of preference share funding provided by institutions to certain of the group's empowerment partners. Preference share funding amounting to R20 million (2006: R20 million) has effectively been underwritten.		
(iii) Group companies have guaranteed borrowing facilities of certain group subsidiaries in which the group has less than 100% shareholding. The group has therefore effectively underwritten the minorities' share of these facilities in the amount of R341 million (2006: R350 million).		
Contingent liabilities which the group has incurred in relation to its previous interest in associates:		
(i) The group's 73,3% held subsidiary, RRHL, together with Primedia Limited have jointly and severally guaranteed two (2006: three) operating leases of SCE whose annual rental amounts to US\$3 million (2006: US\$5,8 million). At 30 June 2007 the maximum exposure is US\$30,3 million (2006: US\$43,5 million).		
(ii) In addition, RRHL together with Primedia has jointly and severally guaranteed an operating lease of SCME whose annual rental amounts to US\$1,8 million (2006: US\$1,8 million). At 30 June the maximum exposure is US\$ 11,1 million (2006: US\$ 11,8 million).		
33. CAPITAL EXPENDITURE AND RENTAL COMMITMENTS		
Capital commitments		
Contracted	385	223
Authorised by the directors but not contracted	961	1 053
Conditionally authorised*	2 250	-
	3 596	1 276
To be spent in the forthcoming financial year	1 192	970
To be spent thereafter	2 404	306
	3 596	1 276

Future capital expenditure will be funded by a combination of internally generated cash flows and debt facilities.

*Conditionally authorised in respect of Chile and Nigeria projects.

Notes to the annual financial statements

for the year ended 30 June

	2007 Rm	Group 2006 Rm
33. CAPITAL EXPENDITURE AND RENTAL COMMITMENTS (continued)		
Rental commitments		
The group has the following material rental agreements as at 30 June 2007:		
(i) For the group's head office in Sandton, expiring on 31 May 2014, with an annual rental of R10,1 million, escalating at 11% per annum.		
(ii) For the Naledi Sun Hotel and staff flats, expiring on 21 May 2009, with the annual rental of R6,6 million escalating at 11% per annum.		
(iii) For phase 5 of the Thaba'Nchu Sun staff flats with the annual rental of R0,9 million escalating at 9% per annum, expiring on 30 November 2009.		
(iv) For the Fish River Sun staff accommodation complex, with an annual rental of R2 million, escalating at 10% per annum, expiring in 2008.		
(v) For the land upon which the Wild Coast Sun Resort is situated, expiring on 9 March 2029, at an annual rental of R0,1 million, escalating at 5% per annum. The group has an option to renew the lease to March 2079. The rental payment would be negotiated and cannot increase by more than 15% based on the rental payable in March 2029.		
(vi) For the land upon which the Flamingo casino complex is situated, expiring on 30 September 2096, with an annual rental of R0,1 million, plus contribution to the maintenance cost of the golf course.		
(vii) For the Sands Hotel building, expiring in August 2010, with an annual rental of R7,4 million, escalating at 11% per year. The group has the option to renew the lease to August 2020.		
Summarised operating lease commitments		
2007		26
2008	28	28
2009	29	29
2010	23	23
2011	17	17
2012	16	16
Thereafter	35	35
	148	174

Notes to the annual financial statements

for the year ended 30 June

	Group		Company	
	2007 Rm	2006 Rm	2007 Rm	2006 Rm
34. RELATED PARTY TRANSACTIONS				
Key management personnel have been defined as: Sun International Limited board of directors and Sun International Management Limited board of directors. The definition of key management includes the close members of family of key management personnel and any entity over which key management exercises control. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the group. They may include the individual's domestic partner and children, the children of the individual's domestic partner and dependants of the individual or the individual's domestic partner.				
(i) Key management compensation				
Remuneration and fees				
Non-executive directors				
Fees	3	3	3	3
Executive directors				
Basic remuneration	5	8		
Bonuses/performance related payments	5	8		
Retirement contributions	1	1		
Other benefits	–	3		
Fair value of options expensed	3	4		
	14	24	–	–
	17	27	3	3
Other key management				
Basic remuneration	17	17		
Bonuses/performance related payments	15	9		
Retirement contributions	3	2		
Other benefits	3	2		
Fair value of options expensed	5	6		
	43	36		

Details of individual directors' emoluments and share options are set out on pages 123, 124 and 125 respectively of this report.

Share based compensation granted

Share option scheme

All share options and grants were awarded to key management on the same terms and conditions as those offered to other employees of the group.

Directors

No share options were granted to executive directors of the group during 2007 (2006: 75 000). The number of share options held by executive directors at the end of the year was 446 250 (2006: 1 044 062).

Other key management

The number of share options held by other key management at the end of the year was 953 252 (2006: 1 130 439).

Notes to the annual financial statements

for the year ended 30 June

	Group	
	2007 %	2006 %
34. RELATED PARTY TRANSACTIONS (continued)		
Equity growth plan		
<i>Directors</i>		
The aggregate number of grants made to executive directors of the group during 2007 was 24 855 (2006: 40 470) at a grant price of R149,55 (2006: R82,74). The number of grants held by executive directors of the group at the end of the year was 65 325 (2006: 40 470).		
<i>Other key management</i>		
The aggregate number of grants made to other key management of the group during 2007 was 44 209 (2006: 81 529) at a grant price of R149,55 (2006: R82,74). The number of grants held by other key management of the group at the end of the year was 125 738 (2006: 81 529).		
Conditional share plan		
<i>Directors</i>		
The aggregate number of grants made to executive directors of the group during 2007 was 33 340 (2006: 54 505) at a grant price of R149,55 (2006: R82,74). The number of grants held by executive directors of the group at the end of the year was 87 845 (2006: 54 505).		
<i>Other key management</i>		
The aggregate number of grants made to other key management of the group during 2007 was 66 752 (2006: 123 372) at a grant price of R149,55 (2006: R82,74). The number of grants held by other key management of the group at the end of the year was 190 124 (2006: 123 372).		
Deferred bonus plan		
<i>Directors</i>		
The aggregate number of grants made to executive directors of the group during 2007 was 17 008 (2006: NIL) at a grant price of R95,37. The number of grants held by executive directors of the group at the end of the year was 17 008.		
<i>Other key management</i>		
The aggregate number of grants made to other key management of the group during 2007 was 22 400 (2006: NIL) at a grant price of R95,37. The number of grants held by other key management of the group at the end of the year was 22 400.		
(ii) Shareholding of key management		
<i>Percentage holding by key management</i>		
Sun International Limited	0,3	1,0
Afrisun Gauteng	0,1	0,1
Emfuleni Resorts	1,5	1,8
Afrisun KZN	2,0	2,1
SunWest	1,1	2,5
National Casino Resort Manco Holdings (Proprietary) Limited	11,4	17,1
Teemane	0,9	-
	<hr/>	<hr/>
	Rm	Rm
<i>Gain on sale of interests by key management</i>		
SunWest	-	2
Sun International Limited	1	-
	<hr/>	<hr/>
	1	2

Notes to the annual financial statements

for the year ended 30 June

	Group	
	2007 R'000	2006 R'000
34. RELATED PARTY TRANSACTIONS (continued)		
(ii) Shareholding of key management (continued)		
<i>Dividends received by key management</i>		
Sun International Limited	966	885
Afrisun Gauteng	146	121
Emfuleni Resorts	908	724
Afrisun KZN	1 187	535
SunWest	3 756	4 860
National Casino Resort Manco Holdings (Proprietary) Limited	1 277	1 627
Teemane	427	–
	8 667	8 752
(iii) Other commercial transactions with related parties		
<i>Interest in timeshare</i>		
Certain members of key management own timeshare at Sun City, which was acquired at market prices.		
<i>Interests in concessionaires and service providers by key management</i>		
Key management have the following interests:		
– A 11% holding in San Squires (Proprietary) Limited who paid a rental of R8 799 506 (2006: R5 407 461).		
– A 50% holding in Cape Town Fish Market who paid rental of R1 228 592 (2006: R1 086 356).		
– A 100% holding in Nadesons (Proprietary) Limited who received consulting fees of R250 515 (2006: R239 400) from GrandWest.		
– A 22% holding in ASCH Consulting Engineering (Proprietary) Limited who received consulting fees of R6 061 881 (2006: R400 410).		
– A 30% holding in Proman Project Management Services (Proprietary) Limited who received consulting fees of R5 438 526 (2006: R3 991 138).		
– A 40% holding in Grandpark (Proprietary) Limited who received fees of R93 180 (2006: R272 141).		
	Rm	Rm
(iv) Loans to related parties		
<i>Loans to SCE and SCME</i>		
Balance at beginning of year	–	4
Repaid	–	(4)
Balance at end of year	–	–
(v) Other related party relationships.		
Management agreements are in place between SIML and various group companies. A management fee is charged by SIML in respect of management services rendered.		
The group's ownership of subsidiaries is set out on page 187 of this annual report.		

Notes to the annual financial statements

for the year ended 30 June

	Group	
	2007 Rm	2006 Rm
35. INSURANCE CONTRACTS		
The group has a captive insurance company which underwrites a range of insurance risks on behalf of group operating companies. On consolidation these insurance contracts are eliminated. The insurance captive purchases reinsurance cover for any individual loss exceeding R3 million. Amounts arising from these contracts are as follows:		
Reinsurance premium costs	(21)	(14)
Reinsurance recovery income	(2)	2
Unexpired premium provisions	-	(1)

36. SHARE INCENTIVE SCHEMES

(i) Share option scheme

Share options were granted to executive directors and to employees. Movements in the number of share options outstanding are as follows (in units):

	2007		2006	
	Number of shares	Average price R	Number of shares	Average price R
Balance at beginning of year	6 180 865	42,30	9 081 001	37,58
Cancelled	(98 288)	47,98	(149 386)	46,70
Granted			166 875	77,55
Exercised	(1 997 595)	38,97	(2 917 625)	29,40
Balance at end of year	4 084 982	43,80	6 180 865	42,30
Options held by Share Option Trust				
Balance at beginning of year	3 838 389	24,27	2 220 193	26,14
Purchased from employees	1 997 595	38,97	2 917 625	29,40
Re-issued options cancelled	19 688	21,37	167 615	20,98
Lapsed			(1 467 044)	28,03
Balance at end of year	5 855 672	27,55	3 838 389	24,88
	9 940 654	34,23	10 019 254	35,39

Share options held by participants at the end of the year have the following terms:

Financial year of grant	Financial year of lapse	Unexercised options	Vested options	Number of participants	Average price R
1999	2009	21 250	21 250	3	19,38
2000	2010	41 550	41 550	5	19,05
2001	2011	46 865	46 865	10	19,54
2002	2012	184 757	184 757	22	26,38
2003	2013	222 480	222 480	81	26,37
2004	2014	1 914 971	1 018 252	142	35,99
2005	2015	1 591 234	664 359	147	58,17
2006	2016	61 875	15 469	2	74,00
Balance at 30 June 2007		4 084 982	2 214 982		43,80
Balance at 30 June 2006		6 180 865	2 523 209		42,30

Notes to the annual financial statements

for the year ended 30 June

36. SHARE INCENTIVE SCHEMES (continued)

(i) Share option scheme (continued)

Share options held by Share Option Trust (in units) at the end of the year have the following terms:

Financial year of grant	Financial year of lapse	Options held	Average exercise price R
1999	2009	468 791	19,27
2000	2010	310 728	20,31
2001	2011	568 868	30,81
2002	2012	557 534	22,92
2003	2013	796 621	20,46
2004	2014	2 514 950	24,93
2005	2015	542 555	53,35
2006	2016	95 625	80,98
Balance at 30 June 2007		5 855 672	27,55
Balance at 30 June 2006		3 838 389	24,88

Share options are exercisable on the expiry of one year from the date of grant in cumulative tranches of 25% per annum and vest on retirement, retrenchment and death. Options lapse if not exercised within ten years of their date of grant. Options under the scheme were granted at prices ruling on the JSE Limited at the date of granting those options.

The fair value of options granted since 7 November 2002 was estimated using the binomial asset pricing model. The table below sets out the options granted since 7 November 2002, valuation thereof and the assumptions used to value the options.

Date granted	Total options granted	Weighted average grant price	Weighted average 400-day volatility	Weighted average long term risk-free rates	Weighted average dividend yields	Total option valuation Rm
2003	1 066 250	R26,52	30,1%	10,8%	8,0%	8
2004	4 938 500	R35,35	26,4%	10,0%	7,7%	44
2005	2 302 413	R56,63	22,5%	8,5%	6,0%	31
2006	157 500	R78,24	22,0%	8,5%	4,5%	4
Principal assumptions used were as follows:						
Exit multiple	1,8					
Volatility	400-day					
Exit rate	5%					

Notes to the annual financial statements

for the year ended 30 June

36. SHARE INCENTIVE SCHEMES (continued)

(ii) Conditional share plan (CSP)

CSP awards provide senior executives with the opportunity to receive shares in Sun International Limited by way of a conditional award, which is subject to the fulfilment of predetermined performance conditions on the expiry of a 3 year performance period. The performance condition is related to the company's total shareholder return (TSR) over a three year period, relative to the TSR of constituents in the INDI 25 index and gambling/hotels sub-sectors of the travel and leisure section that have a market capitalisation of greater than R1 billion. No awards vest if the group's TSR falls below the median TSR of the comparator group while all the awards vest if the group's TSR falls within the upper quartile. Between the median and upper quartile the CSP awards vest linearly as the ranking of the group's TSR increases.

Date granted	Total grants issued	Total grants cancelled	Total outstanding	Weighted average grant price	Weighted average 400-day volatility	Weighted average long term risk free rates	Weighted average dividend yields	Valuation Rm
30 June 2006	205 027	(1 350)	203 677	R82,74	22,0%	8,9%	4,5%	8
29 June 2007	118 432	–	118 432	R149,55	30,2%	9,9%	3,0%	10
	323 459	(1 350)	322 109					18

(iii) Equity growth plan (EGP)

EGP rights provide senior executives with the opportunity to acquire shares in Sun International Limited through the grant of conditional EGP rights, which are rights to receive shares equal in value to the appreciation of the Sun International share between the date on which the conditional EGP rights are granted and the date on which they are exercised, subject to the fulfilment of predetermined performance conditions over a specified performance period. The performance condition applied to the grants is that the group's adjusted headline earnings per share should increase by 2 percent per annum above inflation over a three-year performance period. If the performance condition is not met at the end of 3 years it is retested at the end of 4 and 5 years from the date of grant.

Date granted	Total grants issued	Total grants cancelled	Total outstanding	Weighted average grant price	Weighted average 400-day volatility	Weighted average long term risk free rates	Weighted average dividend yields	Valuation Rm
30 June 2006	604 399	(22 000)	582 399	R82,74	22,0%	8,9%	4,5%	12
29 June 2007	351 684	–	351 684	R149,55	30,2%	9,9%	3,0%	15
	956 083	(22 000)	934 083					27

Notes to the annual financial statements

for the year ended 30 June

36. SHARE INCENTIVE SCHEMES (continued)

(iv) Deferred Bonus Plan (DBP)

DBP shares are Sun International Limited shares acquired by senior executives out of a portion of their declared annual bonus and entitle the participant to receive a matching award (an equal number of Sun International Limited shares as acquired) at the end of a three year period. The matching award is conditional on continued employment and the DBP shares held by the participant at the end of three year period.

Date granted	Total outstanding	Weighted average grant price	Valuation Rm
20 September 2006	57 114	R95,14	5

Share scheme cost charged for the year was R18 million (2006: R26 million).

All share incentive schemes are equity settled.

	Group	
	2007 %	2006 %
37. EMPLOYEE SHARE TRUSTS		
These trusts have been consolidated in the group's financial statements.		
Sun International Employee Share Trust		
The Sun International Employee Share Trust was established to enable eligible employees to share in the success of the group through share ownership. The share scheme excludes participants of any other group share incentive scheme. Eligible employees will benefit from income and growth distributions made by the trust.		
The trust is funded through interest-free loans from the participating companies in the group. These loans have been fair valued and imputed interest at 12% per annum is recognised over the expected loan period. Loans will be repaid through dividend flows and proceeds on the disposal of the underlying investments held by the trust.		
The trust is controlled by its trustees. The majority of the trustees are representatives elected by and from the employees belonging to the trust. The company has no beneficial interest in and has no control over the trust. The group does not share in any economic benefits from the trust.		
The economic interest held by the trust in group companies is set out below:		
Afrisun Gauteng	3,5	3,5
Emfuleni Resorts	3,5	3,5
SunWest	3,5	3,5
Meropa	3,5	3,5
Teemane	3,5	3,5
Afrisun KZN	3,5	3,5
Mangaung Sun	3,5	3,5
Sun International Limited – direct	2,3	2,3
– indirect	3,0	3,0

Notes to the annual financial statements

for the year ended 30 June

	2007 %	Group 2006 %
37. EMPLOYEE SHARE TRUSTS (continued)		
Sun International Black Executive Management Trust		
As a further commitment to BEE and to assist Sun International in retaining black managerial staff, to attract new black talent and to contribute towards the creation of sustainable black leadership, a new trust was formed for the benefit of current and future South African black management of the group. Permanent employees of the Sun International group, who occupy management grade levels, and are black South Africans are eligible to participate in the SIBEMT. The group does not share in any economic benefits from the trust.		
The economic interest held by the trust in group companies is set out below:		
Sun International Limited – indirect	0,4	0,4

	Number of shares 000's	Value Rm
38. POST BALANCE SHEET EVENTS		
38.1 Share buy back		
On 30 July 2007 the company purchased 16 084 833 of its shares for a total consideration of R2 338 million. The purchased shares have been dealt with as follows:		
Delisted and cancelled	11 324	1 646
Held as treasury shares	4 761	692
	<hr/> 16 085	<hr/> 2 338

The transaction was funded by issuing redeemable preference shares totalling R2 billion with the balance from internal resources. The number of shares now in issue totals 105 494 769, including 10 549 477 shares held as treasury shares. The cancelled shares were cancelled against share capital (R1,0 million), share premium (R1 542 million) and distributable reserves (R103 million).

Notes to the annual financial statements

for the year ended 30 June

38. POST BALANCE SHEET EVENTS (continued)

38.2 Settlement of litigation

On 27 July 2007 it was announced on SENS that, SISA agreed to an out of court settlement with Afrisun Leisure in respect of the claim brought against SISA by Afrisun Leisure. The claim was settled at R110 million and Afrisun Leisure has subsequently withdrawn the legal proceedings.

38.3 Shareholding in SunWest

On 17 August 2007 the group entered into binding agreements with GPI whereby GPI will acquire an additional 4% shareholding in SunWest from Sun International for R83 million and be granted an option by Sun International over 2,46% of SunWest at a price of R425 per share up to 31 December 2007 and thereafter at fair market value. In addition a further option of up to a 5% shareholding, at R165 per share, is to be granted by SunWest in exchange for a lock in of between 25 – 35% of GPI's BEE shareholders. GPI has also agreed to redeem the balance of the existing preference shares of R57,8 million subscribed for by SISA. The transactions are subject to a number of conditions precedent, including various regulatory approvals. On implementation of all of the above transactions SISA's effective shareholding in SunWest will reduce from 67,4% to 58,5% and GPI will have an economic interest in SunWest of 30%. In addition, the voting control will be returned to the group's empowerment partners through GPI. All major decisions continue to require the support and consent of the two major shareholders, SISA and GPI.

38.4 Disposal of Life Esidimeni

RAH has disposed of its 45% interest in Life Esidimeni Group Holdings (Proprietary) Limited for R180 million with effect from 10 October 2007. In terms of the sale agreement, RAH has warranted its share of the pension fund exposure in the company which is capped at the proceeds received from the sale. RAH has raised a provision of R18 million for its share of the provision held in Life Esidimeni, however a contingent liability exists in terms of the warranty given.

Interest in principal subsidiaries

for the year ended 30 June

		Amount of issued capital 2007 R000's	Effective holding		Interest of holding company			
			2007 %	2006 %	Shares		Indebtedness	
					2007 Rm	2006 Rm	2007 Rm	2006 Rm
SUBSIDIARIES	*							
Unlisted								
Afrisun Gauteng (Pty) Limited	(1)	188	86	73	-	-	-	-
Afrisun KZN (Pty) Limited	(1)	133	61	59	-	-	-	-
Afrisun Leisure Investments (Pty) Limited	(1)	54	41	-	-	-	-	-
Emfuleni Resorts (Pty) Limited	(1)	85	78	74	-	-	-	-
Lesotho Sun (Pty) Limited	(4)	1	49	49	-	-	-	-
Mangaung Sun (Pty) Limited	(1)	134	74	74	-	-	-	-
Meropa Leisure and Entertainment (Pty) Limited	(1)	38	71	71	-	-	-	-
National Casino Resort Manco Holdings (Pty) Limited	(1)	2	83	80	7	5	-	-
Royale Resorts Holdings Limited**	(7)	737	73	73	-	-	-	-
Sands Hotels Holdings (Namibia) (Pty) Limited	(5)	1	100	100	-	-	-	-
Sun International Investments No. 2 Limited	(1)	-	100	100	-	-	422	422
Sun International of Lesotho (Pty) Limited	(4)	-	47	47	-	-	-	-
Sun International (South Africa) Limited	(1)	35 261	100	100	1 760	1 760	-	-
Sun International (Botswana) (Pty) Limited***	(2)	500	80	80	-	-	-	-
Sun International (Zambia) Limited**	(8)	3 750	100	100	-	-	-	-
Sun International Inc	(6) (9)	1 580	100	100	687	687	-	-
Sun International Management Limited	(7) (9)	449	100	100	73	62	-	-
SunWest International (Pty) Limited	(1)	337	71	62	-	-	267	262
Teemane (Pty) Limited	(1)	28	77	79	-	-	-	-
Transkei Sun International Limited	(1)	14 495	70	70	-	-	-	-
Worcester Casino (Pty) Limited	(1)	-	40	40	-	-	-	-
Listed								
Swazispa Holdings Limited	(3)	3 497	51	51	-	-	-	-
Real Africa Holdings Limited	(1)	3 748	61	-	-	-	-	-
					2 527	2 514	689	684

* Country of incorporation

(1) South Africa (2) Botswana (3) Swaziland (4) Lesotho (5) Namibia (6) Panama (7) Bermuda (8) Zambia (9) Registered as an external company in South Africa.

** Amount of share capital is stated in US\$.

*** Amount of share capital stated in Botswana Pula.

Notice of annual general meeting

Notice is hereby given that the twenty-third annual general meeting of members of Sun International Limited ('the company') will be held in the boardroom, 4th Floor, 27 Fredman Drive, Sandown, Sandton, Gauteng, Republic of South Africa, on Tuesday, 27 November 2007 at 09:00 for the following purposes, namely:

1. Ordinary resolution number 1 – adoption of annual financial statements

To receive and adopt the annual financial statements for the year ended 30 June 2007.

2. Ordinary resolutions numbers 2.1 to 2.5

To re-elect Messrs H Adams and L Boyd, Ms LM Mojela, Messrs E Oblowitz and PEI Swartz as directors by way of separate resolutions, who retire in accordance with the provisions of the company's articles of association. (Please refer to pages 106 and 107 of the annual report for a brief CV of each director standing for re-election.)

3. Ordinary resolutions numbers 3.1 to 3.8 – directors' fees

To approve fees payable to the non-executive directors in respect of the financial year ending 30 June 2008, as follows:

- 3.1 to the chairman of the board, R932 000;
- 3.2 for their services as directors, R157 500 each;
- 3.3 to the chairman of the audit committee, R136 000;
- 3.4 to the other members of the audit committee, R68 000 each;
- 3.5 to the chairman of the remuneration and nomination committee, R102 000;
- 3.6 to the other members of the remuneration and nomination committee, R51 000 each;
- 3.7 to the chairman of the risk committee, R91 000; and
- 3.8 to the other members of the risk committee, R45 500 each.

SPECIAL BUSINESS

4. Special resolution – General authority to repurchase shares

To consider and, if deemed fit, to pass, with or without modification, the following special resolution:

'RESOLVED that the directors be and are hereby authorised to approve and implement the acquisition by the company (or a subsidiary of the company up to a maximum of 10% (ten percent) of the number of issued ordinary shares of the company), of ordinary shares issued by the company by way of a general authority, which shall only be valid until the company's next annual general meeting, unless it is then renewed, provided that it shall not extend beyond 15 (fifteen) months from the date of the passing of the special resolution, whichever

period is the shorter, in terms of the Companies Act 1973, and the rules and requirements of the JSE Limited (JSE) which provide, inter alia, that the company may only make a general repurchase of its ordinary shares subject to:

- the repurchase being implemented through the order book operated by the JSE trading system, without prior understanding or arrangement between the company and the counterparty;
- the company being authorised thereto by its articles of association;
- repurchases not being made at a price greater than 10% (ten percent) above the weighted average of the market value of the ordinary shares for the 5 (five) business days immediately preceding the date on which the transaction was effected;
- an announcement being published as soon as the company has repurchased ordinary shares constituting, on a cumulative basis, 3% (three percent) of the initial number of ordinary shares, and for each 3% (three percent) in aggregate of the initial number of ordinary shares repurchased thereafter, containing full details of such repurchases;
- repurchases not exceeding 20% (twenty percent) in aggregate of the company's issued ordinary share capital in any one financial year;
- the company's sponsor confirming the adequacy of the company's working capital for purposes of undertaking the repurchase of ordinary shares in writing to the JSE upon entering the market to proceed with the repurchase;
- the company remaining in compliance with paragraphs 3.37 to 3.41 of the JSE Listings Requirements concerning shareholder spread after such repurchase;
- the company and/or its subsidiaries not repurchasing securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements, unless it has in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been disclosed in an announcement published on SENS prior to the commencement of the prohibited period; and
- the company only appointing one agent to effect any repurchases on its behalf.'

Notice of annual general meeting

The directors, having considered the effects of the repurchase of the maximum number of ordinary shares in terms of the foregoing general authority, are of the opinion that for a period of 12 (twelve) months after the date of the notice of the annual general meeting:

- the company and the group will be able, in the ordinary course of business, to pay its debts;
- the working capital of the company and the group will be adequate for ordinary business purposes;
- the assets of the company and the group, fairly valued in accordance with generally accepted accounting practice, will exceed the liabilities of the company and the group; and
- the company's and the group's ordinary share capital and reserves will be adequate for ordinary business purposes.

The following additional information, some of which may appear elsewhere in the annual report, is provided in terms of the JSE Listings Requirements for purposes of this general authority:

- directors and management – pages 106 to 109;
- major beneficial shareholders – page 89;
- directors' interests in ordinary shares – page 132 and 133;
- share capital of the company – page 164 and 165.

The directors whose names appear on pages 106 and 107 of the annual report, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 (twelve) months, a material effect on the group's financial position.

Directors' responsibility statement

The directors, whose names appear on pages 106 and 107 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by law and the JSE Listings Requirements.

Material changes

Other than the facts and developments reported on in the annual report, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

The directors have no specific intention, at present, for the company to repurchase any of its shares but consider that such a general authority should be put in place should an opportunity present itself

to do so during the year which is in the best interests of the company and its shareholders.

The reason for and effect of the special resolution is to grant the directors of the company a general authority in terms of the Companies Act 1973 and the JSE Listings Requirements for the repurchase by the company (or by a subsidiary of the company) of the company's ordinary shares.

Any member holding shares in certificated form or recorded on the company's sub-register in electronic dematerialised form in 'own name' and entitled to attend and vote, is entitled to appoint a proxy or proxies to attend, speak and vote at the annual general meeting in his stead, and the proxy so appointed need not be a member of the company.

Proxy forms should be forwarded to reach the offices of the company's transfer secretaries, Computershare Investor Services 2004 (Proprietary) Limited, at the addresses appearing below, no less than 24 hours before the time appointed for the holding of the annual general meeting. A proxy form is enclosed for this purpose.

All beneficial owners whose shares have been dematerialised through a Central Securities Depository Participant ('CSDP') or broker other than with 'own name' registration, must provide the CSDP or broker with their voting instructions in terms of their custody agreement should they wish to vote at the annual general meeting. Alternatively, they may request the CSDP or broker to provide them with a letter of representation, in terms of their custody agreement, should they wish to attend the annual general meeting.

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

By order of the board



SA BAILES

Group Secretary

5 November 2007

Postal address

Computershare Investor Services 2004 (Proprietary) Limited
PO Box 61051, Marshalltown 2107, Gauteng, Republic of
South Africa

Delivery address

Computershare Investor Services 2004 (Proprietary) Limited
Ground floor, 70 Marshall Street, Johannesburg, Gauteng,
Republic of South Africa

Instructions on signing and lodging the form of proxy

NOTES:

A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his stead.

A proxy need not be a member of Sun International.

Every person present and entitled to vote at the annual general meeting as a member or as a proxy or as a representative of a body corporate shall, on a show of hands, have one vote only, irrespective of the number of Sun International shares such person holds or represents, but in the event of a poll, a member holding shares will be entitled to one vote per share held.

Please insert the relevant number of Sun International shares in the appropriate spaces on the voting section, indicating how you wish your votes to be cast at the annual general meeting. If you return this form duly signed without any specific instructions, the proxy will vote or abstain from voting at the proxy's discretion.

1. A Sun International ordinary shareholder may insert the name of a proxy or the names of two alternative proxies of his/her choice in the spaces provided with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the Sun International ordinary shareholder. The person whose name appears first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert the number of shares in the relevant spaces according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of Sun International shares exercisable by you, indicate the number of Sun International shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise and compel the chairman, if the chairman is an authorised proxy, to vote in favour of the resolutions, or to authorise any other proxy to vote for or against the resolutions or abstain from voting as he/she deems fit, in respect of all the Sun International shareholder's votes exercisable thereat. A Sun International ordinary shareholder or its/his/her proxy is not obliged to use all the votes exercisable by the Sun International ordinary shareholder or its/his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the Sun International ordinary shareholder or its/his/her proxy.
3. Forms of proxy must be lodged with the transfer secretaries, Computershare Investor Services 2004 (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown, 2107) to be received by no later than 09:00 on Monday, 26 November 2007.
4. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by Sun International's transfer secretaries or waived by the chairman of the annual general meeting.
6. The completion and lodging of this form of proxy will not preclude the relevant Sun International ordinary shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Sun International ordinary shareholder wish to do so.
7. The Chairman of the annual general meeting may accept or reject any form of proxy which is completed and/or received other than in accordance with these notes and instructions, provided that the chairman is satisfied as to the manner in which the Sun International ordinary shareholder wishes to vote.
8. Joint holders – any such persons may vote at the annual general meeting in respect of such joint shares as if he/she were solely entitled thereto; but if more than one of such joint holders are present or represented at the annual general meeting, the one of the said persons whose name stands first in the register in respect of such shares or his/her proxy, as the case may be, is alone entitled to vote in respect thereof.
9. Shareholders of Sun International who hold Sun International ordinary shares that have been dematerialised, and are registered by the CSDP on the sub-register in their own name kept by that CSDP, will be entitled to attend the annual general meeting in person or, if they are unable to attend and wish to be represented thereat, must complete and return this form of proxy to the transfer secretaries in accordance with the time specified herein.
10. Sun International ordinary shareholders who hold shares in Sun International through a nominee should advise their nominee or, if applicable, their CSDP or broker timeously of their intention to attend and vote at the annual general meeting or to be represented by proxy thereat in order for their nominee, if applicable, their CSDP or broker to provide them with the necessary authorisation to do so or should provide their nominee or, if applicable, their CSDP or broker timeously with their voting instructions should they not wish to attend the annual general meeting in person, in order for their nominee to vote in accordance with their instructions at the annual general meeting.



Sun International
Limited

Form of proxy

Annual General Meeting

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

For use by Sun International shareholders holding shares in certificated form or recorded on the company's sub-register in electronic dematerialised form in 'own name' at the twenty-third annual general meeting of members of the company to be held on Tuesday, 27 November 2007 at 09:00 in the boardroom, 4th Floor, 27 Fredman Drive, Sandown, Sandton, Gauteng, Republic of South Africa ('the annual general meeting').

If dematerialised shareholders, other than own name dematerialised shareholders, have not been contacted by their Central Securities Depository Participant ("CSDP") or broker with regard to how they wish to cast their vote, they should contact their CSDP or broker and instruct their CSDP or broker as to how they wish to cast their vote at the annual general meeting in order for their CSDP or broker to vote in accordance with such instructions. If dematerialised shareholders, other than own name dematerialised shareholders, have not been contacted by their CSDP or broker it would be advisable for them to contact their CSDP or broker, as the case may be, and furnish them with their instructions. Dematerialised shareholders who are not own name dematerialised shareholders and who wish to attend the annual general meeting must obtain the necessary letter of representation from their CSDP or broker, as the case may be, and submit same to the transfer secretaries to be received by no later than 09:00 on Monday, 26 November 2007. This must be done in terms of the agreement entered into between the dematerialised shareholder and their CSDP or broker. If the CSDP or broker, as the case may be, does not obtain instructions from such dematerialised shareholder, it will be obliged to act in terms of the mandate furnished to it, or if the mandate is silent in this regard, to abstain from voting. Such dematerialised shareholder, other than own name dematerialised shareholder, must not complete this form of proxy and should read note 10 on page 190.

I/We (please print) _____

of (please print) _____

being the holder/s of _____ ordinary shares in the company, appoint (see note 1)

1. _____ or failing him/her

2. _____ or failing him/her

3. the chairman of the annual general meeting

as my/our proxy to act for me/us and on my/our behalf at the annual general meeting, which will be held for the purpose of considering and if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against the resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name/s in accordance with the following instructions (see note 2):

Note: Voting on all resolutions will be conducted by way of a poll. On a poll a member is entitled to one vote for each share held.

Resolution Ref	For	Against	Abstain
1. Adoption of annual financial statements			
2. Re-election of directors:			
2.1 Mr H Adams			
2.2 Mr L Boyd			
2.3 Ms LM Mojela			
2.4 Mr E Oblowitz			
2.5 Mr PEI Swartz			
3. Directors' fees:			
3.1 Chairman of the board – R932 000			
3.2 Services as directors – R157 500			

Form of proxy

Resolution Ref	For	Against	Abstain
3.3 Chairman of the audit committee – R136 000			
3.4 Other members of the audit committee – R68 000			
3.5 Chairman of the remuneration and nomination committee – R102 000			
3.6 Other members of the remuneration and nomination committee – R51 000			
3.7 Chairman of the risk committee – R91 000			
3.8 Other members of the risk committee – R45 500			
4. Special resolution: General authority to repurchase shares			

Signed this _____ day of _____ 2007

Signature of member(s) _____

Assisted by me (where applicable) _____

Please read the notes and instructions on page 190.

Shareholders' diary

Annual general meeting

Tuesday, 27 November 2007 – 09:00
Boardroom, 4th Floor, 27 Fredman Drive, Sandown, Sandton, Gauteng, Republic of South Africa

Reports/Activity

2008

Announcement of interim results and declaration of interim dividend for half year ended 31 December 2007	February
Interim dividend – payable on or about	March
Quarterly business update – results for 9 months to 31 March 2008	May
Announcement of reviewed annual results and declaration of final dividend for the year ended 30 June 2008	August
Final dividend – payable on or about	September
Quarterly business update – results for 3 months to 30 September 2008	November
2008 annual report published	November
Annual general meeting	November

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