ANNUAL REPORT 2010

Sun International

A Million Thrills. One Destination.

CONTENTS

ABBREVIATIONS:

Afrisun Gauteng: Afrisun Gauteng (Proprietary) Limited **Afrisun KZN:** Afrisun KZN (Proprietary) Limited **Afrisun KZN Manco:** Afrisun KZN Manco (Proprietary) Limited **Afrisun Leisure:** Afrisun Leisure Investments (Proprietary) Limited **AHEPS:** Adjusted headline earnings per share **B-BBEE Codes:** Broad-Based Black Economic Empowerment Codes **BEE:** Black Economic Empowerment **Camara:** Chilean base interest rate **CASA:** Casino Association of South Africa **CGU:** Cash Generating Unit **CGT:** Capital Gains Tax **Company:** Sun International Limited **Companies Act:** Companies Act 1973, as amended **CSP:** Conditional Share Plan **DBP:** Deferred Bonus Plan **DCF:** Discounted Cash Flow **Dinokana:** Dinokana Investments (Proprietary) Limited **EBITDA:** Earnings before interest, tax, depreciation and amortisation **ECGBB:** Eastern Cape Gambling and Betting Board **EGP:** Equity Growth Plan **Emfuleni Manco:** Emfuleni Casino Resorts Manco (Proprietary) Limited **Emfuleni Resorts:** Emfuleni Resorts (Proprietary) Limited **Employee Share Trusts:** Sun International Employee Share Trust and Sun International Black Executive Management Trust **Gauteng Manco:** Gauteng Casino Resort Manco (Proprietary) Limited **GPI:** Grand Parade Investments Limited **Group:** Sun International Group **HEPS:** Headline earnings per share **IFRS:** International Financial Reporting Standards **JSE:** JSE Limited **Kimberley Manco:** Kimberley Casino Resort Manco (Proprietary) Limited **Life Esidimeni:** Life Esidimeni Group Holdings (Proprietary) Limited **LPMs:** Limited Payout Machines **Mahogony Rose:** Mahogony Rose Investments 46 (Proprietary) Limited **Mangaung Manco:** Mangaung Casino Resort Manco (Proprietary) Limited **Mangaung Sun:** Mangaung Sun (Proprietary) Limited **Meropa:** Meropa Leisure and Entertainment (Proprietary) Limited **Meropa Manco:** Meropa Casino Resort Manco (Proprietary) Limited **MVG:** Most Valued Guest **NAV:** Net Asset Value **NRGP:** National Responsible Gambling Programme **PAYE:** Pay As You Earn **PDI:** Previously Disadvantaged Individuals **RAH:** Real Africa Holdings Limited **RFP:** Request for proposal **RRHL:** Royale Resorts Holdings Limited **RSP:** Restricted Share Plan **SCE:** Ster Century Europe Limited **SCME:** Ster Century Middle East Holdings Limited **SENS:** Security Exchange News Service **SFIR:** SFI Resorts SA (Monticello) **SIBEMT:** Sun International Black Executive Management Trust **SIEST:** Sun International Employee Share Trust **SIL:** Sun International Limited **SIML:** Sun International Management Limited **SISA:** Sun International (South Africa) Limited **STC:** Secondary Tax on Companies **Sun International Investments No. 2:** Sun International Investments No. 2 Limited **SunWest:** SunWest International (Proprietary) Limited **TCN:** Tourist Company of Nigeria Plc **TCOE:** Total Cost of Employment **Teemane:** Teemane (Proprietary) Limited **Top 3 Employees:** 3 highest paid employees **TSR:** Total Shareholder Return **V&A:** Victoria & Alfred Waterfront (Proprietary) Limited **VAT:** Value Added Tax **Western Cape Manco:** Western Cape Casino Resort Manco (Proprietary) Limited **Wild Coast Sun:** Transkei Sun International Limited **Wild Coast Sun Manco:** Wild Coast Sun Manco (Proprietary) Limited **Winelands Manco:** Winelands Casino Manco (Proprietary) Limited **Worcester:** Worcester Casino (Proprietary) Limited

Sun International

A Million Thrills. One Destination.

ABOUT THE INTEGRATED REPORT

This report marks a new way of reporting for Sun International Limited in that it integrates overall reporting with sustainability, in line with the principles of King III. The group has eleven strategic imperatives which are critical to the long-term success and sustainability of our business.

GROUP STRUCTURE AND FOCUS

SOUTH AFRICA

Carousel

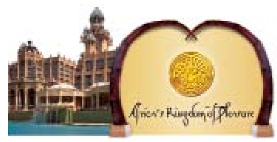
SISA 100%

Slots	700
Tables	19
Rooms	57

Morula

SISA 100%

Slots	510
Tables	12
Rooms	73



Sun City

SISA 100%

Slots	601
Tables	38
Rooms	1 301

Naledi Sun

SISA 100%

Slots	150
Rooms	30

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

Windmill

MANGAUNG SUN 70%

Slots	300
Tables	13

Meropa

MEROPA 45% 68%

Slots	384
Tables	15

GrandWest

SUNWEST 50% 60%

Slots	2 525
Tables	73
Rooms	39

The Table Bay

Rooms	329

Effective voting control

Economic interest

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

GROUP STRUCTURE AND FOCUS

SOUTH AFRICA

Carnival City

AFRISUN GAUTENG 85% 84%

Slots	1 755
Tables	60
Rooms	105

Sibaya

AFRISUN KZN 63% 56%

Slots	1 123
Tables	44
Rooms	154

Boardwalk

EMFULENI 64% 74%

Slots	765
Tables	23

Fish River Sun

OUR MISSION

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

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

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

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

Flamingo

TEEMANE 49% 74%

Slots	250
Tables	11

Wild Coast Sun

TRANSUN 70%

Slots	450
Tables	14
Rooms	246

Golden Valley

WORCESTER 48% 44%

Slots	224
Tables	6
Rooms	98

MANAGEMENT ACTIVITIES

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

GROUP STRUCTURE AND FOCUS

SOUTHERN AFRICA

Gaborone Sun / Letsatsi / Marang / Menateng

BOTSWANA 80%

Slots	285
Tables	10
Rooms	196

Lesotho Sun / Maseru Sun

LESOTHO 47%

Slots	120
Tables	8
Rooms	262

Kalahari Sands

NAMIBIA 100%

Slots	137
Tables	10
Rooms	173

Royal Swazi Spa / Ezulwini Sun / Lugogo Sun

SWAZILAND 51%

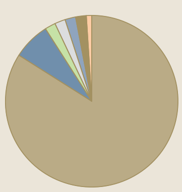
Slots	150
Tables	13
Rooms	411

Royal Livingstone / Zambezi Sun

ZAMBIA 100%

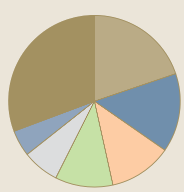
Rooms	363

REVENUE BY COUNTRY



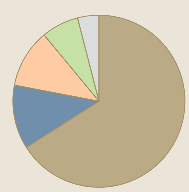
South Africa	84% (85%)
Chile	7% (5%)
Swaziland	2% (2%)
Botswana	2% (2%)
Zambia	2% (3%)
Namibia	2% (2%)
Other	1% (1%)

REVENUE BY UNIT



GrandWest	20% (20%)
Sun City	15% (14%)
Carnival City	12% (12%)
Sibaya	11% (10%)
Monticello	7% (5%)
Boardwalk	5% (5%)
Other	30% (34%)

REVENUE BY NATURE



Slots	66% (66%)
Tables	12% (12%)
Rooms	11% (11%)
Food and beverage	7% (7%)
Other	4% (4%)

INTERNATIONAL

Monticello

CHILE 40%

Slots	1 500
Tables	83
Rooms	155

Federal Palace

NIGERIA 49%

Slots	200
Tables	8
Rooms	248

Monticello

KEY STRATEGIC IMPERATIVES

1. SHAREHOLDER DELIVERY

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	STAKEHOLDERS	CURRENT STATUS
Drive cash flows and earnings	Shareholders Financiers Employees	Cash generated by operations of R2.4 billion. EBITDA declined 7% and the EBITDA margin declined 2.2 percentage points to 32.0%. Diluted AHEPS of 507 cents was 18% below last year.
Dividends		Dividends were resumed at the end of the financial year at 100 cents per share.
Manage our financial position		Successfully managed gearing levels and debt covenants remain intact. Debt to be restructured in the medium term and initial discussions with financiers have commenced.

2. PROTECT OUR BUSINESS

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	STAKEHOLDERS	CURRENT STATUS
Continuous improvement	Shareholders Employees Customers Suppliers	Improvements in relationship marketing and in gaming marketing. The MVG programme maintained its position as the premier casino rewards programme in Africa and is the benchmark in Chile. It is also available at the new Federal Palace casino in Nigeria.
Protect and grow market share		Promotional activity and brand campaigns continue to focus on retaining and growing market share where possible.
Protect and grow our brand		Two years into the new brand promise *'A Million Thrills. One Destination'* using Charlize Theron as brand ambassador, our brand has been better positioned throughout the group and recognition improved. Planning for the next cycle commencing in 2011 is well advanced.
Deliver and enhance brand promise		High focus on service levels and customer centricity (see also 3).
Significant focus on costs		Initiated project on casino costs improvement including management structure and operating hours.
Monitor casino regulatory environment		Participated in DTI review commission and monitoring developments at provincial level.
Enhance corporate reputation		A particular focus during the year under review has been with the company's internal stakeholders and the group will focus on enhancing its external stakeholder engagement in the forthcoming year.

KEY STRATEGIC IMPERATIVES

3. OUR CUSTOMERS

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	STAKEHOLDERS	CURRENT STATUS
Customer strategy	Customers Employees	Our Customer Management strategy summarises our customers' behavioural drivers, expectations, and emotional links with our business, and value perceptions. Rolling out Single View of the Customer database and focusing on enhanced customer experience and value for money offerings.

4. STRATEGIC GROWTH AND EXPANSION

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	STAKEHOLDERS	CURRENT STATUS
International expansion	Shareholders Employees Business partners Regulators	Successful reopening of Monticello following the earthquake. Refined Federal Palace Hotel business model and successfully opened the casino. Continue to explore opportunities in Africa and South America.
SA opportunities		Secured Eastern Cape licence renewals. Continue to investigate casino and hotel opportunities.

5. BUSINESS PARTNERSHIPS

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	STAKEHOLDERS	CURRENT STATUS
Equity partners	Shareholders Suppliers Service providers Communities	Continue to build and manage strategic relationships.
Suppliers		Suppliers constitute not only a family of service providers and external experts, but investors in our business and its future.
Concessionaires		Our concessionaires are close partners with us and provide focused goods and services.
Communities		Our aim is to have a positive impact on society. R20 million spend on corporate social investment. Wild Coast Sun and Fish River Sun land claims to be resolved.

6. INNOVATION

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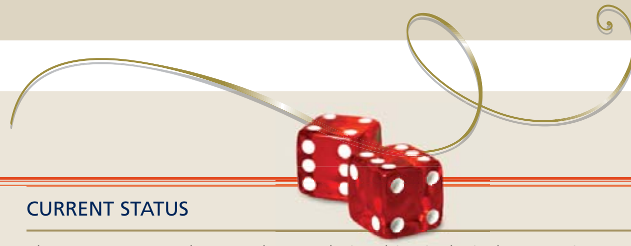
	STAKEHOLDERS	CURRENT STATUS
Product delivery	Customers Employees	Continue to lead the market in gaming product offering.
Information technology management		Relationship Marketing technology developed and implemented and review of Enterprise Gaming System well advanced. Successfully rolled out Single View of the Customer, Touch Point project, with focus going forward on new guest satisfaction measures and follow up.

KEY STRATEGIC IMPERATIVES



7. HUMAN CAPITAL

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	STAKEHOLDERS	CURRENT STATUS
Employee engagement	Employees Service providers Customers	The group approaches employee relationships inclusively, engaging in constructive dialogue on matters that have an impact on our people and the workplace. The second employee engagement survey was conducted during this financial year with an improvement in response rate from 53% in 2008 to 62%. Results will be reviewed to identify areas for improvement and focus.
Performance management and learning and development		Rolling out leadership pipeline performance management methodology. All employees will have performance contracts which will be reviewed during the course of the financial year to ensure employees are working towards achieving objectives. The group invested R46 million in internal and external training interventions. 8 730 employees (81%) enrolled in training programmes. Focusing on rolling out the learning and development curriculum and enhancing learnership.
Union relationships		Successful settlement of wage negotiation and industrial action in South Africa resulting in 2 year agreement.
Health and safety management		The group strives to achieve a safe, healthy and injury free environment through effective management of health and safety at all our operations. 79% reduction in injuries; 31% reduction in no lost time cases; 19% reduction in lost work day cases; 79% reduction in reportable incidents; maintained target of zero fatalities in the workplace; number of injuries requiring medical attention decreased by 37%.
HIV/Aids		Aligned and standardised our Wellness programmes across all units in southern Africa. Continuation of education and awareness campaigns has enabled an increased uptake on the Aid for Aids programme offered by the group.

8. TRANSFORMATION

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	STAKEHOLDERS	CURRENT STATUS
Ownership	Public Government Shareholders Employees Suppliers Small enterprises	Overall level 4 contributor with ownership score at 21.4. SunWest empowerment enhanced with GPI exercising balance of options. Management will continue to work on improving the ownership level.
Management		Further progress has been made with the appointment of two black female independent non-executive directors to the Sun International board and management score improved to 4.9.
Employment equity		Employment equity score improved from 5.9 to 6.9 targeting key appointments in senior and middle management. Achieved significant improvement in senior and junior management.
Skills development		Skills development score improved from 7.9 to 10.0. In South Africa, 6 605 people enrolled for training programmes, with 83% black and 51% female participation.
Preferential procurement		Achieved a B-BBEE score of 18.4 out of 20.
Enterprise development		A number of enterprise development projects being developed. Appointed a dedicated enterprise development manager.
Socio-economic development		Sun International continued to invest 1% of profit after tax in socio-economic development projects and through its commitment has maintained a full-points score of 5.

KEY STRATEGIC IMPERATIVES

9. ENVIRONMENTAL MANAGEMENT

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	STAKEHOLDERS	CURRENT STATUS
Energy management	Communities Public Government Regulators Industry bodies	A 12.4% overall decrease in energy consumption from 29.5 million Kwh to 25.2 million Kwh. Power consumption savings are being implemented which include a pilot energy management system at Carnival City.
Water conservation		The group recorded a 9.5% reduction in water use from 5 548 to 5 021 mega litres, with major savings effected at Gaborone Sun (27%), Windmill (23%) and Sun City (17%).
Carbon footprint		The group is committed to carbon disclosure and will be engaging service providers to measure its carbon footprint and implement carbon reduction initiatives.
Waste management		Carnival City increased waste recovery and recycling performance levels to 83% and overall there was a 6% increase in recycled waste levels across the group raising the effective recycled waste level to 27.5%.

10. SOCIAL RESPONSIBILITY

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	STAKEHOLDERS	CURRENT STATUS
Responsible gambling	Shareholders Employees Government Customers Business partners	We aim to be South Africa's most ethical and accountable gaming company, and believe that we have a special duty to promote a culture of responsible gambling. The responsible gaming programme is central to the group's commitment to its customers and their wellbeing.
Socio-economic contribution		The group is committed to good corporate citizenship and the responsible management of our obligations to all sectors of society. We are mindful of creating economic, social and environmental value wherever we conduct our business and continue to strive, by way of sustainable business practices, to make a positive impact on people, the planet and profits, for the benefit of all stakeholders.

11. GOOD GOVERNANCE

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	STAKEHOLDERS	CURRENT STATUS
Ethics and business conduct	Shareholders Employees Government Customers Business partners	The group recognises the vested interests of all stakeholders in the manner in which it conducts its business. Our code of ethics assists in fulfilling our responsibility to all stakeholders.
Risk management		Risk management is integral to our business processes and is well entrenched within our business practices at all levels of the organisation. The only major risk event experienced during the year was the Chile earthquake. There was no loss of life, very limited injuries and financial loss was mitigated by the group's insurance programme.

DIRECTORATE (SIL)

Executive Directors

DAVID COUTTS-TROTTER

ROB BECKER

DC (DAVID) COUTTS-TROTTER (48) / CHIEF EXECUTIVE / BBUS SCI, BACC, CA(SA) / Δ

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

RP (ROB) BECKER (48) / CHIEF FINANCIAL OFFICER / BACC, CA(SA), MBA / Δ

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

Non-Executive Directors

VALLI MOOSA

NIGEL MATTHEWS

ZARINA BASSA

LEON CAMPHER

MV (VALLI) MOOSA (53) / CHAIRMAN / BSC (MATHEMATICS, PHYSICS) / *◊

Appointed to the board in 2005 and as board Chairman on 1 July 2009. Valli Moosa served as Minister of Constitutional Development from 1996 to 1999 and as Minister of Environmental Affairs and Tourism from 1999 to 2004. He previously served as chairman of the United Nations Commission on Sustainable Development, as chairman of Eskom Holdings, as a national executive committee member of the ANC and as president of the International Union for The Conservation of Nature. He currently holds directorships, inter alia, in Anglo Platinum (deputy chairman, LID and chairman of the governance committee), Lereko Investments (executive deputy chairman), Dinokana, Imperial Holdings, RAH (chairman), Sanlam and Sappi.

IN (NIGEL) MATTHEWS (65) / LEAD INDEPENDENT DIRECTOR / MA (OXON), MBA / †*◊ Δ

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

ZBM (ZARINA) BASSA (46) / CA(SA) / †#

Appointed to the board in March 2010. Zarina Bassa comes from a financial services background, having worked with ABSA and Ernst & Young. She currently heads up Songhai Capital and holds directorships, inter alia, in Vodacom SA, Kumba Iron Ore, the Lewis Group and is chairman of Woolworths Financial Services and Yebo Yethu Limited. She is also a board member of the Financial Services Board and the Stellenbosch Business School Advisory Board.

PL (LEON) CAMPHER (62) / BECON / †*◊

Appointed to the board in 2002. Leon Campher has extensive experience in investment management with Old Mutual, Syfrets Managed Assets, Coronation and African Harvest. He is the CEO of the Savings and Investment Association of South Africa, a director of STRATE Limited, Brimstone Investment Corp Limited, Safex Clearing Company (Pty) Limited and chairman of Amalgamated Appliance Holdings Limited, and serves as a member of the Financial Sector Charter Council, the Directorate of Market Abuse and the Financial Markets Advisory Board.

† Independent director / * Member of the remuneration committee
◊ Member of the nomination committee / # Member of the audit committee
Δ Member of the risk committee

DIRECTORATE (SIL)

Non-Executive Directors

MP (MIKE) EGAN (55) / BCOM, CTA, CA(SA) / †*#

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

DR NN (LULU) GWAGWA (51) / BA, MTRP, MSC (LONDON), PHD (LONDON) / Δ

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

BLM (TUMI) MAKGABO-FISKERSTRAND (36) †

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

LM (LOUISA) MOJELA (54) / BCOM

Appointed to the board in 2004. Louisa Mojela is group CEO of WIPHOLD of which she is a founder member, and holds non-executive directorships in, inter alia, ABB SA, Adcorp Holdings, Distell Group, Life Health Care, Lesotho Pension Fund, Afrisun Gauteng, Afrisun Leisure, Emfuleni Resorts, and USB-ED Limited. She previously held positions at Lesotho National Development Corporation, DBSA and SCMB.

DM (DAVID) NUREK (60) / DIP LAW, GRAD DIP COMPANY LAW / †#Δ

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

E (EDDY) OBLOWITZ (53) / BCOM, CA(SA), CPA (ISR) / †#

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

GR (GRAHAM) ROSENTHAL (66) / CA(SA) / †#Δ

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

MIKE EGAN

DR LULU GWAGWA

TUMI MAKGABO-FISKERSTRAND

LOUISA MOJELA

DAVID NUREK

EDDY OBLOWITZ

GRAHAM ROSENTHAL

DIRECTORATE (SIML)


CLARENCE BENJAMIN


HENDRIK BRAND


JACO COETZEE


GARTH COLLINS


TRISTAN KAATZE


JOHN LEE


ANTHONY LEEMING

DC (David) Coutts-Trotter (48) / CHIEF EXECUTIVE

RP (Rob) Becker (48) / CHIEF FINANCIAL OFFICER

CS (Clarence) Benjamin (50) / DIRECTOR: GROUP INTERNAL AUDIT / BCOM, CA(SA)

Clarence Benjamin joined Sun International in 2005 and was appointed to the board in the same year. He completed articles with Kessel Feinstein. After a period as audit partner at a medium sized audit firm in Cape Town he was appointed to the Office of the Auditor General as a corporate executive in 1996. He has served in a variety of high level positions and has gained valuable experience and understanding of varied auditing environments. Clarence serves as one of the vice-presidents of the Institute of Internal Auditors of South Africa.

HJ (Hendrik) Brand (54) / LEGAL AFFAIRS DIRECTOR / BCOM, LLB, CPIR

Hendrik Brand joined the Sun International Group in 1985 and was appointed to the board in 2005. He participated extensively in industry inputs in the formulation of national and provincial gambling legislation following the legalisation of gambling in South Africa. He authors the Juta's publication 'Gambling Laws of South Africa'. Hendrik heads the group's in-house legal services function.

J (Jaco) Coetzee (51) / DIRECTOR: GAMING COMPLIANCE AND TABLES

Jaco Coetzee commenced his career in gaming in 1981, and joined Sun International in 1983 on its inception. He has held various positions in the group's gaming operations, including gaming internal auditor and slots manager and since 1998, that of group gaming compliance manager. Appointed to the board and his current position in 2006, with responsibility for the gaming compliance function and the support functions for casino tables, surveillance and security.

G (Garth) Collins (63) / DIRECTOR: GAMING OPERATIONS

Garth Collins joined Sun International on its formation in 1983 and appointed to the board in 2005. He holds directorships in a number of group companies, including SunWest, Worcester, Emfuleni Resorts, Afrisun KZN and Afrisun Gauteng, and was previously chairman of Swazispa Holdings and Sun International (Botswana). He was appointed director of gaming operations in March 2006 and is primarily responsible for the management of Sun International's gaming operations. He has 43 years' experience in the hotel, resort and gaming industry and was previously a director of the Holiday Inn group for several years.

TC (Tristan) Kaatze (49) / DIVISIONAL DIRECTOR: GAMING NORTH / BCOM, BCOMPT (HONS), CA(SA)

Tristan Kaatze rejoined Sun International in 2000 as commercial manager: gaming north, and was appointed general manager of the Sugarmill Casino/Sibaya in 2002. He was appointed to the board and his current position in 2005. He has over 20 years' experience in the gaming industry, which includes Las Vegas. He is a director of a number of Sun International group companies, including Afrisun Gauteng, Afrisun KZN, Mangaung Sun, Meropa and Teemane.

JA (John) Lee (53) / DIVISIONAL DIRECTOR: RESORTS / BCOM, CA(SA)

John Lee joined Sun International in 1986 as a divisional finance executive after he articled with PricewaterhouseCoopers Inc. He was subsequently promoted to business development director in 1995, a position which he held until 2001 when he was appointed as chief information officer. His responsibilities included strategy, governance, best practices and policies of the group's e-business and information technology functions, including enterprise project execution. He was appointed to the board in 2005 and as director of resorts with effect from 1 August 2010.

AM (Anthony) Leeming (40) / DIRECTOR: CORPORATE AND SIML FINANCE / BCOM, BACC, CA(SA)

Anthony Leeming joined Sun International in 1999 as group financial manager and was appointed director: corporate and SIML finance and the board on 1 July 2009. He holds directorships in various group companies and is responsible for group corporate finance activities and the financial affairs of SIML. He completed his articles at KPMG and has 11 years' experience in the hotel, resorts and gaming industries.

DIRECTORATE (SIML)

KH (Kele) Mazwai (41) / GROUP HUMAN RESOURCES DIRECTOR/
BBUS ADMIN, BCOM, BCOM (HONS), MBA

Kele Mazwai joined Sun International and the board in 2008 and has 19 years' experience in human resources management. She joined MNet, Supersport and Oracle as human resources manager in 1999 and was appointed human resources director in 2003, prior to which she held various positions with PG Autoglass, Markhams, Woolworths and the Department of Foreign Affairs.

DR (Khati) Mokhobo (45) / NEW BUSINESS DEVELOPMENT DIRECTOR/
BCOM, BACC, ACMA, CA(SA)

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

S (Sean) Montgomery (48) / DEVELOPMENT DIRECTOR / BSC (QS)

Sean Montgomery rejoined Sun International as development director in 2005 and was appointed to the board in the same year. He was originally with Sun International from 1995 to 2003 during which period he was responsible for the construction of Carnival City, GrandWest and was seconded to oversee the construction of the Cape Town International Convention Centre. He has 20 years' experience in the construction and property development industry, including 13 years' experience in leisure, hotel, gaming and resort development, during which he has also been responsible, inter alia, for the development and construction of the group's projects in Chile and Nigeria.

M (Mervyn) Naidoo (44) / DIVISIONAL DIRECTOR: GAMING SOUTH/
NATIONAL DIPLOMA (HOTEL MANAGEMENT)

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

DS (Des) Whitcher (51) / DIRECTOR: GAMING DEVELOPMENT AND SLOTS

Des Whitcher joined Sun International on its inception in 1983, having started his career at Sun City as a slot technician in 1981, progressing to general manager, Morula Casino and Hotel in 1992. In 1995 he was promoted to gaming development manager to oversee the group's participation in the new casino licence and the gaming integration process in South Africa. He was appointed to the board in 2006. Des is responsible for overseeing the group's gaming development and slot operations and has over 25 years' experience in the gaming, hotel and resort industries.

COMPANY SECRETARY

CA (Chantel) Reddiar (34) / COMPANY SECRETARY / BA, LLB, LLM

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

KELE MAZWAI

KHATI MOKHOBO

SEAN MONTGOMERY

MERVYN NAIDOO

DES WHITCHER

CHANTEL REDDIAR

KRE (Kurt) Peter (55) / DIVISIONAL DIRECTOR: RESORTS

Kurt Peter rejoined Sun International in 1995 as area general manager of the Thaba'Nchu and Naledi Suns in the Free State, and retired from the group on 31 July 2010. During his period with the group he was the general manager of the Cascades Hotel and Entertainment Centre at Sun City, director of operations: Sun City, general manager of the GrandWest Casino and Entertainment World as well as divisional director: gaming south and director: resorts which is the position he held until his retirement. He has over 30 years' experience in the hospitality and gaming industry.

The Table Bay

CHAIRMAN'S REPORT

Valli Moosa

INTRODUCTION

This past year has once again been a challenging one for the group and economic conditions have continued to be difficult. The global economy has been slow to recover while the World Cup brought some temporary relief to the local economy.

Sun International's casinos, hotels and resorts have felt the negative impact of the local and global economies. Whilst our casino operations have generally experienced consistency in footfall, the trend of customers spending less per visit has continued. The impact of the subdued Euro-economy has resulted in the hotels and resorts continuing to experience a decline in inbound tourism, international groups and conventions bookings.

Although the decline in economic activity appears to be stabilising, trading for the next period will remain challenging.

SUSTAINABLE GROWTH

Sun International manages sustainability by focusing on economic, social and environmental issues across the group. The group has eleven key strategic imperatives to achieving sustainable growth which are under-pinned by good corporate governance, responsible behaviour and ethical conduct. These are:

- Shareholder delivery
- Protect our business
- Our customers
- Strategic growth and expansion
- Business partnerships
- Innovation
- Human capital
- Transformation
- Environmental management
- Social responsibility
- Good governance

These themes are covered in detail within this report.

CHAIRMAN'S REPORT CONTINUED

We will achieve our mission through a dedicated and passionate team who are:

- Obsessed with superior standards and guest experiences
- Focused on continuous improvement and cost control
- Mutually trusting and respectful of each other and all stakeholders
- Adhering to the highest level of integrity and honesty
- Mindful of protecting the environment

Federal Palace

STRATEGIC FOCUS

Sun International's strategy is best described regionally as follows:

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

PROSPECTS FOR 2011

Although trading conditions are stabilising, it is anticipated that demand in the gaming and hospitality industries will remain weak in the year ahead.

Notwithstanding this, some growth in revenue is expected from existing operations in addition to greater contributions from Monticello and the Federal Palace. Accordingly, the group expects growth in adjusted headline earnings per share. The outlook has not been reviewed or reported on by the company's auditors.

DIRECTORATE

I welcome Zarina Bassa and Tumi Makgabo-Fiskerstrand as independent non-executive directors and look forward to the contributions that they will bring to the board.

Morula

APPRECIATION

On behalf of the board, I express our gratitude to our customers, employees, shareholders, suppliers, business partners and other stakeholders for their on-going support and belief in the sustainability of the Sun International group.

Sun International's people have contributed significantly to our ability to retain our market leadership position in the gaming and leisure sector in this difficult period in our history. Our people are committed to service excellence and have demonstrated a strong work ethic and endurance – I thank them for their significant contribution. I am confident that we will continue to grow the business and that our people will ensure our future success.

Finally, I would like to thank my board colleagues for their encouragement and wise counsel during these challenging times and I look forward to their continued support.

Monticello

JOINT REPORT OF THE CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICER

In line with the move toward integrated reporting, we have decided this year to combine the Chief Executive's and Chief Financial Officer's reports. Our report is structured in terms of the eleven key strategic imperatives identified earlier.

David Coutts-Trotter Chief Executive

Rob Becker Chief Financial Officer

Boardwalk

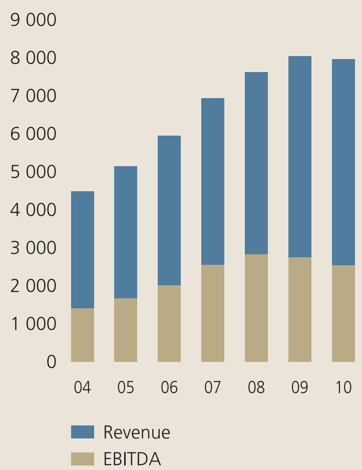
1. SHAREHOLDER DELIVERY

AT A GLANCE

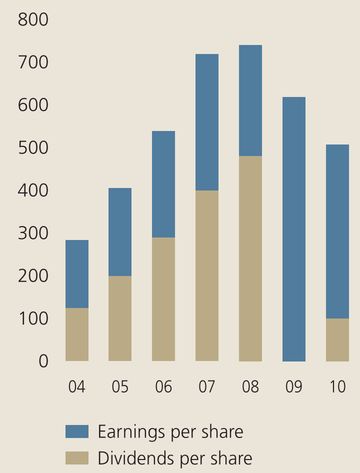
FINANCIAL HIGHLIGHTS

- Without the Chile earthquake and its consequences, revenue would likely have increased by 3%
- EBITDA decline of 7%, with the EBITDA margin declining 2.2 percentage points to 32.0%
- AHEPS decline of 18% to 507 cents
- Dividends resumed at 100 cents per share

REVENUE AND EBITDA (Rm)



ADJUSTED HEADLINE EARNINGS AND DIVIDENDS PER SHARE (cents)



		2010 Rm	2009 Rm	Change %
Trading				
Revenue		**7 961**	8 041	(1)
EBITDA		**2 545**	2 746	(7)
Profit from operations		**1 746**	2 014	(13)
Profit before tax		**1 250**	1 456	(14)
Adjusted headline earnings		**512**	600	(15)
Ordinary share performance				
Adjusted headline earnings per share	(cents)	**512**	626	(18)
Diluted adjusted headline earnings per share	(cents)	**507**	618	(18)
Dividend per share	(cents)	**100**	–	–
Loan covenant ratios				
Debt to EBITDA	(times)	**2.4**	2.3	
EBITDA to interest	(times)	**4.7**	4.0	
Market share price at 30 June		**82.50**	76.34	

IN THIS SECTION:

The Palace of the Lost City

1. SHAREHOLDER DELIVERY

TRADING AND GROUP OPERATING PERFORMANCE

The challenging economic environment experienced in the past few years continued in the year under review. Despite this and the significant capital expenditure incurred on Monticello and the cost of the group's investment in Nigeria, the group's debt to EBITDA increased only marginally from 2.3 to 2.4 times. The focus over the past year has been on costs and capital expenditure containment, our financial position, managing the group's liquidity, debt levels and gearing capacity.

The statements of comprehensive income on page 152 have been presented on the basis of the group's decision to disclose items of income and expenditure by nature in terms of IAS 1. However, management continues to monitor financial performance by analysing direct and indirect costs and measuring EBITDA and adjusted headline earnings achievements. This additional disclosure is provided below.

R million	2010	%	2009
Revenue	**7 961**	(1)	8 041
Casino	**6 212**	–	6 234
Slots	**5 235**	(1)	5 276
Tables	**977**	2	958
Rooms	**857**	(5)	900
Food and beverage	**550**	–	550
Other	**342**	(4)	357
Direct costs	**(3 521)**	(4)	(3 399)
Casino – Levies and VAT	**(1 364)**	(1)	(1 353)
– Other	**(1 210)**	(5)	(1 149)
Rooms	**(204)**	(2)	(200)
Food and beverage	**(475)**	(1)	(472)
Other	**(268)**	(19)	(225)
Gross profit	**4 440**	(4)	4 642
Indirect costs and other	**(1 895)**	–	(1 896)
Administration and general	**(903)**	–	(903)
Marketing	**(411)**	–	(413)
Property costs	**(641)**	(12)	(574)
Other	**9**	>200	(6)
Net Monticello business interruption	**51**	–	–
Monticello business interruption costs	**(124)**	–	–
Monticello business interruption claim	**175**	–	–
EBITDA	**2 545**	(7)	2 746
Depreciation and amortisation	**(685)**	(4)	(658)
Property and equipment rental	**(114)**	(54)	(74)
Operating profit	**1 746**	(13)	2 014
Foreign exchange (loss)/gain	**(14)**	(141)	34
Interest income	**60**	(35)	93
Interest expense	**(542)**	21	(685)
Profit before tax	**1 250**	(14)	1 456
Tax	**(518)**	16	(619)
Profit after tax	**732**	(13)	837
Share of associate's loss	**(3)**	–	–
Minorities' interests	**(217)**	8	(237)
Adjusted headline earnings	**512**	(15)	600
Headline and adjusted headline earnings adjustments	**1**	–	(99)
Profit attributable to ordinary shareholders	**513**	2	501

The group achieved revenue for the year ended 30 June 2010 of R8.0 billion which was 1% below last year, but 3% lower if Monticello (Chile) and the Federal Palace (Nigeria) are excluded.

Gaming revenue was in line with last year at R6.2 billion with tables revenue up 2% while slots revenue declined by 1%. Excluding Monticello and the Federal Palace, slots and tables revenue both declined by 2%. Customers continued to feel the economic pressures, although popularity of the properties remains high and footfalls strong, spend per customer has generally declined.

Rooms revenue of R857 million declined by 5% from last year. Group occupancy was down 5 percentage points at 67% and an average room rate of R898 was achieved, which was a marginal decline on last year.

The group's management fee income of R607 million was 9% lower than last year, while related EBITDA of R345 million was 10% lower. Included in revenue are development fees of R26 million compared to R40 million last year. Management activities remain the second largest contributor to group EBITDA at 14% of total EBITDA.

As a result of the decline in revenue and general cost pressures, the gross margin at 55.8% was 1.9 percentage points down on last year. Excluding Monticello where the gross margin is lower due to the higher gaming taxes, the group's gross margin declined by 2.0 percentage points to 57.2%.

EBITDA of R2.5 billion was 7% lower than last year and the EBITDA margin declined 2.2 percentage points to 32.0%. The lower margin is due to the contraction in comparable revenues combined with increases in operating costs. Excluding the results of Monticello and the Federal Palace, the EBITDA margin was 32.9% versus 36.2% last year.

The net EBITDA effect of the Chile earthquake of R51 million represents the net amount received from the business interruption claim and is in effect the expected EBITDA had the earthquake not occurred.

Profit before tax at R1 250 million was 14% below last year. Depreciation and amortisation charges were 4% up on last year (2% excluding Monticello) while the net interest paid decreased by 19% from R592 million to R482 million as a result of lower prevailing interest rates and lower borrowings. Fluctuations in the Rand and Chilean Peso against the US Dollar during the year resulted in a net exchange loss of R14 million compared to a gain of R34 million last year.

Tax at R518 million declined by 16% from last year as a result of the lower earnings in the current year and a prior year over-provision. The effective tax rate excluding non-deductible preference share dividends, STC and the prior year over-provision was 36% (2009: 33%) due primarily to other permanent differences. These factors will result in the effective tax rate remaining well above the statutory tax rate for the next few years.

Net headline and adjusted headline earnings adjustments of R1 million include the Monticello insurance deductible of R59 million, pre-opening expense relating primarily to Monticello of R28 million almost entirely offset in part by a SARS refund relating to a previous claim of an onerous contract deduction that has now been allowed by SARS. The prior year adjustments included an impairment of goodwill of R108 million relating to Monticello, pre-opening expenses of R21 million and a gain on the realisation of R47 million of the foreign currency translation reserve arising on the distribution of a dividend from RRHL.

Golden Valley Casino

1. SHAREHOLDER DELIVERY

Operational overview – Casinos and gaming

	Revenue Rm		EBITDA Rm		EBITDA margin %	
	2010	2009	**2010**	2009	**2010**	2009
GrandWest	**1 582**	1 642	**614**	675	**38.8**	41.1
Carnival City	**965**	997	**303**	351	**31.4**	35.2
Sibaya	**849**	810	**296**	295	**34.9**	36.4
Boardwalk	**414**	418	**160**	172	**38.6**	41.1
Carousel	**310**	308	**77**	81	**24.8**	26.3
Morula	**254**	250	**51**	56	**20.1**	22.4
Meropa	**236**	227	**98**	93	**41.5**	41.0
Windmill	**193**	204	**71**	84	**36.8**	41.2
Flamingo	**127**	129	**38**	42	**29.9**	32.6
Golden Valley	**112**	109	**27**	34	**24.1**	31.2
Lesotho	**93**	98	**12**	15	**12.9**	15.3
Gaming – southern Africa	**5 135**	5 192	**1 747**	1 898	**34.0**	36.6
Monticello – Chile	**881**	397	**99**	(22)	**11.2**	(5.5)
	6 016	5 589	**1 846**	1 876	**30.7**	33.6

EBITDA margins in the gaming division declined mainly due to lower revenue achieved and increases in operating costs. The management of costs and maintaining our margins remain a key focus area.

GrandWest was again specifically impacted by the depressed regional economy and achieved revenue of R1 582 million and EBITDA of R614 million which were 4% and 9% below last year respectively. The EBITDA margin of 38.8% declined by 2.3 percentage points from 41.1%.

Carnival City achieved revenue of R965 million and EBITDA of R303 million, a decline compared to last year of 3% and 14% respectively. This resulted in an EBITDA margin of 31.4% which was 3.8 percentage points below last year. Some disruption on the casino floor due to refurbishment resulted in a marginal loss of market share. Including Morula, the group's share of the Gauteng market for the year declined from 20.9% to 20.6%. EBITDA was also impacted by increased property taxes and energy costs.

Sibaya performed satisfactorily, increasing revenue by 5% to R849 million. EBITDA of R296 million was in line with last year, while the EBITDA margin of 34.9% declined by 1.5 percentage points. The KwaZulu-Natal market grew by 3.8% in the year and Sibaya's market share at 35.5% was 0.3 percentage points higher.

Boardwalk's revenue declined by 1% to R414 million and EBITDA by 7% to R160 million. As a result the EBITDA margin declined 2.5 percentage points to 38.6%.

The Monticello property damage of US$8.2 million (R61 million) and a business interruption claim of US$25 million were finalised with insurers. This amount includes re-launch costs of US$2.2 million which will be received, accounted for and spent in the 2011 financial year. The group results include trading for Monticello up to the date of the earthquake and the re-opening day of 30 June 2010, the business interruption claim of US$22.8 million (R175 million) and operating costs incurred during the closed period. Included in adjusted headline earnings is the insurance deductible of US$7.5 million (R59 million).

The earthquake and its consequences masked a positive trading trend at Monticello. Without it, revenue was anticipated to have increased by more than 122% over last year, and the EBITDA achieved of R99 million (which did include the business interruption proceeds) compares favourably to the R22 million loss last year.

Operational overview – Hotels and resorts

	Revenue Rm		EBITDA Rm		EBITDA margin %	
	2010	2009	**2010**	2009	**2010**	2009
Sun City	**1 160**	1 146	**173**	207	**14.9**	18.1
Wild Coast Sun	**287**	302	**48**	56	**16.7**	18.5
Table Bay	**167**	199	**35**	65	**21.0**	32.7
Swaziland	**166**	177	**7**	23	**4.2**	13.0
Botswana	**156**	181	**48**	68	**30.8**	37.6
Zambia	**149**	217	**26**	55	**17.4**	25.3
Kalahari Sands	**123**	128	**34**	36	**27.6**	28.1
Hotels and resorts – southern Africa	**2 208**	2 350	**371**	510	**16.8**	21.7
Federal Palace – Nigeria	**11**	–	**4**	–	**36.4**	–
	2 219	2 350	**375**	510	**16.9**	21.7

Occupancies at the group's hotels and resorts declined significantly to 67%, six percentage points below last year, mainly as a result of the extreme pressure on local disposable income and the on-going international recessionary environment.

The EBITDA margin, excluding the Federal Palace, declined 4.9 percentage points to 16.8% due to lower occupancies and increased property costs.

Sun City's room occupancy was 5 percentage points lower than last year at 69% while the average room rate was 7% higher than the previous year at R1 334. EBITDA declined by 16% to R173 million. The lower EBITDA was primarily the result of the lower occupancy achieved and increased property and energy costs.

The Table Bay achieved an occupancy of 53% compared to 67% in the prior year and the average room rate increased by 5% in the current year to R2 033 resulting in an EBITDA decline of 46% from last year to R35 million.

The Botswana operations achieved revenue of R156 million and EBITDA of R48 million, which was 14% and 29% below last year respectively. The decline was exacerbated by the 10% strengthening of the Rand against the Botswana Pula.

The Royal Livingstone and Zambezi Sun achieved an aggregate occupancy of 49% compared to 60% last year at an average room rate of US$189, a 12% decline against last year. In US dollars, EBITDA was 45% below last year.

Our share of the associate loss for the Federal Palace of R3 million was incurred for the nine months from September to May 2010. The casino opened in December 2009 and steady progress has been made in attracting gaming customers to the property. Demand for accommodation in Lagos was subdued for the year with consequent pressure on occupancy and rates resulting in an aggregate occupancy of 36% at an average room rate of US$320.

1. SHAREHOLDER DELIVERY

GrandWest

WORLD CUP

The group took full advantage of the opportunities the tournament presented to attract MVGs, tourists and soccer fans to our properties to watch the matches and enjoy the gaming, food and beverages on offer. The MVGs were particularly supportive and turned out in large numbers to watch the key games. We established viewing facilities at all casinos and our big arenas – Grand Arena at GrandWest, the Big Top at Carnival City and the Sun City Superbowl – were converted into dedicated viewing areas. There was, however, no significant positive impact on gaming revenue.

While occupancies during the June/July World Cup period were satisfactory at Sun City, they were not as buoyant as originally expected. The late cancellation of a large number of bookings by FIFA's associate, MATCH, impacted considerably on our other properties, particularly those outside South Africa.

Our employees played a key role in the run-up to and during the tournament. Each employee was given a specially designed Sun International shirt to be worn as part of the uniform on match days and all properties arranged soccer promotions, with employees watching the games in the canteens.

Revenue for the period 11 June to 10 July 2010 was up 7% on the previous year, mainly due to an 84% increase in rooms revenue based on an increase in the average room rate and slightly reduced rooms sold. Gaming revenue for this period was 2% down.

For the majority of our casinos, the focus was on the local market and existing customers. All properties were 'dressed' in the themes of 'Where the World Comes to Win' or 'Where the World Comes to Play'. GrandWest was one of the main sponsors of Cape Town's official FIFA Fanfest and brought in guests on shuttle buses from the city to the property. Because of the Boardwalk's product mix and location it was the main centre and entertainment destination for visiting supporters in Port Elizabeth.

Longer term the very successful tournament and the positive publicity that was generated should have the effect of improving inbound tourism to South Africa.

Casinos statistics

	Casino revenue Rm		Weighted average number of slot machines for the year		Net win per machine per month R'000		Weighted average number of gaming tables for the year		Net win per table per month R'000	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
GrandWest	**1 548**	1 615	**2 524**	2 524	**44**	46	**68**	65	**266**	273
Sun City	**361**	370	**601**	601	**40**	43	**38**	38	**152**	134
Carnival City	**927**	967	**1 750**	1 750	**37**	39	**60**	60	**208**	213
Sibaya	**814**	778	**1 089**	1 018	**50**	50	**40**	36	**350**	387
Boardwalk	**405**	409	**759**	783	**40**	39	**23**	23	**138**	146
Carousel	**291**	292	**700**	700	**32**	31	**19**	16	**113**	155
Wild Coast Sun	**223**	227	**437**	438	**37**	37	**14**	13	**156**	205
Morula	**217**	218	**510**	510	**34**	33	**12**	11	**78**	116
Meropa	**235**	225	**384**	384	**45**	44	**15**	15	**153**	124
Windmill	**192**	203	**300**	300	**46**	47	**13**	13	**177**	209
Swaziland	**70**	87	**154**	152	**29**	36	**13**	13	**101**	137
Botswana	**97**	119	**285**	285	**22**	26	**10**	11	**174**	238
Flamingo	**126**	128	**246**	240	**39**	43	**11**	9	**89**	101
Kalahari Sands	**80**	82	**139**	149	**38**	36	**10**	10	**140**	150
Golden Valley	**107**	104	**224**	228	**38**	38	**6**	–	**59**	–
Lesotho	**37**	37	**117**	166	**20**	15	**8**	8	**88**	75
Naledi Sun	**19**	20	**150**	150	**11**	11	**–**	–	**–**	–
Monticello	**459**	353	**1 365**	1 125	**20**	18	**61**	60	**188**	144
Federal Palace	**4**	–	**16**	–	**14**	–	**1**	–	**90**	–
	6 212	6 234	**11 750**	11 503	**37**	38	**422**	401	**193**	199

Lesotho Sun

1. SHAREHOLDER DELIVERY

Gaming taxes by province and country

	Gross revenue Rm/month	Gaming levy/tax	VAT	Effective gaming taxes
Western Cape	Up to 14.2	6%	14%	17.5%
	14.2 to 28.4	8.5%	14%	19.7%
	28.4 to 42.6	11%	14%	21.9%
	42.6 to 56.8	13%	14%	23.7%
	56.8 to 71.0	15%	14%	25.4%
	71.0 plus	17%	14%	27.2%
KwaZulu-Natal	Up to 30	9%	14%	20.2%
	30 plus	12%	14%	22.8%
	Local Government levy on slots revenue	0.5%		
Gauteng		9%	14%	20.2%
Northern Cape		8%	14%	19.3%
Eastern Cape	Up to 4	3%	14%	14.9%
	4 to 8	5%	14%	16.7%
	8 plus	10%	14%	21.1%
Limpopo		5.3%	14%	16.9%
Free State		7%	14%	18.4%
Mpumalanga		5.7%	14%	17.3%
North West	Up to 4	3%	14%	14.9%
	4 to 8	5%	14%	16.7%
	8 to 12	7%	14%	18.4%
	12 plus	9%	14%	20.2%
Swaziland		4.5%	n/a	4.5%
Botswana		10%	12%	20.3%
Namibia		5%	15%	17.4%
Lesotho		15%	n/a	15%
Nigeria		3%	n/a	3%
Chile		20%	19%	32.8%

Rooms statistics

	Rooms revenue Rm		Number of hotel rooms		Average occupancy %		Average room rate Rands	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
GrandWest	**4**	4	**39**	39	**86**	87	**287**	289
Sun City*	**435**	417	**1 301**	1 237	**69**	74	**1 334**	1 243
Carnival City	**10**	10	**105**	105	**90**	91	**282**	290
Sibaya	**18**	18	**154**	154	**85**	85	**387**	379
Carousel	**5**	4	**57**	57	**91**	88	**281**	235
Wild Coast Sun	**17**	23	**246**	246	**86**	98	**216**	264
Morula	**6**	7	**73**	73	**94**	89	**251**	281
Table Bay	**130**	156	**329**	329	**53**	67	**2 033**	1 930
Swaziland	**41**	39	**411**	411	**66**	64	**407**	406
Botswana	**34**	35	**196**	196	**83**	83	**569**	593
Zambia	**92**	129	**363**	363	**49**	60	**1 426**	1 910
Kalahari Sands	**24**	25	**173**	173	**71**	77	**540**	509
Golden Valley	**5**	4	**98**	98	**71**	48	**205**	259
Lesotho	**26**	27	**262**	262	**42**	51	**643**	565
Naledi Sun	**2**	2	**30**	30	**62**	58	**297**	268
Monticello**	**4**	–	**31**	–	**52**	–	**725**	–
Federal Palace**	**4**	–	**12**	–	**43**	–	**2 246**	–
	857	900	**3 880**	3 773	**67**	72	**898**	915

** 2009 has been adjusted for rooms refurbishment of the Sun City Main Hotel.*
*** The number of rooms has been adjusted to obtain the relevant occupancy and average room rates based on the days open (Monticello) and from acquisition date (Federal Palace).*

Sibaya

1. SHAREHOLDER DELIVERY

DIVIDENDS

Trading conditions are stabilising and the group's financial position and debt ratios have strengthened. Capital expenditure for the year ahead is expected to be significantly lower than originally forecast and the board has therefore resolved to resume dividend payments. A dividend of 100 cents per share has been declared. The board will consider future dividends based on the group's funding requirements and the trading and funding conditions prevailing at the time.

In the absence of unforeseen circumstances, it is the intention to gradually increase the dividend payout ratio in the coming periods, but this is unlikely to exceed 50% of fully diluted adjusted headline earnings per share in the foreseeable future.

MANAGING OUR FINANCIAL POSITION

Ordinary shareholders' funds

Ordinary shareholders' equity increased by R641 million. The significant movements are summarised in the table below:

	Rm
Share capital, treasury shares and treasury options	**116**
Share issues following the exercise of treasury share options	118
Shares disposed by Dinokana (deemed a sale of treasury shares)	37
Treasury share options acquired on exercising options by participants	(40)
Other	1
Distributable and other reserves	**525**
Share based payment expense	37
FCTR loss for the year	(66)
Profit on increase in minority funding	11
Premium paid on acquisition of minorities' interests	(28)
Profit on shares disposed by Dinokana (deemed a sale of treasury shares)	18
Transfer from hedging reserve to statement of comprehensive income	44
Profit attributable to ordinary shareholders	513
Delivery of share awards	(4)
	641

Monticello

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

	Number of shares (000's)		
	In issue*	Weighted headline EPS	Weighted adjusted headline EPS
Shares in issue at 30 June 2009	109 831	109 831	109 831
Options exercised	1 264	758	758
	111 095	110 589	110 589
Treasury shares – held by subsidiary	(10 549)	(10 549)	(10 549)
– deemed treasury shares – RSP		(824)	
– held by Employee Share Trusts		(6 022)	
– deemed treasury shares disposed		(227)	
Number of shares at 30 June 2010	**100 546**	**92 967**	**100 040**
Dilutive share options		1 015	1 015
Number of shares for dilutive calculation at 30 June 2010	**100 546**	**93 982**	**101 055**

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

Returns

The calculation of return to equity shareholders is of limited relevance due to the significant reduction in shareholder funds resulting from cancelling the shares acquired through the 2008 share buy back and recognising in equity the treasury shares acquired. This set off against equity is reflected in the NAV per share which reduced to R1.35 at 30 June 2008. The NAV per share increased by 108% to R12.91 at 30 June 2010.

Borrowings

The group's borrowings have decreased marginally since June 2009 by R0.2 billion to R6.3 billion.

	30 June 2010				30 June 2009	
Rm	**Borrowings**	**Inter-group**	**Third party borrowings**	**Interest paid**	Third party borrowings	Interest paid
SFIR	**796**	**(104)**	**692**	**68**	912	51
SunWest	**741**	**–**	**741**	**82**	771	101
Afrisun Gauteng	**504**	**(110)**	**394**	**45**	352	64
Afrisun KZN	**446**	**–**	**446**	**39**	457	55
TCN	**337**	**(110)**	**227**	**1**	–	–
Worcester	**211**	**(37)**	**174**	**19**	194	27
Meropa	**110**	**–**	**110**	**10**	117	15
Mangaung	**80**	**–**	**80**	**6**	73	13
Teemane	**68**	**–**	**68**	**6**	69	7
Lesotho	**46**	**(46)**	**–**	**–**	–	–
Wild Coast Sun	**45**	**(45)**	**–**	**–**	–	–
Emfuleni	**5**	**–**	**5**	**5**	97	9
Central office and other	**2 676**	**452**	**3 128**	**261**	3 196	343
	6 065	**–**	**6 065**	**542**	6 238	685
Employee Share Trusts	**225**	**–**	**225**	**24**	269	34
	6 290	**–**	**6 290**	**566**	6 507	719

1. SHAREHOLDER DELIVERY

The SFIR interest is net of R21 million in borrowing costs which have been capitalised to the Monticello project. SFIR's facilities have been restructured resulting in the shareholders funding a US$50 million repayment of the long term facility.

With the exception of the SFIR and TCN funding, all debt is denominated in Rand. The SFIR debt is denominated in US Dollars (US$70 million) however the debt has been fully hedged to Chilean Pesos at an exchange rate of CLP543:US$1. The debt in the statement of financial position is disclosed at the Rand equivalent of the US Dollar balance and the mark-to-market on the Peso/US Dollar hedge is disclosed as a hedge asset or liability. The TCN debt represents loan funding from shareholders with Sun International having provided US$15 million of the debt and our partners in TCN US$28 million.

Borrowing facilities of the group total R7.4 billion (excluding the Employee Share Trusts) of which R6.1 billion was utilised at 30 June 2010. The existing facilities and future cash flows from operations are in excess of our funding requirement for on-going commitments. Details of interest rates are given on page 173 in the annual financial statements.

Interest rate hedging

In managing the group's exposure to interest rate risk the group has taken out a number of hedges. The table below summarises the interest rate hedges that were in place:

Company	Period of hedge	Debt on which interest rate hedged	Effective hedge rate
SISA – Preference shares	2 October 2008 – 1 September 2010	R464 million	9.22%
SIL – Preference shares	2 October 2008 – 30 September 2010	R925 million	9.71%

The hedge taken out for SFIR expired on 31 December 2009. Currently the interest rate is floating at 3.43% above the Camara (Chile base rate) which is currently approximately 2%. The SISA and SIL preference shares reverted back to floating rates of 63% and 67% of prime respectively at the expiry of the hedge.

As at 30 June 2010, interest rates on 35% (2009: 45%) of the group's borrowings were fixed, which are the V&A loan, the loan from Vacation Club members and the balance of the preference shares on which the interest rate hedges are in place. 20% (2009: 67%) of these rates were fixed for periods longer than 12 months.

Debt covenants and gearing capacity

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

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

The calculation of the covenants and the resultant group debt capacity for the year ended 30 June 2010 are set out below:

EBITDA	(Rm)	2 545
Interest expense	(Rm)	542
Debt	(Rm)	6 065
EBITDA to interest	(times)	4.7
Debt to EBITDA	(times)	2.4
Additional debt capacity (at 3 times EBITDA)	(Rm)	1 570

Excluding the consolidation of the Employee Share Trusts, which are excluded in terms of the covenants agreed to, interest bearing debt to EBITDA increased from 2.3 to 2.4 times and EBITDA to net interest increased from 4.0 to 4.7 times at 30 June 2010. The calculations clearly show that the group is operating within its covenants and still has capacity to raise the funding required for the Boardwalk and Wild Coast Sun project commitments.

CASH FLOWS

Cash generated by operations, including the proceeds from the business interruption claim, decreased by 10% to R2 374 million. The net cash retained from operations after minority dividends, tax and interest payments was R73 million short of that required to fund the group's remaining investing activities and outflow from financing activities and as a result cash on hand decreased to R721 million.

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

Rm	2010	%	2009
Cash retained from operating activities	**1 827**		2 002
Interest paid	**(542)**		(685)
Replacement of PPE	**(613)**		(492)
Free cash flow	**672**	(19)	825
Dividends paid			
Minorities	**(246)**		(332)
Shareholders	**–**		(227)
	426		266

Free cash flow at R672 million was 19% down on last year primarily due to the weaker trading and higher PPE replacement offset by a decrease in interest paid. Cash of R426 million was retained in the business to fund expansion projects.

CORPORATE FINANCE ACTIVITIES

The following transactions took place in the financial year:

Acquisition of additional shares in RAH

During the year, the group purchased a further 343 000 shares in RAH for a purchase consideration of R1.2 million bringing our interest in RAH to 66.5%.

Acquisition of an interest in TCN

The acquisition of the group's 49% interest in TCN was completed during the year. The first tranche of equity was subscribed for on 27 August 2009 for US$12 million giving the group a 29.4% interest in the company and resulting in TCN being accounted for as an associate. The second tranche of equity was subscribed for on 26 May 2010 for US$16 million, thereby increasing the group's interest to 49%. With the group's 49% shareholding and the control exercised through the management contract, Sun International is deemed to have effective control over the company and as a result the group has consolidated TCN from that date. To date the group has invested US$28 million in equity and advanced a loan of US$15 million to the company.

Restructure of Monticello long term debt

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

The Royal Livingstone

GrandWest

2. PROTECT OUR BUSINESS

AT A GLANCE

The success of our business rests in part on our ability to retain our existing casino licences and improve our operations.

WHAT WE ACHIEVED

- Our MVG programme maintained its position as the premier casino rewards programme in Africa.
- Our Monticello MVG database continued to grow at a rate of almost 400 people per day and the monthly visitor average was 99 500.
- The Wild Coast Sun secured its casino licence for a further ten year period to August 2019.
- In the 2009 Sunday Times Business-to-business Top Brands survey, the group was voted first in the hotel brand category and our brand ambassador, Charlize Theron, was voted the third most recognised South African personality.
- We remain an active participant of CASA and Sun International's Chief Executive, David Coutts-Trotter, is CASA's current chairman.
- Following the conclusion of an extended consultation process, the ECGBB issued a new casino license to Emfuleni Resorts to operate The Boardwalk Casino and Entertainment World for a period of 15 years, effective 3 October 2010.

OUR CHALLENGES

- In the Western Cape, GrandWest's ten-year casino exclusivity in the Cape Metropole expires in December 2010. The Provincial Government of the Western Cape (PGWC) is considering whether to permit one of the other casino licence holders in the province to relocate to the Cape Metropole and is engaging interested stakeholders before taking a final decision. The PGWC has indicated that it would seek to extend GrandWest's exclusivity to enable proper completion of this exercise and any consequential processes.

OUR OBJECTIVES

- Deliver and enhance our brand promise of, '*A Million Thrills. One Destination*'.
- The group understands and appreciates that stakeholder perceptions shape its corporate reputation and strives to engage with all stakeholders. A particular focus in the year under review has been with the group's internal stakeholders and the group will focus on enhancing its external stakeholder engagement in the forthcoming year, while improving on its commitments to internal stakeholders.

IN THIS SECTION:

CONTINUOUS IMPROVEMENT

Casinos and gaming

Gaming marketing

As a result of the continued difficult trading environment and consequent limited growth opportunities, the focus of our marketing effort remained on each property's core base of customers. Retention of customers was key, with select opportunities identified for revenue enhancement. As in the previous financial year, this encompassed an on-going commitment to the experience we deliver under our brand promise, *'A Million Thrills. One Destination'*.

These experiences are created by the attitude of our employees from arrival to departure of our guests; the range of gaming products and the novelty but relevance of promotions; the variety of food and drinks offered; the ambience on the gaming floor and the quality of entertainment provided.

Popularity of the properties remains high and footfalls strong, but spend per customer declined across the board. We focused our gaming promotions on holiday periods, particularly August/September, December and Easter, and during the June/July World Cup period. We also focused on the retention of valuable customer segments, particularly in the primary catchment areas of our casinos, with concentrated activity in the month end periods.

New ways of using popular existing promotions such as 'Mystery Jackpot' and 'Chain Reaction' were applied. New mechanics and packaging were used for tried and tested promotions such as slots tournaments and points chases, with segmented markets targeted through cash and cars giveaways via play and selected 'Mystery Jackpot' opportunities.

GrandWest's Grand Car draw resulted in the best results for Wednesday trading to date and the property's 'Tower of Fortune' promotion was repeated due to customer demand, with good results.

In the second half of the year, GrandWest broadened its tables offering with the launch of 'Texas hold 'em poker'. This resulted in an influx of new players to the property. Revenue from this game exceeded initial expectations and a database of more than 400 dedicated players has been established. Initial concerns that this game would divert play from casino games proved to be unfounded and the casino saw incremental play from this new market on the traditional casino games. A dedicated website has been established for the game and initiatives are in place to promote further growth.

Carnival City's drive to attract table players through building relationships with key community members and introducing relevant entertainment such as karaoke and 'Idols' type events, was highly successful.

The annual group-wide Black Diamond Blackjack tournament was as successful as ever with Sun City hosting the finals.

Monticello

For the first four months of the year under review, marketing efforts continued to focus on customers familiar with casinos. The MVG database continued to grow at almost 400 people per day and the monthly visitor average was 99 500.

Following the completion of the final facilities of the project in December 2009, we launched a multi-dimensional campaign to establish the Monticello brand as Chile's premier casino and entertainment destination and a new family destination concept. This culminated in an unprecedented entertainment spectacular, 'Carnival Under The Stars', a two night event starring Jennifer Lopez – her first ever performance in South America – and her popular husband, Marc Anthony. A large section of the car park was turned into a 14 000 seat arena and the audience was treated to a 3D mapping display which was projected on to the new hotel, along with a spectacular fireworks and laser display.

The event captured the imagination of the media and public and this resulted in increased footfall in January and February 2010. The MVG database grew by an average of 500 new members a day with an average of 106 800 visitors a month.

2. PROTECT OUR BUSINESS

By the end of February, the number of members on the MVG database was 208 365 of which 683 were Platinum, 6 601 Gold and 14 294 Silver.

Following the devastating earthquake on 27 February, an extensive public relations and communication plan was initiated to keep all customers informed of the restoration process. During June and July 2010 a multi-faceted relaunch promotion and entertainment programme was initiated to regain the momentum lost and to re-establish the Monticello brand top-of-mind, encourage visitation and sign-up to the MVG programme.

MVG programme

MVG customer segments – South Africa

Card level	Points threshold	**2010** Active customers	**2010** Revenue contributions	2009 Active customers	2009 Revenue contributions
Platinum	4 500	**2%**	**42%**	2%	42%
Gold	475	**15%**	**43%**	16%	43%
Silver	50	**24%**	**11%**	25%	11%
Maroon	Free	**59%**	**4%**	57%	4%

Our MVG programme maintained its position as the premier casino rewards programme in Africa and is the benchmark in Chile. It is also available at the new Federal Palace casino in Nigeria.

The programme has four levels, each offering distinctive privileges at all Sun International hotels, resorts and casinos. The benefits increase in value as customers progress through the levels with the MVG Platinum card being highly sought after.

In South Africa for the period ending June 2010, the best performing sectors – Platinum and Gold – accounted for 17% of cardholders and 85% of revenue contribution. The number of active cardholders for the period increased by 5% and revenue was up by 1%, demonstrating the robustness and loyalty of the MVG customer base, despite the challenging economic circumstances.

Sun International's desirable 'Prive' magazine, which is mailed exclusively to the top 30 000 southern African MVGs, continues to grow in popularity. Its content has been enhanced ensuring that the magazine is the first source of information for MVGs about group events and promotions.

Monticello

Hotels and resorts units

Occupancies and rates	2010	2009
Total room nights available (000's)	**1 102**	1 077
Total room nights sold (000's)	**735**	788
Local	**554**	568
International	**181**	220
Total occupancies achieved (%)	**67**	73
Local	**50**	53
International	**17**	20

As a result of the adverse international economy, there was a 18% decline in our international room nights sold – excluding the World Cup room nights. The worst affected international segment was our MICE (Meetings, Incentives, Conferences and Exhibitions) sector which declined by 43% to 29 000 room nights. Our international FIT (individual) segment was least affected, decreasing by 10% to 90 000 room nights. Overall, the international segment dropped from 28% to 25% of our total sold room nights with a resultant room revenue decline from 44% to 39%.

In spite of this decline in the international segment, together with rate sensitivity in the local market, the average room rate for the hotels and resorts units increased marginally to R1 014. This marginal growth was largely as a result of healthy room rates at Sun City and The Table Bay over the World Cup period. The group remained true to its policy of maintaining rate integrity and this reflected positively on the overall rate growth.

There was a significant decline in occupancies at the Palace of the Lost City – from 70% to 59% – as a result of the drop in international trade. This is the first time in a decade that the Palace's occupancy rate dropped below the 70% mark. The Nedbank Golf Tournament was once again a huge success, with overall attendance – including hotel guests – increasing by 7% to 65 000 people.

Miss South Africa pageant

There were similar conditions at The Table Bay, where occupancies declined from 67% to 53%. The situation was compounded by an increase in competitor activity in Cape Town. In spite of this, our properties by and large did not participate in aggressive discounting which has long term negative impacts on overall average achieved rates.

International travel trends

Inbound tourism remains under pressure although there was some positive growth from the secondary markets such as India, South America and Africa holding ground. There was negative growth in our primary markets, notably the UK and USA. We have maintained a strong sales and marketing focus in these markets to ensure we remain top of mind with our customers.

Our website, **www.suninternational.com**, enabled us to present more of our properties and facilities to the world. The new home page has direct links to Sun City, our best-known property internationally and the one most searched for on Google. Following an analysis of the page's performance we identified additional opportunities to improve our main navigation and content of the site.

Our eMarketing activity resulted in a number of innovations in the digital space, such as the introduction of blogs, a Facebook page for our Springbreak promotion, the launch of our YouTube and flickr channels and the introduction of Twitter. Collectively these channels were engaged by some 187 500 people.

Public relations

Overall, our public relations activities continue to be some of the most effective in the hospitality industry, generating approximately R480 million worth of coverage during the year under review.

As a result of the World Cup, Sun City in particular, stood out. The number of celebrities, taken together with the Ghanaian team who stayed at Sun City during the World Cup, along with the English team who played golf at both courses at the resort, ensured we had maximum global media coverage. During the World Cup period, we hosted 141 electronic and print media guests.

We again hosted the Miss South Africa competition and were particularly pleased that President Jacob Zuma joined forces with the current Miss SA, Nicole Flint, on the 1Goal education crusade. This is a campaign which, following on from the World Cup, uses the power of football to make education a reality for 72 million children by 2015 by bringing together world leaders, footballers, fans and charities.

2. PROTECT OUR BUSINESS

WILD COAST SUN

The local community has a significant stake in the Wild Coast Sun through the Mbizana Development Trust which was established in 2004. The Trust holds 30% of the equity in the Wild Coast Sun through a special purpose vehicle.

Since inception, the Trust has benefited through agreed social investment spend, pegged at a percentage of after tax profit of the Wild Coast Sun. The Trust will continue to benefit in this way over the new licence period.

The Wild Coast Sun also acts as a major catalyst in effecting transformation. 83% of Transun's 488 direct employees are PDIs. In terms of procurement, in 2010 65% of the Wild Coast Sun's procurement was allocated to PDI entities, with an estimated 68% on total annual spend by 2012. The Wild Coast Sun has undertaken to be a level 3 contributor by the end of 2012.

The Wild Coast Sun is a critical tourism and leisure business situated in an economically challenged environment. The property provides sustainable economic development in a detached, northernmost part of the province, with a current staff complement of nearly 500 people. This excludes service providers and concessionaires, which in turn employ nearly 1 000 people.

During the refurbishment and construction phase a further 660 direct jobs will be created as well as an estimated 3 000 indirect jobs over the same period.

Entertainment

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

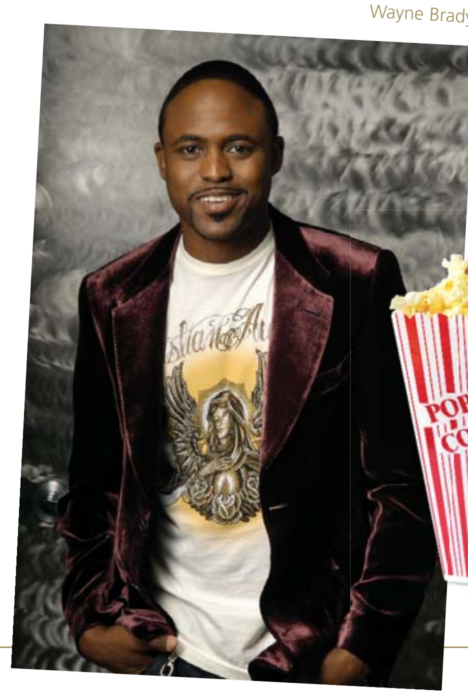
Our three desirable large entertainment venues – the Grand Arena at GrandWest; the Big Top at Carnival City and the Sun City Superbowl – are in great demand as promoters have tremendous confidence in them and our ability to stage world-class events. Our ability to offer the three venues as a collective entity gives us a competitive advantage and enables us to attract the world's top talent. As a result, they give us major media exposure.

Some of the international acts that performed during the year were the Great Moscow Circus, Wayne Brady, Tom Jones, Cliff Richard and the Shadows, Andre Reiux, Chris de Burgh, Patrizzio Buanne, Spandau Ballet, Alphaville, John Legend, Patti La Belle, Kelly Clarkson, Akon, Uriah Heep, Deep Purple, Wishbone Ash, Michael Lauzeire and Puff Johnson.

Locally, as part of our on-going support for South African bands and artists, we featured Barry Hilton, Bhudaza, Chris Chameleon, Clint & Co, David Kau, Don Laka, Dozi, Emo Adams, Freshly Ground, Garth Taylor, Gerrie Pretorius and DJ Ossewa, Great Pretenders, Isak Davel, Jeff Maluleke, Juanita du Plessis, Judith Sepuma, Just Jinger, Kelly Khumalo, Kurt Darren, Lemon and Lime Lite, Lira, Loyiso Gola, Mark Banks, Mean Mr Mustard, Michael Naicker, Nianell, The Parlotones, Riaad Moosa, Snotkop, Steve Hofmeyr, Stevie C, Stuart Taylor, The Campbells, Theuns Jordaan, Tona and Trevor Noah.

Going forward, we continue to aggressively identify and use entertainment to grow our business and some of the acts lined up for the next year include Bryan Adams, Andreas Vollenweider, ventriloquist sensation Jeff Dunham, David Sanborn, Earl Klugh, Crowded House, Daughtry and 30 Seconds To Mars.

Wayne Brady



PROTECT AND GROW MARKET SHARE

The gaming industry in South Africa

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

In the year under review, the legal gaming and lottery market is estimated to have grown by 2%. The casino sector, with 73% of the market, continues to dominate the sector. While online gambling remains illegal in South Africa, it nevertheless has been a rapidly growing sector, although reliable data is not available for this sector.

South African gaming market revenue

Sector	**2010 Rm**	%	2009 Rm	%	2008 Rm
Casino	**13 524**	(1)	13 671	3	13 261
Lottery*	**2 341**	20	1 954	143	805
Betting	**1 604**	(2)	1 637	(12)	1 855
LPM	**739**	11	665	28	521
Bingo	**197**	79	110	22	90
Total	**18 405**	2	18 037	9	16 532
Percentages	**%**		%		%
Casino	**73**		75		80
Lottery	**13**		11		5
Betting	**9**		9		11
LPM	**4**		4		3
Bingo	**1**		1		1
Total	**100**		100		100

Statistics are for the years ending March.
** Lottery revenue stated at 50% of ticket sales (in line with the policy of the lottery to pay out 50% of sales in prizes).*
The lottery traded for only six months during 2008.
Sources: National and Provincial Gambling Boards and National Lottery.

Casinos

This sector declined by 1% to R13.5 billion for the year under review. Casino revenue continues to deteriorate in line with economic trends in the country.

In the four largest casino markets – Gauteng, Western Cape, Eastern Cape and KwaZulu-Natal, with the exception of the latter which saw its casino revenue grow by 4%, revenue dropped by, respectively 3%, 4% and 2%.

Lottery

PowerBall, with two additional draws on Tuesday and Friday nights, was launched in October 2009 and has generated ticket sales of R826 million. The traditional Wednesday and Saturday ticket sales recorded a marginal 0.5% decrease. Wina Manje and SportsStake sales declined by 4% compared to the same period last year.

National lottery revenue has increased by 20%.

It is unlikely that this increase was a significant contributor to the decline in casino revenue, although there may have been a marginal displacement. As there was no significant increase in casino revenue when the lottery ceased operations in 2007, consequently the converse is likely to be the case.

Betting

Betting revenue, which is largely dominated by horse racing, declined by 2% during the year.

LPMs

This sector recorded good growth with new sites being rolled out in KwaZulu-Natal and Gauteng. LPMs are also available in Limpopo, Eastern Cape, Mpumalanga and the Western Cape, where revenue remained largely unchanged from last year.

Bingo

Bingo is only available in Gauteng where overall revenue increased by 79% to R197 million, mainly as a result of a casino in Sandton which has new 300 electronic bingo machines. In reality, these machines are slot machines and continue to be rolled out following an amendment to the Gauteng Gambling Act which permits their operation, although this appears to be contrary to the national gambling policy, and is of concern to the industry.

2. PROTECT OUR BUSINESS

Our market share

South Africa

Province	Gaming revenue		Gaming positions	
	2010	2009	**2010**	2009
Gauteng	**20.6%**	20.8%	**25.3%**	25.3%
Western Cape	**82.6%**	82.2%	**71.7%**	72.0%
KwaZulu-Natal	**35.4%**	35.1%	**33.0%**	30.5%
Mpumalanga	**–**	–	**–**	–
Limpopo	**77.0%**	82.6%	**72.5%**	72.5%
North West	**78.1%**	76.7%	**74.9%**	75.2%
Northern Cape	**83.7%**	87.8%	**62.0%**	58.9%
Eastern Cape	**70.7%**	70.5%	**68.1%**	68.1%
Free State	**51.7%**	53.0%	**51.0%**	51.6%
South Africa	**42.1%**	42.1%	**42.9%**	42.8%

Statistics for the year ended March.
Positions are 1 per slot machine and 6 per table.
Sources: National and Provincial Gambling Boards, Sun International and CASA.

The revenue from Sun International's South African casinos declined by 1% compared to the previous period, in line with the trends in the South African market. Accordingly, our share of the local market remained unchanged at 42.1%.

Gauteng

As a result of refurbishment disruptions on the casino floor, Carnival City reported a marginal decline in market share. Morula retained its market share in a highly competitive market.

Western Cape

The group's share of the Western Cape casino market grew by 0.4% to 82.6% despite the particularly difficult trading conditions in this province.

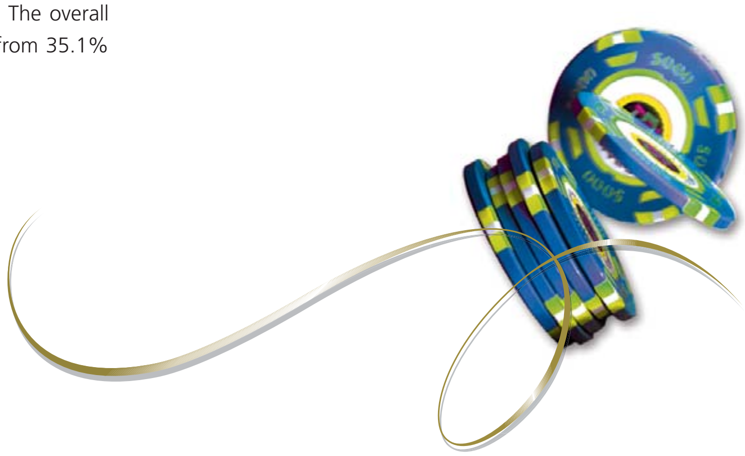
KwaZulu-Natal

Sibaya continued to trade well and increased its market share in the year under review, largely as a result of a marginal increase in positions which enhanced guest experiences, especially in the peak periods. The overall provincial market grew by 4% and our market share grew from 35.1% to 35.4%.

Other SA

The decline in market share in Limpopo from 82.6% to 77% can be attributed to strong revenue growth at the Khoroni casino in Thohoyandu following the refurbishment. Gaming revenue at Flamingo in the Northern Cape grew by 2.1% over last year. The decline in market share in this province from 87.8% to 83.7% may be due to inconsistencies in reported provincial gaming revenue.

Fair share of the market, based on gaming positions, increased by 0.1% with increases in the number of positions at Sibaya (KwaZulu-Natal) and Flamingo (Northern Cape), offset partly by competitors increasing their number of positions in the Free State, Western Cape and North West.



Casino licences

Province	Total	Sun International	Licences trading	Licences allocated	Unallocated
Gauteng	7	2	5	–	–
Western Cape	5	2	3	–	–
Eastern Cape	5	2	2	1	–
Northern Cape	3	1	1	1	–
Free State	4	2	2	–	–
Mpumalanga	4	–	3	–	1
North West	4	2	2	–	–
Limpopo	3	1	1	–	1
KwaZulu-Natal	5	1	4	–	–
Total	**40**	**13**	**23**	**2**	**2**

The number of casino licences in South Africa remains unchanged at 40. There were no changes in provincial allocations in the year under review. In total, 38 of the 40 licences have been issued, of which we hold 13.

- There is one licence in the Free State to be issued, and this is currently held by the group via the Naledi Sun, pending the awarding of the Sasolburg licence, following which Naledi will be closed. Currently, the Sasolburg licence is the subject of legal action and, as a result, the Naledi Sun licence has been extended to 31 January 2012.
- A resort company, Elonwabeni, challenged the process of awarding a licence to Peermont Global for Mthatha in the Eastern Cape in the High Court and the court subsequently awarded the licence to Elonwabeni. The Eastern Cape Gambling and Betting Board is appealing this decision.
- No announcement has been made regarding the unallocated licence in Mpumalanga.
- The Limpopo Gambling Board issued the RFP for the third time for the Burgersfort licence but the group will not be bidding for this licence.
- Leithlo Resorts has been issued with a temporary licence for Kuruman in the Northern Cape. However, this casino is not yet operational.

Competitor activity

During February 2010 Tsogo Sun and Gold Reef Resorts announced their intention to merge the assets of the two companies. The merged entity will have 14 casino licences across six provinces, excluding the North West, Limpopo and Northern Cape provinces, and we estimate that it will have 42% of the South African casino gaming market and 39% of gaming positions.

Sun International has 42% of South African casino gaming revenue and 43% of gaming positions and holds 13 casino licences across all provinces except Mpumalanga.

At the time of writing the shareholders of Tsogo Sun and Gold Reef Resorts had approved the merger but approval from the Competition Authorities and the relevant Gambling Boards had not been received.

In the Eastern Cape the process to reissue the casino licence in East London has commenced. Tsogo Sun, which holds the Hemingways casino licence there, faces stiff competition from a local consortium. This process is expected to conclude shortly. The group does not anticipate any additional impact on its Boardwalk Casino in Port Elizabeth or to the Wild Coast Sun in Mbizana.

In KwaZulu-Natal Peermont Global announced a major refurbishment of the Tusk Umfolozi casino. Currently under way, this is due for completion in December 2010 and is unlikely to have a significant impact on the group's Sibaya casino located north of Durban.

Chile

The Chilean gambling market includes both casinos and horse racing. A national lottery is also available. All casinos affected by the February 2010 earthquake have reopened.

There are two casino regulatory structures in Chile. The Superintendencia De Casinos de Juego (SCJ) regulates the 18 new casino licences made available in 2005. Fifteen of these are operational including Monticello. These casinos generated total gaming revenue of CLP96.3 billion for the seven month period ending February 2010 (prior to any disruptions in the industry caused by the earthquake), three times the revenue generated by the SCJ casinos during the same period last year, although only eleven casinos were operating last year.

There are also seven municipal casinos operating in Chile, in the resort areas, established under the previous dispensation. These casinos are operated independently of the SCJ and the conditions of these licences have remained unchanged since 2005 when the new casino legislation was introduced. The revenue for these casinos are not made available by the respective municipalities. By 2015 all municipal casinos must conform to the SCJ legislation and control, and their licences will be made available through a bidding process commencing in 2013.

Santiago gaming market

Three casinos compete for the Santiago metropolitan region casino gaming market. Two casinos are licensed by the SCJ, Monticello, South of Santiago and Enjoy Santiago, North of Santiago. The other, Vina del Mar, West of Santiago, is licensed under the previous dispensation.

2. PROTECT OUR BUSINESS

We estimate that the group's share of the Santiago casino gaming market for the seven-month period ending February 2010 was 81% of casino revenue and 49% of gaming positions.

Competitor activity

Enjoy Santiago opened a temporary casino in Rinconada not far north of Santiago in August 2009. This casino had 200 slot machines, 200 bingo seats and 13 tables. The permanent casino opened in September 2010 with 904 slot machines, 200 bingo seats and 50 tables. The hotel and conferencing facilities are expected to open by December 2010.

Swaziland

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

The courts have been approached for relief against the opening of this casino, no resolution to this is anticipated in the current financial period. There is an increase in gaming levies mooted by government from the current 4.5% to 15%. This has not been promulgated as yet, but has been circulated in government by the Minister of Finance.

Botswana

Peermont Global completed the refurbishment of the Grand Palm property, including the casino and the hotel which was upgraded to five stars. This significantly impacted table revenue at Gaborone Sun and as a consequence the group's share of the Gaborone casino gaming market declined from 56% last year to 47% for the period under review. Slot revenue was also affected, but not as much as tables revenue.

A new casino at the City Centre development is planned to open at the end of this year or early in 2011. This casino, operated by Gold Reef Resorts, is expected to have 135 slot machines and 10 tables. The group anticipates that there will be a further impact on gaming revenue at Gaborone Sun following the opening of this casino.

Namibia

In March 2011 Hilton Hotels will open a new hotel and casino adjacent to the Kalahari Sands in Windhoek. This casino will have around 100 slots and 8 tables and will have a significant impact on gaming revenue at the group's Kalahari Sands casino.

Plans are also under way to open a 150 slot machine, 8 table casino at the Safari Hotel in Windhoek, however this is not expected to come online until the end of 2012 or later.

Lesotho

There are no competitor casinos in Lesotho.

Nigeria

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

PROTECT AND GROW OUR BRAND

Two years into our new brand promise *'A Million Thrills. One Destination'*, our Brand Development and Customer Management strategies are well entrenched in our corporate psyche.

Support for the Sun International brand continued throughout the year on TV, in magazines and out-door. Judging by the feedback from the public and the industry, the evolved campaign's look and feel is working. The South African public's connection with our brand ambassador, Charlize Theron, was strengthened following her third placing in the 'favourite' personality in the Business-to-Business category of the 2009 Sunday Times Top Brands survey. By association, the goodwill attached to this award adds more lustre to our brand.

Research conducted in the second quarter of 2009 showed that steady progress was made on our objectives of improving brand salience, differentiation in the market from competitors plus the forging of stronger links between the Sun International 'mother' brand and the individual property brands.

The above-the-line campaign with Charlize runs until the end of April 2011 and planning for the next cycle is well advanced.

During the World Cup period, the campaign was amended to reflect this exciting period of South Africa's history via the theme 'Where The World Comes To Win' across all our properties. This theme continued to September 2010.

DELIVER AND ENHANCE OUR BRAND PROMISE

Key to the success of the brand campaign is the commitment of our people to deliver on the promise, *'A Million Thrills. One Destination'* and in 2008 we launched an internal brand campaign, the One Sun project, as part of our Customer Management strategy. Following the completion of the project in 2009, the focus shifted to group-wide initiatives to support and sustain the investment made in engaging our people.

As part of this engagement we commissioned an internal Sun International song, 'Light Up Their Lives'. A number of our properties used this initiative to create fun and excitement for employees and guests.

This project was further reinforced through our internal magazine, 'One Sun'. Since its launch in September 2008, the magazine has gone from strength to strength with the number of pages increasing from 26 to 84 and the print order up from 6 000 to 20 000. A monthly World Cup newsletter was also produced from March 2010 until the end of the competition to keep employees up to date with the tournament and Sun International's involvement and commitment to it.

SIGNIFICANT FOCUS ON COSTS

Trading conditions in the countries where we operate are expected to remain difficult in the year ahead, although we do expect a slight recovery over the year. As a result, we will manage costs tightly in all of our operations.

Our focus for 2011 will be on improving customer service and profitability margins at our properties; ensuring rigid cost controls and monthly profit improvement targets; ensuring that headcount and staffing levels are optimally aligned to unit business levels; an improvement in the quality and efficiency of our outsourced services; an improvement in productivity and raising the bar on physical, service and product standards with a zero tolerance for mediocrity.

Our marketing and promotional spend will be targeted to ensure we achieve maximum returns on these investments and, in the case of our resorts, marketing funds will be redirected to those markets and channels that are showing more promise – Africa, South America and Asia.

MONITOR CASINO REGULATORY ENVIRONMENT

We remain an active participant of CASA and Sun International's Chief Executive, David Coutts-Trotter, is CASA's current chairman. In the year under review, CASA's CEO maintained a dedicated watching brief on the activities of the Parliamentary Portfolio Committee of the Department of Trade and Industry which has been researching various aspects of the gaming industry. The Minister of Trade and Industry appointed a Gambling Review Commission to investigate and make recommendations regarding the industry and CASA submitted extensive submissions to the Commission. A high level meeting was set up between the Commission and the chief executives of CASA's members to augment the written submissions. The Commission's report had not been released at the time of writing.

CASA also prepared written and oral representations about provincial gaming legislation which is being amended and maintained constructive relationships with the provincial gaming boards and the National Gambling Board.

The collectivity of these interactions have indicated that, from political and regulatory perspectives, there is an on-going monitoring of the perceived harmful impacts of casino gambling, in particular, on the socially vulnerable sectors of the population. The perceptions are generally based on anecdotal considerations and inputs. It is also apparent, though, that the regulatory standards of casino gambling rank among the best in the world. The NRGP continues to attract international attention and acclaim.

Licensing developments

Following the conclusion of an extended consultation process, the ECGBB issued a new licence to Emfuleni Resorts to operate The Boardwalk Casino and Entertainment World.

The new licence is for a period of 15 years and the group will be investing R1 billion in a 135 key five star hotel – which will be Port Elizabeth's only five star hotel; a conference centre, a new smoking casino, and a 874-bay parkade on the property. The company will also be upgrading the existing casino and entertainment complex. In total there will be more than 1 000 slot machines, 27 gaming tables, new restaurants and facilities as well as a multimedia lake spectacular that will have the world's longest water tunnel and one of Africa's highest fountains.

GrandWest's initial ten-year casino exclusivity in the Cape Metropole expires during December 2010. The Provincial Government of the Western Cape (PGWC) is considering whether to permit one of the casino licence holders in the Western Cape to relocate to the Cape Metropole and is engaging interested stakeholders before taking a final decision in this regard. The PGWC has indicated that it would seek to extend GrandWest's exclusivity to enable proper completion of this exercise and any consequential processes.

Insufficient information is currently available to assess the potential impacts on GrandWest's revenue and profitability. However, in the event that a relocation and establishment of a new casino goes ahead, it is likely to be material to GrandWest once opened, which is unlikely to be before the end of 2012.

ENHANCE CORPORATE REPUTATION

The group understands and appreciates that stakeholder perceptions shape its corporate reputation and strives to engage with all stakeholders. A particular focus in the year under review has been with the group's internal stakeholders and the group will focus on enhancing its external stakeholder engagement in the forthcoming year, while improving on its commitments to internal stakeholders.


500
CARNIVAL CITY
BRAKPAN

3. OUR CUSTOMERS

AT A GLANCE

We are focused on enhancing customer experiences and value-for-money offerings.

Customer-centricity is at the heart of our business and our ability to continuously focus and improve our business to be more relevant to the needs of our guests, is one of our strategic focus areas.

Through our Customer Management (CM) strategy and programme we will continue to focus on managing the following five key strategic customer-centric areas:

- From the **PERCEPTIONS** that are created by our brand in the promises that we make.
- Through the values and behaviours of our people when they **INTERACT** with our guests.
- To the unique thrilling, memorable, quality **EXPERIENCES** that we deliver at every Touch Point.
- That will create long term lasting **RELATIONSHIPS** with our most valued customers.
- Where our customers perceive value that is **RELEVANT** to their needs and our business generates profit.

We measure our progress on a Maturity Model, which is a framework created from various best practice principles and models and it guides us towards our goal for 2012 which is to achieve level 4 of the model. This level implies that we are leaders in our industry with regards to customer management and our focus is experience-based differentiation where we create value from customer initiatives for our people, our customers and our stakeholders because we can more accurately deliver products and services that are relevant to our customers' needs and requirements, i.e. originating from 'customer-centric' insights.

OUR ACHIEVEMENTS

- We successfully implemented our Relationship Marketing (RM) project, which is our large scale centralised CRM technology solution (utilising MicroSoft CRM and various other technology components) to supply us with a Single View of the Customer (SVC) and Campaign Management functionality across all our operations.
- We successfully rolled out our group-wide focus on service improvement at all our Touch Points and engaged all our properties' management to empower them with multi-media facilitation tools so that they can engage with frontline staff in fun, interactive, on-the-job coaching sessions to ensure we continuously and consistently raise the bar on customer service.

OUR CONTINUOUS CHALLENGES

- The ability to deliver consistent service experiences across all our touch points and properties to ensure that we deliver *'A Million Thrills. One Destination'* to every guest who visits us.
- The right marketing capability with the necessary skills, tools and processes so that we can target our customers more effectively with relevant marketing offerings that are based on their needs and communicated via the channel of their choice.
- The necessary customer information and insight based on quality data across our group to enable us to deliver marketing, sales and service offerings that are relevant to our customers.
- User acceptance and entrenchment of the various CM projects/initiatives to ensure sustainability when the projects move to business-as-usual.
- Create value to our business, group and stakeholders from the various CM initiatives that we have implemented in the past four years.

OUR OBJECTIVES

- Continuous focus on finding new and innovative ways to manage our customers' perceptions, interactions, experiences and relationships.
- To become more relevant in everything that we do because we base our decisions on an intimate understanding and knowledge of what customers need, want and their behaviours when they engage with our business.
- Consistently improve our ability to market, sell and serve our customers.

Lesotho Sun

IN THIS SECTION:

ENABLING INITIATIVES/PROJECTS OF THE CM STRATEGY AND PROGRAMME

Our CM journey started in 2006 when we developed a clear customer-centric vision and strategy for the group. At that time, whilst Sun International was focused on its customers, this was at an 'operational-centric' level, i.e. having the capability to design and provide products, services and value added offerings to our customers, but originating from an 'operational-centric' need.

Since then, we have made significant progress on our journey through the implementation of several customer-centric initiatives including: the repositioning of the Sun International brand; igniting the hearts and minds of our people; focusing on our service interactions, improving our Customer Contact Centre's operational capability and deploying a CRM technology solution to enable our business.

To deliver on our CM strategy, we identified eight key strategic initiatives or projects and these we have diligently worked and implemented since 2006. These projects and their current status are as follows:

- Brand project (completed)
- One Sun project (completed)
- Internal Communications project (completed as a project and entrenched into business as usual in our every day operations)
- Touch Point project (90% completion)
- Relationship Marketing project (completed)
- Customer Contact Centre (completed Phase 1, Phase 2 scoping in progress)
- Group-wide Loyalty programme (Gaming MVG programme is in continuous improvement and the group-wide project is to commence in the new financial year)
- Customer Strategy (work in progress, to gain momentum in the new financial year as we focus on improved measurements and creating insight for our group)

CUSTOMER STRATEGY

Our customer strategy informs our CM strategy and summarises our customers' behavioural drivers, expectations, and emotional links with our business, and value perceptions.

It allows us to progress from focusing on getting the basic operational delivery right to delivering emotional value and experience based differentiation to our customers. It is, however, a continuous evolution process as we mature into our ability to manage customers and now that we have started to build customer insight, we will evolve our customer strategy to focus on:

- Identifying new customer segments
- Positioning to appeal to each of the customer segments
- Defining value based and emotional experience criteria
- Identifying and implementing measurements to enable continuous learning from customer trends, feedback and needs

A shared understanding and insight into customer needs, wants and requirements guide our focus so that we can progress in our maturity model along the continuum of operational capability and strategic alignment.

In the coming year, we will focus our attention on developing a structured approach to customer feedback and building insight so that we can inform and evolve our customer strategy. It will address the areas of:

- gathering customer insight through new and adjusted measures, e.g. trend analysis, feedback from mystery shopping, customer satisfaction and experience measures, and guest feedback
- understand customer behaviour drivers and expectations as we evaluate and interpret information from data sources
- defining emotional connections and experience differentiating elements for our Hospitality and Gaming customers to ensure we can more relevantly offer them experience based products and services.

3. OUR CUSTOMERS

FEEDBACK ON THE CM INITIATIVES/PROJECTS IMPLEMENTED DURING THIS FINANCIAL YEAR

In the year under review, the following progress was made:

The Brand project – sustaining the initiative

We successfully rolled out our new brand campaign on television, in magazines and billboards and we continue to receive good feedback from the public and the industry. The campaign is on-going and we will continue to make adjustments to its elements as we receive feedback to ensure that we target the campaign correctly and get maximum results from our spend. Refer to page 43 'Protect and grow our brand'.

Internal communications

Various initiatives, including a t-shirt competition, a song/talent contest, our 'One Sun' magazine and specially designed recognition pins for employees, were put in place in the year under review to ensure our internal energy and communication channels remained relevant to employees. Refer to page 43 'Deliver and enhance our brand promise'.

Touch Points

Touch Point, as the name suggests, is where guests interact directly with Sun International frontline staff and put our brand promise of *'A Million Thrills. One Destination'* to the test. We know that because service is intangible and difficult to define e.g. what is excellent service for one person could be mediocre service for another, the biggest challenge for us is to deliver consistent, memorable, quality service experiences that exceed our guests' expectations every time they interact with one of our people. Our aim with this project is to ensure that guests experience 'thrilling' service at all our Touch Points, across our group, all of the time.

Based on international best practice customer service levels and Sun International examples and guest experiences, we developed a multi-media training programme for our middle managers to enable them to consistently transfer their knowledge and experience to our people in the various operational areas. We want to ensure that our frontline staff is sufficiently coached in their operational area where they face the guests and have the confidence to handle any service incident/situation so that they can go the extra mile.

During the year, extensive road-shows to orientate and engage management at each property were undertaken. The objective of these orientation sessions was to transfer skills from subject matter experts and to enable middle management with multi-media toolkits so that they can talk, teach, train and transfer their knowledge to their people.

From 1 March 2010 to end June 2010, about 1 600 managers across 16 properties were trained on the toolkits and how to engage their frontline staff. The remaining managers, approximately 350, will be trained from July to October 2010.

Implementation at property level started in May 2010 and feedback from both management and frontline staff is extremely positive, not only on the tools and level of engagement, but also on the learning and understanding to deliver world-class service experiences. We estimate that all properties should be complete by November 2010.

We will pilot a measurement project in the next financial year to establish the result and impact on the actual guest experience and how engaged staff contribute to engaged guest moments of truth.

Relationship Marketing

Relationship Marketing (RM) is about:

- Getting to know our customers by collecting and sharing relevant customer information across the group
- Using customer information or insight to perform targeted, personalised marketing and providing excellent (i.e. effective and efficient) customer service
- Aiming at building a mutually beneficial and personal relationship by serving customers on a personal basis

We designed the RM solution using MicroSoft CRM to address our business needs and unique challenge, within Sun International. RM for us consists of three specific components:

- **Single Image Customer Database (SICD)** – collecting customer data across the group into a central data repository
- **Campaign Management Automation (Camp Mgt)** – enhancing marketing capability
- **Single View of the Customer (SVC)** – enabling service desktop application at customer touch points

The first version of our Campaign Management process was rolled out to gaming marketing in late 2008 with the second version, which was fully integrated with SICD and the SVC, going live in October 2009. The full deployment of the SVC started in February 2010 and by financial year end it was in place at 14 properties and with approximately 2 000 gaming frontline staff having been trained and given access to group-wide MVG information.

SVC enables our gaming customer-facing staff to access comprehensive and relevant information on our MVGs at the touch of a button. It allows us to: access a guest profile and information; update information; assign tasks or actions; alert us about important events relevant to the guest and manage activities to ensure that we build closer relationships with our customers.

We completed the RM project in June 2010. In future we will incorporate the resorts customer information, but for the moment, we are able to capture and collect customer data and store it in a central group-wide repository. We are also able to analyse this information and then identify customer trends and behaviour which will result in improved marketing campaigns and service experiences.

Customer Contact Centre

During the year, many operational improvements were made to the Central Reservations Operations to ensure that we progress in our journey towards a fully fledged Customer Contact Centre (CCC) that will enable customers via a choice of interaction channels to engage with Sun International at a central point and to make it as easy as possible for them to do business with us.

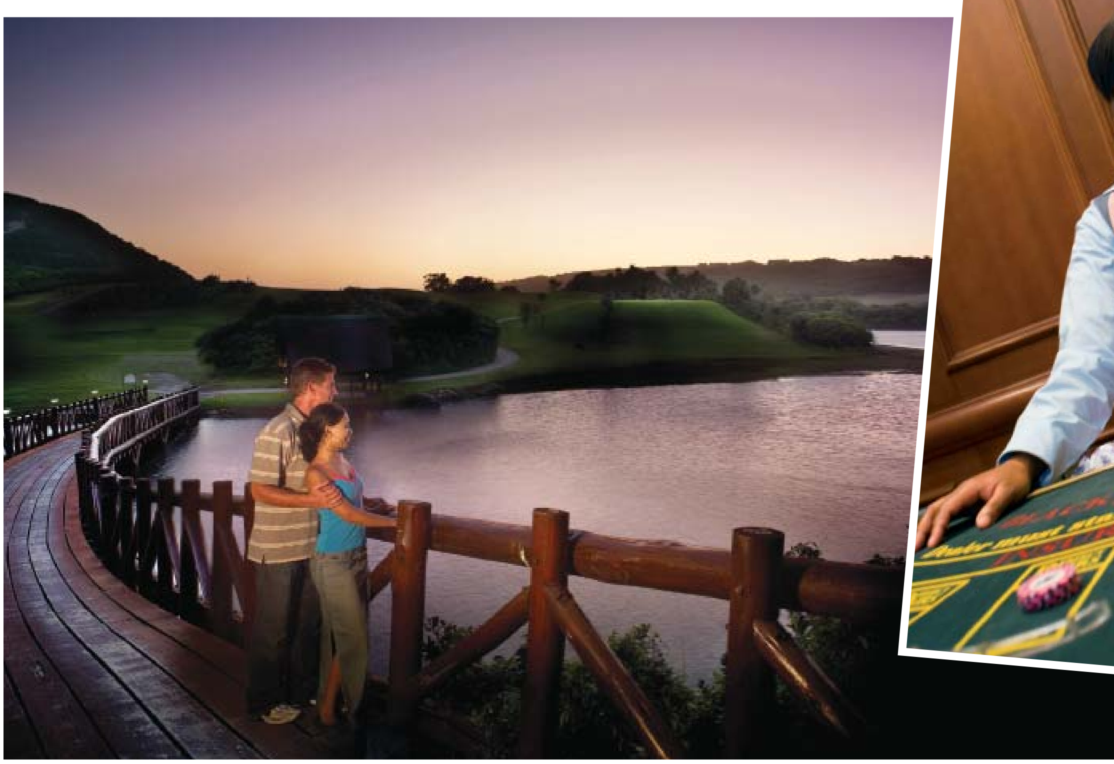
The CCC was enabled with new telephony functionality as part of the head office telephony project and improved understanding of the telephone as a channel is now possible. Utilising the additional management information we will be able to adjust resourcing and workforce management.

A project to improve current workflow processes and reduce duplication was initiated, but will only gain traction and be implemented in the next financial year.

FOCUS AND PLANNED INITIATIVES FOR THE COMING YEAR

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

- Supporting the deployment of the Touch Point project at property level and entrenching our service standards and behaviours in our delivery of service experiences.
- Entrench the usage and acceptance of the RM solution in our business while at the same time improve the data quality we have on our MVGs.
- Research and conceptualise the evolution of our MVG loyalty programme so that we can create value for our customers and the group with a group-wide loyalty offering.
- Progress with Phase 2 of the CCC which will include:
  - Improving our customer insight capability through measurements such as Guest Experience and Centralised Guest Feedback to improve operational areas and ensure that we can learn and adjust our business to be continuously customer-centric as the needs of our customers change.
  - Evolving our Customer Strategy for both gaming and hospitality.




Fish River Sun

Federal Palace

4. STRATEGIC GROWTH AND EXPANSION

AT A GLANCE

We continue to explore opportunities in Africa and other international opportunities to complement our operations in Nigeria and Chile. In South Africa, we continue to investigate opportunities as they arise.

WHAT WE ACHIEVED

- Final components of the Monticello development were completed with the retail and entertainment facilities opening in October 2009 and the 155-room hotel in December 2009.
- Monticello successfully reopened four months after the Chile earthquake.
- The 200-slot and 8-table casino at the Federal Palace Hotel in Lagos, Nigeria, opened in December 2009, the first of its kind in the city, and the conference facility opened in January 2010, at a combined cost of US$19 million.
- Major investments were made in refurbishing a number of our South African properties.

2010 Capital expenditure	Rm
Expansionary	
Monticello	313
Sibaya	41
	354
Refurbishment	
Lesotho	101
Wild Coast Sun	88
	189
Other on-going asset replacement	**424**
	967
Monticello reinstatement costs	64
Total capital expenditure	**1 031**

Monticello

IN THIS SECTION:

INTERNATIONAL EXPANSION

Chile

Two months after the 'official' opening of our Monticello Grand Casino and Entertainment World in Chile in December 2009, the southern part of the country was hit by its second largest ever recorded earthquake, measuring 8.8, turning the region into a national disaster area. After extensive repairs, the casino re-opened on 30 June.

THE EARTHQUAKE AT MONTICELLO

Fortunately for the 4 500 guests and staff who were at Monticello when the quake struck, there was no loss of life and all were evacuated within 15 minutes, after which security shut down the power and water. Transport to the complex – normally a 45 minute trip from Santiago – was transformed into a four-hour ordeal across collapsed roads.

The road infrastructure has been restored. While the damage to the complex amounted to US$8.2 million, there was no significant structural damage to the buildings. Four months after repair works began, Monticello reopened its doors to the public on the last day of the financial year. It has traded strongly in the first two months after reopening and indications are that it will continue to do so.

Structurally the buildings withstood the earthquake but the water from the fire system caused major damage to carpets and shopfittings. The force of the quake resulted in major cosmetic damage, cracking marble fittings, tiles, ceilings, drywalling and architectural finishes.

It took Monticello management a week to complete a basic cleanup in consultation with the insurers. In spite of significant challenges such as a lack of building materials, a depleted labour force and escalated prices following the quake, the casino doors reopened to the public on 30 June, with many customers queuing for up to 90 minutes in anticipation of re-entering their favourite casino and entertainment destination.

Nigeria

In Lagos, Nigeria, we opened the new casino at the Federal Palace Hotel. In the first month of operations, more than 3 000 guests visited the casino's 200 slot machines and eight gaming tables. The hotel's 500-seater permanent marquee was completed and bookings have exceeded expectations. We invested US$2.5 million in a swimming and recreation club, another first for Lagos. This included the refurbishment of the existing Olympic-sized pool and the addition of water park slides, tennis courts, an outside exercise park, jogging track, miniature golf, a children's play area, a food and beverage outlet and a merchandising stall. The club opened at the end of September 2010.

The Federal Palace acquisition was completed on 26 May 2010 with the group now owning 49% of the company. Prior to this date, the 29% investment was held as an associate. The group has invested US$28 million in equity and advanced a loan of US$15 million to the company.

Southern Africa

A R145 million refurbishment of the Lesotho Sun commenced in March 2010 and in July, work began on a R85 million refurbishment of the Kalahari Sands in Windhoek, Namibia.

We continue to explore other opportunities in Africa and South America.

SOUTH AFRICA

Following the award of the casino licence for the Wild Coast Sun, an extensive R400 million refurbishment programme commenced in September 2009. This included an upgrade of the casino, existing conference facilities, all hotel bedrooms, the reinstatement of 150 bedrooms from 50 Vacation Club units, the refurbishment of the buffet restaurant, lounge bar and Aloha Village restroom facilities, a new world-class water park, a new generator and a R1 million contribution towards improvements at the Cultural Village. The programme is scheduled for completion at the end of June 2012.

We completed a R25 million softs refurbishment of the Palace of the Lost City at Sun City in time for the World Cup.

Construction of the new Windmill Privé area commenced in May 2010 and should be completed by December 2010. The total capital expenditure on this project is estimated at R35 million and includes both smoking and non-smoking facilities, a lounge and separate entrance from a new private parking area.

A R12 million conversion of staff units into additional hotel accommodation at the Carousel property was completed in June 2010 and a R1 million refurbishment of The Table Bay Hotel's Pavilion Room was completed at the end of May.

4. STRATEGIC GROWTH AND EXPANSION

CAPITAL COMMITMENTS

Capital commitments at 30 June 2010 totalled R2 155 million as follows:

	Commitments	To be spent in 2011	To be spent in 2012
South Africa expansion projects			
Boardwalk	986	150	836
Windmill	35	35	–
	1 021	**185**	**836**
Major upgrades and refurbishments of properties			
Wild Coast Sun	309	150	159
Kalahari Sands	80	80	–
Zambia	23	23	–
Carnival City	18	18	–
Federal Palace	14	14	–
Lesotho	6	6	–
	450	**291**	**159**
On-going asset replacement and minor refurbishments			
Casino equipment replacement	183	135	48
IT equipment	76	56	20
Other	425	313	112
	684	**504**	**180**
Total	**2 155**	**980**	**1 175**

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

Federal Palace

The Palace of the Lost City

Boardwalk

5. BUSINESS PARTNERSHIPS

AT A GLANCE

Our partners are customers, equity partners, industry regulators and government, suppliers and concessionaires and the communities we operate in. We are highly focused on all of our business partners, ensuring that we continue to build and manage strategic relationships.

Our customers are our key partners – they are dealt with extensively under section 3 on page 46.

Regulators and government are also important partners, particularly in the highly regulated casino industry – refer section 11 on page 96.

Equity partnerships remain integral to Sun International's success.

Maseru Sun

IN THIS SECTION:

EQUITY PARTNERS

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

Refer to page 77 on transformation for the BEE ownership of the group and its subsidiaries.

Other equity partners in various group subsidiaries are:

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

SUPPLIERS

Suppliers play a critical role in the success of Sun International and they constitute not only a family of service providers and external experts, but investors in our business and its future. They provide the group with a wide range of services in disciplines as varied as IT and human resources to landscaping and food and beverages. They co-operate closely with us on issues ranging from B-BBEE to standards improvement and cost control.

Many of them have been supplying Sun International for well over a decade and partner with us on continuous improvement, constant innovation and value added services.

Our group code of ethics commits management and employees to the highest ethical standards of conduct and the code articulates the group's commitment to its stakeholders, including our suppliers (see page 96).

5. BUSINESS PARTNERSHIPS

CONCESSIONAIRES

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

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

COMMUNITIES

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

In the year under review, our total corporate social investment spend was R20 million.

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

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

In Education, secondary schools, bursary funds and the Study Trust receive financial aid from the company in areas from the Setotolwane Elsen Secondary School in Limpopo to the GrandWest CSI Bursary Fund in the Western Cape.

Within community development, programmes such as Blisters for Bread, which is funded to the extent of R1.5 million and the Grootvaly Conservation Project in Gauteng are helped in their social and environmental efforts. The company is also one of the major sponsors of the South African paralympic team which competed in Beijing this year and will compete in London in 2012. Sun International is also a founding member of the Arts and Culture Trust which has supported more than 500 projects throughout the country.

In a judgement handed down in March 2010 the Land Claims Court ordered that the land on which the Fish River Sun complex is located be restored to the Mazizini community. An application has been lodged with the Land Claims Court for leave to appeal the judgement to the Supreme Court of Appeal in Bloemfontein. The hearing date of the application still has to be confirmed.

Other communities share in different ways. For example, as part of a possible solution to the claim by the Mngungundlovu community for the land where the Wild Coast Sun is situated, we are evaluating various commercial exercises to enable us to put forward proposals to the community and the government – as the owner of the land. As part of the negotiations around the Wild Coast Sun's new casino licence, the Wild Coast Sun deposited R2 million into a trust account to be used by the land claimants to secure professional advice to assist in the settlement of their land claim.

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

The Palace of the Lost City


STAR MYSTERY JACKPOT
R 969.4
HOLLYWOOD SLOTS
MAGIC BALL
YOUNG FRANKENSTEIN
GOLDMEMBER
R 114,472.
STAR WARS
YOUNG FRANKENSTEIN
STAR WARS
HILLBILLIES
STAR WARS
YOUNG FRANKENSTEIN
STAR WARS
STAR WARS
THIS MACHINE ACCEPTS
R10 R20 R50 R100 R200 NOTES
DIRECTOR
DIRECTOR
DIRECTOR

Flamingo

6. INNOVATION

AT A GLANCE

We have an enviable record of being the market leader in the mix of our gaming products and technologies. Our information technology is mature and continues to cross new boundaries to ensure we stay ahead of the innovation curve.

- The major highlight for the group was the conclusion of the Relationship Marketing project, a three-phase programme consisting of a single image customer database; campaign management and Single View of the Customer technology which is the foundation of our larger Customer Management strategy. Refer to Our Customers section, page 46.
- We launched 15 new slot machine games, designed and built by our in-house gaming development division. These are exclusive to the group and, to date, are among the top performers on the casino floors.
- We continue to maintain our superior processes and procedures along with the availability and resilience of our systems. Our overall systems availability is 99.98%.

Flamingo

IN THIS SECTION:

PRODUCT DELIVERY

New slots and variety in promotional themes are key to maintaining a fresh vibe on the gaming floors and during the year under review our gaming research and development laboratory launched 15 new slot machine games which are unique to Sun International. They range from a Blackjack game, Table Chain Reaction, to one developed specifically for the World Cup, Soccer Slots. The introduction of these new slots products again highlighted the need our customers have for a new and wider variety of games and, to date, they are amongst the top performers on our casino floors. These, coupled with our innovative gaming promotions, help us to entrench our position as the leading gaming group in Africa.

Soccer Slots

Soccer Slots is a game which uses elements of skill and luck. Soccer Slots is a very exciting interactive player bonus, allowing a player to make decisions based on scoring goals from a traditional penalty spot on a soccer field.

Cash Countdown

Cash Countdown is a mystery jackpot concept. A predetermined value (e.g. R50 000) is on display. When the mystery is triggered, a proportion of the displayed value is given away. This process repeats until the total value has been given away during a specified period.

The More You Bet The More You Get

This is a 5 level progressive, which offers players variable values, based on the amount bet. The more you bet the more levels you win.

Incentivisor

The Incentivisor is designed to reward players for loyalty, by offering prizes within a specified timeframe over and above their normal loyalty rewards.

Ama Spin-Spin (Promotional Free-Spin Game)

Ama Spin-Spin is an exciting reel-spinning game, promising players a large win. This feature is activated by a mystery hit or the press of a button. Players are allocated an amount of spins and at the end of each spin these values are added up for a grand total.

Number Dispensing System

This is a Number Dispensing System, which allows the casino operator to run various number driven games, which include Bingo, Keno and promotional Draws.

Chain Reaction Tables (Side-Bet)

Chain Reaction is a side bet designed specifically for Blackjack. A special card is placed in a shuffler acting as the trigger to the Chain Reaction bonus. In this bonus the player spins a wheel and has the chance of winning valuable prizes and/or cash.

World Series of Slots

Sun International has successfully developed its own server based gaming technology. The system is upgraded on an annual basis. This year we have expanded the game set to include two more video slot games, namely Safari Sam and Marine Sam, as well as Video Poker. This software was initially designed for slots tournaments, but will now include casino table games, namely Blackjack and Roulette.

Alternative Games

We've designed and developed games which are triggered through player game patterns. These games are designed to be entertaining and require limited skill.

INFORMATION TECHNOLOGY MANAGEMENT

A major highlight for the group was the conclusion of the Relationship Marketing programme with the implementation of the 'Single View of the Customer' application for gaming. Through this technology, frontline staff at Touch Points now have access to consolidated gaming customer information, enabling improved and personalised customer service. It also constitutes a cornerstone of the Customer Management programme by enabling targeted marketing.

The foundation for an enhanced Customer Contact Centre has been laid with the implementation of world class telephony infrastructure. Among some of the business benefits are more efficient routing of guest calls, real time monitoring and improved training capabilities. The integration and simplification of all forms of communication (fax, phone, email, web chat etc.) will in future allow our customers to choose their preferred communication channel. In addition, video conferencing facilities have been made available, reducing internal travel costs and time.

A number of new technologies have been successfully piloted at Wild Coast Sun as part of the refurbishment programme. These include an online door locking system enhancing guest safety, an energy management system resulting in substantial energy savings and the implementation of a new internet based TV system, in compliance with the MultiChoice standard for 2014.

Much work has been done on the replacement of our aging casino management system, with a decision regarding the selection of a preferred solution and vendor expected by November 2010. The new enterprise gaming system will ensure that we stay ahead of our competitors by enabling us to offer our customers the most innovative gaming products in the market. The implementation across the group is planned to spread over two years, starting mid-2011.

Through proactive management and optimal use of our network technology, more network capacity (bandwidth) has been secured at a lower cost. With the global proliferation of data and devices, doing more with less has become the norm. The upgrade of the Sun City network to ensure continued stability and increase capacity for future growth is also nearing completion.

6. INNOVATION

In line with global trends for leading companies, we have successfully completed a server virtualisation pilot project at Carnival City, significantly reducing the number of physical servers. The intent is to reduce the group's existing server footprint by 50% over the next three years, facilitating lower cost of ownership, reduction in power consumption and thus carbon emission.

We continue to maintain our superior operations processes and procedures along with the availability and resilience of our systems. Our overall systems availability is a very pleasing 99.98%.

Carnival City

7. HUMAN CAPITAL

AT A GLANCE

Our employees are central to the success of our organisation, particularly in delivering the customer experience. We are a major employer in the gaming and hospitality sectors in all the countries in which we operate.

Our permanent employees comprise both core (full-time) and scheduled (part-time) employees. The latter are rostered to work according to the demands of our business, with a guaranteed minimum number of hours per month.

	2010#	2009*	2008
Core	**7 913**	7 179	5 826
Scheduled	**2 825**	2 826	2 852
Total	**10 738**	10 005	8 678

** Monticello casino opened.*
 # Federal Palace acquired and Monticello hotel opened.

STRATEGIC REALIGNMENT

In 2008, the group identified the need for a strategic intervention in our human capital practices to align them both to best practices and to complement the group's strategic agenda. Project Siyakha was thus initiated – a long term project aimed at significantly enhancing our approach to human capital. It includes a process to change or implement the following:

Employee engagement	2nd survey conducted, post-engagement review underway
Performance management	Mostly complete, currently rolling out with first performance contracting cycle
Learning and Development	Many deliverables achieved and delivered to the business, on track with those still remaining
Human Capital Management Systems	Major deliverables achieved, on track with those outstanding
Employee relations	On-going
Change management	Model in place, incorporated in new projects
Job profiling	Complete, with some on-going refinement
Recruitment and selection	Mostly complete, with some outstanding deliverables
Transformation and CSI (see pages 74 and 94)	On-going

WHAT WE ACHIEVED

- We concluded a long-term collective agreement with SACCAWU in South Africa and one-year collective agreements in Botswana and Swaziland.
- We conducted our second ever employee engagement survey, with a 62% response rate (2008: 53%).
- We began implementation of a standardised Performance Management System linked to the Leadership Pipeline.
- We invested R46 million in internal and external education, training and development interventions during the financial year.

South African training costs as a percentage of the South African leviable payroll (in terms of the South African Skills Development Act):

	2010
Payroll (Rm)	**1 028**
SA Training (Rm)	**35**
% of Leviable payroll	**3.4%**

- We again achieved a significant overall improvement in safety performance. The group strives to achieve an injury free workplace through effective management of health and safety at all our properties.
- A 79% reduction in injuries on duty, as reported to the Compensation Commissioner: 44 vs 209 in the previous year.

FOCUS AREAS FOR 2011

- Build foundational and management skills at our Manage others pipeline levels.
- Have all Manage function and Manage business pipeline levels across the group successfully complete the group coaching programme.

Monticello

IN THIS SECTION:

EMPLOYEE ENGAGEMENT

Through Project Siyakha, we aim to entrench within the organisation a high performance culture where employees are energised and engaged to deliver excellence in everything they do. To this end the company conducted its first company-wide employee engagement survey in 2008, and again in the year under review. This year we achieved a 62% response rate from employees as opposed to the 53% response rate achieved in 2008. The engagement survey is an indication of the degree to which employees will exercise discretionary effort by virtue of being proud to work for the group, and through that, delivering exceptional customer experiences and contributing to the overall achievement of strategic objectives, business outcomes and sustainability of the company.

Feedback will be given to employees in the forthcoming financial year, focusing on areas which need improvement to enhance the overall employee engagement score throughout the group.

Overall, 18 dimensions were covered in the study and of these, the three dimensions which scored the least well were Fair Remuneration, Leadership (Unit) and Performance and Recognition (same dimensions that indicated lower scores in 2008). The overall Sun International engagement score dropped from 2.82 to 2.69 (4.8% decrease) against an ideal or targeted score of 3.00.

The three dimensions which performed best (and similarly to that in 2008) were Challenging and Meaningful work, Impact of own work and Organisational Commitment. The dimension which showed the most improvement was Communication Excellence from group level.

PERFORMANCE MANAGEMENT

Performance Management plays a key role in helping the group to remain competitive. In the absence of a standardised system across the group, we launched the implementation of a new performance management System linked to the Leadership Pipeline as part of Project Siyakha.

The idea behind this is that different layers in the organisation are accountable for different results alongside performance dimensions. While each layer in the group has performance dimensions in the five key areas (Operational, Financial and Business, Leadership and People, Management and Governance, Relationship and Innovation and Improvement) the actual results change as the employee moves from one layer in the organisation to the next.

The group has identified seven main layers of work (in the pipeline) performed by employees:

- Manage self
- Manage others
- Manage managers
- Manage business function
- Manage business unit
- Manage group
- Manage enterprise

In addition, a number of specialist and professionals layers (within the seven main layers) have been identified.

The overall purpose of this new standardised approach towards performance management is to:

- Identify the work that is to be done
- Identify the work that is not being done
- Develop our employees to enable them to get the work done
- Improve individual performance in order to improve the overall performance of Sun International.

This is achieved by completing and agreeing performance contracts and individual development plans with every employee. Using this as a base, performance will regularly be evaluated against the contract both informally and formally throughout the year.

The end result will enable the company to identify and plot all employees onto a Performance and Potential matrix, clearly identifying the mix of talent within the organisation and where effort is required to:

- Ensure successors for key positions
- Plan for and meet specific development requirements
- Assist under-performers
- Move employees along the pipeline

The Performance Management process is currently being implemented in all our operations (excluding Federal Palace and Monticello) within all layers. Goal setting and performance contracting began in July 2010 with a formal interim review taking place by December 2010, culminating in final reviews by June 2011.

LEARNING AND DEVELOPMENT

The group invested R46 million in internal and external education, training and development interventions during the financial year. These interventions ensure both the group's competitive edge in the gaming and hospitality industry, as well as compliance with relevant legislation and commitments.

8 730 of our employees attended training programmes/modules conducted during the financial year.

7. HUMAN CAPITAL

Beneficiaries of training

	2010
Beneficiaries	**8 730**
Beneficiaries as % of headcount	**81%**
Female as a % of beneficiaries	**49%**

Training interventions conducted

392 different programmes were presented to 8 730 beneficiaries. This led to a total of 38 020 interventions in education and training being conducted during the financial year.

South African training cost as a percentage of leviable payroll:

	2010	2009	2008
Payroll (Rm)	**1 028**	996	910
Training cost (Rm)	**35**	45	41
% of Leviable payroll	**3.4%**	4.5%	4.5%

The decrease in training cost as a percentage of leviable payroll for this financial year can be attributed to the introduction of the *'A Million Thrills. One Destination'* marketing campaign in the previous financial years. In both 2009 and 2008 we presented brand alignment programmes at all business units with the aim of enhancing our service delivery across the group. This strategic intervention resulted in unusually high training costs in the past two financial reporting periods.

Workplace Skills Plan submission

A Workplace Skills Plan (WSP) for South African units was submitted to THETA for the next financial year. This comprises the skills development initiatives identified to contribute to achieving the group's business objectives and to individual development needs.

The submission of the Annual Training Report confirming the successful implementation of the previous year's WSP, enables us to access the skills development grants from THETA under the levy grant scheme.

	Rm
Skills development levy paid	**10.3**
Discretionary grants received from THETA	**–**
Mandatory grants received from THETA	**(5.1)**

The group received the maximum recovery of 50% from THETA for mandatory grants.

Learning and development

Learning is a key component of the talent management process and is aligned with other talent management processes such as performance management, recruitment and selection and succession planning. In many ways, we view corporate training as a foundational process that underlies virtually every part of our talent strategy, and as such forms the cornerstone of Project Siyakha.

Our learning solutions are designed to support the recruitment and induction processes which in turn dovetail with performance management and development planning. These provide leadership development for succession planning and this, in turn, must provide all the performance-driven learning programmes we expect.

At the core of our learning and development offerings we have functional and leadership competencies and a career roadmap which is informed and aligned to our leadership pipeline.

The Sun International learning curriculum

To ensure proper co-ordination of employee training, we follow a role-based approach to learning through a curriculum per job, per pipeline level. The variety of blended learning programmes includes:

- Development activities
- Action learning
- E-books and articles
- Generic learning
- Instructor-led training courses
- Standard Operating Procedures (SOPs) manuals and job aids
- Compliance, regulatory and legislative training
- Professional programmes

The aim is to support continuous development, from a recruit fresh from tertiary education through to job-specific training, foundation training for managers, elective training and the targeted development for high potential employees.

The table below lists the identified major learning tracks:

FORMAL LEARNING		INFORMAL LEARNING	
Learning Events	**E-Learning and Distance Learning**	**On-the-Job and Experiential Learning**	**Knowledge Management**
Workshops Scheduled courses Conferences Seminars	Virtual classrooms CD-Rom Web courses Structured web learning Workbooks and guides Web Conferencing	Work within role Exposure to other departments and roles Special assignments, projects, etc Action learning	Best practices Reference and reading material Information repositories Access to internal experts Internal standards and documented processes
Structured Work Experience	**Certification and Qualifications**	**Mentoring and Communities of Practice**	**External Experience**
Job rotations Secondments Job shadowing Project management	SI certification Professional certification Academic qualifications	Buddies, mentors, peers Informal professional networks Common interest groups Lunch talks	Relationships with outside professionals Speaking engagements Professional memberships Executive directorships
Structured Coaching and Team Effectiveness			
Structured mentoring Structured coaching Team effectiveness activities External coaching			

Phase 1 of curriculum development is complete and the programmes were ready for implementation in August 2010. Learning programmes have been developed for Food and Beverage; Housekeeping; Food Preparation; Finance and Front of House. The type of programmes ranges from unit standards to certified programmes by service providers as well as programmes that will be facilitated by in-house facilitators. Gaming entry-level programmes have also been repackaged to align with job profiles and performance standards in the following areas: Slots; Tables; Cashiering; Surveillance and Casino Administration.

Management programmes for pipeline levels Manage Self (Master & Expert); Manage Others and Manage Managers were also ready for implementation in August 2010. Based on feedback from business, the Manage Others (Supervisory) programme has been prioritised for immediate implementation. A task team has been set up to finalise the SI leadership Development Framework which will inform the development of all leadership programmes.

7. HUMAN CAPITAL

Training investment model

In order for the group to achieve a level 2 contributor status in terms of the regulated B-BBEE codes by 2015, we have to implement sustainable, effective and efficient training and the development of our people across the group.

We have to focus on developing learning agility and deep specialisation skills which mean we must focus our investments on the right programmes.

Following an evaluation of our learning programmes we have divided these into four quadrants.

OPERATIONAL 'RUN THE BUSINESS'

- Compliance programmes
- Gaming programmes (AR, BJ, MVG, etc.)
- Product training
- Systems training

30%

STRATEGIC 'CHANGE THE BUSINESS'

- Management programmes
- Leadership programmes
- Executive programmes
- Coaching programmes
- Executive coaching

40%

High Impact Programmes

Business critical skills, competencies and processes

Highest ROI projects

CUSTOM PROGRAMMES

10%

- IT training
- Soft skills
- Computer based training
- Project management

20%

- Customer Service programmes
- Sales programmes
- Procurement and supply chain management

OFF-THE-SHELF PROGRAMMES

People development and support for B-BBEE transformation objectives are key focus areas for learning and development and, to this end, we have developed a comprehensive learning strategy and formalised learning processes to ensure consistent delivery. We will also be acquiring a suitable Learning Management System (LMS) to facilitate the management of employee training at divisional, property and individual levels.

The benefits of LMS are that it will not only deliver critically important data on programme effectiveness, adoption, use, completion and scores, but will also help us to build learning tracks and career development programmes.

HUMAN CAPITAL MANAGEMENT SYSTEMS

In line with Project Siyakha, our primary Human Capital Management System (HCMS), PeopleSoft, was upgraded to the most recent version and successfully deployed across the entire group. We conducted pre- 'go live' training and we are in the process of completing post- 'go live' training. An online training module is being updated and will be available from October 2010.

A Spanish translation of PeopleSoft for our Monticello property in Chile is being compiled and we hope to deploy this in September 2010.

We completed an upgrade of our Human Resources Analytics during the year and the new database provides us with a much higher level of reporting.

The automation of the Performance Management System (PMS) – 'SunSpec' – was completed and is now being rolled out across the group.

Going forward, plans are still in place to introduce the LMS by June 2011.

The delivery of Manager and Employee Self-service within the PeopleSoft application will commence during the latter part of the new financial year.

The e-recruitment site on our corporate website for external and internal applicants continues to provide benefits to our talent acquisition strategy.

UNION RELATIONSHIPS

The group concluded a long term agreement with the SA Catering and Commercial Allied Workers Union (SACCAWU) in South Africa and one-year agreements in Botswana and Swaziland (with the respective recognised unions) in the year under review. The agreements improved wages and other terms and conditions of employment of employees. Negotiations are in progress in Zambia, Lesotho and Namibia.

The current minimum TCOE remuneration for unionised employees compares favourably with other leading sectors in the economy.

The group concluded two additional agreements with SACCAWU granting the union full recognition and bargaining rights at The Table Bay and Sibaya Entertainment Kingdom. Representatives from all unionised units (both management and full-time shop stewards) meet at a Central Forum on a quarterly basis to negotiate terms and conditions other than wages and employment benefits. Amongst others, parties are currently negotiating night transport arrangements to ensure safety of employees when they travel from work to their homes at the end of late night shifts.

Management of the wage strike in South Africa

On 4 December 2009, SACCAWU members embarked on a seven-week strike at our unionised South African properties. As a result of the high levels of violence and intimidation, we instituted a lockout at GrandWest, Boardwalk and Fish River Sun on 4 December 2009, at the Wild Coast Sun on 11 December and the other properties on 17 December. An escalation of unlawful acts in Cape Town resulted in our obtaining an interim order at the city's Labour Court in respect of GrandWest on 15 December 2009.

On 31 December, SACCAWU staged two marches at Sun City and the Wild Coast Sun where memoranda to management were handed over to highlight the wage demands. Management responded to the issues raised and committed to continue negotiations with SACCAWU to reach a final settlement. These negotiations culminated in a two-year wage agreement on 22 January 2010.

The agreement stipulated a wage increase of 8.75% in the first year of agreement, effective from 1 July 2009. In the second year of the agreement, wages increased by the Consumer Price Index measured from 1 July 2009 to 30 April 2010, plus 1.75% with a guaranteed minimum increase of 7.75%. This is the first time both parties concluded an inflation-linked increase and is a very positive base for the group and the union going forward.

The use of scheduled employees is important to our business model that must respond to the demand patterns of our customers. Our 'scheduled employees' are in fact permanent employees entitled to the same remuneration (on a pro-rata basis) and benefits as their core counterparts. SACCAWU has, however, been very negative on the use of scheduled employment. To overcome this, we agreed to move a number of our current scheduled employees to core employment status, in particular within those job categories which are currently staffed 100% with scheduled employees. This has been implemented.

Other employment conditions agreed include the following:

- Extension of the bargaining unit
- Increase on night shift allowance
- Increase on home ownership subsidy scheme
- Improved education assistance scheme, and
- Increase on full time shop stewards' allowance

On the eve of the signing of the wage agreement, 57.5% of striking employees had signed the group's offer to return to work and, overall, the strike's impact on our operations and customers was limited.

We launched a revamped relationship building initiative to restore and sustain our relationship with SACCAWU.

CHANGE MANAGEMENT

The ability to manage change has become a key competence and is an integral part of Project Siyakha. To ensure our company is adaptable, flexible and competitive and also remains the benchmark for long term growth and sustainability, competency building initiatives for all levels of employees have been put into place. The overall objective is to ensure that all business transformation initiatives achieve the desired result.

Change contextualisation sessions have been conducted at some of our units with the Executive Operating Committee, including, among others, Carousel, Sun City, Boardwalk, Flamingo and Carnival City. Change network training has started, with Carousel already completed and other units being scheduled.

Sustainability initiatives include teaser campaigns sent to selected audiences, establishment of change networks, conducting of assessments after various change initiatives have been completed and circulation of a Futures Perspective document which indicates forthcoming business changes that enables awareness and preparation for changes which will be implemented in the future.

7. HUMAN CAPITAL

JOB PROFILING

Also forming part of Project Siyakha, the Job Profiling project is currently in its final stage. To date 708 jobs have been profiled. Units are currently consulting with employees and ensuring the new job profiles are signed off, while also identifying jobs which still need to be profiled.

RECRUITMENT AND SELECTION

The acquisition of new employees into the company has been enhanced by the launch of the e-recruitment platform. The platform has been introduced successfully both internally and externally and has resulted in a streamlined process in terms of selection of candidates to fill vacant roles. At the end of this financial year, 37 external placements were made via the e-recruitment platform in various entry level, junior and middle management roles. This has resulted in cost savings in advertising and placement fees of recruitment agencies. Currently, there are over 5 800 registered potential employees on our talent database. Overall, the database, including or as a direct result of application for positions advertised, is close to 20 000.

Enhancements to the e-recruitment platform are being developed to ensure easier reporting and management information.

A competency and assessment framework based on the job profiles and aligned to the Leadership Pipeline is being developed to further enhance the recruitment and selection process.

To date, 37 appointments via this channel have been made in the group, saving us significantly in recruitment agency costs. The Careers site is being enhanced to ensure it is a fresh product that contributes to the overall talent management process of the group.

HEALTH AND SAFETY MANAGEMENT

To ensure all our properties comply with the group's Safety, Health and Environment (SHE) policy and support our vision of zero injuries to employees, all have site-specific Occupational Health & Safety (OH&S) policies in place. Because of our geographic spread, a health and safety webpage is available on the group's intranet site.

Our robust OH&S management system is based on three principles:

- A zero mindset (we believe that fatalities, injuries and occupational diseases are preventable)
- No repeats (all incidents are investigated to ensure that the root causes are identified and corrective measures taken)
- Simple, non-negotiable standards and procedures (the group has adopted the principles of OHSAS 18001 – an international OH&S management system – as the foundation of our OH&S management system)

In August 2009, the One Sun Wellness! Employee wellbeing programme was launched, with LifeAssist as the independent service provider.

In the programme's first phase (August 2009 to February 2010), 14 properties representing 76% of employees joined the programme, and for the year under review the programme has engaged with 61% of employees. The remaining seven South African properties came on board on 1 July 2010.

The Royal Livingstone

We again achieved a significant overall improvement in safety performance and we remain ahead of our competitors in this field. Some of the highlights were:

- A 79% reduction in injuries on duty, as reported to the Compensation Commissioner: 44 vs 209 in the previous year
- There was an overall 37% average reduction in incidents which required treatment by doctors
- As a result of an increased focus on at-risk conditions/tasks and safe work procedures we achieved our target of a ratio of more lower-severity injuries (first aid) than higher-severity injuries (medical treatment)
- A 79% reduction in reportable incidents
- An average 9.9% reduction in lost time incidents
- We maintained our target of zero fatalities in the workplace
- We continued to maintain our increased health and safety awareness levels and skills through 1 150 internal communication interventions

Risk management

The group has embraced robust risk management as the foundation of effective OH&S management and a group OH&S Hazard Identification and Risk Assessment Standard has been rolled out.

Legal compliance

Legal compliance is a minimum requirement and our internal audit department monitors OH&S compliance at all properties. The Chief Executive has overall accountability for OH&S legal compliance and to assist him in this, all operational general managers are fully responsible for OH&S compliance at their properties.

Incident/injury frequency rates

First aid, medical treatment (no lost time, restricted duty and lost work days), occupational diseases, noise-induced hearing loss and fatalities were continued as indicators. A leading safety indicator is near-hit incident rates. Trauma induced stress disorders (TISDs) are measured as an occupational health indicator because of our employees' potential risk of exposure to high trauma incidents such as armed robberies and serving on emergency and first aid teams.

Training awareness and competence

Three group and 18 operational OH&S training workshops were conducted in the year under review and in addition to these formal training interventions, general OH&S training was conducted at most of our properties. During the year, there were 1 150 OH&S awareness communication interventions in the form of newsletters, safety talks, management sessions and e-mails.

Our performance

The performance results exclude Monticello, Federal Palace and head office and, unless stated otherwise, the statistics are limited to Sun International employees only. We started reporting, as a voluntary option, on the OH&S performance of our stakeholders in the last financial year and this will continue to be phased in over the next two years.

Near hits

This indicator is a warning sign for management intervention and, if investigated and the right corrective actions are put in place, can prevent injuries. In the year under review, 68% of our properties reported near-hits. The group's average decreased from 26.5 in last year to 8.1 in this year with a frequency rate decrease from 12.2% to 9.7% per 200 000 hours worked, or 100 employees.

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

On a year-on-year basis we reduced our FACs as opposed to MTCs from 62% vs 38% to 68% vs 32%. Lost time cases were reduced by 53%; restricted duty cases by 41% and lost workday cases by 3%. Overall, the number of injuries requiring medical attention decreased by 37%.

Trauma induced stress disorders incidents (TISD)

During the year, there were no TISDs reported, compared to last year where two were reported.

OH&S severity index frequency rates

For the year under review, 780 OH&S incidents were reported with a rate of 10.7 per 200 000 hours worked or 100 employees.

Total recordable incident frequency rate (TRIFR)

This is an all-inclusive index of the higher severity incidents and is the sum of work-related fatalities, all injuries (exclusive of first-aid cases), all diagnosed occupational diseases and all noise-induced hearing loss cases. The total reportable incidents (TRIs) decreased by an average of 21% and the TRIFR average decreased from 4.3 to 3.4.

Total lost time incident frequency rate (LTIFR)

This is an index of work-related injuries that render the injured unable to perform normal duties for one shift or more on the day following the day of injury. It is the sum of all restricted-duty and lost workday incidents occurring per 200 000 hours worked. Lost time incidents (LTIs) for the group decreased by an average of 4.2% for the year and the average LTIRF was 2.1.

The Wild Coast Sun (94%), Boardwalk (95%) and Carnival City (92%) maintained the three best scores in the group for the last two audits. The average group audit score for the last round of audits improved to 78.4%.

7. HUMAN CAPITAL

Occupational hygiene and legionella risk management

The group continued to monitor these risks through an independent third party and SANAS accredited laboratories. Scheduled assessments take place on a regular basis and the results are internally reportable as indicators of health and hygiene.

Sexual harassment

The communication of the group's amended sexual harassment policy to all employees is on-going. We review this policy consistently and the handling of sexual harassment in the workplace will become part of the Employee Relations courses. Our Employee Equity Forums are also key stakeholders in ensuring our properties adhere to the policy.

Objectives and targets

Our standardisation and consolidation phase for the different types of OH&S systems of elements (NOSA and OHSAS 18001) started in 2008 and will be phased in over three years. In the year under review, we focused mainly on OH&S performance management and reporting. The following objectives have been set for the next year:

- Ensure we have zero fatalities in all our workplaces on a year to year basis
- Reduce the total recordable incident frequency rate by 25% from 3.4 to a rate of 2.6 per 100 employees
- Reduce the lost time injury frequency rate to 1.5 per 100 employees
- Reduce the incidence of workplace injuries (total incident frequency rate) by at least 50% to 5.35 per 100 employees
- Improve report writing of the units (by training the security managers how to correctly write the reports)
- Ensure that all legal appointments are in place and reported upon

HIV/AIDS

Employees (and their dependants) who are members of any of the company-appointed medical schemes are entitled to access benefits in terms of the respective scheme rules.

The vast majority of medical aid members belong to the Quantum Medical Aid Society, which in total covers some 7 642 employees and their registered dependants. Both the scheme and the company directly raise awareness of the HIV/Aids programme by means of regular communication to members in the form of newsletters, posters, HIV/Aids awareness days and the like. While all members have access to the programme, in order to access the benefits they need to register with the programme. Of the total membership, 192 (2.5%) are currently enrolled on the programme. Once enrolled, the programme provides comprehensive disease management for members living with HIV and Aids and have access to unlimited hospitalisation and antiretroviral treatment according to the schemes medicine list. Members are assured of complete confidentiality.

Employees who are not members of a medical scheme have access to the broader Aid for Aids (AFA) programme. Over the last year we aligned and standardised our wellness programmes across all units in southern Africa. As part of this, together with our healthcare providers, we rolled out a comprehensive programme comprising:

- Information and awareness campaigns
- Voluntary free testing
- Free counselling and comprehensive medical treatment programmes

Currently, 35 employees are registered members of the programme at an annual cost to the company of R520 000.

The company's programme enables employees to proactively deal with the pandemic. The wellness website is also a source of information for employees. This continuation of education and awareness campaigns has enabled an increased uptake on the AFA programme offered by the company.

The last Aids prevalence survey was conducted in 2005 and indicated an HIV/Aids prevalence of 12% across the group. The next survey will be completed by June 2011.

8. TRANSFORMATION

AT A GLANCE

We remain committed to the transformation of the South African economy through broad-based black economic empowerment as defined in the codes of good practice through ownership, management control, employment equity, skills development, preferential procurement, enterprise development and socio-economic development.

WHAT WE ACHIEVED

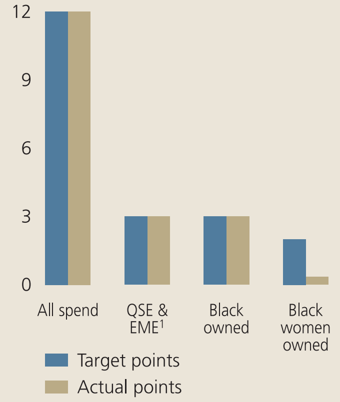
Total B-BBEE score of 72.3 resulting in a level 4 contributor, which was our stated target to achieve by this financial year.

Category	B-BBEE score target	**2010 score**	2009 score
Ownership	20	**21.4**	21.7
Management	10	**2.6**	2.4
Employment equity	15	**6.9**	5.9
Skills development	15	**10.0**	7.9
Preferential procurement	20	**11.4**	11.3
Enterprise development	15	**15.0**	15.0
Socio-economic development	5	**5.0**	5.0
Overall	100	**72.3**	69.2

Sources: EmpowerDex and Financial Mail.

Elsewhere in this report we refer to internally measured scores of various elements of the B-BBEE scorecard which may differ to the table above.

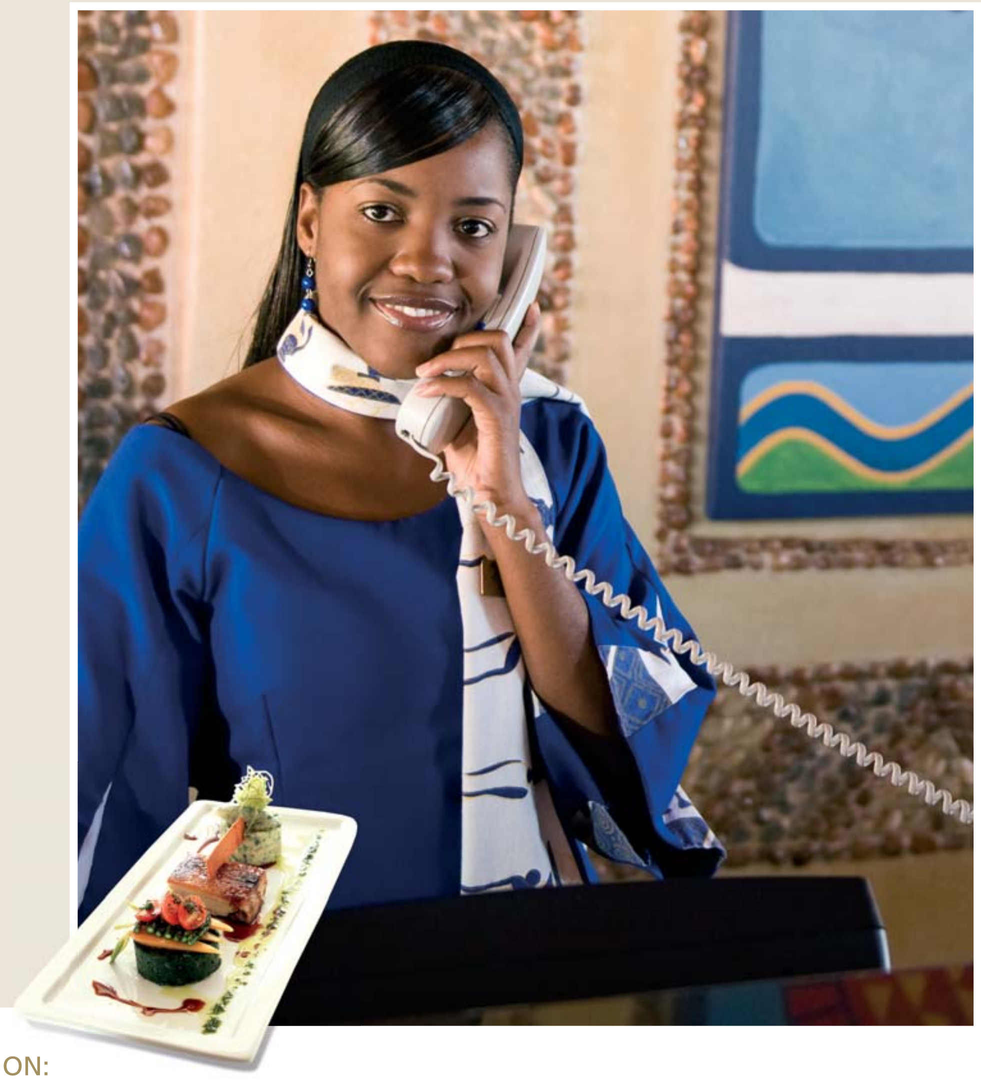
- The SIEST gives all employees the opportunity to benefit when Sun International Limited and group companies declare dividends and ultimately when its share price performs well. Total distributions in the year were R17.4 million or R2 141 per employee.
- We were ranked 30th in the Financial Mail's survey of the top 200 JSE-listed companies most empowered company survey.
- We committed to enterprise development by allocating 1.5% of profit after tax to this vital contribution to B-BBEE and by the appointment of a dedicated enterprise development manager.
- The group continued to invest 1% of profit after tax in socio-economic development projects and through its commitment maintained a full-points score of 5% (refer section 10 for further detail).
- As one of the largest leisure and gaming groups in southern Africa, we engage with 4 000 suppliers to provide us with various goods and services. Consolidated group preferential procurement score as at the end of June 2010 was 18.34 out of a maximum of 20 points. This is a significant improvement on the EmpowerDex score of 11.4. The profile is as follows:



[1] Qualifying Small Enterprises and Exempted Micro Enterprises

OUR OBJECTIVES

- We have committed to achieve a level 3 contributor status in terms of the B-BBEE Codes by 2012 and level 2 contributor status by 2015.
- Our formal B-BBEE verification will be completed by March 2011.
- We will plan and vigilantly deploy systems that support enterprise-wide procurement and supply management business processes.
- We will implement the group supplier development programmes to create a pipeline for Enterprise Development (ED) beneficiaries within the supply chain and increase focus on identifying and introducing black women owned businesses into the ED programme.



IN THIS SECTION:

INTRODUCTION

B-BBEE is an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the number of black people that manage, own and control the country's economy as well as significant decreases in income inequalities. Sun International supports and participates in B-BBEE as an inclusive and integrated approach.

The DTI codes of good practice for B-BBEE is the framework on which government policy is being rolled out. In this regard, targets have been set for the group in terms of contribution levels, with the target for the end of 2012 to be a level 3 contributor and a level 2 contributor in 2015.

A formal verification will be conducted by the group by the first quarter of 2011. In the meantime, a self assessment using the Top Empowerment Companies/Financial Mail survey gives an indication of progress made by Sun International on B-BBEE, which indicates that the targeted level 4 contribution status was achieved.

In order to achieve Sun International's Transformation Vision, policies have been crafted which serve as guidelines and directives to all our units. The policies are intended to give direction on the various pillars and to enable achievement of the targets that have been set for B-BBEE.

OWNERSHIP

The group's overall BEE shareholding is estimated at 43% using the methodologies suggested by the codes. The BEE ownership of the Sun International group is calculated by adding the BEE ownership of the underlying South African subsidiaries of the group and the BEE ownership directly in Sun International Limited, which is then divided by the aggregate value of all of the group's South African operations. The direct BEE ownership in Sun International is calculated excluding the 40% mandated investments allowable in terms of the BEE codes.

Share options

In terms of the various casino licence bid undertakings, the group had granted share options over the respective casino company shares to its empowerment partners. The options enable the empowerment partners to increase their economic interest in the appropriate company after the initial capital subscription.

The table below sets out the group's economic interest and amount of that interest that is still subject to dilution:

Category	% economic interest	% under option
Teemane	75.1	27.8
Mangaung	70.0	9.0

Boardwalk licence

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

Dinokana shareholding in Sun International

As at 30 June 2010, Dinokana owned 6 989 759 ordinary shares in Sun International (a 7% interest). During the year, Dinokana sold 1 395 677 shares in Sun International in order to reduce its debt to the maximum allowed in terms of its funding agreements with Nedbank. In addition to the reduction in debt and as approved by shareholders, Sun International provided Nedbank a R60 million guarantee in respect of Dinokana's obligations to Nedbank.

Nedbank's funding of Dinokana is due to be repaid in December 2010, while the Dinokana lock-in structure only expires in December 2014. Nedbank has, however, offered to extend their financing to the end of the lock in period on the agreement that Dinokana reduces its debt to R436 million by 1 December 2010, maintains a minimum share cover ratio of 1.4 and that Sun International shareholders agree to provide a R60 million guarantee in support of the structure. Post year end Dinokana sold 270 000 Sun International shares in order to reduce its debt to below R436 million.

8. TRANSFORMATION

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

Company	Empowerment partner		% holding
Sun International Limited*	SIEST	Sun International Employee Share Trust	9.3
	SIBEMT	Trust formed for the benefit of Sun International senior black managers	0.7
	Dinokana (excluding SIEST)	Broad-based North West province BEE grouping led by Lereko	5.9
Subsidiaries			
SunWest	GPI	Broad-based Western Cape empowerment grouping	30.0
	GPI (through RAH)		4.3
	SIEST		3.3
	Other PDI minorities		1.1
Afrisun Gauteng	Afrisun East Rand Community Trust	Trust formed for the benefit of the local community	3.4
	SIEST		3.5
	GPI (through RAH)		6.6
Afrisun KZN	Dolcoast	Broad-based KwaZulu-Natal BEE grouping	22.4
	Afrisun KZN Community Development Trust	Trust formed for the benefit of the local community	9.3
	SIEST		3.5
	GPI (through RAH)		4.2
	Other PDI minorities		3.1
Emfuleni	Zonwabise	Broad-based Eastern Cape empowerment grouping	20.3
	SIEST		3.5
	GPI (through RAH)		2.5
Meropa	Domba	Polokwane based BEE grouping	28.9
	SIEST		3.5
Teemane	Meriting	Northern Cape based BEE grouping	21.4
	SIEST		3.5
Mangaung	Etapele	Free State based BEE grouping	15.4
	Thabo Community Development Trust	Trust formed for the benefit of the communities in the Thaba'Nchu and Botshabelo areas effected after transfer of the Thaba'Nchu casino licence to Bloemfontein	11.1
	SIEST		3.5
Transkei	Mbizana Community Development Trust	Trust formed for the benefit of the Mbizana community	30.0
Worcester	GPI		36.7
	GPI (through RAH)		2.3
	SIEST		3.5
	Other PDI minorities		7.7

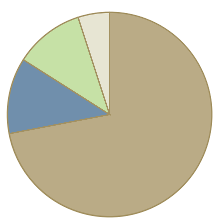
** The empowerment shareholding in Sun International has been calculated excluding the 40% mandated investments in terms of the BEE codes.*

Sun International Employee Share Trust (SIEST)

The SIEST gives employees the opportunity to benefit from equity ownership in Sun International Limited. The Trust, set up in 2003, owns an effective 5.6% (for BEE measurement purposes, excluding 40% mandated investments, equates to 9.3%) of the group's shares and up to 3.5% in a number of the group's operating subsidiaries. The Trust has the benefit of an interest free loan from the group of which to date it has repaid R41 million leaving it with a balance of R103 million at 30 June 2010.

During the current year eligible, employees benefited from the SIEST via the bi-annual distributions in October 2009 and April 2010 of R17.4 million in aggregate, or R2 141 per employee. Since inception the Trust has distributed R144 million in total or an aggregate amount of R20 000 per employee.

SIEST ELIGIBLE EMPLOYEES



- African 72%
- White 12%
- Coloured 11%
- Indian 5%

SIEST distributions

	Total distribution R	Dividend per participant R
October 2009	9 405 597	1 164
April 2010	8 033 595	977
Total for the 2010 financial year	**17 439 192**	**2 141**
October 2008	20 652 499	2 650
April 2009	10 245 600	1 333
Total for the 2009 financial year	**30 898 099**	**3 983**
Total since inception	**144 143 031**	**19 983**

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

The Trust now has more than 8 200 employees as beneficiaries who benefit by way of income distributions. These distributions are made in equal shares, irrespective of seniority or length of service, to eligible employees at the date of distribution. Bi-annual dividend distributions are paid net of loan repayments and other liabilities. The estimated value of the Trust shareholdings net of debt at 30 June 2010 is R374 million or R45 530 per employee.

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

Sun International Black Executive Management Trust (SIBEMT)

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

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

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

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

8. TRANSFORMATION

MANAGEMENT

Following the appointment of Zarina Bassa and Tumi Makgobo-Fiskerstrand as independent non-executive directors of the Sun International board, our management control score has improved from the 2.6 achieved in the EmpowerDex survey to 4.9.

EMPLOYMENT EQUITY

Employment equity is part of our overall human capital strategy and key transformation imperatives. The Unit and Central Forum committees facilitate consultation with employees on employment equity and skills development issues and links with governance structures at unit and group level.

The year under review saw a focus on embedding the management of employment equity at unit level through a continuous process of reviewing the steps and interventions put in place to effectively ensure that our employment equity objectives are achieved. The alignment of employment equity with skills development initiatives has effectively influenced the achievement of our employment equity objectives.

A key focus area was the review of all policies and procedures that could hinder or be a barrier to an environment that enables the achievement of employment equity objectives. This process is aligned to initiatives in our Project Siyakha which impact on our goals and objectives.

Employment equity progress report (South Africa)

Over the past year the group has increased its black employee representation from 82.5% to 83.5% and its black female representation from 43.1% to 43.7%. The designated employee representation figure inclusive of white females (who qualify as designated employees in terms of employment equity) is 89.9% compared to 89.6% last year.

At a senior manager level, the group has made significant progress with 26 senior managers being black of whom 11 are black females. This is a 4.5 percentage point improvement in designated black employee representation.

At the Professionally qualified and experience specialist and Middle Management level, designated black employee representation has increased from 66.3% to 68.6% and at the semi-skilled and discretionary decision-making level, black employee representation has increased from 93.2% to 94.2%.

	Male				Female				Foreign nationals		
Occupational levels	A	C	I	W	A	C	I	W	Male	Female	Total
Top management	1	1	1	14	1	–	–	1	2	–	**21**
Senior management	8	1	6	34	3	2	6	8	5	–	**73**
Professionally qualified and experienced specialists and middle-management	29	7	18	110	16	5	6	32	20	4	**247**
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	507	164	109	303	327	103	65	225	31	25	**1 859**
Semi-skilled and discretionary decision making	1 338	281	99	94	1 802	360	114	154	18	10	**4 270**
Unskilled and defined decision making	83	5	1	–	118	3	–	–	–	–	**210**
Total permanent	**1 966**	**459**	**234**	**555**	**2 267**	**473**	**191**	**420**	**76**	**39**	**6 680**
Total non-permanent	54	24	4	20	49	16	9	20	2	6	**204**
Total 2010	**2 020**	**483**	**238**	**575**	**2 316**	**489**	**200**	**440**	**78**	**45**	**6 884**
Total 2009	2 022	470	233	594	2 319	488	177	493	83	44	6 923

Key: A = Africans, C = Coloureds, I = Indians, W = Whites.

SKILLS DEVELOPMENT

The group's Skills Development B-BBEE score of 10 points against a set target of 9 was very satisfying and can be attributed to both an improved tracking of Skills Development expenditure through our accounting systems and a focus on conducting interventions that resulted in employees achieving national certificates and diplomas. This score is unaudited and further processes and controls will be implemented at each business unit to ensure that we meet all certification requirements.

Skills Development element score:

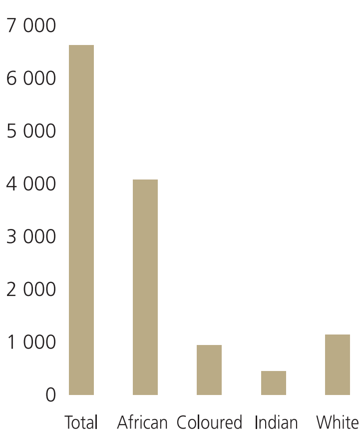
	2010 target	**2010 score**	2009 score	2008 score
Skills Development	**9.0**	**10.0**	7.9	5.9

Beneficiaries of training

In South Africa, 6 605 of our employees attended training programmes/ modules conducted during the financial year and, in line with our B-BBEE targets, 83% of the delegates were Black (African, Coloured or Indian) and 51% were females.

	2010	2009	2008
Beneficiaries	**6 605**	6 593	5 358
Beneficiaries as % of headcount	**96%**	95%	78%
Black as a % of beneficiaries	**83%**	83%	83%
Female as a % of beneficiaries	**51%**	51%	51%

TOTAL INDIVIDUALS TRAINED



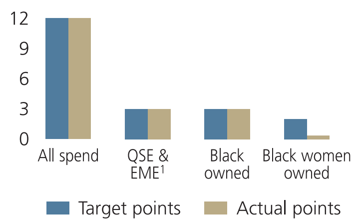
PREFERENTIAL PROCUREMENT

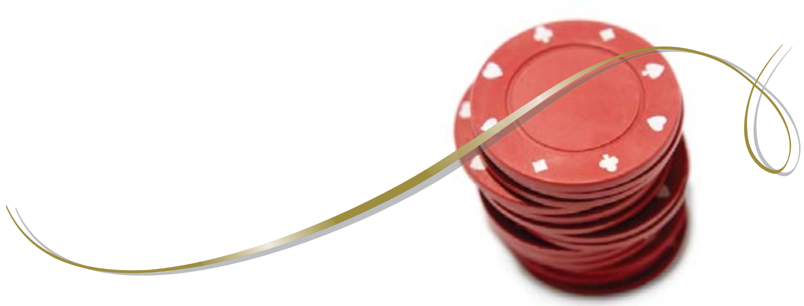
Sun International achieved a score of 18.4 out of a possible score of 20. As one of the largest leisure groups in southern Africa, we engage with 4 000 suppliers to provide us with various goods and services.

As the economic recession started, the group's procurement and supply management division noted that consumers and customers were becoming more value conscious and, as a result, we shifted our focus from intense cost management to cost innovation to ensure that we achieved the lowest costs for goods and services while ensuring a continuity of supply and that quality and risk management was accelerated.

This shift, together with the dynamic nature of our business, resulted in a realignment of procurement's central function roles which enabled us to strategically explore and deploy a centre-led procurement model. This will support our properties to ensure they effectively and consistently manage their discretionary spend with local suppliers to ensure we make a positive contribution to the communities we operate in. The model also ensures we place more focus on promoting integrity and fairness in our dealings with suppliers, and service providers.

8. TRANSFORMATION

Plan for 2009	Progress made in 2010	Plan for 2011
SUPPLIER DEVELOPMENT AND MANAGEMENT: Ensure alignment to the DTI codes of good practice as well as increasing our procurement with local BEE compliant suppliers, various benefits being targeted includes: - Reduction in logistical costs and administration - Reduction in lead time - More efficient invoice management	- Preferential Procurement reporting alignment to the DTI codes of Good Practice - Consolidated SI Group Preferential Procurement score as at end of June 2010 was 18.4 out of a maximum of 20 points; the profile is as follows:  [1] Qualifying Small Enterprises and Exempted Micro Enterprises	- Implement group supplier development programme to create a pipeline for ED beneficiaries within the supply chain - Implement a supplier development forum. Increase focus on identifying and introducing black women owned businesses into the ED programme
ETHICAL PROCUREMENT: Ensure that procurement processes across the group promote integrity and fairness in our dealings all stakeholders	- Revised procurement policies, procedures and general guidelines established in line with generally adopted corporate governance principles	- Board approval of revised policies, procedures and guidelines - Implementation across the group
LOCALISATION: Introduce procurement forums, solicit involvement of senior leadership to review the localisation	- Central structure revised to enable dedicated and consistent support and reporting on local spend - Quarterly spend profile reports per property are now available to senior management	- Increase focus in this area and extend the supplier development forum to include Small and Medium Enterprises at various business units
ENVIRONMENTAL PROCUREMENT: Increase focus and engagement with suppliers on environmental practices and responsible social standards	- Implemented use of fully biodegradable substances in 3 & 4 star guest amenities. - Revised and currently deploying the output printing strategy aimed at contributing positively toward the group's carbon credits	- Implement sustainable measures and present reports on the impact of organisational printing and other procurement initiatives on the organisations' overall green initiatives



ENTERPRISE DEVELOPMENT

Our commitment to improving our enterprise development programme was highlighted in the year under review by allocating 1.5% after tax earnings to this vital contribution to B-BBEE and by the appointment of a dedicated enterprise development manager.

The hospitality business lends itself to supporting enterprises which can add value to the industry as a whole and, in particular, enterprises which are linked to our supply chain. We have identified a number of businesses ranging from a laundry run by physically disabled people to a beauty spa; cleaning companies; a draping business and an audio-visual/sound system operation.

The B-BBEE Act recognises five contribution categories for companies who support black-owned businesses to grow and prosper: grants; loans; equity investments; contributions made in the form of human resources input and other contributions.

In the short term, the group is focused on human resources contributions and improving the cash flow of its current suppliers who meet the criteria as enterprise development beneficiaries.

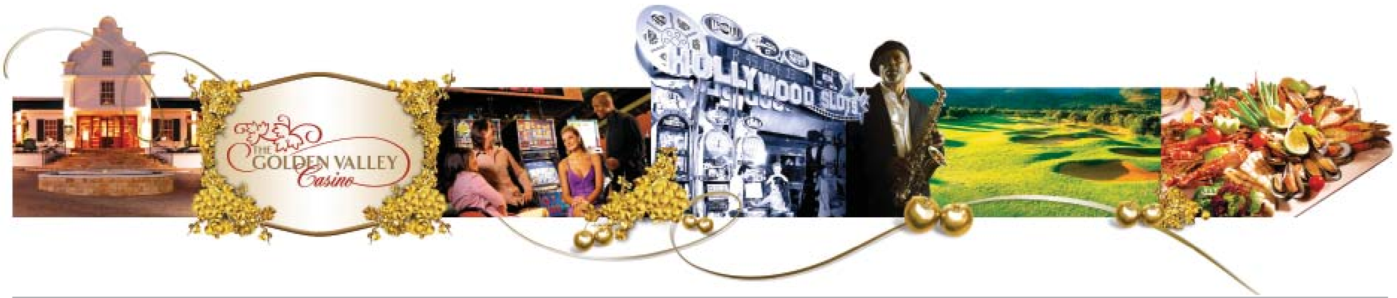
Settling of suppliers earlier than the normal terms of 30 days from invoice helps our ED beneficiaries effectively manage their cash flow situation.

Going forward, the target is to achieve 10 points for ED by December 2010. We are well on track to achieve this.

Sibaya

Windmill

8. TRANSFORMATION



GOLDEN VALLEY CASINO & LODGE'S ENTERPRISE DEVELOPMENT PROJECT:

Body Devine Day Spa

With the soft opening of the Golden Valley Lodge in March 2008, we converted the two conference venues into temporary spa treatment facilities and invited two local treatment facilities to provide our MVGs with some pampering at reasonable prices.

This project was extremely well received by our guests and our general manager at the time, Felicia Roman, started networking with a few local service providers to check the feasibility of bringing such an offering to the Lodge on a permanent basis.

Having had a strong enterprise development background herself, she always knew that this would be in the form of a community development and upliftment project. As fate would have it, two ladies broke away from one of the larger spas in Worcester and started their own business in town. At the same time they presented Felicia with a business plan for a day spa on the premises.

After many negotiations and fine tuning, the parties reached consensus and The Golden Valley Lodge Day Spa became a reality. We provided them with one of our rooms and gave them all the necessary assistance. The proviso was that they had to bring an empowerment partner on board.

They managed to find this partner in the form of Gwyneth Cornelius from Goudini Spa and asked her to join the Golden Valley team, not only as an employee, but as a partner in the business. The day spa was piloted in November 2009 and as of January 2010, the Body Devine Day Spa cc shed its training wheels and began running its own business within The Golden Valley Lodge.

They receive all the required help and support from the Golden Valley management and are growing from strength to strength. The spa, like any other business, has its ebb and flow periods, but all in all, it represents a great symbiotic relationship for Golden Valley and Sun International as a whole.

Gwyneth: 'When I got the opportunity to start working at Body Devine Day Spa I was very excited. Just the thought of being part of starting the business was overwhelming.

Body Devine Day Spa is slowly but surely starting to grow now and we are building up a great client base. I just know that Body Devine will grow from strength to strength.

I'm really working hard at it to make this business a great success. I want to encourage others to grab such opportunities with both hands, because look where I am today.'

She is only 21 years old.

SOCIO-ECONOMIC DEVELOPMENT

Through the Sun International Community Development Trust we continue to focus on the key areas of education, health and welfare and community development. Socio-economic development contributions for South African units amounted to R20 million, which ensured continued achievement of the maximum 5 points for this element. Refer to page 94 for detail.

9. ENVIRONMENTAL MANAGEMENT

AT A GLANCE

The group is committed to managing its impact on the environment and a full re-evaluation of this function is required to increase the focus and improvements required. Service providers are being engaged and we will be measuring our carbon footprint and implementing carbon reduction initiatives.

2010 OBJECTIVES

	Progress
To introduce the lifecycle evaluation standard for procurement	Underway
To undertake an environmental skills audit and introduce a management development programme	Partly achieved
To reduce group energy consumption by at least 10%	Achieved
Increase water reduction targets by 15%	Partly achieved
Reduction of landfill levels by an additional 10% in 2010	Partly achieved

ACHIEVEMENTS

- An overall decrease of 12.4% in energy consumption due in part to improved energy management systems and operational performance
- A reduction of 9.5% in water consumption which is attributed to savings at Windmill Casino (23%); Gaborone Sun (27%) and Sun City (17%) and improved measurement and monitoring practices group-wide
- Overall reductions of 33.8% in LP gas use
- A decrease of 22% in total diesel use across the group

The Table Bay

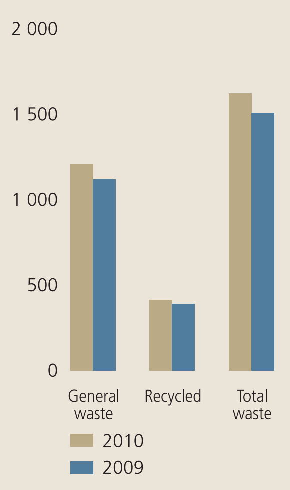
INCIDENTS

- Accidental diesel discharge by a tour bus at Sun City which resulted in an estimated 600 litres of fuel entering storm water facilities.

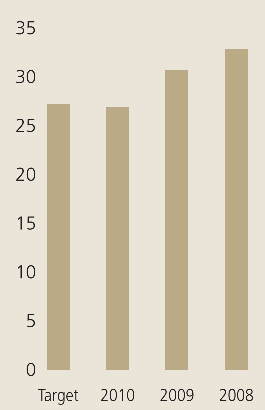
2011 OBJECTIVES

- To increase the number of staff and associates that have completed environmental awareness training to a level of at least 50% of all staff
- To reduce our energy consumption by a further 10% through improved management systems and the introduction of appropriate technologies
- To reduce water consumption across our operations by a minimum of 9.5% through improved management and awareness of water use through operations
- To increase our total waste recycling levels to at least 38% through improved awareness and operational efficiencies
- To participate in the Carbon Disclosure Programme (CDP)
- To incorporate our operations in Chile and Nigeria into the group EMS
- To increase public awareness of our environmental vision through measurable and tangible marketing and communication initiatives

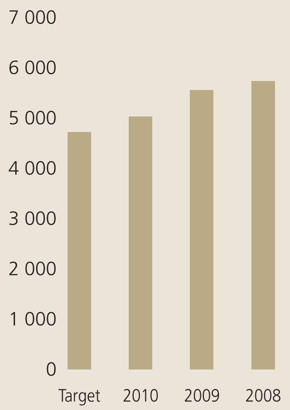
RECYCLED WASTE (Tons)



ELECTRICITY CONSUMPTION (KWH)



WATER CONSUMPTION (Ml)



Prior year water consumption figures were revised due to improved reporting standards.

IN THIS SECTION:

There was an all-round improvement in the group's environmental performance in the year under review and efforts to manage the environmental impacts posed by our operations in southern Africa have delivered some positive results.

The group embarked on the implementation of the Heritage Environmental Management Programme in 2004 and we are pleased to report that it has been successfully integrated into our existing business plans and operations.

OVERALL ENVIRONMENTAL PERFORMANCE

Over the past year, a number of significant environmental performance milestones were achieved, including:

- Carnival City was awarded Platinum Certification by Heritage in recognition of having achieved sustainable environmental performance of international standard. It also increased its waste recovery and recycling performance levels to 83% of all waste generated, one of the highest in the region and embarked on a partnership with a local waste management company to convert methane from dumped waste into fuel source for its collection vehicles.
- Carnival City is currently investigating the introduction of a pilot energy management system aimed at reducing overall energy consumption at the facility as part of a strategy to address all energy systems and consumption levels.
- Our Zambian operations were also certified Platinum during the year, just one of a number of awards achieved for their environmental and social performance. In addition to this, the resort received two awards in the Imvelo Responsible Tourism Awards 2009 for Best Practice Economic Impact and Best Social Involvement Programme. These operations are part of the Victoria Falls/Mosi-Oa-Tunya World Heritage Site and, as such, we work very closely with the National Heritage Commission of Zambia; the Zambian Wildlife Authority; the Zimbabwe Parks and Wildlife Management Authority; the National Museums and Monuments of Zimbabwe and the Environment Management Agency of Zimbabwe to ensure that our operations do not impact negatively on the Site. For example, our on-site greenhouse is being used by the authorities as an adaptation and breeding facilities site for trials on bio-control agents (beetles) used to control an alien invasive species of creeper, Lantana Camara. This plant is displacing invasive native plant species in the core and buffer zones section of the Site, and the establishment of the creeper on the walls of the gorges is threatening the stability and outstanding visual quality of the gorges. Our resort general manager is the chairman of a committee dedicated to monitoring water abstraction from the Zambezi River, particularly in the river's low flow periods and our resort facilities manager and public relations manager are committee members.
- Sun City was once again honoured at the Imvelo Awards with Best Single Resource Award for their water management practices that achieved an annual 17% reduction due to the use of recycled grey water irrigation on its golf courses and concerted efforts at resort level to reduce overall freshwater consumption. Through improved management systems and greater awareness, the resort managed to reduce LP gas consumption by 53% in 2009.

Nedbank Golf Challenge

9. ENVIRONMENTAL MANAGEMENT

- Efforts to establish the Nedbank Golf Challenge (NGC) as the 'greenest' golf event on the international circuit were advanced in 2009 and the 2010 target is to have the NGC certified green and carbon neutral as part of the 30th anniversary celebrations of this well-known event.
- GrandWest Casino and Entertainment World was also awarded Platinum classification during the year for its continued efforts to minimise environmental impacts. The property has also been instrumental in the development of a local materials recovery facility together with its contracted waste management company. The facility, which is capable of handling over 1 200 tons of recycled waste a month plays an important part in the waste reduction initiatives at this property and will result in less landfill volumes being generated by GrandWest.

Staff environmental awareness and operating skills levels were identified as a weakness in the overall environmental strategy of the group in the previous year and greater efforts this year resulted in a 71% increase in the number of personnel across the group completing formalised training in this regard. The introduction of the Kundiza Environmental Awareness Certificate Programme increased the depth of training across the subject and we are pleased to see that efforts are being made in all properties to raise awareness of environmental impacts through structured and comprehensive training initiatives that address all aspects of the group's environmental challenges and create opportunities for staff to transfer these skills within their own communities. While the number of environmentally aware staff remains very low when compared with the total number of staff employed by the group, this achievement represents a new opportunity for the coming year and is in itself a contributing factor to the overall improvements that have been found this year.

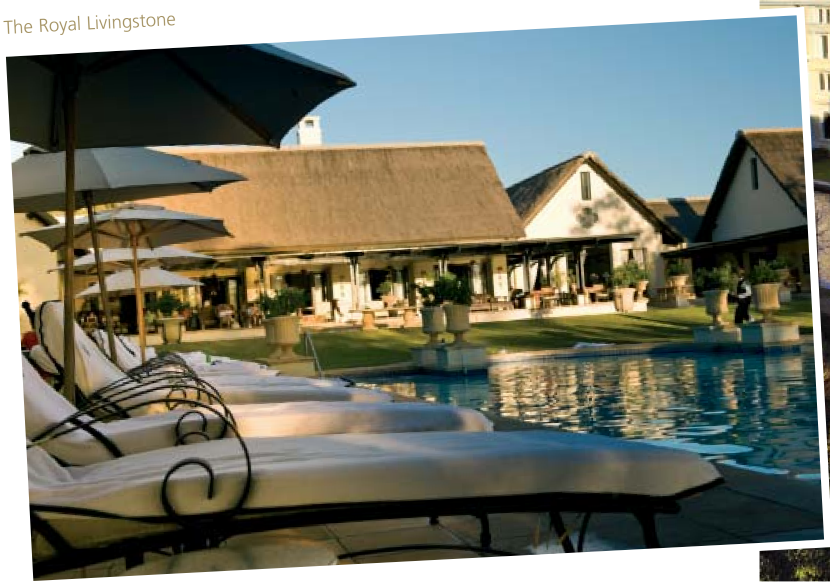
During the year, guest and visitor awareness campaigns and initiatives were successfully implemented at a number of our resorts and gaming operations. Fair and accurate reporting, promotion, advertising and awareness creation remains an important part of our overall communications strategy and the successes that we have experienced through in-house guest feedback initiatives will be expanded in the coming year to place greater emphasis on our environmental credentials, our achievements and our vision.

There were also some challenges during the year under review, notably a minor environmental incident caused by an accidental diesel discharge by a tour bus at Sun City which resulted in an estimated 600 litres of fuel entering storm water facilities. Remedial action to address the spill was successful, resulting in no long term impacts on the water systems in the resort being reported and valuable lessons on spill management being learned. No serious or reportable environmental incidents, breaches or fines were experienced during the year and we are confident that the reporting and monitoring systems that have been implemented across the group are delivering effective results in reducing our environmental risk.

Sun International is committed to the principles of continual improvement and sustainable business practice and a number of objectives have been identified for the coming year in order to ensure that our operational impacts – environmental, social and financial, continue to reflect best practice in South Africa and the countries in which we operate.

GrandWest

The Royal Livingstone



HERITAGE ENVIRONMENTAL MANAGEMENT PROGRAMME

The group embarked on the implementation of the Heritage Environmental Management Programme in 2004 which has now been successfully integrated into our business plans and operations resulting in higher certification awards for a number of properties. International demand for environmentally certified tourism and leisure products continues to grow and the group is now well positioned to take advantage of this growth through its integrated environmental management system. During the year, a number of hotels in the group achieved further recognition for their environmental performance through the Green Globe Certification Programme in conjunction with Heritage. We are confident that this will provide additional exposure for our brand in existing source markets while creating a presence for the group in emerging markets.

Latest environmental scores and challenges per property

Property	Score	Opportunities and objectives
Boardwalk	82.0%	To ensure the sustainability of management systems and accommodate proposed developments. Improved control and oversight of concession partners and tenants.
Carnival City	93.3%	Reductions in respect of electricity consumption.
Carousel	71.0%	Integration of overall system into management systems. The lack of suitable staff to manage the process on-site remains a challenge.
Fish River Sun	88.3%	Greater integration of the EMS documentation systems and finalisation of land issues.
Flamingo	74.9%	Sustainable EMS management structures and systems. Lack of suitable staff to manage the EMS on-site.
Gaborone Sun	75.0%	Further resource reductions and improved reporting systems.
Golden Valley	42.4%	Integration of overall EMS and skills development and awareness training.
GrandWest	93.0%	Improved control over concession operators and tenants.
Kalahari Sands	60.2%	Integrated EMS systems and improved reporting systems.
Lesotho Sun	89.5%	Stabilisation of EMS after refurbishment and improved reporting systems.
Morula	86.0%	Improved waste management systems and greater control of waste disposal processes.
Maseru Sun	82.3%	Sustainability of management systems and accountability at property.
Meropa	85.0%	Improved document management systems.
Sibaya	80.0%	Greater integration of EMS and improved on-site management and monitoring.
Sun City Cabanas	92.5%	Stabilisation and improvements to underlying management systems and processes.
Sun City Cascades	94.2%	Stabilisation and improvements to underlying management systems and processes.
Sun City Vacation Club	92.0%	Stabilisation and improvements to underlying management systems and processes.
Sun City Main hotel	92.3%	Stabilisation and improvements to underlying management systems and processes.
The Palace of the Lost City	92.5%	Stabilisation and improvements to underlying management systems and processes.
Swaziland	59.2%	Improved sustainability of overall systems and on-site management practice.
The Table Bay	76.5%	Continuity and EMS administration is needed.
Wild Coast Sun	92.0%	Refurbishment programme impacts and continuity of past performance.
Windmill	81.4%	EMS documentation system improvements and scoping responsibilities with owners.
Zambia	92.8%	Improved performance standards and greater integration of World Heritage Site requirements and systems.

9. ENVIRONMENTAL MANAGEMENT

Our property ratings

Rm	2010	2009	2008
GrandWest	Platinum	Gold	Gold
Boardwalk	Gold	Silver	Silver
Carnival City	Platinum	Gold	Silver
Sibaya	Gold	Gold	Silver
Sun City	Gold	Gold	Silver
Wild Coast Sun	Platinum	Platinum	Gold
Carousel	Gold	Gold	Gold
Morula	Gold	Gold	Silver
Meropa	Gold	Gold	Silver
Windmill	Gold	Gold	Gold
The Table Bay	Gold	Gold	Gold
Flamingo	Gold	Gold	Gold
Botswana	Gold	Gold	Silver
Golden Valley	Silver	Silver	Silver
Zambia	Platinum	Gold	Silver
Swaziland	Silver	Silver	Silver
Kalahari Sands	Gold	Silver	Silver
Lesotho Sun	Gold	Gold	Gold
Maseru Sun	Gold	Gold	Silver
Fish River Sun	Gold	Gold	Gold

There has been all round improvement in the environmental performance of the group over the past year and efforts to manage the environmental impacts posed by our operations in southern Africa have delivered some positive results. On-going efforts to establish the group as Africa's leading environmentally responsible destination remain a priority and a number of refinements to the existing environmental standards of the company are underway in order to achieve this objective.

Efforts to raise the environmental performance of our operations in southern Africa were significantly enhanced through the decision to undertake refurbishment of the Wild Coast Sun from the second quarter of the year; completion of the first phase of refurbishment at Lesotho Sun and the outstanding works at the Sun City Resort during 2010. Once again, the group's sustainable refurbishment strategy was integrated into refurbishment projects and we are confident that the changes and improvements that have been made will result in marked reductions of energy, water and waste in the coming years.

ENERGY MANAGEMENT

The past year has seen the consolidation of a number of energy initiatives across the group and improved reporting systems across all resource sectors, both of which provide a good base on which to introduce our strategy to report on carbon emissions from 2011. Participation in the Carbon Disclosure Project in 2011 will shortly be approved, making the group the only hospitality and tourism company in Africa to participate in this prestigious programme.

Reliance on coal and fossil fuels for energy and heating has been reduced over the past year with the full implementation of solar heating systems in Gaborone and the discontinuation of the fuel oil boilers at Lesotho Sun. Fuel consumption across operations, mainly for generators and standby power systems, dropped by over 21% in this reporting period due to more reliable electricity supply and reduced need for supplementary supply.

Overall electricity consumption has been reduced by 12.4% on the previous year as a result of concerted energy management strategies across the group. This has included the introduction of technology and management systems in a number of properties over the year and greater use of energy efficient lighting systems and operating equipment. Greater awareness of energy use and greater financial controls contributed in part to the savings achieved, although overall costs associated with electricity and energy over the year rose on the back of increased tariffs from Eskom.

Reporting standards have generally improved across the group and this year better than expected data on resource use was being produced.

LP gas use declined across the group by 33.8% over the year when compared against the previous period and this was attributed to improved management of the resource and reduced reliance on gas as an energy source in a number of properties. The introduction of heat transfer technologies in the kitchens of Sun City and other properties and the discontinuation of bulk gas storage systems at the Fish River Sun and other properties contributed to improved reporting and management of gas in general.

The group remains committed to evaluating and where practical, implementing renewable energy systems at resorts across the region. Solar heating tests at Sun City are still being undertaken and it is hoped that during the next financial year a start will be made on retrofitting some of the Vacation Club units with solar heaters. Heat pumps and other energy saving systems are being considered at properties with the greatest need and the installation of these systems at The Table Bay Hotel has already shown positive results.

WATER CONSERVATION

Water consumption for the past year has reflected a lower than expected 9.5% reduction in spite of improved water management systems and awareness across our operations. Although this saving represents an improvement on the previous year and is within the projected targets (10.5%) for the year, efforts will be stepped-up in the coming period to ensure the most efficient and responsible use of water across the group. Some notable savings were achieved through the implementation of improved irrigation systems at Sun City (17%); rainwater and grey water systems at Windmill Casino (23%) and more efficient water heating systems at Gaborone Sun (27%).

CARBON FOOTPRINT

The group is committed to carbon disclosure and is engaging service providers to measure its carbon footprint and implement carbon reduction initiatives. One of our 2011 objectives is also to participate in the Carbon Disclosure Programme (CDP).

WASTE MANAGEMENT

Waste remains one of the most significant challenges facing the group's environmental strategy and this year saw an overall increase of 7.5% in waste volumes in spite of some notable efforts in waste management in general. The increase is considered a result of improved reporting systems and this is borne out by the fact that recycled waste levels increased by 6% across all operations with properties such as Wild Coast Sun, Meropa and Carnival City producing the best results. The handling and disposal of hazardous waste remains a challenge and improved awareness and oversight of these items will be undertaken in the current year to reduce the group's overall risk.

Waste reduction and recovery has been identified as a primary objective for the group EMS for 2011 and we are confident that with continued reporting improvements, greater awareness and management of waste and improved recovery results, the group will achieve its recycled waste target of 38% (up from the current 27.5%) and an overall reduction of 12%.

Procurement and Supply Chain Management

We are pleased to report that the past year has seen some significant improvements in our overall procurement and supply chain processes which have resulted in notable local community beneficiation and reduced environmental impacts in general. Among the most important achievements, the efforts of Zambia and Sun City stood out this year.

The Royal Livingstone Hotel and Zambezi Sun Resort are involved in several hydroponic and open field farming schemes which encompass approximately 410 small scale farmers in the Livingstone area. The resort purchases almost 70% of their fresh produce and freshwater fish needs from these farmers to the value of approximately US$267 000 annually, thereby contributing directly to a previously marginalised community in Livingstone. In addition to this, the initiative has a positive impact on the reduction of carbon emissions associated with the importing of these products from Lusaka and South Africa.

The introduction of a central warehouse facility in Johannesburg and greater supply chain management initiatives resulted in a decline of 34% in the number of deliveries being made to Sun City each week. This has contributed to a lower carbon footprint for the resort and provides a sound foundation on which to develop the resorts' emissions management strategy.

CARNIVAL CITY'S WASTE POWERS WELTERVREDEN'S TRUCKS

Carnival City, which has increased its total recycled waste levels by 3.7% to 83% of all waste generated at the property, has entered into an innovative partnership with the nearby Weltervreden landfill site which manages and sorts its waste, and then converts it into methane gas to power its collection trucks.

The site's material recycling facility consists of a number of converted sea freight containers stacked on top of each other with a conveyor picking belt that runs on the inside of the containers with a waste collection container at the end of the belt where all organic waste is removed and taken to be either converted into methane gas or composted.

In addition to this partnership, Carnival City also ensures that all the old oil from its 37 business partners and concessionaires is sold for conversion into bio-diesel and that the waste from these partners is separated at source and placed in the appropriate recycling bins on site.

Carnival City

10. SOCIAL RESPONSIBILITY

AT A GLANCE

We aim to be South Africa's most ethical and accountable gaming company and believe that we have a special duty to promote a culture of responsible gambling. Our ethical foundation is underpinned by the universal ethical and governance principles of responsibility; accountability; fairness and transparency.

We remain committed to good corporate citizenship, responsible leadership and the responsible management of our obligations to and impact on all sectors of society.

For the first time the group is reporting on both its positive and negative impacts on society and the interventions in place to ameliorate against any such negative impact. By way of example, in the year under review, 1 169 problem gamblers at our casinos were referred for treatment by the NRGP. Since 2002, Sun International has contributed R38 million to the NRGP, with our contribution for the year under review being R6 million.

Cutting-edge research into problem gambling has continued.

Since its inception, the NRGP has received 32 918 problem gambling calls, with the bulk of the calls being received between noon and 20h00. In the year under review, the NRGP received 3 104 calls.

We are mindful of creating economic, social and environmental value wherever we conduct our business and continue to strive, by way of sustainable business practices, to make a positive impact on people, the planet and profits, for the benefit of all stakeholders.

1% of profit after tax is committed to social investment, with a 1.5% of profit after tax contribution to enterprise development. In the year under review, our total corporate social investment spend was R20 million.

IN THIS SECTION:

RESPONSIBLE GAMBLING

The focus on responsible gambling has increased in recent years, not only because of an increase in political awareness of the possible problems associated with gambling but also from a corporate social responsibility perspective. Sun International has been at the forefront of this issue, and aims to be South Africa's most ethical and accountable gaming company via the promotion of a culture of responsible gambling.

Our responsible gambling programme at our properties focuses mainly on employee training; the facilitation of self-exclusions or advice given to customers on how to self-exclude themselves from gambling; the use of crèches; unattended minors and the prevention of underage gambling.

Employee training is on-going as is a public awareness and training component of the NRGP.

In the year under review, 1 169 problem gamblers at our casinos were referred for treatment by the NRGP. The NRGP's schools programme continues and Grade 7 to 9 material, which includes mathematics, statistics, money matters and lifestyle risk is being developed. Feedback to date is very good.

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

What started out in June 2000 as a collection of local in-house industry programmes evolved into the NRGP and since 2009, the NRGP has been supervised by the SA Responsible Gambling Foundation, a not-for-profit Section 21 company which comprises a board of directors representing regulators and the industry. It is widely regarded as one of the most successful public/private sector partnerships in the global gambling industry.

SOCIO-ECONOMIC CONTRIBUTION

1% of profit after tax is committed to social investment, with a 1.5% of profit after tax contribution to enterprise development. In the year under review, our total corporate social investment spend was R20 million.

Some of our flagships projects were:

Health and welfare

- Reach for a Dream – Which enabled 100 children suffering from life-threatening diseases to fulfil their dreams, at a cost of R144 000.
- Tapologo AIDS Hospice – The Hospice provides a holistic facility for HIV/Aids patients in and around Rustenburg. Sun City contributed R1.4 million towards the operational costs.
- Emmanuel's Haven – This Eastern Cape haven has facilities for counselling, care-giving and training and works in partnership with various organisations. We contributed R991 000 towards the completion of phases three and four of the haven, including a step-down centre and a radio station for the community of Motherwell in Port Elizabeth.

10. SOCIAL RESPONSIBILITY

- SHAWCO – This student-run NGO at the University of Cape Town has been in existence since 1943, providing the community with basic healthcare services. GrandWest invested R1 million in the project during the year.
- Alexandra Township Community Clinics – This area has 10 clinics to service the needs of approximately 750 000 people and we donated R400 000 worth of equipment to help the clinics serve their patients more effectively.
- Phomolong Care Centre for HIV/Aids – This non-profit organisation received R200 000 to help it improve its integrated service offerings.

Education

- Setotolwane Elsen Secondary School – This school for the visually and aurally impaired children is the only one of its kind in Limpopo and is situated about 30 km from the Meropa Casino. The casino has embarked on a massive refurbishment and restoration of one of the dormitories spending to date more than R425 000 on the project, in addition to purchasing special education kits for the 258 permanent boarders.
- The Study Trust – This independent national bursary organisation grants bursaries to underprivileged deserving students studying, inter alia, finance, engineering, hospitality and tourism and information technology. Our support amounted to R700 000.
- GrandWest CSI Bursary Fund – Established in 2007, the fund makes grants to applicants in the Western Cape who are involved in full time studies in mathematics, science and technology. At its inception the fund pledged R5 million over five years and this year granted R1.8 million worth of bursaries. The total grants since inception totalled R4.2 million.

Community development

- Blisters For Bread – GrandWest donated R1.5 million to this feeding scheme which provides sustenance to 226 000 children in 630 schools across the Western Cape.
- The Cape Town Environmental Education Trust Programme – GrandWest has been associated with this environmental initiative since 2008. This year a grant of R170 000 fully covered the costs of 240 learners and partially covered the costs of another 545 who participated in a three-day environmental education experience at the Zeekoevlei Environmental Centre and the False Bay Ecology Park Environmental Centre.
- The Grootvaly/Blesbokspruit Conservation Project – This vital wetland in the heart of Gauteng is the centre of the project's environmental education programme for local communities and for the year under review we invested R120 000 in the programme out of a total of R360 000 we have committed to over three years.
- SASCOC Paralympics – Sun International is one of the major sponsors of the South African paralympic team which competed in Beijing this year and will compete in London in 2012. R1.2 million has been set aside for 2012.
- Arts and Culture Trust – As a founding member of the Trust we have supported more than 500 projects throughout the country. This year our contribution was R100 000.
- Bootlaces Soccer Academy – The Sibaya Casino has invested R260 000 in this project which is dedicated to supporting soccer development in KwaZulu-Natal.

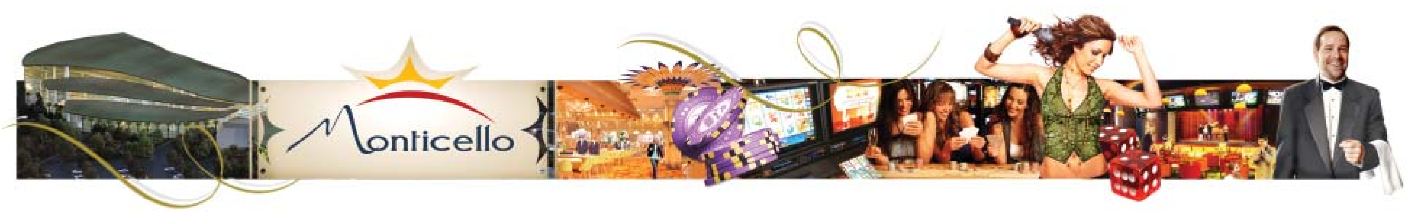
CHILE EARTHQUAKE

As a result of the Chile earthquake over 1 000 homes of the total of 5 000 existing in the Mostazal community were severely damaged. In the downtime after the earthquake, a community service initiative was undertaken to assist the local community.

For the months of March and April a total of 800 employees participated in the programme resulting in a total of 39 648 hours in volunteer work. The work initially involved the removal of rubble from houses, sidewalks and streets and then the construction of temporary homes. A total of 286 homes were built during this period, representing 82% of the total homes rebuilt in the community.

On Saturday the 13th of March, Monticello organised an event for the San Francisco de Mostazal community that combined multiple activities for the whole family during the day and a very special concert with some of the most popular Chilean performers and more than 12 artistic performances.

The estimated cost of the project was R1 million.



11. GOOD GOVERNANCE

AT A GLANCE

Code of ethics

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

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

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

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

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

We recognise the material interests and legitimate expectations of all our stakeholders in relation to the manner in which we conduct our business.

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

Sun International has complied in all material aspects with King II and even though reporting against King III is not mandated in terms of the JSE Listings for purposes of this financial year, the group in evidencing its commitment to the principles of King III, has elected to report against the principles that are applicable to the group.

A comprehensive review of the impacts of King III has been conducted by the board. The most significant issues arising from this review are summarised on pages 100 to 102.

IN THIS SECTION:

The Royal Livingstone

REGULATORY COMPLIANCE

The South African gaming industry is well regulated and as a group that prides itself on being the country's most ethical and accountable gaming company we ensure we comply with every regulation.

Two acts – the National Gambling Amendment Act, 2008 and the Companies Act, 2008 – have been promulgated but have yet to be brought into effect.

The National Gambling Amendment Act which will regulate online gambling has not been brought into operation because the drafting of the accompanying regulations is incomplete. The timeframe for this completion is unclear but it seems unlikely that this will happen during the remainder of 2010. Moreover, there is a possibility that the Gambling Review Commission's report will contain a recommendation that the legislation regarding online gambling and the proposed regulations should be reviewed. This would add further timelines to the final regulatory regime regarding online gambling.

The Department of Trade and Industry has announced that the implementation of the Companies Act, 2008 has been postponed to 1 April 2011.

We are holding workshops across the group to ensure we comply with those aspects of the Consumer Protection Act, 2008 (CPA) which could impact on our business.

The CPA became partially effective in April 2010 with the remainder of the Act scheduled to come into effect on 1 April 2011.

CORPORATE GOVERNANCE

Refer to detailed corporate governance report starting on page 99.

Monticello

CORPORATE GOVERNANCE REPORT

OUR COMMITMENT

The Sun International group remains committed to compliance with the regulatory requirements of all the countries in which it operates and particularly, at an enterprise level, to sound corporate governance principles. The group endorsed the application of the principles recommended in the King Report on Corporate Governance for South Africa, 2002 (King II) and has been effectively implementing and reporting on a spectrum of governance principles, underpinned by the values of responsibility, accountability, fairness and transparency.

STATEMENT OF COMPLIANCE

The board has satisfied itself on the extent of the company's compliance with King II and with the Listings Requirements of the JSE Limited, which is dealt with under appropriate sections throughout this report.

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

KING III

The board welcomed the introduction of the King Report on Corporate Governance for South Africa, 2009 (King III) that became effective from 1 March 2010. The group conducted an extensive review of the King III principles and the company's existing governance practices and has elected to report against the King III principles, as the group substantively complies with or will comply with the majority of principles within the forthcoming year. In instances where the group has elected not to apply some of the principles, then these exceptions are explained under the appropriate sections throughout this report.

CORPORATE GOVERNANCE REPORT CONTINUED

In determining its approach to the adoption of the King III principles, the group has summarised certain of the key issues considered together with its outcomes as presented below:

Principle	Action	Outcome
Maintaining and promoting an ethical climate at Sun International	• Management has considered the group's values and the risks posed to such values. • A review of the group's code of ethics and potential ethical breaches were considered.	• The code of ethics facilitates the maintenance and promotion of an ethical climate at Sun International. • The significant risks identified are addressed in the group's risk register and will continue to be monitored and addressed in the risk committee forum. • Supporting policies are in place to deal with potential risk areas. • An internal task team has been appointed to oversee a process of refreshing all group policies – initially those that involve employee behaviour and ethics.
Sun International's positive and negative impacts on society	• The board reviewed the positive impacts of the group which encompass sustainable employment; continuous development and training; substantial tax contributions; corporate social responsibility programmes; capital formation; operating as an ethical and responsible casino operator; and providing a superior service (a million thrills) to our customers. • In addition, the board reviewed the possible negative impacts of the group which include problem gambling and unattended children at its casinos.	• The board is satisfied that various interventions are in place to ameliorate such negative impacts, i.e. the Responsible Gambling Programme and child care procedures. The group will continuously monitor such impacts. • The group will continuously monitor its environmental impact.
The formation of a social and ethics committee	• The board noted that the formation of the committee whilst supported by King III is a proposed requirement in terms of the new Companies Act, 2008.	• As the regulations to the Companies Act, 2008, are yet to be finalised and accordingly, has not been implemented, the board resolved to await the finalisation of the said regulations in order to obtain clarity as to the requirements and duties pertaining to the proposed committee. In the interim, the risk committee will focus on issues of an ethical nature.
The independence of non-executive directors	• The board adopted an independence policy which requires each non-executive director to undergo an independence evaluation annually.	• The nomination committee will review and assess the evaluation according to the agreed independence criteria. • In particular the independence of directors that have served on the board for longer than nine years will be reported on in the annual report. • Board committees must comprise of a majority of independent directors.

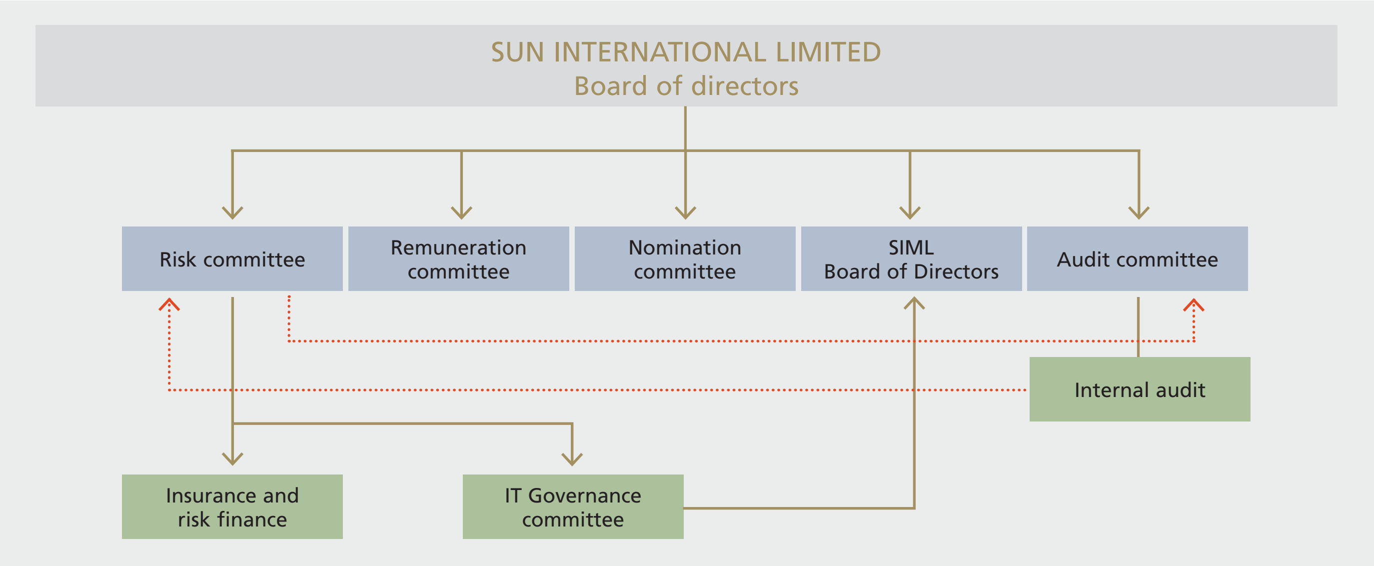
Principle	Action	Outcome
Independent professional advice	Whilst a process has always been available to Sun International directors, a refreshed policy in this regard was adopted by the board in furtherance of this principle.	It was confirmed that any director or group of directors may obtain further advice from any company advisor and/or an external professional advisor upon notification to the chairman and/or the company secretary. The obtaining of such advice will be at the cost of the company.
Professional development training	A policy was adopted by the board in order to formalise professional development training.	Director development programmes will be made available, internally before selected board meetings, on a voluntary attendance basis. External training via accredited institutions such as the JSE and Institute of Directors will be made available to directors at the cost of the company.
Share dealings	The company's existing policy has been reviewed and a proposal extending the scope of the policy has been presented to the board.	The proposed policy will be finalised and adopted in the forthcoming year.
Non-executive director fees	The current remuneration of non-executive directors was reviewed in line with the recommendations of King III.	Non-executive directors' fees have been split into a base fee component and an attendance fee component. The nomination committee has the discretion to review the payment of fees in cases of non-attendance.
Combined assurance	The board considered the principle that the company continues to engage various assurance providers instead of engaging a single external assurance provider.	Whilst Sun International has a number of expert service providers in the various areas of compliance, the group has engaged a single external assurance provider to provide combined assurance over the sustainability content within the annual report.
The appointment of a chief risk officer	The board reviewed the group's risk management philosophy and processes in order to determine the need for a dedicated chief risk officer.	The Sun International risk management and risk philosophy is integrated into its business practices and operating processes across all units. As a consequence the onus of risk and those accountable for risk remain the group's business leaders with its chief executive retaining ultimate accountability. The group has therefore elected not to appoint a chief risk officer.

CORPORATE GOVERNANCE REPORT CONTINUED

Principle	Action	Outcome
The formation of an IT governance committee	✻ The role of the current IT governance and security committee was considered.	✻ The current IT governance and security committee is to be dissolved and a new IT governance committee is to be constituted. The committee will include at least one independent IT expert. ✻ The IT governance committee is to compile an IT charter incorporating existing standards and frameworks, as well as the recommendations contained in King III. ✻ The IT governance process will be overseen by the risk committee.
The establishment of a compliance function	✻ The need for a separate compliance function was considered and Sun International's current compliance landscape was reviewed.	✻ Sun International has several business functions that are responsible for compliance including regulatory, statutory and gaming compliance. Accordingly, it was agreed that a separate compliance function would not be established and that the legal affairs director will consolidate the various compliance reports into an integrated report for the board.
Stakeholder relationships	✻ The group had conducted extensive stakeholder identification and mapping exercises based on the group's influence on stakeholders and in turn, its stakeholders' influence on the group.	✻ Sun International is finalising its stakeholder engagement processes and has commenced with compiling a stakeholder register in order to formalise its plans to engage with stakeholders in furtherance of its stakeholders legitimate expectations and interests. During the initial exercise 26 such stakeholders were identified. ✻ The group will consider the measurement of certain of these stakeholders' perceptions in order to establish any expectation gaps. ✻ The risk committee will undertake the function of overseeing the process of stakeholder identification, reviewing our stakeholder register and engagement plans.
Disclosure of the top three paid employees	✻ The board considered the merits and reviewed recommendations pertaining to this principle.	✻ Given the industry and in particular Sun International's remuneration structure, the board did not believe that this principle was significantly relevant to the company. ✻ Notwithstanding the same, the group elected to disclose the aggregate payments to its top three paid employees.

In determining its approach, the board will remain mindful of its responsibility to and of the interdependency and interaction between the triple 'Ps' (People, Planet and Profit) as the foundation for sustainable value creation, ensuring an entrepreneurial culture that identifies and operates within acceptable risk levels and progressing transformation at all levels. The group's commitment to these principles is further evidenced by its continued inclusion in the JSE's Socially Responsible Investment Index (SRI).

The group's governance is facilitated by its governance structures as depicted below:



BOARD OF DIRECTORS

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

Board charter

The board charter details the manner in which the business is to be conducted by the board in accordance with the principles of sound corporate governance. The board charter is reviewed by the board on an annual basis and was revised, in the year under review, in order to incorporate those King III principles adopted by the board.

Compliance with the terms of the charter and the company's memorandum and articles of association form an integral part of each director's conditions of appointment.

The charter regulates and deals with, inter alia:

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

CORPORATE GOVERNANCE REPORT CONTINUED

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

Board chairman

The board is chaired by Mr MV Moosa, a non-executive director, appointed as board chairman with effect from 1 July 2009. The board chairman is not considered to be independent, as he is a shareholder and director of Lereko Investments (Pty) Limited, which is a material shareholder of Dinokana Investments (Pty) Limited, a 3.6% shareholder of the company.

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

The chairman of the board is responsible, inter alia, for ensuring the integrity and effectiveness of the board's governance processes, and in terms of the company's articles of association, is subject to annual election from amongst its members.

Lead independent director (LID)

The board charter requires the appointment of a LID in the event that the board chairman does not meet the criteria for independence in terms of the relevant governance criteria. Accordingly, Mr IN Matthews was appointed as the LID with effect from 1 July 2009.

The LID provides leadership assistance at any board, committee or shareholder meetings or in consultations with other directors or executives in circumstances where the board chairman is conflicted. The LID also leads and introduces discussion at board and committee meetings regarding the performance and evaluation of the board chairman. The LID is subject to annual election by the board.

Board composition

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

The non-executive directors have the necessary skills, qualifications and experience, as is evidenced from their CVs on pages 10 and 11, to provide judgment independent of management on material board issues. The composition of the board appears on pages 10 and 11.

Board appointments

Procedures for appointment to the board are formal and transparent and a matter for the board as a whole. The board is assisted in this process by the nomination committee. In making their recommendations, the nomination committee applies the pre-requisites for board membership as set out in the board charter.

The board has made two new appointments in the year under review and welcomes the appointment of Ms ZBM Bassa and Ms BLM Makgabo-Fiskerstrand with effect from 1 March 2010. Both of these directors are independent non-executive directors.

Independence

The board, through the nomination committee, assessed the independence of the independent non-executive directors against the criteria set out in King II, King III, the JSE Listings Requirements and the Companies Act, 1973. The board was satisfied with its findings that three non-executive directors are not considered independent and eight non-executive directors are considered independent.

The independence assessment was conducted by way of written evaluations that were reviewed by the nomination committee for subsequent recommendations to the board.

The nomination committee conducted a rigorous independence assessment of the two non-executive directors that have tenures of more than nine years in duration on the board and concluded that Messrs IN Matthews and MP Egan retain their independence in judgement notwithstanding their tenure of service. The board concurred with the findings and is of the view that the aforesaid non-executive directors bring valuable experience and skill to the board and that they will continue to exercise their independent judgement.

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

Chief executive and delegation of authority

Mr DC Coutts-Trotter was appointed as the chief executive on 1 July 2006. The board's governance and management functions are linked through the chief executive, who is tasked with the running of the business and the implementation of the policies and strategies adopted by the board. All board authority conferred on management is delegated through the chief executive and the accountability of management is considered to be the authority and the accountability of the chief executive. Appropriate and uniform controls and processes are in place within the company and the group and are communicated to management to ensure the monitoring of the application of levels of authority throughout the group particularly in the areas of capital expenditure, contracts, procurement and human resources.

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

The chief executive is mandated and held accountable for amongst other things:

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

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

Succession planning

Executive and senior management

Succession planning for the purposes of identifying, developing and advancing future leaders and executives of the group is an on-going element of the board's responsibility which is carried out through the remuneration committee. Detailed succession plans are presented to the remuneration committee in this regard.

Non-executive directors

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

In addition, the succession of the board chairman is a matter that has been addressed and will be formalised in the forthcoming year.

Board and committee evaluations

The board evaluates its own performance, processes and procedures in terms of a self-evaluation process which is to be conducted annually, the last evaluation having been carried out during July and August of 2010.

The nomination committee appraises the performance of the board chairman the board and each board member. The LID is tasked with leading the assessment of the board chairman's performance based on board members completing a written evaluation questionnaire.

The remuneration committee appraises the executive performance of the chief executive and his direct reports. The results of these appraisals are considered by the remuneration committee in the evaluation of and the determination of the remuneration of the chief executive and his direct reports.

Board committees are also reviewed by way of self-evaluations which are to be conducted annually, the last evaluations having taken place during July and August of 2010. The chairman of the nomination committee reports the findings of all evaluations to the board and action plans to improve outcomes, where necessary, or to implement suggestions for improvements made by the directors or committee members, are implemented in terms of best practice.

The evaluations of the board chairman, the board, the board members and the committees conducted in 2010 indicated mainly positive results reflecting an improvement in most elements of effectiveness and performance compared to the previous evaluations which were conducted in 2008. Significant improvement and effectiveness was reported as a result of the group's decision in 2009 to split its previously combined nomination and remuneration committee into separate committees.

Carousel

CORPORATE GOVERNANCE REPORT CONTINUED

The key areas of improvement emanating from the consolidated evaluations pertained to:

- membership of the committees must be bolstered to reflect gender diversity;
- additional site visits to the group's operations will be beneficial for non-executive directors;
- the need for additional director training particularly in terms of the changing regulatory landscape; and
- the extent and details of the various committees' report back to the board.

The areas for improvement have been and will continue to be addressed during the forthcoming year.

Directors' period of office, re-election and retirement

Newly appointed directors

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

Accordingly, Ms ZBM Bassa and Ms BLM Makgabo-Fiskerstrand, having been appointed on 1 March 2010, will stand for election at the forthcoming annual general meeting. Their CVs summarising their experience and skills can be found on pages 10 and 11 of the annual report.

Rotation of directors

Directors are subject to retirement by rotation at least once in every three years and the nomination committee, having assessed the performance of those directors that are due for re-election, makes a formal recommendation for re-election to the board and shareowners.

In this regard, the nomination committee, having concluded its assessment, recommends the re-election of the retiring directors, Ms LM Mojela and Messrs E Oblowitz, IN Matthews and PL Campher and such directors being eligible, have offered themselves for re-election at the forthcoming annual general meeting. Their CVs summarising their experience and skills can be found on pages 10 and 11 of the annual report.

Retirement

The retirement age for an executive director is 60, and for a non-executive director is 70, subject to review at the discretion of the board on the recommendation of the nomination committee.

Induction of directors

On appointment all directors are provided with an induction programme and materials aimed at broadening their understanding of their fiduciary duties and responsibilities; the regulatory, statutory and governance framework; the group and the business environment and markets in which the group operates. This process is carried out over a period of time and includes the provision of background material, meetings with senior management and visits to the group's operations. The company secretary is responsible for the co-ordination of the induction of new directors.

Director training and development

All directors are expected to keep abreast of changes and trends in the business and in the group's environments and markets, including changes and trends in the economic, political, social and legal climate and training initiatives to accelerate board competencies are provided and/or recommended, where necessary in terms of the group's Professional Development policy. In order to facilitate this process, training is made available to all directors both internally and externally at accredited institutions at the cost of the company.

Access to company information and confidentiality

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

Independent professional advice

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

No such advice was sought in the year under review.

Company secretary

Ms CA Reddiar was appointed as the company secretary on 1 April 2010 following the retirement of Ms SA Bailes on 31 March 2010. The company secretary provides a central source of advice to the board on the requirements of the JSE Listings Requirements; King II; King III and corporate governance. In addition to the company secretary's statutory and other duties, she provides the board as a whole, directors individually, and the committees, with guidance as to the manner in which their responsibilities should be discharged in the best interests of the company. The appointment and removal of the company secretary is a matter for the board as a whole.

Directors' and officers' liability insurance

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

Conflicts of interest

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

Board meetings

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

In addition, the board holds a strategy meeting with executive management on an annual basis to determine the group's strategic direction and to consider plans proposed by management for the achievement of the group's strategic objectives. Progress against the strategic plan is monitored by the board on a quarterly basis. Additional board meetings are convened on an ad hoc basis, if necessary, to deal with extraordinary issues of importance which may require urgent attention or decision. No such additional board meeting was required for the year under review.

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

Non-executive directors meet without executive directors present at the time of all board meetings.

Four board meetings and one strategy meeting were held during the 2010 financial year. Details of board and committee attendance by directors for the year under review and to the date of this report are indicated in the table below and attest to the commitment of the board to be present at meetings. For ease of reference the attendance, independence classification and board tenure has been consolidated in the table below, to facilitate a holistic view of the board and committee composition and attendance. As a result of additional members comprising the risk committee a separate table indicating the composition and attendance at the risk committee is set out on page 111.

	Years service (rounded off to nearest year)	Board meeting attendance	Committee attendance		
Non-executive directors			Remuneration	Nomination	Audit
Independent					
ZBM Bassa*	0	2/2	•	•	3/3
PL Campher	8	5/5	5/5	5/6	•
MP Egan	18	5/5	5/5	•	6/6
BLM Makgabo-Fiskerstrand*	0	2/2	•	•	•
IN Matthews	14	5/5	5/5	6/6	•
DM Nurek	8	5/5	•	•	6/6
E Oblowitz	8	5/5	•	•	5/6
GR Rosenthal	8	5/5	•	•	6/6
Non-independent					
MV Moosa	5	5/5	5/5	6/6	•
NN Gwagwa	5	4/5	•	•	•
LM Mojela	6	4/5	•	•	•
Executive directors					
DC Coutts-Trotter	14	5/5	•	•	•
RP Becker	5	5/5	•	•	•

** appointed to the board on 1 March 2010.*
• non-member.

CORPORATE GOVERNANCE REPORT CONTINUED

BOARD COMMITTEES

The board is authorised to form committees to assist in the execution of its duties, powers and authorities. The board has four standing committees, namely the nomination; audit; risk and remuneration committees. Various other committees are established throughout the group from time to time to, inter alia, oversee issues of an operational, day-to-day management nature, including e-business and technology operational activity and governance. The board has approved the formation of a new IT governance committee which will convene its first meeting in the forthcoming year.

The terms of reference, and composition of the committees are determined and approved by the board and have been adopted by all the committees. Terms of reference are reviewed by the board on an annual basis with the most recent review having been conducted in 2010 in order to incorporate the relevant provisions advocated by King III and approved by the board.

The chairpersons of the committees report to the board on a quarterly basis in terms of their committees' respective terms of reference and copies of all committee minutes are circulated to the full board.

Remuneration committee

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

The committee comprises of non-executive directors, the majority of whom are independent. The details of the roles and responsibilities of the committee are detailed in the remuneration report on page 127.

Nomination committee

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

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

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

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

- evaluate the performance of the board chairman, the board and each board member and to report on the outcome of these evaluations to the board;
- nominate company trustee nominees to the group's pension, provident funds and sub-committees, and to the share incentive or employee share trusts;
- recommend to the board the retention of non-executive directors after retirement age;
- recommend directors that are retiring by rotation, for re-election;
- recommend continuing professional development for all directors either internally and/or externally;
- assess the independence of each board member;
- review the evaluation of the committees' performance and effectiveness annually; and
- carry out the evaluation of its own performance and effectiveness annually.

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

The nomination committee is required to meet formally at least twice a year and, as indicated in the attendance table above, five nomination committee meetings have been held during the year under review, with a further meeting to the date of this report.

Audit committee

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

Messrs Rosenthal, Egan, Nurek and Oblowitz served as members of the audit committee during the financial year ended 30 June 2010 and Ms ZBM Bassa joined the audit committee with effect from 1 March 2010.

All members have been re-elected by the board, subject to shareowner approval, at the annual general meeting, to serve on the committee for the financial year ending on 30 June 2011, under the chairmanship of Mr GR Rosenthal. All members of the audit committee are independent non-executive directors and are financially literate with the necessary expertise to discharge their responsibilities.

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

In addition, as advocated by King III, the audit committee has overseen the integrated reporting for 2010, and has recommended the approval of the annual report by the board.

The mandate of the audit committee includes:

- the nomination of the external auditors annually for appointment by shareowners, determination of fees and terms of engagement;
- the evaluation of the independence and effectiveness of the external auditors, consideration of nature and extent of non-audit services rendered by them to the group and the pre-approval of proposed contracts for such services in terms of the policy established by the committee;
- the review of the interim and preliminary reports and annual financial statements, including the valuation of unlisted investments and loans and going concern statements, prior to submission to the board;
- review of the annual report prepared in terms of integrated reporting requirements;
- the discussion of problems arising from external audit and review of the external auditors' interim and final reports and identification of key issues;
- dealing with internal or external complaints relating to accounting practices, internal audit or to the content or auditing of the financial statements;
- the review and evaluation of the internal audit activities and plan, annual review of the internal audit mandate, ensuring adequate resourcing, ensuring co-ordination between internal and external audit, ensuring appropriate action by management in the event of major deficiencies or breakdowns in controls or procedures, and considering the appointment of the head of internal audit;
- the consideration of major findings of internal investigations and management's responses;
- the monitoring of compliance with the group's code of conduct and significant breaches thereof;
- the review of the adequacy of the systems of internal control and any legal matters which could significantly impact on the group's financial statements;
- the review of compliance with the King II, King III and JSE Listings Requirements in so far as these relate to the financial statements;
- the consideration of the appropriateness of the expertise and experience of the chief financial officer;
- reviewing the expertise, resources and experience of the group's finance function; and
- the evaluation of its own performance and effectiveness on an annual basis.

CORPORATE GOVERNANCE REPORT CONTINUED

The committee also performs all the functions required to be performed by an audit committee including as required by section 270A of the Companies Act, 1973, as amended and under Section 270A(1) on behalf of all subsidiaries other than those whose boards have decided to appoint their own committees. In this regard the committee has:

- evaluated the independence and effectiveness of the external auditors, PricewaterhouseCoopers Inc., and is satisfied that the external auditors are independent of the company and effective in rendering its services;
- considered and approved the audit fee payable to the external auditors in respect of the audit for the year ended 30 June 2010 ahead of the annual audit as well as their terms of engagement, taking into consideration factors such as the timing of the audit, the extent of work required and the scope of the audit;
- satisfied itself that the appointments of the external auditors, designated auditor, and the IFRS advisor, comply with the Companies Act 1973, the Auditing Profession Act and the JSE Listings Requirements;
- approved non-audit services provided to the company by the external auditor and the fees relating thereto in terms of a policy established in conjunction with the external auditors in terms of which the nature and extent of all non-audit services provided by the external auditors are reviewed and approved in advance, ensuring that the independence of the external auditors is not compromised; and
- nominated PricewaterhouseCoopers Inc. as registered auditor to continue in office until the conclusion of the 2011 annual general meeting, noting that Mr DB von Hoesslin is the individual registered auditor and member of the aforegoing firm who undertakes the audit.

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

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

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

The audit committee is required to meet at least four times a year and as indicated in the attendance table above four audit committee meetings were held during the 2010 financial year and a further two since then and to the date of this report.

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

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

Risk committee

Composition: The committee is chaired by Mr DM Nurek, an independent non-executive director. Also represented on this committee are the chief executive, chief financial officer and company secretary, Messrs DC Coutts-Trotter, RP Becker, and Ms CA Reddiar respectively, together with three other non-executive directors, Dr NN Gwagwa, Messrs IN Matthews and GR Rosenthal, of whom two are independent.

The committee is operational in nature, accordingly other members comprise representatives of the group's executive (SIML) namely Messrs HJ Brand (legal affairs director), J Coetzee (director: gaming compliance and tables), G Collins (gaming operations director), TC Kaatze (divisional director: gaming north), JA Lee (e-business & technology director and chief information officer/appointed as divisional director: resorts with effect from 1 August 2010), AM Leeming (director: corporate and SIML finance), Ms KH Mazwai (group human resources director), Messrs DR Mokhobo (new business development director), S Montgomery (development director), M Naidoo (divisional director: gaming south), KRE Peter (divisional director: resorts/retired with effect from 31 July 2010) and DS Whitcher (director: gaming development and slots).

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

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

An independent enterprise risk management specialist continues to assist the committee with the group's risk governance processes in accordance with the principles of King II; King III and international best practices. The specialist attends meetings of the committee by invitation.

The committee has adopted a written mandate and terms of reference approved by the board, the terms of which are reviewed annually by the committee and the board. These were reviewed and amended during the year to incorporate those provisions of King III that have been approved by the board.

This mandate includes, inter alia:

- the review and assessment of the effectiveness of the risk management systems to ensure that risk policies and strategies are appropriately managed;
- the monitoring of external developments relating to corporate accountability, including emerging and prospective risks;
- the review of the ethics code, ethical standards and any related incidents;
- the review of the risk philosophy of the group;
- the review of the adequacy of insurance coverage;
- the monitoring of the assurance processes of compliance against legislation impacting the group;
- the periodic review of risk assessments to determine material risks to the group and evaluating the strategy for managing those and the appropriateness of management's responses to those risks;
- review stakeholder identification, engagement, process and policies;
- ensuring and overseeing the preparation of a group risk register;
- advising the board on risk aspects (including its commentary on risk in the annual report);
- the governance of information technology; and
- the self-evaluation of the committee's performance as part of the board's evaluation process on an annual basis.

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

	2010			
	22 Feb	**5 May**	**29 May**	**24 Aug**
DM Nurek	•	✓	✓	✓
SA Bailes*	✓			
RP Becker	✓	✓	✓	✓
HJ Brand	✓	✓	✓	•
J Coetzee	✓	✓	✓	✓
G Collins	✓	✓	✓	✓
DC Coutts-Trotter	✓	✓	✓	✓
NN Gwagwa	✓	✓	✓	✓
TC Kaatze	✓	✓	✓	✓
JA Lee	✓	✓	✓	✓
AM Leeming**	✓	✓	✓	✓
IN Matthews	✓	✓	✓	✓
KH Mazwai	✓	✓	✓	✓
DR Mokhobo	✓	✓	✓	✓
S Montgomery	✓	•	✓	✓
M Naidoo	✓	✓	✓	✓
KRE Peter***	✓	✓	✓	
CA Reddiar****			✓	✓
GR Rosenthal	✓	✓	✓	✓
DS Whitcher	✓	✓	✓	✓

✓ *present.*
• *apologies.*
* *retired from the group on 31 March 2010.*
** *appointed to the risk committee on 27 August 2009.*
*** *retired from the group on 31 July 2010.*
**** *appointed to the risk committee on 29 May 2010.*

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

CORPORATE GOVERNANCE REPORT CONTINUED

RISK MANAGEMENT, ACCOUNTABILITY AND AUDIT

Risk management

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

> *'The directors of Sun International Limited have committed the company to a process of risk management that is aligned to the principles of the King III code. The features of this process are outlined in the company's Risk Policy Framework. All group business units, divisions and processes are subject to the Risk Policy Framework.*
>
> *Effective risk management is imperative to a company with our risk profile. The realisation of our business strategy depends on our being able to take calculated risks in a way that does not jeopardise the direct interests of stakeholders. Sound management of risk enables us to anticipate and respond to changes in our business environment, as well as take informed decisions under conditions of uncertainty.*
>
> *An enterprise-wide approach to risk management has been adopted by the company, which means that every key risk in each part of the group is included in a structured and systematic process of risk identification and management. All key risks are managed within a unitary framework that is aligned to the company's corporate governance responsibilities.*
>
> *Risk management processes are embedded in our business systems and processes, so that our responses to risk remain current and dynamic. All key risks associated with major change and significant actions by the company also fall within the processes of risk management. The nature of our risk profile demands that Sun International adopts a prudent approach to corporate risk, and our decisions around risk tolerance and risk mitigation reflect this. Nonetheless it is not the intention to slow down the group's growth with inappropriate bureaucracy. Controls and risk interventions are chosen on the basis that they increase the likelihood that we will fulfil our intentions to stakeholders.*
>
> *Every employee has a part to play in this important endeavour and we look forward to continuing to work with you in achieving these aims.'*

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

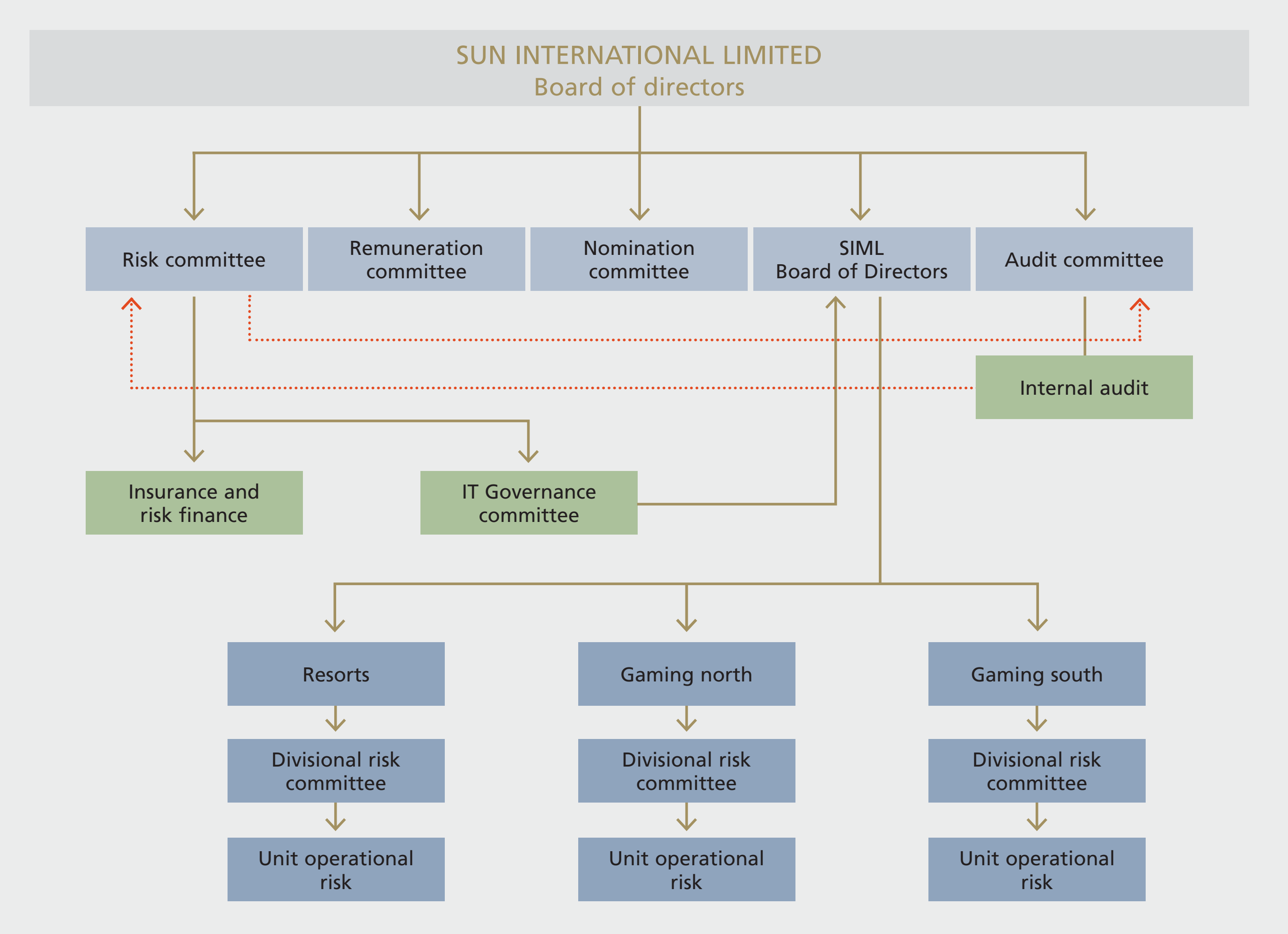
The board is responsible for monitoring and reviewing the risk management strategy of the group and remains committed to the group's process of enterprise risk management. The group risk committee assists the board in fulfilling this responsibility and in the discharge of its duties relating to corporate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

During the year, the company's risk register comprising the top 42 risks was updated and each risk reviewed, re-ranked and documented. The review process also explored the possibility of new risks having entered the risk environment, and these were defined and ranked in the same way as existing risks. The register continues to be updated on an annual basis, or as often as circumstances necessitate. Ownership of each risk remains the responsibility of assigned senior executives, who report on progress made with agreed action plans and existing internal controls.

The identified risks are monitored by the SIML board on a quarterly basis. The SIML board submits a risk management report to the risk committee twice a year focusing on the top 20 risks. Each division drafts a risk management submission to the SIML board quarterly, focusing on the top 10 risks facing the division. Divisional risk management committees and operational risk management committees at each unit review their risks at their risk committee meetings once a quarter and minute any risk developments and losses ensuring that mitigating actions are being pursued. This structure is depicted alongside.

The key risks that are identified, monitored and managed are:

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



CORPORATE GOVERNANCE REPORT CONTINUED

Each risk has been measured in terms of its potential impact upon statements of comprehensive income items and the group's statements of financial position. The group's propensity for risk tolerance is used to guide decisions for risk mitigation. The risk committee intends to formalise a recommendation regarding the group's appetite for risk, for consideration by the board. The process of enterprise risk management is embedded at a strategic level and the process has been cascaded to the group's major subsidiaries.

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

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

The group's annual internal audit plan incorporates the outcomes of the enterprise risk management process and the top risks in the group have been incorporated into the internal audit plan and internal audit investigates the effectiveness of risk controls. These risks are addressed by the plan at least once a year. The director of internal audit attends risk committee and divisional and management meetings where risk is addressed in order to verify that the risk management process is appropriate. The internal audit function formally reviews the effectiveness of the group's risk management processes once a year and reports on its findings to the risk committee and the audit committee. As such, internal audit provides a high profile risk management facilitation role, but without assuming responsibility for risk management which remains the responsibility of line management.

The board is satisfied with the process of identifying, monitoring and managing significant risks and internal controls and that appropriate systems are in place to manage the identified risks, measure the impact thereof and that these are proactively managed so that the company's assets and reputation are suitably protected. Accordingly, the board has elected not to appoint a single chief risk officer, as recommended by King III, as the risk function is comprehensively embedded throughout the group.

ACCOUNTABILITY AND AUDIT

Internal audit

The internal audit department is designed to serve management and the board of directors through independent evaluations and examinations of the group's activities and resultant business risks.

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

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

In accordance with the group's policy of conducting an independent assessment every three years, KPMG Inc has been engaged to conduct an independent assessment of the effectiveness of the internal audit function, in the forthcoming financial year.

External audit

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

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

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

Internal control

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

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

Internal audit will be in a position to provide its opinion on the internal financial controls in the forthcoming financial year.

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

FINANCIAL INTELLIGENCE CENTRE ACT

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

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

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

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

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

Meropa

CORPORATE GOVERNANCE REPORT CONTINUED

GOING CONCERN

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

DIRECTORS' RESPONSIBILITY FOR ANNUAL FINANCIAL STATEMENTS

The directors are responsible for the preparation of the annual financial statements and related financial information that fairly present the state of affairs and the results of the company and of the group. The external auditors are responsible for independently auditing and reporting on these annual financial statements, in conformity with International Standards on Auditing and in the manner required by the Companies Act, 1973.

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

DEALING IN LISTED SECURITIES

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

- between 31 December and the date on which the interim results are published;
- between 30 June and the date on which the year end results are published; and
- outside of the above closed periods while the company is in the process of price sensitive negotiations, acquisitions, or while the company is trading under cautionary or pending any price sensitive announcements.

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

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

The board has approved in principle, the expansion of the group's share dealing policy to include additional executive management and key employees, within the ambit of this policy, and the policy will be finalised in the forthcoming year.

There have been no incidents of transgression during the year under review.

REGULATORY ENVIRONMENT

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

An exercise was undertaken in the year under review to identify the legislative landscape with a direct impact on the group, in light of revised and new legislation. The company engages regularly with its key regulators and makes public comment and submissions on proposed new industry and other relevant legislation.

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

HIV/AIDS

The group has a comprehensive programme aimed at educating staff and communities in which it operates on the risks related to HIV/Aids and to assist in reducing the prevalence of incidents. Full details of the programme and progress made by the group in this regard appear in a dedicated section of the annual report which can be found on page 73.

COMMUNICATIONS AND STAKEHOLDER ENGAGEMENT

The board acknowledges that stakeholder perceptions shape corporate reputation and strives to provide its stakeholders, including share-owners; employees; customers; empowerment partners; communities; government, regulatory bodies, industry analysts, investors and the media amongst others, with relevant and accurate information, promptly and transparently.

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

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

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

In addition, executive management meet with analysts regularly, except during closed periods, and meetings are held with analysts upon release of the company's results. The chief executive communicates the company results to employees both electronically and at presentations held at the company's head office which are made available by video recording to the group's operating units.

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

It is anticipated that the formalisation of processes in the various aspects of stakeholder engagement will permit more comprehensive reporting in the forthcoming year.

ENVIRONMENTAL AND OCCUPATIONAL HEALTH AND SAFETY

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

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

The policies adopted by the group with regard to health, safety and environmental management, as well as the particular focus areas and areas of concern are set out in a dedicated section on pages 71 and 84.

CODE OF ETHICS

The group code of ethics commits management and employees to the highest ethical standards of conduct and has been reviewed in the year under review. The code articulates the group's commitment to all its stakeholders. The code of ethics appears on page 96. The group is reviewing all of its policies and guidelines regarding the personal conduct of management, officials and other employees. As indicated earlier, the code of ethics and the revised policies, once finalised, will be rolled out to all of the group's operations.

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

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

SUSTAINABLE BUSINESS PRACTICES

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

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

The group intends to report on the progress made in the forthcoming year, in terms of any areas that are identified as room for improvement, and the board reiterates its commitment to sustainable business practices.

SEVEN YEAR REVIEW

	Group						
	2010	2009	2008	2007	2006	2005	2004
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Rm)							
Revenue	**7 961**	8 041	7 618	6 937	5 949	5 139	4 476
EBITDA	**2 545**	2 746	2 836	2 561	2 015	1 672	1 407
Depreciation and amortisation	**(685)**	(658)	(568)	(518)	(473)	(439)	(430)
Property and equipment rental	**(114)**	(74)	(102)	(74)	(62)	(71)	(81)
Operating profit	**1 746**	2 014	2 166	1 969	1 480	1 162	896
Foreign exchange (losses)/gains	**(14)**	34	58	(8)	41	18	(21)
Interest income	**60**	93	79	77	74	73	59
Interest expense	**(542)**	(685)	(571)	(288)	(232)	(241)	(277)
Profit before tax	**1 250**	1 456	1 732	1 750	1 363	1 012	657
Tax	**(518)**	(619)	(714)	(654)	(502)	(379)	(235)
Profit after tax	**732**	837	1 018	1 096	861	633	422
Minorities' interests	**(220)**	(237)	(298)	(282)	(259)	(202)	(192)
Adjusted headline earnings	**512**	600	720	814	602	431	230

Notes:
– The 2004 depreciation and amortisation charges have not been restated for the change in IAS 16.
– The above figures have been restated where necessary to take account of changes in accounting policies to provide a meaningful comparison of performance over the seven years.

	Group						
	2010	2009	2008	2007	2006	2005	2004
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Rm)							
ASSETS							
Non current assets							
Property, plant and equipment	**8 846**	7 878	6 229	5 883	5 407	5 265	4 777
Intangible assets	**349**	382	308	361	395	433	479
Investments, loans and other	**218**	213	173	238	460	631	614
	9 413	8 473	6 710	6 482	6 262	6 329	5 870
Current assets							
Inventory	**61**	47	41	32	35	31	30
Accounts and loans receivable	**609**	673	1 031	367	304	322	320
Non current assets held for sale	**–**	–	–	164	–	–	–
Available-for-sale investment	**–**	–	–	–	183	287	390
Cash and cash equivalents	**721**	794	850	1 089	756	589	477
	1 391	1 514	1 922	1 652	1 278	1 229	1 217
Total assets	**10 804**	9 987	8 632	8 134	7 540	7 558	7 087
EQUITY AND LIABILITIES							
Capital and reserves							
Ordinary shareholders' equity	**1 210**	569	119	2 348	3 083	3 151	2 290
Minorities' interests	**1 398**	1 020	546	642	742	693	1 454
	2 608	1 589	665	2 990	3 825	3 844	3 744
Non current liabilities							
Deferred tax	**432**	418	412	394	408	360	364
Borrowings	**3 940**	4 525	3 821	2 271	1 458	1 584	1 760
Other non current liabilities	**160**	190	162	139	125	90	40
Tax	**41**	43	48	–	–	–	–
	4 573	5 176	4 443	2 804	1 991	2 034	2 164
Current liabilities							
Accounts payable, accruals and provisions	**1 211**	1 166	1 136	922	734	736	661
Borrowings	**2 350**	1 982	2 277	1 275	868	747	341
Tax	**62**	74	111	143	122	197	177
	3 623	3 222	3 524	2 340	1 724	1 680	1 179
Total liabilities	**8 196**	8 398	7 967	5 144	3 715	3 714	3 343
Total equity and liabilities	**10 804**	9 987	8 632	8 134	7 540	7 558	7 087

Notes:

– The 2004 property, plant and equipment balances have not been restated for the change in IAS 16.

– The remainder of the above figures have been restated where necessary to take account of changes in accounting policies to provide a meaningful comparison of performance over the seven years.

SEVEN YEAR REVIEW CONTINUED

		Group statistics						
		2010	2009	2008	2007	2006	2005	2004
ORDINARY SHARE PERFORMANCE								
Shares in issue (net of treasury shares)	000's	**100 546**	99 281	94 945	111 030	111 930	116 393	90 050
Diluted adjusted weighted average number of shares in issue	000's	**101 055**	97 111	97 470	113 242	111 556	106 080	82 233
Diluted adjusted headline earnings per share	cents	**507**	618	739	719	539	405	284
Dividends per share*	cents	**100**	–	480	400	290	200	125
Dividend cover	times	**5.1**	–	1.5	1.8	1.9	2.0	2.3
Dividend payout	%	**20**	–	65	56	54	49	44
Net asset value per share	Rand	**12.91**	6.20	1.35	22.45	27.55	27.08	25.42
Market capitalisation at 30 June	Rm	**8 295**	7 579	8 355	16 321	9 357	7 199	3 647
Market capitalisation/net asset value	times	**6.9**	13.3	70.2	7.0	3.0	2.3	1.6
PROFITABILITY AND ASSET MANAGEMENT								
EBITDA margin	%	**32**	34	37	37	34	33	31
Effective tax rate	%	**41**	43	41	37	37	37	36
Return on net assets	%	**21**	29	35	32	26	21	16
LIQUIDITY AND LEVERAGE								
Cash generated by operations	Rm	**2 221**	2 645	2 880	2 616	2 046	1 773	1 312
Total shareholders' funds to total assets	%	**24**	16	8	37	51	51	55
Current ratio	:1	**0.4**	0.5	0.5	0.7	0.7	0.7	1.0
LOAN COVENANTS								
EBITDA to interest	times	**4.7**	4.0	5.0	8.9	8.7	6.9	5.1
Borrowings to EBITDA	times	**2.4**	2.3	2.1	1.3	1.2	1.4	1.5

** Includes interim dividends paid and final dividends declared for the year.*
Note: All ratios have been calculated, including adjusted headline earnings adjustments.

DEFINITIONS

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

EBITDA margin: EBITDA expressed as a percentage of revenue.

EBITDA to interest: EBITDA divided by net interest.

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

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

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

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

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

Net assets: Total assets less total liabilities.

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

Current ratio: Current assets divided by current liabilities.

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

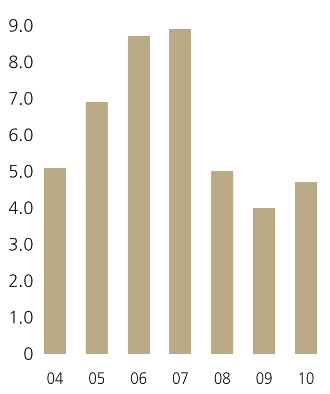
Return on shareholders' funds: Profit after tax and share of associate companies' profits expressed as a percentage of average shareholders' funds.

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

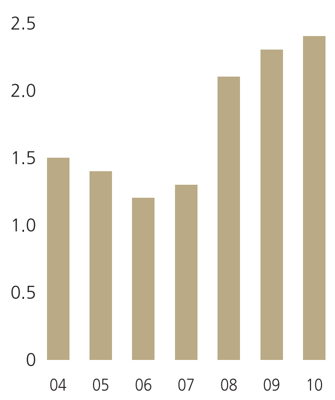
		Group statistics						
		2010	2009	2008	2007	2006	2005	2004
STOCK EXCHANGE PERFORMANCE								
Market price	Rand							
– at 30 June		**82.50**	76.34	88.00	147.00	83.60	61.85	40.50
– highest		**98.55**	100.00	165.00	166.00	101.01	69.00	43.00
– lowest		**75.15**	58.22	85.00	84.00	61.75	38.00	29.00
– weighted average		**83.99**	81.81	138.67	121.51	81.90	53.70	38.17
Sun International share price index	#	**284**	262	302	505	287	213	139
JSE consumer services index	#	**211**	177	213	279	189	151	100
Closing price earnings multiple	times	**16**	12	12	20	16	15	14
Closing dividend yield	%	**1.2**	0.0	5.5	2.7	3.5	3.2	3.1
Volume of shares traded	000	**39 301**	47 451	52 026	45 907	50 520	43 087	15 970
Volume of shares traded as a percentage of shares in issue	%	**39**	48	55	41	45	37	18
Value of shares traded	Rm	**3 490**	3 882	7 214	5 578	4 138	2 314	610
Number of transactions		**31 786**	27 599	37 586	17 014	11 913	7 073	2 180
GROWTH								
Reported growth per share	%							
– diluted adjusted headline earnings		**(18)**	(16)	3	33	33	43	30
– dividends		**–**	–	20	38	45	60	67
Real growth per share	%							
– diluted adjusted headline earnings		**(21)**	(19)	(8)	25	27	38	24
– dividends		**–**	–	8	30	39	55	59
Consumer price index	#	**144**	138	130	116	108	103	100
EMPLOYEES								
Number of permanent employees at 30 June		**10 738**	10 005	8 678	8 414	8 440	7 723	8 024
Average number of employees		**10 372**	9 342	8 546	8 427	8 082	7 874	8 229
Revenue per employee	R000	**768**	861	891	823	736	653	544
Wealth created per employee	R000	**503**	594	651	606	525	490	371

 # Base for indices: 2004 = 100.

EBITDA TO INTEREST (times)



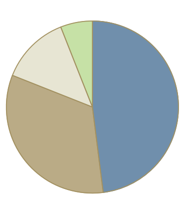
BORROWINGS TO EBITDA (times)



VALUE ADDED STATEMENTS

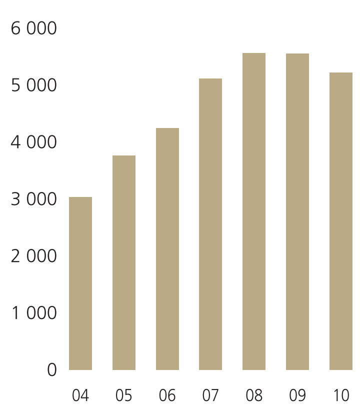
	Group		
	2010 Rm	2009 Rm	Change %
CASH GENERATED			
Cash derived from revenue	**7 949**	8 108	
Income from investments	**60**	93	
Cash value generated	**8 009**	8 201	(2)
Paid to suppliers for materials and services	**(2 767)**	(2 627)	
Pre-opening expenses	**(28)**	(21)	
Total cash value added	**5 214**	5 553	(6)
CASH DISTRIBUTED TO STAKEHOLDERS			
Employees	**(1 387)**	(1 266)	10
Government taxes	**(2 026)**	(2 192)	(8)
Shareholders	**(246)**	(559)	(56)
Lenders	**(533)**	(692)	(23)
	(4 192)	(4 709)	(11)
Cash retained in the business to fund replacement of assets, facilitate future growth and repay borrowings	**1 022**	844	21
RECONCILIATION WITH CASH GENERATION			
Total cash value added (above)	**5 214**	5 553	
Pre-opening expenses	**28**	21	
Employee remuneration	**(1 387)**	(1 266)	
Employee tax	**(210)**	(217)	
Income from investments	**(60)**	(93)	
Levies and VAT on casino revenue	**(1 364)**	(1 353)	
Cash generated by operations (per group cash flow statements)	**2 221**	2 645	(16)
GOVERNMENT TAXES SUMMARY			
Income tax	**(376)**	(511)	
PAYE	**(210)**	(217)	
Levies and VAT on casino revenue	**(1 364)**	(1 353)	
STC	**(72)**	(100)	
Other taxes	**(4)**	(11)	
	(2 026)	(2 192)	(8)

CASH DISTRIBUTION TO STAKEHOLDERS



- State taxes 48% (46%)
- Employees 33% (27%)
- Lenders 13% (15%)
- Shareholders 6% (12%)

TOTAL CASH VALUE ADDED (Rm)



SHAREHOLDERS

Types of shareholders at 30 June 2010	
Insurance and assurance companies and provident funds	**64%**
Investment companies	**5%**
Banks, nominee companies and trusts	**12%**
Share trusts	**6%**
Corporate	**1%**
Individuals	**2%**
Treasury shares	**10%**

Category	Number of shareholders	Number of shares owned	% of total issued shares
Size of shareholding			
1 – 1 000 shares	3 100	952 655	0.86
1 001 – 10 000 shares	711	2 070 166	1.86
10 001 – 100 000 shares	319	12 804 292	11.53
100 001 – 1 000 000 shares	142	39 308 972	35.38
1 000 001 shares and over	24	45 409 568	40.87
	4 296	100 545 653	90.50
Treasury shares	1	10 549 477	9.50
	4 297	**111 095 130**	**100.00**

Ten largest beneficial shareholders at 30 June 2010	Number of shares owned	% of total issued shares
Sun International Investments No 2 (treasury shares)	10 549 477	9.50
SIEST*	5 603 015	5.04
Investment Solutions	4 963 995	4.47
Sanlam	4 631 238	4.17
Dinokana (excluding SIEST)	3 984 163	3.59
Metropolitan	3 853 259	3.47
Old Mutual Group	3 392 701	3.05
Transnet Pension Fund	2 556 794	2.30
Marathon Asset Management	2 250 629	2.02
Metal & Engineering Industries	2 218 018	2.00
	44 003 289	**39.61**

** Includes an effective interest in 3 005 596 shares held indirectly through Dinokana.*

Top 10 fund managers (shares held on behalf of clients)	Number of shares	% of total issued shares
Allan Gray Asset Management	34 012 959	30.62
Investec Asset Management	11 633 141	10.47
Regarding Capital Management	7 035 107	6.33
Marathon Asset Management	5 172 573	4.65
Sanlam Investment Management	5 000 211	4.50
Metropolitan Asset Management	3 640 349	3.28
Old Mutual Investment Group	1 807 334	1.63
Hermes Pensions Management	1 596 579	1.44
Argon Asset Management	1 147 611	1.03
Afena Capital	1 038 002	0.93
	72 083 866	**64.88**

Shareholders spread (beneficial) at 30 June 2010	Number of shareholders	% of total issued shares
Public:	4 265	79.87
Non-public:		
Directors of the company and its subsidiaries	28	1.62
Employee Share Trusts**	2	5.42
Empowerment***	1	3.59
Own holdings – treasury shares	1	9.50
	4 297	**100.00**

*** Consists of 2 597 419 shares held directly by the SIEST, 3 005 596 shares held by the SIEST indirectly via Dinokana and 419 386 shares held by the SIBEMT indirectly via Dinokana.*

**** Consists of 3 984 163 shares representing the effective direct beneficial shareholding of Dinokana less 3 005 596 shares held indirectly by the SIEST.*

INDEPENDENT ASSURANCE STATEMENT

To the Board and stakeholders of Sun International:

SustainabilityServices.co.za (SS) was commissioned by Sun International to provide independent third party assurance (ITPA) over the sustainability content within the 2010 annual report (the report covering the period 1 July 2009 to 30 June 2010). The assurance team comprised primarily of Michael H. Rea, our principal sustainability assurance practitioner, with 11 years' experience in environmental and social performance measurement, including sustainability reporting and assurance.

AccountAbility AA1000S (revised, 2008)

To the best of our ability and significant experience in sustainability report assurance, this engagement has been managed in accordance with AccountAbility's AA1000AS (2008) assurance standard, where the format of the engagement was structured to meet the AA1000AS Type I (Moderate) requirements.

Independence

SS was not responsible for the preparation of any part of the report and has not undertaken any prior commissions for Sun International. Responsibility for producing this report was the responsibility of Sun International. Thus SS is, and remains, an independent assurer over the content and processes pertaining to this report.

Assurance Objectives

The objective of the assurance process was to provide Sun International's stakeholders an independent 'moderate level assurance' opinion on whether the sustainability content within the 2010 annual report, in its printed format, meets the AA1000AS (2008) principles of inclusivity, materiality and responsiveness, as well as to assess the degree to which the Report has met the Global Reporting Initiative (GRI) G3 guidelines Application Level C reporting requirements.

Assurance Approach and Limitations

The process used in arriving at this assurance statement is based on AccountAbility's AA1000AS (2008) guidance, the GRI's G3 Application Level requirements, as well as other best practices in sustainability reporting assurance. Our approach to assurance included the following:

- Interviews with key personnel responsible for stakeholder engagement, as well as sustainability measurement and reporting procedures at Sun International's head office to determine the context and content of sustainability management by the company;
- A review of the key institutional documentation (e.g., board and committee terms of reference, minutes of board and committee meetings), to assess the validity of reported assertions regarding adherence to the AccountAbility principles under review;
- A review of information and/or data collection, collation and reporting procedures undertaken by Sun International, to define the content of the report by looking at materiality of issues included in the report, stakeholder engagement responses to issues identified, determination of sustainability context and coverage of material issues;
- A review of drafts of the report to assess whether content and/or reporting approach was in line with reasonable expectations for adherence to standard principles of balance (i.e., neutrality), completeness, and comparability.
- A review of the information and/or data collection, collation and reporting procedures undertaken by Sun International, to define and assess the company's determination of the sustainability context and coverage of material issues included within the report;
- A review of drafts of the report for any significant errors and/or anomalies; and,
- A confirmation that the requisite number of GRI G3 indicators had been covered in the Report, to the point of meeting Application Level C requirements.

As a Type 1 assurance engagement, the process was limited to the content and assertions made within the Sun International's printed report for the period under review, and did not extend to a comprehensive analysis of the accuracy, reliability, completeness and/or consistency of the data presented therein. Rather, sustainability data presented within the report was subjected to a series of reasonability tests during final proof editing. The process was further limited to reviewing policies and procedures for stakeholder engagement, and did not extend to the physical engagement of any stakeholders to arrive at our assurance opinion.

Findings

Based on our review of the report, as well as the processes employed to collect and collate information reported therein, it is our assertion that:

- Sun International adequately adheres to the Accountability AA1000APS principles of inclusivity, materiality and responsiveness, although room for improvement exists with respect to the formalisation of systems deployed to manage stakeholder engagement (i.e., 'inclusivity'), as well as the uptake of stakeholder-specific concerns to effect change and/or inform reporting back to key stakeholders (i.e., 'responsiveness').
- The Report adequately meets the GRI G3's requirements for Application Level C (responses to all of the required profile indicators, as well as no fewer than 10 Core indicators, with at least one from each of Economic, Environment, and Society). However, it should be noted that the reporting of performance against some GRI G3 indicators continues to require either data quality improvements, or further detail in disclosure.

Conclusions and Recommendations

Based on the information reviewed, SustainabilityServices.co.za is confident that this report provides a reasonable account of Sun International's sustainability performance for the period under review. The data presented is based on processes that require further improvement, but we are satisfied that the reported performance information represents Sun International's current sustainability performance, while meeting the AA1000AS (2008) principles of inclusivity, materiality and responsiveness. Moreover, and although the quality or quantity of data of some GRI G3 indicators can be improved, this Report meets the GRI's G3 requirements for Application Level C (C+ with this assurance engagement).

However, the following recommendations have been identified:

- With respect to adherence to AccountAbility's AA1000APS principle of inclusivity, Sun International should ensure that stakeholder engagement continues to progress towards the active inclusion of all significant stakeholders, and that a regular review of stakeholders tests for completeness and relevance. Moreover, Sun International should ensure that proactive engagement of stakeholders occurs to confirm or refute the company's assumptions regarding the materiality of key sustainability issues.
- With respect to the reporting of quantitative data, Sun International should ensure that the reporting process employed in future years allows for adequate time to collect, collate, analyse and report on data in a manner that affords the reader an opportunity to compare and contrast the year under reviews performance either with previous Sun International reports, or with peer companies.
- Having addressed the requirements of GRI G3 Application Level C, it is our recommendation that Sun International review the process followed in compiling the report and, while making further improvements on the quality of data required for Application Level C, begin addressing the requirements of Application Level B.

SustainabilityServices.co.za

22 October 2010

Johannesburg

The Palace of the Lost City

REMUNERATION REPORT

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

Following the introduction of King III on 1 March 2010, the remuneration committee has analysed the extent to which the company's remuneration policy and its remuneration report comply with the principles and recommendations of King III as regards the remuneration of directors and senior executives. As a consequence of this review, the remuneration policy has been clarified in certain aspects as advocated by King III and this revised policy is summarised, where applicable, in the remuneration report.

In addition, the level of disclosure included in the remuneration report has been enhanced in line with King III, including, for the first time, disclosure of the aggregate remuneration of the Top 3 employees who are not directors of the company.

The company will also be presenting its remuneration policy to its shareholders at its upcoming annual general meeting, for purposes of obtaining a non-binding advisory vote.

THE REMUNERATION COMMITTEE

During the year under review, the remuneration committee (the committee) comprised of Messrs IN Matthews (chairman), PL Campher, MP Egan, and MV Moosa. All members are non-executives, and save for Mr MV Moosa, are considered independent. The committee satisfied its responsibilities in compliance with its written terms of reference in all material respects during the year.

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

The committee has adopted written terms of reference, that have been revised to include the majority of the remuneration related principles contained within the ambit of King III, as approved by the board. The terms of reference require the committee, inter alia, to:

- ensure that competitive reward strategies and programmes are in place to facilitate the recruitment, motivation and retention of high performance executive directors and senior executives in support of realising corporate objectives and in safeguarding shareholder interests;
- develop and implement a philosophy of remuneration and disclosure to enable a reasonable assessment of reward practices and governance processes to be made by stakeholders;
- recommend the level of non-executive directors' and board committee fees to the board having reviewed the evaluation of their performance by the nomination committee and received the proposals/recommendations of the executive directors, for consideration and approval by shareholders;
- ensure consideration is given to executive succession planning in the group;
- appraise the executive performance of the chief executive and his direct reports annually as a pre-requisite for the review and determination of their remuneration, subject to consideration of the short and longer term components of their remuneration and individual contributions and performance;
- review compulsory group employee benefits and costs relevant thereto, and ensure the proper administration of the company's share incentive schemes;
- review the levels of authority of the chief executive; and
- evaluate its own performance and effectiveness annually.

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

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

The remuneration committee is required to meet formally at least twice a year and as indicated in the attendance table on page 107, four meetings were held during the 2010 financial year with a further meeting held to the date of this report. The committee is pleased to report full attendance at all meetings.

During the year under review, in addition to attending to the consideration of the King III principles and other regular matters, the committee dealt with the following:

- the retention of key senior management;
- conducting a committee performance and effectiveness evaluation and addressing identified issues for improvement such as the requirement for additional training on the group's new performance management system;
- greater diversity in the composition of the committee;
- implementation of the new performance management system; and
- the split of non-executive directors fees into base and attendance fees.

The committee is cognisant that even though the performance and effectiveness evaluation evidenced the sound effectiveness of the committee, there remains room for improvement and has either undertaken or will undertake measures to address identified issues.

REMUNERATION REPORT CONTINUED

REMUNERATION PHILOSOPHY

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

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

Sun International is committed to providing remuneration that attracts, retains and motivates staff and assists in developing a high performance culture which supports the group's key strategic objectives and provides a measure of flexibility within the package structure. A comprehensive Total Cost of Employment (TCOE) (guaranteed package) remuneration strategy for all permanent full-time positions is adopted by all South African operations, and where possible and practical from a taxation and regulatory standpoint, by the rest of the group's operations.

All increments are based on guaranteed package taking into account projected inflation, internal equity, the external market, performance and affordability. Remuneration levels are competitive compared to the market and the remuneration process provides for equitable pay that is fair, consistent and transparent, but differentiates between average and excellent performers, thus remunerating people according to their contribution.

REMUNERATION STRUCTURE

The committee reviews market surveys and comparable organisations to ensure that the components of its remuneration structure are appropriate. The company, in furtherance of the principles contained in King III, ensures that the fixed and variable remuneration supports key business strategies whilst driving superior performance.

The mix of fixed to variable, and within the variable components, the mix of short-term and long-term incentives differ, depending on the level of the employee. The more senior executives have a larger proportion of their total remuneration in variable pay. The components of the remuneration structure are detailed below.

Fixed	Variable	
Guaranteed package	Short-term incentive (STI) – annual	Long-term incentive (LTI) 3 to 5 years
Remuneration, retirement funding, healthcare benefits, travel allowance (where applicable) and guaranteed annual bonus (where applicable)	Executive bonus scheme	Share awards: Equity growth plan (EGP) Conditional share plan (CSP) Deferred bonus plan (DBP) Restricted share plan (RSP)
	Cash payment dependent upon economic value added (EVA®) and EBITDA targets	Vesting subject to satisfaction of performance conditions, including growth in HEPS, TSR and continued employment

Guaranteed remuneration

Sun International's policy is to compensate executive managers on a guaranteed package basis at market median or better of the relevant remuneration market. Remuneration scales are benchmarked regularly against the specific markets and are generally structured so that midpoints are between the median and the upper quartile levels. In order to retain specialist skills and key talent, the group may in certain instances, elect to pay above the median level.

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

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

As in past years a leading remuneration consultancy has assisted Sun International to compare the total remuneration (broken down into its components of guaranteed package, STI and LTI) of its top 150 executive and management positions to that of a customised sample of 59 organisations in South Africa of similar size and complexity.

Prior to the commencement of the remuneration survey, the same remuneration consultancy was contracted to perform a greenfields job sizing of the same top 150 jobs. Only 12 jobs changed in size, and by no more or less than one job size.

In aggregate, total guaranteed remuneration for the group is expected to increase by 7.75%, in the forthcoming financial year.

Retirement funding and healthcare

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

Membership of a company appointed medical aid is compulsory for all non-bargaining unit employees and in South Africa executives belong to a restricted membership scheme offering a variety of plans.

Variable remuneration

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

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

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

The remuneration committee annually approves the determination of share awards and sets and reviews the performance conditions and vesting of such awards.

Executive Bonus Scheme (EBS)

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

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

In respect of the executive directors, senior mangers and executives, the participation levels and earning potential are as follows:

- 70% of the EBS bonus is derived from EVA® performance; and
- 30% from EBITDA achievement.

The EBS also incorporates a bonus bank mechanism as one third of bonuses in excess of targets are paid to participants following the end of the financial year to which it relates and two thirds are deferred to a bonus bank for payment up to the target percentages in years when targets are not met. The bonus bank attracts interest and serves as a retention mechanism as it is forfeited upon resignation or dismissal.

Share incentive plans

Share option scheme

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

The share options of the executive directors as well as the aggregated share options of the three highest paid employees are disclosed below. In addition, the value of existing future awards in respect of the vested but unexercised share options based on the share price as at 30 June 2010 is disclosed.

REMUNERATION REPORT CONTINUED

Share options held by executive directors and the three highest paid employees in terms of their participation in the Sun International Limited employee share incentive scheme as at 30 June 2010

	Date of grant	Exercise price R	Number of options held 30 June 2009	Options exercised during year ended 30 June 2010	Number of options held 30 June 2010	Lapse date	Number of options vested 30 June 2010	Present value of existing future awards R
DC Coutts-Trotter	01.08.2003	31.555	58 750	**50 000**	**8 750**	01.08.2013	8 750	445 769
	12.09.2003	32.950	37 500	–	**37 500**	12.09.2013	37 500	1 858 125
	25.11.2003	39.005	56 250	–	**56 250**	25.11.2013	56 250	2 446 594
	01.09.2004	40.950	46 875	–	**46 875**	01.09.2014	46 875	1 947 656
	30.06.2005	61.825	46 875	–	**46 875**	30.06.2015	46 875	969 141
			246 250	**50 000**	**196 250**		**196 250**	**7 667 285**
RP Becker	30.06.2005	61.825	200 000	–	**200 000**	30.06.2015	200 000	4 135 000
Top 3 Employees	Various	45.350	183 527	**128 214**	**55 313**		55 313	1 170 469
Total			**629 777**	**178 214**	**451 563**		**451 563**	**12 972 754**

Share plans

In line with latest practice and with the prior approval of shareholders, the group adopted four share plans – an EGP, a CSP and a DBP in 2006 and a RSP in 2008. These share plans support the principle of alignment of management and shareholder interests, with performance conditions and/or periods governing the vesting of the plan instruments.

Executive directors and selected senior employees participate in certain or all of the share plans. Awards under the EGP, CSP and DBP have been made annually since 30 June 2006, and under the RSP, during 2008 and 2009.

There has been no change proposed or implemented regarding the share plans in the year under review although changes are proposed for the forthcoming year in terms of alignment with Schedule 14 of the JSE Listings Requirements. Each of the share plans are explained below.

Equity Growth Plan (EGP)

The purpose of the EGP is to provide senior executives with the opportunity to acquire shares in the company through the grant of conditional EGP rights. These rights to receive shares equal in value to the appreciation of the company's 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 pre-determined performance conditions over a three-year performance period. These performance conditions are determined by the remuneration committee in respect of each annual grant. Grants under this plan have been awarded annually, and the performance conditions applied in each year were that adjusted headline earnings per share should increase by 2% per annum above CPI over the three year performance period, calculated from the date of each grant.

The performance condition is tested three years from the date of grant and if the condition is met, 100% of the EGP rights granted under the specific grant become exercisable anytime within a 7 year period. In accordance with the scheme rules, if this performance condition is not met, re-testing of the performance condition is permitted on the fourth and fifth anniversaries of the date of grant at a further increase of 2% per annum above CPI. Should re-testing fail at this point, all EGPs granted under the particular grant will lapse.

The performance condition relating to the EGP grant made in 2006 was tested in 2009 and the performance condition was met.

The performance condition relating to the EGP grant made in 2007 was tested in 2010 and, as the performance condition was not met, it will be re-tested in 2011.

Conditional Share Plan (CSP)

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

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

The performance condition imposed with regard to the annual grants related to the company's TSR over a three year period, relative to the TSR of constituents in the INDI 25 index and gambling/hotels sub-sectors of the travel and leisure sector that have a market capitalisation of greater than R1 billion (2006) or 10% of Sun International's market capitalisation (2007 to 2010).

The conditional awards are subject to vesting conditions as follows:

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

In the event that the performance condition is not met at the end of the performance period, the conditional award will lapse and re-testing is not applied.

The conditional awards granted in 2006 and 2007 did not meet the TSR performance condition imposed over the three-year performance period, as the TSR over the performance period ranked less than the median TSR of the respective comparator group. Accordingly, the 2006 and 2007 conditional awards have lapsed in their entirety.

Deferred Bonus Plan (DBP)

The purpose of the DBP is to encourage senior executives to use part of their after tax annual bonus (EBS) awarded to acquire shares in the company in exchange for an uplift in the number of shares received. Limits are imposed on the value of the bonus which can be deferred and the related matching award. The DBP is structured to have a retention effect and encourages share ownership in the company. Awards under the DBP have been made annually, since 2006 and subsequent to the financial year end.

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

The vesting of the matching award is conditional on the participant being in the employ of the company on the vesting date and is not subject to any additional performance conditions, as the DBP shares are acquired from the EBS bonus payment, which has already been subject to the satisfaction of performance conditions. As the main purpose of the DBP is to encourage senior executives to invest in the company and align their interests with those of shareholders, it is not considered appropriate to subject the matching award to additional performance conditions.

All conditional matching awards granted relative to the DBP shares acquired in 2007 will be delivered to participants subsequent to the year end in 2010.

Restricted Share Plan (RSP)

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

The RSP is operated in conjunction with the EGP, CSP and DBP, to complement and enhance Sun International's ability to retain key staff and to assist in securing the services of key new senior executives. The RSP is considered necessary:

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

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

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

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

REMUNERATION REPORT CONTINUED

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

Proposed amendments to share plans

Recommendation will be made to members at the forthcoming annual general meeting to amend the CSP, EGP and DBP in compliance with Schedule 14 of the JSE Listings Requirements ('the rules'). The key amendments are:

- although the maximum number of shares that may be issued under the plans is retained at 10 780 000 shares, this limit is permitted to be increased proportionately to reflect changes in capital structure, as specified in the rules. The proviso to the number of the shares that may be issued under the plans namely that no more than 5 390 000 shares (which represents approximately 5% of the ordinary issued share capital will be allocated under the plans in the first 3 years of the operation of the plans), has been deleted;
- although the maximum number of unvested shares, namely 1 078 026 shares, that can be allocated to any participant under any of the plans has been retained, the proviso to the number of shares that may be issued to any participant under the plans which represents approximately 1% of the issued ordinary share capital of the company at the date of approval of the plans has been deleted;
- the plans have been amended to confirm that employees' TCOE, grade, performance, retention requirements and market benchmarks form the primary basis upon which awards under the plans are made;
- the EGP and CSP have been amended to provide that the discretion of the committee to change the performance conditions specified in a letter of grant if events happen which cause the committee reasonably to consider that a changed performance condition would be a fairer measure of performance will not apply in respect of grants made on or after 1 July 2010;
- a provision has been inserted into the rules of the plans to provide that in the event that the company is placed into liquidation otherwise than for the purposes of internal reorganisation, any unvested awards shall be deemed to have vested; and
- certain points of clarity and administrative changes to the plans as required by the rules are proposed.

Details of these amendments also appear in the notice of annual general meeting forming part of this annual report and will be available for inspection at the company's offices 21 days before the annual general meeting.

Capacity of share plans and dilution

Details of the number of shares issued in satisfaction of the LTI plans approved by shareholders are noted on pages 187 to 192 of the annual report.

The awards made to executive directors as well as the aggregated awards made to the three highest paid employees are disclosed below. In addition, awards which have vested or were exercised during the year and the value received on vesting are indicated below.

Awards made to executive directors and the three highest paid employees under share plans as at 30 June 2010

	Share plan	Date of grant	Grant price R	Number of grants held 30 June 2009	**Number of grants made/ (forfeited) during year ended 30 June 2010**	**Grants exercised during year ended 30 June 2010**	**Number of grants held 30 June 2010**	Earliest vesting/ date exercisable	Number of grants vested 30 June 2010	Present value of existing future awards R
DC Coutts-Trotter	EGP	30.06.2006	82.74	27 919			**27 919**	30.06.2009	27 919	–
	EGP	29.06.2007	149.55	16 550			**16 550***	30.06.2011		–***
	EGP	30.06.2008	90.47	29 682			**29 682**	30.06.2011		–***
	EGP	30.06.2009	77.25	36 153			**36 153**	30.06.2012		848 149
	EGP	29.06.2010	84.12	–	**35 854**		**35 854**	29.06.2013		594 818
				110 304	**35 854**		**146 158**		**27 919**	**1 442 967**
RP Becker	EGP	30.06.2006	82.74	12 551			**12 551**	30.06.2009	12 551	–
	EGP	29.06.2007	149.55	8 305			**8 305***	30.06.2011		–***
	EGP	30.06.2008	90.47	15 209			**15 209**	30.06.2011		–***
	EGP	30.06.2009	77.25	19 817			**19 817**	30.06.2012		464 907
	EGP	29.06.2010	84.12	–	**21 992**		**21 992**	29.06.2013		364 847
				55 882	**21 992**		**77 874**		**12 551**	**829 754**

Awards made to executive directors and the three highest paid employees under share plans as at 30 June 2010 (continued)

	Share plan	Date of grant	Grant price R	Number of grants held 30 June 2009	Number of grants made/ (forfeited) during year ended 30 June 2010	Grants exercised during year ended 30 June 2010	Number of grants held 30 June 2010	Earliest vesting/ date exercisable	Number of grants vested 30 June 2010	Present value of existing future awards R
DC Coutts-Trotter	CSP	29.06.2007	n/a	21 063	**(21 063)**		**–****			
	CSP	30.06.2008	n/a	37 778			**37 778**	30.06.2011		–***
	CSP	30.06.2009	n/a	46 012			**46 012**	30.06.2012		–***
	CSP	29.06.2010	n/a	–	**45 633**		**45 633**	29.06.2013		2 156 159
				104 862	**24 570**		**129 423**			**2 156 159**
RP Becker	CSP	29.06.2007	n/a	12 277	**(12 277)**		**–****			
	CSP	30.06.2008	n/a	22 637			**22 637**	30.06.2011		–***
	CSP	30.06.2009	n/a	29 295			**29 295**	30.06.2012		–***
	CSP	29.06.2010	n/a	–	**29 322**		**29 322**	29.06.2013		1 385 465
				64 209	**17 045**		**81 254**			**1 385 465**
DC Coutts-Trotter	DBP	20.09.2006	n/a	13 210		**(13 210)**	**–**			
	DBP	11.10.2007	n/a	8 932			**8 932**	01.10.2010		736 890
	DBP	06.10.2008	n/a	16 308			**16 308**	23.09.2011		1 345 410
	DBP	06.10.2009	n/a	–	**16 607**		**16 607**	21.09.2012		1 370 078
				38 450	**16 607**	**(13 210)**	**41 847**			**3 452 378**
RP Becker	DBP	20.09.2006	n/a	3 798		**(3 798)**	**–**			
	DBP	11.10.2007	n/a	3 611			**3 611**	01.10.2010		297 908
	DBP	06.10.2008	n/a	7 125			**7 125**	23.09.2011		587 813
	DBP	06.10.2009	n/a	–	**7 256**		**7 256**	21.09.2012		598 620
				14 534	**7 256**	**(3 798)**	**17 992**			**1 484 340**
DC Coutts-Trotter	RSP	01.12.2008	n/a	195 378			**195 378**	30.11.2011 50% 30.11.2012 25% 30.11.2013 25%		16 118 685
				195 378			**195 378**			**16 118 685**
RP Becker	RSP	01.12.2008	n/a	80 032			**80 032**	30.11.2011 50% 30.11.2012 25% 30.11.2013 25%		6 602 640
	RSP	01.10.2009	n/a	–	**16 000**		**16 000**	30.09.2012 100%		1 320 000
				80 032	**16 000**		**96 032**			**7 922 640**
Top 3 Employees	EGP		96.83	60 483	**9 216**		**69 699**		**15 367**	**839 072**
	CSP		n/a	65 173	**(1 742)**		**63 431**			**1 503 495**
	DBP		n/a	17 334	**3 367**	**(5 296)**	**15 405**			**1 270 913**
	RSP	01.12.2008	n/a	41 016			**41 016**	30.11.2011 50% 30.11.2012 25% 30.11.2013 25%		**3 383 820**

* *Performance conditions not met – subject to re-testing.*
** *TSR performance conditions not met.*
*** *Award not expected to vest.*

REMUNERATION REPORT CONTINUED

Gains on the exercise of share options and grants

		Number of options/grants exercised	Date of grant	Exercise/grant price R	Exercise date	Market price R	Gains on exercise of share options/grants R
DC Coutts-Trotter	Options	50 000	01.08.2003	31.555	26.11.2009	92.96	3 070 250
	DBP matching award	13 210	08.09.2009	n/a	09.09.2009	79.50	1 050 195
		63 210					**4 120 445**
RP Becker	DBP matching award	3 798	08.09.2009	n/a	09.09.2009	79.50	301 941
		3 798					**301 941**
Top 3 Employees	Options	128 214		38.18	21.04.2010	92.01	6 902 093
	DBP matching award	5 296	08.09.2009	n/a	09.09.2009	79.50	421 032
		133 510					**7 323 125**

Sibaya

Emoluments

Executive directors' remuneration

The service contracts with executive directors and senior executives are terminable on six months' notice. The company has one fixed term contract, of a 12 month duration, with one senior executive. There are no additional contracts with fixed durations.

Should there be a change in control of the company, the vesting dates of all allocated awards in terms of the share plans, with the exception of the RSP, will be brought forward and the share awards will be tested in terms of the performance conditions, as at the date of the change in the control. Should the performance conditions not be met, the share awards will be forfeited. All RSP awards are immediately forfeited upon termination of employment.

Paid to executive directors and the three highest paid employees by the company and fees paid to executive directors by company subsidiaries

	Salary R	Bonus Gross R	Bonus Deferred R	Retirement contributions R	Other benefits R	Share option expense* R	Total R
2010							
DC Coutts-Trotter	**4 074 303**	**440 245**	**–**	**702 842**	**788 478**	**8 224 805**	**14 230 673**
RP Becker	**2 641 560**	**203 674**	**–**	**599 040**	**87 400**	**4 081 123**	**7 612 797**
	6 715 863	**643 919**	**–**	**1 301 882**	**875 878**	**12 305 928**	**21 843 470**
Top 3 Employees	**5 792 679**	**536 456**	**1 834 521**	**1 169 594**	**692 127**	**2 695 599**	**12 720 976**
2009							
DC Coutts-Trotter	3 912 312	418 492	3 238 539	657 809	522 327	5 798 858	14 548 337
RP Becker	2 510 192	171 785	1 299 867	576 000	113 808	2 589 211	7 260 863
	6 422 504	590 276	4 538 406	1 251 809	636 135	8 388 069	21 809 200
Top 3 Employees	5 472 065	652 171	3 776 929	1 145 855	877 080	2 135 841	14 059 941

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

Directors' fees received from subsidiaries and waived in favour of their holding companies

R	2010	2009
DC Coutts-Trotter	**137 600**	126 900
RP Becker	**166 349**	156 600
	303 949	283 500

The remuneration of the top three highest paid employees are disclosed above, in accordance with the recommendation of King III.

Non-executive directors' remuneration

Fees payable to the non-executive directors for their services as directors and for their participation in the activities of the committees are put forward to the committee by the executive directors and thereafter considered by the board of directors for submission to the annual general meeting. Executive directors do not receive fees for their services as directors.

Fees are determined by financial year and are payable quarterly in arrears, after their approval by members at the annual general meeting. In the case of new appointments or resignations from the board or committees during a financial year, the annual fees are pro-rated in line with the period of tenure of office.

The fees paid to non executive directors for the year under review are indicated below.

REMUNERATION REPORT CONTINUED

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

	Directors', committee and trustee fees (subsidiaries and trusts) R	Directors' fees R	Committee fees R	**Total 2010 R**	Total 2009 R
Non-executive directors					
H Adams				**N/A**	75 325
ZBM Bassa*	–	60 836	26 216	**87 052**	N/A
PL Campher	50 000	181 000	82 000	**313 000**	275 200
MP Egan	10 000	181 000	125 000	**316 000**	308 600
NN Gwagwa	–	181 000	52 000	**233 000**	219 200
DA Hawton				**N/A**	1 246 396
BLM Makgabo-Fiskerstrand*	–	60 836	–	**60 836**	N/A
IN Matthews	30 000	300 000	181 000	**511 000**	304 300
LM Mojela	60 950	181 000	–	**241 950**	216 270
MV Moosa	135 450	700 000	117 000	**952 450**	311 600
DM Nurek	–	181 000	182 000	**363 000**	341 800
E Oblowitz	–	181 000	78 000	**259 000**	243 500
GR Rosenthal	–	181 000	208 000	**389 000**	366 000
	286 400	2 388 672	1 051 216	**3 726 288**	3 908 191

** Appointed on 1 March 2010.*

In accordance with the principles of King III, non-executive director fees will, in the forthcoming year, be split into base and attendance fees. As in the previous year, non-executive directors will not participate in the EBS or any of the group's share plans.

Proposed fees payable to the non-executive directors for 2011, are indicated in the table below, and will be presented to shareholders for approval at the forthcoming annual general meeting. These have been recommended by the executive directors and reviewed by the chairman of the board and the remuneration committee in order to align with fees paid by other listed companies of comparative size. This review has been conducted taking into consideration the involvement and onus of responsibility of non-executive directors in the affairs of the company and particularly the additional obligations imposed on them by the significant regulatory probity requirements of the gaming industry. In arriving at the proposed level of fees, the results of market surveys have been taken into consideration.

	Proposed 2011			2010
	Proposed base fee R	**Proposed attendance fee R**	**Proposed total fee R**	R
Services as directors – fees				
– chairman of the board	**600 000**	**35 000**	**775 000**	700 000
– directors	**95 000**	**20 000**	**195 000**	181 000
Lead independent director fees	**230 000**	**20 000**	**330 000**	300 000
Audit committee fees				
– chairman	**80 000**	**30 000**	**170 000**	156 000
– members	**40 000**	**15 000**	**85 000**	78 000
Remuneration committee fees				
– chairman	**36 000**	**22 000**	**102 000**	94 000
– members	**18 000**	**11 000**	**51 000**	47 000
Nomination committee fees				
– chairman	**30 000**	**15 000**	**75 000**	70 000
– members	**15 000**	**7 500**	**37 500**	35 000
Risk committee fees				
– chairman	**44 000**	**24 000**	**116 000**	104 000
– members	**22 000**	**12 000**	**58 000**	52 000

CONTENTS

DIRECTORS' APPROVAL

The annual financial statements which appear on pages 142 to 204, the corporate governance report on pages 99 to 117 and the remuneration report on pages 127 to 136 were approved by the board of directors on 22 October 2010 and signed on its behalf by:

MV Moosa
Chairman

DC Coutts-Trotter
Chief Executive

COMPANY SECRETARY'S CERTIFICATE

TO THE MEMBERS OF SUN INTERNATIONAL LIMITED

I certify that the company has lodged with the Registrar of Companies all returns required of a public company in terms of the Companies Act 1973, as amended, in respect of the financial year ended 30 June 2010 and that all such returns are true, correct and up to date.

CA Reddiar
Company Secretary

22 October 2010

REPORT OF THE AUDIT COMMITTEE

for the year ended 30 June 2010

The audit committee appointed by the board in respect of the financial year ended 30 June 2010 comprised Mr GR Rosenthal (chairman), Ms ZBM Bassa and Messrs MP Egan, DM Nurek and E Oblowitz (the committee), who are all independent non-executive directors of the company.

The committee is satisfied that in respect of the financial year it has performed all the functions required by law to be performed by an audit committee, including as set out by section 270A (1) (a) to (h) of the Companies Act and in terms of the committee's terms of reference and as more fully set out in the corporate governance report (pages 99 to 117). In this connection the committee has:

- evaluated the independence and effectiveness of the external auditors, PricewaterhouseCoopers Inc., and is satisfied that the external auditors are independent of the company, having given due consideration to the parameters enumerated under section 270A (5) (a) to (d) of the Companies Act. The committee accordingly nominates PricewaterhouseCoopers Inc. as independent auditors to continue in office until the conclusion of the 2011 annual general meeting, noting that Mr DB von Hoesslin is the individual registered auditor and member of the aforegoing firm who undertakes the audit;
- considered and approved the audit fee payable to the external auditors in respect of the audit for the year ended 30 June 2010 ahead of the annual audit as well as their terms of engagement, taking into consideration factors such as the timing of the audit, the extent of work required and the scope of the audit;
- ensured and satisfied itself that the appointment of the external auditors, the designated auditor and IFRS advisor are in compliance with the Companies Act, The Auditing Profession Act, 2005 and the Listings Requirements of the JSE Limited; and
- considered and pre-approved non-audit services provided by the external auditors and fees relative thereto in terms of a policy established in conjunction with the external auditors in terms of which the nature and extent of all non-audit services provided by the external auditors are reviewed and approved in advance, ensuring that the independence of the external auditors is not compromised.

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

The committee, having overseen the preparation of the integrated report, has satisfied itself with the integrity of the report.

GR Rosenthal
Chairman
Sun International Limited audit committee

22 October 2010

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUN INTERNATIONAL LIMITED

We have audited the group annual financial statements and annual financial statements of Sun International Limited, which comprise the consolidated and separate statements of financial position as at 30 June 2010, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 142 to 204.

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 management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Sun International Limited as at 30 June 2010, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: DB von Hoesslin
Registered Auditor

Johannesburg

22 October 2010

REPORT OF THE DIRECTORS

for the year ended 30 June 2010

NATURE OF BUSINESS

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

EARNINGS

The results of the company and the group are set out in the statements of comprehensive income on page 152.

Segmental information is set out on pages 156 to 157.

DIVIDENDS

Dividends totalling 100 cents per share (2009: Nil) have been declared by the directors in respect of the year under review, as follows:

Declared 27 August 2010; and

Paid, 20 September 2010.

The dividend referred to above will be accounted for in the 2011 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, and the joint chief executive's and chief financial officer's report commencing on page 18.

SHARE CAPITAL

During the year, the Share Option Trust exercised treasury share options pursuant to the share option scheme, resulting in the allotment of 1 264 226 ordinary shares, as follows:

Date	Number of shares	Allotment consideration R
11 December 2009	1 264 226	39 026 271

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:

- 4 571 795 ordinary shares for purposes of the share option scheme;
- 10 780 000 ordinary shares for purposes of the share plans.

Details of the authorised and issued share capital appear in note 21 to the group financial statements.

SHARE INCENTIVE SCHEMES

Particulars relating to options under the share option scheme and awards under the share plans are given in note 34 to the group financial statements.

SUBSIDIARIES

Particulars relating to interests in principal subsidiaries appear on page 204.

BORROWING CAPACITY

The company's borrowings are not restricted in terms of the articles of association. The debt covenants and group debt capacity appear in the joint chief executive's and chief financial officer's report on page 32.

DIRECTORS AND COMPANY SECRETARY

The names of the directors in office at the date of this report appear on pages 10 and 11 and particulars of the company secretary on page 13.

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

Name of director	Nature of change	Date of change
Ms ZBM Bassa	Appointed	1 March 2010
Ms BLM Makgabo-Fiskerstrand	Appointed	1 March 2010

Ms SA Bailes retired as company secretary on 31 March 2010 and Ms CA Reddiar was appointed as company secretary on 1 April 2010.

In terms of the company's articles of association, Ms ZBM Bassa, Ms BLM Makgabo-Fiskerstrand, Ms LM Mojela and Messrs E Oblowitz, IN Matthews and PL Campher are required to retire from office at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

As at 30 June 2010, the directors of the company beneficially held, directly or indirectly, 1 417 184 (2009: 1 613 891) ordinary shares in the issued capital of the company, as follows:

	Direct	Indirect	**2010**	2009
RP Becker	35 976	114 024	**150 000**	144 566
DC Coutts-Trotter	85 000	323 365	**408 365**	441 581
NN Gwagwa	–	*261 352	***261 352**	*282 254
DA Hawton	n/a	n/a	**n/a**	101 141
IN Matthews	2 723	–	**2 723**	2 723
MV Moosa	–	*588 188	***588 188**	*635 070
DM Nurek	–	5 000	**5 000**	5 000
E Oblowitz	1 556	–	**1 556**	1 556
	125 255	1 291 929	**1 417 184**	1 613 891

** 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/(disposed of)	
RP Becker	(2 355)
DC Coutts-Trotter	(6 217)
NN Gwagwa	(10 679)*
MV Moosa	(24 084)*
	(43 335)

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

HOLDING COMPANY

The company has no holding or ultimate holding company.

SPECIAL RESOLUTIONS PASSED BY THE COMPANY AND ITS SUBSIDIARIES

Company

At the 2009 annual general meeting, special resolutions were passed:

- renewing the general authority granted for the company to acquire up to 20% of the company's issued ordinary shares (or by a subsidiary of the company up to 10%) in any one financial year;
- financial assistance: sanctioning the conclusion and implementation of the Dinokana guarantee by the company in accordance with the provisions of section 38 (2A)(b) of the Companies Act, 1973, as amended; and
- consent to the directors' interests: sanctioning the conclusion and implementation of the Dinokana guarantee by the company in accordance with the provisions of section 226(2)(a) of the Companies Act, 1973, as amended.

Subsidiaries

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

SUBSEQUENT EVENT

Following the conclusion of an extended consultation process, the ECGBB issued a new casino licence to Emfuleni Resorts to operate The Boardwalk Casino and Entertainment World for a period of 15 years, effective 3 October 2010. The licence conditions include a R1 billion expansion and refurbishment of the property, including a five star hotel, conference centre, parkade and expanded gaming facilities.

ACCOUNTING POLICIES

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

BASIS OF PREPARATION

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

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

GROUP ACCOUNTING

Subsidiaries

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

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

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

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

The company accounts for subsidiary undertakings at cost.

Transactions with minority shareholders

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

Special purpose entities

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

INTANGIBLE ASSETS

Goodwill

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

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

Other intangible assets

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

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

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

FOREIGN CURRENCY TRANSLATION

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

Transactions and balances

Transactions denominated in foreign currencies are translated at the rate of exchange ruling on the transaction date. Monetary items denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Gains or losses arising on translation are credited to or charged 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 the last day of the reporting period.
- Income, expenditure and cash flow items at 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 statement of comprehensive income as part of the cumulative gain or loss on disposal.

PROPERTY, PLANT AND EQUIPMENT

Freehold land is included at cost and not depreciated.

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

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

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

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

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

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

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

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

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

IMPAIRMENT OF ASSETS

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

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.

ACCOUNTING POLICIES CONTINUED

CASH AND CASH EQUIVALENTS

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

FINANCIAL INSTRUMENTS

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

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

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

Financial assets

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

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

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

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as non current unless receipt is anticipated within 12 months in which case the amounts are included in current assets. The group's loans and receivables comprise 'Loans and receivables', 'Accounts receivable' (excluding VAT and prepayments) and 'Cash and cash equivalents'.

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

Available-for-sale investments

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

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

Financial liabilities at amortised cost

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

Derivative financial instruments

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

Cash flow hedges

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

CURRENT AND DEFERRED TAX

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

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

Current tax and deferred tax are calculated on the basis of tax laws enacted or substantively enacted at the financial reporting date in the countries where it is applicable.

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

SECONDARY TAX

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

LEASES

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

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

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

BORROWINGS

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

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

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

EMPLOYEE BENEFITS

Defined benefit scheme

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

The asset or liability, as applicable, recognised in the statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses, past service costs and any asset ceiling which may apply. The defined benefit obligation is calculated annually by independent

ACCOUNTING POLICIES CONTINUED

actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

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

Defined contribution scheme

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

Post-retirement medical aid contributions

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

Share based payments

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

PROVISIONS

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

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

SHARE CAPITAL

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

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

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

REVENUE RECOGNITION

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

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

DIVIDEND DISTRIBUTIONS

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

SEGMENTAL REPORTING

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose results are reviewed by the executive decision makers to allocate resources and to assess its performance.

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

ASSOCIATES

Associates are all entities over which the company has significant influence but not control.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Critical accounting estimates and assumptions

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

Asset useful lives and residual values

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

Impairment of assets

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

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

Valuation of derivatives and other financial instruments

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

Consolidation of subsidiaries and special purpose entities

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

Pension fund asset

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

ACCOUNTING POLICY DEVELOPMENTS

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

Standards, amendments and interpretations effective in 2010

IFRS 2 (Amended) Share based Payments, Vesting Conditions and Cancellations

IFRS 2 was amended to provide more clarity on vesting conditions and cancellations.

The amendment deals with two matters. It clarifies that vesting conditions are service and performance conditions only. Other features of a share based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or other parties, should receive the same accounting treatment.

The amendment had no impact on the group.

IFRS 3 (Revised) Business Combinations

The objective of the revised IFRS 3 is to enhance the relevance, reliability and comparability of the information that an entity provides in its financial statements about a business combination and its effects. It does that by establishing principles and requirements for how an acquirer:

(a) Recognises and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any minorities' interest in the acquiree;

(b) Recognises and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and

(c) Determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination.

The amendments have been adopted by the group.

ACCOUNTING POLICIES CONTINUED

IFRS 7 Financial Instruments: Disclosures

The amendments require enhanced disclosures about fair value measurements and liquidity risk.

The amendments have been adopted by the group.

IFRS 8 Operating Segments

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

The amendments have been adopted by the group.

IAS 1 (Revised) Presentation of Financial Statements

The main objective of IAS 1 was to aggregate information in the financial statements on the basis of shared characteristics and to introduce a statement of comprehensive income. This will enable readers to analyse changes in a company's equity resulting from transactions with owners separately from non-owners changes.

The amendments have been adopted by the group.

IAS 23 (Revised) Borrowing Costs

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

It is the group's policy to capitalise borrowing costs and therefore the changes have no impact.

IAS 27 (Revised) Consolidated and Separate Financial Statements

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

The amendments are currently not applicable to the group.

Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation

The amendment requires entities to classify financial instruments as equity if certain requirements are met.

As the group does not have any puttable instruments and obligations, the amendments are not currently applicable to the group.

IAS 39 Financial Instruments: Recognition and Measurement

The reclassification amendment allows entities to reclassify particular financial instruments out of the 'at fair value through profit or loss' category in specific circumstances.

The amendment had no impact on the group.

IFRIC 15 Agreements for the Construction of Real Estate

The interpretation provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and when revenue from the construction should be recognised.

The interpretation is not applicable to the group.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

IFRIC 16 applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and wishes to qualify for hedge accounting in accordance with IAS 39. It does not apply to other types of hedge accounting.

The interpretation is currently not applicable to the group.

IFRIC 17 Distributions of Non-cash Assets to Owners

The interpretation addresses how an entity should measure distributions of assets other than cash when it pays dividends to its owners.

The interpretation is currently not applicable to the group.

IFRIC 18 Transfers of Assets from Customers

It clarifies the requirements of IFRS for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with on-going access to a supply of goods or services (such as a supply of electricity, gas or water).

The interpretation is currently not applicable to the group.

Standards, amendments and interpretations not yet effective

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

IFRS 2 Amended – Group cash settled share based payment transactions

The amendment clarifies the accounting for group cash settled share based payment transactions.

The group accounts for share based payments as equity settled. Certain subsidiaries within the group will be required to account for share based payment transactions as cash settled.

IAS 32 Amendments – Classification of rights issues

The amendments clarify the accounting treatment when rights issues are denominated in a currency other than the functional currency of the issuer.

As the group does not denominate rights issues in other currencies, the amendments are currently not applicable to the group.

IAS 24 Amendment – Related party disclosures

This amendment provides partial relief from the requirement for government related entities to disclose details of all transactions with the government and other government related entities. It also clarifies and simplifies the definition of a related party.

The amendment is not expected to impact on the group.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

This interpretation clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished through the debtor issuing its own equity instruments to the creditor.

The interpretation is currently not applicable to the group.

IFRIC 14 Amendment – Prepayments of a Minimum Funding Requirement

This amendment removes an unintended consequence of IFRIC 14 related to voluntary pension prepayments when there is a minimum funding requirement.

The amendment is currently not applicable to the group.

Annual Improvements Project

Improvements to IFRSs were issued in April 2009 and May 2010 as part of the annual improvement process resulting in amendments to the following standards. Unless otherwise specified, the amendments are effective for annual periods beginning on or after 1 January 2010, although entities are permitted to adopt them earlier.

The following standards have been affected by the project:

- IFRS 2 Share based Payments
- IFRS 3 Business Combinations (effective 1 January 2011)
- IFRS 5 Non Current Assets Held for Sale and Discontinued Operations
- IFRS 7 Financial Instruments: Disclosures (effective 1 January 2011)
- IFRS 8 Operating Segments
- IAS 1 Presentation of Financial Statements
- IAS 7 Statement of Cash Flows
- IAS 17 Leases
- IAS 18 Revenue
- IAS 27 Consolidated and Separate Financial Statements (effective 1 January 2011)
- IAS 34 Interim Financial Reporting (effective 1 January 2011)
- IAS 36 Impairment of Assets
- IAS 38 Intangible Assets
- IAS 39 Financial Instruments: Recognition and Measurement
- IFRIC 9 Reassessment of Embedded Derivatives
- IFRIC 13 Customer Loyalty Programmes (effective 1 January 2011)
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation

Management is currently considering whether any of these changes have an effect.

GROUP STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 June

	Notes	2010 Rm	2009 Rm
Revenue			
Casino		**6 212**	6 234
Rooms		**857**	900
Food, beverage and other		**892**	907
		7 961	8 041
Promotional allowances		**(164)**	(126)
		7 797	7 915
Insurance proceeds	2	**180**	–
Other income	3	**–**	47
Employee costs	4	**(1 634)**	(1 511)
Levies and VAT on casino revenue		**(1 364)**	(1 353)
Depreciation and amortisation	5	**(685)**	(658)
Promotional and marketing costs		**(614)**	(592)
Consumables and services		**(846)**	(819)
Property and equipment rental		**(114)**	(74)
Property costs		**(351)**	(298)
Other operational costs		**(728)**	(654)
Impairment of goodwill	15	**–**	(108)
Operating profit	6	**1 641**	1 895
Foreign exchange (loss)/gain		**(15)**	42
Interest income	7	**60**	93
Interest expense	8	**(566)**	(719)
Share of associate's loss	9	**(3)**	–
Profit before tax		**1 117**	1 311
Tax	10	**(452)**	(611)
Profit for the year		**665**	700
Other comprehensive income:			
Fair value adjustment on available-for-sale investment		**–**	4
Net loss on cash flow hedges		**(10)**	(137)
Tax on net loss on cash flow hedges		**2**	29
Transfer of hedging reserve to statements of comprehensive income		**87**	32
Tax on transfer of hedging reserve to the statements of comprehensive income		**(19)**	(6)
Currency translation differences		**(90)**	(32)
Realisation of currency translation reserve		**–**	(64)
Total comprehensive income for the year		**635**	526
Profit for the year attributable to:			
Minorities		**152**	199
Ordinary shareholders		**513**	501
		665	700
Total comprehensive income for the year attributable to:			
Minorities		**144**	161
Ordinary shareholders		**491**	365
		635	526
Earnings per share			
Basic (cents per share)	12	**552**	566
Basic diluted (cents per share)	12	**546**	558

GROUP STATEMENTS OF FINANCIAL POSITION

for the year ended 30 June

	Notes	2010 Rm	2009 Rm
ASSETS			
Non current assets			
Property, plant and equipment	14	**8 846**	7 878
Intangible assets	15	**349**	382
Available-for-sale investment	16	**48**	48
Loans and receivables	17	**45**	49
Pension fund asset	18	**30**	31
Deferred tax	23	**95**	85
		9 413	8 473
Current assets			
Loans and receivables	17	**31**	184
Inventory	19	**61**	47
Accounts receivable	20	**539**	477
Tax		**39**	12
Cash and cash equivalents		**721**	794
		1 391	1 514
Total assets		**10 804**	9 987
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary shareholders' equity		**1 210**	569
Minorities' interests		**1 398**	1 020
		2 608	1 589
Non current liabilities			
Deferred tax	23	**432**	418
Borrowings	24	**3 940**	4 525
Other non current liabilities	25	**160**	190
Tax		**41**	43
		4 573	5 176
Current liabilities			
Accounts payable and accruals	26	**1 161**	1 113
Provisions	27	**50**	53
Borrowings	24	**2 350**	1 982
Tax		**62**	74
		3 623	3 222
Total liabilities		**8 196**	8 398
Total equity and liabilities		**10 804**	9 987

GROUP STATEMENTS OF CASH FLOWS

for the year ended 30 June

	Notes	2010 Rm	2009 Rm
Cash flows from operating activities			
Cash receipts from customers		**7 949**	8 108
Cash paid to suppliers, government and employees		**(5 728)**	(5 463)
Cash generated by operations	28.1	**2 221**	2 645
Pre-opening expenses		**(28)**	(21)
Net insurance proceeds for business interruption		**153**	–
Tax paid	28.2	**(519)**	(622)
Net cash inflow from operating activities		**1 827**	2 002
Cash flows from investing activities			
Purchase of property, plant and equipment			
Expansion		**(354)**	(984)
Replacement		**(677)**	(492)
Purchase of intangible assets		**(19)**	(9)
Proceeds on disposal of property, plant and equipment		**11**	31
Proceeds on disposal of shares in subsidiaries		**–**	99
Purchase of shares in subsidiaries	28.3	**(34)**	(22)
Investment income		**60**	93
Acquisition of SFIR	28.4	**–**	(189)
Purchase of shares in associate – TCN		**(96)**	–
Acquisition of TCN	28.5	**(56)**	–
Other non current loans made		**–**	(118)
Net insurance proceeds for asset reinstatement		**27**	–
Other non current loans realised		**66**	259
Net cash outflow from investing activities		**(1 072)**	(1 332)
Cash flows from financing activities			
Net decrease in borrowings	28.6	**(451)**	(90)
Interest paid	28.7	**(533)**	(692)
Dividends paid	28.8	**(246)**	(559)
Increase in minority funding		**277**	354
Increase in share capital		**118**	341
Proceeds on disposal of treasury shares		**57**	17
Purchase of treasury shares and share options		**(41)**	(99)
Net cash outflow from financing activities		**(819)**	(728)
Effect of exchange rate changes on cash and cash equivalents		**(9)**	2
Net decrease in cash and cash equivalents		**(73)**	(56)
Cash and cash equivalents at beginning of year		**794**	850
Cash and cash equivalents at end of year	28.9	**721**	794

GROUP STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June

	Notes	Share capital and premium Rm	Treasury shares Rm	Treasury share options Rm	Foreign currency translation reserve Rm	Share based payment reserve Rm	Available-for-sale investment reserve Rm	Hedging reserve Rm	Reserve for non-controlling interests* Rm	Retained earnings Rm	Ordinary share-holders' equity Rm	Minorities' interests Rm	**Total Rm**
Balance at 30 June 2008		**8**	**(1 428)**	**(411)**	**209**	**101**	**–**	**–**	**(1 480)**	**3 120**	**119**	**546**	**665**
Share issue	21	99									**99**		**99**
Deemed treasury shares purchased	21		(78)								**(78)**		**(78)**
Shares disposed by Dinokana	21		12							5	**17**		**17**
Treasury share options purchased	21			(21)							**(21)**		**(21)**
Treasury share options exercised	21			241							**241**		**241**
Employee share based payments	34					28					**28**		**28**
Release of share based payment reserve						(55)				55	**–**		**–**
Acquisition of subsidiary	28.4										**–**	240	**240**
Increase in minority funding											**–**	354	**354**
Acquisition of minorities' interests									(26)		**(26)**	4	**(22)**
Disposal of interests to minorities									52		**52**	47	**99**
Total comprehensive income					(85)		4	(55)		501	**365**	161	**526**
Dividends paid	13									(227)	**(227)**	(332)	**(559)**
Balance at 30 June 2009		**107**	**(1 494)**	**(191)**	**124**	**74**	**4**	**(55)**	**(1 454)**	**3 454**	**569**	**1 020**	**1 589**
Share issue	21	39									**39**		**39**
Deemed treasury shares purchased	21		(1)								**(1)**		**(1)**
Deemed treasury shares disposed	21		2								**2**		**2**
Shares disposed by Dinokana	21		37							18	**55**		**55**
Treasury share options purchased	21			(40)							**(40)**		**(40)**
Treasury share options exercised	21			79							**79**		**79**
Employee share based payments	34					37					**37**		**37**
Release of share based payment reserve and delivery of share awards						(20)				16	**(4)**		**(4)**
Acquisition of subsidiary	28.5										**–**	219	**219**
Increase in minority funding									11		**11**	266	**277**
Acquisition of minorities' interests									(28)		**(28)**	(5)	**(33)**
Profit for the year										513	**513**	152	**665**
Other comprehensive income					(66)			44			**(22)**	(8)	**(30)**
Dividends paid											**–**	(246)	**(246)**
Balance at 30 June 2010		**146**	**(1 456)**	**(152)**	**58**	**91**	**4**	**(11)**	**(1 471)**	**4 001**	**1 210**	**1 398**	**2 608**

** Reserve for non-controlling interests relate to the premium paid on purchases of minorities' interests and profits and losses on disposals of interests to minorities.*

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 30 June

	Revenue		EBITDA		Depreciation and amortisation	
	2010 Rm	2009 Rm	**2010 Rm**	2009 Rm	**2010 Rm**	2009 Rm
1. SEGMENTAL ANALYSIS						
Gaming units	**6 016**	5 589	**1 846**	1 876	**486**	452
GrandWest	**1 582**	1 642	**614**	675	**126**	125
Carnival City	**965**	997	**303**	351	**67**	68
Monticello	**881**	397	**99**	(22)	**96**	59
Sibaya	**849**	810	**296**	295	**62**	62
Boardwalk	**414**	418	**160**	172	**28**	29
Carousel	**310**	308	**77**	81	**26**	26
Morula	**254**	250	**51**	56	**18**	21
Meropa	**236**	227	**98**	93	**15**	14
Windmill	**193**	204	**71**	84	**16**	19
Flamingo	**127**	129	**38**	42	**10**	9
Golden Valley	**112**	109	**27**	34	**15**	17
Lesotho	**93**	98	**12**	15	**7**	3
Hotels and resorts units	**2 219**	2 350	**375**	510	**183**	188
Sun City	**1 160**	1 146	**173**	207	**105**	112
Wild Coast Sun	**287**	302	**48**	56	**18**	14
Table Bay	**167**	199	**35**	65	**17**	21
Swaziland	**166**	177	**7**	23	**8**	16
Botswana	**156**	181	**48**	68	**8**	10
Zambia	**149**	217	**26**	55	**18**	8
Kalahari Sands	**123**	128	**34**	36	**7**	7
Federal Palace	**11**	–	**4**	–	**2**	–
Other operating segments	**40**	47	**(12)**	(7)	**2**	2
Management activities	**607**	664	**345**	382	**13**	13
Total operating segments	**8 882**	8 650	**2 554**	2 761	**684**	655
Other	**(921)**	(609)	**(9)**	(15)	**1**	5
Central office and other	**–**	–	**(9)**	(15)	**1**	5
Elimination of intragroup	**(575)**	(609)				
Other income						
Other expenses						
Monticello business interruption	**(346)**					
	7 961	8 041	**2 545**	2 746	**685**	658
Promotional allowances	**(164)**	(126)				
Total	**7 797**	7 915	**2 545**	2 746	**685**	658
Other						
Net interest expense and foreign exchange loss						
Share of associate's loss						
Tax						
Minorities' interests						
Deferred tax						
Borrowings						
	7 797	7 915	**2 545**	2 746	**685**	658

Operating profit and segment results		Assets		Borrowings		Total liabilities		Capital expenditure	
2010 Rm	2009 Rm	2010 Rm	2009 Rm	2010 Rm	2009 Rm	2010 Rm	2009 Rm	2010 Rm	2009 Rm
1 284	1 379	6 429	6 445	2 382	2 722	688	798	757	1 171
470	535	1 319	1 382	413	450	118	149	67	18
214	267	684	717	394	352	97	102	45	67
(3)	(81)	2 112	2 014	692	912	159	228	393	969
222	233	783	795	446	457	94	90	59	31
130	142	300	313	5	97	37	34	9	10
47	52	332	330	–	–	31	40	23	20
31	33	136	140	–	–	30	26	17	12
81	78	170	169	110	117	25	19	15	9
52	63	163	171	80	73	18	19	10	10
26	32	93	93	68	69	13	12	11	7
9	14	203	212	174	194	38	30	7	7
5	11	134	109	–	1	28	49	101	11
153	295	3 317	2 539	555	322	619	451	249	244
61	95	1 703	1 607	–	–	347	303	118	189
26	41	273	186	–	1	71	43	93	14
9	33	132	132	328	321	39	16	11	13
(3)	15	82	91	–	–	25	21	11	7
37	55	108	105	–	–	21	25	4	7
8	34	323	335	–	–	31	26	6	7
13	22	99	83	–	–	23	17	5	7
2	–	597	–	227	–	62	–	1	–
(14)	(16)	–	–	–	–	–	–	1	–
332	381	736	669	25	42	80	133	24	10
1 755	2 039	10 482	9 653	2 962	3 086	1 387	1 382	1 031	1 425
(114)	(144)	188	237	3 328	3 421	(16)	(26)	–	51
(9)	(133)	188	237	3 328	3 421	95	178	–	51
						(111)	(204)		
	47								
(105)	(58)								
1 641	1 895	10 670	9 890	6 290	6 507	1 371	1 356	1 031	1 476
1 641	1 895	10 670	9 890	6 290	6 507	1 371	1 356	1 031	1 476
(521)	(584)								
(3)	–								
(452)	(611)	39	12			103	117		
(152)	(199)								
		95	85			432	418		
						6 290	6 507		
513	501	10 804	9 987	6 290	6 507	8 196	8 398	1 031	1 476

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June

		2010 Rm	2009 Rm
2.	**INSURANCE PROCEEDS**		
	Monticello business interruption	**175**	
	Asset reinstatement	**64**	
	Deductible:	**(59)**	
	Business interruption	**(22)**	
	Asset reinstatement	**(37)**	
		180	
3.	**OTHER INCOME**		
	Realisation of FCTR on distribution of RRHL dividend	**–**	47
4.	**EMPLOYEE COSTS**		
	Salaries, wages, bonuses and other benefits	**(1 445)**	(1 344)
	Pension costs – defined contribution plans	**(150)**	(141)
	– defined benefit plans (refer note 18)	**(2)**	2
	contributions paid	**(1)**	(7)
	pension fund (deficit)/surplus recognition	**(1)**	9
	Employee share based payments (refer note 34)	**(37)**	(28)
		(1 634)	(1 511)
	Number of employees at the end of the year	**11 092**	10 434
	Permanent core employees	**7 913**	7 179
	Permanent scheduled employees	**2 825**	2 826
	Temporary employees	**354**	429
5.	**DEPRECIATION AND AMORTISATION**		
	Property, plant and equipment (refer note 14)	**(638)**	(610)
	Intangible assets (refer note 15)	**(47)**	(48)
		(685)	(658)
6.	**OPERATING PROFIT IS STATED AFTER CHARGING THE FOLLOWING:**		
	Operating lease charges		
	Plant, vehicles and equipment	**(50)**	(31)
	Auditors' remuneration	**(16)**	(12)
	Audit fees	**(14)**	(9)
	Fees for other services	**(1)**	(2)
	Expenses	**(1)**	(1)
	Professional fees	**(6)**	(12)
	Net loss on disposal and impairment of property, plant and equipment	**(1)**	(9)
	Impairment of assets – Monticello	**(61)**	–
7.	**INTEREST INCOME**		
	Interest earned on cash and cash equivalents	**35**	87
	Preference share dividends	**2**	6
	Tax authorities	**23**	–
		60	93

		2010 Rm	2009 Rm
8.	**INTEREST EXPENSE**		
	Interest paid on borrowings	**(302)**	(483)
	Preference share dividends	**(220)**	(290)
	Imputed interest on loans payable	**(18)**	(19)
	Transfer from hedging reserve	**(47)**	(8)
	Fair value of derivative financial instruments	**8**	–
	Tax authorities	**(8)**	–
	Capitalised to property, plant and equipment	**21**	81
		(566)	(719)
9.	**SHARE OF ASSOCIATE'S LOSS**		
	Share of TCN loss for the period	**(3)**	–
	On 19 August 2009, a 29% stake in TCN was acquired for R96 million.		
	The year end for TCN is 31 December and this is in the process of being changed to align with the group's reporting date.		
	On 26 May 2010, the group increased its shareholding in TCN to 49% and has consolidated the subsidiary from this date (refer to note 28.5).		
10.	**TAX**		
	Normal tax – South African	**(372)**	(485)
	– foreign	**(4)**	(15)
		(376)	(500)
	Current tax – current year	**(474)**	(512)
	– prior years	**71**	15
	Deferred tax – current year	**20**	10
	– prior years	**7**	(13)
	STC	**(72)**	(100)
	CGT	**–**	2
	Other taxes	**(4)**	(13)
		(452)	(611)
	Estimated tax losses not recognised	**23**	53
	Unutilised STC credits	**55**	37
		%	%
	Reconciliation of rate of tax		
	Standard rate – South African	**28.0**	28.0
	Adjusted for:		
	Exempt income and disallowable expenses	**11.5**	11.4
	Tax losses	**–**	(1.6)
	Foreign tax rate variations	**1.2**	0.6
	Prior year over-provisions	**(7.0)**	(0.2)
	STC	**6.4**	7.6
	CGT	**–**	(0.2)
	Other taxes	**0.4**	1.0
	Effective tax rate	**40.5**	46.6

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June

	2010 Rm	2009 Rm
11. EBITDA RECONCILIATION		
Operating profit	**1 641**	1 895
Other income	**–**	(47)
Monticello insurance deductible	**59**	–
Depreciation and amortisation	**685**	658
Property and equipment rental	**114**	74
Pension fund deficit/(surplus) recognition	**1**	(9)
Net loss on disposal and impairment of property, plant and equipment	**1**	9
Impairment of goodwill	**–**	108
(Profit)/loss on disposal of investments	**(2)**	6
Pre-opening expenses	**28**	21
Reversal of employee share trusts' consolidation*	**18**	31
EBITDA	**2 545**	2 746

** The consolidation of the employee share trusts are reversed as the group does not receive the economic benefits of these trusts.*

	2010 Rm	2009 Rm
12. EARNINGS PER SHARE		
Profit attributable to ordinary shareholders	**513**	501
Headline earnings adjustments	**36**	76
Net loss on disposal and impairment of property, plant and equipment	**1**	9
(Profit)/loss on disposal of investments	**(2)**	6
Insurance deductible relating to asset reinstatement	**37**	–
Currency translation realised	**–**	(47)
Impairment of goodwill	**–**	108
Tax relief on the above items	**(4)**	(2)
Minorities' interests in the above items	**(17)**	(4)
Headline earnings	**528**	571
Adjusted headline earnings adjustments	**52**	3
Pre-opening expenses	**28**	21
Pension fund deficit/(surplus) recognition	**1**	(9)
Insurance deductible relating to business interruption	**22**	–
Foreign exchange loss/(gain) on intercompany loans	**1**	(9)
Tax relief on the above items	**(9)**	(1)
SARS tax refund	**(53)**	–
Tax on share premium distributions received	**(2)**	(5)
Minorities' interests in the above items	**(22)**	(9)
Reversal of employee share trusts' consolidation	**18**	41
Adjusted headline earnings	**512**	600
Number of shares for diluted EPS calculation (000's)		
Weighted average number of shares in issue	**92 967**	88 492
Adjustment for dilutive share options	**1 015**	1 227
Diluted weighted average number of shares in issue	**93 982**	89 719

	2010 Rm	2009 Rm
12. EARNINGS PER SHARE (continued)		
Number of shares for diluted adjusted HEPS calculation (000's)		
Weighted average number of shares in issue	**92 967**	88 492
Weighted deemed treasury shares	**847**	461
Weighted treasury shares held by employee share trusts	**6 226**	6 931
Adjusted weighted average number of shares in issue	**100 040**	95 884
Adjustment for dilutive share options	**1 015**	1 227
Diluted adjusted weighted average number of shares in issue	**101 055**	97 111
Earnings per share (cents)		
Basic	**552**	566
Headline	**568**	645
Adjusted headline	**512**	626
Diluted earnings per share (cents)		
Basic	**546**	558
Headline	**562**	636
Adjusted headline	**507**	618

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

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

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

	2010 Rm	2009 Rm
13. DIVIDENDS PAID		
A final dividend of 258 cents per share for the year ended 30 June 2008 was declared on 28 August 2008 and paid on 29 September 2008.		(227)
		(227)

A dividend of 100 cents per share for the year ended 30 June 2010 was declared on 27 August 2010 and paid on 20 September 2010.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June

	2010 Rm	2009 Rm
14. PROPERTY, PLANT AND EQUIPMENT		
Net carrying value		
Freehold land and buildings	**4 517**	3 373
Leasehold land and buildings	**1 178**	1 158
Infrastructure	**737**	625
Plant and machinery	**424**	391
Equipment	**1 123**	1 055
Furniture and fittings	**404**	355
Vehicles	**11**	8
Operating equipment	**145**	136
Capital work in progress	**307**	777
	8 846	7 878

2010 Rm	Cost						
Asset type	Opening	Exchange rate adjustments	Acquisition of TCN	Additions	Disposals, impairment and write-offs	Reclassi-fications	Closing
Freehold land and buildings	**4 012**	**(46)**	**662**	**346**	**(59)**	**330**	**5 245**
Leasehold land and buildings	**1 690**	**(1)**	**–**	**65**	**(1)**	**14**	**1 767**
Infrastructure	**917**	**(8)**	**4**	**34**	**(4)**	**119**	**1 062**
Plant and machinery	**740**	**(7)**	**10**	**18**	**(2)**	**60**	**819**
Equipment	**2 309**	**(18)**	**59**	**292**	**(108)**	**61**	**2 595**
Furniture and fittings	**915**	**(6)**	**42**	**59**	**(9)**	**35**	**1 036**
Vehicles	**50**	**–**	**1**	**6**	**(3)**	**–**	**54**
Operating equipment	**136**	**(2)**	**4**	**65**	**(58)**	**–**	**145**
Capital work in progress	**777**	**(13)**	**16**	**146**	**–**	**(619)**	**307**
	11 546	**(101)**	**798**	**1 031**	**(244)**	**–**	**13 030**

2010 Rm	Accumulated depreciation				
Asset type	Opening	Exchange rate adjustments	Depreciation on disposals	Depreciation	Closing
Freehold land and buildings	**(639)**	**2**	**–**	**(91)**	**(728)**
Leasehold land and buildings	**(532)**	**–**	**–**	**(57)**	**(589)**
Infrastructure	**(292)**	**–**	**4**	**(37)**	**(325)**
Plant and machinery	**(349)**	**1**	**2**	**(49)**	**(395)**
Equipment	**(1 254)**	**6**	**96**	**(320)**	**(1 472)**
Furniture and fittings	**(560)**	**2**	**6**	**(80)**	**(632)**
Vehicles	**(42)**	**1**	**2**	**(4)**	**(43)**
	(3 668)	**12**	**110**	**(638)**	**(4 184)**

14. PROPERTY, PLANT AND EQUIPMENT (continued)

2009 Rm	Cost						
Asset type	Opening	Exchange rate adjustments	Acquisition of SFIR	Additions	Disposals and write-offs	Reclassi-fications	Closing
Freehold land and buildings	3 363	(29)	8	141	–	529	4 012
Leasehold land and buildings	1 558	(1)	–	135	(2)	–	1 690
Infrastructure	820	(4)	–	18	(4)	87	917
Plant and machinery	603	(5)	–	42	(2)	102	740
Equipment	1 875	(17)	–	208	(95)	338	2 309
Furniture and fittings	820	(6)	–	113	(14)	2	915
Vehicles	50	(1)	–	3	(2)	–	50
Operating equipment	93	(2)	–	75	(30)	–	136
Capital work in progress	225	(7)	885	741	(1)	(1 066)	777
	9 407	(72)	893	1 476	(150)	(8)	11 546

2009 Rm	Accumulated depreciation				
Asset type	Opening	Exchange rate adjustments	Depreciation on disposals	Depreciation	Closing
Freehold land and buildings	(564)	3	–	(78)	(639)
Leasehold land and buildings	(477)	–	1	(56)	(532)
Infrastructure	(262)	–	4	(34)	(292)
Plant and machinery	(310)	1	1	(41)	(349)
Equipment	(1 033)	5	89	(315)	(1 254)
Furniture and fittings	(495)	2	12	(79)	(560)
Vehicles	(37)	–	2	(7)	(42)
	(3 178)	11	109	(610)	(3 668)

Net carrying value of property, plant and equipment held under finance leases is R120 million (2009: R128 million) and relate mainly to equipment.

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

Borrowing costs of R21 million (2009: R81 million) were capitalised during the year and are included in 'Additions' above. The capitalisation rate used was equal to the specific borrowing costs of the loans used to finance the relevant projects.

Included in freehold land and buildings and infrastructure are assets of R1 769 million (2009: R1 629 million) where the residual value is deemed to approximate the carrying value.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June

	2010 Rm	2009 Rm
15. INTANGIBLE ASSETS		
Net carrying value		
Sun International name	**72**	72
Bid costs	**173**	200
Management contracts	**4**	4
Goodwill	**84**	89
Lease premiums	**16**	17
	349	382

2010 Rm	Cost					
Asset type	Sun International name	Bid costs	Management contracts	Goodwill	Lease premiums	Closing
Opening balance	**72**	**563**	**5**	**197**	**35**	**872**
Additions	**–**	**19**	**–**	**–**	**–**	**19**
Exchange rate adjustments	**–**	**–**	**–**	**(5)**	**–**	**(5)**
Closing balance	**72**	**582**	**5**	**192**	**35**	**886**

2010 Rm	Accumulated amortisation and impairments				
Asset type	Bid costs	Management contracts	Goodwill	Lease premiums	Closing
Opening balance	**(363)**	**(1)**	**(108)**	**(18)**	**(490)**
Amortisation	**(46)**	**–**	**–**	**(1)**	**(47)**
Closing balance	**(409)**	**(1)**	**(108)**	**(19)**	**(537)**

2009 Rm	Cost					
Asset type	Sun International name	Bid costs	Management contracts	Goodwill	Lease premiums	Closing
Opening balance	72	530	5	–	35	642
Additions	–	9	–	–	–	9
Reclassifications	–	8	–	–	–	8
Exchange rate adjustments	–	1	–	(1)	–	–
Acquisition of SFIR	–	15	–	198	–	213
Closing balance	72	563	5	197	35	872

2009 Rm	Accumulated amortisation and impairments				
Asset type	Bid costs	Management contracts	Goodwill	Lease premiums	Closing
Opening balance	(316)	(1)	–	(17)	(334)
Amortisation	(47)	–	–	(1)	(48)
Impairment of goodwill	–	–	(108)	–	(108)
Closing balance	(363)	(1)	(108)	(18)	(490)

15. INTANGIBLE ASSETS (continued)

Sun International name

The Sun International name is classified as an indefinite life intangible asset as the group believes that it will benefit from the name for an indefinite period. The name was tested for impairment by discounting five years of projected cash flows on relevant operations and management contracts. Discount rates were based on the risk free rate of the appropriate country, a standard risk premium and a country risk premium and ranged from 7% to 13%. In determining the growth rates applied in the impairment calculations, consideration was given to the location of the business, including economic and political facts and circumstances. Based on these calculations, there is no indication of impairment.

Goodwill

The goodwill relates to the acquisition of SFIR on 20 August 2008. Goodwill comprises intellectual property and the casino licence. Goodwill was tested for impairment by performing a 'value in use' valuation and applying a discount rate of 9.73% (2009: 12.47%) to the directors' estimated future operating cash flows. Local territory tax rates were applied and a terminal growth rate based on local inflation plus a margin premium was used.

	2010 Rm	2009 Rm
16. AVAILABLE-FOR-SALE INVESTMENT		
Cape Town International Convention Centre Company (Proprietary) Limited (CTICC)	**48**	48
Movement on available-for-sale investment:		
Balance at beginning of year	**48**	44
Fair value adjustment	**–**	4
	48	48
Directors' valuation	**48**	48

The 24.8% (2009: 24.8%) investment in the unlisted CTICC was part of the group's bid commitments in the Western Cape. The investment was stated at fair value based on the latest available statutory financial statements, prepared on a going concern basis and in accordance with IFRS, of the CTICC, being 30 June 2009. The group has no significant influence over the company, therefore the investment was designated as available-for-sale.

Effective 1 July 2009, the group adopted amendments to IFRS 7 for financial instruments that are measured in the statement of financial position at fair value. This requires disclosure of the fair value measurements by the following hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1)
- Inputs other than quoted prices included with level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The available-for-sale investment is classified as level 3.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June

	2010 Rm	2009 Rm
17. LOANS AND RECEIVABLES		
Preference share funding of empowerment partners	**28**	31
Loan to TCN	**–**	144
Guarantee deposits	**21**	27
Other loans	**7**	31
	56	233
Current portion	**(28)**	(184)
	28	49
Derivative financial instruments		
Foreign exchange contract (FEC)	**7**	–
Interest rate cross currency swaps – cash flow hedges (note 29)	**13**	–
	20	–
Current portion		
Foreign exchange contract (FEC)	**(1)**	–
Interest rate cross currency swaps – cash flow hedges (note 29)	**(2)**	–
	17	–
	45	49
Loans are due over the following periods:		
Less than 1 year	**31**	184
1 – 2 years	**10**	15
2 – 3 years	**17**	3
3 – 4 years	**2**	17
4 years and onwards	**16**	14
	76	233
The weighted average interest and dividend rates were as follows:	**%**	%
Preference share funding of empowerment partners*	**7.5**	8.3
Other loans	**5.0**	9.7
Loan to TCN	**–**	0.0
Weighted average	**7.0**	2.4

* *These rates are linked to the prime bank overdraft rate.*

The preference share funding of empowerment partners and other loans are fully performing. Credit risk arising from the preference share funding is regarded as low and the loans will be repaid through dividend flows.

The loan to TCN eliminates on consolidation from 26 May 2010.

The fair value of loans and receivables approximates their carrying value.

	2010 Rm	2009 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 2007, the group's surplus apportionment date, by an independent firm of consulting actuaries.		
The group carries out statutory actuarial valuations every three years. The valuation effective 1 July 2010 is currently in process.		
Present value of funded obligations	**(271)**	(271)
Fair value of fund assets	**507**	507
Surplus before contingency reserve	**236**	236
Contingency reserve	**(96)**	(96)
Surplus	**140**	140
IAS 19 valuation		
The surplus calculated in terms of IAS 19: Employee Benefits is presented below. It should be noted that this valuation is performed on a different basis to the valuation in terms of the FSB guidelines.		
The amount recognised in the statement of financial position is determined as follows:		
Present value of funded obligations	**(249)**	(237)
Balance at beginning of year	**(237)**	(281)
Current service cost	**(5)**	(8)
Interest cost	**(22)**	(30)
Contributions by plan participants	**(2)**	(3)
Actuarial gain	**3**	13
Benefits paid	**5**	14
Transfers out of fund	**9**	58
Fair value of plan assets	**454**	396
Balance at beginning of year	**396**	452
Expected return on plan assets	**36**	48
Actuarial gain/(loss)	**33**	(48)
Employer contributions	**1**	7
Contributions by plan participants	**2**	3
Benefits paid	**(5)**	(14)
Transfers out of fund	**(9)**	(52)
Present value of retirement benefit surplus	**205**	159
Less: application of asset ceiling	**(175)**	(128)
Pension fund asset	**30**	31

In applying the asset ceiling, the present value of the retirement benefit surplus that may be recognised as an asset is limited to the lower of the amount as determined above or the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan plus any cumulative unrecognised net actuarial losses and past service costs.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June

	2010 Rm	2009 Rm	2008 Rm	2007 Rm	2006 Rm
18. RETIREMENT BENEFIT INFORMATION (continued)					
The present value of the retirement surplus of the fund for the current and prior years is as follows:					
Present value of funded obligations	**(249)**	(237)	(281)	(237)	(205)
Fair value of plan assets	**454**	396	452	449	340
Surplus	**205**	159	171	212	135
Experience adjustment on plan obligations	**(1%)**	(5%)	10%	6%	8%
Experience adjustment on plan assets	**7%**	(12%)	(7%)	18%	23%

	2010 Rm	2009 Rm
The amounts recognised in the statement of comprehensive income are as follows:		
Current service cost	**5**	8
Interest cost	**22**	30
Expected return on plan assets	**(36)**	(48)
Net actuarial (gain)/loss	**(36)**	35
Effect of asset ceiling	**47**	(21)
Release of fund obligation on transfer	**–**	(6)
Total (refer note 4)	**2**	(2)
The actual return on plan assets was R69 million (2009: Rnil million).		
The principal actuarial assumptions used were as follows:		
Discount rate	**9.25%**	9.25%
Inflation rate	**5.75%**	5.75%
Expected return on plan assets	**9.25%**	9.25%
Future salary increases	**7.25%**	7.25%
Future pension increases	**5.75%**	5.75%
The average life expectancy in years of a pensioner retiring at age 60 on the statement of financial position date and of a member retiring at age 60, 20 years after the statement of financial position date are as follows:		
Male	**19.4**	19.4
Female	**24.2**	24.2
Plan assets comprise:		
Listed equity investments	**61%**	67%
Bonds	**23%**	24%
Other	**16%**	9%

Pension plan assets include the company's ordinary shares with a fair value of R3 million (2009: 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.

The fund has an amount of approximately R21 million allocated to the employee surplus account that is currently being utilised towards a contribution holiday, and is expected to result in a holiday of approximately three years.

	2010 Rm	2009 Rm
19. INVENTORY		
Merchandise	**17**	14
Consumables and hotel stocks	**44**	33
	61	47
20. ACCOUNTS RECEIVABLE		
Financial instruments		
Trade receivables	**189**	171
Less impairment	**(25)**	(19)
Net trade receivables	**164**	152
Other receivables	**189**	139
Current portion of derivative financial instruments	**3**	–
	356	291
Non financial instruments		
Prepayments	**113**	70
VAT	**70**	116
	539	477

The fair value of accounts receivable approximates their carrying value.

The group has recognised an additional provision of R6 million (2009: R9 million) for the impairment of its trade receivables during the year ended 30 June 2010. The group has not utilised the provision for impaired receivables during the year ended 30 June 2010 (2009: Rnil). The creation of the provision for impaired receivables has been included in other operational costs in the statement of comprehensive income.

Other receivables are expected to be fully recoverable. The trade receivables which are fully performing relate to customers that have a good track record with the company in terms of recoverability.

The aging of trade receivables at the reporting date was:

	2010		2009	
	Gross Rm	Impairment Rm	Gross Rm	Impairment Rm
Fully performing	**81**	**–**	103	–
Past due by 1 to 30 days	**45**	**(5)**	27	–
Past due by 31 to 60 days	**21**	**(1)**	11	(1)
Past due by 61 to 90 days	**10**	**(2)**	5	(1)
Past due by more than 90 days	**32**	**(17)**	25	(17)
	189	**(25)**	171	(19)

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June

	2010 Rm	2009 Rm
21. SHARE CAPITAL AND PREMIUM		
Authorised		
150 000 000 (2009:150 000 000) ordinary shares of 8 cents each	**12**	12
100 000 000 (2009:100 000 000) variable rate cumulative redeemable preference shares of 1 cent each	**1**	1
Issued*		
Share capital	**8**	8
Share premium	**138**	99
Treasury shares	**(1 456)**	(1 494)
Held by subsidiary	**(1 184)**	(1 185)
Held by Employee Share Trusts	**(272)**	(309)
Treasury share options	**(152)**	(191)
	(1 462)	(1 578)

** The issued preference shares have been included in borrowings in note 24.*

During the year the group exercised treasury share options resulting in the issue of 1 264 226 shares. There was a disposal of 683 877 shares indirectly held by the Employee Share Trusts through Dinokana and a disposal of 27 756 RSP shares.

4 571 795 shares in the unissued share capital of the company remain under the control of the directors as a specific authority in terms of section 221(2) of the Companies Act to allot and issue in accordance with the share option scheme. A further 10 780 000 shares have been placed under the specific control of the directors to allot and issue in accordance with the EGP, CSP, DBP and RSP.

	2010 Number of shares	2010 Rm	2009 Number of shares	2009 Rm
Movement during the year				
Statutory shares in issue	**111 095 130**	**146**	109 830 904	107
Balance at beginning of year	**109 830 904**	**107**	105 494 769	8
Exercise of treasury share options	**1 264 226**	**39**	4 336 135	99
Treasury shares and share options	**(17 395 531)**	**(1 608)**	(18 091 164)	(1 685)
Balance at beginning of year	**(18 091 164)**	**(1 685)**	(17 480 944)	(1 839)
Deemed treasury shares purchased	**(16 000)**	**(1)**	(835 409)	(78)
Treasury shares disposed by Dinokana	**683 877**	**37**	225 189	12
Treasury share options exercised	**–**	**79**	–	241
Treasury shares disposed	**27 756**	**2**	–	–
Treasury share options purchased	**–**	**(40)**	–	(21)
Closing balance	**93 699 599**	**(1 462)**	91 739 740	(1 578)
Treasury shares:				
Held by subsidiary	**10 549 477**	**1 107**	10 549 477	1 107
Deemed treasury shares	**823 653**	**77**	835 409	78
Held by Employee Share Trusts	**6 022 401**	**272**	6 706 278	309
	17 395 531	**1 456**	18 091 164	1 494

	2010 Rm	2009 Rm
22. RETAINED EARNINGS		
Retained earnings at the end of the year comprise:		
Company	**2 709**	2 174
Subsidiaries and equity investments	**1 292**	1 280
	4 001	3 454
Any future dividend declarations out of the retained earnings of the company or any of its subsidiaries incorporated in South Africa will be subject to STC, to the extent that STC credits are not available, at the prescribed rate which is currently 10% of the dividend declared.		
23. DEFERRED TAX		
Balance at beginning of year	**333**	381
Statement of comprehensive income credit for year	**(20)**	(10)
Prior year (over)/under provision	**(7)**	13
Acquisition of SFIR	**–**	(28)
Acquisition of TCN	**13**	–
Charged/(credited) directly to equity	**18**	(23)
Balance at end of year	**337**	333
Deferred tax arises from the following temporary differences:		
Deferred tax liabilities		
Accelerated asset allowances		
Balance at beginning of year	**439**	421
Acquisition of SFIR	**–**	7
Acquisition of TCN	**13**	–
Charged to statement of comprehensive income	**15**	11
	467	439
Deferred tax assets		
Assessable losses	**(63)**	(61)
Balance at beginning of year	**(61)**	(19)
Currency translation adjustments	**–**	1
Acquisition of SFIR	**–**	(33)
Credited to statement of comprehensive income	**(2)**	(10)
Disallowed accruals and provisions	**(52)**	(43)
Balance at beginning of year	**(43)**	(47)
Currency translation adjustments	**–**	(1)
Acquisition of SFIR	**–**	(2)
(Credited)/charged to statement of comprehensive income	**(9)**	7
Fair value adjustments	**(15)**	(2)
Balance at beginning of year	**(2)**	26
Credited directly to other comprehensive income	**18**	(23)
Credited to statement of comprehensive income	**(31)**	(5)
	(130)	(106)
Net deferred tax liability	**337**	333
Aggregate assets and liabilities on subsidiary company basis:		
Deferred tax assets	**(95)**	(85)
Deferred tax liabilities	**432**	418
	337	333

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June

	2010 Rm	2009 Rm
24. BORROWINGS		
Non current		
Term facilities	**576**	902
V&A loan	**328**	321
Redeemable preference shares	**2 851**	3 071
Lease liabilities	**68**	125
Vacation Club members	**117**	106
	3 940	4 525
Current		
Short term banking facilities	**1 661**	1 732
Term facilities	**75**	195
Redeemable preference shares	**225**	–
Lease liabilities	**58**	55
Minority shareholder loans	**331**	–
	2 350	1 982
Total borrowings	**6 290**	6 507
Secured	**641**	1 092
Unsecured	**5 649**	5 415
	6 290	6 507

The fair value of borrowings approximate their carrying values except for the V&A loan which has a fair value of R364 million (2009: R353 million). The fair value has been determined on a discounted cash flow basis using a discount rate of 10% (2009: 11%).

The carrying amounts of the borrowings are denominated in the following currencies:

	2010 Rm	2009 Rm
US Dollar	**815**	912
Chilean Peso	**104**	–
South African Rand	**5 371**	5 595
	6 290	6 507

Lease liabilities are secured as the rights to the leased assets revert to the lessor in the event of default.

	2010 Rm	2009 Rm
Net book value of property, plant and equipment encumbered by secured loans	**2 148**	2 292
The borrowings are repayable as follows:		
6 months or less	**683**	140
6 months – 1 year	**1 667**	1 842
1 – 2 years	**1 233**	435
2 – 3 years	**1 949**	1 290
3 – 4 years	**92**	2 013
4 years and onwards	**666**	787
	6 290	6 507

	2010 Rm	2009 Rm
24. BORROWINGS (continued)		
Interest rates		
Year end interest and dividend rates are as follows:		
Short term banking facilities	**8.0%**	9.6%
Term facilities	**5.8%**	10.3%
V&A loan	**12.2%**	12.2%
Redeemable preference shares	**6.7%**	7.3%
Lease liabilities	**12.0%**	12.4%
Vacation Club Members	**10.9%**	11.3%
Weighted average	**7.3%**	8.9%

As at 30 June 2010, interest rates on 35% (2009: 45%) of the group's borrowings were fixed. 20% (2009: 67%) 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.

	2010 Rm	2009 Rm
Redeemable preference shares		
SIL	**1 851**	1 851
SISA	**1 000**	1 000
Dinokana	**225**	220
	3 076	3 071

Preference dividends on the SIL preference shares are payable semi-annually on 31 March and 30 September and are calculated at a rate of 67% (2009: 67%) of the bank prime overdraft rate. The preference shares are redeemable on 1 August 2012.

Preference dividends on the SISA preference shares are payable semi-annually on 31 August and 28 February and are calculated at a rate of 63% (2009: 63%) of the bank prime overdraft rate. The preference shares are redeemable on 13 October 2011.

Preference dividends on the Dinokana preference shares are payable semi-annually on 31 March and 30 September and are calculated at a rate of 80% (2009: 80%) of the bank prime overdraft rate. The preference shares are redeemable on 3 December 2010.

A register of non current borrowings is available for inspection at the registered office of the company.

The group had unutilised borrowing facilities of R1 313 million (2009: R1 329 million) at 30 June 2010. All undrawn borrowing facilities are renewable annually and none has a fixed interest rate.

Capitalised lease liabilities

Finance lease liabilities are primarily for buildings and slot machines. At the time of entering into the capital lease arrangements, the commitments are recorded at the present value using applicable interest rates. The aggregate amounts of minimum lease payments and the related imputed interest under the capitalised lease contracts payable in each of the next five financial years and thereafter are as follows:

	2010 Rm	2009 Rm
Gross minimum lease payments:		
No later than 1 year	**70**	75
Later than 1 year and no later than 5 years	**72**	143
	142	218
Imputed interest:		
No later than 1 year	**(12)**	(20)
Later than 1 year and no later than 5 years	**(4)**	(18)
	(16)	(38)
Net capital payments of finance lease liabilities	**126**	180
Net carrying value of assets held under finance leases	**120**	128

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June

	2010 Rm	2009 Rm
25. OTHER NON CURRENT LIABILITIES		
Financial instruments		
Derivative financial instruments		
Interest rate swaps – cash flow hedges (refer note 29)	**28**	56
Interest rate cross currency swaps – cash flow hedges (refer note 29)	**17**	70
Forward exchange contract (refer note 29)	**15**	–
	60	126
Current portion		
Interest rate swaps – cash flow hedges	**(28)**	(47)
Interest rate cross currency swaps – cash flow hedges	**(3)**	(44)
Forward exchange contract	**(3)**	–
	26	35
Non financial instruments		
Straight lining of operating leases	**25**	22
Deferred income	**35**	39
Interchange commitment	**22**	14
Post-retirement medical aid liability	**75**	84
	157	159
Current portion	**(23)**	(4)
	134	155
	160	190

Straight lining of operating leases

Lease payments relating to property are straight-lined over the term of the leases.

Deferred income

Deferred income represents sales proceeds in respect of the second phase Vacation Club units constructed at Sun City. This revenue is recognised over the 15-year period of the members' contracts.

Interchange commitment

The interchange commitment represents the group's portion of the cost of constructing an interchange off the N1 highway in Worcester, which has commenced. This forms part of the group's bid commitment for the Golden Valley Casino.

Post-retirement medical aid liability

The group contributes towards the post-retirement medical aid contributions of eligible employees employed by the group as at 30 June 2003. Employees who 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.

	2010 Rm	2009 Rm
Present value of unfunded obligations in the statements of financial position	**75**	84

The group has no matched asset to fund the obligations. There are no unrecognised actuarial gains or losses and no unrecognised past service costs.

	2010 Rm	2009 Rm
25. OTHER NON CURRENT LIABILITIES (continued)		
Post-retirement medical aid liability (continued)		
Movement in unfunded obligation:		
Benefit obligation at beginning of year	**84**	86
Interest cost	**8**	10
Current service cost	**3**	4
Actuarial gain	**(19)**	(15)
Benefits paid	**(1)**	(1)
Benefit obligation at end of year	**75**	84
The amounts recognised in the statement of comprehensive income are as follows:		
Current service cost	**3**	4
Interest cost	**8**	10
Actuarial gain	**(19)**	(15)
Total	**(8)**	(1)

The effect of a 1% movement in the assumed retirement cost trend rate is as follows:

The effect of a 1% increase relates to increasing the future rate of increase of the medical aid subsidy assumption from 4.89% per annum to 5.89% per annum and hence reducing the gap between the discount rate and the company subsidy rate from 4.36% per annum to 3.36% per annum. The resultant increase in the liability is equal to R13.5 million, or 17.8% and the resultant increase in the total of the service and interest costs is R2 million, or 19.2%.

The effect of a 1% decrease relates to reducing the future rate of increase of the medical aid subsidy assumption from 4.89% per annum to 3.89% per annum and hence widening the gap between the discount rate and the company subsidy rate from 4.36% per annum to 5.36% per annum. The resultant reduction in the liability is equal to R11 million, or 14.5% and the resultant reduction in the total of the service and interest costs is R1.6 million, or 15.5%.

The expected expense to be recognised in the statements of comprehensive income for the year ending 30 June 2011 is R10 million.

The principal actuarial assumptions used for accounting purposes were:

	2010	2009
Discount rate	**9.25%**	9.25%
Price inflation allowed by group	**4.89%**	5.75%

The average life expectancy in years of a pensioner retiring at age 60 on the statement of financial position date and of a member retiring at age 60, 20 years after the statement of financial position date are as follows:

	2010	2009
Male	**19.4**	19.4
Female	**24.2**	24.2

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June

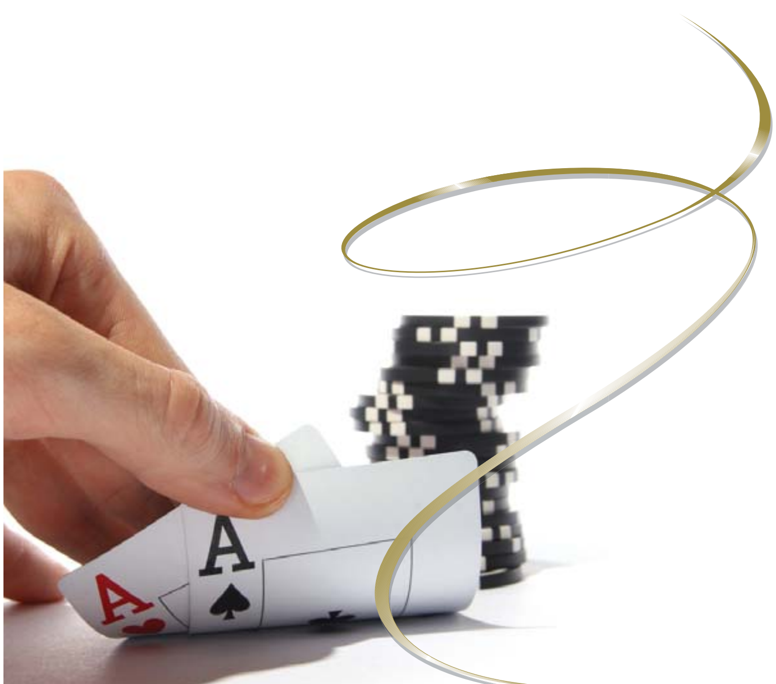
	2010 Rm	2009 Rm
26. ACCOUNTS PAYABLE AND ACCRUALS		
Financial instruments		
Trade payables	**172**	210
Accrued expenses	**638**	480
Interest payable	**8**	11
Capital creditors	**41**	37
Current portion		
Interest rate swaps – cash flow hedges	**28**	47
Interest rate cross currency swaps – cash flow hedges	**3**	44
Forward exchange contract	**3**	9
Other payables	**9**	21
	902	859
Non financial instruments		
VAT	**52**	39
Employee related accruals	**207**	215
	1 161	1 113
The fair value of all non derivative financial instruments approximate their carrying value.		
27. PROVISIONS		
Balance at beginning of year:		
Lease commitments and property closure costs	**6**	12
Progressive jackpots	**43**	40
Restructure costs	**–**	2
Ster Century guarantee	**4**	4
Life Esidimeni pension liability	**–**	18
	53	76
Created during the year:		
Lease commitments and property closure costs	**1**	1
Net progressive jackpots	**–**	3
Ster Century guarantee	**1**	–
Life Esidimeni pension liability	**–**	9
	2	13
Utilised during the year:		
Lease commitments and property closure costs	**–**	(7)
Net progressive jackpots	**(5)**	–
Restructure costs	**–**	(2)
Life Esidimeni pension liability	**–**	(27)
	(5)	(36)
Balance at end of year:		
Lease commitments and property closure costs	**7**	6
Progressive jackpots	**38**	43
Ster Century guarantee	**5**	4
	50	53

		2010 Rm	2009 Rm
27.	**PROVISIONS (CONTINUED)**		
	Lease commitments and property closure costs		
	The provision represents estimated costs which the group expects to incur on termination of property leases.		
	Progressive jackpots		
	Provision is made for progressive jackpots greater than R100 000. This provision is calculated based on the readings of the group's progressive jackpot machines.		
	Ster Century guarantee		
	The provision relates to the group's share of a claim made by Heron City for €701 000 in respect of a guarantee given by RRHL and Primedia for the rental obligations of SCE cinemas in Spain that SCE sold to Cine Alcobendas (refer note 30).		
28.	**CASH FLOW INFORMATION**		
28.1	**Cash generated by operations**		
	Operating profit	**1 641**	1 895
	Non cash items and items dealt with separately:		
	Depreciation and amortisation	**685**	658
	Operating equipment usage	**58**	–
	Insurance proceeds	**(180)**	–
	Impairment of assets – Monticello	**61**	–
	Employee share based payments	**37**	28
	Pre-opening expenses	**28**	21
	Foreign exchange (loss)/gain	**(15)**	42
	Impairment of goodwill	**–**	108
	Realisation of FCTR on distribution of RRHL dividend	**–**	(47)
	Movement in provisions and other non cash movements	**(20)**	(8)
		2 295	2 697
	Delivery of share awards	**(4)**	–
	Cash generated by operations before working capital changes	**2 291**	2 697
	Working capital changes	**(70)**	(52)
	Inventory	**(12)**	(6)
	Accounts receivable	**(82)**	144
	Accounts payable, accruals and provisions	**24**	(190)
		2 221	2 645
28.2	**Tax paid**		
	Liability at beginning of year	**(105)**	(115)
	Current tax provided (refer note 10)	**(403)**	(497)
	CGT, STC and withholding taxes	**(76)**	(111)
	Acquisition of SFIR	**–**	(2)
	Foreign exchange adjustments	**1**	(2)
	Liability at end of year	**64**	105
		(519)	(622)

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June

	2010 Rm	2009 Rm
28. CASH FLOW INFORMATION (continued)		
28.3 Purchase of shares in subsidiaries		
Afrisun KZN	**(17)**	(5)
SunWest	**(13)**	–
RAH	**–**	(12)
SFIR	**–**	(4)
Other subsidiaries	**(4)**	(1)
	(34)	(22)
28.4 Acquisition of SFIR		
On 20 August 2008, the group acquired its effective 40% interest in SFIR. Details of the fair and carrying values of assets and liabilities acquired and goodwill are as follows:		
Property, plant and equipment (note 14)		(893)
Intangible assets (note 15)		(15)
Loans and receivables		(31)
Deferred tax asset (note 23)		(28)
Accounts receivable		(131)
Cash and cash equivalents		(169)
Borrowings		518
Accounts payable and accruals		347
Tax		2
Net assets		(400)
Minorities' interests (60%)		240
Net assets acquired		(160)
Goodwill recognised		(198)
Consideration settled in cash		(358)
Cash and cash equivalents in SFIR		169
Cash outflow		(189)



	2010 Rm	2009 Rm

28. CASH FLOW INFORMATION (continued)

28.5 Acquisition of TCN

On 26 May 2010, the group increased its shareholding from a 29% to 49% interest in TCN. This is an established business located in Lagos, Nigeria. The 29% interest in the company was accounted for as an associate. The entity was acquired as an effective entry into the Lagos leisure and gaming market. De facto control of the entity was obtained as a result of the increased shareholding in and management contract, with the company. Details of the fair values of assets and liabilities acquired and goodwill are as follows:

	2010 Rm	2009 Rm
Property, plant and equipment (note 14)	**(798)**	
Inventory	**(2)**	
Accounts receivable	**(25)**	
Cash and cash equivalents	**(65)**	
Deferred tax	**13**	
Current borrowings	**368**	
Accounts payable and accruals	**76**	
Net assets	**(433)**	
Minorities' interests (51%)	**219**	
Net assets acquired	**(214)**	
Previously held associate at fair value	**93**	
Consideration settled in cash	**(121)**	
Cash and cash equivalents in TCN	**65**	
Cash outflow	**(56)**	

The Federal Palace in Nigeria generated revenue of R95 million for the year to 30 June 2010 and incurred a loss of R20 million which would have resulted in the group revenue being R7 881 million and profit for the year being R646 million.

Included in the group results is revenue of R11 million and operating profit of R2 million from the date of consolidation.

The minorities' interests is based on the proportionate share of the net assets in the acquired entity.

Due to the completion of the transaction being 26 May 2010, provisional purchase price accounting has been performed. The valuation of the land and buildings is in the process of being determined and will be finalised during the next financial period.

28.6 Net decrease in borrowings

	2010 Rm	2009 Rm
Increase in borrowings	**337**	990
Decrease in borrowings	**(481)**	(117)
Acquisition of SFIR	**–**	(518)
Acquisition of TCN	**(258)**	–
Imputed interest	**(18)**	(19)
Decrease in short term banking facilities	**(31)**	(426)
	(451)	(90)

28.7 Interest paid

	2010 Rm	2009 Rm
Interest expense	**(566)**	(719)
Imputed interest on loans payable	**18**	19
Fair value of derivative financial instruments	**(8)**	–
Non cash transfer from hedging reserve	**23**	8
	(533)	(692)

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June

	2010 Rm	2009 Rm
28. CASH FLOW INFORMATION (continued)		
28.8 Dividends paid		
To shareholders	**–**	(227)
To minorities in subsidiaries	**(246)**	(332)
	(246)	(559)
28.9 Cash and cash equivalents		
Cash at bank	**599**	649
Cash floats	**122**	145
	721	794

29. FINANCIAL INSTRUMENTS

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group at all times maintains adequate committed credit facilities in order to meet all its commitments as and when they fall due. Repayment of borrowings are structured to match the expected cash flows from operations to which they relate.

The group's preference share funding is subject to debt covenants which are reviewed on an on-going basis.

The following are the contractual undiscounted maturities of financial liabilities (including principal and interest payments):

	On demand or not exceeding 6 months Rm	More than 6 months but not exceeding 1 year Rm	More than 1 year but not exceeding 2 years Rm	More than 2 years but not exceeding 5 years Rm	More than 5 years Rm
2010					
Term facilities	**47**	**67**	**128**	**352**	**170**
V&A loan	**18**	**18**	**38**	**138**	**493**
Redeemable preference shares	**331**	**93**	**1 163**	**1 892**	**–**
Lease liabilities	**35**	**35**	**72**	**–**	**–**
Vacation Club members	**–**	**–**	**90**	**–**	**99**
Short term banking facilities*	**73**	**1 761**	**–**	**–**	**–**
Minority shareholder loans	**331**	**–**	**–**	**–**	**–**
Derivative financial instruments	**32**	**6**	**25**	**42**	**–**
Trade payables	**172**	**–**	**–**	**–**	**–**
Accrued expenses	**638**	**–**	**–**	**–**	**–**
Interest payable	**8**	**–**	**–**	**–**	**–**
Capital creditors	**41**	**–**	**–**	**–**	**–**
Other payables	**9**	**–**	**–**	**–**	**–**
	1 735	**1 980**	**1 516**	**2 424**	**762**
2009					
Term facilities	101	162	199	211	640
V&A loan	16	16	35	127	543
Redeemable preference shares	112	112	422	3 082	–
Lease liabilities	41	32	70	74	–
Vacation Club members	–	–	–	90	99
Short term banking facilities	71	1 815	–	–	–
Derivative financial instruments	66	28	29	58	14
Trade payables	210	–	–	–	–
Accrued expenses	480	–	–	–	–
Interest payable	11	–	–	–	–
Capital creditors	37	–	–	–	–
Other payables	21	–	–	–	–
	1 166	2 165	755	3 642	1 296

* *These are 364 day notice facilities. As at the date of this report no notice on any of these facilities had been received.*

29. FINANCIAL INSTRUMENTS (continued)

Effective 1 July 2009, the group adopted amendments to IFRS 7 for financial instruments that are measured in the statement of financial position at fair value. This requires disclosure of the fair value measurements by level of the fair value measurements hierarchy.

All derivative financial instruments are classified as level 2 financial instruments.

Credit risk

Credit risk arises from loans and receivables, accounts receivable (excluding prepayments and VAT), and cash and cash equivalents. Trade debtors consist mainly of large tour operators. The granting of credit is controlled by application and account limits. Cash investments are only placed with high quality financial institutions.

The maximum exposure to credit risk is represented by the carrying amount of all financial assets determined to be exposed to credit risk, with the exception of financial guarantees granted by the group for which the maximum exposure to credit risk is the maximum amount the group could have to pay if the guarantees are called on (refer note 30).

The group has no significant concentrations of credit risk with respect to trade receivables due to a widely dispersed customer base. Credit risk with respect to loans and receivables is disclosed in note 17.

Market risk

Market risk includes foreign currency risk, interest rate risk and other price risk. The group's exposure to other price risk is limited as the group does not have material investments which are subject to changes in equity prices.

(a) Foreign currency risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to US Dollar, Sterling, Botswana Pula, Chilean Peso and Nigerian Naira.

The group manages its foreign currency risk by ensuring that the net foreign currency exposure remains within acceptable levels. Companies in the group use foreign exchange contracts (FECs) and interest rate cross currency swaps to hedge certain of their exposures to foreign currency risk. The group had three material FECs outstanding at 30 June 2010 (2009: one) with a fair value of R8 million (2009: R9 million). The notional amount of the outstanding FECs at 30 June 2010 was R475 million (2009: R37 million). Refer to paragraph (b) for the interest rate cross currency swaps.

Included in the statements of financial position are the following amounts denominated in currencies other than the functional currency of the group (Rand):

	2010 Rm	2009 Rm
Financial assets		
US Dollar	**297**	250
Sterling	**27**	41
Botswana Pula	**46**	34
Chilean Peso	**85**	77
Nigerian Naira	**30**	–
Euro	**8**	–
Financial liabilities		
US Dollar	**256**	29
Sterling	**7**	4
Botswana Pula	**12**	9
Chilean Peso	**738**	1 006
Nigerian Naira	**55**	–

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate in Rand due to changes in foreign exchange rates.

Foreign currency sensitivity

The foreign currency sensitivity is performed on financial instruments that are denominated in a currency other than the functional currency of the related entity and would impact profit before tax due to the spot exchange rate strengthening/weakening at 30 June.

A sensitivity is not performed between the Chilean Peso and the Rand because all financial assets and liabilities in Chilean Peso are denominated in the functional currency, therefore a change in the exchange rate between these two currencies at 30 June will only impact the statement of financial position and not profit before tax.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June

29. FINANCIAL INSTRUMENTS (continued)

(a) Foreign currency risk (continued)

Foreign currency sensitivity (continued)

A 10% strengthening in the Rand against the US Dollar and Sterling at 30 June 2010 would decrease profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2009.

	2010 Rm	2009 Rm
US Dollar	**(32)**	(14)
Sterling	**(1)**	(3)

A 10% weakening in the Rand against these currencies at 30 June 2010 would have an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

A 10% strengthening in the Chilean Peso against the US Dollar at 30 June 2010 would decrease profit before tax by the amount shown below. This analysis assumes that all other variables, in particular interest rates and the Rand/Chilean Peso exchange rate, remain constant. The group discontinued hedge accounting in the current year, as a result the impact will only be on profit before tax.

	2010 Profit before tax Rm	2009 Hedging reserve Rm
US Dollar	**(15)**	(11)

A 10% weakening in the Chilean Peso against the US Dollar would have an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

(b) Cash flow interest rate risk

The group's cash flow interest rate risk arises from cash and cash equivalents and variable rate borrowings. The group is not exposed to fair value interest rate risk as the group does not have any fixed interest bearing financial instruments carried at fair value.

The group manages interest rate risk by entering into short and long term debt instruments with a combination of fixed and variable interest rates. It also uses floating-to-fixed interest rate swaps and interest rate cross currency swaps to hedge its foreign currency and interest rate cash flow risk. At 30 June 2010, the following derivative financial instruments were in place:

	SISA interest rate swap	SIL interest rate swap	SFIR interest rate cross currency swaps
Notional amount	R644 million	R1 285 million	US$120 million
Fixed rate	9.22%	9.71%	
Fixed rate expiry date	1 September 2010	30 September 2010	
Variable rate	63% of prime	67% of prime	Linked to USD Libor
Fixed exchange rates (Chilean Pesos to US Dollar)			526 – 591
Fair value liability at 30 June	R9 million	R19 million	R4 million
Transfer of loss from hedging reserve to interest expense	R13 million	R24 million	R10 million
Transfer of profit from hedging reserve to foreign exchange profits	–	–	R40 million

The period of when the cash flows are expected to occur and impact on profit and loss is the same as those set out for the derivatives in the maturity analysis.

The interest rate characteristics of new and refinanced debt instruments are restructured according to expected movements in interest rates (refer note 24).

29. FINANCIAL INSTRUMENTS (continued)

(b) Cash flow interest rate risk (continued)

Interest rate sensitivity

A 1% increase in interest rates at 30 June 2010 would (decrease)/increase profit before tax and the hedging reserve by the amounts shown below. This analysis assumes that all other variables remain constant.

	2010		2009	
	Profit before tax Rm	**Hedging reserve Rm**	Profit before tax Rm	Hedging reserve Rm
	(42)	**–**	(38)	19

A 1% decrease in interest rates at 30 June 2010 would have an equal but opposite effect to the amounts shown above, on the basis that all other variables remain consistent.

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide benefits for its stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust this capital structure, the group may issue new shares, adjust the amount of dividends paid to shareholders, return capital to shareholders or buy back existing shares.

The board of directors monitors the level of capital, which the group defines as total share capital, share premium, treasury shares and treasury share options.

There were no changes to the group's approach to capital management during the year.

The group is not subject to externally imposed capital requirements.

30. CONTINGENT LIABILITIES

(i) In the event of default by the current tenants, the group will be liable for lease liabilities relating to the Mmabatho staff flats and the Taung flats. The Mmabatho staff flats current rental is R5.9 million (2009: R5.3 million) per annum, escalating at 11% per annum and expires on 30 November 2011.

(ii) Group companies have guaranteed borrowing facilities of certain group subsidiaries in which the group has less than 100% shareholding. The group has therefore effectively underwritten the minorities' share of these facilities in the amount of R567 million at 30 June 2010 (June 2009: R628 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 (2009: two) operating leases of SCE whose rental amounts to US$2.8 million (2009: US$3.2 million) annually. At 30 June 2010, the maximum exposure is US$23.6 million (30 June 2009: US$26.6 million).

(ii) In addition, RRHL together with Primedia have jointly and severally guaranteed one operating lease of SCME whose rental amounts to US$1.8 million (2009: US$1.8 million) annually. At 30 June 2010, the maximum exposure is US$4.9 million (30 June 2009: US$7.0 million).

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June

	2010 Rm	2009 Rm
31. CAPITAL EXPENDITURE AND RENTAL COMMITMENTS		
Capital commitments		
Contracted	**289**	349
Authorised by the directors but not contracted	**1 866**	2 186
	2 155	2 535
To be spent in the forthcoming financial year	**980**	1 594
To be spent thereafter	**1 175**	941
	2 155	2 535

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

Included in capital commitments is R309 million relating to the Wild Coast Sun refurbishment programme and R986 million relating to the Boardwalk bid commitment.

Rental commitments

The group has the following material rental agreements as at 30 June 2010:

(i) For the group's head office in Sandton, expiring on 31 May 2014, at an annual rental of R13.2 million, escalating at 11% per annum.

(ii) For the Naledi Sun Hotel and staff flats, expiring on 31 January 2012, at an annual rental of R0.8 million escalating at 7% per annum.

(iii) For the land upon which the Wild Coast Sun Resort is situated, expiring on 9 March 2029, at an annual rental of R0.1 million, escalating at 5% per annum. The group has an option to renew the lease to March 2079. The rental payment would be negotiated and cannot increase by more than 15% based on the rental payable in March 2029.

(iv) For the land upon which the Flamingo casino complex is situated, expiring on 30 September 2096, at an annual rental of R0.1 million, plus contribution to the maintenance cost of the golf course.

(v) For the Sands Hotel building, a new lease was negotiated which began on 1 July 2009 and expires on 30 June 2019, at an annual rental of R9.6 million, escalating at 8% per annum. The group has the option to renew the lease to June 2029.

The future aggregate minimum lease payments under non cancellable operating leases are as follows:

	2010 Rm	2009 Rm
No later than 1 year	**25**	23
Later than 1 year and no later than 5 years	**100**	111
Later than 5 years	**75**	89
	200	223

	2010 Rm	2009 Rm
32. RELATED PARTY TRANSACTIONS		
Key management personnel have been defined as: Sun International Limited board of directors and Sun International Management Limited board of directors. The definition of key management includes the close members of family of key management personnel and any entity over which key management exercises control. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the group. They may include the individual's domestic partner and children, the children of the individual's domestic partner and dependants of the individual or the individual's domestic partner.		
(i) Key management compensation		
Non-executive directors		
Fees	**4**	4
Executive directors		
Basic remuneration	**7**	6
Bonuses/performance related payments	**1**	5
Retirement contributions	**1**	1
Other benefits	**1**	–
Fair value of options expensed	**12**	8
	22	20
	26	24
Other key management		
Basic remuneration	**20**	19
Bonuses/performance related payments	**5**	12
Retirement contributions	**4**	3
Other benefits	**3**	3
Fair value of options expensed	**15**	11
	47	48

Details of individual directors' emoluments and share options are set out in the remuneration report commencing on page 127 of this report.

Share based compensation granted

Share option scheme

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

Directors
No share options were granted to the executive directors of the group during 2010 (2009: Nil). The number of share options held by executive directors at the end of the year was 396 250 (2009: 446 250).

Other key management
The number of share options held by other key management at the end of the year was 319 444 (2009: 679 846).

Equity growth plan

Directors
The aggregate number of grants made to the executive directors of the group during 2010 was 57 846 (2009: 55 970) at a grant price of R84.12 (2009: R77.25). The number of grants held by executive directors of the group at the end of the year was 224 032 (2009: 166 186).

Other key management
The aggregate number of grants made to the other key management of the group during 2010 was 115 991 (2009: 104 477) at a grant price of R84.12 (2009: R77.25). The number of grants held by other key management of the group at the end of the year was 462 853 (2009: 316 420).

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June

32. RELATED PARTY TRANSACTIONS (continued)

(i) Key management compensation (continued)

Conditional share plan

Directors

The aggregate number of grants made to executive directors of the group during 2010 was 74 955 (2009: 75 307) at a grant price of R84.12 (2009: R77.25). During the year 33 340 (2009: 54 505) number of grants lapsed due to the vesting conditions not being met. The number of grants held by executive directors of the group at the end of the year was 210 677 (2009: 169 062).

Other key management

The aggregate number of grants made to other key management of the group during 2010 was 151 157 (2009: 155 792) at a grant price of R84.12 (2009: R77.25). During the year 62 418 (2009: 123 372) grants lapsed due to the vesting conditions not being met. The number of grants held by other key management of the group at the end of the year was 461 332 (2009: 349 417).

Deferred bonus plan

Directors

The aggregate number of grants made to the executive directors of the group during 2010 was 23 863 (2009: 23 433) at a grant price of R91.49 (2009: R89.81). The number of grants held by executive directors of the group at the end of the year was 59 839 (2009: 52 984).

Other key management

The aggregate number of grants made to the other key management of the group during 2010 was 18 754 (2009: 27 301) at a grant price of R91.49 (2009: R89.31). The number of grants held by other key management of the group at the end of the year was 55 787 (2009: 59 210).

Restricted share plan

Directors

The aggregate number of grants made to the executive directors of the group during 2010 was 16 000 (2009: 275 410) at a grant price of R89.96 (2009: R94.35). The number of grants held by executive directors of the group at the end of the year was 291 410 (2009: 275 410).

Other key management

No grants were made to the other key management of the group during 2010 (2009: 248 289 at a grant price of R94.35). The number of grants held by other key management of the group at the end of the year was 272 367 (2009: 248 289).

	2010 %	2009 %
(ii) Shareholding of key management		
Percentage holding by key management		
Sun International Limited	**1.7**	1.9
Afrisun Gauteng	**–**	0.1
Afrisun KZN	**0.9**	1.5
SunWest	**0.3**	0.7
National Casino Resort Manco Holdings	**8.6**	11.4
Teemane	**0.3**	0.7
Gain on sale of interests by key management	**Rm**	Rm
SunWest	**9**	–
Afrisun KZN	**4**	–
Afrisun Gauteng	**1**	–
Sun International Limited	**6**	4
	20	4

32. RELATED PARTY TRANSACTIONS (continued)

(ii) Shareholding of key management (continued)

	2010 R'000	2009 R'000
Dividends received by key management		
Sun International Limited	**–**	1 167
Afrisun Gauteng	**60**	151
Afrisun KZN	**1 327**	2 264
SunWest	**1 303**	2 344
National Casino Resort Manco Holdings	**1 178**	1 538
Teemane	**61**	122
	3 929	7 586

(iii) Other commercial transactions with related parties

Interest in timeshare

Certain members of key management own timeshare at Sun City Vacation Club, which was acquired at market prices.

(iv) Other related party relationships

Management agreements are in place between SIML and various group companies. A management fee is charged by SIML in respect of management services rendered.

The group's ownership of subsidiaries is set out on page 204 of this annual report.

33. 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:

	2010 R'000	2009 R'000
Reinsurance premium costs	**(12)**	(20)
Reinsurance recovery income	**–**	13

34. SHARE INCENTIVE SCHEMES

All share schemes are equity settled.

(i) Share option scheme

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

	2010		2009	
	Number of shares	**Average price Rm**	Number of shares	Average price Rm
Movement during the year				
Balance at beginning of year	**2 874 913**	**45.30**	3 233 590	44.84
Cancelled	**(2 813)**	**56.55**	(31 254)	58.82
Exercised	**(701 901)**	**40.36**	(327 423)	44.64
Balance at end of year	**2 170 199**	**46.88**	2 874 913	45.30
Options held by Share Option Trust				
Balance at the beginning of year	**2 138 694**	**41.75**	6 665 247	28.33
Purchased from employees	**701 901**	**40.36**	327 423	44.64
Options exercised	**(1 264 226)**	**30.87**	(4 336 135)	22.97
Options lapsed	**(41 552)**	**20.42**	(517 841)	19.12
Balance at end of the year	**1 534 817**	**49.73**	2 138 694	41.75
	3 705 016	**48.31**	5 013 607	43.79

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June

34. SHARE INCENTIVE SCHEMES (continued)

(i) Share option scheme (continued)

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

Financial year of grant	Financial year of lapse	Unexercised options	Vested options	Average price R
2002	2012	68 439	68 439	22.98
2003	2013	109 557	109 557	26.39
2004	2014	894 917	894 917	36.27
2005	2015	1 035 411	1 035 411	58.17
2006	2016	61 875	61 875	74.00
Balance at 30 June 2010		**2 170 199**	**2 170 199**	**46.88**
Balance at 30 June 2009		2 874 913	2 854 288	45.30

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

Financial year of grant	Financial year of lapse	Options held	Average price R
2001	2011	59 067	31.20
2002	2012	6 563	23.00
2003	2013	41 340	26.50
2004	2014	349 789	30.62
2005	2015	982 433	55.77
2006	2016	95 625	80.98
Balance at 30 June 2010		**1 534 817**	**49.73**
Balance at 30 June 2009		2 138 694	41.75

34. SHARE INCENTIVE SCHEMES (continued)

(ii) Conditional share plan

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

Movements in the number of share grants outstanding are as follows:

	2010		2009	
	Number of grants	**Weighted average grant price R**	Number of grants	Weighted average grant price R
Balance at beginning of year	**606 069**	**101.31**	537 798	106.72
Lapsed – termination of employment	**(750)**	**–**	(18 369)	91.21
Lapsed – performance condition not met	**(108 142)**	**149.55**	(184 208)	82.74
Granted	**298 488**	**84.12**	270 848	77.25
Balance at end of year	**795 665**	**88.26**	606 069	101.31
Exercisable at end of year	**–**	**–**	–	–
Share grants outstanding at the end of the year vest in the following years, subject to fulfilment of performance conditions:				
Year ending on 30 June				
2010	**–**	**–**	108 892	149.55
2011	**226 329**	**90.47**	226 329	90.47
2012	**270 848**	**77.25**	270 848	77.25
2013	**298 488**	**84.12**	–	–

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June

34. SHARE INCENTIVE SCHEMES (continued)

(iii) Equity growth plan

EGP rights provide senior executives with the opportunity to receive shares in Sun International Limited through the grant of conditional EGP rights, which are rights to receive shares equal in value to the appreciation of the Sun International share price between the date on which the conditional EGP rights are granted and the date on which they are exercised, subject to the fulfilment of 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% per annum above inflation over a three-year performance period. If the performance condition is not met at the end of 3 years it is retested at the end of 4 and 5 years from the date of grant.

Movements in the number of share grants outstanding are as follows:

	2010		2009	
	Number of grants	**Weighted average grant price R**	Number of grants	Weighted average grant price R
Balance at beginning of year	**2 139 221**	**96.09**	1 488 282	106.72
Lapsed – termination of employment	**(88 550)**	**89.88**	(143 275)	102.03
Exercised	**(22 300)**	**82.86**	–	–
Granted	**812 298**	**84.12**	794 214	77.25
Balance at end of year	**2 840 669**	**92.96**	2 139 221	96.09
Exercisable at end of year	**438 365**	**82.74**	–	–
Share grants outstanding at the end of the year become exercisable in the following years, subject to fulfilment of performance conditions:				
Year ending on 30 June				
2009	**–**	**–**	465 065	82.74
2010	**279 120**	**149.55**	287 770	149.55
2011	**556 472**	**90.47**	592 172	90.47
2012	**754 414**	**77.25**	794 214	77.25
2013	**812 298**	**84.12**	–	–

34. SHARE INCENTIVE SCHEMES (continued)

(iv) Deferred bonus plan

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

Movements in the number of matching awards outstanding are as follows:

	2010		2009	
	Number of grants	**Weighted average grant price R**	Number of grants	Weighted average grant price R
Balance at beginning of year	**154 066**	**105.97**	88 226	118.96
Lapsed – termination of employment	**(2 506)**	**91.11**	(2 218)	127.01
Granted	**59 433**	**91.49**	68 058	89.81
Balance at end of year	**210 993**	**102.07**	154 066	105.97
DBP shares held at the end of the year entitle participants to matching awards in the following years:				
Year ending on 30 June				
2010	**–**	**–**	48 683	95.14
2011	**37 325**	**149.56**	37 325	149.56
2012	**67 479**	**89.81**	68 058	89.81
2013	**57 506**	**91.49**	–	–

(v) Restricted share plan

RSP shares are Sun International Limited shares granted to key staff in return for continuing employment with the group. The shares will be forfeited and any dividends received on the shares will be repayable should the employee leave the group prior to the expiry of the vesting period. The vesting period is either 3 or 5 years. In the case of a three-year award, 100% of the shares awarded will vest after 3 years and in the case of the five-year award, 50% vests after 3 years, 25% after 4 years and the remaining 25% after 5 years.

Movement in the number of shares outstanding are as follows:

	2010		2009	
	Number of grants	**Weighted average grant price R**	Number of grants	Weighted average grant price R
Balance at beginning of year	**835 409**	**94.35**	–	–
Granted during the year	**16 000**	**89.96**	835 409	94.35
Lapsed	**(27 756)**	**94.35**	–	–
Balance at end of year	**823 653**	**94.23**	835 409	94.35
Share grants outstanding at the end of the year vest in the following years, subject to fulfilment of employment conditions:				
Year ending on 30 June				
2012	**503 726**	**94.35**	519 832	94.35
2013	**167 964**	**93.93**	157 789	94.35
2014	**151 963**	**94.35**	157 789	94.35

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June

34. SHARE INCENTIVE SCHEMES (continued)

Valuation of share incentive grants

The fair value of CSP and EGP options granted during the year was estimated using the binomial asset pricing model. For the DBP and RSP the share grants are valued based on the ruling share price on the date of the grant. The table below sets out the valuation thereof and the assumptions used to value the grants:

	CSP	EGP	DBP	RSP
2010				
Weighted average grant price	**R84.12**	**R84.12**	**R91.49**	**R89.96**
Weighted average 400-day volatility	**30.0%**	**30.0%**	**n/a**	**n/a**
Weighted average long term risk rate	**7.1%**	**7.4%**	**n/a**	**n/a**
Weighted average dividend yield	**5.2%**	**5.2%**	**n/a**	**n/a**
Valuation	**R14 million**	**R15 million**	**R5 million**	**R1 million**
2009				
Weighted average grant price	R77.25	R77.25	R89.81	R94.35
Weighted average 400-day volatility	37.0%	37.0%	n/a	n/a
Weighted average long term risk rate	8.2%	8.6%	n/a	n/a
Weighted average dividend yield	5.0%	5.0%	n/a	n/a
Valuation	R12 million	R17 million	R6 million	R79 million

The employee share based payment expense for the year was R37 million (2009: R28 million).

35. EMPLOYEE SHARE TRUSTS

These trusts have been consolidated in the group's financial statements in terms of SIC 12 Consolidation – Special Purpose Entities. However, the trust is controlled by its trustees. The majority of the trustees are representatives elected by and from the employees and are beneficiaries of the trust. The company has no beneficial interest in and has no control over the trust. The group does not share in any economic benefits of the trust.

Sun International Employee Share Trust

The Sun International Employee Share Trust was established to enable eligible employees to share in the success of the group through share ownership. The share scheme excludes participants of any other group share incentive scheme. Eligible employees will benefit from income and growth distributions made by the trust.

The trust is funded through interest free loans from the participating companies in the group. These loans have been fair valued and imputed interest at 12% per annum is recognised over the expected loan period. Loans will be repaid through dividend flows and proceeds on the disposal of the underlying investments held by the trust.

The economic interest held by the trust in group companies is set out below:

	2010 %	2009 %
Afrisun Gauteng	**3.5**	3.5
Emfuleni Resorts	**3.5**	3.5
SunWest	**3.3**	3.5
Meropa	**3.5**	3.5
Teemane	**3.5**	3.5
Afrisun KZN	**3.5**	3.5
Mangaung Sun	**3.5**	3.5
Worcester	**3.5**	3.5
Sun International Limited – direct	**2.6**	2.6
– indirect	**3.0**	3.7

35. EMPLOYEE SHARE TRUSTS (continued)

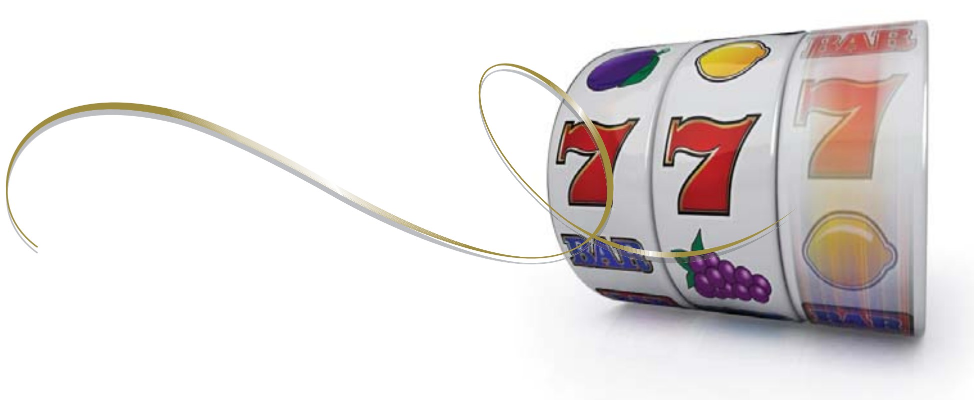
Sun International Black Executive Management Trust (SIBEMT)

As a further commitment to BEE and to assist Sun International in retaining black managerial staff, to attract new black talent and to contribute towards the creation of sustainable black leadership, a trust was formed for the benefit of current and future South African black management of the group. Permanent employees of the Sun International group, who occupy management grade levels, and are black South Africans are eligible to participate in the SIBEMT.

	2010 **%**	2009 %
The economic interest held by the trust in group companies is set out below:		
Sun International Limited – indirect	**0.4**	0.5

36. SUBSEQUENT EVENT

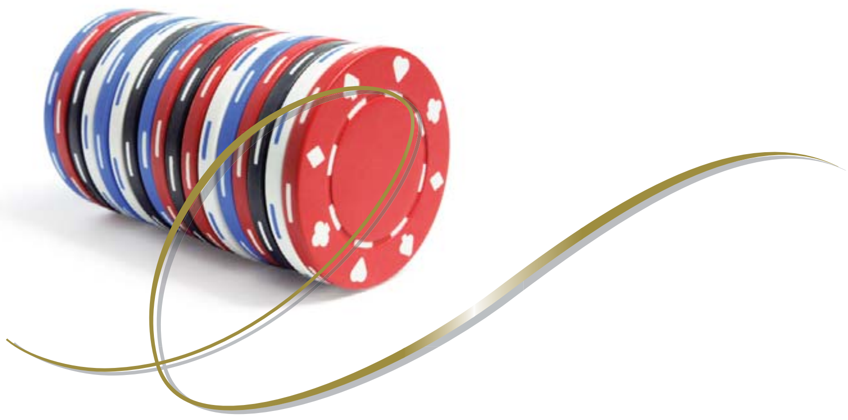
Following the conclusion of an extended consultation process, the ECGBB issued a new casino licence to Emfuleni Resorts to operate The Boardwalk Casino and Entertainment World for a period of 15 years, effective 3 October 2010. The licence conditions include a R1 billion expansion and refurbishment of the property, including a five star hotel, conference centre, parkade and expanded gaming facilities.



COMPANY STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 June

	Notes	2010 Rm	2009 Rm
Revenue		**662**	1 007
Impairment of investment		**–**	(184)
Other operational costs		**–**	(423)
Operating profit	1	**662**	400
Foreign exchange loss		**(9)**	(2)
Interest income	2	**51**	33
Interest expense	3	**(190)**	(206)
Profit before tax		**514**	225
Tax	4	**1**	(2)
Profit for the year		**515**	223
Other comprehensive income:			
Net loss on cash flow hedges		**(3)**	(36)
Tax on net loss on cash flow hedges		**1**	10
Transfer of hedging reserve to statements of comprehensive income		**25**	5
Tax on transfer of hedging reserve to the statements of comprehensive income		**(7)**	(1)
Total comprehensive income for the year		**531**	201



COMPANY STATEMENTS OF FINANCIAL POSITION

as at 30 June

	Notes	2010 Rm	2009 Rm
ASSETS			
Non current assets			
Investments in subsidiaries	6	**3 587**	3 074
Loans and receivables	7	**275**	274
Deferred tax	8	**12**	16
		3 874	3 364
Current assets			
Loans and receivables	7	**1 281**	1 270
Cash and cash equivalents		**11**	–
Tax		**2**	1
		1 294	1 271
Total assets		**5 168**	4 635
EQUITY AND LIABILITIES			
Capital and reserves			
Shareholder funds		**2 940**	2 255
		2 940	2 255
Non current liabilities			
Borrowings	10	**2 126**	2 125
Derivative financial instrument	11	**–**	6
		2 126	2 131
Current liabilities			
Accounts payable and accruals	12	**102**	248
Borrowings	10	**–**	1
		102	249
Total liabilities		**2 228**	2 380
Total equity and liabilities		**5 168**	4 635

COMPANY STATEMENTS OF CASH FLOWS

for the year ended 30 June

	Notes	2010 Rm	2009 Rm
Cash flows from operating activities			
Cash (utilised by)/generated by operations	13.1	**(137)**	145
Tax (paid)/refunded	13.2	**(3)**	11
Net cash (outflow)/inflow from operating activities		**(140)**	156
Cash flows from investing activities			
Investment in SFIR		**(254)**	(668)
Investment in TCN		**(222)**	–
Investment income	13.3	**712**	1,037
Other non current investments and loans made		**(59)**	(317)
Net cash inflow from investing activities		**177**	52
Cash flows from financing activities			
Decrease in borrowings	13.4	**(1)**	(6)
Interest paid	13.5	**(181)**	(198)
Dividends paid	5	**–**	(245)
Increase in share capital		**39**	99
Proceeds on treasury share options exercised		**79**	241
Funding the purchase of treasury shares and share options		**(40)**	(99)
Treasury shares disposed		**78**	–
Net cash outflow from financing activities		**(26)**	(208)
Net cash and cash equivalents movement for the year		**11**	–
Cash and cash equivalents at beginning of year		**–**	–
Cash and cash equivalents at end of year		**11**	–

COMPANY STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June

	Notes	Share capital Rm	Share premium Rm	Treasury shares Rm	Share based payment reserve Rm	Hedging reserve Rm	Retained earnings Rm	**Total equity Rm**
Balance at 30 June 2008		**8**	**–**	**–**	**101**	**–**	**2 141**	2 250
Share issue	9		99					**99**
Treasury shares purchased	9			(78)				**(78)**
Employee share based payments					28			**28**
Release of share based payment reserve					(55)		55	**–**
Profit for the year							223	**223**
Other comprehensive income						(22)		**(22)**
Dividends paid	5						(245)	**(245)**
Balance at 30 June 2009		**8**	**99**	**(78)**	**74**	**(22)**	**2 174**	2 255
Share issue	9		39					**39**
Treasury shares disposed	9			78				**78**
Employee share based payments					37			**37**
Release of share based payment reserve					(20)		20	**–**
Profit for the year							515	**515**
Other comprehensive income						16		**16**
Balance at 30 June 2010		**8**	**138**	**–**	**91**	**(6)**	**2 709**	2 940

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 30 June

		2010 Rm	2009 Rm
1.	**OPERATING PROFIT IS STATED AFTER THE FOLLOWING:**		
	Dividend income	**662**	1 007
	Impairment of loans to subsidiaries	**–**	(421)
	The impairment in the prior year related to the loans to subsidiaries that hold the treasury share options and the treasury shares of which the recoverable amounts are impacted by the share price at 30 June.		
2.	**INTEREST INCOME**		
	Interest earned on loans and receivables	**43**	28
	Interest earned on cash and cash equivalents	**3**	2
	Tax authorities	**4**	–
	Imputed interest on loans receivable	**1**	3
		51	33
3.	**INTEREST EXPENSE**		
	Interest paid on borrowings	**(24)**	(20)
	Preference share dividends	**(141)**	(178)
	Imputed interest on V&A loan	**(1)**	(3)
	Transfer from hedging reserve	**(24)**	(5)
		(190)	(206)
4.	**TAX**		
	Current tax – current year	**–**	(3)
	Deferred tax – current year	**3**	1
	STC	**(1)**	–
	Withholding tax	**(1)**	–
		1	(2)
	Reconciliation of rate of tax		
	Standard rate – South African	**28.0%**	28.0%
	Adjusted for:		
	Exempt income and disallowable expenses	**(28.6%)**	(27.0%)
	STC	**0.2%**	–
	Withholding tax	**0.2%**	–
	Effective tax rate	**(0.2%)**	1.0%
5.	**DIVIDENDS PAID**		
	A final dividend of 258 cents per share for the year ended 30 June 2008 was declared on 28 August 2008 and paid on 29 September 2008.		(245)
			(245)
	A final dividend of 100 cents per share for the year ended 30 June 2010 was declared on 27 August 2010 and was paid on or about 20 September 2010.		

	2010 Rm	2009 Rm
6. INVESTMENTS IN SUBSIDIARIES		
Shares at cost		
Balance at beginning of year	**3 074**	2 562
Acquisition of TCN	**222**	–
Additional investment in SFIR	**254**	–
Acquisition of SFIR	**–**	668
Impairment of investment in SFIR	**–**	(184)
Employee share based payments	**37**	28
Balance at end of year	**3 587**	3 074

The interests of the company in the aggregate pre tax net profits and losses of its subsidiaries amounted to R1 121 million (2009: R1 330 million) and R78 million (2009: R186 million) respectively and post tax net profits and losses of its subsidiaries amounted to R798 million (2009: R872 million) and R100 million (2009: R205 million) respectively.

The investment in SFIR was impaired in the prior year by R184 million to R484 million.

	2010 Rm	2009 Rm
7. LOANS AND RECEIVABLES		
Loans		
Share incentive schemes	**145**	185
Loans to subsidiaries	**1 832**	1 694
Other	**–**	86
	1 977	1 965
Less: Impairment of loans to subsidiaries	**(421)**	(421)
	1 556	1 544
Current portion	**(1 281)**	(1 270)
	275	274
Loans are due over the following periods:		
Less than 1 year	**1 281**	1 270
1 – 2 years	**–**	–
2 – 3 years	**–**	–
3 – 4 years	**–**	–
4 years and onwards	**275**	274
	1 556	1 544
The weighted average interest and dividend rates were as follows:		
Share incentive schemes	**NIB**	NIB
Loans to subsidiaries	**2.5%**	5.7%
Other	**NIB**	NIB
Weighted average	**2.6%**	1.7%

NIB – Non interest bearing

Other than the impaired loans, the loans are fully performing with the associated credit risk considered to be low.

The fair value of loans and receivables approximates their carrying value.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June

	2010 Rm	2009 Rm
8. DEFERRED TAX		
Balance at beginning of year	**(16)**	(7)
Statement of comprehensive income credit for the year	**(3)**	(1)
Charged/(credited) directly to equity	**7**	(8)
Balance at end of year	**(12)**	(16)
Deferred tax arises from the following temporary differences:		
Deferred tax assets		
Fair value adjustments	**(12)**	(16)
Balance at beginning of year	**(16)**	(7)
Statement of comprehensive income credit for the year	**(3)**	(1)
Charged/(credited) directly to equity	**7**	(8)
Net deferred tax asset	**(12)**	(16)
9. SHARE CAPITAL AND PREMIUM		
Authorised		
150 000 000 (2009: 150 000 000) ordinary shares of 8 cents each	**12**	12
100 000 000 (2009: 100 000 000) variable rate cumulative redeemable preference shares of 1 cent each	**1**	1
Issued*		
Share capital	**8**	8
Share premium	**138**	99
Deemed treasury shares	**–**	(78)
	146	29

** The issued preference shares have been included in borrowings in note 10.*

4 571 795 shares in the unissued share capital of the company remain under the control of the directors as a specific authority in terms of section 221(2) of the Companies Act to allot and issue in accordance with the share option scheme. A further 10 780 000 shares have been placed under the specific control of the directors to allot and issue in accordance with the EGP, CSP, DBP and RSP.

	2010 Number of shares	2010 Rm	2009 Number of shares	2009 Rm
Movement during the year				
Balance at beginning of year	**108 995 495**	**29**	105 494 769	8
Exercised treasury share options	**1 264 226**	**39**	4 336 135	99
Statutory shares in issue	**110 259 721**	**68**	109 830 904	107
Deemed treasury shares purchased	**–**	**–**	(835 409)	(78)
Deemed treasury shares disposed to SIML	**835 409**	**78**	–	–
Balance at end of year	**111 095 130**	**146**	108 995 495	29

During the year, the company exercised treasury share options resulting in the issue of 1 264 226 (2009: 4 336 135) shares.

	2010 Rm	2009 Rm
10. BORROWINGS		
Non current		
Redeemable preference shares	**1 851**	1 851
V&A loan	**275**	274
	2 126	2 125
Current		
Overdraft	**–**	1
Total borrowings	**2 126**	2 126

All borrowings are unsecured.

The fair value of borrowings approximate their carrying values except for the V&A loan which has a fair value of R243 million (2009: R235 million). The fair value has been determined on a discounted cash flow basis using a discount rate of 10% (2009: 11%).

The carrying amounts of the borrowings are denominated in Rand.

The borrowings are repayable over the following periods:

	2010 Rm	2009 Rm
Less than 6 months	**–**	1
6 months – 1 year	**–**	–
1 – 2 years	**–**	–
2 – 3 years	**1 851**	–
3 – 4 years	**–**	1 851
4 years and onwards	**275**	274
	2 126	2 126

The following are the contractual undiscounted maturities of financial liabilities (including principal and interest payments) presented in Rands:

	On demand or not exceeding 6 months Rm	More than 6 months but not exceeding 1 year Rm	More than 1 year but not exceeding 2 years Rm	More than 2 years but not exceeding 5 years Rm	More than 5 years Rm
2010					
Borrowings	**74**	**74**	**150**	**1 953**	**519**
Derivative financial instrument	**19**	**–**	**–**	**–**	**–**
Accounts payable and accruals	**83**	**–**	**–**	**–**	**–**
	176	**74**	**150**	**1 953**	**519**
2009					
Borrowings	80	79	160	2 083	553
Derivative financial instrument	18	13	7	–	–
Accounts payable and accruals	218	–	–	–	–
	316	92	167	2 083	553

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June

	2010 Rm	2009 Rm
10. BORROWINGS (continued)		
Interest rates		
Year end interest rates are as follows:		
Redeemable preference shares	**6.7%**	7.4%
V&A loan	**8.3%**	8.3%
Overdraft	**–**	9.0%
Weighted average	**7.3%**	9.6%

As at 30 June 2010, interest rates on 56% (2009: 56%) of the company's borrowings were fixed. 23% (2009: 100%) of these fixed borrowings were for periods longer than 12 months. The interest rates other than on the V&A loan, approximate those currently available to the group in the market.

A change of 1% in interest rates at the reporting date would have (decreased)/increased profit before tax by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2009.

	2010 Rm	2009 Rm
Increase of 1%	**(9)**	(10)
Decrease of 1%	**9**	10

A register of non current loans is available for inspection at the registered office of the company.

The company's borrowings are not restricted by its articles of association.

	2010 Rm	2009 Rm
11. DERIVATIVE FINANCIAL INSTRUMENT		
Interest rate swap – cash flow hedge	**19**	36
Current portion (refer note 12)	**(19)**	(30)
	–	6

Refer to note 29 in the group financial statements.

	2010 Rm	2009 Rm
12. ACCOUNTS PAYABLE AND ACCRUALS		
Financial instruments		
Accrued expenses	**24**	38
Current portion of derivative financial instrument	**19**	30
Loan from subsidiary	**28**	156
Other payables	**31**	24
	102	248

The fair value of accounts payable and accruals approximate their carrying value.

		2010 Rm	2009 Rm
13.	**CASH FLOW INFORMATION**		
13.1	**Cash (utilised by)/generated by operations**		
	Operating profit	**662**	400
	Non cash items and items dealt with separately:		
	Dividend income	**(662)**	(1 007)
	Impairment of investment in SFIR	**–**	184
	Impairment of loans to subsidiaries	**–**	421
	Cash utilised by operations before working capital changes	**–**	(2)
	Working capital changes		
	Accounts payable and accruals	**(137)**	147
		(137)	145
13.2	**Tax (paid)/refunded**		
	Overpayment at beginning of year	**1**	15
	Current tax credited to statement of comprehensive income (refer note 4)	**–**	(3)
	STC and withholding tax	**(2)**	–
	Overpayment at end of year	**(2)**	(1)
		(3)	11
13.3	**Investment income**		
	Dividends received	**662**	1 007
	Interest income	**51**	33
	Imputed interest on loans receivable	**(1)**	(3)
		712	1 037
13.4	**Decrease in borrowings**		
	Increase in non current borrowings	**1**	3
	Imputed interest on V&A loan	**(1)**	(3)
	Decrease in bank overdraft	**(1)**	(6)
		(1)	(6)
13.5	**Interest paid**		
	Interest expense	**(190)**	(206)
	Transfer from hedging reserve (settled)	**8**	5
	Imputed interest on V&A loan	**1**	3
		(181)	(198)

14. CONTINGENT LIABILITY

Sun International Limited has issued a guarantee in favour of ABSA Bank Limited in respect of the loan facilities entered into by Worcester Casino (Pty) Limited up to the maximum amount of R200 million.

INTEREST IN PRINCIPAL SUBSIDIARIES

for the year ended 30 June

		Amount of issued capital		Effective holding		Interest of holding company Shares		Indebtedness	
		2010 R000's	2009 R000's	**2010 %**	2009 %	**2010 Rm**	2009 Rm	**2010 Rm**	2009 Rm
SUBSIDIARIES	*								
Unlisted									
Afrisun Gauteng (Pty) Limited	(1)	**188**	188	**88**	88	**–**	–	**110**	170
Afrisun KZN (Pty) Limited	(1)	**133**	133	**60**	59	**–**	–	**–**	–
Afrisun KZN Manco (Pty) Limited	(1)	**1**	1	**30**	30	**–**	–	**–**	–
Afrisun Leisure Investments (Pty) Limited	(1)	**54**	54	**51**	51	**–**	–	**–**	–
Emfuleni Casino Resorts Manco (Pty) Limited	(1)	**–**	–	**38**	38	**–**	–	**–**	–
Emfuleni Resorts (Pty) Limited	(1)	**85**	85	**82**	82	**–**	–	**–**	–
Gauteng Casino Resort Manco (Pty) Limited	(1)	**1**	1	**44**	44	**–**	–	**–**	–
Kimberley Casino Resort Manco (Pty) Limited	(1)	**–**	–	**50**	50	**–**	–	**–**	–
Lesotho Sun (Pty) Limited	(4)	**1**	1	**49**	49	**–**	–	**46**	–
Mahogony Rose Investments 46 (Pty) Limited	(1)	**–**	–	**100**	100	**–**	–	**–**	–
Mangaung Casino Resort Manco (Pty) Limited	(1)	**1**	1	**50**	50	**–**	–	**–**	–
Mangaung Sun (Pty) Limited	(1)	**134**	134	**74**	74	**–**	–	**–**	–
Meropa Casino Resort Manco (Pty) Limited	(1)	**1**	1	**50**	50	**–**	–	**–**	–
Meropa Leisure and Entertainment (Pty) Limited	(1)	**38**	38	**71**	71	**–**	–	**–**	–
National Casino Resort Manco Holdings (Pty) Limited	(1)	**2**	2	**83**	83	**14**	14	**–**	–
Royale Resorts Holdings Limited**	(7)	**737**	737	**73**	73	**–**	–	**–**	–
Sands Hotels Holdings (Namibia) (Pty) Limited	(5)	**1**	1	**100**	100	**–**	–	**–**	–
SFI Resorts SA****	(9)	**80 784**	76 800	**40**	40	**738**	484	**102**	–
Sun International Investments No. 2 Limited	(1)	**–**	–	**100**	100	**–**	–	**1 115**	1 115
Sun International of Lesotho (Pty) Limited	(4)	**–**	–	**47**	47	**–**	–	**–**	–
Sun International (South Africa) Limited	(1)	**35 261**	35 261	**100**	100	**1 760**	1 760	**–**	–
Sun International (Botswana) (Pty) Limited***	(2)	**500**	500	**80**	80	**–**	–	**–**	–
Sun International (Zambia) Limited**	(8)	**3 750**	3 750	**100**	100	**–**	–	**–**	–
Sun International Inc	(6/11)	**1 580**	1 580	**100**	100	**687**	687	**–**	–
Sun International Management Limited	(7/11)	**449**	449	**100**	100	**166**	129	**70**	130
Sun International Travel (Pty) Limited#	(1)	**–**	–	**100**	100	**–**	–	**5**	5
SunWest International (Pty) Limited	(1)	**337**	337	**64**	64	**–**	–	**275**	274
Teemane (Pty) Limited	(1)	**28**	28	**78**	77	**–**	–	**–**	–
Tourist Company of Nigeria Plc*****	(10)	**4 478**	–	**49**	–	**222**	–	**109**	–
Transkei Sun International Limited	(1)	**14 495**	14 495	**70**	70	**–**	–	**–**	–
Western Cape Casino Resort Manco (Pty) Limited	(1)	**–**	–	**29**	29	**–**	–	**–**	–
Wild Coast Sun Manco (Pty) Limited******	(1)	**1**	1	**–**	50	**–**	–	**–**	–
Winelands Casino Manco (Pty) Limited	(1)	**–**	–	**50**	50	**–**	–	**–**	–
Worcester Casino (Pty) Limited	(1)	**1**	1	**47**	47	**–**	–	**–**	–
Listed									
Swazispa Holdings Limited	(3)	**3 497**	3 497	**51**	51	**–**	–	**–**	–
Real Africa Holdings Limited	(1)	**3 718**	3 718	**66**	66	**–**	–	**–**	–
						3 587	3 074	**1 832**	1 694

** Country of incorporation.*
(1) South Africa (2) Botswana (3) Swaziland (4) Lesotho (5) Namibia (6) Panama (7) Bermuda (8) Zambia (9) Chile (10) Nigeria
(11) Registered as an external company in South Africa.
*** Amount of share capital is stated in US$.*
**** Amount of share capital stated in Botswana Pula.*
***** Amount of share capital stated in Chilean Pesos (millions).*
****** Amount of share capital stated in Nigerian Naira.*
******* Shareholding disposed at end of August 2009.*
 # Loan to subsidiary subordinated by holding company.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the twenty-sixth annual general meeting of members of Sun International Limited (the company) will be held on Thursday, 25 November 2010 at 09:00, in the boardroom, 4th Floor, 27 Fredman Drive, Sandown, Sandton, Gauteng, Republic of South Africa, 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 2010.

2. ORDINARY RESOLUTIONS NUMBERS 2.1 TO 2.6 – ELECTION AND RE-ELECTION OF DIRECTORS

2.1 & 2.2

To elect Ms ZBM Bassa and Ms BLM Makgabo-Fiskerstrand, as directors by way of separate resolutions, who retire in accordance with the provisions of article 53.3 of the provisions of the company's articles of association, by virtue of their respective appointments being made pursuant to the last annual general meeting and are required to retire at this annual general meeting. Both Ms ZBM Bassa and Ms BLM Makgabo-Fiskerstrand, being eligible offer themselves for election. (Please refer to pages 10 and 11 of the annual report for a brief CV of each director standing for election.

2.3 – 2.6

To re-elect Messrs PL Campher and IN Matthews, Ms LM Mojela and Mr E Oblowitz, as directors by way of separate resolutions, who retire by rotation at this annual general meeting, in accordance with the provisions of articles 53.1 of the company's articles of association.

The directors, each being eligible, offer themselves for re-election. (Please refer to pages 10 and 11 of the annual report for a brief CV of each director standing for re-election)

3. ORDINARY RESOLUTION NUMBER 3 – NON-EXECUTIVE DIRECTORS' FEES

To approve the fees payable to the non-executive directors for their services as directors or as members of the committees in respect of the financial year ending 30 June 2011 as proposed in the remuneration report on page 136.

4. ORDINARY RESOLUTION NUMBER 4 – REMUNERATION POLICY

To consider and endorse, by way of a non-binding advisory vote, the company's remuneration policy as set out in the remuneration report on pages 127 to 136.

5. ORDINARY RESOLUTION NUMBER 5 – RE-APPOINTMENT OF INDEPENDENT EXTERNAL AUDITORS

To re-appoint PricewaterhouseCoopers Inc. as independent auditors of the company to hold office until the conclusion of the next annual general meeting in accordance with the audit committee's nomination, it being noted that Mr DB von Hoesslin is the individual registered auditor and member of the aforegoing firm who undertakes the audit.

6. ORDINARY RESOLUTION NUMBER 6 – ELECTION OF AUDIT COMMITTEE MEMBERS

To elect, by way of separate resolutions, the following independent non-executive directors, as members of the company's audit committee:

6.1 Ms ZBM Bassa

6.2 Mr MP Egan

6.3 Mr DM Nurek

6.4 Mr E Oblowitz

6.5 Mr GR Rosenthal

Brief CV's of the independent non-executive directors offering themselves for election as members of the audit committee are set out on pages 10 and 11 of the annual report.

SPECIAL BUSINESS:

7. ORDINARY RESOLUTION NUMBER 7 – AMENDMENTS TO SHARE PLANS

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

'RESOLVED that, subject to approval by the JSE Limited:

- the Sun International Limited Equity Growth Plan 2005 be and is hereby amended in accordance with the Second Addendum to the Sun International Limited Equity Growth Plan 2005, the contents of which are available for inspection at the company's registered office 21 days prior to the annual general meeting;
- the Sun International Limited Conditional Share Plan 2005 be and is hereby amended in accordance with the Second Addendum to the Sun International Limited Conditional Share Plan 2005 the contents of which are available for inspection at the company's registered office 21 days prior to the annual general meeting; and
- the Sun International Limited Deferred Bonus Plan 2005 be and is hereby amended in accordance with the Second Addendum to the Sun International Limited Deferred Bonus Plan 2005 the contents of which are available for inspection at the company's registered office 21 days prior to the annual general meeting.'

Reason for and effect of ordinary resolution number 7

The reason for ordinary resolution number 7 is to amend the rules of the share plans to comply with schedule 14 of the JSE's Listings Requirements by:

- amending the existing provisions relating to the selection of employees who may participate in the share plans to comply with the new provisions of the JSE's Listings Requirements;
- amending the existing provisions relating to the adjustments to be made to the number of shares allocated to a participant in the event of a rights issue, capitalisation issue, unbundling, corporate action or other event affecting the share capital of the company to comply with the new provisions of the JSE's Listings Requirements;

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

- providing for the rights which attach to shares allocated under the share plans in the event of the company being placed into liquidation otherwise than for purposes of an internal reorganisation;
- amending the existing provisions relating to the approval required in order to amend the provisions of the share plans to comply with the new provisions of the JSE's Listings Requirements; and
- amending the existing provisions relating to the aggregate maximum number of shares which may be utilised for purposes of the share plans or that may be held by any one individual to comply with the new provisions of the JSE's Listings Requirements.

In terms of the JSE Listings Requirements ordinary resolution number 7 must be passed by a 75% majority of the votes cast by shareholders present or represented by proxy at the annual general meeting (excluding all votes attached to shares in the company owned and controlled by persons who are existing participants in the relevant share plans, and which have been acquired in terms of those share plans and may be affected by the proposed amendments).

8. ORDINARY RESOLUTION NUMBER 8 – AUTHORITY FOR THE DIRECTORS TO IMPLEMENT THE AMENDMENTS TO THE SHARE PLANS

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

'RESOLVED that the directors of the company be and are hereby authorised to do all such things as may be necessary for and incidental to the implementation of ordinary resolution number 7 including, but not limited to, the signature of the Addenda to the various share plans as well as all related or ancillary documents.'

9. SPECIAL RESOLUTION NUMBER 1 – GENERAL AUTHORITY TO REPURCHASE SHARES

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

'RESOLVED that the directors be and are hereby authorised to approve and implement the acquisition by the company or by a subsidiary of the company up to a maximum of 10% (ten percent) of the number of issued ordinary shares of the company by way of a general authority, which shall only be valid until the company's next annual general meeting, unless it is then renewed, provided that it shall not extend beyond 15 (fifteen) months from the date of the passing of the special resolution, whichever period is the shorter, in terms of the Companies Act 1973, as amended, ('the Companies Act') and the rules and requirements of the JSE Limited (JSE) which provide, inter alia, that the company may only make a general repurchase of its ordinary shares subject to:

- the repurchase being implemented through the order book operated by the JSE trading system, without prior understanding or arrangement between the company and the counterparty;
- the company being authorised thereto by its 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 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.'

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

- the company and the group 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 10 to 13;
- major beneficial shareholders – page 123;
- directors' interests in ordinary shares – page 142; and
- share capital of the company – page 200.

Litigation statement

The directors in office whose names appear on pages 10 and 11 of the annual report, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 (twelve) months, a material effect on the group's financial position.

Directors' responsibility statement

The directors in office, whose names appear on pages 10 and 11 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by law and the JSE Listings Requirements.

Material changes

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

The directors consider that such a general authority should be put in place should an opportunity present itself for the company or a subsidiary thereof to purchase any of its shares during the year, which is in the best interests of the company and its shareholders.

The reason for and effect of special resolution number 1 is to grant the directors of the company a general authority in terms of the Companies Act and the JSE Listings Requirements for the repurchase by the company (or by a subsidiary of the company) of the company's shares.

10. SPECIAL RESOLUTION NUMBER 2 – FINANCIAL ASSISTANCE

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

'Resolved as a special resolution that the terms of the revised Dinokana guarantee (the salient terms of which are set out in the circular annexed to the annual report of which this notice of annual general meeting forms part) be and are hereby sanctioned by the shareholders of the company in accordance with the provisions of section 38(2A)(b) of the Companies Act 1973, as amended.'

Reason for and effect of special resolution number 2

The reason for special resolution number 2 is to sanction the terms upon which the revised Dinokana guarantee is to be given by the company for the benefit of Dinokana.

The effect of special resolution number 2 is that the company will be properly authorised to give the revised Dinokana guarantee to Depfin for the purposes of enabling Dinokana to retain the shares that it holds in the company, as part of the terms of the extension of the final redemption date in terms of the preference share agreement between Depfin and Dinokana.

The directors are required to make the following statement in connection with the passing of a special resolution in terms of section 38(2A) of the Companies Act:

The directors of the company, after considering the effect of the financial assistance to be provided by the company in connection with providing the revised Dinokana guarantee as contemplated in special resolution number 2 above, are satisfied (as at the date of this notice of annual general meeting) that:

- subsequent to the transaction described above for the provision of financial assistance, the consolidated assets of the company fairly valued will be more than its consolidated liabilities; and
- subsequent to providing the financial assistance, and for the duration of the transaction, the company will be able to pay its debts as they become due in the ordinary course of business.

11. SPECIAL RESOLUTION NUMBER 3 – CONSENT TO DIRECTORS' INTERESTS

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

'Resolved as a special resolution that the shareholders of the company hereby consent to the company entering into and implementing the revised Dinokana guarantee (the salient terms of which are set out in the circular annexed to the annual report of which this notice of annual general meeting forms part) as security for a portion of the obligations of Dinokana to Depfin in terms of the preference share agreement (as defined in the circular annexed to the annual report of which this notice of annual general meeting forms part) in accordance with the provisions of section 226(2)(a) of the Companies Act.'

Reason for and effect of special resolution number 3

The reason for special resolution number 3 is to enable the shareholders to provide their consent, in accordance with the provisions of section 226(2)(a) of the Companies Act, to the company entering into and implementing the revised Dinokana guarantee, in terms of which the company will provide security for the obligations of Dinokana to Depfin in terms of the preference share agreement, as more fully set out in the aforementioned circular. Dinokana is a company in which two directors of the company, namely Mr MV Moosa and Dr NN Gwagwa, hold indirect interests by virtue of their respective shareholdings in Lereko Investments (Proprietary) Limited, which in turn holds approximately 28.05% of the shares in Dinokana, as set out in the aforementioned circular. The directors of the company are of the view that the interest held by the directors in question is not a 'controlling' interest, as contemplated in section 226 of the Companies Act. However, for the sake of absolute prudence, the consent of the shareholders of the company is sought in terms of section 226 of the Companies Act on the basis that the interest held by the abovementioned directors in Dinokana constitutes a 'controlling' interest for purposes of section 226 of the Companies Act.

The effect of special resolution number 3 is that the company will obtain the consent of its shareholders in terms of section 226(2)(a) of the Companies Act to provide security (pursuant to the revised

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

Dinokana guarantee) in connection with an obligation of a company (Dinokana) controlled by one or more of the directors of the company. This will enable Dinokana to retain shares that it holds in the company.

12. ORDINARY RESOLUTION NUMBER 9 – AUTHORITY FOR DIRECTORS OR COMPANY SECRETARY TO IMPLEMENT RESOLUTIONS

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

'Resolved as an ordinary resolution that any director of the company or the company secretary be and is hereby authorised to do all such things and sign all such documents as may be required to give effect to special resolution numbers 2 and 3.'

Voting and proxies

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

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

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

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

By order of the board

CA REDDIAR
Company Secretary

3 November 2010

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

Delivery address
Computershare Investor Services (Proprietary) Limited
Ground Floor, 70 Marshall Street, Johannesburg, Gauteng,
Republic of South Africa

SHAREHOLDERS' DIARY

Annual general meeting:

Thursday, 25 November 2010 – 09:00

Boardroom, 4th Floor, 27 Fredman Drive, Sandown, Sandton, Gauteng, Republic of South Africa

Reports/Activity	2011
Announcement of interim results and interim dividend for half year ending 31 December 2010	February
Quarterly business update – results for 9 months to 31 March 2011	May
Financial year end	30 June
Announcement of reviewed annual results and final dividend for the year ending 30 June 2011	August
Quarterly business update – results for 3 months to 30 September 2011	November
2011 annual report published	October/November
Annual general meeting	November

SUN INTERNATIONAL LIMITED
(Incorporated in South Africa)
(Registration number 1967/007528/06)
Share code: SUI ISIN: ZAE000097580
('Sun International' or 'the company')

FORM OF PROXY

Form of proxy – Annual general meeting

For use by Sun International shareholders holding ordinary shares in certificated form or recorded on the company's sub-register in electronic dematerialised form in 'own name' at the twenty-sixth annual general meeting of shareholders of the company to be held on Thursday, 25 November 2010 at 09:00 in the boardroom, 4th Floor, 27 Fredman Drive, Sandown, Sandton, Gauteng, Republic of South Africa ('the annual general meeting').

Shareholders who have dematerialised their Sun International ordinary shares, other than own name dematerialised shareholders, must inform their Central Securities Depository Participant (CSDP) or broker that they wish to attend the annual general meeting and request their CSDP or broker to issue them with the necessary letter of authorisation to attend the annual general meeting alternatively to provide their CSDP or broker with their voting instructions should they not wish to attend but want to be represented at the Sun International annual general meeting.

I/We (please print in full)

of (please print full address)

being the registered holder/s of ordinary shares in the company do hereby, 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):

Insert an 'X' in the relevant space below to indicate your vote.

Resolution reference		Number of ordinary shares		
		For	Against	Abstain
1.	**Ordinary resolution number 1:** adoption of annual financial statements			
2.	**Ordinary resolutions numbers 2.1. to 2.6:** election and re-election of directors:			
2.1	Ms ZBM Bassa			
2.2	Ms BLM Makgabo-Fiskerstrand			
2.3	Mr PL Campher			
2.4	Mr IN Matthews			
2.5	Ms LM Mojela			
2.6	Mr E Oblowitz			
3.	**Ordinary resolution number 3:** non-executive directors fees			
4.	**Ordinary resolution number 4:** remuneration policy			
5.	**Ordinary resolution number 5:** re-appointment of independent external auditors			
6.	**Ordinary resolution number 6:** election of the audit committee for the forthcoming year			
6.1	Ms ZBM Bassa			
6.2	Mr MP Egan			
6.3	Mr DM Nurek			
6.4	Mr E Oblowitz			
6.5	Mr GR Rosenthal			
7.	**Ordinary resolution number 7:** amendments to share plans			
8.	**Ordinary resolution number 8:** authority for directors to implement amendments to share plans			
9.	**Special resolution number 1:** general authority to repurchase shares			
10.	**Special resolution number 2:** financial assistance			
11.	**Special resolution number 3:** consent to directors' interests			
12.	**Ordinary resolution number 9:** authority for directors or company secretary to implement resolutions			

Signed this day of 2010

Signature of member(s)

Assisted by me (where applicable)

Please read the notes and instructions overleaf.

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

INSTRUCTIONS ON SIGNING AND LODGING THE FORM OF PROXY

NOTES:

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

A proxy need not be a shareholder of Sun International.

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

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

1. Sun International ordinary shareholder may insert the name of a proxy or the names of two alternative proxies of his/her choice in the spaces provided with or without deleting 'the chairman of the annual general meeting', but any such deletion must be initialled by the Sun International ordinary shareholder. The person whose name appears first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert the number of ordinary shares in the relevant spaces according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of Sun International ordinary shares exercisable by you, indicate the number of Sun International ordinary shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise and compel the chairman, if the chairman is an authorised proxy, to vote in favour of the resolutions, or to authorise any other proxy to vote for or against the resolutions or abstain from voting as he/she deems fit, in respect of all the Sun International shareholder's votes exercisable thereat. A Sun International ordinary shareholder or its/his/her proxy is not obliged to use all the votes exercisable by the Sun International ordinary shareholder or its/his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the Sun International ordinary shareholder or its/his/her proxy.
3. Forms of proxy must be lodged with the transfer secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown, 2107) to be received by no later than 09:00 on Wednesday, 24 November 2010.

Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).

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.

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.

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.

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.

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.

Sun International shareholders who hold ordinary shares in Sun International through a nominee should advise their nominee or, if applicable, their CSDP or broker timeously of their intention to attend and vote at the annual general meeting or to be represented by proxy thereat in order for their nominee, if applicable, their CSDP or broker to provide them with the necessary authorisation to do so or should provide their nominee or, if applicable, their CDSP 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.

ADMINISTRATION

SUN INTERNATIONAL LIMITED

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

Company secretary:
CA Reddiar BA, LLB, LLM

Auditors:
PricewaterhouseCoopers Inc.

Principal bankers:
ABSA Bank Limited
Nedbank Limited
The Rand Merchant Bank division of FirstRrand Bank Limited
The Standard Bank of South Africa Limited

Corporate law advisors and attorneys:
Edward Nathan Sonnenbergs

Sponsor:
Investec Bank Limited

Registered office:
27 Fredman Drive, Sandown, Sandton 2031
Gauteng, Republic of South Africa
PO Box 782121, Sandton 2146, Republic of South Africa
Telephone (+2711) 780 7000, Telefax (+2711) 780 7716
www.suninternational.com

Transfer secretaries:
Computershare Investor Services (Pty) Limited
Ground Floor, 70 Marshall Street, Johannesburg 2001
Gauteng, Republic of South Africa
PO Box 61051, Marshalltown 2107, Republic of South Africa
Telephone (+2711) 370 5000, Telefax (+2711) 370 5271

Sun International

A Million Thrills. One Destination.

www.suninternational.com

27 Fredman Drive Sandown Sandton 2031 Republic of South Africa
PO Box 782121 Sandton 2146 Gauteng Tel +27 11 780 7000 Fax +27 11 780 7716