INTEGRATED ANNUAL REPORT

2012

Sun International

A Million Thrills. One Destination.

contents

ABOUT OUR INTEGRATED ANNUAL REPORT

We are pleased to present to stakeholders our third integrated annual report. This report for the year ended 30 June 2012 provides appropriately balanced business and sustainability reporting, in line with the principles of King III, while meeting the information needs of our diverse stakeholders.

The scope of this report includes all Sun International's subsidiaries and operating units. Our local and international operations include 27 resorts, luxury hotels and casinos across eight countries. Not all properties outside South Africa are covered equally comprehensively, particularly as far as sustainability is concerned. This will be addressed in our 2013 report.

As an international leisure Group, we contribute directly to the economies of countries in which we operate. This contribution takes various forms, including investments, the payment of rates, taxes, levies, fees, salaries and wages and through purchasing local products and services. We also contribute at a local level through training and development programmes for our employees, as well as providing benefits that positively impact their families and communities.

We remain deeply aware of our responsibilities to all our stakeholders. This finds expression not only in our business performance and the application of our business ethics but also in our strategies to help create sustainable societies around us.

While our report for the year ended 30 June 2011 satisfied the requirements of the Global Reporting Initiative (GRI) G3 guidelines at a B+ level, we have tried throughout our 2012 report to improve our application of the key principles of inclusivity, materiality and responsiveness.

The overall structure of the report has been maintained, presenting our performance against our strategy, followed by the more detailed statutory reports.

This year we have substantially shortened our integrated annual report to be sent to stakeholders. Information of a more specialist nature has been made available to interested parties on our website, as indicated throughout this report. Our intention is to progressively simplify our reports to make them more accessible, engaging and readable to a wider base of stakeholders. We welcome feedback on this year's report from stakeholders, and will use insights gained to further refine our reporting going forward.

Pg

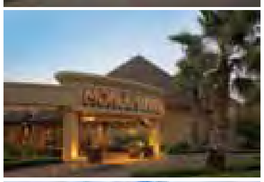
This icon indicates where to find related information in this report.

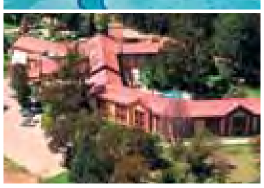
This icon indicates where to find additional information in the respective sections of our online integrated annual report.

These QR code links will take you to information that is suitable to view on your smartphone.

South Africa

% Effective voting control   % Economic interest



100% 100%

SUN INTERNATIONAL (SOUTH AFRICA) LIMITED t/a

CAROUSEL

700 slots
19 tables
78 rooms

MORULA

510 slots
12 tables
73 rooms

SUN CITY

630 slots
35 tables
1 301 rooms

NALEDI SUN

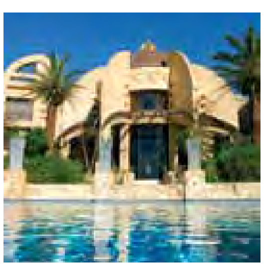
150 slots
30 rooms

85% 92%

AFRISUN GAUTENG (PTY) LTD t/a

CARNIVAL CITY

1 757 slots
59 tables
105 rooms



63% 61%

AFRISUN KZN (PTY) LTD t/a

SIBAYA

1 211 slots
47 tables
154 rooms

64% 80%

EMFULENI RESORTS (PTY) LTD t/a

BOARDWALK

892 slots
23 tables

FISH RIVER SUN

70% 70%

MANGAUNG SUN (PTY) LTD t/a

WINDMILL

343 slots
18 tables

45% 68%

MEROPA LEISURE & ENTERTAINMENT (PTY) LTD

398 slots
16 tables

50% 71%

SUNWEST INTERNATIONAL (PTY) LTD t/a

GRANDWEST

2 524 slots
74 tables
39 rooms

TABLE BAY

329 rooms

49% 74%

TEEMANE (PTY) LTD t/a

FLAMINGO

270 slots
11 tables

70% 70%

TRANSKEI SUN INTERNATIONAL LIMITED t/a

WILD COAST SUN

445 slots
15 tables
271 rooms

75% 69%

WORCESTER CASINO (PTY) LTD t/a

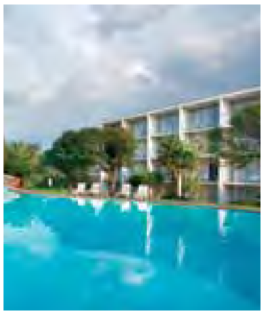
GOLDEN VALLEY

220 slots
6 tables
98 rooms

There have been no changes to the Group structure in the year under review. Our shareholding in a number of subsidiaries has increased and this is detailed on page 28

Southern Africa

% Effective voting control % Economic interest

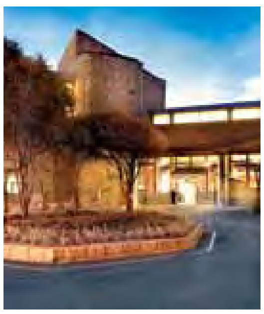


80% 80%

SUN INTERNATIONAL (BOTSWANA) (PTY) LTD t/a

GABORONE SUN • LETSATSI • MARANG • MENATENG

310 slots
10 tables
196 rooms



47% 47%

SUN INTERNATIONAL OF LESOTHO (PTY) LTD t/a

LESOTHO SUN • MASERU SUN

121 slots
8 tables
269 rooms

100% 100%

SANDS HOTELS (PTY) LIMITED t/a

KALAHARI SANDS

137 slots
10 tables
173 rooms

51% 51%

SWAZISPA HOLDINGS LIMITED t/a

ROYAL SWAZI • LUGOGO

152 slots
13 tables
411 rooms

100% 100%

SUN INTERNATIONAL (ZAMBIA) LIMITED t/a

THE ROYAL LIVINGSTONE • ZAMBEZI SUN

385 rooms

International

% Effective voting control % Economic interest

40% 40%

SAN FRANCISCO INVESTMENT RESORTS t/a

MONTICELLO

1 879 slots
80 tables
155 rooms

49% 49%

THE TOURIST COMPANY OF NIGERIA PLC t/a

FEDERAL PALACE

182 slots
8 tables
146 rooms

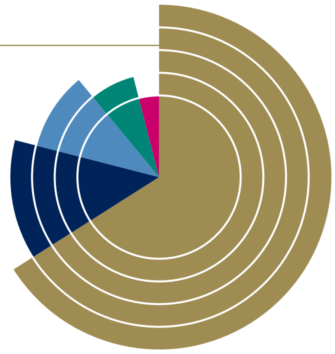
Management activities

SIML	100%	Afrisun KZN Manco	36%
Gauteng Manco	56%	Kimberley Manco	50%
Western Cape Manco	34%	Mangaung Manco	50%
Emfuleni Manco	45%	Meropa Manco	50%
		Winelands Manco	50%

Notes: Economic interest excludes shares held by the SIEST.

REVENUE BY NATURE

66%



66%	(66%)	Slots
13%	(13%)	Tables
10%	(10%)	Rooms
7%	(7%)	Food and beverage
4%	(4%)	Other

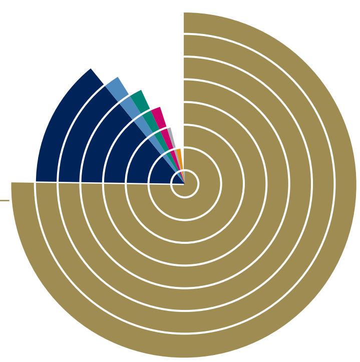
REVENUE BY PROPERTY

18%

18%	(21%)	GrandWest
14%	(13%)	Monticello
13%	(15%)	Sun City
10%	(12%)	Carnival City
10%	(11%)	Sibaya
5%	(5%)	Boardwalk
29%	(22%)	Other

REVENUE BY COUNTRY

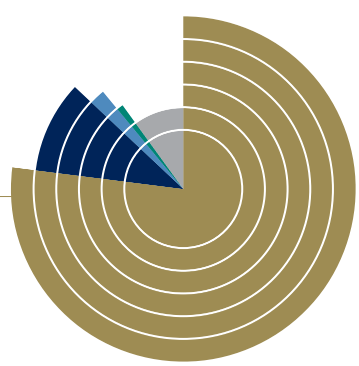
76%



76%	(78%)	South Africa
14%	(12%)	Chile
2%	(2%)	Swaziland
2%	(2%)	Botswana
2%	(2%)	Zambia
2%	(2%)	Nigeria
1%	(1%)	Namibia
2%	(2%)	Other

EBITDA BY COUNTRY

77%



77%	(76%)	South Africa
10%	(6%)	Chile
2%	(2%)	Botswana
1%	(1%)	Zambia
0%	(1%)	Namibia
10%	(14%)	Management activities

REVENUE UP **10%**

TO 9.5 BILLION (R)

EBITDA

up 3%

AHEPS

up 20%

TOTAL DIVIDEND PER SHARE

240 cents

(2011: 200 cents)

SOUTH AFRICAN GAMING MARKET SHARE

42.5%

R18 million

SPENT ON CORPORATE SOCIAL INVESTMENT

Santiago (Chile) market share	*69.1%*
Enterprise Gaming System (EGS) development	well underway
Customer satisfaction score	*80.8%*
Transformation contributor	*Level 2*
Representation of black employees	*85%*

VISION

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

MISSION STATEMENT

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

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

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

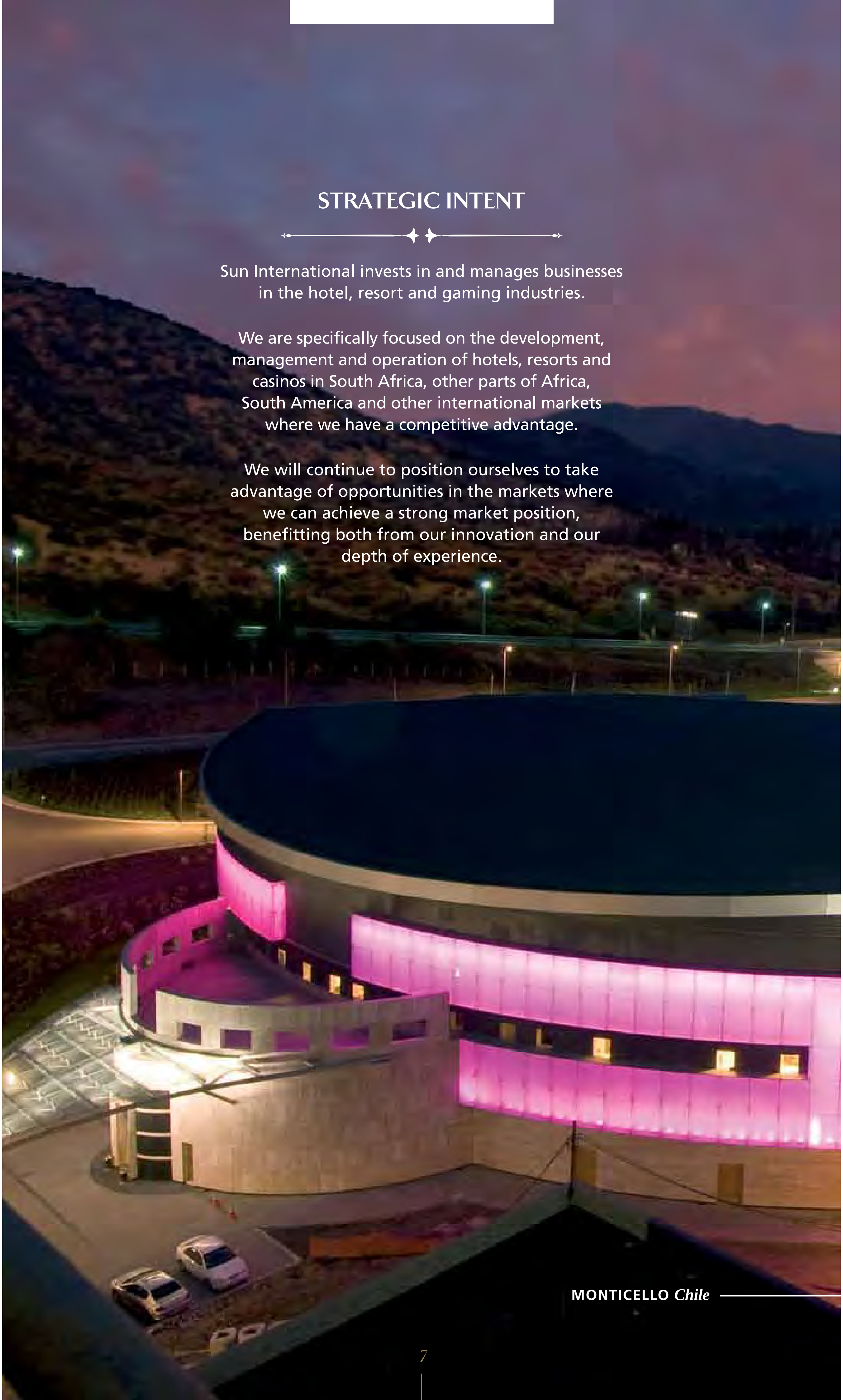
We will at all times remain mindful of our responsibilities towards our stakeholders, including the communities we serve.

STRATEGIC INTENT

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

We are specifically focused on the development, management and operation of hotels, resorts and casinos in South Africa, other parts of Africa, South America and other international markets where we have a competitive advantage.

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



MONTICELLO ***Chile***

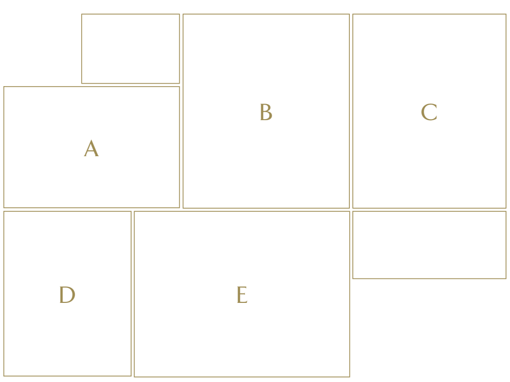
For full CVs of our board of directors, scan the code or visit **www.siml.co.za/ DirectorateSIL**

executive directors

non-executive directors

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

DIRECTORATE (SIL)



left to right

Group A (Executive directors)

RP (Rob) BECKER (50) §•
Chief financial officer, BAcc, CA(SA), MBA
Rob was appointed to the board in 2005 and is a director of various Group companies.

KH (Kele) MAZWAI (43) §
Director: Group human resources, BBus Admin, BCom, BCom (Hons), MBA
Kele joined Sun International in 2008 and has 20 years' experience in human resources management.

G (Garth) COLLINS (65) §
Acting chief executive
Garth joined Sun International on its formation in 1983 and holds directorships in a number of Group companies.

Group B (Non-executive directors)

IN (Nigel) MATTHEWS (67) †*◊§
Lead independent director, MA (Oxon), MBA
Appointed to the board in 1996 and as lead independent director on 1 July 2009.

MV (Valli) MOOSA (55) *◊±
Chairman, BSc (Mathematics, Physics)
Valli was appointed to the board in 2005 and as board chairman on 1 July 2009.

Group C

B (Bridgette) MODISE (45) †#
CIMA, BCompt (Hons), CA(SA)
Appointed to the board in September 2011. Bridgette is the founder and non-executive chairperson of investment holding company, Kutira Capital.

GR (Graham) ROSENTHAL (68) †#§
CA(SA)
Appointed to the board in 2002, Graham is a retired partner of Arthur Andersen and a non-executive director of three listed companies.

Group D

PL (Leon) CAMPHER (64) †*◊±
BEcon
Appointed to the board in 2002, Leon has extensive experience in investment management.

BLM (Tumi) MAKGABO-FISKERSTRAND (38) †±
Appointed to the board in 2010, Tumi is founder of AfricaWorldwide Media.

Group E

LM (Louisa) MOJELA (56)
BCom
Appointed to the board in 2004, Louisa is group chief executive of WIPHOLD of which she is a founder member.

ZBM (Zarina) BASSA (48) †#*
BAcc, Dip Acc, CA(SA)
Appointed to the board in 2010, Zarina comes from a financial services background, having served as an executive director at ABSA bank and a partner at Ernst & Young.

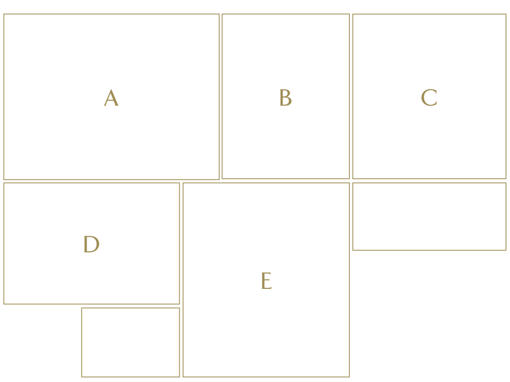
DM (David) NUREK (62) †#§
Dip Law, Grad Dip Company Law
Appointed to the board in 2002, David is the regional chairman of Investec's various businesses in the Western Cape and is also global head of legal risk.

DR NN (Lulu) GWAGWA (53) §
BA, MTRP, MSc (London), PhD (London)
Appointed to the board in 2005, Lulu holds various directorships and is the chief executive officer of Lereko Investments.

DIRECTORATE (SIML)

For full CVs of our board of directors, scan the code or visit **www.siml.co.za/DirectorateSIML**

DIRECTORATE (SIML)



(Refer to SIL)

G (Garth) COLLINS ✦ RP (Rob) BECKER ✦ KH (Kele) MAZWAI

left to right

Group A

S (Sean) MONTGOMERY (50)
Development director, BSc (QS) (Wits)
Sean re-joined Sun International as development director in 2005. He has 25 years' experience in the construction and property development industry, including 17 years' experience in leisure, hotel, gaming and resort development.

JA (John) LEE (55)
Director: Resorts operations, BCom, CA(SA)
John joined Sun International in 1986 and was appointed to the board in 2005.

M (Mervyn) NAIDOO (46)
Divisional director: Gaming south, National Diploma (Hotel Management)
Mervyn joined Sun International in 1996 and was appointed to the board in 2008. He is a director of a number of Group companies.

Group B

CA (Chantel) REDDIAR (36)
Director: Corporate services and governance, BA, LLB, LLM, MBA
Chantel joined Sun International in 2004 and was appointed to the board in 2012. She is a director of a number of Group companies.

AM (Anthony) LEEMING (42)
Director: Corporate and SIML finance, BCom, BAcc, CA(SA)
Anthony joined Sun International in 1999 as Group financial manager and was appointed to the board in 2009.

Group C

TC (Tristan) KAATZE (51)
Divisional director: Gaming north, BCom, BCompt (Hons), CA(SA)
Appointed to the board in 2005, Tristan has over 20 years' experience in the gaming industry.

J (Jaco) COETZEE (53)
Director: Gaming compliance and tables
Jaco commenced his career in gaming in 1981 and joined Sun International in 1983 at its inception. He was appointed to the board in 2006.

DR (Khati) MOKHOBO (47)
Divisional director: SunSlots, BCom, BAcc, ACMA, CA(SA)
Khati joined Sun International in 2005 as a director. He was one of the founding members of the auditing and forensic firm, Gobodo Incorporated.

Group D

HJ (Hendrik) BRAND (56)
Director: Legal affairs, BCom, LLB, CPIR
Appointed to the board in 2005, Hendrik joined the Group in 1985 and has participated extensively in the industry inputs in the formulation of the country's gambling legislation.

CS (Clarence) BENJAMIN (52)
Director: Group internal audit, BCom, CA(SA)
Appointed to the board in 2005, Clarence was a corporate executive at the office of the Auditor General.

Group E

GE (Graeme) STEPHENS (49)
Director: New business development, BCom, HDip Acc, CA(SA)
Graeme joined Sun International in 2011 as New business development director. He spent 15 years as a financial services advisor where he focused on the tourism and leisure industry.

TS (Thabo) NDLELA (39)
Director: e-Business and technology and chief information officer, BSc (Electrical Engineering), PR (ENG), Master of Information Technology (MIT)
Thabo joined Sun International in 2010 and was appointed to the board in the same year. He has more than 10 years' technology leadership experience.

DS (Des) WHITCHER (53)
Director: Gaming development and slots
Des joined Sun International on its inception in 1983 and has more than 25 years' experience in the gaming, hotel and resort industries. He was appointed to the board in 2006.

MV (Valli) Moosa
Chairman

PARTICULARLY REWARDING IS THAT WE WERE ABLE TO MAINTAIN
OUR MARKET SHARE
IN OUR MORE COMPETITIVE MARKETS.

OVERVIEW OF 2012

As anticipated, tough trading conditions persisted into 2012 as the world economy remained subdued and economic woes – in Europe in particular – continued unabated. South Africa's sensitivity to global conditions, as with other emerging economies, was again highlighted, with growth remaining subdued during the year. Despite these difficult trading conditions the Group fared well and it is pleasing to have achieved growth of 20% in adjusted headline earnings per share under these conditions.

Our South African gaming markets remained relatively stable and we have started to experience growth in a number of our properties. Particularly rewarding is that we were able to maintain our market share in our more competitive markets.

The Hotels and Resorts side of the business has felt the impact of the slow economic recovery in our traditional source markets. This impact has been somewhat mitigated by the emergence of new source markets, notably East Asia and Latin America. We have moved quickly to re-orientate our marketing and sales efforts around these.

Despite this challenging environment, there have been several highlights during the year. On the international front, Monticello continues to outperform expectations and to establish itself as the dominant player in the Santiago market.

GRANDWEST ***Cape Town***

1 AERIAL VIEW OF WILD COAST SUN
2 THE GRAYSTON HOTEL BATHROOM
3 BOARDWALK CASINO
4 MONTICELLO

- *Aspects of transformation*, employee engagement and our customer value proposition delivery are all doing well. The Group has achieved Level 2 transformation status, as verified by Empowerdex. We have made significant progress in ensuring we have engaged employees and that our customers enjoy a memorable experience at all our facilities.
- *The Wild Coast Sun upgrade* was completed in June 2012 and the GPI/RAH transaction has been satisfactorily concluded. The Boardwalk project is on track for completion in December 2012 and will position the property for further growth. The Grayston Hotel, which will have its official opening at the beginning of the 2013 calendar year, will be a modern and contemporary facility that offers a fresh experience to both the tourist and business traveller markets in Sandton. A key strategy for us has been to attain a presence in Sandton to add to our *'Route of the African Sun'* package.

It is a testament to the efforts of the greater Sun International team that revenue, EBITDA, AHEPS and our final dividend improved compared to last year.

SUSTAINABLE GROWTH

Our 2011 integrated annual report was well-received, encouraging our efforts to provide more meaningful insights into our work around not only our financial performance but also into the economic, social and environmental aspects of our business. This will always, by definition, be "work-in-progress" as we constantly refine our approach to sustainability. We have taken cognisance of stakeholder feedback and have included responses, where appropriate, into this report.

Highlights for the year include making good progress in implementing our corporate environmental strategy and, for the first time, reporting on the Group's carbon footprint. We expect to be re-included in the JSE Socially Responsible Investment (SRI) Index when the results are published in November 2012, after being excluded last year when we were unable to provide the requisite carbon emissions data for all our properties. Our environmental focus has been significantly increased and we plan to report on a number of initiatives that we are implementing within the Group in the years to come.

STRATEGIC FOCUS

Trading conditions across the Group necessitated a focused approach, especially in our Hotels and Resorts operations. Market dynamics have taken their toll on revenue growth and input cost escalations have impacted our performance.

While our overall strategic direction remains unchanged, we have de-emphasised all but the most important projects and focused our attention on addressing the fundamentals of our core businesses.

Our asset portfolio is under scrutiny, a far-reaching productivity review is under way and non-essential investments have been deferred. Our key strategic focus areas are highlighted in the joint report of the chief executive and the chief financial officer.

From a growth perspective, we have dedicated resources to identifying significant gaming opportunities outside South Africa. We believe that our expertise and reputation places us in a strong position to win licences in carefully selected jurisdictions.

PROSPECTS FOR 2013

Despite a cautious prognosis on most external fronts, we remain optimistic that we will maintain our performance into 2013.

The trading environment is expected to improve marginally in the forthcoming year, resulting in improved revenues for both the Gaming division and for Hotels and Resorts. We believe that Monticello will continue to increase its contribution to the Group's results and the significant capital spent on a number of properties will stand us in good stead as the market recovers.

DIRECTORATE AND APPRECIATION

On behalf of the board, I express our gratitude to all who contributed to our sustainability and success in 2012. A business such as ours is a system each part making a vital contribution. Our gratitude thus extends to our customers, our people, shareholders, business partners, suppliers and the communities in which we operate.

After recent changes, the board has settled down and is functioning well as a balanced, positive and progressive team. My board colleagues, as always, have made a sterling contribution in keeping the business on track under difficult market conditions and I thank them for this.

David Nurek, having served on the board for 10 years, has indicated that he is not available to serve as a non-executive director with effect from the forthcoming annual general meeting. We are grateful for his years of service and thank him for his contribution.

David Coutts-Trotter left us for personal reasons in November 2011 after 15 years of service. We are grateful for his long and valued contribution, which included expanding our interests to both West Africa and South America.

Particular thanks are due to Garth Collins, who took on the position of acting chief executive, rising to the challenge while the board searches for a successor.

To our nearly 11 000 staff members across all the geographies in which we operate, a profound thank you for your ongoing resilience and support.

Sun International is a leader in the leisure, entertainment, gaming and tourism sector. Our facilities are located throughout southern Africa, as well as in Nigeria and Chile.

We recognise that the development, operation and management of our hotels, resorts and gaming facilities have environmental and social implications. Our aim is to integrate sustainability considerations into our business decisions, values and operations through ensuring that we:

GROUP SUSTAINABILITY POLICY STATEMENT

- comply with legislation relevant to our business, which includes that relating to Corporate Management, Gaming, Health and Safety, Labour Relations, Black Economic Empowerment and Environmental aspects. All of our operations are required, at a minimum, to adhere to South African legal requirements and other standards to which the Group subscribes;
- maintain an ethical climate throughout our operations underpinned by the pillars of respect, honesty, accountability, transparency and fairness;
- engage with all our stakeholders, taking into account their legitimate expections and interests in our decision making processes;
- implement management systems that are aligned with international best practice, which includes monitoring, measurement and auditing and that suit the nature and scale of our diverse operations;
- promote environmental and social responsibility amongst our guests, employees, suppliers, contractors and concessionnaires. Periodic training is provided for all employees regarding the policy and their role in the management of ethical, environmental, social, health, and safety practices;
- apply social and environmental criteria to the sourcing of goods and services wherever practical;
- demonstrate environmentally responsible behaviour, in particular:
  - preventing pollution of the environment through management of emissions to air, water and soil;
  - conserving the use of natural resources such as water and adopting energy management best practices;
  - minimising waste generation and disposal to landfill while maximising recycling;
  - protecting biodiversity including sensitive ecosystems and landscapes;
  - implementing a carbon footprint reduction and disclosure programme,
  - monitoring and reducing our impact on climate change;
- demonstrate socially responsible behaviour, in particular:
  - supporting the responsible gambling initiative;
  - continued involvement in community projects that contribute to social upliftment and poverty alleviation;
  - creating business linkages that support local enterprises and enterprise development;
  - and facilitating HIV/AIDS awareness and support programmes for our staff; and
- demonstrate good corporate governance, in particular:
  - adopting internationally recognised King Ill governance standards;
  - adhering to a Board Charter and Code of Ethics; ensuring that whistle-blowing, fraud reports or other concerns are dealt with in a non-discriminatory and confidential fashion;
  - and establishment of a Social and Ethics Committee to regularly monitor the company's activities.

Annual review and public reporting of the Group's sustainability performance against its stated commitments, objectives and targets ensures continual improvement in our capacity to contribute to a sustainable future.

G Collins	V Moosa
Acting Chief Executive	Chairman
Sun International Limited	Sun International Limited
24 May 2012	24 May 2012

Garth Collins
Acting Chief Executive

Rob Becker
Chief Financial Officer

OUR EXISTING

STRATEGY WAS RECONFIRMED

DURING THE YEAR, HOWEVER WE HAVE EMPHASISED OPTIMISATION IN LIGHT OF PERSISTENT DIFFICULT TRADING CONDITIONS

While our strategic objectives are refined annually to reflect changing market conditions and dynamics, the eight strategic imperatives we identified in 2010 remain relevant. In our view they are an immutable set of focus areas that clearly articulate what underpins our business.

Our strategic imperatives are relevant across all our operations and the locations we operate in. Transformation and broad-based black economic empowerment may be specific to our South African operations only, however the spirit of ensuring demographic representation, empowering local communities, developing our people and supporting emerging businesses applies anywhere in the world.

KALAHARI SANDS *Namibia*

Our 8 strategic imperatives

have been retained as the underlying structure of our 2012 integrated annual report:

- 01 Deliver to our shareholders
- 02 Protect our business and innovate
- 03 Customers
- 04 Business partners and communities
- 05 Human capital
- 06 Transformation
- 07 Protect our environment
- 08 Ethics and risk management

Under each of these sections, we provide a consolidated view of strategic objectives, market dynamics, operational performance, constraints and other information deemed most relevant. Further information is available online and is referenced throughout this report.

01

IN THIS SECTION

Deliver to our shareholders

Group strategic objectives

We have identified six key strategic objectives for 2013:

1 Structure our balance sheet for growth	*2* Grow revenue across all properties	*3* Optimise our existing asset portfolio
4 Expand our asset portfolio in high-growth markets	*5* Pursue growth opportunities through the acquisition of appropriate international assets	*6* Manage costs

Additional information online

Detailed commentary
Borrowings per property
Project details and capital commitments

MONTICELLO ***Chile***

Our regional strategy for 2013

In South Africa, we will protect and grow our existing business. The GrandWest exclusivity remains a strategic focus area.

In Africa, we will continue to develop our business in Nigeria. We will selectively pursue other attractive urban opportunities in other countries.

In Latin America, we will progressively strengthen our position in Chile and actively pursue gaming opportunities that support the creation of a wider regional footprint.

In the rest of the world, we will explore gaming opportunities as they arise.

Our strategic review during the year reconfirmed our existing strategy, however we have emphasised optimisation in light of persistent difficult trading conditions. This approach can be summarised as follows:

- Focusing on and prioritising our big issues and resourcing for effect
- Actively driving revenue growth across all assets
- Managing our funding capacity and debt levels
- Developing structures consistent with required capacity and capability
- Finding solutions for under-performing assets
- Adopting a clear and focused growth and acquisition strategy
- Developing online offerings
- Refining our brand strategy

We have integrated these priorities, where relevant, into the sections that follow.

TRADING AND GROUP OPERATING PERFORMANCE

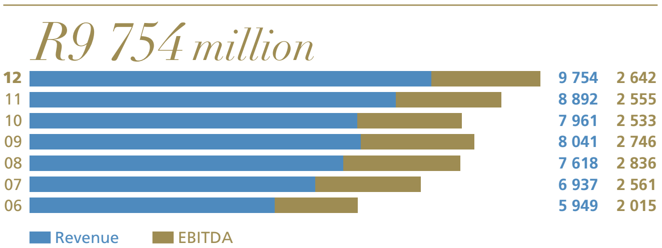
FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 30 JUNE

Rm		2012	2011	% CHANGE
Trading *(including adjusted headline earnings adjustments)*				
Revenue		**9 754**	8 892	10
EBITDA		**2 642**	2 555	3
Profit from operations		**1 752**	1 705	3
Profit before tax		**1 332**	1 220	9
Adjusted headline earnings		**616**	512	20
Ordinary share performance				
Adjusted headline earnings per share	*(cents)*	**610**	509	20
Diluted adjusted headline earnings per share	*(cents)*	**606**	504	20
Dividends per share	*(cents)*	**240**	200	20
Financial ratios				
Borrowings to EBITDA	*(times)*	**2.4**	2.2	
EBITDA to interest	*(times)*	**5.4**	5.4	
Share price at 30 June	*(Rand)*	**89.35**	91.60	

For detailed commentary on trading and Group performance visit **www.siml.co.za/Trading**

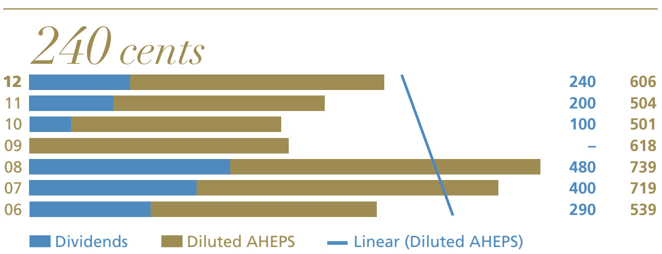
Detailed segmental information is available under "Protect our business and innovate" on page 30

REVENUE AND EBITDA



DIVIDENDS

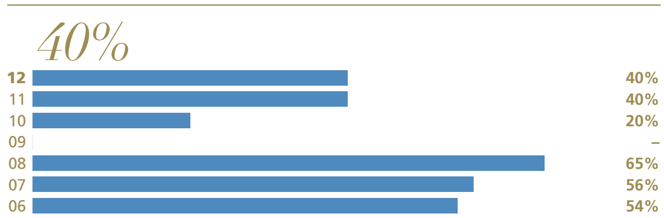
ADJUSTED HEADLINE EARNINGS AND DIVIDENDS PER SHARE



A final dividend of 150 cents was declared bringing the total dividend declared for the 2012 financial year to 240 cents per share versus 200 cents per share in 2011. This equates to a 40% payout ratio on fully-diluted headline earnings per share.

Below is a representation of the payout ratio for the Group over the last seven years.

DIVIDEND PAYOUT RATIO



The Group elected to withhold the dividend in 2009 as a result of the recession experienced in South Africa and resumed dividend payments with a final dividend for the 2010 financial year. After recommencing dividend payments, the board elected a payout ratio of 40% which, due to the Group's international growth strategy, is unlikely to increase in the medium term.

MANAGING OUR FINANCIAL POSITION

Ordinary shareholders' funds

Ordinary shareholders' equity increased by R21 million. Movements are summarised in the table below:

	Rm
Share capital, treasury shares and treasury options	**143**
Shares issued	131
Treasury share options acquired on exercising options by participants	(20)
Treasury shares exercised related to the share issue	61
Deemed treasury share purchase	(72)
Vested shares	43
Distributable and other reserves	**(122)**
Share based payment expense	33
FCTR gain for the year	156
Acquisition of minorities' interests	(736)
Profit attributable to ordinary shareholders	632
Dividends paid	(199)
Delivery of share awards	(8)
	21

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

	NUMBER OF SHARES (000)		
	IN ISSUE*	WEIGHTED HEADLINE EPS	WEIGHTED ADJUSTED HEADLINE EPS
Shares in issue at 30 June 2011	111 095	111 095	111 095
Shares issued	338	3	3
Treasury shares exercised	2 053	392	392
Treasury shares – held by subsidiary	(10 549)	(10 549)	(10 549)
– deemed treasury share purchase (RSP)	(1 144)	(614)	
– held by employee share trusts	(5 890)	(5 890)	
Number of shares at 30 June 2012	**95 903**	**94 437**	**100 941**
Dilutive share options		770	770
Number of shares for dilutive calculation at 30 June 2012	**95 903**	**95 207**	**101 711**

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

Borrowings

The Group's borrowings at 30 June 2012 increased by R800 million to R6.7 billion as a result of the funding for the Emfuleni and Wild Coast Sun developments, as well as new preference share funding for the acquisition of the additional interests in SunWest, Worcester and RAH. All Group preference shares have been refinanced and have durations of between three and five years.

For more detail on the Group's borrowings during the year under review, visit **www.siml.co.za/Borrowings**

BOARDWALK ***Port Elizabeth***

1 GOLDEN VALLEY
2 ROYAL SWAZI SUN
3 GRANDWEST

Debt covenants and gearing capacity

Our preference share funding has the following principal debt covenants:

- Debt to EBITDA of less than three times
- EBITDA to interest of greater than three times

The calculation of the covenants and the resultant Group debt capacity for the year ended 30 June 2012 are set out below:

		2012	2011
EBITDA	(Rm)	**2 642**	2 555
Interest expense	(Rm)	**492**	474
Debt	(Rm)	**6 509**	5 695
EBITDA to Interest	times	**5.4**	5.4
Debt to EBITDA	times	**2.5**	2.2
Additional debt capacity (at three times EBITDA)	(Rm)	**1 417**	1 970

All debt covenants have been comfortably met during the year.

CASH FLOWS

Net cash retained from operations after minority dividends, tax and interest payments was R10 million ahead of that required to fund our remaining investing activities and outflows from financing activities. As a result, cash on hand increased to R752 million.

Free cash flow

Free cash flow generated by the Group was as follows:

Rm	2012	%	2011
Cash retained from operating activities	**2 203**		2 186
Interest paid	**(493)**		(474)
Replacement of PPE and computer software	**(564)**		(723)
Free cash flow	**1 146**	16%	989
Dividends paid			
Minorities	**(308)**		(261)
Shareholders	**(199)**		(170)
	639		558

INVESTING FOR GROWTH

Capital expenditure

Major investments made in refurbishing and expanding a number of our properties included:

	Rm
Expansionary	
Boardwalk	465
Wild Coast Sun	77
The Grayston	44
	586
Refurbishment	
Wild Coast Sun	95
Sun City	39
Zambia	19
Kalahari Sands	10
	163
Other ongoing asset replacement	401
Total capital expenditure	**1 150**

To view capital expenditure projects at our respective properties, as well as our capital commitments visit **www.siml.co.za/Capex**

CORPORATE FINANCE ACTIVITIES

Restructure of Sun International and Grand Parade Investments Limited's common interests

On 1 December 2011

all conditions pertaining to the Sun International and GPI transaction, in which the parties agreed to a restructure of their common interests in SunWest, Worcester and RAH, were fulfilled. The restructure resulted in Sun International indirectly owning the majority of voting shares in SunWest and Worcester, the cancellation of the GrandWest and Worcester Manco agreements and the entering into of new management and royalty agreements with SunWest and Worcester.

As part of the restructure Sun International undertook to make an offer to acquire all of the minority interests in RAH. As at 27 January 2012, being the original closing date of the RAH offer, 97.1% of the RAH minorities had accepted the offer thereby increasing the Group's interest in RAH to 99.0%. On 20 January 2012, the Group exercised its entitlement to compulsorily acquire the remaining RAH minority shares in accordance with the terms of section 124 of the Companies Act. Shareholders holding collectively the remaining 1% of the outstanding RAH shares brought action against the company in terms of section 124(2) of the Companies Act, in which they contend that the offer consideration is not fair. The company is defending the action.

As the contesting minority shareholders are only contesting the price of the offer and not the compulsory acquisition of their interests we regard RAH as a wholly owned subsidiary and have accounted for the amounts payable to the contesting minority shareholders as a creditor.

Following the restructure and the RAH offer, Sun International's effective economic interests in the following subsidiaries changed as follows:

	SUN INTERNATIONAL EFFECTIVE SHAREHOLDING	
	BEFORE	AFTER
SunWest – operating as GrandWest and Table Bay	59.7%	70.7%
Worcester – operating as Golden Valley	45.3%	69.1%
Afrisun Gauteng – operating as Carnival City	84.4%	91.6%
Afrisun KZN – operating as Sibaya	56.1%	60.7%
Emfuleni Resorts – operating as Boardwalk	62.2%	64.5%
Gauteng Casino Resorts Manco (Pty) Ltd	44.6%	56.4%
Afrisun KZN Manco (Pty) Ltd	30.7%	36.0%

Retention of Swaziland operations

In 2011 we resolved to commence a process to sell our 50.1% investment and management of the Swaziland operations. For a number of reasons, including labour law issues relating to the change of control and the negative press around the country's macro-economic policies, we were unable to conclude a deal on acceptable terms.

As a result we undertook a major restructure of the Swaziland operations which resulted in the closure of the Ezulwini Sun and the voluntary retrenchment of 92 staff. We are now in the process of recapitalising the business through the introduction of a local shareholder via an under-written rights issue.

THE TABLE BAY *Cape Town*

02

IN THIS SECTION

Protect our business and innovate

GAMING

With 376 tables and 10 770 slots across our casinos in South Africa, Zambia, Botswana, Namibia, Lesotho and Swaziland, Sun International is Southern Africa's undisputed casino leader. Internationally, we also have casinos in Nigeria and Chile.

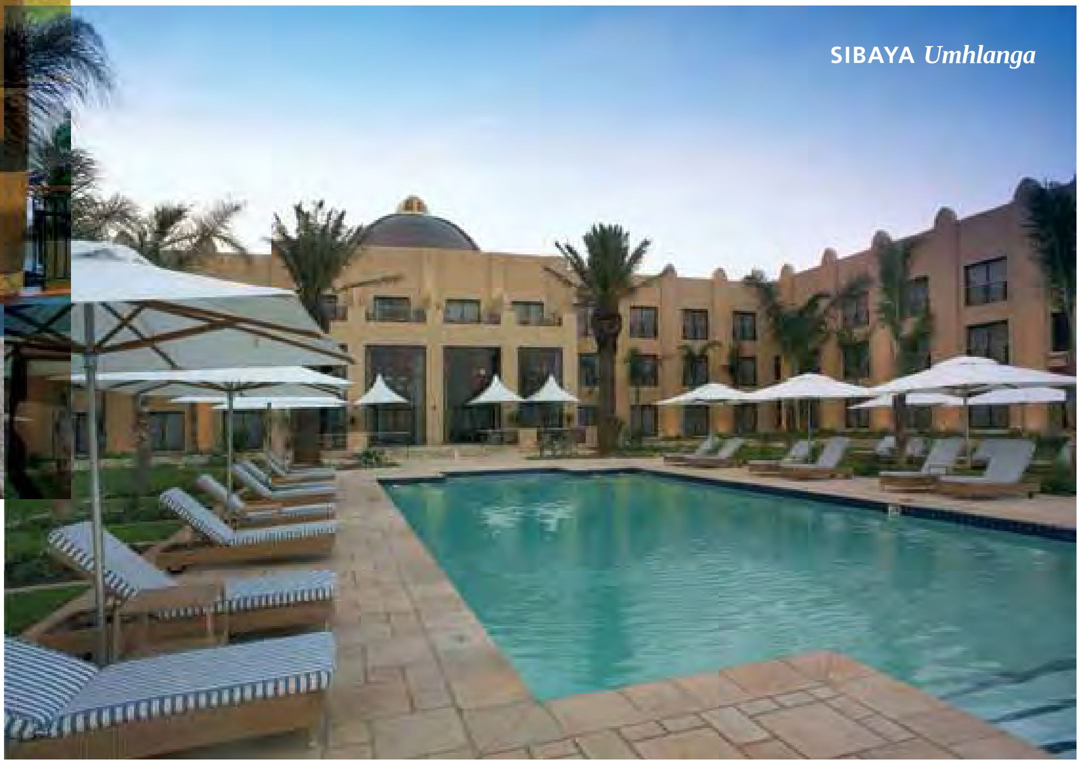
Gaming revenues from our South African casinos grew by 7.0% over last year.

OUR SHARE OF THE SOUTH AFRICAN MARKET INCREASED FROM
42.2% to 42.5%
FOR THE 12 MONTHS ENDED JUNE 2012

IN CHILE, CASINO REVENUES GREW BY 28.3% ON LAST YEAR AND MONTICELLO CASINO DOMINATES THE SANTIAGO MARKET WITH A MARKET SHARE
of 69%

Additional information online

More detail on performance – Gaming
Additional commentary on casino licences
Detailed Chilean casino market share
More detail on performance – Hotels and Resorts



SIBAYA *Umhlanga*

Did you know?

Our casinos offer a wide range of traditional slots, multi-line video slots and video poker games

•

Our table games include blackjack, roulette, poker and punto banco

•

Other casino revenue streams include events, entertainment, food & beverages, promotions, competitions and accommodation

•

We have a Responsible Gambling Programme

Our objectives for the Gaming division in 2012:

- Grow revenue across all units
- Manage our existing asset portfolio
  - GrandWest exclusivity continuation
  - Monticello growth opportunities
- Expand our asset portfolio in high-growth markets
  - LATAM focus
  - Various African cities
  - Other international markets
- Develop new products and channels
  - Online gaming and sports betting
- Manage costs

Gaming trading overview

In South Africa, economic conditions remained depressed which resulted in a decline in play by top-rated players. However, our Most Valued Guest (MVG) Platinum segment countered this trend in the second half of the year with a significant improvement in performance. The general sentiment among our customers is increasingly positive, evidenced by a steady improvement in trading. While we are confident that trading will continue to pick up in line with the gradual strengthening of local economic conditions, we remain cautious given the pressure that global recessionary conditions exert on South Africa.

In Chile, our Monticello casino again delivered a strong performance, despite growing competition from a key competitor in Santiago. The overall outlook in Chile remains positive.

We maintained tight control over costs and capital expenditure at all casino properties as part of our strategic optimisation drive.

A highlight for the year was the successful implementation of the Group's Touch Points training project which emphasised improving staff and guest interactions and enhancing service levels at all our casinos.

Performance overview

Gaming revenue was 10% ahead of last year at R7.1 billion with slots and tables revenue 10% and 9% up respectively.

- **GrandWest** revenue at R1 782 million was up 8%, driven primarily by improved slots revenues. EBITDA at R746 million was 19% ahead of last year with the EBITDA margin increasing 4% to 41.9% as a result of the new management fee structure. Excluding the revised management fees, the EBITDA margin would have been 0.4% lower than the previous year.
- **Monticello** revenue increased 27% to R1 354 million due to targeted promotional activity that resulted in increased market penetration, EBITDA increased by 68% to R262 million as a result of higher revenue and cost containment, while the EBITDA margin increased by 4.9% to 20.6%. Monticello's share of the Santiago gaming market at 69.1%, was 5.7% below last year. The decrease is largely due to a competitive casino not being fully operational in the prior year. Growth in the gaming market remains strong particularly in the slot machine area and we have procured 147 additional machines which will be installed for play within the first quarter of the new financial year. We are also investigating utilising existing areas within the casino for additional machines.
- **Carnival City** achieved revenue of R1 024 million, an increase of 5% over last year. EBITDA at R298 million was marginally ahead of last year and the EBITDA margin declined by 1.3% to 29.3% as a result of certain costs being higher than inflation and due to the Long Service Award provision. The Group's share (Carnival City and Morula) of the Gauteng market declined marginally to 20.2%.
- **Sibaya** revenue at R989 million was up 9% as a result of increased footfall. EBITDA grew 11% to R343 million due to increased revenue, good cost containment and improvements in departmental margins. The EBITDA margin of 35% was marginally above last year. Sibaya's share of the KwaZulu Natal market was slightly higher than last year at 35.7%.
- **Boardwalk** revenue increased 5% to R451 million. EBITDA declined 9% to R147 million with an EBITDA margin of 32.6%, 5.2% below the previous year as a result of certain costs being higher than inflation particularly IT, marketing and municipal rates. While there has been some disruption to customers due to the expansion programme, particularly the MVG parking area, on completion the business will be well positioned for future growth.

The performance of some of our casinos is highlighted below. For additional commentary on these and our other casinos visit **www.siml.co.za/GamingPerformance**

	REVENUE Rm		EBITDA Rm		EBITDA MARGIN %*	
	2012	2011	2012	2011	2012	2011
GrandWest	**1 782**	1 652	**746**	625	**41.9**	37.9
Carnival City	**1 024**	973	**298**	295	**29.3**	30.6
Sibaya	**989**	904	**343**	310	**35.0**	34.6
Boardwalk	**451**	429	**147**	162	**32.6**	37.8
Carousel	**316**	308	**60**	66	**19.2**	21.7
Meropa	**274**	266	**108**	113	**39.4**	42.5
Morula	**264**	256	**35**	41	**14.1**	17.2
Windmill	**238**	220	**84**	79	**35.3**	35.9
Flamingo	**146**	131	**40**	35	**27.4**	26.7
Golden Valley	**132**	123	**33**	31	**25.8**	26.1
Lesotho	**111**	109	**12**	15	**11.3**	14.4
Gaming – southern Africa	**5 727**	5 371	**1 906**	1 772	**33.6**	33.3
Monticello – Chile	**1 354**	1 064	**262**	156	**20.6**	15.7
	7 081	6 435	**2 168**	1 928	**31.2**	30.5

** EBITDA is after deducting management fees and the margin is calculated on net revenue (revenue less promotional allowances).*

Gaming marketing

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

We have placed increasing focus on the management of our unique casino brands to ensure that they remain contemporary and appealing to prospective and existing customers. Our marketing managers are receiving customised training with a focus on brand management.

The measurement of the return on investment of large scale property gaming promotions is also under increasing scrutiny by the Group. This and a drive to better control discretionary marketing costs, align well with the Group's strategic intent to manage costs better.

Improving use of our customer relationship management (CRM) system remains a priority. Current initiatives include advanced database segmentation models and database marketing processes.

Gaming promotions

Imaginative gaming promotions add to the fun and excitement on our casino floors. At Monticello, regular Party Pit promotions conducted with traditional Chilean flair have become a celebration in their own right, attracting excellent patronage. Carnival City's Party Pit has generated so much interest and festivity that our customers spill over into neighbouring slot areas and party there. Sibaya's Privé Party Weekend offering R400 000 in prizes, was oversubscribed.

MVG Points Challenges are also popular. GrandWest's Million Points Challenge offers prizes to the value of R1.6 million, and entry is limited to the top 250 MVGs. Sibaya's R1 million Points Chase is open to the top 100 slots and tables players.

The Group's national promotions, the Black Diamond Blackjack Tournament and the Black Pearl American Roulette, each with a first prize of R1 million, are the premier gaming promotions in southern Africa. Regional heats are held, with the finals being held at Sun City and Wild Coast Sun respectively.

A recent innovation is our new Derby Horse Racing Game, developed in-house, which is a promotional tool used throughout the Group, generating enormous excitement.

Touch Points project

The positive impact of our Touch Points project is already being felt at Carnival City, which was voted the Casino Industry Winner of the 2011 Ask Afrika Orange Index© Service Excellence Awards.

MOST VALUED GUEST LOYALTY PROGRAMME

The Group's highly successful MVG loyalty programme is offered by all Sun International casinos. This includes Monticello in Chile, where the programme has become the local benchmark for such initiatives.

The programme offers members bigger and better benefits as they move up four levels, with our top-rated Platinum members receiving only the very best rewards across the Group. An exclusive Platinum card gives our top players the status, benefits and recognition they deserve and is highly sought-after by our customers. Our Platinum members continue to be our best-performing customer segment.

In South Africa, our Platinum and Gold cardholders accounted for 17% of cardholders and 84% of earning potential (EP) contribution during the year. EP is defined as our projected earnings based on past play and payouts.

In total, we ended the financial year with 382 000 active MVG cardholders.

For details on our MVG programme visit **www.siml.co.za/MVG**

SOUTH AFRICAN GAMING MARKET REVENUE

SECTOR – Rm	2012		2011		2010
Casino	**15 051**	5.6%	14 257	5.5%	13 519
Lottery	**2 415**	(2.8%)	2 484	3.9%	2 391
Betting	**1 753**	2.0%	1 718	3.0%	1 668
LPM	**1 288**	31.6%	979	28.9%	760
Bingo	**247**	22.8%	201	22.4%	164
Total	**20 753**	5.7%	19 639	6.1%	18 502
Casino	**73%**		73%		73%
Lottery	**12%**		13%		13%
Betting	**8%**		9%		9%
LPM	**6%**		5%		4%
Bingo	**1%**		1%		1%

Statistics are for the year ended 30 June
Lottery revenues as stated at 50% of ticket sales (in line with the policy of the lottery to payout 50% of sales in prizes)
Sources: National and Provincial Gambling Boards, National Lottery Board

** The regulators have not yet published formal figures so these numbers are based on our own calculations and estimates.*
***Note:** We segment our operating units into two divisions, "Gaming" and "Resorts and Hotels". In many instances, casinos also have room revenues, while Resorts have casino revenues generated by complementary casinos. Our market share is calculated based on the total casino revenues of the units concerned, referred to as gaming revenue in this section.*

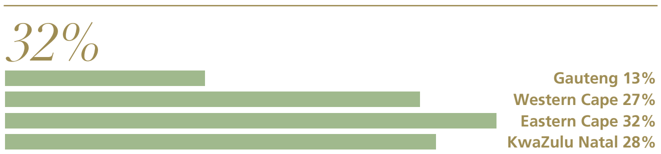
The gaming industry in South Africa

In the 12 months to June 2012, the legal gaming and lottery market is estimated to have grown by 5.7%. The casino sector with 73% of the local gaming market dominates the market.*

NATIONAL CASINO REVENUES ARE ESTIMATED TO HAVE GROWN BY 5.6% TO

R15.1 billion

REVENUE GROWTH BY PROVINCE



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

The provisions regarding online gambling have not yet been brought into effect. Regulations to deal with online gambling are still being drafted and these need to be completed before the main provisions can be made effective. There is no indication when this may happen.

Illegal gaming operations in the North West province remain a problem and it is estimated that there are over 60 sites with 3 500 machines.

The rapidly growing Bingo sector in Gauteng and other provinces continues to impact gaming revenues negatively. Competitor Bingo facilities in Carousel's primary catchment area, Pretoria, now offer up to 150 Electronic Bingo Terminals (EBT). These terminals are in reality slot machines and an amendment in the Gauteng Gambling Act permits the operation of these machines.

Similarly an additional 600 LPMs in Gauteng, many of which are located in Pretoria, also affected gaming revenues negatively.

The number of casino licences in South Africa remains unchanged at 40, 39 of which have been issued. We hold an interest in 13 licences. The most recently allocated licences were in Burgersfort (Limpopo), Kuruman (Northern Cape) and Mthatha (Eastern Cape), with no new licences allocated during the year ended 30 June 2012. Mpumalanga has an unallocated licence.

CASINO LICENCES IN SOUTH AFRICA

			COMPETITORS		
PROVINCE	LICENCES	SUN INTERNATIONAL	LICENCES TRADING	LICENCES ALLOCATED	LICENCES UNALLOCATED
Gauteng	7	2	5	–	–
Western Cape	5	2	3	–	–
KwaZulu-Natal	5	1	4	–	–
Mpumulanga	4	–	3	–	1
Limpopo	3	1	1	1	–
North West	4	2	2	–	–
Northern Cape	3	1	1	1	–
Eastern Cape	5	2	2	1	–
Free State	4	2	2	–	–
Total	40	13	23	3	1

Reported revenue, based on levy returns to the regulators, for Sun International's South African casinos increased by 6.2% compared to the previous period, slightly ahead of the trend in the South African casino sector. Accordingly, our share of the local market increased from 42.2% to 42.5% for the 12 months ending 30 June 2012.

For developments related to South African casino licences during the year, visit **www.siml.co.za/Licences**

OUR MARKET SHARE BY PROVINCE (BY GAMING REVENUE AND POSITIONS)

	GAMING REVENUE		GAMING POSITIONS	
PROVINCE	2012	2011	2012	2011
Gauteng	**20.2%**	20.4%	**25.2%**	25.2%
Western Cape	**83.8%**	83.5%	**71.7%**	71.7%
KwaZulu-Natal	**35.7%**	35.5%	**33.0%**	33.0%
Mpumulanga	**0.0%**	0.0%	**0.0%**	0.0%
Limpopo	**79.8%**	79.8%	**72.5%**	72.5%
North West	**82.8%**	82.8%	**74.9%**	74.9%
Northern Cape	**84.0%**	84.0%	**64.1%**	62.0%
Eastern Cape	**70.8%**	70.4%	**68.5%**	68.1%
Free State	**51.1%**	51.1%	**54.9%**	54.9%
South Africa	**42.5%**	42.2%	**43.1%**	43.0%

Statistics for the year ended 30 June
Estimates included for Limpopo, North West, Northern Cape and Free State
Positions are 1 per slot machine and 6 per table
Sources: National and Provincial Gambling Boards, Sun International and CASA

OUR MARKET SHARE BY PROPERTY:

Eastern Cape:	
Boardwalk	– up from 68.1% to 68.5%
Flamingo	– up from 62.0% to 64.1%
Gauteng:	
Carnival City	– unchanged at 16.2%
Morula	– down from 4.2% to 4.0%
Western Cape:	
GrandWest	– up from 77.8% to 78.1%
Golden Valley	– unchanged at 5.6%
KwaZulu-Natal:	
Sibaya	– up from 35.5% to 35.7%

Competitive market shares:

The National Gambling Board and provincial gambling boards do not provide detailed market share statistics for our competitors.

We have been able to determine the market share of a competitor in a province where only the Group and one other operator compete. These provinces include the Western Cape, Eastern Cape, Limpopo, Northern Cape and North West. For the other provinces where there is more than one competitor, we have estimated their share of the provincial casino market based on publicly available information.

GrandWest Exclusivity

GrandWest's exclusivity in the Cape Metropole expired in December 2010.

Various amendments to the Western Cape Gambling and Racing Act, Act 4 of 1996, as well as the Regulations made in terms thereof, were published for public information and comment in the Provincial Gazette Extraordinary No. 6967 on 16 March 2012. The Group has submitted its comments to the amended Bills and Regulations.

There have been no further developments.

ESTIMATED MARKET SHARE OF GAMING REVENUE

	SUN INTERNATIONAL		TSOGO SUN		PEERMONT GLOBAL		OTHER*	
PROVINCE	2012	2011	2012	2011	2012	2011	2012	2011
Gauteng	**20.2%**	20.4%	**51.8%**	51.6%	**23.5%**	23.5%	**4.5%**	4.5%
Western Cape	**83.8%**	83.5%	**16.2%**	16.5%	**0.0%**	0.0%	**0.0%**	0.0%
KwaZulu-Natal	**35.7%**	35.5%	**58.7%**	58.9%	**5.6%**	5.6%	**0.0%**	0.0%
Mpumulanga	**0.0%**	0.0%	**76.1%**	74.2%	**23.9%**	25.8%	**0.0%**	0.0%
Limpopo	**79.8%**	79.8%	**0.0%**	0.0%	**20.2%**	20.2%	**0.0%**	0.0%
North West	**82.8%**	82.8%	**0.0%**	0.0%	**17.2%**	17.2%	**0.0%**	0.0%
Northern Cape	**84.0%**	84.0%	**0.0%**	0.0%	**0.0%**	0.0%	**16.0%**	16.0%
Eastern Cape	**70.8%**	70.4%	**29.2%**	29.6%	**0.0%**	0.0%	**0.0%**	0.0%
Free State	**51.1%**	51.1%	**37.6%**	37.5%	**11.3%**	11.4%	**0.0%**	0.0%
South Africa	**42.5%**	42.2%	**41.6%**	41.5%	**13.9%**	14.1%	**2.1%**	2.1%

**Other:*
Gauteng – London Clubs, Emerald Casino
Northern Cape – Desert Palace

MEROPA *Polokwane*

The gaming industry in Chile

There are two casino regulatory structures in Chile: the Superintendia De Casinos de Juego (SCJ) and municipal-level casinos, of which there are seven. The SCJ regulates the 18 casino licences made available in 2005. Of these, 17 are currently in operation.

The seven municipal casinos operating in local resort areas were established under the previous dispensation. These casinos are operated independently of the SCJ and their licence conditions have remained unchanged since 2005. By 2015, all municipal casinos must conform to SCJ legislation and control. It is not yet clear whether these licences will be made available through a bidding process.

Chilean casino market revenue

The SCJ casino sector grew by 21.8%, during the year ended 30 June 2012, yielding total gaming revenue of CLP$ 268.4 billion (R4.2 billion).

THE WEIGHTED AVERAGE NUMBER OF GAMBLING POSITIONS IN THE SCJ CHILE CASINO MARKET

increased by 9.7%

Monticello's share of the SCJ casino market decreased from 28.9% to 27.9% for the 12 months ended June 2012. Our weighted average share of gaming positions in the SCJ regulated casinos fell by 1.7% to 18.2%.

The decline in the Group's weighted average share of gaming positions was driven mainly by the increase in gaming positions at Enjoy Rinconada, on the border of Santiago, and the establishment of two new casinos.

The revenues of municipal casinos are not made publicly available.

CHILEAN CASINO MARKET SHARE (TOP FIVE ONLY)

		GAMING REVENUE		GAMING POSITIONS*	
CASINO	REGION	2012	2011	2012	2011
Monticello Grand Casino	VI	**27.9%**	28.9%	**18.2%**	19.9%
Marina de Sol	VIII	**12.5%**	12.6%	**13.1%**	12.0%
Enjoy Rinconada	V	**12.5%**	9.8%	**15.2%**	12.2%
Enjoy Antofagasta	II	**10.0%**	10.4%	**9.2%**	9.9%
Dreams Temuco	IX	**7.2%**	7.3%	**7.0%**	7.6%

Statistics for the year ended 30 June
Positions are 1 per slot machine and 6 per table
Source: Superintendia de Casinos de Juego (SCJ)
**Weighted average*

For a detailed breakdown of Chilean casino market share visit **www.siml.co.za/MarketShare**

Santiago casino market revenue

Two SCJ casinos compete for the Santiago Metropolitan Region casino market: Monticello (south of Santiago) and Enjoy Rinconada (north of Santiago). There are no legal casinos operating within the Santiago Metropolitan itself and these two properties are located on the Metropolitan boundary.

The two casinos generated total gaming revenues of CLP$ 108.6 billion (R1.7 billion) for the year ended 30 June 2012 compared to CLP$ 85.3 billion (R1.2 billion) in the previous year.

Enjoy Rinconada increased its gaming positions from 1 333 positions to 1 825 during the previous year. This decreased our fair share by 7.5 percentage points to 54.5%.

Based on reported revenues, our share of the Santiago casino market declined by 5.7% points from 74.8% to 69.1%. Monticello continues to earn a significantly higher portion of the Santiago casino market than its fair share (gaming positions).

SANTIAGO CASINO MARKET SHARE

		GAMING REVENUE		GAMING POSITIONS*	
CASINO	REGION	2012	2011	2012	2011
Monticello Grand Casino	VI	69.1%	74.8%	54.5%	62.0%
Enjoy Rinconada	V	30.9%	25.2%	45.5%	38.0%
Total		100%	100%	100%	100%

Statistics for the year ended 30 June
Positions are 1 per slot machine and 6 per table
Source: Superintendia de Casinos de Juego
**Weighted average*

Competitor activity

Two new SCJ-licensed casinos opened in 2012. These are Dreams Coyhaique (May 2012), with 10 tables and 150 slot machines and Enjoy Chiloé (June 2012) with 19 tables and 230 slot machines. Both are some distance south of Monticello and are unlikely to have an impact on our future revenues.

RESORTS AND HOTELS

Sun International owns and operates four and five star hotels in South Africa, Botswana, Namibia, Swaziland, Zambia and Nigeria. Increasing competition in all our markets, together with tough trading conditions, continued to put pressure on our pricing model. We have, however, managed to maintain our rate integrity.

Our objectives for Resorts and Hotels in 2012:

- Grow revenue across our portfolio
- Optimise our existing asset portfolio
- Pursue growth opportunities through the acquisition of appropriate assets that leverage our existing sales and marketing infrastructure
- Manage indirect and sales channel costs

Resorts and Hotels trading overview

International market conditions are substantially affecting our operations with traditional markets remaining relatively stagnant. Only the North American market shows some signs of recovery. The emerging markets; India, Middle East, pan-Pacific and South America; continue to generate significant opportunities for growth; however they are starting from a relatively low base. Global tourism also remains fiercely competitive, reinforcing the need for a deep understanding of customer expectations.

Our local market plays a major role in generating volume business to all hotels across the Group. To maximise efficiencies and sales, we have re-aligned several departments into one focused and results-driven unit. The division is split into two areas, channel and direct and, in response to customer feedback, now offers a single point of contact solution.

The local market remains subdued as corporates, individual travellers and holiday makers alike have all traded-down.

New customer acquisitions remain fundamental to growth, driven through an aggressive account coverage programme. Customer retention remains key and programmes are in place to encourage repeat visits. With the growth in our corporate portfolio, additional expertise has been recruited to develop structures, procedures and strategies to ensure fair share and sustainable revenue generation.

Africa has proven to be resilient, buoyed by growing foreign investment. In growing our customer volumes from the continent, we focus our sales and marketing efforts on both individual travellers and the growing MICE (meetings, incentives, conferences, exhibitions) market. This approach is already showing success, particularly within our key source markets in East and West Africa. We continue to seek additional opportunities in Central Africa.

Our strategy is consequently to actively pursue opportunities in emerging markets while maintaining market share in our traditional, developed markets. The digital channel is growing rapidly, albeit off a relatively low base, and is forecast to become progressively more important in 2013. Physical standards are always under review to ensure ongoing accreditation from The Leading Hotels of the World.

Environmental plans introduced in 2011 have been followed actively and improved where possible. We have engaged a new accreditation agency and we are in the process of ensuring that our practices are compliant with international best practice.

Global tourism also remains fiercely competitive, reinforcing the need for a deep understanding of customer drivers. We have retained our focus on TripAdvisor as a valuable independent feedback mechanism for our guests. Our target is 95% for our deluxe five star *'The Route of the African Sun'* properties and 90% or better for our other properties.

TRIPADVISOR

has awarded Sun International's Table Bay Hotel with the prestigious Certificate of Excellence award.

TripAdvisor travellers consistently rate The Table Bay Hotel at 4.5 – a commendable achievement.

★★★★☆

RESORTS AND HOTELS TRADING ENVIRONMENT

	2012	2011
Total room nights available (000's)	**1 176**	1 146
Total room nights sold (000's)	**721**	725
– Local (000's)	**543**	562
– International (000's)	**178**	163
Total occupancy achieved	**61%**	63%
Contribution:		
– Local	**46%**	49%
– International	**15%**	14%

Performance overview

	REVENUE Rm		EBITDA Rm		EBITDA MARGIN %*	
	2012	2011	2012	2011	2012	2011
Sun City	**1 288**	1 198	**116**	155	**9.4**	13.8
Wild Coast Sun	**362**	288	**32**	26	**10.4**	10.2
Zambia	**167**	147	**36**	27	**21.6**	18.4
Table Bay	**153**	160	**7**	27	**4.6**	16.9
Botswana	**170**	164	**48**	49	**28.2**	29.9
Swaziland	**156**	167	**(13)**	(2)	**(8.7)**	(1.2)
Kalahari Sands	**116**	110	**12**	17	**11.1**	16.3
Hotels and Resorts – southern Africa	**2 412**	2 234	**238**	299	**10.4**	14.1
Federal Palace – Nigeria	**173**	149	**11**	10	**6.4**	6.7
	2 585	2 383	**249**	309	**10.1**	13.7

** EBITDA is after deducting management fees and the margin is calculated on net revenue (revenue less promotional allowances).*

Resorts and Hotels achieved revenues of R2.6 billion, (up 8%) with occupancy of 61.3%, 1.9% below last year. The average daily rate (ADR) increased by 12% to R1 228 due to improved room rate yields across most customer segments. Group occupancy (including Gaming's hotels) declined by 1.6% to 64.1% and the overall Group ADR increased by 11% to R1 016.

- **Sun City** revenues grew 8% to R1 288 million, while occupancy was 1.8% lower at 64.2%. The ADR was 15% ahead of last year at R1 525 owing to better room rate yields and an improved accommodation mix. While departmental margins were satisfactory, indirect and fixed costs increased at a level greater than CPI, resulting in EBITDA being 25% below last year at R116 million, with a margin of 9.4%. The cost increases relate mainly to the appointment of key management staff, increased post retirement and Long Service Award provisions, increased rates and utility tariffs and additional marketing and event costs.
- **Wild Coast Sun** improved its revenue 26% to R362 million in the year under review and EBITDA was up 23% to R32 million, despite the disruption from the three year refurbishment programme. Occupancy of 84.6% was achieved being 9.4% below last year due to disruptions from the refurbishment while the ADR of R540 was 100% up on last year due to improved rates as a result of the refurbished rooms.
- **The Table Bay Hotel** experienced another difficult year, with occupancy flat at 47.5%, and a 5% decline in the ADR to R1 956 due to substantial discounting in the premium hotel sector in the highly competitive Cape Town metropole. Revenue of R153 million was 4% below last year. EBITDA and EBITDA margin were 74% and 73% below last year, respectively, mainly due to lower revenue while costs are relatively fixed.
- In Zambia, **The Royal Livingstone** and **Zambezi Sun** achieved an aggregate occupancy of 42.9% (45.2%) at an ADR of US$211, reflecting a 6% increase on last year. EBITDA at R36 million was 33% ahead of last year, driven by the 14% increase in revenue and good cost containment.
- **Gaborone Sun** and the other Botswana units achieved revenue of R170 million, (up 4%) with EBITDA 2% lower than last year at R48 million. Margins decreased by 1.7% owing to an above-inflation increase in utility and certain fixed overhead costs. Occupancies at 78.4% were 2.2% below last year whilst the ADR was 18% above last year due to the revised rate strategy and room yield processes.
- In Nigeria, **The Federal Palace** generated revenues of R173 million, 16% above last year with an occupancy of 61.3% (62.9%) and an ADR of US$256, which was in line with the prior year. The casino showed encouraging revenue growth, but this was offset by a loss in occupancy in January and February 2012 due to civil unrest in Lagos. EBITDA at R11 million was 10% ahead of last year, with the margin dilution mainly attributable to excessive diesel costs and regular power outages.

For more detailed performance review of each of our Resorts and Hotels, visit **www.siml.co.za/ResortsPerformance**

Did you know?

Our Resorts and Hotels revenue streams include:

ROOMS
FOOD AND BEVERAGES
ENTERTAINMENT
CONFERENCING
EVENTS
GAMBLING IN COMPLEMENTARY CASINOS

The Grayston Hotel

Situated in the heart of Sandton's financial district, Sun International's new 275 room specialist business hotel is set to open in the first quarter of 2013 and has been prudently crafted to facilitate all of today's business needs.

The totally refurbished hotel is packed with state-of-the-art facilities and technology that will delight and satisfy any business executive.

All the senses have been catered for, from alluring bars and restaurants, calming lounges and a soothing spa, plus an unparalleled 13 seminar room escape area.

THE ROUTE OF THE AFRICAN SUN

Four of our premier hotels are packaged as "The Route of the African Sun":

1. The Palace of the Lost City at Sun City, South Africa
2. The Table Bay in Cape Town, South Africa
3. The Royal Livingstone at the Victoria Falls, Zambia
4. The Grayston Hotel on Grayston Drive in Johannesburg, South Africa

GROUP STATISTICS

CASINO STATISTICS

	CASINO REVENUE Rm		AVERAGE NUMBER OF SLOT MACHINES FOR YEAR		NET WIN PER MACHINE PER MONTH R'000		AVERAGE NUMBER OF GAMING TABLES FOR YEAR		NET WIN PER TABLE PER MONTH R'000	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
GrandWest	**1 750**	1 624	**2 524**	2 524	**51**	46	**74**	73	**250**	250
Sun City	**431**	401	**630**	601	**46**	46	**35**	38	**208**	146
Monticello	**1 152**	898	**1 879**	1 862	**37**	28	**80**	83	**341**	265
Carnival City	**991**	942	**1 757**	1 751	**40**	38	**59**	59	**204**	201
Sibaya	**950**	867	**1 211**	1 178	**52**	48	**47**	44	**347**	349
Boardwalk	**443**	420	**892**	774	**38**	42	**23**	23	**143**	126
Carousel	**300**	296	**700**	700	**33**	32	**19**	19	**120**	120
Wild Coast Sun	**252**	223	**445**	444	**42**	37	**15**	16	**162**	142
Meropa	**271**	264	**398**	384	**50**	51	**16**	16	**170**	147
Morula	**229**	219	**510**	510	**35**	33	**12**	12	**101**	103
Windmill	**237**	219	**343**	326	**50**	48	**18**	16	**137**	172
Swaziland	**71**	71	**152**	152	**30**	29	**13**	13	**101**	113
Botswana	**98**	101	**310**	285	**22**	23	**10**	10	**145**	194
Federal Palace	**60**	49	**182**	195	**19**	16	**8**	8	**192**	132
Flamingo	**144**	130	**270**	250	**41**	40	**11**	11	**93**	83
Golden Valley	**125**	116	**220**	221	**44**	42	**6**	6	**106**	88
Namibia	**77**	76	**137**	137	**39**	36	**10**	10	**110**	143
Lesotho	**43**	43	**121**	121	**22**	22	**8**	8	**112**	107
Naledi Sun	**21**	22	**150**	150	**12**	12	**–**	–	**–**	–
	7 645	6 981	**12 831**	12 565	**42**	39	**464**	465	**224**	204

GAMING TAXES BY PROVINCE AND COUNTRY

COUNTRY	PROVINCE	GROSS REVENUE RM	GAMING LEVY/TAX	VAT	EFFECTIVE TAXES AS A % OF GAMING REVENUE
South Africa	Western Cape	Up to 14.2	6%	14%	17.5%
		14.2 to 28.4	8.5%	14%	19.7%
		28.4 to 42.6	11%	14%	21.9%
		42.6 to 56.8	13%	14%	23.7%
		56.8 to 71.0	15%	14%	25.4%
		71.0 plus	17%	14%	27.2%
	KwaZulu Natal	Up to 30	9.5%	14%	20.6%
		30 plus	12.5%	14%	23.2%
	Gauteng		9%	14%	20.2%
	Northern Cape		8%	14%	19.3%
	Eastern Cape	Up to 4	3%	14%	14.9%
		4 to 8	5% + R120k	14%	16.7%
		8 plus	10% + R320k	14%	21.1%
	Limpopo[(1)]		8%	14%	19.3%
	Free State		7%	14%	18.4%
	North West Province[(2)]	Up to 4	4%	14%	15.8%
		4 to 8	7%	14%	18.4%
		8 to 12	8%	14%	19.3%
		12 plus	10%	14%	21.1%
Swaziland			4.5%	n/a	4.5%
Botswana			10%	12%	19.6%
Namibia			5%	15%	17.4%
Lesotho			15%	n/a	15%
Nigeria			3%	5%	7.6%
Chile			20%	19%	32.8%

1. *The gaming levy increased from 5.3% to 8%.*
2. *Previously the gaming levy was as follows:*

	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%

ROOM STATISTICS

	ROOMS REVENUE* Rm		NUMBER OF HOTEL ROOMS		AVERAGE OCCUPANCY %		AVERAGE ROOM RATE R	
	2012	2011	2012	2011	2012	2011	2012	2011
GrandWest	**4**	4	**39**	39	**90**	91	**308**	295
Sun City	**467**	415	**1 301**	1 301	**64**	66	**1 525**	1 322
Monticello	**30**	26	**155**	155	**80**	73	**661**	627
Carnival City	**10**	10	**105**	105	**91**	93	**284**	270
Sibaya	**20**	20	**154**	154	**83**	85	**437**	414
Carousel	**8**	7	**78**	76	**78**	79	**374**	329
Wild Coast Sun	**45**	18	**271**	199	**85**	94	**540**	265
Morula	**7**	6	**73**	73	**86**	91	**288**	262
Swaziland	**35**	38	**411**	411	**61**	65	**386**	395
Botswana	**41**	35	**196**	196	**78**	81	**727**	616
Table Bay	**112**	119	**329**	329	**48**	48	**1 956**	2 060
Federal Palace	**65**	59	**146**	146	**61**	63	**2 001**	1 775
Zambia	**100**	87	**385**	385	**43**	45	**1 647**	1 379
Golden Valley	**6**	6	**98**	98	**77**	76	**221**	220
Namibia	**20**	20	**173**	173	**52**	52	**607**	565
Lesotho	**31**	32	**269**	268	**49**	50	**643**	651
Naledi Sun	**2**	2	**30**	30	**56**	64	**369**	321
	1 003	904	**4 213**	4 138	**64**	66	**1 016**	912

** Rooms revenue is calculated before promotional allowances.*

DIGITAL CHANNEL

Traffic on **www.suninternational.com** has grown by 47.08% year-on-year, with mobile visits up by 380%. The digital team's continued e-marketing activities led to notable increases in traffic with South Africa up by 43%, United Kingdom up by 92% and the United States up by 63%. Traffic from Australia and New Zealand increased 97% and 85% respectively as a result of digital campaigns created specifically to drive awareness in these markets.

Our digital strategic direction is clearly defined. Key objectives set have been achieved. A 51% increase in the conversion rate led to a 49.31% increase in transactions, resulting in a 53.82% increase in online revenues to R76 million (data provided by Sun International Google Analytics Report).

ENTERTAINMENT

Entertainment, events, promotions and competitions across Gaming, as well as Resorts and Hotels, are key drivers of visits to our properties by both domestic leisure travellers and MVGs.

We continue to hold the reputation for the finest entertainment arenas in the country, offering world class acts and venues to the South African public. The Superbowl at Sun City, for instance, has recently hosted concerts by Kylie Minogue, Freshly Ground, Michael Bublé and Boney M. It also hosted the Miss South Africa pageant.

PUBLIC RELATIONS

In addition to routine exposure related to our events, our public relations focus has been on highlighting the unique selling propositions of each of our properties. CSI also played a significant role in achieving recognition for the Group.

INFORMATION TECHNOLOGY

In an increasingly competitive business environment, IT plays an important part in streamlining our business, improving efficiencies and driving responsiveness. Our biggest single investment is in a new gaming system that will significantly improve the way our casinos do business.

Our IT objectives for 2012:

- Deliver business solutions
- Reduce the cost and enhance the value of IT
- Develop or manage a flexible infrastructure
- Expand the use of information and analytics
- Improve IT management and governance
- Improve the IT organisation and workforce

Delivering business solutions, such as EGS, internet protocol television (iPTV) and service request management systems is imperative to enabling and improving business processes.

In preparation for the implementation of EGS, our existing server, storage and network infrastructure is progressively being upgraded.

1 NEDBANK GOLF CHALLENGE
2 ROXETTE CONCERT
3 MISS SA PAGEANT 2011

Virtualisation was initiated to reduce the number of servers and software licences, reduce power energy costs and improve the management of our server environment.

The project will ultimately consolidate 964 physical servers to 346 servers across the Group.

For more information on IT visit **www.siml.co.za/IT**

ENTERPRISE GAMING SYSTEM

EGS, set to replace the current casino management system, will provide Sun International with a solid foundation to expand its gaming offering.

At the heart of the solution is a casino management package from Bally Technologies, the global leader in gaming systems. We have configured the package to suit our operating conditions using our intellectual property and understanding of casino operations. Interfaces have been developed to ensure seamless integration with other systems and the use of existing smartcards to minimise customer disruption, culminating in a solution unique to Sun International.

From a business perspective the key differentiator of the system is the exciting new interactive customer interface and the flexible bonus offerings. Benefits to the customer include an interactive touch screen enabling personalised service and promotional offers at slot machines.

The bonus offerings enable targeted rewards making the player's experience on the gaming floor more personal and exciting.

Technologically, EGS offers a modern, contemporary design allowing more flexibility while eliminating the risk of unsupported technology. The underlying design of the system makes it possible to expand into emerging areas such as mobile applications and online gaming.

Quality assurance by Microsoft has rated Sun International's virtualisation utilising Hyper-V technology among the best in the world.

03

Customers

We have invested significant effort in carefully-selected and planned customer management initiatives to support the delivery of our customer management strategy. We are actively developing our customer management capability to a level at which it is already becoming a key competitive differentiator as we deliver memorable and high-quality service experiences to our customers.

Our objectives for 2012:

- Create unique guest experiences
- Establish our Group as a leader in operational customer strategy
- Engage our properties and align their initiatives and efforts with our customer management strategy

REVIEW OF OUR CUSTOMER STRATEGY AND DIRECTION

Since initiating our customer management strategy in 2006, we have implemented several customer-centric initiatives to great effect. These include:

- Repositioning the Sun International brand
- Aligning our people to the needs of our customers
- Improving our service interactions
- Increasing the operational capability of our customer contact centre
- Deploying a CRM solution to further drive customer centricity across our business

WINDMILL ***Bloemfontein***

Understanding our customers

In 2012 we implemented the Voice of the Guest (VoG) customer feedback solution which gives our guests a direct channel for submitting their compliments, complaints and suggestions. This initiative gives us real-time insight into our customers' experiences at our various properties. We use the information to identify where we can improve.

VoG FEEDBACK AS AT JULY 2012

#	MEASURE	CURRENT 2012	GOAL 2013	WORLD CLASS INDEX
1	Customer satisfaction	81%	83%	88%
2	Customer loyalty *(likely to return/come back)*	68%	68%	68%
3	Net promoter *(likely to recommend us to friends and family)*	63%	65%	70%
4	Problems experienced	28%	26%	25%
5	Problems resolved	17%	25%	36%

GOLDEN VALLEY *Worcester*

1 TABLE BAY HOTEL
2 KALAHARI SANDS
3 FLAMINGO SUITE LOUNGE AT CASCADES

Guest feedback, combined with targeted research such as our post-visit follow-ups, focus groups and mystery shopping, will increasingly assist us in linking various sources of information to generate more holistic customer insights. This knowledge will allow us to improve products, services and offerings that will drive higher customer satisfaction levels.

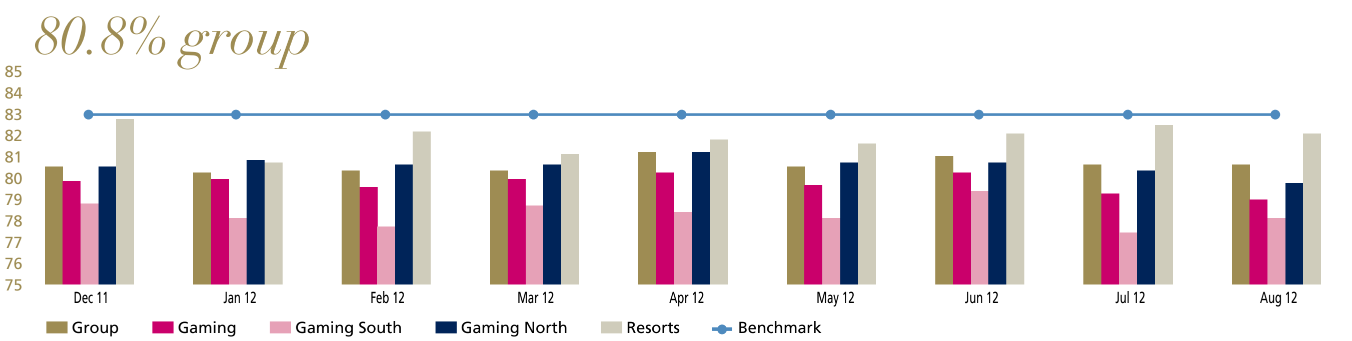
Enabling operations with technology and processes

Our investment in CRM technology has enabled a single view of our MVGs across the Group, allowing us to improve our services and target our marketing more effectively. Marketing our gaming offerings has been further improved through our integral campaign management system.

Engaging our people to deliver quality service

Through an innovative new communication campaign, we have created a unique "edutainment" initiative to engage our people in a shared understanding of the way in which we would like to serve our customers. The initiative consists of various elements, and is primarily based on a soap opera that takes place at a fictional Sun International property where characters are faced with different everyday challenges. Their responses communicate our unique service principles, standards and interaction processes to remind our people how to deliver quality service.

GROUP C2 SCORE FOR THE MONTH



Data: Sun International Customer Metrix data December 2011 – August 2012. Gaming north and Gaming south are internal segmentations based on geographies and are part of the gaming division.

04

IN THIS SECTION

Business partners and communities

Our business partners are fundamental to our sustainable success. They include our equity partners, suppliers, concessionaires and the communities in which we operate.

In South Africa, our business partner framework makes provision for strong opportunities for B-BBEE. The communities within which we operate benefit from our CSI and enterprise development spend. Our social investment commitment is 1% of profit after tax, and we commit 2.25% to enterprise development.

In 2012, our CSI spend of R18.0 million benefitted various communities through projects guided by their specific needs.

Our objectives for 2012:

- Actively pursue good relationships with our equity partners, suppliers and concessionaires and leverage their skills and experience
- Impact positively on the communities that surround our properties
- Encourage alignment of our business partners with Sun International's codes of conduct

EQUITY PARTNERS

Our equity partners are an integral part of our success. In addition to capital, they contribute skills, insight and creativity. They also allow the benefits of the Group's success to reach a broader group of stakeholders. They are highly valued partners for our business and our future.

Additional information online
Status of land claims
Projects detail

THE ROYAL LIVINGSTONE *Zambia*

The Transformation section of this report, starting on page 58 , details the B-BBEE ownership of the Group and its South African subsidiaries. Our other equity partners are:

COMPANY	PARTNER		% HOLDING
SFIR	Novomatic S.A.	Austrian slot machine manufacturer with interests in casinos and sports betting	40.0%
	Chilean Enterprises SpA	Private investors	10.0%
	International Group of Gaming and Resorts Chile S.A.	Private investors	7.5%
	Lasud Chile S.A.		2.5%
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	20.0%
TCN	Ikeja Hotels Limited	Listed Nigerian company controlled by the Ibru family	49.3%

SUPPLIERS

Our suppliers are crucial to the successful operation of our business. They constitute not only a family of service providers and external experts, but also investors in our business and its future. They provide us with a wide range of services in disciplines as varied as IT and human resources, landscaping, food and beverages.

They cooperate closely with us on issues ranging from B-BBEE to standards improvement and cost control. Many of them have been supplying us for well over a decade and partner with us on continuous improvement, constant innovation and value added services.

CONCESSIONAIRES

Our concessionaires are integral to the experience we offer our customers as they provide focused goods and services of the highest standards. Given the close relationship they have with us, we work together on customer standards, service delivery and exceeding customer expectations.

Many of our concessionaires have concessions in several of the Group's properties and their services have come to be expected by our customers. They are also central to our transformation strategy.

COMMUNITIES

We are deeply committed to good corporate citizenship, responsible leadership and the management of our obligations to and impact on the communities in which we operate.

Our aim is to have a positive impact on society, while minimising environmental risks and making a sustainable contribution to the economy and society. Our projects are managed both centrally and by the property, with our properties focusing on the immediate communities within which they operate.

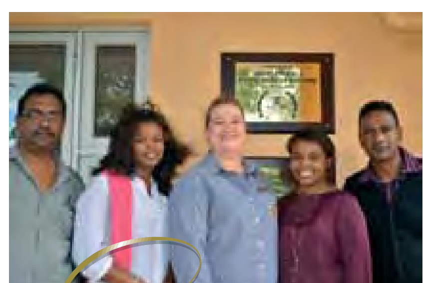
For the status of land claims at our Wild Coast Sun and Fish River Sun properties visit **www.siml.co.za/LandClaims**

Within communities, our CSI contributions are focused on a number of projects in the areas of health and welfare, education and community development.

We are one of the major sponsors of the South African Paralympics team that competed in London in 2012. We are also a founding member of the Arts and Culture Trust, which has supported more than 500 projects throughout South Africa.





Health and welfare projects such as

Reach for a Dream, Reakgona disability centre and SHAWCO

receive substantial assistance from Sun International and provide care for children in distress or in need.

Education projects include secondary schools, bursary funds and the StudyTrust, all of which receive financial aid from the Group. Beneficiary schools include Ekukhanyeni Primary School in Gauteng and the Clayhaven Primary School in KwaZulu-Natal.

Ekukhanyeni Primary School

Ekukhanyeni Primary School was established in 1963 in the Wattville community in Gauteng. The school currently provides education to 968 learners from Grade R to Grade 7. It has a staff contingent of 26 educators. Conditions at the school had become dire, with problems including broken floors, loose ceilings, uninsulated electrical wiring, damaged lavatories and only one working tap per toilet block.

Carnival City's contribution of R571 000 has addressed these issues, making this school a safer and healthier place to learn and teach.

SOCIAL RESPONSIBILITY AND SOCIO-ECONOMIC DEVELOPMENT (SED)

Our operations have profound implications for local economies through job creation and local economic multipliers. We recognise that this is a symbiotic relationship as we depend heavily on the goodwill and stability of the communities in which we operate.

We select projects that are viable and sustainable in the long term. This means aligning our SED spend with our business requirements, focusing on projects that empower local communities through education, health and welfare, and development via sports, arts and culture.

Our SED programme is based on the following fundamental principles:

- SED is directed at both national projects run from our central office and programmes operated by individual business units
- Central office-level SED will primarily be directed at bodies or causes that are of a national nature, or are of interest or significance to the Group as a whole
- Unit-level SED will be directed towards local bodies or causes that are of specific interest and significance either locally or regionally

ALLOCATION OF SED SPEND

FOCUS AREAS	2012	2011
Community development	**11%**	21%
Education	**37%**	34%
Health, welfare and HIV/AIDS	**32%**	25%
Other	**12%**	12%
Sports and culture	**8%**	8%
Total	**100%**	100%

For detail on our CSI sponsorships and projects visit **www.siml.co.za/CSI**

05

IN THIS SECTION

Human capital

Our human resources (HR) strategy is to ensure that every job in the Group is filled by a fully competent employee who enables the business to deliver on its objectives and our customer value proposition.

Our objectives for human capital in 2012:

- Improve employee engagement through communications and visibility
- Set realistic targets and implement effective performance management with improved contracting
- Enhance learning and development capacity
- Progress transformation through employment equity and skills development
- Ensure appropriate succession planning to reduce vulnerability
- Improve trade union relations and management employee relations skills
- Review and enhance HR systems and processes
- Develop change management capacity at all properties

Additional information online

Employee engagement
Performance management
Learning and development
Skills development and spend
Grants and levies
Human capital management systems
Change capability
Employee relations and transformation
Human rights and freedom of association
Recruitment, selection and terminations
Employee wellness
Sexual harassment
HIV/AIDS
Health and safety performance

LESOTHO SUN *Lesotho*

KEY ACHIEVEMENTS:

Among our key achievements during 2012 were the following:

Improved our Group employee engagement score from 2.69 to 2.76

Successfully implemented phase 2 of the performance management project which involved rolling out performance management to manage self-operational positions (non-management and bargaining unit positions)

Successfully rolled out the learning management system throughout the whole Group

Coaching for performance was rolled out across the Group and 91 managers were trained

SPENT *R52 million* ON SKILLS DEVELOPMENT

Successfully aligned the current induction programme to the talent strategy and also designed an induction programme for senior management and directors

SUCCESSFULLY CONCLUDED THE DEPARTMENT OF LABOUR'S EMPLOYMENT EQUITY REVIEW INCLUDING DRAWING UP A NEW EE PLAN FOR THE NEXT THREE YEARS (2012 – 2014)

Improved our B-BBEE score from Level 3 contributor to Level 2 contributor status

RESOURCES AND THEIR ALLOCATION

At the end of the financial year, we had a total of 10 866 employees across our operations; a decrease of 31 employees on last year. Our permanent employees comprise core and scheduled employees. Core employees work full time whereas scheduled employees work on a roster basis, according to business levels and are guaranteed a minimum number of hours a month.

TOTAL NUMBER OF PERMANENT EMPLOYEES

	2012	2011	2010
Core	**9 512**	9 053	7 913
Scheduled	**1 354**	1 844	2 825
Total	**10 866**	10 897	10 738

The significant increase in the number of core employees was driven by an agreement with the union to restrict scheduled employees to only five functions in gaming; as a result a number of scheduled employees were converted to core employees.

TOTAL WORKFORCE BY REGION AND GENDER

	2012					2011				
COUNTRY	FEMALE	%	MALE	%	TOTAL	FEMALE	%	MALE	%	TOTAL
Botswana	**219**	**57%**	**164**	**43%**	**383**	213	57%	159	43%	372
Chile	**901**	**50%**	**911**	**50%**	**1 812**	878	47%	993	53%	1 871
Lesotho	**206**	**54%**	**179**	**46%**	**385**	201	52%	187	48%	388
Namibia	**186**	**60%**	**122**	**40%**	**308**	183	59%	129	41%	312
Nigeria	**156**	**32%**	**332**	**68%**	**488**	161	32%	343	68%	504
South Africa	**3 448**	**51%**	**3 281**	**49%**	**6 729**	3 372	51%	3 251	49%	6 623
Swaziland	**109**	**36%**	**193**	**64%**	**302**	122	37%	210	63%	332
Zambia	**165**	**36%**	**294**	**64%**	**459**	171	35%	324	65%	495
Total	**5 390**	**50%**	**5 476**	**50%**	**10 866**	5 301	49%	5 596	51%	10 897

Detailed discussion on the following topics is provided on our online integrated annual report:

- Employee engagement
- Performance management
- Learning and development
- Skills development and spend
- Grants and levies
- Human capital management systems
- Change capability
- Employee relations and transformation
- Human rights and freedom of association
- Recruitment, selection and terminations
- Employee wellness
- Sexual harassment
- HIV/AIDS
- Health and safety performance

For additional HR information visit **www.siml.co.za/HumanCapital**

OCCUPATIONAL HEALTH AND SAFETY

In 2012:

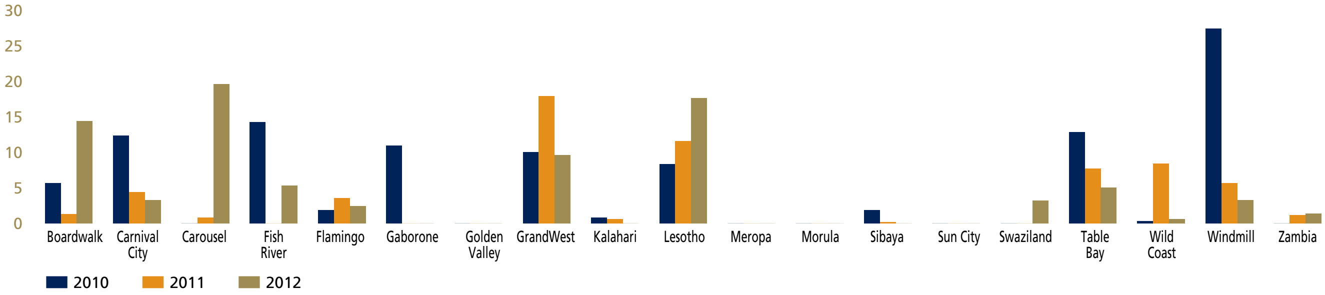
- We achieved our target of zero fatalities in the workplace
- The Total Recordable Incident Frequency Rate increased 7.6% from 2.89 to 3.11
- Our lost time injury frequency rate was 1.31 per 100 employees
- We did not reach our target of reducing the incidence of workplace injury from 3.14 to 2.5 but managed to reduce it to 3.05
- Required appointments are all in place as per the target set for 2012
- Reporting on regions is up to date with the exception of gender reporting

Near hits

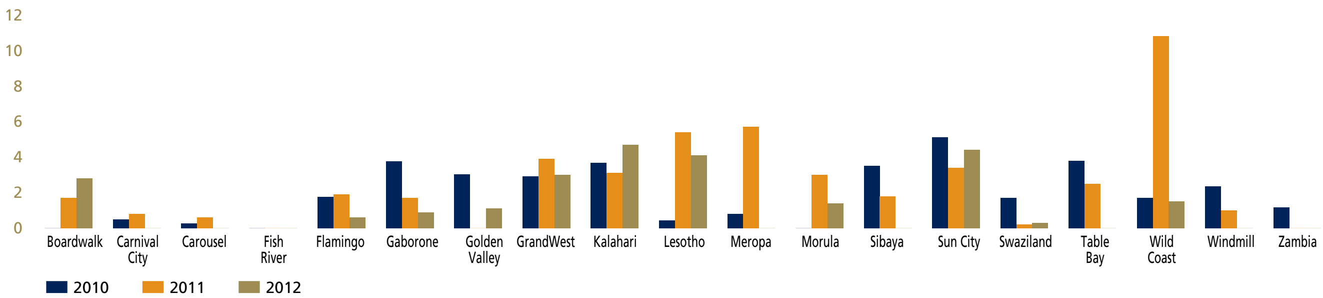
A near hit is any occurrence or a situation which potentially could have caused adverse consequences to people, the environment, property, or reputation, or a combination of these but which did not (e.g. falling object narrowly missing a person).

A near hit is an opportunity to improve the system structure and stability to reduce risk exposure to potential incidents.

NEAR HITS

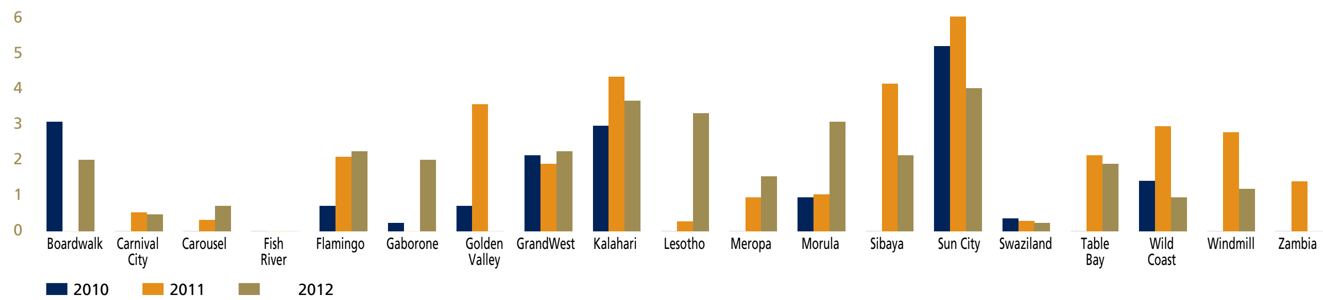


LOST TIME INCIDENT FREQUENCY RATE



The average Total Reportable Incident Frequency Rate decreased by 23% from 1.72 to 1.31.

LOST WORK DAY RATE



The Lost work Day Rate was reduced from 1.5 to 1.44; this is a reduction of 4%.

For more information on our occupational health and safety performance, visit **www.siml.co.za/HumanCapital**

06

IN THIS SECTION

Socio-economic development: *See Business partners and communities*

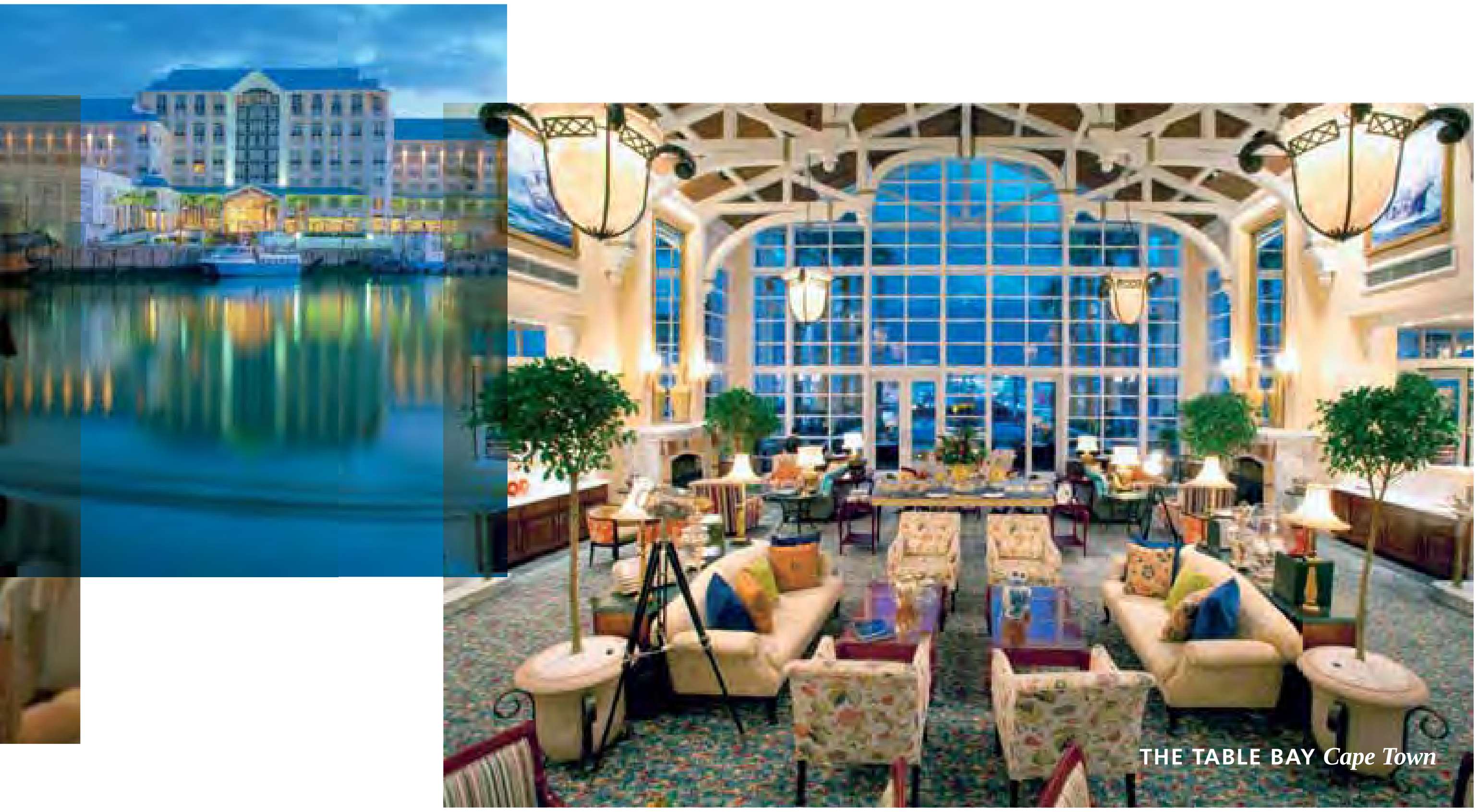
Transformation

The Group's transformation strategy aims to align the composition of its employee profile in South Africa to national and regional demographics, across all levels of the organisation. We value and actively promote diversity, and our Group values form the basis for guiding positive interactions between our employees.

We are actively working towards achieving demographic representivity across the Group, which requires that the recruitment of new employees and the development of existing employees are aligned with our employment equity plans and objectives.

Our objectives for 2012

- Delivering on the Department of Trade and Industry (dti) Codes of Good Practice and other legislative obligations
- Ensuring that the governance, coordination and structural basics are in place
- Addressing key inequalities in the Group's employee profile
- Eliminating discrimination
- Ensuring that all employees understand and support transformation



OUR TRANSFORMATION ACHIEVEMENTS

Our 2011/2012 formal B-BBEE verification exercise with Empowerdex returned excellent results, with all units exceeding their targets. The Group score moved from Level 3 contributor status to Level 2. There was significant improvement in management control, employment equity and skills development.

B-BBEE ELEMENT	TARGETS	SUN CITY	CAROUSEL	SIBAYA	GOLDEN VALLEY	FLAMINGO	BOARDWALK	GRANDWEST	CARNIVAL CITY	MEROPA	WINDMILL	MORULA	TABLE BAY	WILD COAST	SI GROUP CONSOLIDATED SCORE
100 – Own	20.00	20.96	20.96	21.71	19.28	19.44	18.83	19.38	17.05	19.16	21.50	20.96	15.00	18.80	21.30
200 – MC	10.00	7.46	7.46	7.46	7.46	7.46	7.46	7.46	7.46	7.46	7.46	7.46	10.54	7.46	7.46
300 – EE	15.00	3.77	3.69	9.66	9.94	7.06	10.90	8.84	11.29	12.73	13.92	12.28	11.05	8.35	10.27
400 – SD	15.00	12.12	9.97	10.88	7.40	15.00	11.20	8.91	11.54	11.86	12.00	12.27	13.89	8.57	11.04
500 – PP	20.00	17.87	18.97	20.00	20.00	18.88	20.00	20.00	20.00	19.09	17.63	12.18	14.04	17.29	20.00
600 – ED	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	14.00	15.00	15.00
700 – SED	5.00	5.00	5.00	5.00	5.00	5.00	3.68	5.00	5.00	5.00	5.00	5.00	6.00	5.00	5.00
Overall Score	100.00	82.18	81.05	89.71	84.08	87.84	87.07	84.59	87.31	90.30	92.51	85.15	84.52	80.47	90.08
Rating Level		3	3	2	3	2	2	3	2	2	2	2	3	3	2

* *The Table Bay was scored against the Tourism charter.*

In 2012 our second formal B-BBEE verification exercise was conducted using the dti's generic codes. Overall the management control score, which increased from 5.07 to 7.46, has boosted the overall B-BBEE score of many properties. All properties scored full points (15) on enterprise development. Most properties scored full points (5) on SED and five units (Sibaya, Carnival City, Golden Valley, Boardwalk and GrandWest) scored full points (20) on preferential procurement.

OWNERSHIP AND CONTROL

Sun International Employee Share Trust (SIEST)

The SIEST enables employees to share in the success 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 SIEST.

The SIEST now has more than 8 100 employees as beneficiaries who benefit by way of income distributions. These distributions are made in equal shares, irrespective of seniority or length of service, to eligible employees at the date of distribution. Bi-annual dividend distributions are paid net of loan repayments. The estimated value of the SIEST shareholdings net of debt at 30 June 2012 is R652 million, or R80 273 per employee.

SIEST DISTRIBUTIONS

R	TOTAL DISTRIBUTION	DIVIDEND PER PARTICIPANT
October 2011	**12 093 325**	**1 495**
April 2012	**11 796 223**	**1 453**
Total for the 2012 financial year	**23 889 548**	**2 948**
October 2010	11 173 029	1 359
April 2011	10 399 794	1 273
Total for the 2011 financial year	21 572 823	2 632
Total since inception	189 605 402	25 563

Sun International Black Executive Management Trust (SIBEMT)

The SIBEMT was established as part of the Group's commitment to the economic empowerment of black people and to retain and attract black executive management. The SIBEMT has an effective 0.4% interest in Sun International through Dinokana, in which it has a 6% interest.

Dinokana shareholding in Sun International

As at 30 June 2012, Dinokana owned 6 719 759 ordinary shares in Sun International (or a 6.5% interest). The Dinokana lock-in expires in December 2014. In terms of Dinokana's funding arrangement, it is required to maintain a minimum share cover ratio of 1.4.

BEE SHAREHOLDING IN THE GROUP AND ITS SUBSIDIARIES:

COMPANY	EMPOWERMENT PARTNER		% HOLDING
Sun International Limited*	• SIEST	Sun International Employee Share Trust	8.9
	• SIBEMT	Trust formed for the benefit of Sun International's senior black managers	0.7
	• Dinokana (excluding SIEST)	Broad-based North West province BEE grouping led by Lereko	5.5
Subsidiaries			
SunWest	• GPI	Broad-based Western Cape empowerment grouping	25.1
	• SIEST		3.3
	• Other PDI minorities	Women BEE grouping	1.1
Afrisun Gauteng	• Afrisun East Rand Community Trust	Trust formed for the benefit of the local community	3.4
	• SIEST		3.5
	• Other PDI minorities		1.3

COMPANY	EMPOWERMENT PARTNER		% HOLDING
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
	• Other PDI minorities		1.5
Emfuleni	• Zonwabise	Broad-based Eastern Cape empowerment grouping	20.3
	• Eastern Cape Community Trust	Trust formed for the benefit of Eastern Cape based BEE	15.0
	• SIEST		3.5
	• Other PDI minorities		0.8
Meropa	• Domba	Polokwane-based BEE grouping	29.0
	• SIEST		3.5
Teemane	• Meriting	Northern Cape-based BEE grouping	21.6
	• 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		25.1
	• SIEST		3.5
	• Other PDI minorities		2.3

* *The empowerment shareholding in Sun International has been calculated excluding the 40% mandated investments in terms of the B-BBEE codes. The Group's effective BEE shareholding excluding the 40% mandated investments in terms of the B-BBEE codes is approximately 36%.*

EMPLOYMENT EQUITY (SOUTH AFRICA)

Employment equity is a critical component of our business strategy and is integral to both employee relations and talent management initiatives. We have increased our black employee representation from 84.2% to 85%.

	MALE				FEMALE				FOREIGN NATIONALS		GRAND TOTAL
OCCUPATIONAL LEVELS	A	C	I	W	A	C	I	W	MALE	FEMALE	
1 Top management	3	1	1	13	1	–	1	–	1	–	21
2 Senior management	7	2	8	27	7	3	5	10	6	–	75
3 Professionally qualified and experienced specialists and mid-management	38	11	17	96	14	7	9	43	21	6	262
4 Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	555	161	118	276	425	113	74	206	31	17	1 976
5 Semi-skilled and discretionary decision making	1 308	292	94	81	1 804	346	106	138	16	10	4 195
6 Unskilled and defined decision making	90	5	1	1	100	3	–	–	–	–	200
Total permanent	2 001	472	239	494	2 351	472	195	397	75	33	6 729
Non-permanent	102	8	5	17	155	18	4	14	2	5	330
Total 2012	**2 103**	**480**	**244**	**511**	**2 506**	**490**	**199**	**411**	**77**	**38**	**7 059**
Total 2011	2 022	488	233	537	2 363	482	195	421	85	38	6 864
Total 2010	2 020	483	238	575	2 316	489	200	440	78	45	6 884

Employment equity feedback

In March 2011, we were placed under Director General Review by the Department of Labour to determine whether we were complying with the Employment Equity Act. This required us to conduct a detailed analysis reviewing employment policies, practices and procedures, a numeric analysis of the current workforce demographics against the benchmark of the National Economic Active Population (NEAP) and a qualitative staff survey to assess perceived levels of discrimination in order to identify employment equity barriers in the culture and climate of the organisation. The analysis was conducted by an independent service provider, the Resolve Group. They provided feedback to the SIML directors on findings in August 2011.

We were advised to reformulate a new employment equity plan with new goals and targets for 2014. The Group targets and goals were consolidated and submitted in November 2011. In February 2012, the Central Employment Equity Forum met to discuss formulating a new employment equity plan for 2012–2014. The objectives were to make improvements to the employment equity processes in the organisation; formulate specific actions to include in the employment equity plan and prioritise actions over the next three years. In addition, it was agreed that additional work was required at the leadership level. Leadership plays a key role in transformation by clarifying the intent, philosophy and principles for driving transformation as a business imperative in the organisation.

Employment equity way forward:

- A series of discussions and debates will be set up with the aim of developing consensus. A set of high level implementation principles will be developed with an accountability framework and high level strategic employment equity thrusts.
- This will inform the transformation strategy for Sun International going forward and will also inform the 2012 – 2014 employment equity plan.

SKILLS DEVELOPMENT

For the second consecutive year the skills development score exceeded the set target with a verified score of 11.04 points against a set target of 10.00.

In South Africa, 5 847 employees attended training programmes/modules conducted during the financial year, and in line with our B-BBEE targets, 86% of the delegates were black (African, Coloured or Indian), and 52% were female.

BENEFICIARIES OF LEARNING INTERVENTIONS

	2012	2011	2010
Beneficiaries	**5 847**	6 866	6 605
Black as a % of beneficiaries	**86%**	85%	83%
Female as a % of beneficiaries	**52%**	51%	51%

A total of 206 courses were presented to the 5 847 beneficiaries and 19 989 interventions were delivered with each training beneficiary, on average, attending 3.4 different interventions.

PREFERENTIAL PROCUREMENT

As one of the largest leisure groups in South Africa, Sun International supports in excess of 3 000 suppliers who provide various goods and services. In its engagements, the procurement function continued to place more emphasis on promoting openness and transparency in all its dealings with suppliers and service providers, while increasing the participation by BEE suppliers. The Group's preferential procurement score continued to show a steady improvement, with a consolidated Group score of 20 out of a maximum of 20 points, as compared to the previous year when our score was 19.29.

One of the Group's preferential procurement strategies is to engage with suppliers who achieve a rating of Level 4 or better. Currently, in excess of 70% of measurable spend suppliers meet this requirement, representing 80% of procurement spend; while in excess of 50% of the supplier base constitutes exempt micro-enterprises and qualifying small enterprises, representing approximately 20% of the procurement spend.

Supplier development and management

We engaged with over 100 small and medium enterprises most of who presented their product and service offerings and have been added to the Group's supplier database. We are currently examining various categories of spend in which we can engage with qualifying enterprise development beneficiaries.

SKILLS DEVELOPMENT ELEMENT SCORE 2011/2012

SKILLS DEVELOPMENT	TARGET LEVEL	TARGET SCORE	VERIFIED LEVEL	VERIFIED SCORE
Spend on black staff as a % of leviable amount	3.00%	6.00	3.79%	6.00
Spend on disabled staff as a % of leviable amount	0.00%	0.00	0.02%	0.20
Category B – D programmes for black staff as a % of total staff	3.33%	4.00	4.03%	4.84
Total score	10.00		11.04	

ENTERPRISE DEVELOPMENT

Our enterprise development programme in our South African-based properties is gaining momentum. In 2011, we approved more than R2 million in interest-free loans to enterprises, enabling them to procure equipment and fund start-up costs. Grant support for the period exceeded R2.5 million. The emphasis is shifting from only providing early settlements to project support.

All of the businesses that we have been supporting since 2010 are still in existence and are growing steadily.

GRANDWEST ENTERPRISE DEVELOPMENT PROJECT

NBW Transport

NBW Transport has been providing the transport for the GrandWest employees since May 2010 and has proven to be the most successful operator since the property opened twelve years ago.

The business currently employs 18 individuals and operates six vehicles.

In December 2011 the business owner was granted an interest-free loan of R80 000 to affect critical repairs and maintenance work to his current fleet. After a review of the business in February 2012 it was agreed to extend the enterprise development support to NBW Transport to ensure that the vehicles and the service provided is of the required standard. To this end, an additional interest-free loan of R600 000 was extended to the business to purchase two brand new vehicles.

THE CAROUSEL CASINO AND ENTERTAINMENT WORLD ENTERPRISE DEVELOPMENT PROJECT

Wanderlust Communications

Through enterprise development support, former Carousel contractor Walindah Seema is realising her dream of owning her own design and creative communications agency. The Carousel has extended an interest-free loan of R173 000 to Wanderlust Communications to fund the initial equipment requirements, office furniture and office rental cost for its first year of operation. Additionally, the finance team will provide business and administrative support.

Wanderlust Communications specialises in brand architecture, graphic design and advertising. Since launching, Walindah has employed a client services manager on a part-time basis, uses the services of a freelance animator on an ad-hoc basis and plans to employ a junior designer before the end of 2012. Initially the business operated from the Carousel premises, but has recently moved into an office park in Pretoria, making the business more accessible to new clients.

07

IN THIS SECTION

Protect our environment

We have made significant progress in implementing our corporate environmental strategy (CES), outlined in last year's integrated annual report. The implementation of the CES is a significant task. We recognise that it requires constant focus and needs to be reviewed and adjusted as circumstances change. This year saw us accelerating the carbon footprint and disclosure project. As a consequence, other aspects of our environmental management system (EMS) rollout programme were re-scheduled.

Our objectives for 2012:

- Ensure legal compliance as a Group
- Promote interest among stakeholders
- Be credible locally and internationally
- Allow for a more focused, encompassing and cohesive environmental management approach
- Be tailor-made for the Group's needs taking into account the diversity of operations and industry requirements
- Achieve re-inclusion in the JSE's SRI Index.

Additional information online
Environmental

ZAMBEZI SUN *Zambia*

Key environmental focus areas:

We have identified seven key environmental focus areas:

1 Energy management	2 Emissions and effluent	3 Water	4 Biodiversity
5 Carbon footprint	6 Waste management	7 Training	

ENVIRONMENTAL MANAGEMENT AND PERFORMANCE

A Group environmental manager was appointed in May 2012 and to give impetus to the management of environmental issues at a unit level, we developed a Group sustainability policy. This policy has been approved and has now set the stage for the rollout of the CES.

For more on our CES visit **www.siml.co.za/Environmental**

LEGAL COMPLIANCE

Although a number of our properties presently have legal registers, these need to be reviewed and updated. We are in the process of appointing an external environmental lawyer to assist in this regard. A Group Aspects and Impacts Register has been created and will form the foundation of the legal registers which will be customised for each unit taking account of national, provincial and local legislation.

ENERGY CONSUMPTION

The energy mix for most of properties comprises electricity, diesel and LPG (Liquid Petroleum Gas). Electricity is our primary source of energy. Diesel is used primarily in back-up generators and LPG for cooking. Monticello in Chile also uses LPG boilers for water heating purposes. There is limited use of coal for space heating in the case of Lesotho Sun and for the operation of boilers for water heating at our Swaziland operations. A breakdown of energy use from these sources is shown in the graph below:

Twelve of our units showed a reduction in electricity use relative to 2011. In terms of electricity, an overall decrease of 2% was achieved across the South African properties (excluding Head Office), with individual units realising a reduction of between 3% and 7%. Overall, however, the Group showed an increase in electricity use.

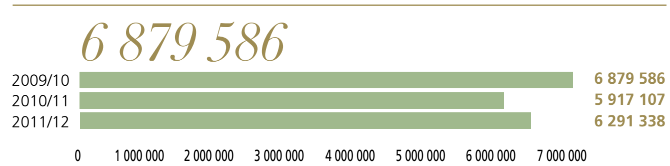
Where increases did occur, this was either owing to weather conditions, resulting in a higher demand for heating or cooling; or was the result of expansions to facilities such as the addition of new hotel rooms.

The reduction in energy use was the result of various initiatives such as the implementation of low energy lighting, the use of daylight switches and the installation of an electricity management system for rooms at certain properties. Some units make use of building management systems which control the switching on and off of equipment (e.g. air conditioning in unoccupied areas). Investigation into additional energy reduction measures is ongoing.

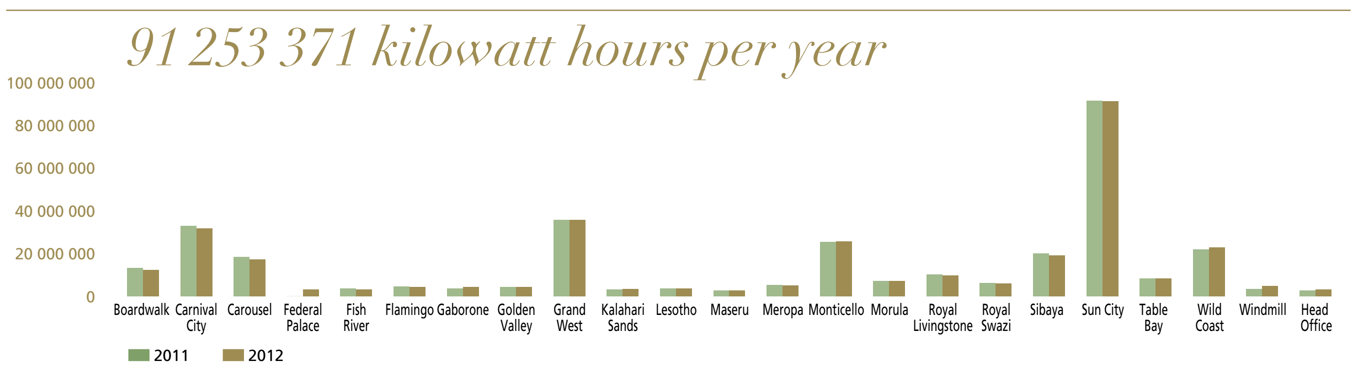
WATER

The majority of our units use potable water provided by a local municipality. Other sources of water include groundwater, surface water and recycled water. The water sources used by each unit are shown in the table overleaf, including the use of recycled water – either grey water or treated wastewater from the unit's own sewerage treatment plant or from the municipality. Some units make use of water from surface water sources, with the Wild Coast Sun being fully dependent on river water. No water is withdrawn from any RAMSAR wetland by any of the units that make use of surface water.

WATER USE (kl)



ELECTRICITY USE (kWh)



A summary of information relating to water use is shown in the table below:

UNIT	MUNICIPALITY	GROUND WATER	SURFACE WATER	GREY WATER	TREATED WASTE WATER	% OF TOTAL USE FROM RECYCLED
Boardwalk	✓	✓		✓		Not measured
Carnival City	✓					n/a
Carousel	✓			✓		25%
Federal Palace		✓				n/a
Fish River	✓			✓	✓	Not measured
Flamingo	✓				✓	61%
Gaborone Sun	✓	✓				n/a
Golden Valley	✓					n/a
GrandWest	✓				✓	13%
Kalahari Sands	✓				✓	Not measured
Lesotho Sun	✓					n/a
Maseru Sun	✓					n/a
Meropa	✓	✓				n/a
Monticello	✓		✓			n/a
Morula	✓		✓			n/a
Royal Livingstone	✓		✓			n/a
Royal Swazi Sun	✓	✓	✓		✓	Not measured
Sibaya	✓					n/a
Sun City	✓				✓	24%
Table Bay	✓					n/a
Wild Coast			✓		✓	11%
Windmill	✓			✓		Not measured

BIODIVERSITY

The majority of the Group's properties are located in urban environments. In general, the properties located in rural settings are in close proximity to sensitive environments. Sun City is located next to the Pilanesberg National Park, while the Wild Coast Sun and Fish River Sun are situated within the Maputaland-Pondoland-Albany Biodiversity Hotspot. The Royal Livingstone is situated within Mosi-Oa-Tunya National Wildlife Park in Zambia.

A number of our units have natural undeveloped areas on their land, as tabled below.

PROPERTY*	PERCENTAGE OF UNDEVELOPED NATURAL AREA ON THE PROPERTY
Carnival City	10%
Carousel	75%
Fish River Sun	undetermined
Golden Valley	undetermined
Wild Coast Sun	97.5%

* *Only relevant properties in the Group are listed.*

Although some of the resorts have developed new facilities over the past financial year, none of these expansions have extended into important ecological areas or natural habitats.

As result there has been no biodiversity loss. Indirect impacts that may affect biodiversity include:

- Pollution of soil and groundwater as a result of the quality of stormwater runoff and stormwater flow (e.g. high flows could cause soil erosion). A number of our properties have implemented appropriate mitigation measures to avoid or minimise this impact, such as the stormwater channels at our Carousel property that divert runoff to purpose-built ponds, so as to prevent impact on the game reserve area. However, monitoring of stormwater is limited across the Group, which is an issue that will be addressed as part of implementing the environmental management systems.
- Spreading of alien species used in our landscaping into natural areas. Where applicable, units have monitoring and alien clearing programmes in place.
- Access of guests to sensitive areas is also a potential concern and this is addressed via guest awareness information.

While the majority of units invest in the protection and enhancement of biodiversity in or around the environments that they operate, this particular expenditure is by and large not currently being recorded. This will receive attention for the purposes of future reporting. The units that are currently in a position to disclose expenditure in this regard reported the following:

- In partnership with the Department of Water Affair's Working for Water programme, Morula Sun spent R175 000 on clearing Water Hyacinth from the adjacent Nooitgedacht dam
- Wild Coast Sun spent approximately R60 000 during this reporting period on clearing alien invasive species from the natural areas on their property
- Approximately R40 000 was spent towards maintenance and protection of the game in the reserve area at the Carousel

Select initiatives undertaken by units in the Group to protect or enhance the biodiversity under our control include:

- Monitoring of operations to ensure no impact on biodiversity, especially threatened species as listed on the IUCN Red Data List, such as the Endangered Grey Crowned Crane at the Wild Coast Sun
- Undertaking regular patrols of the fence line Sun City shares with the Pilanesberg National Park to reduce incidents of poaching
- Maintaining fire breaks on all units abutting natural or undeveloped areas so as to minimise potential impacts on wildlife and habitats resulting from fires
- Hosting an annual gaming event at Sun City where up to R200 000 is raised and donated to the Pilanesberg National Park. This year, approximately 40% of the money was put towards the prevention of rhino poaching and the remainder was spent on upgrading of the park's infrastructure
- The Wild Coast Sun manages the harvesting of medicinal plants by local communities in the undeveloped areas of the site, which are largely characterised by indigenous vegetation, to prevent over-utilisation of these species

CARBON FOOTPRINT

At the beginning of 2012, we embarked on a project to determine our carbon footprint.

Data for the 2010/11 and the 2011/12 financial years was gathered to gain adequate baseline information. We focused on data that measured emissions that were under our direct control. This will be extended to include business partners and contractors in 2013. With respect to the emissions themselves, the environmental team considered direct and indirect emissions, namely Scope 1 and Scope 2 emissions as defined in the GHG Protocol. Scope 3 emissions have not been accounted for at this stage.

Scope 1 EMISSIONS	*Scope 2* EMISSIONS
Fuel combustion in stationary sources such as boilers and back-up generators. Fuel combustion in mobile sources, namely our vehicle fleet. Fugitive emissions – hydrofluorocarbons (HFCs) from use of refrigeration and air conditioning equipment.	Purchased electricity

The following methodology has been implemented in determining the carbon footprint:

- **Scope 1 emissions** are based on fuel use records for both stationary and mobile sources.
- **Scope 2 emissions** are based on electricity usage.

Emission factors from the Department for Environment Food and Rural Affairs (DEFRA) have been applied in all cases except where a country-specific factor is available. This applies to electricity:

- For South African properties the electricity emission factors available in the Eskom 2011 and 2012 Integrated Report have been applied.
- For properties located in other countries reference has been made to electricity emission factors published in the IEA (International Energy Agency) 2011 CO_2 Highlights Report.

The table below shows a summary of the Scope 1 and 2 emissions for the Group for the two years under consideration.

Total Scope 1 and Scope 2 emissions for the Group are shown in the table below:

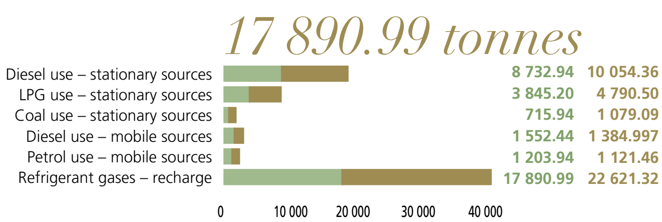
	2011	2012
SCOPE 1 Emissions	41 051.70 tonnes CO_2e	33 041.05 tonnes CO_2e
SCOPE 2 Emissions	305 366.70 tonnes CO_2e	304 715.53 tonnes CO_2e
TOTAL	346 348.10 tonnes CO_2e	338 656.98 tonnes CO_2e

Scope 2 emissions form the bulk of SI's carbon footprint. This is in line with the nature of our business. Electricity is a key resource to enable the company to run its operations to provide the facilities necessary to ensure a high-quality experience for our guests. According to information provided by the properties, the main electricity users on most properties are space heating/cooling and water heating.

In respect of scope 1 emissions refrigerant gas replacement constitutes the largest contributor.

These emissions result primarily from leaks/loss of gas from air-conditioning equipment. The Global Warming Potential of HFCs is substantially higher than most other GHGs, and thus their contribution to the carbon footprint is relatively high. Scope 1 carbon emissions are shown in the graph below.

SCOPE 1 EMISSIONS



The results show a reduction in our carbon footprint. This is partly attributable to the reduced use of diesel within the Group particularly in respect of the Federal Palace. There has also been a marked decrease in the replacement of refrigerant gases. The carbon footprinting project is in its infancy, with our focus being on gaining an understanding how our carbon footprint is made up across the properties and the Group as a whole. Based on the outcomes of this work we will develop an appropriate Group-wide carbon footprint reduction strategy.

WASTE MANAGEMENT

The management of general waste is a key environmental issue for all of our properties. Recycling measures are in place at each property, depending on the availability of infrastructure to support recycling. Although our operations produce hazardous waste, this is on a relatively smallscale owing to the nature of our business. Some hazardous waste is recycled such as batteries, e-waste and used cooking oil.

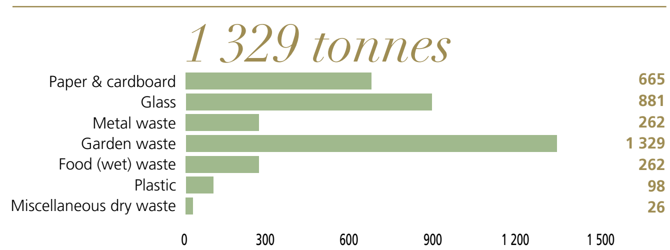
Most of our properties dispose of general waste that cannot be recycled at the nearest municipal landfill. Only Sun City operates its own landfill.

We have identified various shortcomings in our current waste volume monitoring methods. As a result, a comparative analysis has not been undertaken owing to information inconsistencies and gaps. This is evidenced from the summary of key statistics shown in the table below. The Group will be addressing environmental monitoring and information gathering systems as part of the programme to migrate to an ISO 14001-aligned Environmental Management System.

PROPERTY	GENERAL WASTE DISPOSED TO LANDFILL (kgs.)
Boardwalk	373 430
Carnival City	344 820
Carousel	150 000
Federal Palace	Not monitored
Fish River	All general waste is recycled
Flamingo	All general waste is recycled
Gaborone Sun	31 809
Golden Valley	Not monitored – municipality collect waste
GrandWest	218 074
Kalahari Sands	412 684
Lesotho Sun	Not monitored
Maseru Sun	Not monitored
Meropa	4 420
Monticello	201 110
Morula	148 320
Royal Livingstone	314 280
Royal Swazi Sun	Not monitored
Sibaya	553 240
Sun City	4 061 530
Table Bay	184 700
Wild Coast	654 000
Windmill	51 150

Most of our properties have implemented comprehensive recycling programmes particularly for general waste. Typical waste streams that are recycled are paper, cardboard, metal, garden waste, food waste and plastic. The total volume of recycling of waste streams across the properties is shown in the graph below.

RECYCLED WASTE (TONNES)



TRAINING

The majority of properties undertake the environmental training of staff members. Where smaller units do not offer formal environmental training to staff, environmental matters relevant to the units are internally communicated. With a view to standardising environmental awareness training across all units, a corporate environmental training module is to be developed.

Training, which includes practical exercises, presently covers basic environmental information relating to issues such as water, energy and waste. A total of 1 118 staff members were trained during 2012.

08

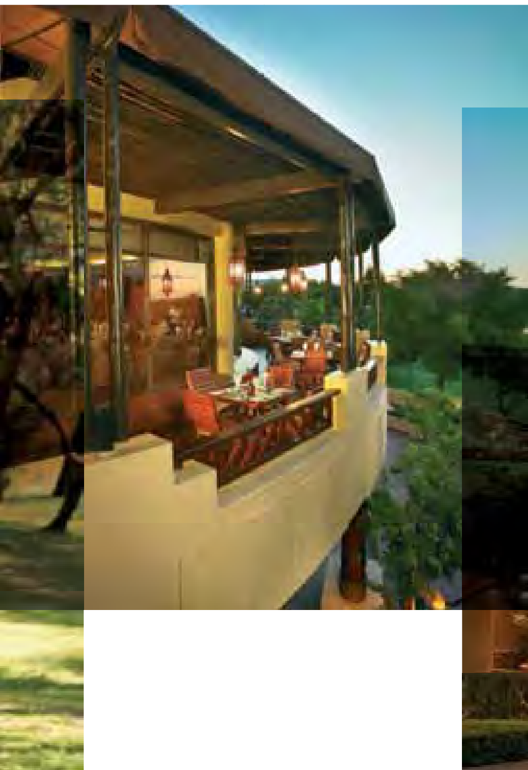
IN THIS SECTION

Ethics and risk management

Ethics & business conduct

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

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



MORULA SUN ***Mabopane***

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

1. **Discrimination and sexual harassment are not tolerated.**
2. **Conflicts of interest are actively managed.**
3. **Training and skills development are emphasised and encouraged.**

The social and ethics (S&E) committee was constituted in 2011 to assist the board in ensuring that the Group is, and remains, a good and responsible corporate citizen by monitoring the sustainable development performance of the Group.

The S&E committee consequently reviews the Group's activities having regard to any relevant legislation, legal requirements and prevailing codes of best practice, social and economic development, good corporate citizenship, the environment, health and public safety, consumer relationships, labour and employment.

The S&E committee submits its report to shareholders in accordance with the requirements of the Companies Act and as recommended by King III.

Our principal challenge during 2012 was our omission from the SRI index. While we met the core and desirable indicators in most areas, we had not initiated a formal carbon disclosure reporting initiative in 2011 and were consequently unable to submit verified data in this regard. We have made considerable progress during 2012 and expect to be readmitted to the SRI Index in 2012.

Regulatory compliance

See also: GOVERNANCE

Our trading environment in South Africa continues to be subject to increased regulation. During the past financial year increased restrictions on the advertising of gambling activities were introduced; proposals to prohibit smoking in casinos were published; and increased regulatory measures were mooted by the Financial Intelligence Centre.

Statutory regulation of the gambling industry takes place by means of an over-arching National Gambling Act as well as gambling legislation of each province. Among the laws applicable to us, are those relating to competition, consumer protection, the environment and occupation and safety. We actively monitor our compliance and seek to foster constructive relations with regulatory bodies.

Risk management

See also: GOVERNANCE

The management of risk is a fundamental part of our business processes and is integrated into all our business practices.

Internal financial and other controls ensure a focus on critical risk areas. These controls are closely monitored and subjected to internal audit reviews.

The risk committee oversees the risk management process for the Group.

Responsible gambling

The issue of responsible gambling remains an important focus area. In South Africa, the National Responsible Gambling Programme (NRGP) has expanded its scope and services considerably. As a founder member, we fully support the NRGP and its equivalents in the countries within which we operate.

Our employees are trained to assist customers at multiple levels. Training is monitored and regularly reported on. In total, 1 694 customers sought self-exclusion across our casinos in 2012.

Casino Association of South Africa

CASA is the industry body through which casino groups interact with one another, with various regulatory bodies and with other stakeholders. We continue to be an active participant in CASA's activities by means of our representation on its board of executives and its working committees.

CASA's activities during the year under review covered a wide range of matters of significant interest to the casino industry, including:

- The report by the Gambling Review Commission, appointed by the Minister of Trade and Industry to investigate and make recommendations regarding the industry at large, continues to make its way through the parliamentary processes. CASA will seek to participate in any public debates that may be arranged
- CASA arranged for industry participation and submissions regarding the proposed setting of norms and standards for a host of regulatory activities across the provincial jurisdictions
- The Minister of Trade and Industry published draft Regulations which, if implemented, will prohibit smoking in indoor public areas and an identified range of outdoor public areas. While we are sensitive to the health considerations, there is also a business case to consider regarding the impact that this would have on casino revenues, in particular. Through CASA, we and the other casino groups made submissions and comments regarding the draft Regulations
- The Minister of Trade and Industry issued amendments to the National Gambling Regulations which place further restrictions on the advertising of gambling activities. CASA lodged an application with the High Court of South Africa for a review of these Regulations

Corruption

We have decided to formalise a Group-wide anti-corruption policy that will reach across all the jurisdictions in which we operate. The policy will be rolled out in 2013. The policy is designed to respond to the statutory requirements and best practice guidelines of the following:

- The Companies Act and the Regulations made thereunder and applicable South African anti-corruption legislation
- The United States Foreign Corrupt Practices Act, 1977
- The United Kingdom Bribery Act, 2010
- The OECD (Organisation for Economic Co-operation and Development) recommendations regarding corruption

This policy will apply alongside existing Group policies, codes and guidelines, including:

- Group values
- Group disciplinary rules and procedures
- Fraud policy
- Money laundering policy
- Conflict of interest policy

We conduct regular training on our policies and procedures designed to counteract any form of corruption. At 30 June 2012, 97% of the target audience in South Africa had received the required money laundering training during 500 training sessions conducted.

There were no instances of corruption in 2012.

CAROUSEL ***Temba***

Sun International Zambia's *worm farm* project

Located within the grounds of The Falls resort in Zambia, the worm farm project has approximately 180 000 composting earthworms supplied by South Africa's FullCycle, which specialises in growing and promoting worms as a better means to manage organic waste.

Lessening our impact on our environment requires that everyone plays a part. The more people start to reduce and recycle their organic waste, reducing the use of chemicals, the quicker the environment will start to recover, for us all to enjoy. Our worm farm project is an important step in this direction and has enabled the environmentally friendly management of organic waste at both the Zambezi Sun and The Royal Livingstone hotels.

The worms feed on a variety of decomposing organic waste and harmful bacteria to produce non-toxic liquid and solid waste. The result is a totally sustainable, environmentally friendly soil improver with no negative impact on the environment whatsoever.

Worm farming is a way to not only reduce our impact on the environment, but to actually benefit the environment as well. At The Falls resort it extends even further, helping to improve the lives of the local communities that benefit from the organic fertiliser produced.

The worm farm project has approximately
180 000
composting EARTHWORMS supplied by South Africa's FullCycle

STAIN MUSUNGAILA, THE FALLS RESORT'S CORPORATE SOCIAL INVESTMENT COORDINATOR, SUMMED UP THE OBJECTIVES OF THE WORM FARM PROJECT AS FOLLOWS:

1. *To reduce the costs and carbon footprint associated with conventional fertilisers*
2. *To increase food security within communities*
3. *To promote environmentally friendly organic farming methods*
4. *To conserve nature through proper management of organic waste*

The birth of a baby *giraffe*

At 4p.m. on Sunday 3 June 2012 we became proud parents of a baby giraffe. Born near the boma at The Falls resort, mother and baby continue to do well. This is the second giraffe calf born at The Falls resort – the newcomer's sister, Shungu, is three years old and almost as tall as her mother.

At first we were rather concerned about this baby. He spent his first chilly night with his mother near the river. When we went to see him in the morning he was still lying down and it was clear that the cold had affected him. We called in the experts, who decided that he needed a little help. We approached him slowly so as not to upset his mother and warmed him up by rubbing him down with towels.

Eventually he got to his feet and wobbled after his mum who took him into the sunshine.

Initially both mother and baby remained alone, but they were later joined by the father and Shungu. The father was rather heavy handed, or should we say heavy footed, with his new son and we were worried that the baby might get hurt. For some hours Webster, who is in charge of the animals at The Falls resort, kept the other giraffes away to give the baby a chance to become steadier on his feet.

CORPORATE GOVERNANCE REPORT

THIS 2012 GOVERNANCE REPORT IS COMPRISED OF THE FOLLOWING SECTIONS:

The detailed audit committee report, the remuneration report and the social and ethics committee report can be found on pages 124, 102 and 90 respectively.

OUR COMMITMENT TO OUR STAKEHOLDERS

The Sun International Group remains committed to ethical leadership and demonstrating sound corporate governance practices which are embedded throughout the Group companies, in all the jurisdictions in which the Group operates.

> Our commitment remains underpinned by the pillars of our responsibility, accountability, fairness and transparency to all stakeholders resulting in the creation and preservation of the Group s long term sustainability thereby delivering value to all stakeholders.

The Group, having embraced best practice governance requirements, has effectively been implementing and reporting on a broad spectrum of governance principles over the years.

For supplementary information to the corporate governance report, stakeholders are invited to visit **www.siml.co.za/CorporateGovernance**

RESPONSIBILITY | ACCOUNTABILITY | FAIRNESS | TRANSPARENCY

AT A GLIMPSE: OUR GOVERNANCE TIMELINE 2010 – 2012

The Group has long embraced the principles of sound governance and as such the evolution of the King III Code of Governance Principles for South Africa 2009 was welcomed by the Group. As a sound governance platform had already been established, the Group was one of the first companies to adopt the principles and report in terms of King III in 2010.

2010

Like many South African corporates, the Group's reporting in 2010 and application of the King III principles, centred on Group-wide application and identified those principles that were not considered appropriate to our business

2011

Was a year focused on implementation and roll out of the applicable King III principles, which were positively received throughout the Group by all internal stakeholders

2012

The Group and its leadership focused on embedding the adopted governance principles and evolving our implemented practices, proving our spirit of governance through astute value extraction

KEY HIGHLIGHTS FOR THE YEAR UNDER REVIEW

The first South African company in the hotel, restaurant and leisure industry GICS* classification, to submit an investor relations response at the time of submission, as well as the submission of a water disclosure response, to the **Carbon Disclosure Project (CDP)**.

Formulation of the Group's *corporate environmental strategy* integrating the various unit initiatives under our corporate umbrella with defined targets and goals. A Group environmental manager was appointed to oversee this process. We have concluded the Group's sustainability policy, which can be found on 16.

Obtaining an independent third party assurance on the Group's sustainability information for the third year in succession, showing continued and demonstrable results in our commitment to transparent reporting.

The independent assurance statement can be accessed online **www.siml.co.za/Assurance**

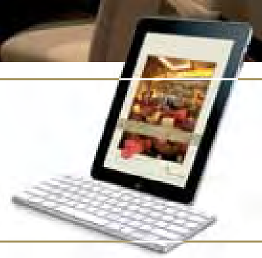
The Group has focused on the GRI framework as the backdrop of its integrated sustainability reporting. The GRI table is available at **www.siml.co.za/GRITable**

Implementation of an American Depositary Receipt Program in conjunction with the Bank of New York Mellon.

The Group rolled out its internal financial control audits which facilitated the GIA function in providing the audit committee, with a positive assurance on the effectiveness of the Group's system of internal financial controls.

Read more on page 125

SUCCESSFUL IMPLEMENTATION OF A PAPERLESS BOARD REPORT SOLUTION USING iPAD TECHNOLOGY WITH AN APPLICATION DEVELOPED BY THE CHARTERED SECRETARIES ASSOCIATION OF THE UNITED KINGDOM.



The formulation of the Group's anti-corruption policy.

Evolving the Group's stakeholder engagement processes. This year the Group commenced with independent external assessments to validate the views of certain stakeholder groups.

Commencement of a Group supplier ethics study with the assistance of the Gordon Institute of Business Science.

The finalisation of the company's new Memorandum of Incorporation and planned rollout of subsidiaries' Memorandums' of Incorporation.

WHILST THE GROUP CONTINUES TO MAKE DEMONSTRABLE PROGRESS IN EMBEDDING GOVERNANCE PRACTICES, THERE WILL ALWAYS BE MORE TO DO GIVEN THE FLUID AND DYNAMIC NATURE OF OUR BUSINESS.

The Group has made progress on many additional governance dimensions during the year under review and stakeholders are invited to visit the Group's investor relations website at **www.suninternational.com/investorrelations** for the supplementary information, where you will also be able to subscribe to receive regular updates released by the Group.

* *Global Industry Classification Standard.*

Report on the Sun International Limited board

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

STATEMENT OF COMPLIANCE

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

While the Group substantively complies with the majority of King III principles in instances where the Group has elected not to apply some of the King III Principles, these exceptions are explained under the appropriate sections throughout this report.

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

Further details can be found in the statement of responsibility by directors' and the directors report on pages 126 and 128 respectively.

COMPOSITION OF THE BOARD

At a glance…

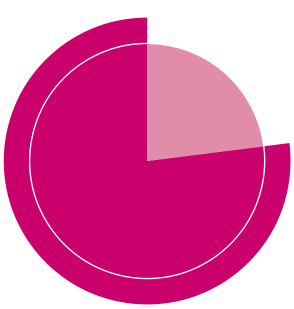
Sun International has a unitary board structure comprising a mix of **executive and non-executive directors**, the majority of whom are independent non-executive directors. The board presently comprises three executive and ten non-executive directors, seven of whom are considered independent in terms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

The non-executive directors have the necessary skills, qualifications and experience, as is evident from their CVs, to provide judgment **independent** of management on material board issues. The composition of the board also appears in the directorate section of the report.

We value **diversity** on our board and of the thirteen directors, six are women.

The **tenure** of directors serving on the board ranges from directors who are long-serving and are familiar with the industry within which we operate as well as the focus on introducing new directors with skills and experience in other industries.

EDs/NEDs



23% Executive directors (ED)

77% Non-executive directors (NED)

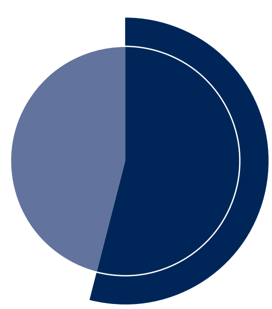
Independence

54% Independent

23% Non-independent

23% Executive

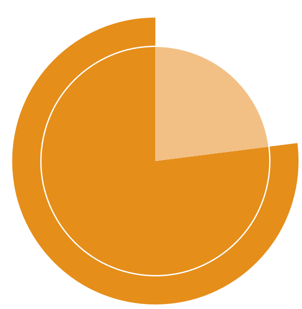
Gender



54% Male

46% Female

Tenure



23% <9 years

77% >9 years

BOARD CHARTER

The board is regulated by the board charter which details the manner in which the business is to be conducted by the board in accordance with the principles of sound corporate governance and organisational integrity. The board charter is reviewed by the board on an annual basis.

The full board charter can be accessed online via **www.siml.co.za/BoardCharter**

BOARD CHAIRMAN

The board is chaired by Mr MV Moosa, a non-executive director, who has served as board chairman since 1 July 2009 and has been reappointed as board chairman for the year under review.

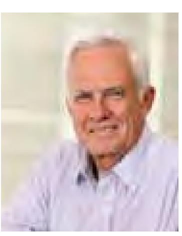
The board chairman is not considered to be independent, as he is a shareholder and director of Lereko Investments Proprietary Limited, which is a material shareholder of Dinokana, the 6.5% BEE shareholder of the company.

Although not classified as independent in terms of governance criteria, the board chairman brings valuable expertise to the board and continues to exercise independent judgement in relation to board matters.

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

Mr Moosa's CV summarising his experience, can be accessed online via **www.siml.co.za/DirectorateSIL**

LEAD INDEPENDENT DIRECTOR (LID)



The board charter requires the appointment of a LID in the event that the board chairman does not meet the independence criteria in terms of the appropriate governance principles. Accordingly, Mr IN Matthews was appointed as the LID with effect from 1 July 2009 and has been reappointed as the LID for the year under review, as the LID is appointed annually. The LID provides leadership guidance at any board, committee or shareholder meetings or in consultation with other directors or executives in circumstances where the board chairman may be subject to a conflict of interest. The LID is instrumental in leading and introducing discussions at board and committee meetings regarding the performance and evaluation of the board chairman.

Mr Matthews's CV summarising his experience, can be can be accessed online via **www.siml.co.za/DirectorateSIL**

BOARD APPOINTMENTS

Procedures for appointment to the board are formal and transparent and are a matter for the board as a whole. The board is assisted in this process by the nomination committee.

In terms of the company's Memorandum of Incorporation, new directors may only hold office until the next annual general meeting at which time they will be required to retire and offer themselves for election. Accordingly, Mr G Collins, having been appointed with effect from 22 November 2011, will stand for election at the forthcoming annual general meeting.

Mr Collins's CV summarising his experience, can be accessed online via **www.siml.co.za/DirectorateSIL**

ROTATION OF DIRECTORS

Directors retire by rotation at least once every three years in accordance with the company's Memorandum of Incorporation. The nomination committee assesses the performance of those directors and recommends the re-election of such directors to the board and shareholders.

In this regard, the nomination committee, having concluded its assessment, recommends the re-election of the retiring directors, Ms ZBM Bassa, Dr NN Gwagwa, Ms LM Mojela, and such directors, being eligible, have offered themselves for re-election at the 2012 annual general meeting.

Mr DM Nurek will be retiring with effect from the annual general meeting.

Their CVs, summarising their experience and skills, can be accessed online via **www.siml.co.za/DirectorateSIL**

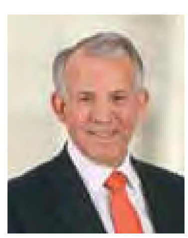
INDEPENDENCE

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

The nomination committee conducted a rigorous independence assessment of the non-executive directors that have served on the board for nine years or more, and concluded that these directors retained their independence in character and judgement, notwithstanding their length of service and that there were no relationships or circumstances that were likely to affect or be perceived to affect their independence.

The board concurred with the findings and is of the view that the aforesaid non-executive directors bring valuable experience and skill to the board, and that they will continue to exercise their independent judgement.

CHIEF EXECUTIVE AND DELEGATION OF AUTHORITY



Mr G Collins was appointed as the acting chief executive on 22 November 2011, following the resignation of the former chief executive, Mr DC Coutts-Trotter, on 8 November 2011. 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. 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.

To read more information please visit **www.siml.co.za/Authority**

COMPANY SECRETARY

Ms CA Reddiar was appointed as the company secretary of the Group on 1 April 2010. She provides a central source of advice to the board on the requirements of the JSE Listings Requirements; the Companies Act; King III and corporate governance.

The board is of the opinion, following an assessment conducted by the nomination committee, that the company secretary has the requisite knowledge, qualifications and experience to carry out the duties of a secretary of a public listed company.

Ms Reddiar's CV summarising her experience, can be accessed online via **www.siml.co.za/DirectorateSIML**
To read more information on the company secretary's responsibilities please visit **www.siml.co.za/CompanySecretary**

BOARD, DIRECTOR AND COMMITTEE EVALUATIONS

The board chairman, the LID, board members and the board committees are evaluated annually on their performance, processes and procedures in an online self-evaluation, the last evaluation having been carried out during April 2012.

The 2012 evaluations of the board chairman, the LID, the board, the board members and the board committees indicated an upward trend in effectiveness and performance. Based on the results of the 2012 evaluations, the directors are of the opinion that the board and its various committees have effectively discharged their responsibilities in accordance with their respective written terms of reference.

To read more information please visit **www.siml.co.za/Evaluations**

THE BOARD CONFIRMS THAT IT HAS ADDRESSED THE KEY AREAS OF IMPROVEMENT ARISING FROM THE 2012 EVALUATIONS AND THE AREAS OF IMPROVEMENT FOR 2013 WERE NOTED TO BE:

- Succession planning of executive management
- Equipping directors to deal with the new governance and regulatory regime
- Supplementing the composition of the board with additional industry expertise and addressing gender balance at a committee level

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

Review the Group's stance on:

- retirement of directors
- succession planning
- induction of directors
- director training and development
- access to company information and confidentiality
- the board and committees obtaining professional advice
- directors and prescribed officers liability insurance
- dealing with conflicts of interest

Read more online **www.siml.co.za/TheBoard**

BOARD MEETINGS

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

In addition, the board holds a fifth meeting, in the form of an annual strategy meeting, with executive management, to deliberate the Group's strategic direction and to consider plans proposed by management for the achievement of Group-wide 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. There have been two additional board meetings under the year in review to deal specifically with the departure of the Group's former chief executive.

Read more online and access the board attendance table please visit **www.siml.co.za/BoardAttendance**

The 2012 attendance rate at board meetings averaged 87% (2011: 95%).

REGULATORY COMPLIANCE

Review the Group's stance on:

- regulatory compliance
- dealing in listed securities
- compliance with the Companies Act
- environmental and occupational health and safety
- Financial Intelligence Centre Act (FICA)
- Consumer Protection Act (CPA)

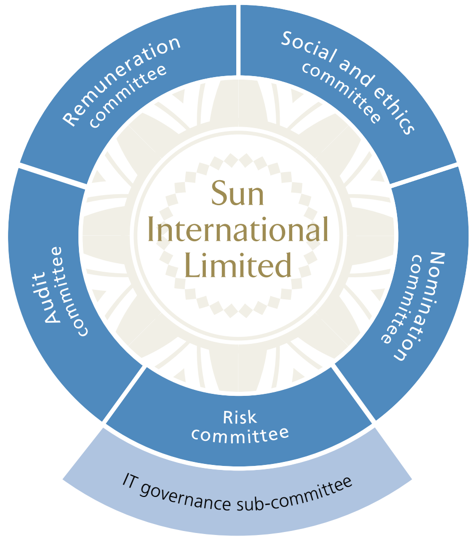
Read more online **www.siml.co.za/Compliance**

BOARD COMMITTEES

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

The terms of reference, and composition of the committees are determined and approved by the board and have been adopted by all the committees. Terms of reference are reviewed by the board (and each respective committee) on an annual basis with the most recent review having been conducted in May 2012 in order to ensure that the terms of reference remain current and reflect an appropriate focus during the year.

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



Report on the nomination committee

COMPOSITION

The committee is chaired by Mr MV Moosa, a non-executive director and chairman of the board. The committee is comprised as follows:


MV Moosa
Chairman


PL Campher


IN Matthews

It is a King III requirement that the board chairman and the LID should be members of this committee.

Their CVs, summarising their experience and skills, can be accessed online via **www.siml.co.za/DirectorateSIL**

The nomination committee terms of reference can be accessed online via **www.siml.co.za/NomcoReference**

ATTENDANCE

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 committee's mandate.

THE NOMINATION COMMITTEE IN 2012

- Evaluated the performance of the board chairman, the LID, the board and each board member, and reported these evaluations to the board
- Based on the evaluations conducted, made recommendations to the board on the re-election of those directors that are retiring by rotation
- Nominated employer trustee nominees to the Group's pension, provident funds and sub-committees, and to the share incentive or employee share trusts
- Having assessed the requirements of the board, made recommendations to the board on the continuing professional development of all directors
- Assessed the independence of each board member
- Reviewed the evaluation of the committees' performance and effectiveness as part of its annual review processes
- Performed an evaluation of its own performance and effectiveness
- Performed an evaluation on the expertise, competence and qualifications of the company secretary

Four nomination committee meetings were held to the date of this report and the attendance table is available at **www.siml.co.za/NomcoAttendance**.

The acting chief executive, Mr G Collins and Ms CA Reddiar, in her capacity as company secretary, attended all meetings by invitation of the nomination committee.

Report on the risk committee

"The directors of Sun International Limited have committed the company to a process of risk management that is aligned to the principles of the King III Code. The features of this process are outlined in the company's Risk Policy Framework. All Group business units, divisions and processes are subject to the Risk Policy Framework.

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

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

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

Every employee has a part to play in this important endeavour and we look forward to continuing to work with you in achieving these aims."

COMPOSITION

The committee is chaired by Mr DM Nurek, an independent non-executive director. There are three additional non-executive directors that serve on the risk committee as follows:

DM Nurek
Chairman

NN Gwagwa (Dr)

IN Matthews

GR Rosenthal

The SIML directors are also members of the risk committee.

Their CVs, summarising their experience and skills, can be accessed online via **www.siml.co.za/DirectorateSIL** and **www.siml.co.za/DirectorateSIML**

SCOPE

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

To read more about the risk committee functions and scope, please visit **www.siml.co.za/RiskReference**. The information includes the terms of reference and mandate of the risk committee, with details on the meetings and attendance. Four risk committee meetings were held to the date of this report.

THE RISK COMMITTEE IN 2012

- Monitored external developments relating to corporate accountability, including emerging and prospective risks
- Reviewed the risk philosophy and risk register of the Group
- Reviewed the adequacy of insurance coverage and agreed the terms of the Group's insurance proposal for 2012/2013 which led to an increase in the directors and prescribed officers liability cover as a precautionary measure
- Monitored the Group's compliance on legislation impacting the Group and approved for recommendation to the board the Group's legal and compliance policy

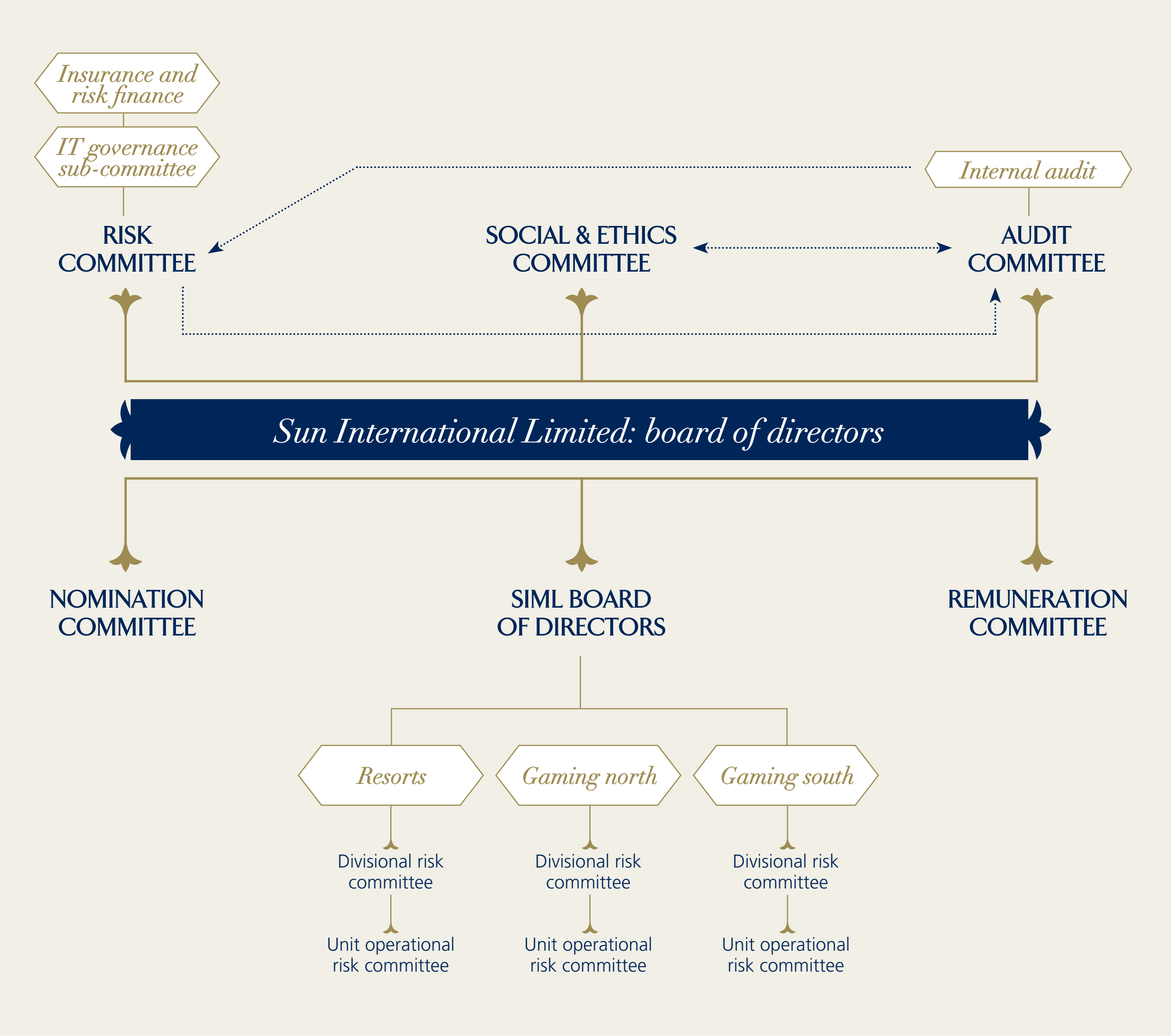
- Conducted risk assessments to determine material risks to the Group and evaluated the strategy for managing these, as well as the appropriateness of management's responses to these risks
- Reviewed the Group's stakeholder identification and engagement practices, as well as associated processes and policies
- Advised the board on risk aspects
- Monitored the work and reviewed the findings of the IT governance sub-committee
- Performed an annual self-evaluation of the risk committee's performance and based on the results concluded that the committee was performing effectively

While King III encourages the appointment of a chief risk officer, the Group elected not to appoint a single chief risk officer as the risk function is embedded comprehensively throughout the Group. Those accountable for risk remain the Group's business leaders with its chief executive retaining ultimate accountability. The Group believes that this remains the best position to be adopted.

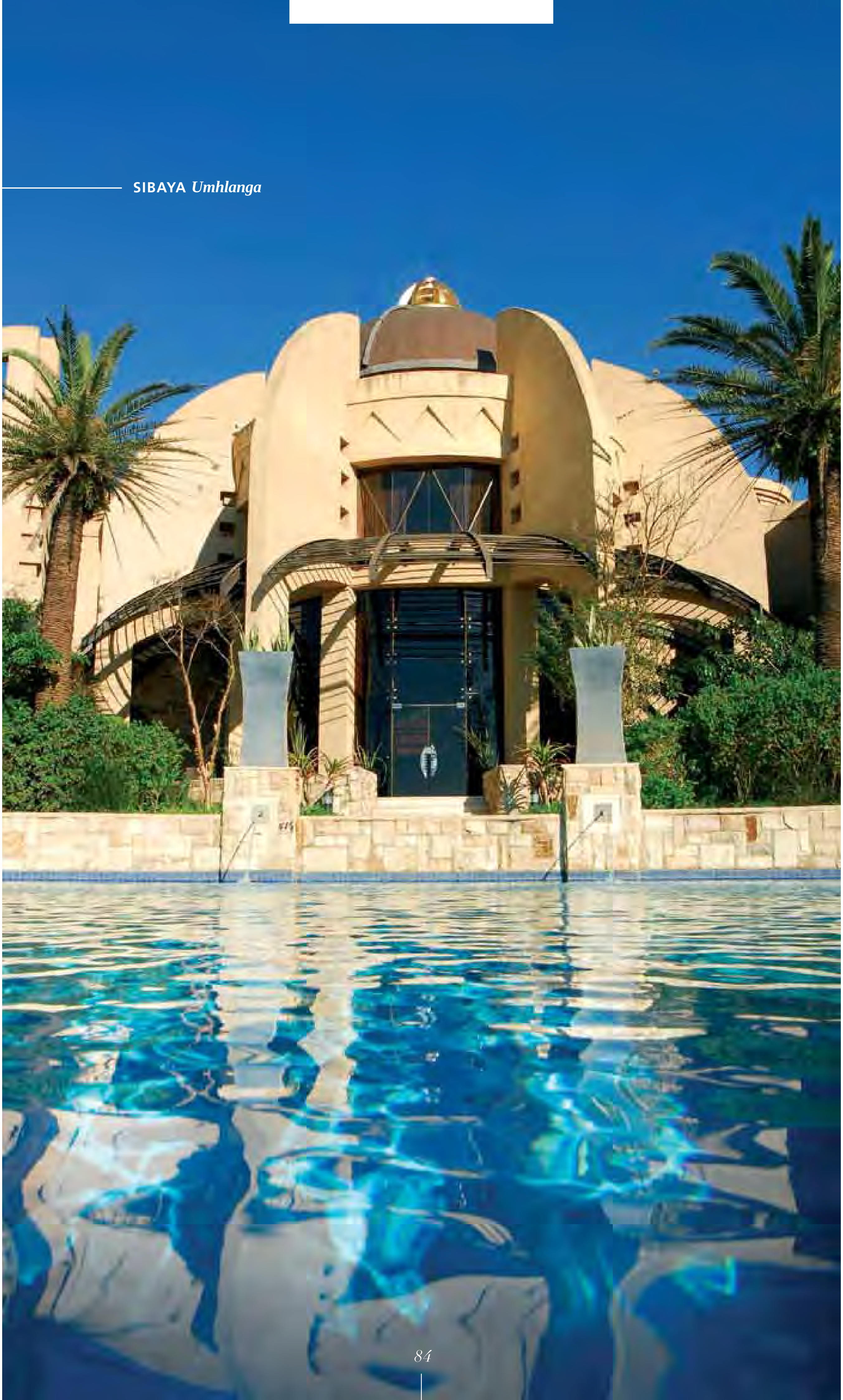
King III further recommends the establishment of a separate compliance function. The Group confirms that several business functions are responsible for compliance, including regulatory, statutory and gaming compliance and as such, it was agreed that a separate compliance function would not be established. Management has formalised a legal and compliance framework policy, which was approved by the risk committee, for recommendation to the board.

For the comprehensive report, including the Group's stance on risk management, accountability and audit (both internal and external), visit **www.siml.co.za/RiskReport**

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



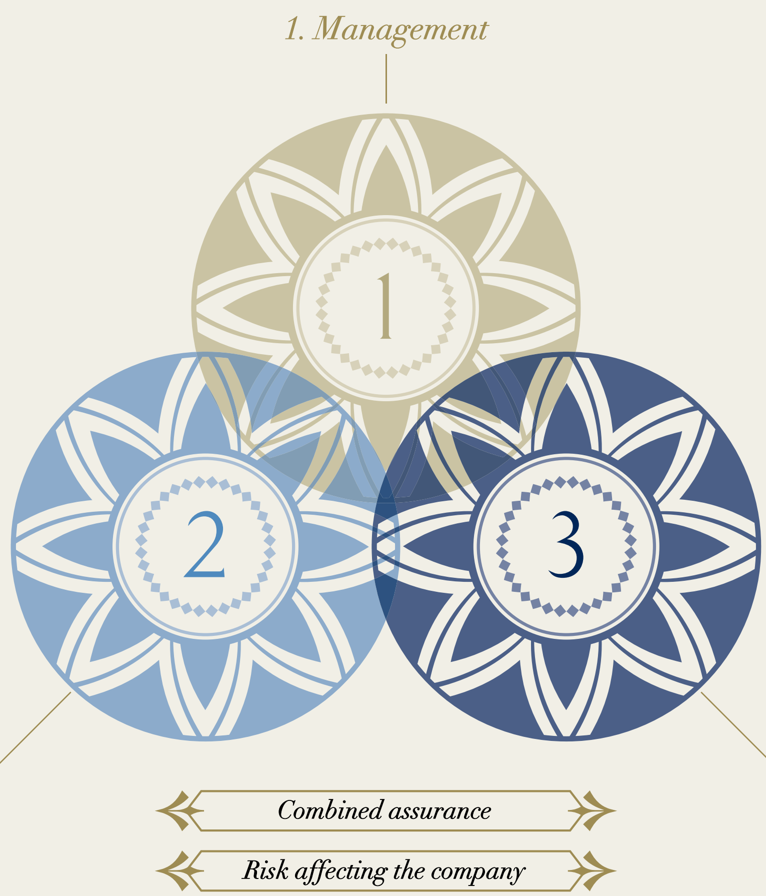
SIBAYA *Umhlanga*



Assurance model

We have adopted a combined assurance model, which aims to optimise the assurance coverage obtained from management and our internal and external assurance providers on the risk areas affecting the company.

Our combined assurance model and strategy for 2012 was approved by our audit committee and addresses our business risks. In 2013 our model will be further refined to provide more balance between executive management and the independent internal and external assurance providers.



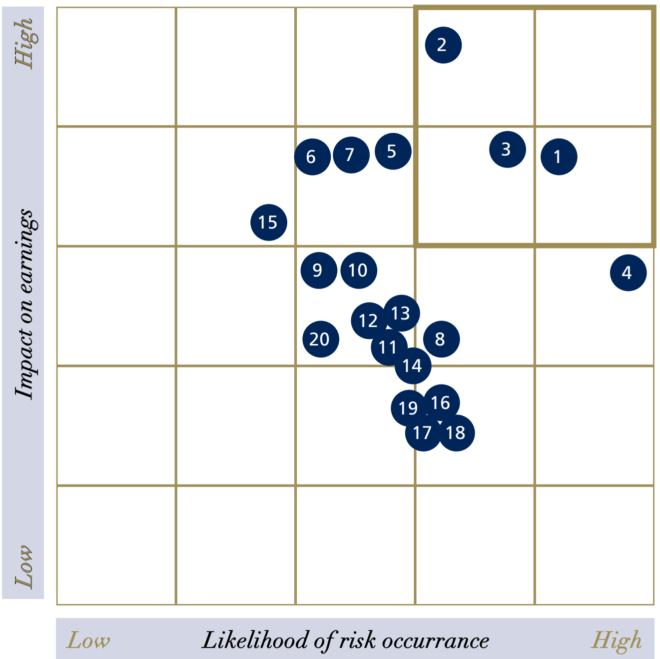
2. Internal assurance provider

Internal assurance is provided by our internal audit department.

3. External assurance provider

Our external assurance providers include PricewaterhouseCoopers Inc. (PWC), Integrated Reporting and Assurance Services (IRAS) and Marsh, among others.

THE GROUP'S TOP 20 RISKS



The Group's risks are ranked according to likelihood and impact on the Group and mitigating actions, together with key controls, are continually assessed. The committee is comfortable that each of the aforementioned top 20 risks are being adequately dealt with by management.

TOP 20 RISK SCENARIOS

1	Anti-gaming sentiments
2	GrandWest licence exclusivity renewal
3	Market maturity
4	Increase in gaming taxes
5	Empowerment charter conditions are not met
6	Unsuccessful international expansion or diversification
7	Failure to appoint and retain previously disadvantaged individuals
8	Increase in class 2 slot machines (Bingo)
9	Failure to capitalise on emerging customer markets
10	EGS challenges: costs, deadlines
11	Strike and labour disputes
12	Perception of resorts and casino safety
13	Failure to maintain service ethics and standards
14	Pressure on management agreements and fees
15	Gearing levels inhibit certain objectives
16	Major catastrophic event
17	Failure to deliver employee growth through career planning
18	Staff working in smoking areas
19	Impact of beurocracy on entrepreneurial culture
20	Failure to successfully implement online gaming strategy

STAKEHOLDER ENGAGEMENT

A stakeholder is defined as anyone who affects the Group or who the Group has an effect on.

The board acknowledges that stakeholder perceptions shape corporate reputation and the Group strives to engage in constructive dialogue with its various stakeholders. The table below is reflective of stakeholder engagement during the reporting period.

SOME OF THE MATTERS ADDRESSED WITH KEY STAKEHOLDERS:

STAKEHOLDER	MATERIAL ISSUE	OUTCOME	FREQUENCY	RESPONSIBILITY FOR ENGAGEMENT
Union	Negotiation of the Group's wage increase	Wage increase successfully negotiated	As required	director: human resources (SIML)
Provincial authorities	GrandWest exclusivity	Ongoing engagement	As required	chief executive, SIML, director: gaming south (SIML)
Gaming boards	Renewal of gaming licences	Successful renewals of subsidiary casino licences	Annually	company secretary, SIML divisional directors
	Electronic Bingo Terminals (EBT)	Court application opposing EBT	In response	chief executive, director: gaming north (SIML), director: legal affairs (SIML)
CASA	Continuing support on common matters of interest	Strategic discussions held	As required	chief executive, director: legal affairs (SIML)
Liquor boards	Amendments to legislation	Representations submitted on the new Gauteng Liquor Bill	In response	company secretary, director: legal affairs (SIML)
Community based groups	Ongoing support to enterprise development, charities and social action organisations	Ongoing focus required	Ongoing	director: human resources (SIML), chief financial officer
Employees	Employee engagement	Third employee engagement survey completed	Ongoing	director: human resources (SIML), SIML divisional directors

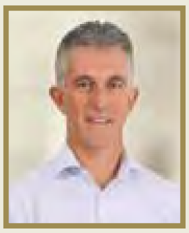
Report on the IT governance sub-committee

COMPOSITION

The committee is chaired by Mr RP Becker, the chief financial officer. Mr F Rizzo, is an independent IT governance expert and is a member of the IT governance sub-committee. Also represented on this committee are Messrs TC Kaatze, JA Lee, TS Ndlela and DS Whitcher.

Their CVs, summarising their experience and skills, can be accessed online via **www.siml.co.za/DirectorateSIL** and **www.siml.co.za/DirectorateSIML**

The members of the sub-committee represent key areas of the business together with the chief information officer. Mr CS Benjamin, director: Group internal audit (SIML) and Mr V Meyer, Group manager: IT governance, risk & compliance and IT management, are standing invitees of the sub-committee.



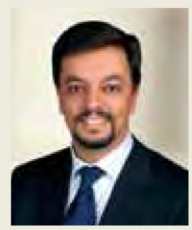
RP Becker
Chairman

TC Kaatze

JA Lee

TS Ndlela

DS Whitcher



F Rizzo

SCOPE

The IT governance sub-committee is responsible for monitoring, developing and communicating the processes for managing IT governance across the Group. The primary objective of the sub-committee is to monitor, develop and communicate the process of managing IT governance information flows and technology across the Group.

There have been four IT governance sub-committee meetings to the date of this report and full details of attendance at the meetings are available online, together with the committee's written terms of reference, as approved by the board **www.siml.co.za/ITgovReference**

THE IT GOVERNANCE SUB-COMMITTEE IN 2012

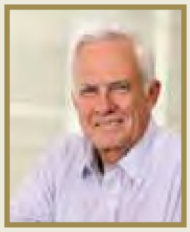
- Oversaw the alignment of IT with the governance, performance and sustainability objectives of the Group
- Developed a policy and charter outlining the decision-making rights and accountability framework for IT governance
- Reviewed the effectiveness of the IT governance framework, in particular the relevant structures, processes and mechanisms to enable IT to deliver value to the business and mitigate IT risk
- Monitored major IT projects, being mindful of the business value of such investment or expenditure
- Several IT governance related policies were reviewed and recommended for approval

Report on the remuneration committee

COMPOSITION

The committee is chaired by Mr IN Matthews, an independent non-executive director and the LID of the board, and comprises of the following directors.

Mr MP Egan was also a member of the committee for part of the financial year; however he was unavailable for re-election from 22 November 2011.


IN Matthews
Chairman


PL Campher


MV Moosa


ZBM Bassa

103 The details of the roles and responsibilities of the remuneration committee together with the report of the committee are detailed in the remuneration report on page 103.

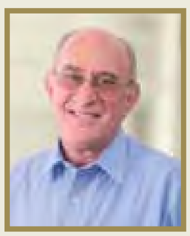
Their CVs, summarising their experience and skills, can be accessed online via **www.siml.co.za/DirectorateSIL**

Report on the audit committee

COMPOSITION

The committee is chaired by Mr GR Rosenthal, an independent non-executive director, together with the independent non-executive directors reflected alongside who comprise the balance of the audit committee.

Mr PL Campher has been nominated to the committee, pending shareholder approval at the forthcoming annual general meeting.


GR Rosenthal
Chairman


ZBM Bassa


B Modise


DM Nurek

SCOPE

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

Their CVs, summarising their experience and skills, can be accessed online via **www.siml.co.za/DirectorateSIL**

There have been six audit committee meetings to the date of this report and full details of attendance at the meetings, together with the committee's written terms of reference as approved by the board, are available online **www.siml.co.za/AudcoReference**

* The terms of reference for GIA can be accessed online via **www.siml.co.za/GIAReference**

THE AUDIT COMMITTEE IN 2012

- Approved the Group's combined assurance model and strategy
- Reviewed assurance and non-audit services
- Reviewed the internal financial control and internal control performed by the GIA function*
- Monitored and reviewed structured finance transactions
- Reviewed the KPMG ethics line report
- Conducted a review of the code of ethics

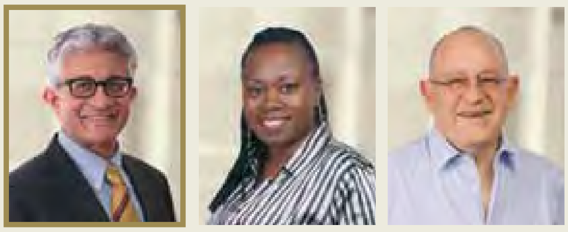
- Reviewed the findings of the risk committee
- Amended the committee's terms of reference to bring it in line with the King III practice note on integrated reporting
- Reviewed and recommended the annual financial statements to the board for its approval
- Considered the expertise of the audit committee members for shareholder approval
- Performed an annual self-evaluation of the audit committee's performance, and based on the results, concluded that the committee was performing effectively

124 The details of the roles and responsibilities of the audit committee are detailed in the audit committee report on page 124.

Report on the social and ethics committee

COMPOSITION

The committee is chaired by Mr MV Moosa, a non-executive director and chairman of the board. The independent non-executive directors depicted alongside comprise the balance of the social and ethics committee ('the S&E committee'). In addition, the chief executive; chief financial officer; director: legal affairs (SIML); director: Group human resources (SIML); director: corporate services and governance (SIML); director: Group internal audit (SIML) and the Group's environmental manager, are standing invitees of the S&E committee.



MV Moosa *Chairman* | BLM Makgabo-Fiskerstrand | PL Campher

Their CVs, summarising their experience and skills, can be accessed online via **www.siml.co.za/DirectorateSIL**

There have been four S&E committee meetings to the date of this report and full details of attendance at the meetings, together with the committee's written terms of reference as approved by the board, are available online **www.siml.co.za/SocialReference**

90 The details of the roles and responsibilities of the S&E committee are contained within the S&E committee report on page 90.

CODE OF ETHICS

The Group code of ethics commits management and employees to the highest ethical standards of conduct and has been reviewed during the year, without amendment. The code articulates the Group's commitment to all its stakeholders. The code of ethics appears in the joint report of the chief executive and chief financial officer.

Read more about the Group's stance on ethics and whistle blowing in the online report at **www.siml.co.za/CodeofEthics**

SUSTAINABLE BUSINESS PRACTICES

The board is cognisant of the Group's responsibility towards People, Planet and Profit, 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, lend themselves to the continued support and commitment to sustainable business practices throughout the Group.

The board addresses this by conducting an assessment of the long term impact of any strategic project on the Group's stakeholders.

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

Report of the social and ethics committee for the year ended 30 June 2012

The S&E committee was constituted as a statutory committee in 2011 insofar as its obligations are prescribed by the Companies Act and as a committee of the board in respect of all other additional responsibilities assigned to the S&E committee by the board.

PURPOSE AND OBJECTIVES

The main purpose of the S&E committee is to assist the board in ensuring that the Group is, and remains, a good and responsible corporate citizen by monitoring the sustainable development performance of the Group. The S&E committee also performs all the functions required of a social and ethics committee including those required under regulation 43(5) of the Companies Regulations, 2011 on behalf of all subsidiaries other than those whose boards have decided to appoint their own social and ethics committees.

This purpose is attained by the S&E committee reviewing the Group's activities having regard to any relevant legislation, legal requirements and prevailing codes of best practice, in relation to matters pertaining to social and economic development, good corporate citizenship, the environment, health and public safety, consumer relationships, labour and employment matters thereby enhancing the Group's reputation.

The S&E committee submits its report to shareholders in accordance with the requirements of the Companies Act and as recommended by King III, in order to demonstrate the manner in which it fulfilled both its statutory and additional duties in respect of the year under review.

THE S&E COMMITTEE MEMBERSHIP

The S&E committee comprises of Mr MV Moosa (chairman), Ms BLM Makgabo-Fiskerstrand and Mr PL Campher. The S&E committee members are independent (with the exception of Mr Moosa) non-executive directors of the company and have the requisite skills and experience to contribute to the S&E committee's deliberations (a brief CV of the members can be found on pages 8 and 9 of this integrated annual report). The chief executive; chief financial officer; director: legal affairs (SIML); director: Group human resources (SIML); director: corporate services and governance (SIML); director: Group internal audit (SIML) and the Group's environmental manager are standing invitees of the S&E committee.

The S&E committee chairman reports to the board on matters canvassed by the S&E committee in accordance with the S&E committee's approved terms of reference.

ASSESSMENT OF THE S&E COMMITTEE'S PERFORMANCE

The S&E committee carries out an annual self-evaluation of its own performance, the results of which are reported to the board.

The first such evaluation was conducted during the course of 2012 and the findings indicated that the S&E committee, being newly constituted, was still establishing its scope and comfort in dealing with the varied matters brought before it. The members indicated that the S&E committee had progressed well since its inception having covered the foundations of its scope and review.

S&E COMMITTEE MANDATE AND TERMS OF REFERENCE

The responsibilities and functioning of the S&E committee are governed by a formal mandate approved by the board and is subject to an annual review by the board.

The S&E committee's mandate and terms of reference, can be accessed online via **www.siml.co.za/SocialReference**

The S&E committee has met four times in the 2011/2012 year, with full attendance at all meetings and will endeavour to meet at least three times during the course of any year.

PRINCIPAL CHALLENGE IN THE YEAR UNDER REVIEW

The company was omitted from the 2011 JSE SRI Index, having been a participant since 2008. Whilst the Group met the core and desirable indicators in most of the areas, it had not initiated a formal carbon disclosure reporting initiative in 2011 and was unable to submit verified data in this regard. The Group has made considerable progress in the year under review and has taken all necessary steps to ensure inclusion in the JSE SRI Index in 2012. The Group remains committed to being able to report on and reduce its carbon emission and has prioritised this initiative at board level.

The S&E committee is satisfied that it has considered and discharged its responsibilities in accordance with its mandate and terms of reference during the year under review, specifically relating to the following key focus areas:

Social and economic development

The S&E committee has reviewed the Group's standing and progress in terms of the goals and purposes of the ten principles set out in the United Nations Global Compact Principles, the Multinational Enterprises 2011

Organisation for Economic Co-operation and Development (OECD) recommendations regarding corruption, the Employment Equity Act and the Broad-Based Black Economic Empowerment Act.

The S&E committee noted its satisfaction that the Group's B-BBEE rating as verified by Empowerdex, indicated that the Group was a Level 2 contributor. Further detail in this regard can be found on page 60 of this integrated annual report.

Responsible corporate citizenship

The S&E committee has monitored the Group's undertakings as a responsible corporate citizen particularly in respect of the promotion of equality, prevention of unfair discrimination and its zero tolerance for corruption. The S&E committee has also monitored the Group's contribution to the development of communities in which its activities are predominantly conducted and obtained assurance from GIA of its record of sponsorship, donations and charitable giving. In this regard the S&E committee undertakes an annual review of the Group enterprise development initiatives and its CSI's at a unit level. GIA further provides updates to the S&E committee in terms of any incidents of fraud and any matters raised through the Group's ethics hotline. The Group received eight reports via its external ethics hotline managed by KPMG. All reported incidents have been investigated by GIA.

The S&E committee reviews the Group's ethics-related policies and has reviewed the code of ethics in the year under review. As management has recommended that a Group culture survey be implemented in the forthcoming year, the S&E committee will again review the Group's code of ethics after consideration of the findings emanating from this culture survey.

As a result of the review within this realm, management considered it necessary to formalise a Group-wide anti-corruption policy that reaches across the various jurisdictions in which it operates and reinforces a universal zero tolerance approach to any form of corruption, or potential corruption. The policy will be rolled out across the Group's operations in the forthcoming year.

The Group remains, since its inception, a committed participant of the NRGP, which is funded by the gambling industry. The primary focus of the NRGP relates to the training of staff to recognise signs of addictive gambling behaviour; providing guidance on the process to be followed to facilitate voluntary exclusions from gambling and to receive counselling; to monitor the frequency of crèche utilisation and unattended minors, as well as the prevention of underage gambling. GIA monitors the Group's compliance with the NRGP on a quarterly basis, which report is presented to the S&E committee for review.

The environment, health and public safety

The S&E committee welcomed the appointment of a Group environmental manager to manage environmental matters throughout the Group. The appointment was considered instrumental in evidencing the Group's continued commitment to environmental and sustainability matters and will facilitate the implementation of the Group's Corporate Environmental Strategy. The Group environmental manager is a standing invitee of the S&E committee, and is tasked to monitor the environmental strategy and to ensure that these processes are managed effectively throughout the Group (see page 66 of the environmental report).

Various initiatives have already been implemented by the Group environmental manager, including the Group's participation in the CDP and the adoption of the Group's sustainability policy detailed in this integrated annual report. The chairman and chief executive are the signatories to this policy indicating the commitment of the Group's leadership in driving sustainability as a key imperative.

There were no reported material incidents of environmental or health and safety impacts relating to the Group's operations and activities that could potentially impact on communities, employees and/or customers during the period under review.

Consumer relationships

The S&E committee reviewed the Group's advertising, and specifically compliance, with the Consumer Protection Act, by conducting assessments of the Group's consumer relationships-compliance report.

In the year under review there were two minor complaints lodged against the Group with the National Consumer Commission (the Commission), for resolution by means of conciliation proceedings.

The first complainant claimed that dinner was included in a package and the Commission, having considered the matter, dismissed the complaint. The second complainant claimed that he had booked rooms at a special rate and a ruling in respect of the second complaint is awaited as the complainant failed to attend the hearing.

Labour and employment

The S&E committee is tasked with the responsibility of overseeing the Group's standing in terms of the International Labour Organisation (ILO) Protocol on decent work and working conditions and the Group's employment relationships, particularly the contribution towards the educational development of its employees. In this regard, the S&E committee reviewed the Group's standing comparatively with the ILO's decent work strategy, as well as the Group's employee engagement survey results.

Overall, the S&E committee is comfortable that there were no significant areas of risk for the Group in respect of matters relating to good corporate citizenship, the environment, health and public safety, consumer relationship and labour and employment.

Accordingly, the S&E committee is satisfied that the Group operated in the year under review as a socially responsible corporate citizen demonstrating an ongoing commitment to sustainable development.

MV Moosa
Chairman

17 October 2012

R million	2012	2011	2010	2009	2008	2007	2006
		GROUP					
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME							
Revenue	**9 754**	8 892	7 961	8 041	7 618	6 937	5 949
EBITDA	**2 642**	2 555	2 533	2 746	2 836	2 561	2 015
Depreciation and amortisation	**(818)**	(769)	(685)	(658)	(568)	(518)	(473)
Property and equipment rental	**(72)**	(81)	(114)	(74)	(102)	(74)	(62)
Operating profit	**1 752**	1 705	1 734	2 014	2 166	1 969	1 480
Foreign exchange profits/(losses)	**35**	(54)	(14)	34	58	(8)	41
Interest income	**37**	43	60	93	79	77	74
Interest expense	**(492)**	(474)	(542)	(685)	(571)	(288)	(232)
Profit before tax	**1 332**	1 220	1 238	1 456	1 732	1 750	1 363
Tax	**(496)**	(519)	(514)	(619)	(714)	(654)	(502)
Profit after tax	**836**	701	724	837	1 018	1 096	861
Minorities' interests	**(220)**	(189)	(218)	(237)	(298)	(282)	(259)
Adjusted headline earnings	**616**	512	506	600	720	814	602

Note: *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						
R million	2012	2011	2010	2009	2008	2007	2006
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION							
ASSETS							
Non current assets							
Property, plant and equipment	**9 595**	8 868	8 909	7 878	6 229	5 883	5 407
Intangible assets	**479**	440	349	382	308	361	395
Investments, loans and other	**257**	244	218	213	173	238	460
	10 331	9 552	9 476	8 473	6 710	6 482	6 262
Current assets							
Inventory	**70**	57	61	47	41	32	35
Accounts and loans receivable	**568**	422	609	673	1 031	367	304
Available-for-sale investment	**–**	–	–	–	–	–	183
Cash and cash equivalents	**752**	738	721	794	850	1 089	756
	1 390	1 217	1 391	1 514	1 922	1 488	1 278
Non current assets held for sale	**–**	79	–	–	–	164	–
Total assets	**11 721**	10 848	10 867	9 987	8 632	8 134	7 540
EQUITY AND LIABILITIES							
Capital and reserves							
Ordinary shareholders' equity	**1 496**	1 517	1 117	482	119	2 348	3 083
Minorities' interests	**1 227**	1 300	1 378	1 003	546	642	742
	2 723	2 817	2 495	1 485	665	2 990	3 825
Non current liabilities							
Deferred tax	**423**	468	452	378	412	394	408
Borrowings	**4 257**	2 936	3 940	4 525	3 821	2 271	1 458
Other non current liabilities	**506**	420	316	334	162	139	125
Tax	**–**	–	41	43	48	–	–
	5 186	3 824	4 749	5 280	4 443	2 804	1 991
Current liabilities							
Accounts payable, accruals and provisions	**1 289**	1 086	1 211	1 166	1 136	922	734
Borrowings	**2 422**	2 972	2 350	1 982	2 277	1 275	868
Tax	**101**	114	62	74	111	143	122
	3 812	4 172	3 623	3 222	3 524	2 340	1 724
Non current liabilities held for sale	**–**	35	–	–	–	–	–
Total liabilities	**8 998**	8 031	8 372	8 502	7 967	5 144	3 715
Total equity and liabilities	**11 721**	10 848	10 867	9 987	8 632	8 134	7 540

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

GROUP STATISTICS

		2012	2011	2010	2009	2008	2007	2006
ORDINARY SHARE PERFORMANCE								
Shares in issue (net of treasury shares)	000's	**102 938**	100 546	100 546	99 281	94 945	111 030	111 930
Diluted adjusted weighted average number of shares in issue	000's	**101 711**	101 669	101 055	97 111	97 470	113 242	111 556
Diluted adjusted headline earnings per share	cents	**606**	504	501	618	739	719	539
Dividends per share*	cents	**240**	200	100	–	480	400	290
Dividend cover	times	**2.5**	2.5	5.0	–	1.5	1.8	1.9
Dividend payout	%	**40**	40	20	–	65	56	54
Net asset value per share	Rand	**15.60**	16.16	11.92	5.25	1.35	22.45	27.55
Market capitalisation at 30 June	Rm	**9 197**	9 210	8 295	7 579	8 355	16 321	9 357
Market capitalisation/net asset value	times	**6.1**	6.1	7.4	15.7	70.2	7.0	3.0
PROFITABILITY AND ASSET MANAGEMENT								
EBITDA margin	%	**27**	29	32	34	37	37	34
Effective tax rate	%	**37**	43	42	43	41	37	37
Return on net assets	%	**20**	19	21	29	35	32	26
Return on total shareholders' funds	%	**30**	26	36	78	56	32	22
Return on equity shareholders' funds	%	**41**	39	63	200	58	30	19
LIQUIDITY AND LEVERAGE								
Cash generated by operations	Rm	**2 734**	2 713	2 221	2 645	2 880	2 616	2 046
Total shareholders' funds to total assets	%	**23**	26	23	15	8	37	51
Current ratio	:1	**0.4**	0.3	0.4	0.5	0.5	0.6	0.7
LOAN COVENANTS								
EBITDA to interest	times	**5.4**	5.4	4.7	4.0	5.0	8.9	8.7
Borrowings to EBITDA	times	**2.4**	2.2	2.4	2.3	2.1	1.4	1.2

* *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						
		2012	2011	2010	2009	2008	2007	2006
STOCK EXCHANGE PERFORMANCE								
Market price	Rand							
– at 30 June		**89.35**	91.60	82.50	76.34	88.00	147.00	83.60
– highest		**96.89**	110.63	98.55	100.00	165.00	166.00	101.01
– lowest		**77.00**	80.02	75.15	58.22	85.00	84.00	61.75
– weighted average		**85.73**	96.51	83.99	81.81	138.67	121.51	81.90
Sun International share price index	#	**308**	315	284	262	302	505	287
JSE consumer services index	#	**180**	170	140	118	141	185	126
Closing price earnings multiple	times	**15**	18	16	12	12	20	16
Closing dividend yield	%	**2.7**	2.2	1.2	–	5.5	2.7	3.5
Volume of shares traded	000	**29 946**	39 257	39 301	47 451	52 026	45 907	50 520
Volume of shares traded as a percentage of shares in issue	%	**29**	39	39	48	55	41	45
Value of shares traded	Rm	**2 567**	3 789	3 490	3 882	7 214	5 578	4 138
Number of transactions		**33 583**	42 170	31 786	27 599	37 586	17 014	11 913
GROWTH								
Reported growth per share	%							
– diluted adjusted headline earnings		**20**	1	(19)	(16)	3	33	33
– dividends		**20**	100	–	–	20	38	45
Real growth per share	%							
– diluted adjusted headline earnings		**14**	(4)	(22)	(19)	(8)	25	27
– dividends		**14**	90	–	–	8	30	39
Consumer price index	#	**155**	147	140	134	126	112	105
EMPLOYEES								
Number of permanent employees at 30 June		**10 866**	10 897	10 738	10 005	8 678	8 414	8 440
Average number of employees		**10 882**	10 818	10 372	9 342	8 546	8 427	8 082
Revenue per employee	R000	**896**	822	768	861	891	823	736
Wealth created per employee	R000	**608**	565	503	594	651	606	525

 # Base for indices: 2006 = 100

VALUE ADDED STATEMENT

R million	GROUP 2012	2011	% CHANGE
CASH GENERATED			
Cash derived from revenue	**9 742**	8 929	
Income from investments	**37**	43	
Cash value generated	**9 779**	8 972	9
Paid to suppliers for materials and services	**(3 164)**	(2 865)	
Total cash value added	**6 615**	6 107	8
CASH DISTRIBUTED TO STAKEHOLDERS			
Employees	**(1 799)**	(1 522)	18
Government taxes	**(2 547)**	(2 350)	8
Shareholders	**(507)**	(431)	18
Lenders	**(495)**	(464)	7
	(5 348)	(4 767)	12
Cash retained in the business to fund replacement of assets, facilitate future growth and repay borrowings	**1 267**	1 340	(5)
RECONCILIATION WITH CASH GENERATION			
Total cash value added (above)	**6 615**	6 107	
Employee remuneration	**(1 799)**	(1 522)	
Employee tax	**(271)**	(246)	
Income from investments	**(37)**	(43)	
Levies and VAT on casino revenue	**(1 774)**	(1 583)	
Cash generated by operations (per Group cash flow statements)	**2 734**	2 713	1
GOVERNMENT TAXES SUMMARY			
Income tax	**(477)**	(431)	
PAYE	**(271)**	(246)	
Levies and VAT on casino revenue	**(1 774)**	(1 583)	
STC	**(62)**	(73)	
Other taxes	**37**	(17)	
	(2 547)	(2 350)	8

THE ROYAL LIVINGSTONE *Zambia*

SHAREHOLDERS' ANALYSIS

SHAREHOLDER SPREAD	NO OF SHAREHOLDINGS	%	NO OF SHARES	%
1 – 1 000 shares	2 273	68.88	655 445	0.58
1 001 – 10 000 shares	497	15.06	1 552 335	1.36
10 001 – 100 000 shares	343	10.39	13 024 678	11.48
100 001 – 1 000 000 shares	163	4.94	48 007 362	42.30
1 000 001 shares and over	23	0.70	39 697 868	34.98
	3 299	99.97	102 937 688	90.70
Treasury shares	1	0.03	10 549 477	9.30
Totals	**3 300**	**100.00**	**113 487 165**	**100.00**

DISTRIBUTION OF SHAREHOLDERS	NO OF SHAREHOLDINGS	%	NO OF SHARES	%
Banks/brokers	78	2.36	9 440 636	8.32
Close corporations	25	0.76	24 463	0.02
Empowerment	2	0.06	6 719 759	5.92
Endowment funds	19	0.58	466 152	0.41
Government	1	0.03	90 500	0.08
Individuals	2 152	65.21	2 162 795	1.91
Insurance companies	54	1.64	8 526 954	7.51
Investment companies	10	0.30	1 290 785	1.14
Medical schemes	19	0.58	675 126	0.60
Mutual funds	178	5.39	37 421 001	32.97
Nominees and trusts	351	10.64	1 394 813	1.23
Other corporations	57	1.73	264 714	0.23
Private companies	62	1.88	331 812	0.29
Public companies	6	0.18	36 346	0.03
Retirement funds	273	8.27	30 241 225	26.65
Employee share trusts and plans	12	0.36	3 850 607	3.39
Treasury shares	1	0.03	10 549 477	9.30
Totals	**3 300**	**100.00**	**113 487 165**	**100.00**

PUBLIC/NON-PUBLIC SHAREHOLDERS	NO OF SHAREHOLDINGS	%	NO OF SHARES	%
Non-public shareholders	**33**	**1.00**	**21 233 801**	**18.71**
Directors and associates of the company	18	0.55	113 958	0.10
Sun International employee share trusts and plans*	12	0.36	7 143 289	6.29
Empowerment**	2	0.06	3 427 077	3.02
Treasury shares	1	0.03	10 549 477	9.30
Public shareholders	**3 267**	**99.00**	**92 253 364**	**81.29**
Totals	**3 300**	**100.00**	**113 487 165**	**100.00**

Sun International Employee Share Trusts consists of the following holdings – 2 597 419 shares held directly by SIEST and 2 889 496 shares for the SIEST held indirectly via Dinokana, 403 186 shares for the SIBEMT held indirectly via Dinokana and 1 253 188 shares for the long term incentive plans.*

*Empowerment** – 3 427 077 shares represent the effective direct beneficial shareholding of Dinokana less the shares allocated to the beneficiaries of the SIEST (2 889 496 shares) and the SIBEMT (403 186 shares).*

SHAREHOLDERS' ANALYSIS

TOP 10 BENEFICIAL SHAREHOLDERS	NO OF SHARES	%
Sun International Investments No.2	10 549 477	9.30
Sanlam	7 168 258	6.32
Dinokana#	6 719 759	5.92
Investment Solutions	6 133 654	5.40
Metal & Engineering Industries	4 072 308	3.59
Old Mutual	3 698 921	3.26
State Street Bank and Trust Co (Custodian)	3 341 460	2.94
Nedbank Group	3 281 965	2.89
SIEST	2 597 419	2.29
Transnet Pension Fund	2 469 931	2.18
Totals	**50 033 152**	**44.09**

Dinokana# – consists of the registered holdings as per the share register in accordance to the B-BBEE transaction which includes Dinokana, SIEST and the SIBEMT shareholdings.

TOP 10 FUND MANAGERS	NO OF SHARES	%
Allan Gray Asset Management	27 963 826	24.64
Regarding Capital Management	11 714 243	10.32
Investec Asset Management	10 838 002	9.55
Sanlam Investment Management	8 914 689	7.86
Afena Capital	5 991 185	5.28
Marathon Asset Management	4 013 567	3.54
Prudential Portfolio Managers	3 376 315	2.98
RMB Asset Management	1 983 067	1.75
Metropolitan Asset Management	1 289 267	1.14
Element Investment Managers	1 046 373	0.92
Sasol Pension Fund	1 003 577	0.88
Totals	**78 134 111**	**68.86**

Background to *GrandWest* *CSI Bursary Fund*

The GrandWest CSI Bursary Fund was established in 2007, to provide financial assistance to tertiary students enrolled for full-time courses in the Western Cape. Students are eligible only if they matriculated in South Africa, particularly if they are from communities that were previously excluded from social economic developments. The fund favours students that want to improve their lives and communities and selected 29 students as worthy recipients of the inaugural GrandWest CSI Bursary Fund for tertiary students. The GrandWest CSI Bursary Fund works closely with tertiary institutions and supports any public university in the Western Cape.

The first 29 recipients excelled in their studies and graduated during the current year.

At inception, the GrandWest CSI Bursary Fund pledged R5 million over a period of five years. To date the fund contributed more than R7 million toward the tertiary education of about 400 students needing financial assistance from the GrandWest CSI Bursary Fund. In terms of the bursaries, the students have no prospects of employment secured by the fund, once they complete their studies, nor do they need to repay the bursaries. The only expectation is that the students participate in 40 hours of volunteer work at a community project in their areas where they live. The fund hopes the requirement will instil an ethos of selflessness, among students and community residents alike.

The Owl Box Project

Seldom seen but ever present in urban environments, rats pose a great danger to human communities through their ability to transmit diseases, such as forms of meningitis and typhus, by air and through their faeces. Bites and food contaminated with rat faeces can also lead to infections such as rat bite fever.

Rat poisons pose an even greater hazard. Accidental ingestion of rat poison can lead to certain death, while animals feeding on the body of a rat killed in this way will themselves die, and the poison will be passed on up the food chain.

A safe and natural form of rodent control is available in the feathered form of owls, but these solitary birds of prey are often killed out of ignorance as suspicious communities regard them to be bad omens, harbingers of death or an indication of witchcraft.

To counter the problem, the Owl Box Project has been introduced to township schools. Owl boxes are placed in the school grounds to encourage breeding. In this way, youngsters learn first hand about owls and the benefits they bring, and through interaction with these remarkable nocturnal birds they learn admiration and respect.

Children are taught to build the Owl Box homes and actively participate in caring for and feeding the birds. Practically, the owls assist schools in curbing the rodent population, and one owl family can eat as many as 3 000 rodents in a single nesting season.

Mandlenkosi Ngwenya from Ecosolutions said of the project that schools, who have previously participated in the project, are now very enthusiastic about owls. The enthusiasm and appreciation of the learners, teachers and the community at large has shown that, through education, the attitudes traditionally held towards owls can change and help in the control and management of rodents in their townships.

Through Positive Cycle, Carnival City and the Afrisun trust is introducing the project to Lesabe School in Wattville. According to Afrisun's CEO Sandy Hattingh "rodents are a big problem in this area so owls are the answer. And it's so heartening to see how the children have embraced the project and how eagerly they take all they have learnt back home. Through education an entire community that was desperate for a solution will benefit".

Positive Cycle's Managing Director Jacques Damhuis commented of their endeavour that, as a company, they respect and understand the need for biodiversity. The project is not only an effective means of controlling pests, but the owls themselves are terrific symbols of the effort to achieve a re-balanced ecosystem.

We're hopeful initiatives like the Owl Box Project will inspire communities to appreciate that owls are important to us all. Every creature and plant has a role to play in helping nature to grow fresh, healthy food which is what all of us, including owls, need.

REMUNERATION REPORT

This remuneration report sets out information applicable to the Group's remuneration philosophy, executive remuneration, directors' fees, retirement and other benefits including variable remuneration and share incentive plans.

The information provided in this report has been approved by the board on the recommendation of the remuneration committee.

CONTEXT

The Group's business strategy and objectives are supported by its remuneration philosophy which focuses on creating an appropriate and competitive base to attract and retain engaged employees of the highest calibre and skills. As long term shareholder value creation remains a priority, the basis of the Group's remuneration philosophy is structured around performance, and therefore focus is increasingly being placed on variable remuneration. In light thereof, the Group believes that short term incentives should be supported by value-creating long term incentives.The remuneration policy, as contained in the integrated annual report, has been assessed to be King III compliant, and the necessary disclosures in this regard have been made or explanations provided in instances where the Group does not apply any of the recommended governance practice.

The 2012 report of the remuneration committee is contained on pages 103 to 104, followed by a summary of the Group's remuneration policy set out on pages 104 to 113. These sections of the remuneration report contain the Group's remuneration policy which will, for the third consecutive year be submitted to shareholders for a non-binding advisory vote at the company's annual general meeting to be held on 23 November 2012.

The remuneration policy is followed by the remuneration disclosures of the executive directors, prescribed officers and non-executive directors as detailed on pages 114 to 119. The Group, having considered the matter, is of the opinion that its executive directors' are the only prescribed officers of the Group.

The remuneration committee report

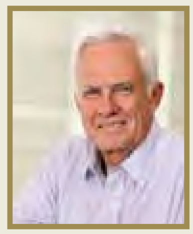
KEY DECISIONS TAKEN IN 2012

- The Group conducted a review of its long term incentive (LTI) plans based on advice obtained from its external advisor and has, based on best practice, refined the design principals of two LTI plans as addressed in the report
- Individual performance criteria were enhanced to moderate LTI award levels to executives, highlighting the focus on performance as a driver for variable remuneration
- Approval of guaranteed pay for the Group
- Approval of related company financial performance conditions for LTI plans
- Approval of short term incentive (STI) payments in respect of the 2012 financial year
- Approval of LTI and retention awards for 2012/2013 and their underlying performance conditions
- Review of the chief executive and the executive team's performance during the 2012 financial year, and recommendations and approval of their guaranteed and variable remuneration for the 2013 financial year
- Self review and assessment of the committee's effectiveness and performance for the 2012 financial year
- Review and recommendation of non-executive director fees for the 2013 financial year
- Review and approval of the remuneration policy for the 2013 financial year
- Review and approval of the Group's remuneration report and policy for 2012, prior to presentation thereof to the shareholders for a non-binding advisory vote

COMMITTEE COMPOSITION & ATTENDANCE

The committee is chaired by Mr IN Matthews, an independent non-executive director and the LID of the board and comprises of the following directors.

Mr MP Egan was also a member of the committee for part of the financial year; however he was unavailable for re-election from 22 November 2011.



IN Matthews
Chairman

ZBM Bassa

PL Campher

MV Moosa

Their CVs, summarising their experience and skills, can be accessed online via **www.siml.co.za/DirectorateSIL**

The attendance of meetings by the committee for the financial year 2012 was as follows:

MEMBER	23 AUGUST 2011	21 FEBRUARY 2012	27 MAY 2012	23 AUGUST 2012	NOTES:
IN Matthews[1, 2]	✓	✓	✓	✓	
ZBM Bassa[2]	✓	✓	✓	✓	
PL Campher[2]	✓	✓	✓	✓	*1 = Chairman*
MV Moosa	✓	✓	✓	✓	*2 = Independent non-executive director*
MP Egan[3]	✓	n/a	n/a	n/a	*3 = Retired effective 22 November 2011*

The chief executive and director: Group human resources (SIML) attend all meetings of the committee by invitation, unless deemed inappropriate by the committee and the company secretary acts as the secretary to the committee. No executive 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 remuneration.

THE COMMITTEE TERMS OF REFERENCE

The committee's terms of reference is reviewed and approved each year and was last reviewed by the committee and, upon recommendation to the board, was approved on 29 May 2012. The committee is satisfied that it has fulfilled its responsibilities in compliance with its written terms of reference in all material respects during the financial year. The key aspects of the terms of reference are that the committee will:

- 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
- review and scrutinise the Group's philosophy of remuneration and disclosure to enable a reasonable assessment of reward practices and governance processes to be made by stakeholders and to ensure that the mix of fixed and variable pay meets the company's strategic objectives
- ensure that bonus schemes and long term incentives are structured to ensure that remuneration policies do not encourage behaviour contrary to the company's risk management strategy
- recommend the level of non-executive directors' and board committee fees to the board, having reviewed the evaluation of their performance by the nomination committee and received the proposals/recommendations of the executive directors, for consideration and approval by shareholders
- ensure consideration is given to executive succession planning in the Group
- appraise the executive performance of the chief executive and his direct reports annually as a prerequisite for the review and determination of their remuneration, subject to consideration of the short and longer term components of their remuneration and individual contributions and performance
- review compulsory Group employee benefits and costs relevant thereto, and ensure the proper administration of the company's share incentive schemes
- evaluate its own performance and effectiveness on an annual basis
- review and approve the remuneration report to be included in the integrated annual report

For detailed terms of reference of the committee
visit **www.siml.co.za/RemReferences**

REMUNERATION POLICY

General principles

The Group's 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 the Group's strategic objectives and shareholder value creation. The remuneration policy is designed to ensure well-motivated employees who take pride in working for the Group, thus assisting in ensuring international recognition as a successful leisure group offering superior gaming, hotel and entertainment experiences as well as exceeding our customers' expectations.

The Group seeks to remunerate (guaranteed package plus "target" short term incentive) at a level between the median and the upper quartile of the going market rate. The median normally represents competitive market value, and typically, an employee at the median is considered to be fully competent to complete all the tasks required for the job. External benchmarks are obtained by the Group for purposes of positioning total remuneration. Factors such as projected inflation, internal equity, external market benchmarks and affordability are taken into account. Performance is considered to be one of the most important factors determining total pay and therefore the Group differentiates between average and outstanding performance, remunerating individuals based on their contribution to the Group.

Long term incentives are awarded to executives, subject to stretching performance conditions, to drive performance over the longer term and increase shareholder value. The Group believes that when executives are invested in shares or equity instruments, the Group will perform better over the long term as there is alignment between executives and shareholders. The Group's remuneration mix between guaranteed and variable pay supports this principle.

Proposed remuneration policy changes for 2013

We have summarised the Group's current remuneration policy, together with the disclosure of remuneration earned by executives and prescribed officers for the 2012 financial year.

In terms of forward looking remuneration policy the Group is envisaging the following remuneration policy enhancements in 2013:

- Further moderation of annual LTI awards based on individual performance to be implemented for all participants of LTI plans. For the 2012 financial year such enhanced moderation applied only to top tier executives
- Review of the Group's long service awards policy
- A review of the LTI in order to simplify the Group's various share plans

Guiding principles

The Group is guided by the following best practice remuneration principles:

- To provide remuneration that attracts, retains and motivates employees which assists in the development of a performance culture
- To provide a measure of flexibility within the package structure
- To provide a compelling and attractive future for key employees
- To ensure that remuneration levels are competitive relative to the market
- To remunerate employees according to their contribution
- To ensure a balance of financial and non-financial benefits to address retention and development of talented employees
- To establish remuneration levels that provides for equitable pay that is consistent and transparent – but differentiates between average and excellent performers
- To ensure that remuneration structures promote improved performance and are affordable
- To ensure alignment of employee performance with the Group's strategies
- To ensure integration with human capital systems and initiatives
- To customise solutions and packages in all operations outside of the borders of South Africa as may be required by local legislation and practice, but to match the fundamental Group principles where possible
- To optimise investment in people
- To reinforce teamwork and a culture of belonging and high commitment
- To at all times comply with legislation
- To stand up to scrutiny by stakeholders
- To utilise remuneration experts as required
- To achieve a 'total reward' approach which entails the correct mix of financial rewards (i.e. remuneration and benefits), and non-financial benefits (i.e. work-life balance, performance and recognition, development and career opportunities)

Remuneration structure summary

The different components of the Group's remuneration, its purpose and how this links to the overall Group strategy are summarised below.

Table 1: Summary of remuneration structure

REMUNERATION COMPONENT	PURPOSE/BUSINESS STRATEGY ALIGNMENT	BASIS FOR DETERMINATION	DELIVERY
Guaranteed package (cash remuneration, retirement funding, health benefits, travel allowance (where applicable) and guaranteed annual bonus (which excludes all senior management on the executive bonus scheme (EBS))	✻ Fixed component which reflects individual contribution and market value for role ✻ Retirement contributions ensure that individuals provide for their retirement ✻ Health benefits and contributions to insurance cater for employees' well-being ✻ The guaranteed package aligns with business strategy as it takes into account internal and external equity thereby, ensuring competiveness and rewarding individuals fairly based on a similar job in the market	✻ Positioned at market median to upper quartile (taking into consideration the size and complexity of the role as benchmarked by external remuneration experts) ✻ Structured on a total cost to company basis ✻ External benchmarking is performed using data from third party service providers for similar roles in relevant industries ✻ Retirement funds which are a defined contribution fund (the fund) as well as an existing, closed pension fund (pension fund) ✻ Company contributions to the retirement funds are governed by the rules of these funds ✻ Flexible contributions to the fund depending on the profile and needs of the employee, whilst the retirement funds provide for employer and employee contributions ✻ Company contributions for disability and death benefits for employees in terms of policy rules	✻ Paid monthly in cash net of allocations to retirement fund, insured benefits, PAYE and health benefits ✻ Reviewed annually
Long service awards	✻ Provides recognition for continued service with the Group and encourages the retention of employees within the Group ✻ Aligns with business strategy in recognising employees' contribution over the long term	✻ Amount is based on the tenure of the employee and their guaranteed package ✻ Employees receive an award for every five years of continued service	✻ Paid in cash in the anniversary month of each 5th year of service
Short term incentive – EBS	✻ Drives Group and unit financial performance as well as individual performance to create value ✻ Supports business strategy and growth targets by aligning shareholder and management objectives ✻ Primarily executives and senior management employees participate in this incentive ✻ Serves as retention mechanism, as part of short term incentive, achieved above the target payout, is deferred to future years in the form of a bonus bank	✻ Defines required performance in terms of return on investment (EVA®) as well as short term cash generation (EBITDA) ✻ The weighting of targets is 70% (EVA®) performance and 30% (EBITDA) ✻ Earning potential from the EVA® target is not capped if target is exceeded, but the earning potential from EBITDA is capped at three times target ✻ Deferral and bonus banking	✻ 100% of the targeted bonus is paid should the target be met in the financial year ✻ A third (1/3) of bonus earned above the target is paid in cash and two thirds (2/3) is deferred to a bonus bank for years when targets are not met ✻ Banked bonuses are forfeited upon resignation or dismissal

REMUNERATION COMPONENT	PURPOSE/BUSINESS STRATEGY ALIGNMENT	BASIS FOR DETERMINATION	DELIVERY
Long term incentive plans – Equity Growth Plan (EGP)*	✻ Alignment between executives and shareholder value creation in the long term thereby encouraging sustainable growth of the Group	✻ Right to acquire shares at a future date calculated by reference to the appreciation in the value of the share price between grant date and exercise date ✻ Three year vesting period	✻ Delivered in shares ✻ Subject to performance conditions for vesting
– Conditional Share Plan (CSP)*	✻ Retention of executives linked to stringent performance conditions ✻ Aligns shareholder interest with executives' reward over the long term	✻ Shares allocated to employees, held in escrow by an agent, subject to forfeiture if tenure and performance targets are not met over the performance period ✻ During the vesting period participants receive dividends (effective from 2012 award) ✻ Three year vesting period	✻ Delivered in shares ✻ Performance conditions govern vesting of awards
– Deferred Bonus Plan (DBP)*	✻ Investment by executives in shares of the company, aligning executive's interests to shareholders' interests ✻ Retention of key employees by providing a matching share per investment share, subject to conditions	✻ Voluntary deferral of part (ranging from 6% to 20%) of after-tax bonus by executives to acquire shares ✻ Shares purchased are held in escrow by an agent for three (3) years. If these shares are retained by an individual for the vesting period, a matching award of shares are transferred to the executive	✻ Delivered in shares ✻ All unvested awards will lapse on termination of employment
– Restricted Share Plan (RSP)*	✻ Retention of key employees ✻ Aligns with business strategy in the long term by identifying and retaining key talent required to carry out objectives of the Group	✻ Shares are allocated to participants on date of grant ✻ Vesting subject to continued employment, where vesting period is three years 100% vesting takes place; where vesting period is five years 50% vest in year three; and 25% each rest in years four and five ✻ Participants receive dividends during the vesting period	✻ Delivered in shares ✻ Forfeiture prior to vesting upon termination of employment ✻ Dividends paid during vesting period are repayable on resignation or termination before end of vesting period

* 115 More detail can be found under long term incentives.

Remuneration mix

The committee ensures that the mix of remuneration (comprising of the components summarised in Table 1) for executives and senior management meets the Group's strategic objectives.

Each component of the remuneration mix summarised in Table 1 is analysed in further detail below.

Guaranteed remuneration

The Group's policy is to compensate executive managers on the basis of Total Cost of Employment ('TCOE' or 'guaranteed package') being pitched at market median, or slightly higher than the relevant market scale. Remuneration scales are benchmarked regularly against the specific markets and are generally structured so that midpoints are between the median and the upper quartile levels. In order to retain specialist skills and key talent, the Group may, in certain instances, elect to pay above the upper quartile.

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

Through the committee, the Group reviews its remuneration strategy on a regular basis and annually benchmarks its levels of remuneration against comparable companies of similar size and complexity, as well as the relevant gambling and hospitality markets. This ensures that the overall level of compensation of the senior executives is competitive and structured to achieve the optimum balance between guaranteed and variable remuneration.

As in prior years, an external remuneration consultancy has assisted the Group in comparing the total remuneration (broken down into its components of guaranteed package, STI and LTI) of its top 142 executive and management positions, to that of a customised sample of 59 organisations in South Africa of similar size and complexity. The external benchmark did not particularly focus on companies' data in the gaming and hospitality industry, but focused on the general market as this provides a more robust benchmark.

The guaranteed package component is implemented for all permanent full-time positions, and is adopted by all South African operations and where possible and practical from a taxation and regulatory perspective, by the rest of the Group's operations.

In aggregate, total guaranteed remuneration for the Group is expected to increase by 6.0% (2011: 7.1%) for the forthcoming financial year.

Retirement funding

As part of employees' guaranteed package they also participate in the membership of a company-appointed retirement fund which is compulsory for all permanent employees. In South Africa, they participate as members of a restricted membership, in-house defined contribution provident fund, offering both retirement funding and insured benefits. Members are entitled to elect their pensionable salary within defined parameters. A small number of employees remain members of a closed defined benefit pension fund (closed to new members since 1 July 1995). The normal retirement age is 60.

Medical aid

Membership of a Group appointed medical aid scheme is compulsory for all employees outside of the various bargaining units (as agreed with the respective unions). Membership is voluntary for employees governed by bargaining unit agreements. Contributions form part of employees' guaranteed packages, and are paid by the Group company, on behalf of the employee, from the employee's guaranteed package.

Membership of a Group appointed medical aid scheme is permitted post retirement, with a capped employer liability (post retirement employer subsidy only applicable to retiring employees with medical aid membership prior to 1 July 2003).

Travel Allowance

Where employees are required to travel for business purposes with their private vehicles, a travel allowance can be agreed as part of employees' guaranteed package. In such instances the quantum of the travel allowance is determined based on the value of the employees' vehicle and the expected business kilometres which will be travelled. All travel allowances should comply with the conditions of the Travel Allowance Policy of the Group.

Annual Bonus

Employees not eligible to participate in the executive short term incentive, namely the EBS described above, qualify for an annual bonus payment. This forms part of the guaranteed package of these employees.

Payable in December each year and the amount equates to one (1) months' of pensionable salary (i.e. the basis on which retirement contributions are calculated), payable on a pro-rata basis, dependent on the number of months worked during the year.

Additional Remuneration

In addition to the monthly guaranteed package, certain employees, by virtue of collective bargaining and/or statutory requirements are entitled to overtime, public holiday, night-shift allowances, tool allowances etc. These payments depend upon the function and job description of employees.

Insured benefits

As part of employees' guaranteed remuneration the company makes contributions to insured benefit policies, for example Group life cover, funeral and spousal insurance. The level of contributions and the employees eligible for cover in terms of insured benefits is governed by the Group's HR policies.

Executive short term incentive

General principles

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 a short term incentive scheme.

The primary short term incentive scheme is the EBS. 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 participants' guaranteed packages.

Performance metrics

The performance metrics used to derive the EBS are the following:

70% FROM EVA® PERFORMANCE TARGET AND IF EXCEEDED IS UNCAPPED	AND	*30%* EBITDA, CAPPED AT 3 TIMES OF TARGET

The EBS provides that bonus amounts are payable at varying levels of achievement (target percentages) against criteria determined by the committee prior to the commencement of the financial year. The EBS aligns shareholders and management objectives, by providing participants with fair and equitable short term incentives derived from unit, divisional and Group objectives, depending on where the participant is employed.

EVA® target is calculated using the Weighted Average Cost of Capital (WACC) as determined by the Group's corporate finance advisors (12.5%: 2012) and has been determined as 12% for the 2013 target.

Earning potential

Executives' on target earning potential in terms of the EBS as a percentage of guaranteed remuneration is depicted below:

Table 2: Short term incentive earning potential at target as % of guaranteed remuneration

CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER	EXECUTIVES
75%*	60%	39-50%

* *Enhanced by a multiple of 1.6 for STI participants (who are also eligible for participation in the LTI plans) but who are within 3 years of normal retirement age (60) given that in terms of the LTI plan rules, they are not eligible for participation in the LTI plans, as is the case with the acting chief executive.*

Bonus banking

The EBS also incorporates a bonus bank mechanism as one third of bonuses in excess of targets are paid to participants following the end of the respective financial year, and two thirds are deferred to a bonus bank for payment up to the target percentages in years when targets are not met. The bonus bank attracts interest and serves as a retention mechanism as the entire bonus bank is forfeited upon resignation or dismissal.

Long term incentive plans

General

The Group has four long term incentive plans, namely an EGP, CSP, DBP and RSP as summarised in Table 1 on page 107.

Eligible executives participate in these equity plans, subject to stretching pre-determined performance criteria for vesting of instruments. These share plans support the principle of the alignment of management and shareholder interests, with performance conditions and/or periods governing the vesting of the plan instruments.

The committee annually approves the determination of share awards and sets and reviews the performance conditions and vesting of such awards.

Award levels

The typical award levels are based on face value of shares approved by the committee (as a percentage of executives' guaranteed package), subject to moderation for individual performance of the executive and/or other factors which are taken into account by the committee.

Prior to annual or ad-hoc awards, indicative financial modelling is performed by PwC to provide the committee with a view on affordability and the expected (fair) value of awards to executives as percentage of their guaranteed packages.

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. Awards in terms of the RSP have been made on an ad-hoc basis since inception of the plan with the latest awards being made during the year under review.

The rules of the long term incentive plans are aligned with Schedule 14 of the JSE Listings Requirements.

LTI Amendments made and approved during 2011/2012

- Amendments to the CSP:
  The rules of the CSP were amended and approved by shareholders at the last annual general meeting in November 2011 and in essence these amendments converted the CSP into a forfeitable share plan with performance conditions.

  The performance conditions applicable to the instrument were retained in their entirety. The nature of the instrument changed from a conditional grant which only vests at the end of the performance period to a forfeitable share which is granted at the outset of the award, but which will be forfeited at the end of the performance period in the event that the performance conditions are not met.

  The reason for this amendment was based on the best practice market trends in that participants benefit from the forfeitable share ownership, over the performance period, with performance conditions which are stretching and verifiable supporting the Group's strategic objectives.

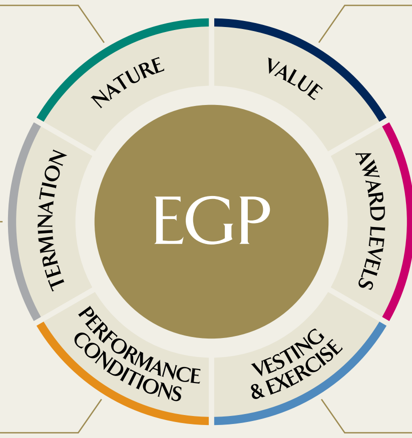
- Amendments to the EGP:
  In terms of the EGP, retesting of grants was removed in accordance with the recommendations of King III. Subsequently, after having conducted an external independent review of the EGP, and based on the findings of such a review, linear vesting was then approved for threshold and target performance as explained in the graphs on the next page.

  In support of strengthening performance culture, for the first time in 2012 the award levels of EGP and CSP for executives were moderated more intensively by individual performance. This approach will be rolled out to the Group participants as a whole for future allocations.

Salient features of long term incentive plans

The following aspects of the four long term incentive plans (EGP, CSP, DBP and RSP) are depicted below:

Diagram 1: EGP salient features



Nature: Conditional right to acquire shares.

Value: Shares acquired based on the share price appreciation between grant and exercise dates.

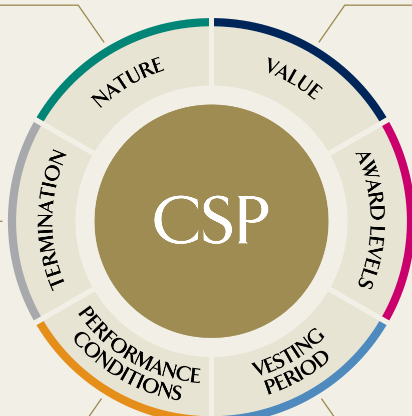
Award levels: Based on best practice benchmarks (face value). Award levels adjusted by reference to individual performance.

Vesting & exercise: 3 year vesting period, subject to continued employment and performance conditions. Linear vesting between threshold and target with nil vesting below threshold. Exercise period 7 years from grant.

Performance conditions: Growth in AHEPS over performance period. CPI plus 0% = threshold and CPI plus 6% = target.

Termination: Voluntary leavers forfeit vested and unvested awards, no fault leavers can exercise right for six months after termination.

Diagram 2: CSP Salient features



Nature: Shares are allocated to participants, subject to forfeiture if vesting conditions are not satisfied.

Value: Participants are entitled to dividends and are able to vote with their shares during the vesting period.

Award levels: Based on face value of the average total cost of employment for the grade as per best practice benchmarks. Award levels are moderated based on individual performance.

Vesting period: 3 years from date of grant. Vesting is subject to continued employment and satisfaction of company performance conditions.

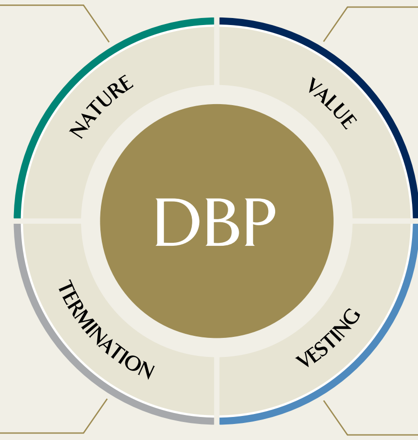
Performance conditions: 40% vesting of award based on a relative TSR over 3 years measured as follows: if within upper quartile of comparator group 100% vesting, at median 30% vest, between median and upper quartile linear vesting takes place. No vesting if ranking is below median.

30% vesting of award is based on AHEPS target, where target performance is an increase of 52% over the vesting period and threshold performance is a 30% increase. Linear vesting between threshold and target.

30% vesting of the award is subject to the achievement of a predetermined B-BBEE rating. All awards not vested will lapse.

Termination: Provided that the awards have vested in the normal course, the awards will vest on a permissible termination event. In all other instances, the awards are forfeited upon termination of employment.

Diagram 3: DBP Salient features



Nature: Investment by participants in shares with after tax bonus receive a 1:1 match. Drives alignment with shareholder interests.

Value: During vesting period participants receive dividends paid in respect of purchased DBP shares.

Termination: Unvested (i.e. unmatched awards) will lapse on termination of voluntary leavers. Vested (i.e. matched awards) are released to no fault leavers.

Vesting: 3 years period, subject to continued employment and the condition that the shares purchased by participants (to which the DBP relate) are retained for this period by the participant.

Diagram 4: RSP Salient features

Nature: Forfeitable shares owned by participant from date of grant, but subject to forfeiture during the vesting period. Shares are held in escrow. Awards are typically made for specific retention risks and for key talent recruitment.

Value: During vesting period participants receive dividends paid in respect of shares.

Termination: Unvested awards will be forfeited, and any dividends received are to be repaid.

Award levels: Full time employees, who have significant managerial or other responsibility, and by invitation of the remuneration committee.

Performance conditions: Employment as vesting condition as this is a retention instrument.

Vesting & exercise: 3 or 5 years from date of grant. Vesting subject to continued employment.
3 years = vesting of 100% after 3 years.
5 years = 50% vesting after 3 years, 25% after 4 years and 25% after 5 years.

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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 176 to 180 of the integrated annual report.

The overall company limit of shares which may be utilised for long term incentive plans is 10 780 000. The individual limit of unvested shares which may be allocated to one participant is 1 078 026.

Mutual separation agreement

During the 2012 financial year the committee concluded a mutual separation agreement with Mr David Coutts-Trotter regarding his resignation as chief executive of the Group after 15 years of service.

Details of statutory and other payments made to Mr Coutts-Trotter are disclosed in the directors' emoluments table on page 114 of this report. In addition to the emoluments disclosure and in terms of a contractual restraint of trade agreement, an additional amount of R10 000 000 is also payable, in two equal instalments of R5 000 000 on 30 September 2012 and on 30 June 2013 respectively, less employee's tax.

Employment contracts of executives

The service contracts with executive directors and senior executives are terminable on six months' notice. The company concluded one fixed term contract with a duration of 12 months, with the acting chief executive. There are no additional contracts with fixed durations.

Should there be a change in control of the company, the vesting dates of all allocated awards in terms of the share plans, with the exception of the RSP, will be brought forward, and the share awards will be tested in terms of the performance conditions as at the date of the change in control. Pro rata vesting is allowed for in these instances (based on the extent to which performance conditions were met). Should the performance conditions not be met, the share awards will be forfeited. In most circumstances unvested share awards are forfeited upon termination of employment.

Non-executive directors

Fees payable to non-executive directors for their services as directors and for their participation in the activities of the committees are benchmarked nationally to ensure these are market related and are recommended by the executive directors to the committee for approval. The proposed fees are considered by the board of directors for submission to shareholders, for a special resolution in accordance with the Companies Act.

Proposed fees for the next financial year are determined by the end of the previous financial year and are payable quarterly in arrears, after approval by members at the annual general meeting. In 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.

An increase in the non-executive directors' and committee fees was proposed and approved by shareholders in 2011 for a period of two years. This approval contained a moderate increase mandate for the second year, largely due to the following:

- The need to attract suitable, high quality non-executive directors; and
- An increase in time investment required by non-executive directors due to the global nature, risk profile and increased corporate governance requirements.

This approval is therefore still applicable to any 2012/2013 increases.

In accordance with the principles of King III, non-executive director fees are split into base and attendance fees. As in the previous year, non-executive directors do not participate in any short term incentives or any of the Group's long term incentive plans.

The quantum of non-executive fees paid for the 2012 financial year is contained in table 9 on page 118 of the remuneration disclosures.

Disclosure of 2012 remuneration of executive directors/ prescribed officers and non-executive directors

Based on the remuneration policy and principles summarised above, the Group provides its disclosure on the actual remuneration paid to executives and prescribed officers as well as details regarding their long term incentive awards and share vestings for the year under review.

The Group, having considered the matter, is of the opinion that its executive directors are the only prescribed officers of the Group.

Total emoluments

The total emoluments to executive directors/prescribed officers as well as fees paid to executives by company subsidiaries are set out on the following table:

Table 3: Total emoluments of directors/prescribed officers

R	SALARY	BONUS GROSS	BONUS DEFERRED	RETIREMENT CONTRIBUTIONS	OTHER BENEFITS	PAYMENT IN TERMS OF MUTUAL AGREEMENT	SHARE SCHEME EXPENSE ▼	TOTAL
2012								
DC Coutts-Trotter	2 359 041#	–	–	409 897	153 859	8 076 053[1]	7 364 720	18 363 570
RP Becker	3 142 513	2 092 064	–	705 189	70 020	–	3 927 529	9 937 315
G Collins	3 121 363♠	2 599 185	–	518 538	594 728[2]	–	–[3]	6 833 814
KH Mazwai	1 724 065♠	979 000	–	391 702	302 148	–	1 589 865	4 986 780
Total	**10 346 982**	**5 670 249**	**–**	**2 025 326**	**1 120 755**	**8 076 053**	**12 882 114**	**40 121 479**
2011								
DC Coutts-Trotter	4 419 188	2 125 608	–	759 069	305 767	–	8 300 654	15 910 286
RP Becker	2 906 934	992 489	–	652 954	276 912	–	4 362 493	9 191 782
Total	**7 326 122**	**3 118 097**	**–**	**1 412 023**	**582 679**	**–**	**12 663 147**	**25 102 068**

\# *Pro-rata salary from 1 July 2011 to 31 December 2011 paid at the date of Mr Coutts-Trotter's resignation.*
1 *In terms of statutory provisions and labour law legislation, Mr Coutts-Trotter was paid out all outstanding annual leave, and other benefits totalling R8 076 053. The payment of R7 000 000 was also paid to him upon his resignation in lieu of notice period and bonuses due to him.*
2 *Includes R340 718 payment for acting chief executive role.*
3 *The acting chief executive does not participate in the Group's LTIs. See note on Long Term Incentives•.*
♠ *This disclosure is for the full year and has not been prorated for the period post appointment to the board.*
▼ *Expense recognised during the year in respect of share awards calculated in terms of IFRS 2 for all unvested instruments per individual.*

Further detail on short term incentive

For the year under review the STI earned were attributable to the percentage of pre-determined target achieved is disclosed below.

Table 4: Actual short term incentive earned in relation to targets set

INDIVIDUAL	STI PAYMENT [30/06/2012]	ON-TARGET STI EARNING POTENTIAL (QUANTUM)	% OF TARGET ACHIEVED FOR FINANCIAL YEAR 2012
G Collins	2 599 185♠	2 920 432	89%
RP Becker	2 092 064	2 350 633	89%
KH Mazwai	979 000♠	1 100 000	89%

♠ *This disclosure is at end of the financial year and has not been pro-rated for the period before appointment to the board.*

During the year under review, directors of the company acted as representative directors for which they received fees from subsidiary companies in the Group, these fees were waived in favour of the holding company as depicted below.

Table 5: Waiver of director fees

Directors' fees received from subsidiaries and waived in favour of holding companies:

	2012	2011
DC Coutts-Trotter*	**40 018**	149 370
RP Becker	**195 745**	177 450
G Collins	**60 744**	–
	296 507	326 820

* *Resigned as director of subsidiary companies effective 8 November 2011.*

Long term incentives•

The long term incentive awards made to executive directors/prescribed officers are disclosed below. In addition, awards which have vested or were exercised during the year, and the value received on vesting, are indicated below. Due to the rules of the share plans, the company's acting chief executive, Mr G Collins has not participated as eligible participants must have no less than 36 months to retirement.

Table 6: Awards made to executive directors/prescribed officers under share plans as at 30 June 2012

	Share plan	Date of grant	Grant price R	Number of grants held 30 June 2011	Number of grants made/(forfeited) during year ended 30 June 2012	Number of grants held 30 June 2012	Earliest vesting/date exercisable	Number of grants vested 30 June 2012	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**	295 104
	EGP	29.06.2007	149.55	16 550	**(16 550)**			–	
	EGP	30.06.2008	90.47	29 682	**(29 682)**			–	
	EGP	30.06.2009	77.25	36 153	**(36 153)**			–	
	EGP	29.06.2010	84.12	35 854	**(35 854)**			–	
	EGP	29.06.2011	89.46	36 413	**(36 413)**			–	
Total				**182 571**	**(154 652)[4]**	**27 919**		**27 919**	**295 104**
RP Becker	EGP	30.06.2006	82.74	12 551		**12 551**	30.06.2009	**12 551**	132 664
	EGP	29.06.2007	149.55	8 305	**(8 305)**	**		–	**
	EGP	30.06.2008	90.47	15 209		***15 209**	30.06.2013	–	***
	EGP	30.06.2009	77.25	19 817		*****19 817**	30.06.2013	–	***
	EGP	29.06.2010	84.12	21 992		**21 992**	29.06.2013	–	339 996
	EGP	29.06.2011	89.46	21 021		**21 021**	29.06.2014	–	316 786
	EGP	27.06.2012	90.07	–	**31 813**	**31 813**	27.06.2015	–	548 138
Total				**98 895**	**23 508**	**122 403**		**12 551**	**1 337 584**
KH Mazwai	EGP	30.06.2008	90.47	12 508		**12 508**	30.06.2013	–	***
	EGP	30.06.2009	77.25	10 156		**10 156**	30.06.2013	–	***
	EGP	29.06.2010	84.12	11 374		**11 374**	29.06.2013	–	175 842
	EGP	29.06.2011	89.46	11 444		**11 444**	29.06.2014	–	172 461
	EGP	27.06.2012	90.07	–	**13 534**	**13 534**	27.06.2015	–	233 191
Total				**45 482**	**13 534**	**59 016**		–	**581 494**
DC Coutts-Trotter	CSP	30.06.2009	n/a	46 012	**(46 012)**			–	
	CSP	29.06.2010	n/a	45 633	**(45 633)**			–	
	CSP	29.06.2011	n/a	46 344	**(46 344)**			–	
Total				**137 989**	**(137 989)[5]**			–	
RP Becker	CSP	30.06.2009	n/a	29 295	**(29 295)**	**		–	**
	CSP	29.06.2010	n/a	29 322		**29 322**	29.06.2013	–	***
	CSP	29.06.2011	n/a	28 028		**28 028**	29.06.2014	–	1 502 581
	CSP	27.06.2012	n/a	–	**35 027**	**35 027**	27.06.2015	–	2 544 992
Total				**86 645**	**5 732**	**92 377**		–	**4 047 573**
KH Mazwai	CSP	30.06.2009	n/a	15 014	**(15 014)**	**		–	**
	CSP	29.06.2010	n/a	15 166		**15 166**	29.06.2013	–	***
	CSP	29.06.2011	n/a	15 259		**15 259**	29.06.2014	–	818 035
	CSP	27.06.2012	n/a	–	**15 003**	**15 003**	27.06.2015	–	1 090 088
Total				**45 439**	**(11)**	**45 428**		–	**1 908 123**

* *Performance conditions not met – subject to re-testing.*
** *Performance conditions not met.*
*** *Award not expected to vest.*
4 *Any unvested instruments issued to Mr Coutts-Trotter in terms of the EGP plans were forfeited and lapsed upon his resignation. The gains attributable to the vesting of LTI instruments are disclosed in table 8 on page 118.*
5 *Any unvested instruments issued to Mr Coutts-Trotter in terms of the CSP plans were forfeited and lapsed upon his resignation.*

	Share plan	Date of grant	Grant price R	Number of grants held 30 June 2011	Number of grants made/ (forfeited) during year ended 30 June 2012	Grants exercised during year ended 30 June 2012	Number of grants held 30 June 2012	Earliest vesting/ date exercisable	Percentage of grants vested 30 June 2012	Present value of existing future awards R
DC Coutts-Trotter	DBP	06.10.2008	n/a	16 308		**(16 308)**				
	DBP	06.10.2009	n/a	16 607		**(6 675)**				
	DBP	30.09.2010	n/a	2 715		**(2 715)**				
	DBP	27.09.2011	n/a	15 718		**(15 718)**				
Total				**51 348**		**(51 348)**[6]				
RP Becker	DBP	06.10.2008	n/a	7 125		**(7 125)**				
	DBP	06.10.2009	n/a	7 256			**7 256**	21.09.2012		648 324
	DBP	30.09.2010	n/a	1 256			**1 256**	20.09.2013		112 224
	DBP	27.09.2011	n/a	–	**7 339**		**7 339**	27.09.2014		655 740
Total				**15 637**	**7 339**	**(7 125)**	**15 851**			**1 416 288**
KH Mazwai	DBP	06.10.2008	n/a	1 113		**(1 113)**				
	DBP	06.10.2009	n/a	187			**187**	21.09.2012		16 708
	DBP	27.09.2011	n/a	–	**801**		**801**	27.09.2014		71 569
Total				**1 300**	**801**	**(1 113)**	**988**			**88 277**
DC Coutts-Trotter						**(97 689)**		30.11.2011	**50%**	
	RSP	01.12.2008	n/a	195 378						
							48 845	30.11.2012	**25%**	
							48 844	30.11.2013	**25%**	8 728 512
Total				**195 378**		**(97 689)**[7]	**97 689**			**8 728 512**
RP Becker						**(40 016)**		30.11.2011	**50%**	
	RSP	01.12.2008	n/a	80 032						
							20 008	30.11.2012	**25%**	
							20 008	30.11.2013	**25%**	3 575 430
	RSP	01.10.2009	n/a	16 000			**16 000**	30.09.2012	**100%**	1 429 600
	RSP	27.06.2012	n/a	–	**69 795**		**69 795**	26.06.2015	**50%**	
								26.06.2016	**25%**	6 236 157
								26.06.2017	**25%**	
Total				**96 032**	**69 795**	**(40 016)**	**125 811**			**11 241 187**
KH Mazwai	RSP	01.12.2008	n/a	41 016		**(20 508)**		30.11.2011	**50%**	
							10 254	30.11.2012	**25%**	
							10 254	30.11.2013	**25%**	1 832 390
	RSP	27.06.2012	n/a	–	**44 538**		**44 538**	26.06.2015	**50%**	
								26.05.2016	**25%**	3 979 454
								26.06.2017	**25%**	
Total				**41 016**	**44 538**	**(20 508)**	**65 046**			**5 811 844**

6 *In terms of the investment made by Mr Coutts-Trotter in company shares by way of the DBP, he received matching shares equal to his investment on date of resignation.*
7 *In terms of RSP plan rules, the committee exercised its discretion and it was agreed that Mr Coutts-Trotter will continue to participate in the RSP after resignation.*

Share option scheme (discontinued in 2006)

Owing to changes in the regulatory environment and best practice, awards under the existing share option scheme were discontinued, and accordingly, options have not been granted under this scheme after 30 June 2005. The share option scheme nevertheless remains in place for options already granted under the scheme until such time as these options are exercised or lapse in 2016. This disclosure is therefore provided on the basis of this being a discontinued scheme and no new awards being made since 2005.

Table 7: Share options held by executive directors/prescribed officers in terms of their participation in the Sun International Limited employee share incentive scheme as at 30 June 2012

	DATE OF GRANT	EXERCISE PRICE R	NUMBER OF OPTIONS HELD 30 JUNE 2011	OPTIONS EXERCISED DURING YEAR ENDED 30 JUNE 2012	NUMBER OF OPTIONS HELD 30 JUNE 2012	LAPSE DATE	NUMBER OF OPTIONS VESTED 30 JUNE 2012	PRESENT VALUE OF EXISTING FUTURE AWARDS R
DC Coutts-Trotter	01.08.2003	31.56	8 750	**(8 750)**				
	12.09.2003	32.95	37 500	**(37 500)**				
	25.11.2003	39.01	56 250	**(26 250)**	**30 000**	25.11.2013	**30 000**	1 510 350
	01.09.2004	40.95	46 875		**46 875**	01.09.2014	**46 875**	2 268 750
	30.06.2005	61.83	46 875		**46 875**	30.06.2015	**46 875**	1 290 234
Total			**196 250**	**(72 500)**	**123 750**		**123 750**	**5 069 334**
G Collins	06.03.2003	26.50	4 375		**4 375**	06.03.2013	**4 375**	274 969
	01.08.2003	31.56	9 375		**9 375**	01.08.2013	**9 375**	541 828
	12.09.2003	32.95	3 750		**3 750**	12.09.2013	**3 750**	211 500
	25.11.2003	39.01	11 250		**11 250**	25.11.2013	**11 250**	566 381
	30.06.2004	40.75	9 375		**9 375**	30.06.2014	**9 375**	455 625
	30.06.2005	61.83	14 063		**14 063**	30.06.2015	**14 063**	387 084
Total			**52 188**		**52 188**		**52 188**	**2 437 387**
RP Becker	30.06.2005	61.83	200 000		**200 000**	30.06.2015	**200 000**	5 055 000

The total gains made by executives/prescribed officers during the 2012 financial year on long term incentives vesting or being exercised are set out below:

Table 8: Gains on the exercise of share options and long term incentive awards

Gains on the exercise of share options and grants:

	SHARE PLAN	NUMBER OF OPTIONS/ GRANTS EXERCISED/ VESTED	DATE OF GRANT	EXERCISE/ GRANT PRICE R	EXERCISE DATE (OR VESTING DATE)	MARKET PRICE R	GAINS ON EXERCISE OF SHARE OPTIONS GRANTS R
DC Coutts-Trotter	DBP matching award	16 308	06.10.2008		01.10.2011	82.52	1 345 736
		16 607	06.10.2009		11.11.2011	88.77	1 474 203
		2 715	30.09.2010		11.11.2011	88.77	241 010
		15 718	27.09.2011		11.11.2011	88.77	1 395 286
	Share Options	8 750	01.08.2003	31.56	08.11.2011	91.00	312 086
		37 500	12.09.2003	32.95	08.11.2011	91.00	1 306 125
		26 250	25.11.2003	39.01	08.11.2011	91.00	818 921
	RSP awards	97 689	01.12.2008	n/a	30.11.2011	86.25	8 425 676
Total		**221 537**					**15 319 043**
RP Becker	DBP matching award	7 125	23.09.2008		01.10.2011	82.52	587 955
	RSP awards	40 016	01.12.2008	n/a	30.11.2011	86.25	3 451 380
Total		**47 141**					**4 039 335**
KH Mazwai	DBP matching award	1 113	23.09.2008		01.10.2011	82.52	91 845
	RSP awards	20 508	01.12.2008	n/a	30.11.2011	84.16	1 725 953
Total		**21 621**					**1 817 798**

Non-executive directors

For the year under review the following fees were paid to non-executive directors:

Table 9: Fees paid to non-executive directors by the company and its subsidiaries – 2012 financial year

R	DIRECTORS', COMMITTEE AND TRUSTEE FEES (SUBSIDIARIES AND TRUSTS)	DIRECTORS' FEES	COMMITTEE FEES	TOTAL 2012	TOTAL 2011
Non-executive directors					
ZBM Bassa	–	208 650	170 522	**379 172**	268 750
PL Campher	50 000	208 650	158 570	**417 220**	315 000
MP Egan**	–	46 813	66 876	**113 689**	341 000
NN Gwagwa	–	208 650	49 220	**257 870**	221 000
BLM Makgabo-Fiskerstrand	–	208 650	40 125	**248 775**	195 000
IN Matthews	30 000	353 100	286 325	**669 425**	557 500
B Modise*	–	161 838	68 214	**230 052**	–
LM Mojela	50 838[8]	208 650	–	**259 488**	205 306
MV Moosa	158 788	829 250	215 070	**1 203 108**	1 049 400
DM Nurek	–	144 450	177 354	**321 804**	396 000
E Oblowitz**	–	46 813	33 438	**80 251**	268 750
GR Rosenthal	–	208 650	243 960	**452 610**	423 000
	289 626	2 834 164	1 509 674	**4 633 464**	4 240 706

8 Includes R40 205 waived in favour of subsidiary.
** Appointed 1 September 2011.*
*** Retired from the board with effect from 22 November 2011.*

The proposed fees payable to the non-executive directors for 2013, are indicated in the table below. This increase reflects a 6% increase on prior year's fees and is within the mandate, agreed by shareholders by way of special resolution, valid for 2 (two) years, at the 2011 general meeting held on 26 August 2011. The 2012 fees paid to non-executive directors are included for comparative purposes.

Table 10: Proposed non-executive directors' fees for 2013

R	2013 BASE FEE	2013 ATTENDANCE FEE PER MEETING	2012 BASE FEE	2012 ATTENDANCE FEE PER MEETING
Services as directors – fees				
– chairman of the board	680 600	39 700	**642 000**	**37 450**
– directors	107 800	22 700	**101 650**	**21 400**
Lead independent director fees	260 900	22 700	**246 100**	**21 400**
Audit committee fees				
– chairman	90 800	25 600	**85 600**	**24 075**
– members	45 400	12 800	**42 800**	**12 038**
Remuneration committee fees				
– chairman	40 900	25 000	**38 520**	**23 540**
– members	20 500	12 500	**19 260**	**11 770**
Nomination committee fees				
– chairman	34 100	17 100	**32 100**	**16 050**
– members	17 100	8 600	**16 050**	**8 025**
Risk committee fees				
– chairman	50 000	27 300	**47 080**	**25 680**
– members	25 000	13 700	**23 540**	**12 840**
Social & ethics committee fees				
– chairman	34 100	17 100	**32 100**	**16 050**
– members	17 100	8 600	**16 050**	**8 025**

Local beauticians conquer the world

Like Marco Polo centuries ago, three young Ekurhuleni women undertook epic journeys of the world and returned, brimming with wonderful tales to tell at a celebration in their honour hosted by Carnival City and the Afrisun East Rand Community Trust (AERCT), on 2 July 2012.

In 2008, AERCT awarded 10 two-year bursaries to local girls, to study Somatology (Beauty Therapy) and Hairdressing. Few people anticipated that the gesture would change the course of their lives and that the world would become their oyster.

After graduating, Nokathula (Thuli) Tshabangu of KwaThema, Nombuso Mncube of Tsakane and Duduzile Ngwenya of Brakpan, were offered the opportunity to work for Steiner, the leading global spa brand on international cruise ships. For the three girls the experience expanded horizons and opened their eyes to new worlds, new cultures and new possibilities.

For **Nombuso**, the time away from home taught her about many things she never considered before, such as time zones, weather conditions, dress codes, food and different cultures. She visited Italy, Spain, Portugal, Turkey, Malta, Greece, Miami, Florida, Haiti, Jamaica, the Grand Turk and Cayman Islands, St Thomas, St Martin, St Croix, Puerto Rico and the Half Moon Cay in the Bahamas. "I learnt that when you work with people you have to be patient, humble, respectful and trustworthy. It's not just about rendering a service but also about building a relationship with your clients." Nombuso intends to return to the ships and plans to save the money she makes to open her own business.

Duduzile toured the Bahamas, Jamaica and the Caribbean, Key West, Jacksonville and Croatia. She says, "We worked closely with people from all over the world. I learnt so much about other cultures and food. The hours were long but the experience is one I will never forget and no one can remove it from my mind." She is not certain about her future plans but hopes to have her own beauty spa, to "pay it forward" to young, orphaned women.

Thuli's nine-month adventure took her to Hawaii, Turkey, Greece, France, Brazil, China, India, Vietnam, America, Australia, New Zealand, Egypt, Dubai, Israel, Egypt, Croatia, Barcelona, Costa Rica, Colombia, the Amazon and Singapore. She says, "I would like to thank the Afrisun Trust and Carnival City for the wonderful experience. I would never have been able to afford to go to any of these places on my own. All the countries I visited are special and beautiful in their own way. I learnt a lot about people's cultures, food and lifestyles. I also made sure I ate in every country and this is visible by my weight gain and the comments from all at home!

"The experience has changed me in a good way. I have matured and now understand and appreciate where I come from. I have learnt how to communicate with people, the way you should stand, speak and address people. I also learnt you should always take your job seriously."

Thuli just learnt that from July she will be working aboard a bigger ship, the six-star Crystal Cruise.

67 minutes...
paying it forward

In celebration of Nelson Mandela's birthday, The Afrisun Trust and Carnival City paid it forward with an R800 000 refurbishment of Kommando School in Brakpan and Thakgalang School in Duduza. Each school received R400 000.

A complete refurbishment of the ablution facilities at both schools was completed in time for the birthday celebrations and further work includes a revamp of the classrooms, as well as the exterior and the grounds.

R800 000
Refurbishment at schools

Kommando Primary celebrates its 97th anniversary this year, but had only one tap for five ablution blocks serving 960 children. Kommando was built to accommodate 300 learners, but has 960 learners. It is in a serious state of disrepair, local SME contractors were awarded the revamping contract for the ablution block and to repair the existing roof. Classrooms will be repaired in the next quarter and if the budget allows, the sporting equipment may be upgraded too.

Thakgalang in Duduza has 460 learners. Babcock Industries also offered support for the repair and refurbishment of the building. Afrisun Trust, Carnival City and Babcock Industries work together to make sure there is progress. Afrisun Trust and local contractor, Vakundi Projects, upgraded and repaired the ablution facility

In honour of Nelson Mandela, the handover celebrations included a large birthday cake baked by Fedics. Clover SA kindly donated soft drinks, while local SME, Pink Boys, gave juice bottles and surprise gifts. Brightly coloured cupcakes and treats were also shared. The leaners sang Happy Birthday Madiba and the South African Anthem. Afrisun and their partners in community upliftment helped to blow out candles.

THE PALACE ***Mankwe***

ANNUAL FINANCIAL STATEMENTS

REPORT OF THE AUDIT COMMITTEE

for the year ended 30 June 2012

The audit committee has pleasure in submitting this report to shareholders as required by the Companies Act and as recommended by King III.

COMMITTEE MEMBERSHIP

The audit committee appointed by the board, and approved by shareholders in respect of the financial year ended 30 June 2012, comprised of Mr GR Rosenthal (chairman), Ms ZBM Bassa, Ms B Modise and Messrs MP Egan and DM Nurek (the committee). Mr MP Egan retired from the board and the committee with effect from the 2011 annual general meeting. The committee members are all independent non-executive directors of the company and have the requisite financial skills and experience to contribute to the committee's deliberations. The committee met six times to the date of this report and further details can be found at **www.siml.co.za/AudcoReference**.

During the period under review the current members of the committee were nominated by the board for re-election and, with the exception of Mr DM Nurek, all of the members have availed themselves for re-election by shareholders at the 2012 annual general meeting. In addition, Mr PL Campher has been proposed by the board as a member of the committee subject to shareholder approval at the upcoming annual general meeting. The abridged CV's of the proposed committee can be found online via **www.siml.co.za/DirectorateSIL**.

The acting chief executive; chief financial officer; the head of internal audit; the Group's financial manager; tax manager and the external auditors all attend the committee meetings by invitation. The chairman of the Group's risk committee is a member of the committee and the chairman of the committee is a member of the risk committee, and each attend both committees' meetings to ensure that the committee is aware of matters canvassed by the risk committee.

COMMITTEE MANDATE AND TERMS OF REFERENCE

Details of the committee's mandate and terms of reference, as approved by the board, are available online **www.siml.co.za/AudcoReference** and include both its statutory duties as supplemented with the duties assigned to the committee by the board

The committee is satisfied that it has considered and discharged its responsibilities in accordance with its mandate and terms of reference during the year under review as set out in this report.

STATUTORY DUTIES

The committee is satisfied that in respect of the financial year it has performed all the functions required by law to be performed by an audit committee, including those requirements as set out in section 94(7) of the Companies Act and the relevant JSE Listings Requirements. In this regard the committee has:

- evaluated the independence and effectiveness of the external auditors, PWC and is satisfied that the external auditors are effective and independent of the company, having given due consideration to the parameters enumerated under section 94(8) of the Companies Act.

  The committee, having conducted such assessment, accordingly nominates PWC as independent auditors to continue in office until the conclusion of the 2013 annual general meeting, noting that Mr ER Mackeown is appointed as the individual registered auditor and member of the aforegoing firm who will undertake the audit;
- considered and approved the audit fees payable to the external auditors in respect of the audit for the year ended 30 June 2012 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 (PWC) are in compliance with the Companies Act. The Auditing Profession Act, 2005 and the Listings Requirements of the JSE Limited;
- considered and pre-approved non-audit services provided by the external auditors and fees relative thereto in terms of a policy established in conjunction with the external auditors, in 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;
- confirmed that no reportable irregularities were identified and reported by the external auditors in terms of The Auditing Profession Act, 2005; and
- performed the audit committee functions for subsidiaries within the Group as contemplated in section 90 of the Companies Act.

In order to ensure that all relevant matters are thoroughly canvassed, the committee meets separately with management, Group internal audit and external auditors.

The committee did not receive any complaints relating to the accounting practices; internal audit; the content or auditing of the Group's financial statements; the internal financial controls of the Group or any related such matters. The committee has addressed queries raised by the JSE as part of its proactive monitoring of financial statements. All such queries were satisfactorily addressed without any further action required on the part of the company.

The committee fulfils an oversight role regarding the Group's integrated annual report and its reporting processes. The committee oversees co-operation between the internal and external auditors and serves as a link between the board of directors and the internal and external audit functions.

EXPERTISE AND EXPERIENCE OF THE CHIEF FINANCIAL OFFICER AND THE FINANCE FUNCTION

The committee has also considered and satisfied itself on the appropriateness of the expertise and experience of the chief financial officer, Mr RP Becker. Mr Becker's abridged profile can be accessed online via **www.siml.co.za/DirectorateSIL.**

The committee having conducted a review of the appropriateness, skills and resourcing of the Group's finance function, has satisfied itself on the overall adequacy, resourcing and appropriateness of the finance function.

GROUP INTERNAL AUDIT (GIA)

The GIA function is more fully described in the supplementary report accessed online via **www.siml.co.za/GIAFunction**. GIA's charter, as approved by the committee, is available online **www.siml.co.za/GIAReference**. The head of GIA has unfettered access to the chairman of the committee and meets with the chairman independently of management several times during the year.

The committee has approved GIA's annual audit plan for the 2012/2013 financial year. The year under review has entailed a robust rollout of internal financial controls testing for effectiveness and adequacy as elaborated on below.

INTERNAL FINANCIAL CONTROLS

GIA has adequately tested the Group's internal financial controls in order to provide the board with reasonable assurance on the key areas of the Group's internal financial controls. These systems are designed to provide reasonable (but not absolute) assurance as to the integrity and reliability of the financial statements and to safeguard, verify and maintain accountability of its assets, as well as to detect and minimise significant fraud, potential liability, loss and material misstatement while complying with applicable laws and regulations.

The committee is of the opinion after having considered the assurance provided by GIA that the Group's system of internal financial controls in all key material aspects is effective and provides reasonable assurance that the financial records may be relied upon for the preparation of the annual financial statements.

INTERNAL CONTROLS

GIA further provides assurance to the committee on the effectiveness of the Group's internal controls.

COMBINED ASSURANCE

The committee has reviewed the Group's combined assurance model, which is an additional mechanism that assists the Group in understanding and demonstrating its combined lines of defence in mitigating against areas of risk. The combined assurance model as reflected on page 85 of this integrated report is structured on the top 20 risks relevant to the Group and has been evaluated by management and the committee and will be reviewed by the risk committee during the year.

SUSTAINABILITY REPORTING

The committee has reviewed the findings of the external assurance provider, IRAS (previously known as SustainabilityServices) emanating from the performance of an independent assurance exercise on the sustainability content of the integrated annual report.

The committee is satisfied with the findings of the independent assurance exercise and in addition has reviewed the sustainability information set out in the integrated annual report and is satisfied that the sustainability information is reliable and consistent with the information contained in the annual financial statements.

RECOMMENDATION OF THE INTEGRATED ANNUAL REPORT

The committee having fulfilled the oversight responsibility regarding the reporting process and having regard to material factors that may impact on the integrity of the information, has recommended the integrated annual report and the consolidated annual financial statements for approval by the board of directors.

GR Rosenthal
Chairman
Sun International Limited audit committee

17 October 2012

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

for the year ended 30 June 2012

The directors are responsible for the preparation and integrity of the annual financial statements and related financial information that fairly present the state of affairs and the results of Sun International Limited and that of the Group. The directors also have oversight of the information included in the integrated annual report and are responsible for both its accuracy and its consistency with the annual financial statements.

The annual financial statements, set out in this integrated annual report from pages 128 to 192 have been prepared in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act together with the JSE Listings Requirements. These are based on appropriate accounting policies, which have been consistently applied and which are supported by reasonable and prudent judgements and estimates and fairly present the state of affairs of the Group as at 30 June 2012.

The directors acknowledge that they are ultimately responsible for the process of risk management and the system of internal financial control established by the Group and accordingly place considerable importance on maintaining a strong control environment.

The directors are of the opinion, based on the information and explanations given by management, the internal auditors, external auditors and the Group's various risk, governance, compliance and other reporting processes, that the risk management processes and the system of internal control provides reasonable assurance in all key material aspects that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable and not absolute assurance against material misstatement or loss.

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

The financial statements have been audited by the Groups' independent external auditors, PricewaterhouseCoopers Inc., who have been given unrestricted access to all financial records and related information including the minutes of shareholder, board and board committee meetings. PricewaterhouseCoopers Inc.'s unmodified audit report is contained within this integrated annual report and can be found on pages 127.

DIRECTORS' APPROVAL

The annual financial statements which were prepared under the supervision of the chief financial officer, Mr RP Becker, and which appears on pages 128 to 192 were approved by the board of directors on 17 October 2012 and signed on its behalf by:

MV Moosa	G Collins	RP Becker
Chairman	Acting Chief Executive	Chief Financial Officer

17 October 2012

COMPANY SECRETARY'S CERTIFICATE

TO THE MEMBERS OF SUN INTERNATIONAL LIMITED

I certify that, to the best of my knowledge and belief, the company has lodged with the Companies & Intellectual Property Commission, all such returns required of a public company in terms of the Companies Act, No. 71 of 2008, as amended, in respect of the financial year ended 30 June 2012 and that all such returns are true, correct and up to date.

CA Reddiar
Company Secretary

17 October 2012

TO THE SHAREHOLDERS OF SUN INTERNATIONAL LIMITED

We have audited the consolidated annual and separate annual financial statements of Sun International Limited set out on pages 128 to 192, which comprise the consolidated and separate statements of financial position as at 30 June 2012, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information, and the directors' report.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate 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 2012, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

PricewaterhouseCoopers.

PricewaterhouseCoopers Inc.
Director: ER Mackeown
Registered Auditor

Sunninghill

17 October 2012

REPORT OF THE DIRECTORS
for the year ended 30 June 2012

TO THE SHAREHOLDERS OF SUN INTERNATIONAL LIMITED

The directors have pleasure in submitting the annual financial statements of the Sun International Group for the year ended 30 June 2012.

NATURE OF BUSINESS

The Sun International Group has interests in, and provides management services to businesses in the hotel, resort and casino industry. There has not been any material change from the nature of the Group's business from the prior year.

EARNINGS

The results of the Group and the company are set out in the statements of comprehensive income on pages 138 and 182 respectively.

Segmental information is set out on pages 142 to 146.

DIVIDENDS

Dividends totalling 240 cents per share (2011: 200 cents) have been declared by the directors in respect of the year under review as follows:

Interim, declared, 24 February 2012: 90 cents

Final, declared, 24 August 2012: 150 cents

The final dividend referred to above will be accounted for in the 2013 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 addressed within the chairman's report, and the joint chief executive's and chief financial officer's report commencing on page 12.

SHARE CAPITAL

During the year, 2 392 035 ordinary shares were issued resulting in the total issued share capital of the company constituting of 113 487 165 ordinary shares.

The following ordinary shares in the unissued share capital of the company remain under the control of the directors as a specific authority to allot and issue:

2 517 807 ordinary shares for purposes of the share option scheme;

10 780 000 ordinary shares for purposes of the share plans.

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

Details of the company's public and non-public shareholders are set out on page 98 of this integrated annual report.

SHARE INCENTIVE SCHEMES

Particulars relating to options under the share option scheme (discontinued in 2006) and awards under the share plans are provided in note 33 to the Group financial statements.

SUBSIDIARIES

Particulars relating to interests in principal subsidiaries appear on page 192.

BORROWING CAPACITY

The company's borrowings are not restricted in terms of its Memorandum of Incorporation. The debt covenants and Group debt capacity appear in the joint chief executive's and chief financial officer's report on page 27.

DIRECTORS AND COMPANY SECRETARY

The names of the directors in office at the date of this report appear on pages 8 and 9 and particulars of the company secretary on page 11. The company secretary's business and postal addresses appear on page 205. During the year under review, the following movements in directorate were noted:

Name of Director	Nature of change	Date of change
Mr DC Coutts-Trotter	Resigned	8 November 2011
Mr MP Egan	Retired	22 November 2011
Mr E Oblowitz	Resigned	22 November 2011
Mr G Collins	Appointed	22 November 2011

In terms of the company's Memorandum of Incorporation, Ms ZBM Bassa, Dr NN Gwagwa, and Ms LM Mojela, are required to retire from office at the forthcoming annual general meeting and, being eligible, offer themselves for re-election. Mr DM Nurek, who also retires by rotation, has indicated that he is not available for re-election. Mr G Collins, who was appointed to the board subsequent to the last annual general meeting, is required in terms of the Memorandum of Incorporation to retire from office at the forthcoming annual general meeting and, being eligible, is available for re-election.

As at 30 June 2012, the directors of the company beneficially held, directly or indirectly, 1 144 163 (2011: 1 387 929) ordinary shares in the issued capital of the company, as follows:

	DIRECT	INDIRECT	2012	2011
RP Becker	176 689	–	**176 689**	111 669
DC Coutts-Trotter	–	–	**–**	402 148
NN Gwagwa	–	266 102*	**266 102**	266 102*
KH Mazwai	94 918	–	**94 918**	–
IN Matthews	2 723	–	**2 723**	2 723
MV Moosa	–	598 731*	**598 731***	598 731*
DM Nurek	–	5 000	**5 000**	5 000
E Oblowitz	–	–	**–**	1 556
	274 330	869 833	**1 144 163**	1 387 929

* *Held indirectly through Lereko 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	(6 120)
KH Mazwai	3 160
Total	2 960

HOLDING COMPANY

The company has no holding or ultimate holding company.

SPECIAL RESOLUTIONS PASSED BY THE COMPANY AND ITS SUBSIDIARIES

The company passed two special resolutions at a general meeting of shareholders held on 26 August 2011 relating to:

- the approval of the remuneration of the non-executive directors; and
- authorisation for the company to provide financial assistance to related or interrelated companies in terms of Section 45 of the Companies Act, to endure until the 2012 annual general meeting.

The company passed two special resolutions at its annual general meeting held on 22 November 2011 relating to:

- a general authority to repurchase shares; and
- approving of financial assistance in terms of Section 44 of the Companies Act.

SUBSIDIARIES

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

SUBSEQUENT EVENTS

No material events having an effect on the financial position and results of the Group have occurred between 30 June 2012 and the date of this report.

WILD COAST SUN ***Mbizana***

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

BASIS OF PREPARATION

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

Preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. More detail on these 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.

The company accounts for subsidiary undertakings at cost.

Transactions with minority shareholders

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

Special purpose entities

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

INTANGIBLE ASSETS

Goodwill

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

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

Other intangible assets

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

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

Leasehold premiums	Lease period
Gaming licence bids	Period of the licence and/or up to a maximum of 20 years
Management contracts	Period of initial contract
Computer software	4 years

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. However, costs that are directly associated with identifiable and unique software products controlled by the Group and which have probable economic benefits exceeding the costs beyond one year are recognised as intangible assets.

Direct costs include staff costs of the software development team and an appropriate portion of the relevant overheads. Expenditure meeting the definition of an asset is recognised as a capital improvement and added to the original cost of the asset.

Bid costs on gaming licence bids are capitalised, when it is highly probable that the bid will be successful, and subsequently amortised using the straight-line method over their useful lives, but not exceeding 20 years. Intangible assets are not revalued.

FOREIGN CURRENCY TRANSLATION

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

Transactions and balances

Transactions denominated in foreign currencies are translated at the rate of exchange ruling on the transaction date. Monetary items denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Gains or losses arising on translation are credited to or charged to the statement of comprehensive income.

Foreign entities

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

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

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

PROPERTY, PLANT AND EQUIPMENT

Freehold land is included at cost and not depreciated.

All other items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land) less the residual values over their useful life, using the straight-line method. The principal useful lives over which the assets are depreciated are as follows:

Freehold and leasehold buildings	15 to 50 years
Infrastructure	5 to 50 years
Plant and machinery	10 to 25 years
Equipment	4 to 15 years
Furniture and fittings	5 to 10 years
Vehicles	4 to 15 years

The assets' residual values and useful lives are reviewed annually, and adjusted if appropriate, at each statement of financial position 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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as the owned assets or, where shorter, the term of the relevant lease.

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 company and the cost of the item can be measured reliably. The carrying amount of the replaced part is then derecognised. All other repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

PRE-OPENING EXPENDITURE

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

INVENTORY

Inventory comprises of merchandise and consumables and 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 less any costs necessary to make the sale.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the statement of financial position at fair value. Cash and cash equivalents comprise cash on hand and deposits held on call with banks. In the statement of financial position and statement of cash flows bank overdrafts are included in borrowings.

FINANCIAL INSTRUMENTS

Financial instruments carried at statement of financial position date include loans and receivables, accounts receivable, cash and cash equivalents, borrowings and 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 the 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 statement of financial position 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 each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A provision for impairment is established where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the loans or receivables. Significant financial difficulties of the counterparty, and default or delinquency in payments are considered indicators that the loan or receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the 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 assets unless receipt is anticipated within 12 months in which case the amounts are included in current assets. The Group's loans and receivables comprise 'Loans and receivables', 'Accounts 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, less any impairment.

Available-for-sale investments

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

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

Subsequent to initial recognition, available-for-sale investments are carried at fair value, less any impairment.

IFRS 7 requires disclosure of the fair value measurements by level of the fair value measurements hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1)
- Inputs other than quoted prices included with level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Financial liabilities

The Group's financial liabilities at statement of financial position date include 'Borrowings' and 'Accounts payable and accruals' (excluding VAT and employee related payables). These financial liabilities are subsequently measured at amortised cost using the effective interest method. Financial liabilities are included in current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Derivative financial instruments

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

Cash flow hedges

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

CURRENT AND DEFERRED TAX

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

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

Current tax and deferred tax are calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date.

Deferred tax assets relating to the carry forward of unused 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 ON COMPANIES AND DIVIDENDS TAX

Secondary tax on companies (STC) is provided in respect of dividends declared net of dividends received or receivable and is recognised as a tax charge for the year in which the dividend is declared. STC was abolished in April 2012 and the 15% dividends tax came into effect.

LEASES

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

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

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

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

BORROWINGS

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

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

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

EMPLOYEE BENEFITS

Defined benefit scheme

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

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

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

Defined contribution scheme

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

Post-retirement medical aid contributions

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

Share based payments

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

Long Service Awards

The Group pays its employees a long service benefit after each five year period of continuous service. The benefit is paid in the month the employee reaches the milestone. The method of accounting and frequency of valuation are similar to those under the defined benefit schemes. The actuarial valuation to determine the liability is performed annually.

PROVISIONS

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

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

Provisions are made for the incremental portion of the progressive jackpots. The provision is calculated based on the readings of the progressive jackpot machines. The full provision is expected to be utilised within the next financial year.

SHARE CAPITAL

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

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

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

REVENUE RECOGNITION

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

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

Customer loyalty points are provided against revenue when points are earned.

DIVIDEND DISTRIBUTIONS

Dividend distributions to the company's shareholders are recognised as a liability in the company'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.

NON CURRENT ASSETS HELD FOR SALE

Non current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. 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.

Asset useful lives and residual values

Property, plant and equipment are 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 and may vary depending on a number of factors. 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

Property, plant and equipment and intangible assets 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 unit, the viability of that 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 the 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 established, management uses the best alternative information available to estimate a possible impairment.

Post retirement benefits and long service award

The present value of the post retirement benefit and long service award obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for post retirement benefits and long service award include the discount rate. Any changes in these assumptions will impact the carrying amount of post retirement benefit and long service award obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the post retirement benefit obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate 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 post retirement benefit and long service award obligations.

Valuation of derivatives and other financial instruments

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

Consolidation of subsidiaries and special purpose entities

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

Pension fund asset

Management needed to assess whether or not the Group had an unconditional right to a refund in respect of the surplus from the pension plan. A legal interpretation was obtained which indicated that the Group does not have an unconditional right to the full refund of the surplus and based on this interpretation, only a portion of the surplus has been recognised.

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 2012

The following amendments became effective in 2012 but are not applicable to the Group:

- Amendments to IFRS 1 – First time adoption on hyperinflation and fixed dates
- Amendment to IFRS 7 – Financial Instruments: Disclosures – Transfer of financial assets
- Amendment to IAS 24 – Related party disclosures
- Amendment to IFRIC 14 – Pre-payments of a Minimum Funding Requirement

Standards and amendments issued but not effective

The Group is in the process of evaluating the effect of all new standards, amendments and interpretations that have been issued but which are not yet effective. The expected implications of applicable standards, amendments and interpretations are dealt with below.

- Amendments to IAS 19 – Employee benefits

  The IASB has issued an amendment to IAS 19, 'Employee benefits', which makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits.

  Management is currently considering the effect of the change.

- IFRS 9 – Financial Instruments
  This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The standard also includes guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss.

  Management is currently considering the effect of the change.

- IFRS 10 – Consolidated financial statements
  This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries.

  Management is currently considering the effect of the change.

- IFRS 11 – Joint arrangements
  This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

  Management is currently considering the effect of the change.

- IFRS 12 – Disclosures of interests in other entities
  This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

  Management is currently considering the effect of the change.

- IFRS 13 – Fair value measurement
  This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

  Management is currently considering the effect of the change.

- IAS 28 (revised 2011) – Associates and joint ventures
  This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

  Management is currently considering the effect of the change.

The following standards are not expected to have an impact on the Group:

- Amendment to IFRS 7 – Financial Instruments: Disclosures
- Amendment to IAS 12 – Income Taxes' on deferred tax
- Amendment to IAS 1 – Presentation of financial statements; on presentation of items of OCI
- IFRIC 20 – Stripping costs in the production phase of a surface mine
- IAS 27 (revised 2011) – Separate financial statements
- Amendments to IAS 32 – Financial Instruments: Presentation

GROUP STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 June

R million	NOTES	2012	2011
Revenue	2	**9 494**	8 651
Benefit fund surplus		**24**	–
Consumables and services		**(1 076)**	(956)
Depreciation and amortisation	3	**(818)**	(769)
Employee costs	4	**(2 103)**	(1 809)
Levies and VAT on casino revenue		**(1 774)**	(1 583)
Promotional and marketing costs		**(698)**	(643)
Property and equipment rental		**(95)**	(81)
Property costs		**(485)**	(425)
SFIR minority equity option		**–**	(75)
Other operational costs		**(759)**	(700)
Operating profit	5	**1 710**	1 610
Foreign exchange profits/(losses)		**79**	(66)
Interest income	6	**37**	43
Interest expense	7	**(521)**	(496)
Profit before tax		**1 305**	1 091
Tax	8	**(434)**	(515)
Profit for the year		**871**	576
Other comprehensive income:			
Transfer of hedging reserve to statement of comprehensive income		**2**	13
Tax on transfer of hedging reserve to the statement of comprehensive income		**–**	(3)
Currency translation differences		**233**	15
Total comprehensive income for the year		**1 106**	601
Profit for the year attributable to:			
Minorities		**239**	143
Ordinary shareholders		**632**	433
		871	576
Total comprehensive income for the year attributable to:			
Minorities		**317**	146
Ordinary shareholders		**789**	455
		1 106	601
Earnings per share			
Basic (cents per share)	10	**669**	461
Basic diluted (cents per share)	10	**664**	456

GROUP STATEMENTS OF FINANCIAL POSITION

as at 30 June

R million	NOTES	2012	2011
Assets			
Non current assets			
Property, plant and equipment	12	**9 595**	8 868
Intangible assets	13	**479**	440
Available-for-sale investment	14	**48**	48
Loans and receivables	15	**23**	35
Pension fund asset	16	**38**	35
Deferred tax	21	**148**	126
		10 331	9 552
Current assets			
Loans and receivables	15	**38**	18
Inventory	17	**70**	57
Accounts receivable	18	**473**	366
Tax		**57**	38
Cash and cash equivalents		**752**	738
		1 390	1 217
Non current assets held for sale	26	**–**	79
Total assets		**11 721**	10 848
Equity and liabilities			
Capital and reserves			
Ordinary shareholders' equity		**1 496**	1 517
Minorities' interests		**1 227**	1 300
		2 723	2 817
Non current liabilities			
Deferred tax	21	**423**	468
Borrowings	22	**4 257**	2 936
Other non current liabilities	23	**506**	420
		5 186	3 824
Current liabilities			
Accounts payable and accruals	24	**1 246**	1 039
Provisions	25	**43**	47
Borrowings	22	**2 422**	2 972
Tax		**101**	114
		3 812	4 172
Non current liabilities held for sale	26	**–**	35
Total liabilities		**8 998**	8 031
Total equity and liabilities		**11 721**	10 848

GROUP STATEMENTS OF CASH FLOWS

for the year ended 30 June

R million	NOTES	2012	2011
Cash flows from operating activities			
Cash receipts from customers		**9 742**	8 929
Cash paid to suppliers, government and employees		**(7 008)**	(6 216)
Cash generated by operations	27.1	**2 734**	2 713
Tax paid	27.2	**(531)**	(527)
Net cash inflow from operating activities		**2 203**	2 186
Cash flows from investing activities			
Purchase of property, plant and equipment			
Expansion		**(586)**	(201)
Replacement		**(514)**	(695)
Purchase of intangible assets		**(60)**	(71)
Proceeds on disposal of property, plant and equipment		**4**	4
Investment income		**37**	43
Other non current loans (repaid)/raised		**(1)**	37
Net cash outflow from investing activities		**(1 120)**	(883)
Cash flows from financing activities			
Purchase of shares in subsidiaries	27.3	**(817)**	–
Net increase/(decrease) in borrowings	27.4	**589**	(403)
Interest paid	27.5	**(495)**	(464)
Dividends paid	27.6	**(506)**	(431)
Increase in minority funding		**–**	37
Increase in share capital		**131**	–
Proceeds on disposal of treasury shares		**–**	13
Purchase of treasury shares and share options		**(32)**	(12)
Net cash outflow from financing activities		**(1 130)**	(1 260)
Effects of exchange rate changes on cash and cash equivalents		**57**	(22)
Net increase in cash and cash equivalents		**10**	21
Cash and cash equivalents at beginning of year		**742**	721
Cash and cash equivalents at end of year	27.8	**752**	742

GROUP STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June

R million	Notes	Share capital and premium	Treasury shares and share options	Foreign currency translation reserve	Share based payment reserve	Available-for-sale investment reserve	Hedging reserve	Reserve for non-controlling interests*	Retained earnings	Ordinary shareholders' equity	Minorities' interests	Total
Balance at 30 June 2010		**146**	**(1 608)**	**58**	**91**	**4**	**(11)**	**(1 471)**	**3 908**	**1 117**	**1 378**	**2 495**
Deemed treasury shares purchased	19		(1)							**(1)**		**(1)**
Deemed treasury shares disposed	19		5							**5**		**5**
Shares disposed by Dinokana	19		7						6	**13**		**13**
Treasury share options purchased	19		(16)							**(16)**		**(16)**
Recognition of SFIR minority share option					75					**75**		**75**
Employee share based payments	33				41					**41**		**41**
Options cancelled and exercised					(2)				2	**–**		**–**
Release of share based payment reserve and delivery of share awards					(12)				9	**(3)**		**(3)**
Movements in minorities' interests								1		**1**	37	**38**
Profit for the year									433	**433**	143	**576**
Other comprehensive income				13			9			**22**	3	**25**
Dividends paid									(170)	**(170)**	(261)	**(431)**
Balance at 30 June 2011		**146**	**(1 613)**	**71**	**193**	**4**	**(2)**	**(1 470)**	**4 188**	**1 517**	**1 300**	**2 817**
Deemed treasury shares purchased	19		(72)							**(72)**		**(72)**
Treasury share options purchased	19		(20)							**(20)**		**(20)**
Treasury share options exercised	19		61							**61**		**61**
Shares issued	19	131								**131**		**131**
Vested shares			44		(44)					**–**		**–**
Employee share based payments	33				33					**33**		**33**
Release of share based payment reserve					(21)				21	**–**		**–**
Delivery of share awards									(8)	**(8)**		**(8)**
Acquisition of minorities' interests								(736)		**(736)**	(82)	**(818)**
Profit for the year									632	**632**	239	**871**
Other comprehensive income for the year				157						**157**	78	**235**
Dividends paid									(199)	**(199)**	(308)	**(507)**
Balance at 30 June 2012		**277**	**(1 600)**	**228**	**161**	**4**	**(2)**	**(2 206)**	**4 634**	**1 496**	**1 227**	**2 723**

* *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.*

R million	REVENUE 2012	REVENUE 2011	EBITDA 2012	EBITDA 2011	DEPRECIATION AND AMORTISATION 2012	DEPRECIATION AND AMORTISATION 2011
1 SEGMENTAL ANALYSIS						
Gaming units	**6 949**	6 315	**2 168**	1 928	**565**	537
GrandWest	**1 779**	1 648	**746**	625	**134**	123
Monticello	**1 270**	994	**262**	156	**136**	121
Carnival City	**1 017**	965	**298**	295	**70**	73
Sibaya	**980**	895	**343**	310	**61**	64
Boardwalk	**451**	429	**147**	162	**47**	33
Carousel	**312**	304	**60**	66	**23**	28
Meropa	**274**	266	**108**	113	**20**	18
Morula	**248**	239	**35**	41	**17**	19
Windmill	**238**	220	**84**	79	**15**	17
Flamingo	**146**	131	**40**	35	**12**	11
Golden Valley	**128**	119	**33**	31	**17**	18
Lesotho	**106**	105	**12**	15	**13**	12
Hotels and resorts units	**2 457**	2 263	**249**	309	**232**	211
Sun City	**1 230**	1 123	**116**	155	**114**	111
Wild Coast Sun	**308**	256	**32**	26	**35**	24
Federal Palace	**173**	149	**11**	10	**25**	22
Botswana	**170**	164	**48**	49	**9**	8
Zambia	**167**	147	**36**	27	**14**	15
Table Bay	**153**	160	**7**	27	**16**	17
Swaziland	**148**	160	**(13)**	(2)	**8**	8
Kalahari Sands	**108**	104	**12**	17	**11**	6
Other operating segments	**35**	38	**(19)**	(17)	**1**	1
Management activities	**590**	612	**260**	332	**15**	14
Total operating segments	**10 031**	9 228	**2 658**	2 552	**813**	763
Other	**(537)**	(577)	**(16)**	3	**5**	6
Central office and other	**–**	–	**(16)**	3	**5**	6
Elimination of intragroup	**(537)**	(577)				
Other income						
Other expenses						
Total	**9 494**	8 651	**2 642**	2 555	**818**	769
Other						
Net interest expense and foreign exchange profits						
Tax						
Minorities' interests						
	9 494	8 651	**2 642**	2 555	**818**	769

* *The "property rental" previously disclosed as part of the segmental information has been replaced with "minorities' interests" as this information is reviewed by the current CODM.*

OPERATING PROFIT AND SEGMENT RESULTS		NET INTEREST PAID		MINORITIES INTEREST*		TAX		ATTRIBUTABLE EARNINGS	
2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
1 576	1 342	**269**	225	**192**	133	**339**	365	**936**	706
607	493	**30**	24	**90**	110	**107**	168	**430**	301
120	22	**145**	93	**(13)**	(88)	**(7)**	(24)	**(20)**	(82)
219	209	**34**	38	**9**	13	**68**	63	**119**	108
277	240	**23**	30	**64**	54	**87**	75	**167**	135
99	130	**3**	4	**15**	12	**25**	23	**79**	91
37	36	**1**	1	**–**	–	**–**	–	**37**	35
88	94	**7**	7	**15**	16	**29**	30	**52**	56
18	21	**1**	1	**–**	–	**–**	–	**19**	20
68	60	**7**	6	**11**	9	**20**	20	**41**	34
28	23	**5**	5	**3**	2	**8**	7	**15**	11
16	11	**11**	12	**(1)**	(1)	**2**	2	**1**	(2)
(1)	3	**2**	4	**(1)**	6	**–**	1	**(4)**	(1)
(9)	65	**91**	69	**(45)**	(41)	**(17)**	12	**(81)**	(35)
(2)	40	**–**	–	**–**	–	**–**	–	**3**	39
(4)	(1)	**23**	10	**(2)**	(3)	**(16)**	(2)	**(10)**	(9)
(14)	(12)	**18**	16	**(18)**	(25)	**(7)**	11	**(35)**	(49)
36	38	**(1)**	(1)	**6**	7	**8**	4	**27**	31
21	11	**–**	–	**–**	–	**8**	3	**23**	4
(14)	2	**48**	47	**(20)**	(16)	**–**	–	**(62)**	(45)
(20)	(11)	**1**	–	**(11)**	(4)	**(7)**	(3)	**(17)**	(8)
(12)	(2)	**2**	(3)	**–**	–	**(3)**	(1)	**(10)**	2
(22)	(18)	**–**	–	**(4)**	(3)	**–**	–	**(22)**	(17)
233	317	**(15)**	(4)	**103**	52	**128**	111	**164**	211
1 778	1 706	**345**	290	**246**	141	**450**	488	**997**	865
(68)	(96)	**139**	163	**(7)**	2	**(16)**	27	**(161)**	(162)
(25)	(1)	**139**	163	**(7)**	2	**(16)**	27	**(161)**	(162)
–	–								
24	–								
(67)	(95)								
1 710	1 610	**484**	453	**239**	143	**434**	515	**836**	703
(405)	(519)								
(434)	(515)								
(239)	(143)							**(220)**	(191)
632	433	**484**	453	**239**	143	**434**	515	**616**	512

1 SEGMENTAL ANALYSIS *continued*

REVENUE

R million	CASINO 2012	CASINO 2011	TABLES 2012	TABLES 2011
Gaming units	**6 635**	6 038	**1 065**	975
GrandWest	**1 750**	1 624	**222**	219
Monticello	**1 152**	898	**328**	265
Carnival City	**991**	942	**144**	142
Sibaya	**950**	867	**196**	184
Boardwalk	**443**	420	**40**	35
Carousel	**300**	296	**27**	27
Meropa	**271**	264	**32**	28
Morula	**229**	220	**15**	15
Windmill	**237**	219	**30**	33
Flamingo	**144**	130	**12**	11
Golden Valley	**125**	116	**8**	6
Lesotho	**43**	42	**11**	10
Hotels and resorts units	**989**	921	**182**	165
Sun City	**431**	401	**87**	67
Wild Coast Sun	**252**	223	**29**	27
Federal Palace	**60**	49	**19**	13
Botswana	**98**	101	**18**	23
Zambia	**–**	–	**–**	–
Table Bay	**–**	–	**–**	–
Swaziland	**71**	71	**16**	18
Kalahari Sands	**77**	76	**13**	17
Other operating segments	**21**	22	**–**	–
Management activities				
Total operating segments	**7 645**	6 981	**1 247**	1 140
Other	**–**	–	**–**	–
Elimination of intragroup				
Total	**7 645**	6 981	**1 247**	1 140

SLOTS		ROOMS		FOOD & BEVERAGE		OTHER		TOTAL	
2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
5 570	5 063	**52**	45	**136**	125	**126**	106	**6 949**	6 315
1 528	1 405	**1**	1	**–**	–	**28**	24	**1 779**	1 649
824	633	**1**	–	**84**	75	**33**	21	**1 270**	994
847	800	**3**	1	**–**	–	**23**	22	**1 017**	965
754	683	**11**	11	**8**	7	**11**	10	**980**	895
403	385	**–**	–	**–**	–	**8**	9	**451**	429
273	269	**4**	3	**–**	–	**8**	5	**312**	304
239	236	**–**	–	**–**	–	**3**	2	**274**	266
214	205	**2**	–	**15**	15	**2**	4	**248**	239
207	186	**–**	–	**–**	–	**1**	1	**238**	220
132	119	**–**	–	**–**	–	**2**	1	**146**	131
117	110	**2**	2	**–**	–	**1**	1	**128**	119
32	32	**28**	28	**29**	28	**6**	6	**106**	104
807	756	**785**	698	**476**	433	**207**	212	**2 457**	2 263
344	334	**414**	348	**224**	204	**161**	172	**1 230**	1 123
223	196	**8**	1	**27**	17	**21**	14	**308**	256
41	36	**66**	60	**43**	35	**4**	5	**173**	149
80	78	**41**	36	**29**	25	**2**	2	**170**	164
–	–	**100**	88	**57**	52	**10**	7	**167**	147
–	–	**112**	119	**38**	38	**3**	3	**153**	160
55	53	**32**	33	**39**	47	**6**	9	**148**	160
64	59	**12**	13	**19**	15	**–**	–	**108**	104
21	22	**1**	1	**7**	7	**6**	8	**35**	38
						590	612	**590**	612
6 398	5 841	**838**	744	**619**	565	**929**	938	**10 031**	9 228
–	–	**–**	–	**–**	–	**(537)**	(577)	**(537)**	(577)
						(537)	(577)	**(537)**	(577)
6 398	5 841	**838**	744	**619**	565	**392**	361	**9 494**	8 651

R million	ASSETS 2012	ASSETS 2011	BORROWINGS 2012	BORROWINGS 2011	LIABILITIES 2012	LIABILITIES 2011	CAPITAL EXPENDITURE 2012	CAPITAL EXPENDITURE 2011
1 SEGMENTAL ANALYSIS *continued*								
Gaming units	**6 806**	6 445	**2 609**	2 392	**914**	797	**695**	472
Monticello	**2 198**	2041	**627**	567	**198**	233	**25**	49
GrandWest	**1 184**	1 249	**303**	382	**171**	148	**54**	57
Boardwalk	**888**	434	**461**	72	**85**	59	**466**	132
Sibaya	**716**	762	**304**	390	**125**	100	**33**	49
Carnival City	**616**	660	**461**	492	**129**	91	**28**	55
Carousel	**317**	331	**–**	–	**45**	31	**25**	26
Windmill	**208**	238	**124**	158	**31**	21	**14**	38
Golden Valley	**185**	195	**142**	143	**19**	29	**8**	10
Meropa	**158**	167	**110**	105	**24**	23	**12**	18
Morula	**126**	147	**–**	–	**46**	29	**11**	19
Lesotho	**115**	125	**6**	9	**25**	22	**8**	8
Flamingo	**95**	96	**71**	74	**16**	11	**11**	11
Hotels and resorts units	**3 545**	3 251	**1 049**	546	**590**	526	**406**	410
Sun City	**1 583**	1 610	**–**	–	**262**	267	**116**	104
Federal Palace	**595**	503	**257**	198	**88**	71	**6**	20
Wild Coast Sun	**551**	420	**343**	6	**85**	67	**181**	173
Zambia	**391**	303	**–**	–	**35**	32	**23**	9
Botswana	**131**	108	**3**	5	**27**	20	**11**	5
Kalahari Sands	**121**	116	**2**	2	**41**	27	**16**	82
Table Bay	**103**	115	**420**	333	**16**	14	**8**	6
Swaziland	**70**	76	**24**	2	**36**	28	**1**	11
The Grayston							**44**	
Other operating segments	**24**	22	**–**	–	**–**	–	**3**	3
Management activities	**775**	617	**136**	6	**378**	169	**46**	39
Total operating segments	**11 150**	10 335	**3 794**	2 944	**1 882**	1 492	**1 150**	924
Other	**366**	346	**2 885**	2 966	**(87)**	47	**–**	–
Central office and other	**366**	346	**2 885**	2 966	**122**	273	**–**	–
Elimination of intragroup					**(209)**	(226)		
Total	**11 516**	10 681	**6 679**	5 910	**1 795**	1 539	**1 150**	924
Other								
Tax	**57**	41			**101**	114		
Deferred tax	**148**	126			**423**	468		
Borrowings					**6 679**	5 910		
	11 721	10 848	**6 679**	5 910	**8 998**	8 031	**1 150**	924

R million		2012	2011
2	**REVENUE**		
	Revenue before promotional allowances allocations:		
	Casino	**7 645**	6 981
	Rooms	**1 003**	904
	Food, beverage and other revenue	**1 106**	1 007
		9 754	8 892
	Promotional allowances	**(260)**	(241)
		9 494	8 651
	Revenue after allocation of promotional allowances:		
	Casino	**7 645**	6 981
	Rooms	**838**	744
	Food, beverage and other revenue	**1 011**	926
		9 494	8 651
3	**DEPRECIATION AND AMORTISATION**		
	Property, plant and equipment (refer note 12)	**(757)**	(732)
	Intangible assets (refer note 13)	**(61)**	(37)
		(818)	(769)
4	**EMPLOYEE COSTS**		
	Salaries, wages, bonuses and other benefits	**(1 894)**	(1 616)
	Pension costs – defined contribution plans	**(179)**	(157)
	– defined benefit plans surplus recognition (refer note 16)	**3**	5
	Employee share based payments (refer note 33)	**(33)**	(41)
		(2 103)	(1 809)
	Number of employees at the end of the year	**11 368**	11 409
	Permanent core employees	**9 512**	9 053
	Permanent scheduled employees	**1 354**	1 844
	Temporary employees	**502**	512
5	**OPERATING PROFIT IS STATED AFTER CHARGING THE FOLLOWING:**		
	Operating lease charges		
	Plant, vehicles and equipment	**(25)**	(41)
	Auditors' remuneration	**(18)**	(19)
	Audit fees	**(14)**	(15)
	Fees for other services	**(3)**	(3)
	Expenses	**(1)**	(1)
	Professional fees	**(43)**	(26)
	Net (loss)/profit on disposal and impairment of property, plant and equipment	**(1)**	1
6	**INTEREST INCOME**		
	Interest earned on cash and cash equivalents	**35**	31
	Preference share dividends	**1**	1
	Tax authorities	**1**	11
		37	43
7	**INTEREST EXPENSE**		
	Interest paid on borrowings	**(300)**	(266)
	Preference share dividends	**(212)**	(191)
	Imputed interest on loans payable	**(15)**	(18)
	Transfer from hedging reserve	**(2)**	(13)
	Fair value of derivative financial instruments	**(9)**	(6)
	Tax authorities	**–**	(4)
	Capitalised to property, plant and equipment	**17**	2
		(521)	(496)

R million		2012	2011
8 TAX			
Normal tax	– South African	**(417)**	(423)
	– foreign	**8**	(2)
		(409)	(425)
Current tax	– current year	**(467)**	(440)
	– prior years	**(10)**	9
Deferred tax	– current year	**34**	5
	– prior years	**34**	1
STC		**(62)**	(73)
CGT		**46**	(13)
Other taxes		**(9)**	(4)
		(434)	(515)
Effect of tax losses not recognised as deferred tax assets		**34**	25
Unutilised STC credits		**66**	66
Reconciliation of rate of tax		**%**	%
Standard rate – South African		**28.0**	28.0
Adjusted for:			
Disallowable expenses		**4.0**	6.2
Exempt income		**(1.7)**	(1.3)
SFIR minority equity option		**–**	1.9
Preference shares dividends		**3.6**	4.0
Foreign tax rate variations		**(0.8)**	1.1
Prior year over-provisions		**(1.8)**	(0.9)
STC		**4.8**	6.7
Release of CGT on share premium distributions		**(3.5)**	–
CGT		**–**	1.2
Other taxes		**0.7**	0.4
Effective tax rate		**33.3**	47.2
9 EBITDA RECONCILIATION			
Operating profit		**1 710**	1 610
Expropriation of land – Monticello		**6**	–
Depreciation and amortisation		**818**	769
Property and equipment rental		**71**	81
Pre-opening lease rentals – The Grayston		**24**	–
Benefit fund surplus		**(24)**	–
Net loss/(profit) on disposal and impairment of property, plant and equipment		**1**	(1)
SFIR minority equity option		**–**	75
Retrenchment costs		**9**	–
Pre-opening expenses		**3**	–
Reversal of Employee Share Trusts' consolidation*		**24**	21
EBITDA		**2 642**	2 555

* *The consolidation of the Employee Share Trusts are reversed as the Group does not receive the economic benefits of these trusts.*

R million	2012	2011
10 EARNINGS PER SHARE		
Profit attributable to ordinary shareholders	**632**	433
Headline earnings adjustments	**1**	(1)
Net loss/(profit) on disposal and impairment of property, plant and equipment	**1**	(1)
Tax relief on the above	**–**	(3)
Minorities' interests in the above	**–**	4
Headline earnings	**633**	433
Adjusted headline earnings adjustments	**(27)**	87
Pre-opening expenses	**3**	–
Expropriation of land – Monticello	**6**	–
Benefit fund surplus	**(24)**	–
Retrenchment costs	**9**	–
Pre-opening lease rentals – The Grayston	**24**	–
SFIR minority equity option	**–**	75
Foreign exchange (profits)/losses on intercompany loans	**(45)**	12
Tax relief on the above items	**8**	(2)
CGT	**(46)**	8
Tax on termination of management contract	**(22)**	(5)
Minorities' interests in the above	**49**	(27)
Reversal of Employee Share Trusts' consolidation	**21**	18
Adjusted headline earnings	**616**	512
Number of shares for diluted EPS calculation (000's)		
Weighted average number of shares in issue	**94 437**	93 826
Adjustment for dilutive share awards	**770**	1 123
Diluted weighted average number of shares in issue	**95 207**	94 949
Number of shares for diluted adjusted HEPS calculation (000's)		
Weighted average number of shares in issue	**94 437**	93 826
Weighted deemed treasury shares	**614**	798
Weighted treasury shares held by Employee Share Trusts	**5 890**	5 922
Adjusted weighted average number of shares in issue	**100 941**	100 546
Adjustment for dilutive share awards	**770**	1 123
Diluted adjusted weighted average number of shares in issue	**101 711**	101 669
Earnings per share (cents)		
Basic	**669**	461
Headline	**670**	461
Adjusted headline	**610**	509
Diluted earnings per share (cents)		
Basic	**664**	456
Headline	**665**	456
Adjusted headline	**606**	504

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

Adjusted headline earnings include adjustments made for certain items of income or expense. These adjustments include pre-opening expenses and material items considered to be outside 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.

R million	2012	2011
11 DIVIDENDS PAID		
A final dividend of 120 cents per share for the year ended 30 June 2011 was declared on 26 August 2011 and was paid on 26 September 2011.	**(110)**	
An interim dividend of 90 cents per share for the year ended 30 June 2012 was declared on 24 February 2012 and paid on 26 March 2012.	**(89)**	
A final dividend of 100 cents per share for the year ended 30 June 2010 was declared on 27 August 2010 and paid on 20 September 2010.		(95)
An interim dividend of 80 cents per share for the year ended 30 June 2011 was declared on 28 February 2011 and paid on 28 March 2011.		(75)
	(199)	(170)
A final gross dividend of 150 cents per share for the year ended 30 June 2012 was declared on 24 August 2012 and paid on 25 September 2012. The company has utilised STC credits to the value of 150 cents per share to offset the 15% withholding tax, resulting in a net dividend of 150 cents per share.		
12 PROPERTY, PLANT AND EQUIPMENT		
Net carrying value		
Freehold land and buildings	**4 742**	4 527
Leasehold land and buildings	**1 291**	1 171
Infrastructure	**877**	789
Plant and machinery	**411**	412
Equipment	**1 149**	1 126
Furniture and fittings	**344**	335
Vehicles	**26**	18
Operating equipment	**153**	143
Capital work in progress	**602**	347
	9 595	8 868

12 PROPERTY, PLANT AND EQUIPMENT *continued*

2012 COST

R million	OPENING	RECLASSI-FICATIONS	EXCHANGE RATE ADJUSTMENTS	ADDITIONS	DISPOSALS AND WRITE-OFFS	DISCLOSED AS HELD FOR SALE IN PRIOR YEAR	CLOSING
Asset type							
Freehold land and buildings	**5 334**	**18**	**308**	**13**	**(1)**	**49**	**5 721**
Leasehold land and buildings	**1 811**	**5**	**9**	**168**	**(3)**	**–**	**1 990**
Infrastructure	**1 148**	**5**	**47**	**88**	**(1)**	**8**	**1 295**
Plant and machinery	**854**	**15**	**30**	**35**	**(3)**	**11**	**942**
Equipment	**2 749**	**175**	**72**	**171**	**(61)**	**41**	**3 147**
Furniture and fittings	**1 007**	**16**	**34**	**42**	**(13)**	**26**	**1 112**
Vehicles	**62**	**1**	**2**	**14**	**(4)**	**1**	**76**
Operating equipment	**143**	**–**	**8**	**44**	**(48)**	**6**	**153**
Capital work in progress	**347**	**(273)**	**3**	**525**	**–**	**–**	**602**
	13 455	**(38)**	**513**	**1 100**	**(134)**	**142**	**15 038**

ACCUMULATED DEPRECIATION

R million	OPENING	RECLASSI-FICATIONS	EXCHANGE RATE ADJUSTMENTS	DEPRECIATION ON DISPOSALS	DEPRECIATION	DISCLOSED AS HELD FOR SALE IN PRIOR YEAR	CLOSING
Asset type							
Freehold land and buildings	**(807)**	**7**	**(35)**	**–**	**(122)**	**(22)**	**(979)**
Leasehold land and buildings	**(640)**	**–**	**(2)**	**2**	**(59)**	**–**	**(699)**
Infrastructure	**(359)**	**(5)**	**(5)**	**1**	**(45)**	**(5)**	**(418)**
Plant and machinery	**(442)**	**–**	**(9)**	**3**	**(80)**	**(3)**	**(531)**
Equipment	**(1 623)**	**–**	**(32)**	**57**	**(369)**	**(31)**	**(1 998)**
Furniture and fittings	**(672)**	**(2)**	**(16)**	**12**	**(73)**	**(17)**	**(768)**
Vehicles	**(44)**	**–**	**(1)**	**4**	**(9)**	**–**	**(50)**
	(4 587)	**–**	**(100)**	**79**	**(757)**	**(78)**	**(5 443)**

12 PROPERTY, PLANT AND EQUIPMENT *continued*

2011 COST

R million	OPENING	RECLASSI-FICATIONS	EXCHANGE RATE ADJUSTMENTS	ADDITIONS	DISPOSALS AND WRITE-OFFS	NON CURRENT ASSETS HELD FOR SALE	CLOSING
Asset type							
Freehold land and buildings	5 308	86	(43)	36	(4)	(49)	5 334
Leasehold land and buildings	1 767	12	(5)	43	(6)	–	1 811
Infrastructure	1 062	58	4	34	(2)	(8)	1 148
Plant and machinery	819	4	2	46	(6)	(11)	854
Equipment	2 595	(67)	–	410	(148)	(41)	2 749
Furniture and fittings	1 036	(13)	(10)	31	(11)	(26)	1 007
Vehicles	54	–	–	15	(6)	(1)	62
Operating equipment	145	–	–	53	(49)	(6)	143
Capital work in progress	307	(218)	2	256	–	–	347
	13 093	(138)	(50)	924	(232)	(142)	13 455

ACCUMULATED DEPRECIATION

R million	OPENING	RECLASSI-FICATIONS	EXCHANGE RATE ADJUSTMENTS	DEPRECIATION ON DISPOSALS	DEPRECIATION	NON CURRENT ASSETS HELD FOR SALE	CLOSING
Asset type							
Freehold land and buildings	(728)	–	13	–	(114)	22	(807)
Leasehold land and buildings	(589)	–	1	5	(57)	–	(640)
Infrastructure	(325)	–	1	1	(41)	5	(359)
Plant and machinery	(395)	–	1	5	(56)	3	(442)
Equipment	(1 472)	57	–	142	(381)	31	(1 623)
Furniture and fittings	(632)	–	7	12	(76)	17	(672)
Vehicles	(43)	–	–	6	(7)	–	(44)
	(4 184)	57	23	171	(732)	78	(4 587)

Net carrying value of property, plant and equipment held under finance leases is R116 million (2011: R151 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 R17 million (2011: R2 million) were capitalised during the year and are included in 'Additions' above. The capitalisation rate used of 7.4% 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 717 million (2011: R1 736 million) where the residual value is deemed to approximate the carrying value.

R million	2012	2011
13 INTANGIBLE ASSETS		
Net carrying value		
Computer software	**70**	81
Sun International name	**72**	72
Bid costs	**156**	180
Management contracts	**4**	4
Goodwill	**88**	88
Lease premiums	**16**	15
Restraint of trade	**7**	–
Capital work in progress	**66**	–
	479	440

2012 COST

R million	OPENING BALANCE	ADDITIONS	DISPOSALS	RECLASSFII-CATION	EXCHANGE RATE ADJUSTMENTS	CLOSING BALANCE
Asset type						
Computer software	**138**	**12**	**(1)**	**10**	**–**	**159**
Sun International name	**72**	**–**	**–**	**–**	**–**	**72**
Bid costs	**577**	**–**	**–**	**–**	**2**	**579**
Management contracts	**5**	**–**	**–**	**–**	**–**	**5**
Goodwill	**196**	**–**	**–**	**–**	**–**	**196**
Lease premiums	**35**	**–**	**–**	**–**	**2**	**37**
Restraint of trade	**–**	**10**	**–**	**–**	**–**	**10**
Capital work in progress	**–**	**38**	**–**	**28**	**–**	**66**
	1 023	**60**	**(1)**	**38**	**4**	**1 124**

ACCUMULATED AMORTISATION AND IMPAIRMENTS

R million	OPENING BALANCE	AMORTISA-TION	DISPOSALS	RECLASSIFI-CATION	EXCHANGE RATE ADJUSTMENTS	CLOSING BALANCE
Asset type						
Computer software	**(57)**	**(31)**	**1**	**–**	**(2)**	**(89)**
Bid costs	**(397)**	**(26)**	**–**	**–**	**–**	**(423)**
Management contracts	**(1)**	**–**	**–**	**–**	**–**	**(1)**
Goodwill	**(108)**	**–**	**–**	**–**	**–**	**(108)**
Lease premiums	**(20)**	**(1)**	**–**	**–**	**–**	**(21)**
Restraint of trade	**–**	**(3)**	**–**	**–**	**–**	**(3)**
	(583)	**(61)**	**1**	**–**	**(2)**	**(645)**

13 INTANGIBLE ASSETS *continued*

	2011 COST					
R million	OPENING BALANCE	ADDITIONS	DISPOSALS	RECLASSIFI-CATION	EXCHANGE RATE ADJUSTMENTS	CLOSING BALANCE
Asset type						
Computer software	–	–	–	138	–	138
Sun International name	72	–	–	–	–	72
Bid costs	582	43	(48)	–	–	577
Management contract	5	–	–	–	–	5
Goodwill	192	–		–	4	196
Lease premiums	35	–	–	–	–	35
Closing balance	886	43	(48)	138	4	1 023

	ACCUMULATED AMORTISATION AND IMPAIRMENTS					
R million	OPENING BALANCE	AMORTI-SATION	DISPOSALS	RECLASSIFI-CATION	EXCHANGE RATE ADJUSTMENTS	CLOSING BALANCE
Asset type						
Computer software	–	–	–	(57)	–	(57)
Bid costs	(409)	(36)	48	–	–	(397)
Management contract	(1)	–	–	–	–	(1)
Goodwill	(108)	–	–	–	–	(108)
Lease premiums	(19)	(1)	–	–	–	(20)
Closing balance	(537)	(37)	48	(57)	–	(583)

Computer software

Computer software has been reclassified from property, plant and equipment to Intangible assets as this classification is deemed to be more appropriate.

Sun International name

The Sun International name is classified as an indefinite life intangible asset as the group believes that it will benefit from the name for an indefinite period. The name was tested for impairment by discounting five years of projected cash flows on relevant operations and management contracts. Discount rates were based on the risk free rate of the appropriate country, a standard risk premium and a country risk premium and ranged from 7% to 13%. In determining the growth rates applied in the impairment calculations, consideration was given to the location of the business, including economic and political facts and circumstances. Based on these calculations, there is no indication of impairment.

Goodwill

The goodwill relates to the acquisition of SFIR on 20 August 2008. Goodwill comprises intellectual property and the casino licence. Goodwill was tested for impairment by performing a 'value in use' valuation by applying a discount rate of 10.31% (2011: 10.31%) to the directors' estimated future operating cash flows. Local territory tax rates were applied and a terminal growth rate based on local inflation plus a premium.

R million	2012	2011
14 AVAILABLE-FOR-SALE INVESTMENT		
Cape Town International Convention Centre Company (Proprietary) Limited (CTICC)		
Balance at beginning and end of year	**48**	48
Directors' valuation	**48**	48
The 24.8% (2011: 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 2011. The Group has no significant influence over the company, therefore the investment was designated as available-for-sale. The available-for-sale asset has been classified as level 3.		
15 LOANS AND RECEIVABLES		
Preference share funding of empowerment partners	**18**	18
Guarantee deposits	**16**	15
Other loans	**4**	3
	38	36
Current portion	**(25)**	(15)
	13	21
Derivative financial instruments		
Foreign exchange contracts (FECs)	**23**	17
	23	17
Current portion	**(13)**	(3)
	10	14
	23	35
Loans and receivables are due over the following periods:		
Less than 1 year	**38**	18
1 – 2 years	**16**	13
2 – 3 years	**3**	12
3 – 4 years	**3**	4
4 years and onwards	**–**	6
	60	53
The weighted average interest and dividend rates were as follows:	**%**	%
Preference share funding of empowerment partners*	**6.5**	6.5
Other loans	**4.4**	4.3
Weighted average	**6.2**	6.3

* *These rates are linked to the prime bank overdraft rate.*

The preference share funding of empowerment partners and other loans are fully performing. Credit risk arising from the preference share funding is regarded as low and the loans will be repaid through dividend flows.

The fair value of loans and receivables approximates their carrying value.

R million	2012	2011
16 RETIREMENT BENEFIT INFORMATION		
Valuation in terms of the Financial Services Board guidelines		
A valuation of the defined benefit fund was carried out on 1 July 2010 by an independent firm of consulting actuaries and approved by the FSB in January 2012. The fund was found to have a surplus of R225 million, of which R80 million has been designated as a solvency reserve by the trustees in terms of circular PF 117 issued by the Financial Services Board (FSB). Any allocation of assets to contingency reserves reduces the amount of surplus available for distribution to former members and other stakeholders. The Group carries out statutory actuarial valuations every three years.		
Present value of funded obligations	**(278)**	(278)
Fair value of fund assets	**503**	503
Surplus before contingency reserve	**225**	225
Contingency reserve	**(80)**	(80)
Employer surplus account	**(22)**	(22)
Surplus	**123**	123
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	**(321)**	(290)
Balance at beginning of year	**(290)**	(249)
Current service cost	**(4)**	(5)
Interest cost	**(25)**	(23)
Contributions by plan participants	**(2)**	(2)
Actuarial loss	**(18)**	(29)
Benefits paid	**18**	18
Fair value of plan assets	**545**	501
Balance at beginning of year	**501**	454
Expected return on plan assets	**43**	41
Actuarial gain	**17**	22
Contributions by plan participants	**2**	2
Benefits paid	**(18)**	(18)
Present value of retirement benefit surplus	**224**	211
Less: application of asset ceiling	**(186)**	(176)
Pension fund asset	**38**	35

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.

R million	2012	2011	2010	2009	2008
16 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	**(321)**	(290)	(249)	(237)	(281)
Fair value of plan assets	**545**	501	454	396	452
Surplus	**224**	211	205	159	171
Experience adjustment on plan obligations	**6%**	10%	(1%)	(5%)	10%
Experience adjustment on plan assets	**3%**	4%	7%	(12%)	(7%)

R million	2012	2011
The amounts recognised in the statement of comprehensive income are as follows:		
Current service cost	**4**	5
Interest cost	**25**	23
Expected return on plan assets	**(43)**	(41)
Net actuarial loss	**1**	7
Effect of asset ceiling	**10**	1
Surplus (refer to note 4)	**(3)**	(5)
The expected return on assets is calculated using the discount rate at the start of the period of 8.75% per annum rather than a "best estimate" return assumption based on actual assets in which the fund invested.		
The actual return on plan assets was R60 million (2011: R63 million) made up of the expected return of R43 million (2011: R41 million) and actuarial gains of R17 million (2011: R22 million).		
The principal actuarial assumptions used were as follows:		
Discount rate	**8.25%**	8.75%
Inflation rate	**5.75%**	5.75%
Expected return on plan assets	**8.25%**	8.75%
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
Mortality rates are assumed to be in accordance with the following standard tables:		
Before retirement:		
SA1985-90 Ultimate table for males and females		
After retirement:		
PA 90 rated down 2 years for males and females		
Plan assets comprise:		
Listed equity investments	**63%**	58%
Bonds	**21%**	24%
Other	**16%**	18%

The expected return on plan assets has been set equal to the discount rate used to value the defined benefit obligations of the fund.

The fund has an amount of R22 million allocated to the employee surplus account that is currently being utilised towards a contribution holiday, which is expected to last for at least one year.

R million	2012	2011
17 INVENTORY		
Merchandise	**22**	19
Consumables and hotel stocks	**48**	40
	70	59
Inventory included in non current assets held for sale (refer to note 26)	**–**	(2)
	70	57
18 ACCOUNTS RECEIVABLE		
Financial instruments		
Trade receivables	**155**	150
Less impairment	**(16)**	(24)
Net trade receivables	**139**	126
Other receivables	**149**	92
	288	218
Non financial instruments		
Prepayments	**131**	107
VAT	**54**	47
	473	372
Accounts receivable included in non current assets held for sale (refer to note 26)	–	(6)
	473	366

The fair value of accounts receivables approximates their carrying value.

The Group has reduced the provision for the impairment of its trade receivables by R8 million (2011: R1 million). The Group has not utilised the provision for impaired receivables during the year ended 30 June 2012 (2011: Rnil). The reduction of the provision for impaired receivables has been included in other operational costs in the statement of comprehensive income.

Other receivables are expected to be fully recoverable. The trade receivables which are fully performing relate to customers that have a good track record with the company in terms of recoverability.

The aging of trade receivables at the reporting date was:

	2012		2011	
R million	GROSS	IMPAIRMENT	GROSS	IMPAIRMENT
Fully performing	**70**	**–**	79	(1)
Past due by 1 to 30 days	**28**	**–**	21	–
Past due by 31 to 60 days	**24**	**(2)**	13	(1)
Past due by 61 to 90 days	**6**	**(1)**	6	(2)
Past due by more than 90 days	**27**	**(13)**	31	(20)
	155	**(16)**	150	(24)

R million	2012	2011
19 SHARE CAPITAL AND PREMIUM		
Authorised		
150 000 000 (2011:150 000 000) ordinary shares of 8 cents each	**12**	12
100 000 000 (2011:100 000 000) variable rate cumulative redeemable preference shares of 1 cent each	**1**	1
Issued*		
Share capital	**9**	8
Share premium	**269**	138
Treasury shares	**(1 517)**	(1 445)
Held by subsidiary	**(1 252)**	(1 180)
Held by Employee Share Trusts	**(265)**	(265)
Treasury share options	**(84)**	(168)
	(1 323)	(1 467)

All issued shares are fully paid.

* *The issued preference shares have been included in borrowings in note 22.*

2 053 988 treasury share options were exercised during the year (2011: 0 shares). There were no disposals of shares (2011: 132 300) indirectly held by the Employee Share Trusts through Dinokana. 831 273 RSP and CSP (2011: 13 245) shares were purchased and 2 174 (2011: 58 012) RSP shares were disposed.

2 517 807 shares in the unissued share capital of the company remain under the control of the directors as a specific authority in terms of section 38(1) 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.

	2012		2011	
	NUMBER OF SHARES	Rm	NUMBER OF SHARES	Rm
Movement during the year				
Statutory shares in issue	**113 487 165**	**277**	111 095 130	146
Balance at beginning of year	**111 095 130**	**146**	111 095 130	146
Exercise of treasury share options	**2 053 988**	**124**	–	–
Shares issued	**338 047**	**7**	–	–
Treasury shares and share options	**(17 583 693)**	**(1 600)**	(17 218 464)	(1 613)
Balance at beginning of year	**(17 218 464)**	**(1 613)**	(17 395 531)	(1 608)
Deemed treasury shares purchased	**(831 273)**	**(72)**	(13 245)	(1)
Treasury shares disposed by Dinokana	**–**	**–**	132 300	7
Treasury share options exercised	**–**	**61**	–	–
Treasury shares disposed	**2 174**	**–**	58 012	5
Treasury share options purchased	**–**	**(20)**	–	(16)
Vested shares	**463 870**	**44**	–	–
Closing balance	**95 903 472**	**(1 323)**	93 876 666	(1 467)
Treasury shares				
Held by subsidiary	**10 549 477**	**1 107**	10 549 477	1 107
Deemed treasury shares	**1 144 115**	**145**	778 886	73
Held by Employee Share Trusts	**5 890 101**	**265**	5 890 101	265
	17 583 693	**1 517**	17 218 464	1 445

R million	2012	2011
20 RETAINED EARNINGS		
Retained earnings at the end of the year comprise:		
Company	**3 155**	2 710
Subsidiaries and equity investments	**1 479**	1 478
	4 634	4 188
Dividends declared out of retained earnings of the company or any of its subsidiaries incorporated in South Africa are subject to a withholding tax rate of 15% with effect from 1 April 2012.		
21 DEFERRED TAX		
Balance at beginning of year	**348**	357
Credited to the statement of comprehensive income	**(34)**	(5)
Prior year over provision	**(34)**	(1)
Currency translation adjustments	**(5)**	(6)
Charged directly to other comprehensive income	**–**	3
Balance at end of year	**275**	348
Deferred tax included in non current liabilities held for sale (refer to note 26)	**–**	(6)
Balance at end of year	**275**	342
Deferred tax arises from the following temporary differences:		
Deferred tax liabilities		
Accelerated asset allowances		
Balance at beginning of year	**560**	487
Reclassified to disallowed accruals and provisions	**47**	–
Currency translation adjustments	**10**	(3)
(Credited)/charged to the statement of comprehensive income	**(20)**	76
	597	560
To be recovered after more than 12 months	**206**	230
To be recovered within 12 months	**391**	330
	597	560

R million	2012	2011
21 DEFERRED TAX *continued*		
Deferred tax assets		
Assessable losses	**(174)**	(125)
Balance at beginning of year	**(125)**	(63)
Currency translation adjustments	**(15)**	(3)
Credited to the statement of comprehensive income	**(34)**	(59)
Disallowed accruals and provisions	**(133)**	(69)
Balance at beginning of year	**(69)**	(52)
Reclassification from accelerated asset allowances	**(47)**	–
Credited to the statement of comprehensive income	**(17)**	(17)
Fair value adjustments	**(15)**	(18)
Balance at beginning of year	**(18)**	(15)
Charged directly to other comprehensive income	**–**	3
Charged/(credited) to the statement of comprehensive income	**3**	(6)
	(322)	(212)
To be recovered after more than 12 months	**(90)**	(80)
To be recovered within 12 months	**(232)**	(132)
Deferred tax included in non current liabilities held for sale (refer to note 26)	**–**	(6)
Net deferred tax liability	**275**	342
Aggregate assets and liabilities on subsidiary company basis:		
Deferred tax assets	**(148)**	(126)
Deferred tax liabilities	**423**	468
	275	342

R million	2012	2011
22 BORROWINGS		
Non current		
Term facilities	**1 136**	397
V&A loan	**334**	333
Redeemable preference shares	**2 686**	2 066
Lease liabilities	**55**	94
Vacation Club members	**46**	48
	4 257	2 938
Borrowings included in non current liabilities held for sale (refer to note 26)	**–**	(2)
	4 257	2 936
Current		
Short term banking facilities	**1 892**	1 829
Term facilities	**101**	87
Redeemable preference shares	**5**	600
Lease liabilities	**47**	87
Vacation Club members	**–**	82
Minority shareholder loans	**377**	287
	2 422	2 972
Total borrowings	**6 679**	5 908
Secured	**528**	588
Unsecured	**6 151**	5 322
	6 679	5 910
Borrowings included in non current liabilities held for sale (included in secured) (refer to note 26)	**–**	(2)
	6 679	5 908
The fair value of borrowings approximate their carrying values except for the V&A loan which has a fair value of R399 million (2011: R376 million). The fair value has been determined on a discounted cash flow basis using a discount rate of 9% (2011: 10%).		
The carrying amounts of the borrowings are denominated in the following currencies:		
US Dollar	**764**	676
Chilean Peso	**120**	89
South African Rand	**5 795**	5 145
	6 679	5 910
Borrowings included in non current liabilities held for sale (included in South African Rand) (refer to note 26)	**–**	(2)
	6 679	5 908
Lease liabilities are secured as the rights to the leased asset revert to the lessor in event of default.		
Net book value of property, plant and equipment encumbered by secured loans	**3 436**	2 664

R million	2012	2011
22 BORROWINGS *continued*		
The borrowings are repayable as follows:		
6 months or less	**450**	978
6 months – 1 year	**1 972**	1 994
1 – 2 years	**771**	1 975
2 – 3 years	**893**	341
3 – 4 years	**1 309**	109
4 years and onwards	**1 284**	513
	6 679	5 910
Borrowings included in non current liabilities held for sale (refer to note 26)		
1 – 2 years	**–**	(1)
2 – 3 years	**–**	(1)
	6 679	5 908
Interest rates		
Year end interest and dividend rates are as follows:		
Short term banking facilities	**7.1%**	7.1%
Term facilities	**7.7%**	7.1%
V&A loan	**12.2%**	12.2%
Redeemable preference shares	**7.0%**	6.1%
Lease liabilities	**9.3%**	10.2%
Vacation Club Members	**10.9%**	10.9%
Minority Shareholders' loan	**6.1%**	5.7%
Weighted average	**7.4%**	7.0%

As at 30 June 2012, interest rates on 11% (2011: 16%) of the Group's borrowings were fixed. 59% (2011: 51%) 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.

	2012	2011
Redeemable preference shares		
SIL	**1 111**	1 851
SISA	**1 350**	600
Dinokana	**230**	215
	2 691	2 666

Preference dividends on the SIL preference shares are payable semi-annually on 31 March and 30 September and are calculated at a rate of 74% (2011: 67%) of the bank prime overdraft rate. The preference shares are redeemable on 1 August 2015.

Preference dividends on the SISA preference shares are payable semi-annually on 31 August and 28 February and are calculated at an average rate of 7% (2011: 63% of the bank prime overdraft rate). The preference shares are redeemable in October 2014, December 2014 and December 2016.

Preference dividends on the Dinokana preference shares are payable semi-annually on 31 March and 30 September and are calculated at a rate of 91.3% (2011: 83%) of the bank prime overdraft. The preference shares are redeemable on 3 December 2014.

A register of non current borrowings is available for inspection at the registered office of the company.

The Group had unutilised borrowing facilities of R1 110 million (2011: R1 210 million) at 30 June 2012. All undrawn borrowing facilities are renewable annually and none has a fixed interest rate.

R million	2012	2011
22 BORROWINGS *continued*		
Capitalised lease liabilities		
Finance lease liabilities are primarily for buildings and slot machines. At the time of entering into the capital lease arrangements, the commitments are recorded at the present value using applicable interest rates. The aggregate amounts of minimum lease payments and the related imputed interest under the capitalised lease contracts payable in each of the next five financial years and thereafter are as follows:		
Gross minimum lease payments:		
No later than 1 year	**47**	108
Later than 1 year and no later than 5 years	**57**	108
	104	216
Imputed interest:		
No later than 1 year	**–**	(21)
Later than 1 year and no later than 5 years	**(2)**	(14)
	(2)	(35)
Net capital payments of finance lease liabilities	**102**	181
Net capital payments of finance lease liabilities included in non current liabilities held for sale (refer to note 26)	**–**	(2)
	102	179
Net carrying value of assets held under finance leases	**116**	151
23 OTHER NON CURRENT LIABILITIES		
Financial instruments		
Derivative financial instruments		
Interest rate cross currency swaps (refer to note 28)	**57**	127
Forward exchange contract (refer to note 28)	**–**	16
	57	143
Current portion		
Interest rate cross currency swaps	**(15)**	(31)
Forward exchange contract	**–**	(6)
	42	106
Non financial instruments		
Straight lining of operating leases	**51**	26
Deferred income	**86**	31
Interchange commitment	**–**	11
Long service award	**222**	167
Lease restoration provision	**5**	5
Post-retirement medical aid liability (PRMA)	**109**	91
Restraint of trade	**10**	–
	483	331
Current portion	**(19)**	(15)
	464	316
	506	422
PRMA included in non current liabilities held for sale (refer note 26)	**–**	(2)
	506	420

R million	2012	2011
23 OTHER NON CURRENT LIABILITIES *continued*		
Straight lining of operating leases		
Lease payments relating to property are straight-lined over the term of the leases.		
Deferred income		
Deferred income represents sales proceeds in respect of the second phase Vacation Club units constructed at Sun City. This revenue is recognised over the 15 year period of the members' contracts.		
Restraint of Trade		
This relates to the restraint of trade payment payable to a former executive director and is payable over a period of two years.		
Post-retirement medical aid liability		
The Group contributes towards the post-retirement medical aid contributions of eligible employees employed by the Group as at 30 June 2003. Employees who joined the Group after 1 July 2003 are not entitled to any co-payment subsidy from the Group upon retirement. Employees are eligible for such benefits on retirement based upon the number of completed years of service. The methods of accounting and valuation are similar to those used for defined benefit schemes. The actuarial valuation to determine the liability is performed annually.		
Present value of unfunded obligations in the statements of financial position	**109**	91
The Group has no matched asset to fund the obligations. There are no unrecognised actuarial gains or losses and no unrecognised past service costs.		
Movement in unfunded obligation:		
Benefit obligation at beginning of year	**91**	75
Interest cost	**8**	7
Current service cost	**4**	3
Actuarial loss	**8**	7
Benefits paid	**(2)**	(1)
Benefit obligation at end of year	**109**	91
The amounts recognised in the statement of comprehensive income are as follows:		
Current service cost	**4**	3
Interest cost	**8**	7
Actuarial loss	**8**	7
Total	**20**	17

The effect of a 1% movement in the assumed retirement cost trend rate is as follows:

The effect of a 1% increase relates to increasing the future rate of increase of the medical aid subsidy assumption from 4.89% per annum to 5.89% per annum and hence reducing the gap between the discount rate and the company subsidy rate from 3.36% per annum to 2.36% per annum. The resultant increase in the liability is equal to R24.0 million, or 22.0% and the resultant increase in the total of the service and interest costs is just over R3.2 million, or 23.5%.

The effect of a 1% decrease relates to reducing the future rate of increase of the medical aid subsidy assumption from 4.89% per annum to 3.89% per annum and hence widening the gap between the discount rate and the company subsidy rate from 3.36% per annum to 4.36% per annum. The resultant reduction in the liability is equal to R18.6 million, or 17.0% and the resultant reduction in the total of the service and interest costs is R2.5 million, or 18.1%.

The expected expense to be recognised in the statement of comprehensive income for the year ending 30 June 2013 is R14 million.

R million	2012	2011
23 OTHER NON CURRENT LIABILITIES *continued*		
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	**8.25%**	8.75%
Price inflation allowed by Group	**4.89%**	4.89%
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

R million	2012	2011	2010	2009	2008
The present value of the post retirement medical aid obligation for the current and prior years is as follows:					
Present value of funded obligations	**(109)**	(91)	75	84	86
Experience adjustment on plan obligations	**7%**	7%	(25%)	(18%)	3%

Long service award

The Group offers employees a long service award. Employees are eligible for such benefits 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.

R million	2012	2011
Movement in unfunded obligation:		
Benefit obligation at beginning of year	**167**	156
Interest cost	**15**	15
Service cost	**18**	16
Actuarial loss	**44**	5
Benefits paid	**(22)**	(25)
Benefit obligation at end of year	**222**	167
The amounts recognised in the statement of comprehensive income are as follows:		
Current service cost	**18**	16
Interest cost	**15**	15
Actuarial loss	**44**	5
	77	36
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	**8.25%**	8.75%
Salary inflation assumption	**7.25%**	7.25%

The effect of a 1% movement in the assumed discount rate is as follows:

The effect of a 1% increase in the discount rate will have a resultant decrease in the liability of R14.3 million, and the resultant decrease in the total of the service and interest costs of R14.4 million.

The effect of a 1% decrease in the discount rate will have a resultant increase in the liability of R16.3 million, and the resultant decrease in the total of the service and interest costs of R16.2 million.

R million	2012	2011	2010	2009
23 OTHER NON CURRENT LIABILITIES *continued*				
The present value of the long service awards obligation for the current and prior years is as follows:				
Present value of funded obligations	**(222)**	(167)	(156)	(144)
Experience adjustment on plan obligations	**20%**	(3%)	–	–

R million	2012	2011
24 ACCOUNTS PAYABLE AND ACCRUALS		
Financial instruments		
Trade payables	**217**	156
Accrued expenses	**630**	534
Interest payable	**6**	6
Capital creditors	**46**	36
Current portion		
Interest rate cross currency swaps	**15**	31
Forward exchange contracts	**–**	8
Other payables	**27**	61
	941	832
Non financial instruments		
VAT	**36**	28
Employee related accruals	**269**	204
	1 246	1 064
Accounts payable and accruals included in non current liabilities held for sale (refer to note 26)	**–**	(25)
	1 246	1 039
The fair value of all non derivative financial instruments approximates their carrying value.		
25 PROVISIONS		
Balance at beginning of year:		
Lease commitments and property closure costs	**–**	7
Progressive jackpots	**42**	38
Ster Century guarantee	**5**	5
	47	50
Created during the year:		
Net progressive jackpots	**166**	4
	166	4
Utilised during the year:		
Lease commitments and property closure costs	**–**	(2)
Net progressive jackpots	**(170)**	–
	(170)	(2)
Transferred to non current liabilities:		
Lease commitments and property closure costs	**–**	(5)
Balance at end of year:		
Progressive jackpots	**38**	42
Ster Century guarantee	**5**	5
	43	47

R million	2012	2011

25 PROVISIONS *continued*

Progressive jackpots

Provisions are made for incremental portions of progressive jackpots. The provision is calculated based on the readings of the progressive jackpot machines. The full provision is expected to be utilised within the next financial year.

Ster Century guarantee

The provision relates to the Group's share of a claim made by Heron City for €701 000 in respect of a guarantee given by RRHL and Primedia for the rental obligations of SCE cinemas in Spain that SCE sold to Cine Alcobendas (refer to note 29).

26 NON CURRENT ASSETS HELD FOR SALE

As a consequence of the decision to retain the Group's investment in Swazispa, the assets and liabilities are no longer disclosed as held for sale.

R million	2012	2011
Assets of the disposal group classified as held for sale:		
Property, plant and equipment (refer to note 12)	–	64
Inventory (refer to note 17)	–	2
Accounts receivable (refer to note 18)	–	6
Cash and cash equivalents (refer to notes 27.7 and 27.8)	–	4
Tax	–	3
Total assets held for sale	–	79
Liabilities of disposal group classified as held for sale:		
Borrowings (refer to note 22)	–	2
Deferred tax (refer to note 21)	–	6
Other non current liabilities (refer to note 23)	–	2
Accounts payable and accruals (refer to note 24)	–	25
Total liabilities held for sale	–	35

27 CASH FLOW INFORMATION

27.1 Cash generated by operations

R million	2012	2011
Operating profit	**1 710**	1 610
Non cash items and items dealt with separately:		
Depreciation and amortisation	**818**	769
Operating equipment usage	**48**	49
Derivative financial instruments	**(76)**	101
SFIR minority equity option	**–**	75
Employee share based payments	**31**	41
Pre-opening lease rentals – The Grayston	**24**	–
Long service award	**55**	11
Foreign exchange profit/(loss)	**79**	(66)
Other non-cash movements	**66**	16
	2 755	2 606
Delivery of share awards	**(6)**	(3)
Cash generated by operations before working capital changes	**2 749**	2 603
Working capital changes	**(15)**	110
Inventory	**(4)**	–
Accounts receivable	**(146)**	171
Accounts payable, accruals and provisions	**135**	(61)
	2 734	2 713

R million	2012	2011
27 CASH FLOW INFORMATION *continued*		
27.2 Tax paid		
Liability at beginning of year	**(76)**	(64)
Current tax provided (refer to note 8)	**(477)**	(431)
CGT, STC and withholding taxes (refer to note 8)	**(25)**	(90)
Foreign exchange adjustments	**3**	(18)
Liability at end of year	**44**	76
	(531)	(527)
27.3 Purchase of shares in subsidiaries		
RAH	**(506)**	–
SunWest	**(295)**	–
Worcester	**(16)**	–
	(817)	–
27.4 Increase/(decrease) in borrowings		
Increase in borrowings	**1 476**	128
Decrease in borrowings	**(934)**	(682)
Imputed interest	**(15)**	(18)
Increase in short term banking facilities	**62**	169
	589	(403)
27.5 Interest paid		
Interest expense	**(521)**	(496)
Imputed interest on loans payable	**15**	18
Fair value of derivative financial instruments	**9**	6
Non cash transfer from hedging reserve	**2**	8
	(495)	(464)
27.6 Dividends paid		
To shareholders	**(307)**	(170)
To minorities in subsidiaries	**(199)**	(261)
	(506)	(431)
27.7 Increase in cash and cash equivalents		
Movement in cash per statement of financial position	**10**	17
Cash included in non current assets held for sale (refer to note 26)	**–**	4
	10	21
27.8 Cash and cash equivalents		
Cash at bank	**601**	607
Cash floats	**151**	135
	752	742
Non current asset held for sale		
Cash at bank included in non current assets held for sale (refer to note 26)	**–**	(4)
	752	738

28 FINANCIAL INSTRUMENTS

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group at all times maintains adequate committed credit facilities in order to meet all its commitments as and when they fall due. Repayment of borrowings are structured to match the expected cash flows from operations to which they relate.

The Group's preference share funding is subject to debt covenants which are reviewed on an ongoing basis.

The following are the contractual undiscounted maturities of financial liabilities (including principal and interest payments) presented in Rands:

R million	ON DEMAND OR NOT EXCEEDING 6 MONTHS	MORE THAN 6 MONTHS BUT NOT EXCEEDING 1 YEAR	MORE THAN 1 YEAR BUT NOT EXCEEDING 2 YEARS	MORE THAN 2 YEARS BUT NOT EXCEEDING 5 YEARS	MORE THAN 5 YEARS
2012					
Term facilities	**359**	**99**	**481**	**743**	**295**
Minority shareholder loans	**377**	**–**	**–**	**–**	**–**
V&A loan	**21**	**21**	**46**	**164**	**379**
Redeemable preference shares	**96**	**95**	**191**	**2 971**	**–**
Lease liabilities	**28**	**21**	**45**	**10**	**–**
Vacation Club members	**–**	**–**	**–**	**–**	**99**
Short term banking facilities*	**80**	**1 812**	**–**	**–**	**–**
Derivative financial instruments	**19**	**15**	**23**	**26**	**–**
Trade payables	**217**	**–**	**–**	**–**	**–**
Accrued expenses	**630**	**–**	**–**	**–**	**–**
Interest payable	**6**	**–**	**–**	**–**	**–**
Capital creditors	**46**	**–**	**–**	**–**	**–**
Other payables	**27**	**–**	**–**	**–**	**–**
	1 906	**2 063**	**786**	**3 914**	**773**
2011					
Term facilities	61	59	115	291	74
Minority shareholder loans	287	–	–	–	–
V&A loan	19	19	42	150	439
Redeemable preference shares	686	64	1 904	242	–
Lease liabilities	58	50	55	53	–
Vacation Club members	–	90	–	–	99
Short term banking facilities*	71	1 759	–	–	–
Derivative financial instruments	13	18	33	60	–
Trade payables	150	–	–	–	–
Accrued expenses	519	–	–	–	–
Interest payable	6	–	–	–	–
Capital creditors	36	–	–	–	–
Other payables	57	–	–	–	–
	1 963	2 059	2 149	796	612

** These are 364 day notice facilities. As at date of this report no notice on any of these facilities had been received.*

All derivative financial instruments are classified as level 2 financial instruments.

Credit risk

Credit risk arises from loans and receivables, accounts receivable (excluding prepayments and VAT), and cash and cash equivalents. Trade debtors consist mainly of large tour operators. The granting of credit is controlled by application and account limits. Cash investments are only placed with high quality financial institutions.

The maximum exposure to credit risk is represented by the carrying amount of all financial assets determined to be exposed to credit risk, with the exception of financial guarantees granted by the Group for which the maximum exposure to credit risk is the maximum amount the Group could have to pay if the guarantees are called on (refer to note 29).

The Group has no significant concentrations of credit risk with respect to trade receivables due to a widely dispersed customer base. Credit risk with respect to loans and receivables is disclosed in note 15.

28 FINANCIAL INSTRUMENTS *continued*

Market risk

Market risk includes foreign currency risk, interest rate risk and other price risk. The Group's exposure to other price risk is limited as the Group does not have material investments which are subject to changes in equity prices.

(a) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to US Dollar, Sterling, Botswana Pula, Chilean Peso, Nigerian Naira and Canadian Dollar.

The Group manages its foreign currency risk by ensuring that the net foreign currency exposure remains within acceptable levels. Companies in the Group use foreign exchange contracts (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 2012 (2011: three) with a fair value of R25 million (2011: R1 million). The notional amount of the outstanding FECs at 30 June 2012 was R478 million (2011: R482 million). Refer to paragraph (b) for the interest rate cross currency swaps.

Included in the statement of financial position are the following amounts denominated in currencies other than the functional currency of the Group (Rand):

R million	2012	2011
Financial assets		
US Dollar	**323**	323
Sterling	**22**	38
Botswana Pula	**69**	50
Chilean Peso	**47**	90
Nigerian Naira	**27**	21
Euro	**8**	6
Financial liabilities		
US Dollar	**289**	229
Sterling	**–**	6
Botswana Pula	**11**	9
Chilean Peso	**735**	580
Nigerian Naira	**79**	66

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate in Rand due to changes in foreign exchange rates.

Foreign currency sensitivity

A 10% strengthening in the Rand against the US Dollar, the Sterling, Nigerian Naira and Canadian Dollar at 30 June 2012 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 2011.

US Dollar	**(9)**	(36)
Sterling	**–**	(2)
Nigerian Naira	**–**	(1)
Canadian Dollar	**–**	(1)

A 10% weakening in the Rand against these currencies at 30 June 2012 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 2012 would decrease the profit before tax by the amount shown below. This analysis assumes that all other variables, in particular interest rates and the Rand/Chilean Peso exchange rate, remain constant.

R million	PROFIT BEFORE TAX	PROFIT BEFORE TAX
US Dollar	**(7)**	(13)

A 10% weakening in the Chilean Peso against the US Dollar at 30 June 2012 would have an equal but opposite effect to the amount shown above, on the basis that all other variables remain constant.

(b) Cash flow interest rate risk

The Group's cash flow interest rate risk arises from cash and cash equivalents and variable rate borrowings. The Group is not exposed to fair value interest rate risk as the Group does not have any fixed interest bearing financial instruments carried at fair value.

28 FINANCIAL INSTRUMENTS *continued*

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 2012, the following derivative financial instruments were in place:

	SFIR INTEREST RATE CROSS CURRENCY SWAPS
Notional amount	US$52 million
Variable rate	Linked to USD Libor
Fixed exchange rates (Chilean Pesos to US Dollar)	526 – 591
Fair value liability at 30 June	R57 million
Transfer of profit from hedging reserve to foreign exchange profits	R2 million

The period of when the cash flows are expected to occur and impact on profit and loss is the same as those set out for the derivatives in the maturity analysis.

The interest rate characteristics of new and refinanced debt instruments are restructured according to expected movements in interest rates (refer to note 22).

Interest rate sensitivity

A 1% increase in interest rates at 30 June 2012 would decrease profit before tax by the amounts shown below. This analysis assumes that all other variables remain constant.

R million	2012 PROFIT BEFORE TAX	2011 PROFIT BEFORE TAX
	(47)	(43)

A 1% decrease in interest rates at 30 June 2012 would have an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide benefits for its stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust this capital structure, the Group may issue new shares, adjust the amount of dividends paid to shareholders, return capital to shareholders or buy back existing shares.

The board of directors monitors the level of capital, which the Group defines as total share capital, share premium, treasury shares and treasury share options.

There were no changes to the Group's approach to capital management during the year.

The Group is not subject to externally imposed capital requirements.

29 CONTINGENT LIABILITIES

(i) Group companies have guaranteed borrowing facilities of certain Group subsidiaries in which the Group has less than 100% shareholding. The Group has therefore effectively underwritten the minorities' share of these facilities in the amount of R583 million at 30 June 2012 (June 2011: R550 million).

Contingent liabilities which the Group has incurred in relation to its previous interest in associates:

(ii) The Group's 73.3% held subsidiary, Royale Resorts Holding Limited (RRHL), together with Primedia Limited have jointly and severally guaranteed two (June 2011:two) operating leases of Ster Century Europe whose rental amounts to US$2.9 million (30 June 2011: US$3.2 million) annually. At 30 June 2012 the maximum exposure is US$24.9 million (30 June 2011: US$26.1 million). In respect of one lease, the Group is in discussion with the new landlord and current multiplex operator to arrange for a release from the guarantee obligation. This would reduce the maximum exposure at 30 June 2012 by US$17.4 million.

(iii) In addition, RRHL together with Primedia have jointly and severally guaranteed one operating lease of Ster Century Middle East (SCME). The lease expires at the end of October 2012 with the last rental of US$0.5 million having been paid on 1 August 2012. Therefore there is no longer an exposure under this guarantee.

R million	2012	2011
30 CAPITAL EXPENDITURE AND RENTAL COMMITMENTS		
Capital commitments		
Contracted	**625**	913
Authorised by the directors but not contracted	**1 021**	948
	1 646	1 861
To be spent in the forthcoming financial year	**1 459**	1 586
To be spent thereafter	**187**	275
	1 646	1 861

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

Rental commitments

The Group has the following material rental agreements as at 30 June 2012:

(i) For the Group's head office in Sandton, expiring on 31 May 2014, with an annual rental of R16.3 million, escalating at 11% per annum.

(ii) 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.

(iii) For the land upon which the Flamingo casino complex is situated, expiring on 30 September 2096, with an annual rental of R0.1 million, plus contribution to the maintenance cost of the golf course.

(iv) For the Sands Hotel building, a new lease was negotiated which began on 1 July 2009 and expires on 30 June 2019, with an annual rental of R10.4 million, escalating at 8% per annum. The Group has the option to renew the lease to June 2029.

(v) For The Grayston hotel building, a lease was negotiated which began on 1 January 2012 and expires on 31 December 2031, with an annual rental of R49 million, escalating at 7% per annum.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

R million	2012	2011
No later than 1 year	**41**	28
Later than 1 year and no later than 5 years	**188**	86
Later than 5 years	**1 014**	61
	1 243	175

31 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

R million	2012	2011
Non-executive directors		
Fees	**4**	4
Executive directors		
Basic remuneration	**9**	7
Bonuses/performance related payments	**4**	3
Retirement contributions	**2**	1
Other benefits	**9**	1
Fair value of options expensed	**13**	13
	37	25
	41	29

R million	2012	2011
31 RELATED PARTY TRANSACTIONS *continued*		
Other key management		
Basic remuneration	**24**	21
Bonuses/performance related payments	**13**	6
Retirement contributions	**4**	4
Other benefits	**3**	4
Fair value of options expensed	**11**	15
	55	50

Details of individual directors' emoluments and share options are set out on pages 114 to 117 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 2012 (2011: nil). The number of share options held by executive directors at the end of the year was 375 938 (2011: 396 250).

Other key management

The number of share options held by other key management at the end of the year was 195 157 (2011: 260 595).

Equity growth plan

Directors

The aggregate number of grants made to the executive directors of the Group during 2012 was 45 347 (2011: 57 434) at a grant price of R90.07 (2011: R89.46). During the year 162 957 grants (2011: Nil) lapsed due to performance conditions not being met and forfeiture due to resignation. The net opening balance movement in grants due to movement of employees was 45 482. The number of grants held by executive directors of the Group at the end of the year was 209 338 (2011: 281 466).

Other key management

The aggregate number of grants made to the other key management of the Group during 2012 was 147 512 (2011: 129 025) at a grant price of R90.07 (2011: R89.46). During the year 43 842 grants (2011: Nil) lapsed due to performance conditions not being met. The net opening balance movement in grants due to movement of employees was –19 662. The number of grants held by other key management of the Group at the end of the year was 641 144 (2011: 557 136).

Conditional share plan

Directors

The aggregate number of grants made to executive directors of the Group during 2012 was 50 030 (2011: 74 372) at a grant price of R86.55 (2011: R89.46). During the year 182 298 (2011: 60 415) grants lapsed due to the vesting conditions not being met and forfeiture due to resignation. The net opening balance movement in grants due to movement of employees was 45 439. The number of grants held by executive directors of the Group at the end of the year was 137 805 (2011: 224 634).

Other key management

The aggregate number of grants made to the other key management of the Group during 2012 was 160 456 and 15 826 (2011: 167 975) at a grant price of R86.55 and R89.46 (2011: R89.46). During the year 136 164 (2011: 126 832) grants lapsed due to the vesting conditions not being met. The net opening balance movement in grants due to movement of employees was –35 282. The number of grants held by other key management of the Group at the end of the year was 475 146 (2011: 470 310).

Deferred bonus plan

Directors

The aggregate number of grants made to the executive directors of the Group during 2012 was 23 858 (2011: 3 971) at a grant price of R80.93 (2011: R97.04). 59 586 (2011: 12 543) awards vested. The movement in grants due to movement of employees between key management and directors was 1 300. The number of grants held by executive directors of the Group at the end of the year was 16 839 (2011: 51 267).

Other key management

The aggregate number of grants made to the other key management of the Group during 2012 was 9 534 (2011: 6 315) at a grant price of R80.93 (2011: R97.04). 17 749 (2011: 10 178) awards vested. The net opening balance movement in grants due to movement of employees was –1 177. The number of grants held by other key management of the Group at the end of the year was 32 904 (2011: 42 296).

R million	2012	2011

31 RELATED PARTY TRANSACTIONS *continued*

Restricted share plan

Directors

The aggregate number of grants made to the executive directors during 2012 was 114 333 (2011: Nil) at a grant price of R89.25 (2011: Nil). The net opening balance movement in grants due to movement of employees was 41 016. The number of grants held by executive directors of the Group at the end of the year was 288 546 (2011: 291 410).

Other key management

The aggregate number of grants made to the other key management of the Group during 2012 was 236 510 (2011: 13 245) at a grant price of R87.94 (2011: R105.70). Nil (2011: 41 016) grants lapsed due to retirement. The net opening balance movement in grants due to movement of employees between key management and directors was –41 016. The number of grants held by other key management of the Group at the end of the year was 303 086 (2011: 244 596).

(ii) Shareholding of key management

Percentage holding by key management	2012	2011
Sun International Limited	**1.7**	1.7
Afrisun KZN	**0.9**	0.9
SunWest	**–**	0.3
National Casino Resort Manco Holdings	**8.6**	8.6
Teemane	**0.3**	0.3

	R'000	R'000
Dividends received by key management		
Sun International Limited	**1 126**	1 108
Afrisun KZN	**1 314**	1 033
SunWest	**575**	880
National Casino Resort Manco Holdings	**3 315**	1 518
Teemane	**51**	39
	6 381	4 578

(iii) Other commercial transactions with related parties

Interest in timeshare

Certain members of key management own timeshare at Sun City, which was acquired at market prices.

(iv) Other related party relationships

Management agreements are in place between SIML and various Group companies. A management fee is charged by SIML in respect of management services rendered.

The Group's ownership of subsidiaries is set out on page 192 of this integrated annual report.

32 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:

R million	2012	2011
Reinsurance premium costs	**(17)**	(15)

R million	2012 NUMBER OF SHARES	2012 AVERAGE PRICE	2011 NUMBER OF SHARES	2011 AVERAGE PRICE

33 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:

R million	2012 NUMBER OF SHARES	2012 AVERAGE PRICE	2011 NUMBER OF SHARES	2011 AVERAGE PRICE
Movement during the year				
Balance at beginning of year	**1 959 154**	**46.88**	2 170 199	46.88
Cancelled	**–**	**–**	(938)	61.83
Exercised	**(455 321)**	**40.93**	(210 107)	46.77
Balance at end of year	**1 503 833**	**48.68**	1 959 154	46.88
Options held by Share Option Trust				
Balance at the beginning of year	**1 685 857**	**51.02**	1 534 817	49.73
Purchased from employees	**455 321**	**40.93**	210 107	46.77
Options exercised	**(2 053 988)**	**48.94**	–	–
Options lapsed	**(75 002)**	**22.98**	(59 067)	31.20
Balance at end of the year	**12 188**	**44.89**	1 685 857	51.02
	1 516 021	**48.65**	3 645 011	48.95

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

	FINANCIAL YEAR OF GRANT	FINANCIAL YEAR OF LAPSE	VESTED OPTIONS	AVERAGE PRICE R
	2003	2013	72 191	26.38
	2004	2014	567 912	36.32
	2005	2015	801 855	57.49
	2006	2016	61 875	74.00
Balance at 30 June 2012			**1 503 833**	**48.68**
Balance at 30 June 2011			1 959 154	46.88

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

	FINANCIAL YEAR OF GRANT	FINANCIAL YEAR OF LAPSE	OPTIONS HELD	AVERAGE PRICE R
	2003	2013	5 875	33.31
	2004	2014	1 844	40.75
	2005	2015	4 469	61.83
Balance at 30 June 2012			**12 188**	**44.89**
Balance at 30 June 2011			1 685 857	51.02

Share options are exercisable on the expiry of one year from the date of grant in cumulative tranches of 25% per annum and vest on retirement, retrenchment and death. Options lapse if not exercised within ten years of their date of grant. Options under the scheme were granted at prices ruling on the JSE Limited at the date of granting those options. No options were issued during the year.

(ii) Conditional share plan

CSP awards provide senior executives with the opportunity to receive shares in Sun International Limited by way of a conditional award, which is subject to the fulfilment of predetermined performance conditions on the expiry of a three-year performance period. For awards made in 2009 and 2010 the performance condition is related to the company's total shareholder return (TSR) over a three-year period, relative to the TSR of constituents in the INDI 25 index and gambling/hotels sub-sectors of the travel and leisure sector that have a market capitalisation of greater than R1 billion. No awards vest if the Group's TSR falls below the median TSR of the comparator group, while all the awards vest if the Group's TSR falls within the upper quartile. Between the median and upper quartile, the CSP awards vest linearly, as the ranking of the Group's TSR increases. For awards made in 2011 and 2012, 40% of the award is based on the performance condition related to the company's TSR over a 3 year period as described above. In addition two new performance conditions were included as follows:

33 SHARE INCENTIVE SCHEMES *continued*

(ii) Conditional share plan *continued*

30% of the award is based on achieving AHEPS threshhold and on-target performance targets (refer to the remuneration report).
30% of the award is based on the Group achieving and maintaining a B-BBEE rating level of 4 or better as at December 2013 (refer to the remuneration report).
Movements in the number of share grants outstanding are as follows:

	2012		2011	
	NUMBER OF GRANTS	WEIGHTED AVERAGE GRANT PRICE R	NUMBER OF GRANTS	WEIGHTED AVERAGE GRANT PRICE R
Balance at beginning of year	**852 303**	**88.41**	795 665	88.26
Lapsed – termination of employment	**(152 746)**	**83.64**	(42 821)	83.10
Lapsed – performance condition not met	**(199 173)**	**77.25**	(210 427)	90.47
Granted	**287 065**	**86.55**	309 886	89.46
Balance at end of year	**787 449**	**91.48**	852 303	88.41
Exercisable at end of year	**–**	**–**	–	–

Share grants outstanding at the end of the year vest on the following dates, subject to fulfilment of performance conditions:

Year ending on 30 June				
2012	**–**	**–**	249 785	77.25
2013	**241 978**	**84.12**	292 632	84.12
2014	**258 406**	**89.46**	309 886	89.46
2015	**287 065**	**86.55**	–	–

(iii) Equity growth plan

EGP rights provide senior executives with the opportunity to receive shares in Sun International Limited through the grant of conditional EGP rights, which are rights to receive shares equal in value to the appreciation of the Sun International share price between the date on which the conditional EGP rights are granted and the date on which they are exercised, subject to the fulfilment of predetermined performance conditions over a specified performance period. The performance condition applied to the grants is that the Group's adjusted headline earnings per share should increase by 2 percent per annum above inflation over a three-year performance period. If the performance condition is not met at the end of 3 years it is retested at the end of 4 and 5 years from the date of grant. From 2011, the awards are no longer re-tested at the end of years 4 and 5. These awards lapse after the initial 3 year period.

Movements in the number of share grants outstanding are as follows:

	2012		2011	
	NUMBER OF GRANTS	WEIGHTED AVERAGE GRANT PRICE R	NUMBER OF GRANTS	WEIGHTED AVERAGE GRANT PRICE R
Balance at beginning of year	**3 556 158**	**89.90**	2 840 669	92.96
Lapsed – termination of employment	**(388 188)**	**91.13**	(63 220)	80.58
Lapsed – performance condition not met	**(241 870)**	**149.55**	–	–
Exercised	**–**	**–**	(24 434)	82.74
Granted	**841 243**	**90.07**	803 143	89.46
Balance at end of year	**3 767 343**	**85.98**	3 556 158	89.90
Exercisable at end of year	**409 965**	**82.74**	409 965	82.74

33 SHARE INCENTIVE SCHEMES *continued*

(iii) Equity growth plan *continued*

Share grants at the end of the year become exercisable on the following dates, subject to fulfilment of performance conditions:

	2012 Number of grants	2012 Weighted average grant price R	2011 Number of grants	2011 Weighted average grant price R
Year ending on 30 June				
2011	**–**	**–**	835 592	110.21
2012	**1 509 016**	**82.89**	722 614	77.25
2013	**692 690**	**84.12**	784 844	84.12
2014	**724 394**	**89.46**	803 143	89.46
2015	**841 243**	**90.07**	–	–

(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:

	2012 Number of grants	2012 Weighted average grant price R	2011 Number of grants	2011 Weighted average grant price R
Balance at beginning of year	**143 118**	**91.57**	162 310	104.15
Lapsed – termination of employment	**(7 968)**	**90.88**	(6 132)	117.29
Granted	**47 190**	**80.93**	21 460	97.04
Matching awards	**(93 781)**	**88.83**	(34 520)	149.56
	88 559	**88.86**	143 118	91.57

DBP shares held at the end of the year entitle participants to matching awards on the following dates:

	2012 Number of grants	2012 Weighted average grant price R	2011 Number of grants	2011 Weighted average grant price R
Year ending on 30 June				
2012	**–**	**–**	64 697	89.81
2013	**39 264**	**91.49**	56 961	91.49
2014	**17 823**	**97.04**	21 460	97.04
2015	**31 472**	**80.93**		

R million	2012 NUMBER OF GRANTS	2012 WEIGHTED AVERAGE GRANT PRICE R	2011 NUMBER OF GRANTS	2011 WEIGHTED AVERAGE GRANT PRICE R

33 SHARE INCENTIVE SCHEMES *continued*

(v) Restricted share plan

RSP shares are Sun International Limited shares granted to key staff in return for continuing employment with the Group. The shares will be forfeited and any dividends received on the shares will be repayable should the employee leave the Group prior to the expiry of the vesting period. The vesting period is either 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:

	2012 Number of grants	2012 Weighted average grant price R	2011 Number of grants	2011 Weighted average grant price R
Balance at beginning of year	**778 886**	**94.41**	823 653	94.23
Granted during the year	**583 227**	**87.94**	13 245	105.70
Lapsed – termination of employment	**(2 175)**	**94.35**	(58 012)	94.35
Vested during the year	**(463 869)**	**94.35**	–	–
Balance at end of year	**896 069**	**90.23**	778 886	94.41

Share grants outstanding at the end of the year vest on the following dates, subject to fulfilment of employment conditions:

Year ending on 30 June	2012 Number of grants	2012 Weighted average grant price R	2011 Number of grants	2011 Weighted average grant price R
2012	**–**	**–**	466 221	94.35
2013	**157 981**	**93.91**	157 710	93.91
2014	**154 861**	**95.32**	154 954	95.32
2015	**423 239**	**88.19**	–	–
2016	**79 997**	**83.62**	–	–
2017	**79 991**	**87.28**	–	–

Valuation of share incentive grants

The fair values of CSP and EGP options granted during the year were estimated using the binomial asset pricing model. For the DBP and RSP the share grants are valued based on the ruling share price on the date of the grant. The table below sets out the valuation thereof and the assumptions used to value the grants:

2012	CSP	EGP	DBP	RSP
Weighted average grant price	**R86.55**	**R90.07**	**R80.93**	**R87.94**
Weighted average 400-day volatility	**18%**	**18%**	**n/a**	**n/a**
Weighted average long term risk rate	**5.73%**	**6.27%**	**n/a**	**n/a**
Weighted average dividend yield	**3.01%**	**2.99%**	**n/a**	**n/a**
Valuation	**R14 million**	**R14 million**	**R4 million**	**R51 million**

2011	CSP	EGP	DBP	RSP
Weighted average grant price	R89.46	R89.46	R97.04	R105.70
Weighted average 400-day volatility	18.9%	19.0%	n/a	n/a
Weighted average long term risk rate	7.0%	7.6%	n/a	n/a
Weighted average dividend yield	2.5%	3.0%	n/a	n/a
Valuation	R16 million	R18 million	R2 million	R1 million

The employee share based payment expense for the year was R33 million (2011: R41 million).

34 EMPLOYEE SHARE TRUSTS

These trusts have been consolidated in the Group's financial statements in terms of SIC 12 Consolidation – Special Purpose Entities. However, the trusts are controlled by their trustees. The majority of the trustees are representatives elected by and from the employees who are beneficiaries of the trust. The company has no beneficial interest in and has no control over the trusts. The Group does not share in any economic benefits of the trusts.

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:

%	2012	2011
Afrisun Gauteng	**3.5%**	3.5%
Emfuleni Resorts	**3.5%**	3.5%
SunWest	**3.3%**	3.3%
Meropa	**3.5%**	3.5%
Teemane	**3.5%**	3.5%
Afrisun KZN	**3.5%**	3.5%
Mangaung Sun	**3.5%**	3.5%
Worcester	**3.5%**	3.4%
Sun International Limited – direct	**2.3%**	2.0%
– indirect	**2.6%**	3.0%

Sun International Black Executive Management Trust (SIBEMT)

As a further commitment to BEE and to assist Sun International in retaining black managerial staff, to attract new black talent and to contribute towards the creation of sustainable black leadership, a trust was formed for the benefit of current and future South African black management of the Group. Permanent employees of the Sun International Group, who occupy management grade levels, and are black South Africans are eligible to participate in the SIBEMT.

The economic interest held by the trust in Group companies is set out below:

%	2012	2011
Sun International Limited – indirect	**0.4%**	0.4%

35 SUBSEQUENT EVENTS

No material events having an effect on the financial position and results of the Group have occurred between 30 June 2012 and the date of this report.

COMPANY STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 June

R million	NOTES	2012	2011
Revenue		**695**	288
Other operational costs		**(9)**	(6)
Operating profit	1	**686**	282
Foreign exchange profit/(loss)		**41**	(6)
Interest income	2	**51**	44
Interest expense	3	**(122)**	(148)
Profit before tax		**656**	172
Tax	4	**(21)**	(5)
Profit for the year		**635**	167
Other comprehensive income:			
Transfer of hedging reserve to the statement of comprehensive income		**–**	8
Tax on transfer of hedging reserve to the statement of comprehensive income		**–**	(2)
Total comprehensive income for the year		**635**	173

COMPANY STATEMENTS OF FINANCIAL POSITION

as at 30 June

R million	NOTES	2012	2011
Assets			
Non current assets			
Investments in subsidiaries	6	**3 663**	3 630
Loans and receivables	7	**312**	274
Deferred tax	9	**1**	12
		3 976	3 916
Current assets			
Loans and receivables	7	**1 198**	1 275
Accounts receivable	8	**44**	–
Cash and cash equivalents		**14**	3
Tax		**3**	–
		1 259	1 278
Total assets		**5 235**	5 194
Equity and liabilities			
Capital and reserves			
Shareholders' funds		**3 561**	2 973
		3 561	2 973
Non current liabilities			
Borrowings	11	**1 381**	2 125
Other non current liability	12	**35**	–
		1 416	2 125
Current liabilities			
Accounts payable and accruals	13	**229**	96
Borrowings	11	**29**	–
		258	96
Total liabilities		**1 674**	2 221
Total equity and liabilities		**5 235**	5 194

COMPANY STATEMENTS OF CASH FLOWS

for the year ended 30 June

R million	NOTES	2012	2011
Cash flows from operating activities			
Cash generated/(utilised) by operations	14.1	**85**	(12)
Tax paid	14.2	**(13)**	(5)
Net cash inflow/(outflow) from operating activities		**72**	(17)
Cash flows from investing activities			
Investment in SFIR		**–**	(2)
Investment income	14.3	**744**	333
Other non current investments and loans realised		**112**	–
Net cash inflow from investing activities		**856**	331
Cash flows from financing activities			
Decrease in borrowings	14.4	**(712)**	–
Interest paid	14.5	**(125)**	(141)
Dividends paid	5	**(211)**	(181)
Increase in share capital		**131**	–
Net cash outflow from financing activities		**(917)**	(322)
Net cash and cash equivalents movement for the year		**11**	(8)
Cash and cash equivalents at beginning of year		**3**	11
Cash and cash equivalents at end of year		**14**	3

COMPANY STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June

R million	NOTES	SHARE CAPITAL	SHARE PREMIUM	SHARE BASED PAYMENT RESERVE	HEDGING RESERVE	RETAINED EARNINGS	TOTAL EQUITY
Balance at 30 June 2010		**8**	**138**	**91**	**(6)**	**2 709**	**2 940**
Employee share based payments				41			**41**
Release of share based payment reserve				(15)		15	**–**
Profit for the year						167	**167**
Other comprehensive income					6		**6**
Dividends paid	5					(181)	**(181)**
Balance at 30 June 2011		**8**	**138**	**117**	**–**	**2 710**	**2 973**
Share issue		1	130				**131**
Employee share based payments				33			**33**
Release of share based payment reserve				(21)		21	**–**
Profit for the year						635	**635**
Dividends paid	5					(211)	**(211)**
Balance at 30 June 2012		**9**	**268**	**129**	**–**	**3 155**	**3 561**

R million	2012	2011
1 OPERATING PROFIT IS STATED AFTER THE FOLLOWING:		
Revenue:		
Dividend income	**690**	288
Guarantee fees	**5**	–
Other operating costs:		
Directors' fees	**(4)**	(4)
2 INTEREST INCOME		
Interest earned on loans and receivables	**52**	43
Interest earned on cash and cash equivalents	**2**	2
Imputed interest on loans receivable	**(3)**	(1)
	51	44
3 INTEREST EXPENSE		
Interest paid on borrowings	**(26)**	(24)
Preference share dividends	**(99)**	(117)
Imputed interest on V&A loan	**3**	1
Transfer from hedging reserve	**–**	(8)
	(122)	(148)
4 TAX		
Current tax – current year	**(6)**	(3)
Deferred tax – current year	**(11)**	2
STC	**–**	(2)
Withholding tax	**(4)**	(2)
	(21)	(5)
Reconciliation of rate of tax		
Standard rate – South African	**28.0%**	28.0%
Adjusted for:		
Exempt income	**(29.8%)**	(46.9%)
Disallowable expenses	**4.4%**	19.4%
STC	**–**	1.2%
Withholding tax	**0.6%**	1.2%
Effective tax rate	**3.2%**	2.9%
5 DIVIDENDS PAID		
A final dividend of 120 cents per share for the year ended 30 June 2011 was declared on 26 August 2011 and paid on 26 September 2011.	**(121)**	
An interim dividend of 90 cents per share for the year ended 30 June 2012 was declared on 24 February 2012 and paid on 26 March 2012.	**(90)**	
A final dividend of 100 cents per share for the year ended 30 June 2010 was declared on 27 August 2010 and was paid on 20 September 2010.		(101)
An interim dividend of 80 cents per share for the year ended 30 June 2011 was declared on 28 February 2011 and paid on 28 March 2011.		(80)
	(211)	(181)
A final gross dividend of 150 cents per share for the year ended 30 June 2012 was declared on 24 August 2012 and paid on 25 September 2012. The company has utilised STC credits to the value of 150 cents per share to offset the 15% withholding tax, resulting in a net dividend of 150 cents per share.		

R million		2012	2011
6	**INVESTMENTS IN SUBSIDIARIES**		
	Shares at cost		
	Balance at beginning of year	**3 630**	3 587
	Additional investment in SFIR	**–**	2
	Employee share based payments	**33**	41
	Balance at end of year	**3 663**	3 630
	The interests of the company in the aggregate pre tax net profits and losses of its subsidiaries amounted to R1 309 million (2011: R1 469 million) and R176 million (2011: R185 million) respectively and post tax net profits and losses of its subsidiaries amounted to R916 million (2011: R954 million) and R121 million (2011: R181 million) respectively.		
7	**LOANS AND RECEIVABLES**		
	Loans		
	Share incentive schemes	**121**	161
	Loans to subsidiaries	**1 810**	1 809
		1 931	1 970
	Less: Impairment of loans to subsidiaries	**(421)**	(421)
		1 510	1 549
	Current portion	**(1 198)**	(1 275)
		312	274
	Loans are due over the following periods:		
	Less than 1 year	**1 198**	1 275
	4 years and onwards	**312**	274
		1 510	1 549
	The weighted average interest and dividend rates were as follows:		
	Share incentive schemes	**NIB**	NIB
	Loans to subsidiaries	**2.8%**	2.3%
	Other	**NIB**	NIB
	Weighted average	**2.5%**	2.2%
	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.		
8	**ACCOUNTS RECEIVABLE**		
	Cash in transit	**44**	–
9	**DEFERRED TAX**		
	Balance at beginning of year	**(12)**	(12)
	Statement of comprehensive income charge/(credit) for the year	**11**	(2)
	Charged directly to equity	**–**	2
	Balance at end of year	**(1)**	(12)
	Deferred tax arises from the following temporary differences:		
	Deferred tax assets		
	Fair value adjustments	**(1)**	(12)
	Balance at beginning of year	**(12)**	(12)
	Charged/(credited) to statement of comprehensive income	**11**	(2)
	Charged directly to equity	**–**	2
	Net deferred tax asset	**(1)**	(12)

R million	2012	2011
10 SHARE CAPITAL AND PREMIUM		
Authorised		
150 000 000 (2010:150 000 000) ordinary shares of 8 cents each	**12**	12
100 000 000 (2010:100 000 000) variable rate cumulative redeemable preference shares of 1 cent each	**1**	1
Issued*		
Share capital	**9**	8
Share premium	**268**	138
	277	146

* *The issued preference shares have been included in borrowings in note 11.*

2 517 807 shares in the unissued share capital of the company remain under the control of the directors as a specific authority in terms of section 38(1) 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.

	2012		2011	
	NUMBER OF SHARES	Rm	NUMBER OF SHARES	Rm
Movement during the year				
Balance at beginning of year	**111 095 130**	**146**	111 095 130	146
Exercised treasury share options	**2 053 988**	**101**	–	–
Shares issued	**338 047**	**30**	–	–
Statutory shares in issue at end of year	**113 487 165**	**277**	111 095 130	146

During the year the company exercised treasury share options resulting in the issue of 2 053 988 shares.

R million	2012	2011
11 BORROWINGS		
Non current		
Redeemable preference shares	**1 111**	1 851
V&A loan	**270**	274
	1 381	2 125
Current		
Overdraft	**29**	–
Total borrowings	**1 410**	2 125

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 R266 million (2011: R251 million). The fair value has been determined on a discounted cash flow basis using a discount rate of 9% (2011: 10%).

The carrying amounts of the borrowings are denominated in Rand.

The borrowings are repayable over the following periods:

R million	2012	2011
Less than 6 months	**29**	–
1 – 2 years	**–**	1 851
2 – 3 years	**–**	–
4 years and onwards	**1 381**	274
	1 410	2 125

The following are the contractual undiscounted maturities of financial liabilities (including principal and interest payments) presented in Rands:

R million	ON DEMAND OR NOT EXCEEDING 6 MONTHS	MORE THAN 6 MONTHS BUT NOT EXCEEDING 1 YEAR	MORE THAN 1 YEAR BUT NOT EXCEEDING 2 YEARS	MORE THAN 2 YEARS BUT NOT EXCEEDING 5 YEARS	MORE THAN 5 YEARS
2012					
Borrowings	**80**	**51**	**105**	**1 300**	**444**
Bank overdraft	**29**	**–**	**–**	**–**	**–**
Accounts payable and accruals	**229**	**–**	**–**	**–**	**–**
	338	**51**	**105**	**1 300**	**444**
2011					
Borrowings	69	69	1 888	100	483
Accounts payable and accruals	82	–	–	–	–
	151	69	1 888	100	483

R million	2012	2011
11 BORROWINGS *continued*		
Interest rates		
Year end interest and dividend rates as follows:		
Redeemable preference shares	**6.6%**	6.0%
V&A loan	**8.3%**	8.3%
Overdraft	**7.0%**	7.0%
Weighted average	**6.4%**	6.3%
As at 30 June 2012, interest rates on 19% (2011: 13%) of the company's borrowings were fixed. 100% (2011: 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 2011.		
Increase of 1%	**(15)**	(17)
Decrease of 1%	**15**	17
A register of non current loans is available for inspection at the registered office of the company.		
The company's borrowings are not restricted by its Memorandum of Incorporation.		
12 OTHER NON CURRENT LIABILITIES		
Emfuleni guarantee fee liability	**35**	–
13 ACCOUNTS PAYABLE AND ACCRUALS		
Financial instruments		
Accrued expenses	**55**	30
Loan from subsidiary	**165**	30
Other payables	**9**	36
	229	96
The fair value of accounts payable and accruals approximate their carrying value.		

R million	2012	2011
14 CASH FLOW INFORMATION		
14.1 Cash generated/(utilised) by operations		
Operating profit	**686**	282
Non cash items and items dealt with separately:		
Dividend income	**(690)**	(288)
Cash utilised by operations before working capital changes	**(4)**	(6)
Working capital changes		
Accounts receivable	**(44)**	–
Accounts payable and accruals	**133**	(6)
	85	(12)
14.2 Tax paid		
Overpayment at beginning of year	**–**	2
Current tax charged to statements of comprehensive income (refer note 4)	**(6)**	(3)
STC and withholding tax	**(4)**	(4)
Overpayment at end of year	**(3)**	–
	(13)	(5)
14.3 Investment income		
Dividends received	**690**	288
Interest income	**51**	44
Imputed interest on loans receivable	**3**	1
	744	333
14.4 Decrease in borrowings		
Decrease in non current borrowings	**(744)**	(1)
Imputed interest on V&A loan	**3**	1
Increase in bank overdraft	**29**	–
	(712)	–
14.5 Interest paid		
Interest expense	**(122)**	(148)
Transfer from hedging reserve (settled)	**–**	8
Imputed interest on V&A loan	**(3)**	(1)
	(125)	(141)

15 CONTINGENT LIABILITY

Sun International Limited has issued a guarantee in favour of ABSA Bank Limited in respect of the loan facilities entered into with Worcester Casino (Pty) Limited up to the maximum amount of R200 million. Sun International has issued a guarantee in favour of Nedbank Limited in respect of loan facilities entered into with Dinokana (Pty) Ltd up to the maximum amount of R60 million.

16 RELATED PARTY

The following transactions were carried out with related parties:

(i) Guarantee fee liability

Sun International Limited has issued a guarantee in favour of Nedbank Limited in respect of facilities entered into with Emfuleni Resorts (Pty) Ltd up to a maximum of R700 million. A liability was raised during the year for this (refer note 12) and interest was charged at 8.9% per annum on this balance. The movement on the intercompany balance for the year is as follows:

R million	2012	2011
Balance at beginning of the year	**–**	–
Intercompany balance raised as a result of the guarantee liability	**39**	–
Interest income raised during the year under review	**3**	–
	42	–

INTEREST IN PRINCIPAL SUBSIDIARIES

for the year ended 30 June

		AMOUNT OF ISSUED CAPITAL		EFFECTIVE HOLDING		INTEREST OF HOLDING COMPANY SHARES		INTEREST OF HOLDING COMPANY INDEBTEDNESS	
		2012	2011	2012	2011	2012	2011	2012	2011
		R000's	R000's	%	%	Rm	Rm	Rm	Rm
Subsidiaries	*								
Unlisted									
Afrisun Gauteng (Pty) Limited	(1)	188	188	95	88	–	–	–	–
Afrisun KZN (Pty) Limited	(1)	133	133	64	60	–	–	–	–
Afrisun KZN Manco (Pty) Ltd	(1)	1	1	36	31	–	–	–	–
Afrisun Leisure Investments (Pty) Limited	(1)	54	54	77	51	–	–	–	–
Emfuleni Casino Resorts Manco (Pty) Limited******	(1)	–	–	45	37	–	–	–	–
Emfuleni Resorts (Pty) Limited†	(1)	85	85	83	81	–	–	42	–
Gauteng Casino Resort Manco (Pty) Limited	(1)	1	1	56	44	–	–	–	–
Kimberley Casino Resort Manco (Pty) Limited	(1)	–	–	50	50	–	–	–	–
Mahogony Rose Investments 46 (Pty) Limited	(1)	–	–	100	100	–	–	–	–
Main Street 703 (Pty) Ltd	(1)	–	–	100	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	–	–
Real Africa Holdings Limited	(1)	3 718	3 718	100	66	–	–	–	–
Royale Resorts Holdings Limited**	(7)	737	737	73	73	–	–	–	–
Sands Hotels Holdings (Namibia) (Pty) Limited	(5)	1	1	100	100	–	–	20	13
SFI Resorts SA****	(9)	80 784	80 784	44	44	740	740	105	87
Sun International Investments No. 2 Limited	(1)	–	–	100	100	–	–	1 115	1 115
Sun International of Lesotho (Pty) Limited.	(4)	1	1	47	47	–	–	21	24
Sun International (South Africa) Limited	(1)	35 261	35 261	100	100	1 760	1 760	95	190
Sun International (Botswana) (Pty) Limited***	(2)	500	500	80	80	–	–	–	–
Sun International (Zambia) Limited**	(8)	3 750	3 750	100	100	–	–	–	–
Sun International Inc	(6/11)	1 580	1 580	100	100	687	687	–	–
Sun International Management Limited	(7/11)	449	449	100	100	240	207	–	–
Sun International Travel (Pty) Limited#	(1)	–	–	100	100	–	–	5	5
SunWest International (Pty) Limited	(1)	337	337	74	64	–	–	270	274
Teemane (Pty) Limited	(1)	28	28	78	78	–	–	–	–
Tourist Company of Nigeria Plc*****	(10)	4 478	4 478	49	49	222	222	137	101
Transkei Sun International Limited	(1)	14 495	14 495	70	70	–	–	–	–
Western Cape Casino Resort Manco (Pty) Limited	(1)	–	–	34	30	–	–	–	–
Winelands Casino Manco (Pty) Limited	(1)	–	–	50	50	–	–	–	–
Worcester Casino (Pty) Limited	(1)	2	2	73	48	–	–	–	–
Listed									
Swazispa Holdings Limited	(3)	3 497	3 497	51	51	–	–	–	–
						3 663	3 630	1 810	1 809

* *Country of incorporation.*
(1) South Africa (2) Botswana (3) Swaziland (4) Lesotho (5) Namibia (6) Panama (7) Bermuda (8) Zambia (9) Chile (10) Nigeria (11) Registered as an external company in South Africa.

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

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

**** *Amount of share capital stated in Chilean Pesos (millions).*

***** *Amount of share capital stated in Nigerian Naira.*

****** *Management contract cancelled on 1 October 2010.*

\# *Loan to subsidiary subordinated by holding company.*

† *This is the accounting effective holding which includes the 19% interest sold as a result of the Emfuleni licence bid.*

ZAMBEZI SUN *Zambia*

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: Broad-Based Black Economic Empowerment
BEE: Black Economic Empowerment
Boardwalk: The Boardwalk Casino and Entertainment World
Carousel: The Carousel Casino and Entertainment World
Camara: Chilean base interest rate
CASA: Casino Association of South Africa
CDP: Carbon Disclosure Project
CE: Chief Executive
CFO: Chief Financial Officer
CGU: Cash Generating Unit
CGT: Capital Gains Tax
CPA: Consumer Protection Act
CSI: Corporate Social Investment
Company: Sun International Limited
Companies Act: Companies Act no. 71 of 2008, as amended
CRM: Customer Relationship Management
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
EBT: Electronic Bingo Terminals
ECGBB: Eastern Cape Gambling and Betting Board
EGP: Equity Growth Plan
EGS: Enterprise Gaming Systems
Emfuleni Resorts: Emfuleni Resorts Proprietary Limited
Employee Share Trusts: Sun International Employee Share Trust and Sun International Black Executive Management Trust
FICA: Financial Inteligence Centre Act no. 38 of 2009, as amended
Gauteng Manco: Gauteng Casino Resort Manco Proprietary Limited
GIA: Group Internal Audit
GPI: Grand Parade Investments Limited
GRI: Global Reporting Initiative
Group: Sun International Group
HEPS: Headline earnings per share
HR: Human Resources
IFRS: International Financial Reporting Standards
IGT: International Game Technology Africa Proprietary Limited
IT: Information Technology
JSE: Johannesburg Stock Exchange Limited
King III/King III principles: 'King Report on Governance for SA' and 'King Code of Governance Principles for South Africa 2009'
LATAM: Latin American
Lereko: Lereko Investment Proprietary Limited
LID: Lead Independent Director
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
NEAP: National Economic Active Population
NRGP: National Responsible Gambling Programme
Own: Ownership
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
SD: Skills Development
SED: Socio-economic development
SENS: Security Exchange News Service
SFIR: SFI Resorts S.A. (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
SRI Index: Socially Responsible Investment Index
STC: Secondary Tax on Companies
Sun International Investments No. 2: Sun International Investments No. 2 Limited
SunWest: SunWest International Proprietary Limited
SVC: Single View of the Customer
TCN: Tourist Company of Nigeria Plc
TCOE: Total Cost of Employment
Teemane: Teemane Proprietary Limited
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
Winelands Manco: Winelands Casino Manco Proprietary Limited
Worcester: Worcester Casino Proprietary Limited

Notice is hereby given that the twenty-eighth annual general meeting of the members of Sun International Limited will be held on Friday, 23 November 2012 at 09:00, in the boardroom, 4th Floor, 27 Fredman Drive, Sandown, Sandton, Gauteng, Republic of South Africa, to, among other things, consider, and if deemed fit, to pass (with or without modification) the ordinary and special resolutions as set out below. The record date for determining which shareholders are entitled to: (i) receive notice of the annual general meeting is Thursday, 25 October 2012; and (ii) participate in and vote at the annual general meeting is Friday, 09 November 2012, in terms of section 62(3)(a), as read with section 59 of the Companies Act.

Kindly take note that all meeting participants will be required to provide reasonable satisfactory identification in the form of identity books, passports or driver licences, before being entitled to attend or participate in the meeting.

PRESENTATION OF THE ANNUAL FINANCIAL STATEMENTS

To present the audited annual financial statements for the year ended 30 June 2012, together with the reports of the directors, the external auditors and the audit committee. The complete annual financial statements are set out on pages 128 to 192 of the integrated annual report.

1. Ordinary resolution number 1: Election of director

To elect Mr G Collins, as a director, who retires in accordance with the provisions of article 53.3 of the provisions of the company's Memorandum of Incorporation, by virtue of his appointment being made pursuant to the last annual general meeting and accordingly is required to retire at this annual general meeting. Mr G Collins, being eligible, offers himself for election. Please refer to page 9 of the integrated annual report for a brief CV of Mr G Collins.

In order for this resolution to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

2. Ordinary resolution number 2: Re-election of directors

To re-elect

2.1 Ms ZBM Bassa

2.2 Dr NN Gwagwa

2.3 Ms LM Mojela

as directors by way of separate resolutions, who retire by rotation at this annual general meeting, in accordance with the provisions of article 53.1 of the company's Memorandum of Incorporation. The directors, each being eligible, offer themselves for re-election. Please refer to page 9 of the integrated annual report for a brief CV of each director standing for re-election. Mr DM Nurek, who also retires by rotation, has indicated that he is not available for re-election.

In order for these resolutions to be adopted, the support of more than 50% of the voting rights exercised on the resolutions by shareholders present or represented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

3. Ordinary resolution number 3: 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 to hold such appointments as members until the conclusion of the next annual general meeting:

3.1 Ms ZBM Bassa*

3.2 Mr PL Campher

3.3 Ms B Modise

3.4 Mr GR Rosenthal

* *Subject to her re-election as director pursuant to ordinary resolution number 2.*

Brief CV's of the independent, non-executive directors offering themselves for election as members of the audit committee are set out on page 9 of the integrated annual report.

In order for these resolutions to be adopted, the support of more than 50% of the voting rights exercised on the resolutions by shareholders present or represented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

4. Ordinary resolution number 4: Endorsement of remuneration policy

To consider and endorse, by way of a non-binding advisory vote, the company's remuneration policy as set out in the remuneration report on pages 102 to 119 of the integrated annual report.

Ordinary resolution number 4 is of an advisory nature and is non-binding. The board's failure to pass this resolution will not have any legal consequences on the company. The board will take the outcome of the vote into consideration when considering the company's remuneration policy in the remuneration of, among others, executive directors.

5. Ordinary resolution number 5: Re-appointment of independent external auditors

To re-appoint PWC 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 ER Mackeown is the individual registered auditor and member of the aforegoing firm who undertakes the audit.

In order for this resolution to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

SPECIAL BUSINESS

6.1 Special resolution number 1: Approval of non-executive director annual fee increase

Resolved as a special resolution that in terms of section 66(9) of the Companies Act, the fees payable to non-executive directors be subject to an annual increase not exceeding 10%, be and is hereby payable to the directors for their services and is hereby approved for a period of two years from the passing of this resolution or until its renewal, whichever is the earliest.

6.2 Special resolution 2: Approval of non-executive directors fees in addition to scheduled meetings

Resolved as a special resolution that the approved non-executive director attendance fees be applied to any additional board and/or committee meetings, that are necessary, in addition to the scheduled meetings for the year.

Reason and effect for special resolutions 1 and 2:

An increase of not more than 10% will be applied to the non-executive directors proposed base and attendance fees for the next year.

The non-executive directors fees for 2011/2012 had been approved by the shareholders at a special general meeting held in August 2011, for a period of two years. The non-executive directors fees for 2012/2013 as approved by shareholders appear hereunder for information and comparative purposes only.

SEE PAGES 118 AND 119 FOR INFORMATION ON THE NON-EXECUTIVE DIRECTORS	PROPOSED BASE FEE 2012/2013 R	PROPOSED ATTENDANCE FEE* 2012/2013 R	PROPOSED BASE FEE 2011/2012 R	PROPOSED ATTENDANCE FEE* 2011/2012 R	PROPOSED TOTAL FEE 2011/2012 R
Chairman's fees	680 600	39 700	642 000	37 450	829 250
Lead independent director's fees	260 900	22 700	246 100	21 400	353 100
Directors' fees	107 800	22 700	101 650	21 400	208 650
Audit committee – members	45 400	12 800	42 800	12 038	90 952
Audit committee – chairman	90 800	25 600	85 600	24 075	181 900
Risk committee – members	25 000	13 700	23 540	12 840	62 060
Risk committee – chairman	50 000	27 300	47 080	25 680	124 120
Remuneration committee – members	20 500	12 500	19 260	11 770	54 570
Remuneration committee – chairman	40 900	25 000	38 520	23 540	109 140
Nomination committee – members	17 100	8 600	16 050	8 025	40 125
Nomination committee – chairman	34 100	17 100	32 100	16 050	80 250
Social & ethics committee – members	17 100	8 600	16 050	8 025	40 125
Social & ethics committee – chairman	34 100	17 100	32 100	16 050	80 250

* *Attendance fees will be paid to the directors for any ad-hoc meetings that are called in addition to the scheduled meetings.*

In order for these resolutions to be adopted, the support of at least 75% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

7. Special resolution number 3: Financial assistance to related or inter-related company

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

'Resolved that, to the extent required by the Companies Act, the board of directors of the company may, subject to compliance with the requirements of the company's Memorandum of Incorporation, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, authorise the company to provide direct or indirect financial assistance in terms of section 45 of the Companies Act by way of loans, guarantees, the provision of security or otherwise, to any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related (as defined in the Companies Act) to the company for any purpose or in connection with any matter, such authority to endure for a period of two years from the date on which this resolution is passed.'

Reason and effect for special resolution number 3:

The company may be required to provide loans to and guarantee loans or other obligations of subsidiaries and was not precluded from doing so in terms of its Memorandum of Incorporation and section 45 of the Companies Act. The company would like the ability to continue to provide financial assistance, if necessary, also in appropriate circumstances, in accordance with section 45 of the Companies Act. This authority is necessary for the company to continue to provide financial assistance in appropriate circumstances. Under the Companies Act, the company will, however, require the special resolution referred to above to be adopted, provided that the board of directors of the company be satisfied that the terms under which the financial assistance is proposed to be given are fair and reasonable to the company and, immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test contemplated in the Companies Act. In the circumstances and in order to, *inter alia*, ensure that the company's subsidiaries and other related and/or inter-related companies and corporations have access to financing and/or financial backing from the company (as opposed to banks), it is necessary to obtain the approval of shareholders, as set out in special resolution number 3. Therefore, the reason for, and effect of, special resolution number 3, is to permit the company to provide direct or indirect financial assistance (within the meaning attributed to that term in section 45 of the Companies Act), to the entities referred to in special resolution number 3 above.

In order for this resolution to be adopted, the support of at least 75% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

8. Special resolution number 4: 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 per cent) 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 and the rules and requirements of the JSE which provide, *inter alia,* that the company may only make a general repurchase of its ordinary shares subject to:

- the repurchase being implemented through the order book operated by the JSE trading system, without prior understanding or arrangement between the company and the counterparty;
- the company being authorised thereto by its Memorandum of Incorporation;
- repurchases not being made at a price greater than 10% (ten per cent) 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 paragraph 3.37 of the JSE Listings Requirements concerning shareholder spread after such repurchase;
- the company and/or its subsidiaries not repurchasing securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements, unless it has in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been disclosed in an announcement published on the Securities Exchange News Service (SENS) prior to the commencement of the prohibited period; and
- the company only appointing one agent to effect any repurchases on its behalf'.

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

- the company and the Group shall satisfy the solvency and liquidity test in the manner contemplated by the Companies Act;
- the company and the Group will be able, in the ordinary course of business, to pay its debts;
- the working capital of the company and the Group will be adequate for ordinary business purposes;
- the assets of the company and the Group, fairly valued in accordance with generally accepted accounting practice, will exceed the liabilities of the company and the Group; and
- the company's and the Group's ordinary share capital and reserves will be adequate for ordinary business purposes.

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

- directors and management – pages 8 to 11;
- major beneficial shareholders – page 98;
- directors' interests in ordinary shares – page 128; and
- share capital of the company – page 159.

Litigation statement

The directors in office whose names appear on pages 8 and 9 of the integrated annual report, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 (twelve) months, a material effect on the Group's financial position.

Directors' responsibility statement

The directors in office, whose names appear on pages 8 and 9 of the integrated annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by law and the JSE Listings Requirements.

Material changes

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

Reason and effect for special resolution number 4:

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 4 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.

In order for this resolution to be adopted, the support of at least 75% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

9. Special resolution number 5: Adoption of memorandum of incorporation (MOI)

'Resolved that, in terms of section 16(1)(c)(ii) of the Companies Act and item 4(2) of Schedule 5 to the Companies Act, the existing Memorandum of Incorporation of the company, be and is hereby substituted in its entirety by the proposed MOI, as approved by the JSE, to be signed by the chairman of the annual general meeting on the first page thereof for identification purposes, with effect from the date of filing of the required notice of amendment with the Companies and Intellectual Property Commission'.

The complete MOI will lie available for inspection at the company's registered office from 01 November 2012. A copy of the MOI is available on the company's website – **www.siml.co.za/MOI**.

Reason and effect for special resolution number 5:

With the promulgation of the Companies Act and the introduction of new regulatory requirements, the company is required to adopt and file a MOI that is harmonised with the content of the Companies Act. Accordingly, the company is required to adopt a revised MOI and has elected to substitute its existing memorandum of incorporation, in its entirety. Special resolution number 5 is therefore proposed in order for the shareholders to adopt the proposed MOI in substitution for the existing memorandum of incorporation.

The company has complied with the unalterable provisions of the Companies Act and the JSE Listings Requirements. The provisions of the existing memorandum of incorporation insofar as these remain relevant are principally duplicated in the revised MOI. The salient features of the new MOI have been summarised and attached as an annexure to this Notice, for ease of reference.

In order for this resolution to be adopted, the support of at least 75% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

10. Ordinary resolution number 6: Authority for directors or company secretary to implement resolutions

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

'Resolved as an ordinary resolution that any director of the company or the company secretary be and is hereby authorised to do all such things and sign all such documents as may be required to give effect to the ordinary and special resolutions.'

In order for this resolution to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

Statement in terms of section 62(3)(e) of the Companies Act:

Sun International Limited shareholders holding certificated shares and Sun International Limited shareholders holding Sun International Limited shares in dematerialised form in 'own name':

- may attend and vote at the annual general meeting; alternatively
- may appoint an individual as a proxy, (who need not also be a shareholder of Sun International Limited) to attend, participate in and speak and vote in your place at the annual general meeting by completing the attached form of proxy and returning it to the registered office of Sun International Limited or to the transfer secretaries, by no later than 09h00 on 22 November 2012. Alternatively, the form of proxy may be handed to the chairman of the annual general meeting at the meeting at any time prior to the commencement of the annual general meeting. Please note that your proxy may delegate his/her authority to act on your behalf to another person, subject to the restrictions set out in the attached form of proxy. Please also note that the attached form of proxy must be delivered to the registered office of Sun International Limited or to the transfer secretaries or handed to the chairman of the annual general meeting, before your proxy may exercise any of your rights as a Sun International Limited shareholder at the annual general meeting. Please note that any shareholder of Sun International Limited that is a company may authorise any person to act as its representative at the annual general meeting. Please also note that section 63(1) of the Companies Act, requires that persons wishing to participate in the annual general meeting (including the aforementioned representative) must provide satisfactory identification before they may so participate.

Notice to owners of dematerialised shares:

Please note that if you are the owner of dematerialised shares held through a CSDP or broker (or their nominee) and are not registered as an 'own name' dematerialised shareholder then you are not a registered Sun International Limited shareholder, but your CSDP or broker (or their nominee) would be. Accordingly, in these circumstances, subject to the mandate between yourself and your CSDP or broker as the case may be:

- if you wish to attend the annual general meeting you must contact your CSDP or broker, and obtain the relevant letter of representation from it; alternatively
- if you are unable to attend the annual general meeting but wish to be represented at the meeting, you must contact your CSDP or broker, and furnish it with your voting instructions in respect of the annual general meeting and/or request it to appoint a proxy. You must not complete the attached form of proxy. The instructions must be provided in accordance with the mandate between yourself and your CSDP or broker, within the time period required by your CSDP or broker. CSDPs, brokers or their nominees, as the case may be, recorded in Sun International Limited's sub-register as holders of dematerialised shares should, when authorised in terms of their mandate or instructed to do so by the owner on behalf of whom they hold dematerialised shares, vote by either appointing a duly authorised representative to attend and vote at the annual general meeting or by completing the attached form of proxy in accordance with the instructions thereon and returning it to the registered office of the Sun International Limited or to the transfer secretaries, by no later than 09h00 on 22 November 2012. Alternatively, the form of proxy may be handed to the chairman of the annual general meeting at the general meeting at any time prior to the commencement of the annual general meeting.

Voting at the meeting:

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

Electronic participation in the annual general meeting:

Sun International Limited intends to make provision for Sun International Limited shareholders, or their proxies, to participate in the annual general meeting by way of electronic communication In this regard, Sun International Limited intends making a dial-in facility available that will be linked to the venue at which the annual general meeting will take place, on the date of, and from the time of commencement of, the annual general meeting. The dial-in facility will enable all persons to participate electronically in the annual general meeting in this manner and to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the annual general meeting.

Shareholders wishing to participate electronically in the annual general meeting are required to deliver written notice to Sun International Limited at 4th Floor, 27 Fredman Drive, Sandown, Sandton, Gauteng, Republic of South Africa (marked for the attention of CA Reddiar, Company Secretary) by no later than 19 November 2012 indicating that they wish to participate via electronic communication at the annual general meeting (the 'Electronic Notice').

In order for the Electronic Notice to be valid it must contain: (a) if the shareholder is an individual, a certified copy of his identity document and/or passport; (b) if the shareholder is not an individual, a certified copy of a resolution or letter of representation by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution. The authority resolution must set out who from the relevant entity is authorised to represent the entity at the annual general meeting via electronic communication; (c) a valid email address and/or facsimile number (the contact address/number); and (d) if the shareholder wishes to vote via electronic communication, set out that the shareholder wishes to vote via electronic communication.

By no later than 24 (twenty four) hours before the annual general meeting Sun International shall use its reasonable endeavours to notify a shareholder at its contact address/number who has delivered a valid Electronic Notice of the relevant details through which the shareholder can participate via electronic communication. Should you wish to participate in the annual general meeting by way of electronic communication as aforesaid, you, or your proxy, will be required to dial-in on the date of the annual general meeting. The dial-in facility will be linked to the venue at which the annual general meeting will take place on the date of, and from the time of commencement of, the annual general meeting.

ANNEXURE TO SPECIAL RESOLUTION NUMBER 5: SALIENT FEATURES OF SUN INTERNATIONAL LIMITED'S MOI

The content of the proposed MOI is based substantively on the existing memorandum of incorporation and the amendments proposed emanate from alignment of the company's constitutional documents with the provisions of the Companies Act.

The significant salient features of the MOI to be approved are summarised as follows:

- the board shall not have the power to increase or decrease the number of authorised shares of any class of the shares; reclassify any classified shares that have been authorised but not issued; classify any unclassified shares that have been authorised but not issued; or to determine the preferences, rights, limitations or other terms of any shares. These powers are only capable of being exercised by the shareholders;
- the company shall not pay commission exceeding 10% to any person in consideration for their subscribing or agreeing to subscribe, whether absolutely or conditionally, for any securities of the company;
- the board will have the authority to approve the issuing of any authorised shares as capitalisation shares; or have the power and the authority to resolve to permit the shareholders to elect to receive a cash payment in lieu of a capitalisation share; the board shall have the power or authority to issue shares of one class as capitalisation shares in respect of the shares of another class;
- the board may not resolve to offer a cash payment in lieu of awarding a capitalisation share unless the board has complied with the following requirements: the solvency and liquidity test as required by section 46 of the Companies Act on the assumption that every such shareholder would elect to receive cash; and the board is satisfied that the company would satisfy the solvency and liquidity test immediately upon the completion of the distribution;
- subject to the provisions of section 48 of the Companies Act and the JSE listings requirements, the board may determine that the company will acquire a number of its own shares and that the board of a subsidiary of the company may determine that it will acquire shares of the holding company so long as the it does not amount to more than 10%, in aggregate, of the number of issued shares of the company and no voting rights attached to the shares may be exercised whilst the shares are held by the subsidiary, and it remains a subsidiary of the company whose shares it holds;
- the board may authorise the company to issue secured or unsecured debt instruments as set out in section 43(2) of the Companies Act provided that the board shall not be entitled to issue any debt instrument which grants the holder thereof any special rights or privileges regarding attending and voting at general meetings and the appointment of directors. The debt instrument may not confer on its holder any right to receive any shares or other securities of the company (whether by way of redemption or substitution of the debt instrument) without the approval of an ordinary resolution. The authority of the board to authorise the company to issue secured or unsecured debt instruments, as set out in section 43(2), is accordingly limited or restricted by the MOI;
- securities issued by the company may be held by, and registered in the name of, one person for the beneficial interest of another person;
- the MOI does not limit or restrict the authority of the company to conduct a shareholders meeting entirely by means of electronic communication or to provide for participation in a shareholders meeting by means of electronic communication;
- at any meeting of shareholders, a shareholder may vote by means of a poll or by show of hands. If voting is by a show of hands, any person who is present at the meeting, whether as a shareholder or as a proxy for a shareholder and entitled to exercising voting rights has one vote, irrespective of the number of voting rights that person would otherwise be entitled to exercise. If voting on a particular matter is by polling, any person who is present at the meeting, whether as a shareholder or as proxy for a shareholder, has the number of votes determined in accordance with the voting rights associated with the securities held by that shareholder;
- the borrowing powers of the company shall be exercised by the directors who may from time to time, at their discretion raise or borrow for the purposes of the company such sums as they think fit; secure payment or repayment of any such sums or any other sum, as they think fit, whether by the creation and issue of debt instruments (whether secured or unsecured), mortgage or charge upon all or any

of the property or assets of the company; or make such regulations regarding the transfer of debt instruments, the issue of certificates therefor and all such other matters incidental to debt instruments as the directors think fit. The boards powers are unlimited in this regard;

- the board may declare any distributions and the directors may from time to time declare and pay to the shareholders such interim and final distributions as the directors considered to be justified in the circumstances; the directors may also pay the fixed distributions payable on any share of the company bearing a fixed distribution half-yearly or on fixed dates, as the directors may deem fit; unless otherwise determined by the board;
- any monies payable to shareholders which are not claimed, may be retained by the company and held in trust indefinitely and may, while so retained be invested as the board may deem fit until claimed or until such shareholder's claim prescribes;
- any distributions may be paid wholly or in part by the distribution of specific assets; or by the issue of paid-up shares, debt instruments or other securities of the company or of any other company; or in cash, or in any other way which the directors or the shareholders in shareholders meeting may at the time of declaring the distributions determine; where any difficulty arises in regard to such distributions, the directors may settle that difficulty as they think expedient and, in particular, may fix the value which shall be placed on such specific assets on distribution; the directors may: determine that cash payments shall be made to any shareholder on the basis of the value so fixed in order to secure equality of distribution; vest any such assets in trustees upon such trusts for the benefit of the persons entitled to the distributions as the directors deem expedient; not determine that capital shall be repaid on the basis that it may be called up again.

A copy of the complete MOI, together with a copy of the existing MOI is available on the company's website and can be accessed online via the following link **www.siml.co.za/MOI**. Copies are also available at the company's registered office.

By order of the Board

CA Reddiar
Company Secretary

17 October 2012

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 2001, Gauteng,
Republic of South Africa

SHAREHOLDERS' DIARY

SUN INTERNATIONAL LIMITED ANNUAL GENERAL MEETING:

Friday, 23 November 2012 – 09:00

Executive Boardroom, 4th Floor, 27 Fredman Drive, Sandown, Sandton, Gauteng, Republic of South Africa

Reports/Activity	2013
Announcement of interim results and interim dividend for half year ending 31 December 2012	February
Quarterly business update – results for 9 months to 31 March 2013	May
Financial year end	30 June
Announcement of reviewed annual results and final dividend for the year ending 30 June 2013	August
Quarterly business update – results for 3 months to 30 September 2013	November
2013 annual report published	October/November
Annual general meeting	November

FORM OF PROXY

SUN INTERNATIONAL LIMITED
(Incorporated in South Africa)
(Registration number 1967/007528/06)
JSE Share code: SUI ISIN: ZAE000097580
('Sun International' or 'the company')

FORM OF PROXY – SUN INTERNATIONAL LIMITED ANNUAL GENERAL MEETING

For use by certificated shareholders or own name dematerialised shareholders at the twenty eighth annual general meeting of shareholders of Sun International Limited to be held in the boardroom, 4th Floor, 27 Fredman Drive, Sandown, Sandton, Gauteng, South Africa, on Friday, 23 November 2012 at 09:00.

This form of proxy is not to be used by beneficial owners of shares who have dematerialised their shares ('dematerialised shares') through a Central Securities Depository Participant ('CSDP') or broker, as the case may be, unless you are recorded on the sub-register as an own name dematerialised shareholder. Generally, you will not be an own name dematerialised shareholder unless you have specifically requested your CSDP to record you as the holder of the shares in your own name in the company's sub-register.

This form of proxy is only for use by certificated, own name dematerialised shareholders and CSDPs or brokers (or their nominees) registered in the company's sub-register as the holder of dematerialised shares.

Each shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy (who need not also be a shareholder of the company) to attend, participate in and speak and vote in place of that shareholder at the annual general meeting, and at any adjournment thereafter.

Please note the following:

- the appointment of your proxy may be suspended at any time to the extent that you choose to act directly and in person in the exercise of your rights as a shareholder at the annual general meeting;
- the appointment of the proxy is revocable; and
- you may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy, and to the company.

Any shareholder of the company that itself is a company may authorise any person to act as its representative at the annual general meeting. Section 63(1) of the Companies Act requires that persons wishing to participate in the annual general meeting (including the aforementioned representative) must provide satisfactory identification before they may so participate.

Note that voting will be performed by way of a poll and, accordingly, any person who is present at the annual general meeting, whether as a shareholder or as proxy for a shareholder, shall have the number of votes determined in accordance with the voting rights associated with the Sun International Limited ordinary shares held by that shareholder.

I/We (FULL NAMES IN BLOCK LETTERS)

of (address)

Telephone work: (area code) Telephone home: (area code)

Fax: (area code) Cell Number:

being the holder(s) of ordinary shares in Sun International Limited

hereby appoint (refer note 1)

1. or failing him/her;

2. or failing him/her;

3. the chairman of the annual general meeting

as my/our proxy to attend, participate in and speak and vote at the annual general meeting in my/our place and on my/our behalf at the Sun International Limited annual general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at any adjournment thereof and to vote for or against such resolutions or to abstain from voting in respect of the shares in the issued capital of the company registered in my/our name/s, in accordance with the instructions set out below (refer to note 2):

my/our proxy:

- may delegate to another person his/her authority to act on my/our behalf at the Sun International Limited annual general meeting, provided that my/our proxy may only delegate his/her authority to act on my/our behalf at the annual general meeting to a director of the company;
- must provide written notification to the transfer secretaries of the company, namely Computershare Investor Services Proprietary Limited, of the delegation by my/our proxy of his/her authority to act on my/our behalf at the Sun International Limited annual general meeting by no later than 09:00 on 22 November 2012. Alternatively, the written notification must be handed to the chairman of the annual general meeting at any time prior to the commencement of the annual general meeting to be held at 09:00 on 23 November 2012; and
- must provide to his/her delegate a copy of his/her authority to delegate his/her authority act on my/our behalf at the annual general meeting.

	Number of ordinary shares		
Resolution reference	For	Against	Abstain
Ordinary resolution number 1 – election of director – Mr G Collins			
Ordinary resolution number 2 – re-election of directors			
2.1 Ms ZBM Bassa			
2.2 Dr NN Gwagwa			
2.3 Ms LM Mojela			
Ordinary resolution number 3 – election of audit committee members			
3.1 Ms ZBM Bassa			
3.2 Mr PL Campher			
3.3 Ms B Modise			
3.4 Mr GR Rosenthal			
Ordinary resolution number 4 – endorsement of remuneration policy			
Ordinary resolution number 5 – re-appointment of independent external auditors			
Special resolution number 1 – approval of non-executive directors annual fee increase			
Special resolution number 2 – approval of non-executive directors fees in addition to scheduled meetings			
Special resolution number 3 – financial assistance to related or inter-related company			
Special resolution number 4 – general authority to repurchase shares			
Special resolution number 5 – adoption of memorandum of incorporation			
Ordinary resolution number 6 – authority for directors or company secretary to implement resolutions			

Insert an 'X' in the relevant spaces above according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of shares than you own in the company, instead of an 'X' insert the number of shares held in respect of which you desire to vote (see note 3).

Signed this day of 2012

Signature of member(s) (authority of signatory to be attached if applicable – see note 6)

Assisted by me (where applicable – see note 9)

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

A shareholder entitled to attend and vote at the annual general meeting may appoint one or more persons as his/her proxy to attend, speak or vote in his/her stead at the annual general meeting.

A proxy need not be a shareholder of the company.

On a poll, every Sun International shareholder shall have for each share held by him/her that proportion of the total votes in the company which the aggregate amount of the nominal value of that share held by him/her bears to the aggregate amount of the nominal value of all the shares issued by the company.

Notes:

1. A shareholder may appoint and insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided overleaf, with or without deleting 'the chairman of the annual general meeting'. The proxy or proxies need not be shareholder(s) of the company. The person whose name stands first on this form of proxy and who is present at the annual general meeting will be entitled to act as a proxy to the exclusion of those whose names follow.
2. If no proxy is inserted in the spaces provided, then the chairman shall be deemed to be appointed as the proxy to vote or abstain as the chairman deems fit.
3. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box provided. If there is no clear indication as to the voting instructions to the proxy, this form of proxy will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat.
4. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.
5. Completed forms of proxy must be lodged at the registered office of the company, 27 Fredman Drive, Sandown, Sandton, Gauteng, South Africa or posted to the Company Secretary, PO Box 782121, Sandton 2146, or lodged with or posted to the transfer secretaries, Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown 2107, South Africa) so as to be received by no later than **09:00 on Thursday, 22 November 2012**. Alternatively, the form of proxy must be handed to the chairman of the annual general meeting at the general meeting at any time prior to the commencement of the annual general meeting to be held at **09:00 on Friday, 23 November 2012**.
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company secretary or waived by the chairman of the annual general meeting if the chairman is reasonably satisfied that the right of the representative to participate and vote has been reasonably verified. CSDPs or brokers registered in the company's sub-register voting on instructions from beneficial owners of shares registered in the company's sub-register, are requested that they identify the beneficial owner in the sub-register on whose behalf they are voting and return a copy of the instruction from such owner to the company secretary or to the transfer secretaries, Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown 2107, South Africa), together with this form of proxy.
7. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
8. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies, but any such alteration or correction will only be validly made if it is accepted by the chairman.
9. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company secretary.
10. If the instrument appointing the proxy or proxies has been delivered to the company, any notice that is required by the Companies Act or the company's Memorandum of Incorporation to be delivered by the company to the shareholder must (for so long as the proxy or proxies appointment remains in effect) be delivered by the company to: (i) the shareholder or (ii) the proxy or proxies, if the shareholder has directed the company to do so, in writing and paid any reasonable fee charged by the company for doing so.
11. The authority of a person signing the form of proxy in a representative capacity must be attached to the form of proxy unless that authority has already been recorded by the company's transfer secretaries, alternatively waived by the chairman of the annual general meeting.

ELECTION FORM

SUN INTERNATIONAL LIMITED

(Incorporated in South Africa)
(Registration number 1967/007528/06)
JSE share code: SUI
ISIN: ZAE000097580
('Sun International' or 'the company')

To:
The Directors
Sun International Limited

I/We, the undersigned

(please print)

reference number:

(if available, please provide the reference number listed on the envelope that your integrated annual report arrived in)

of address

Being the registered holder(s) of:

ordinary shares in the capital of the company

do hereby elect to receive any documents or notices from Sun International, by electronic communication, to the extent that the company is permitted to so distribute any notices, documents, records or statements in terms of the Companies Act, No 71 of 2008, as amended, and any and every other statute, ordinance, regulation or rule in force from time to time, including the JSE Listings Requirements, concerning companies and affecting Sun International.

I/We hereby furnish the following email address for such electronic communication:

Email address:

Any written amendment or withdrawal of any such notice of consent by me/us, shall only take effect if signed by me/us and received by the company.

Signed at on 2012

Signature

Assisted by me (where applicable)

Please complete, detach and return this election form to Sun International's transfer secretaries, Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown 2107) or by telefax to +27 (11) 370 5271

ADMINISTRATION

SUN INTERNATIONAL LIMITED
Incorporated in the Republic of South Africa
Registration number: 1967/007528/06
JSE Share Code: SUI
ISIN: ZAE000097580

Registered office:
27 Fredman Drive, Sandown, Sandton 2196
Gauteng, Republic of South Africa
Telephone (+27) 11 780 7000,
Telefax (+27) 11 780 7716
website: www.suninternational.com

Postal address:
P O Box 782121, Sandton 2146, Republic of South Africa

Company secretary:
CA Reddiar
Telephone (+27) 11 780 7762
Telefax (+27) 11 780 7716

Public officer:
RP Becker

Central reservations and national sales:
Telephone (+27) 11 780 7000
Email: crobook@za.suninternational.com
natsales@za.suninternational.com

Investor relations:
Telephone (+27) 11 780 7762
Email: investor.relations@za.suninternational.com

Auditors:
PricewaterhouseCoopers Inc.

Principal bankers:
ABSA Bank Limited
Nedbank Limited
The Rand Merchant Bank division of FirstRand Bank Limited
The Standard Bank of South Africa Limited

Sponsor:
Investec Bank Limited

Transfer secretaries:
Computershare Investor Services Proprietary Limited
70 Marshall Street, Johannesburg 2001,
Gauteng, Republic of South Africa
P O Box 61051, Marshalltown 2107, Republic of South Africa
Telephone (+27) 11 370 5000
Telefax (+27) 11 370 5271
Email: web.queries@computershare.co.za

ADR depositary:
New York
BNY Brokerage, Inc., 101 Barclay St. - Fl. 12W, New York,
NY, 10286, USA
Telephone (+1) 800 255 828

Johannesburg
Lauren Czepek, representative
Telephone (+27) 11 217 7162
Email: lauren.czepek@buymellon.com

FORWARD LOOKING STATEMENTS

This report may contain certain forward looking statements which cannot be construed as either reported financial results nor other historical information. Such statements may include predictions of or indicate future earnings, objectives, savings, events, trends or plans based on current expectations, forecasts and assumptions.

As with any forward looking statement, prediction or forecast, there are inherently unexpected events which could cause uncertainty and unexpected changes which have not, and could not, be accounted for.

Whilst the company has made every effort to accurately and reasonably ensure the accuracy and completeness of the information contained within this report, any forward looking statements speak only as at the date that they are made, the actual results may vary materially from those expressed or implied, and the company undertakes no obligation to publically update or alter these or to release revisions after the date of publication of this report.

STUDIO 5

www.suninternational.com

27 FREDMAN DRIVE, SANDOWN SANDTON 2196, REPUBLIC OF SOUTH AFRICA
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