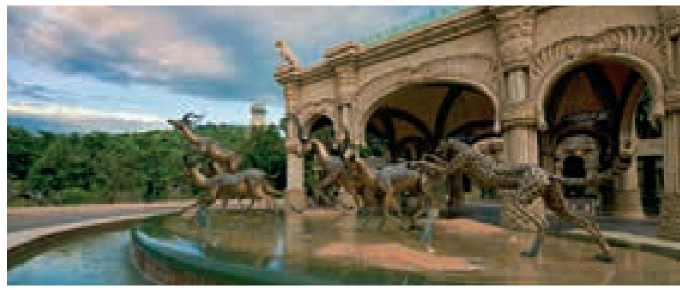
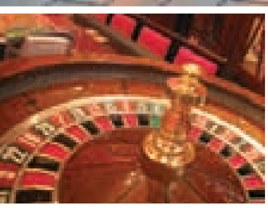
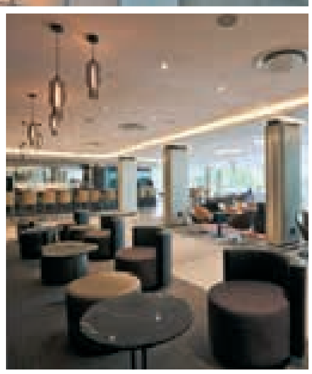
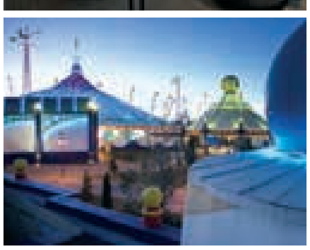



INTEGRATED ANNUAL REPORT 2013

Sun International

A Million Thrills. One Destination.

ABOUT THIS *report*

We are pleased to present to stakeholders the Sun International Group's Integrated Annual Report for the year ended 30 June 2013. The objective of this report is to provide stakeholders with an appropriately balanced view of the Group's strategy, performance, sustainability and governance, to inform their decision-making on the Group's ability to continue creating value over the short, medium and long term.

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.

The Integrated Annual Report is prepared in accordance with the JSE Limited Listings Requirements and the South African Companies Act, No. 71 of 2008. A register of our application of the King III governance principles is available on our online Integrated Annual Report. Financial information presented in this report follows International Financial Reporting Standards (IFRS). This report satisfies the requirements of the Global Reporting Initiative (GRI) G3 guidelines at a B+ level.

This year we took into consideration the International Integrated Reporting Council's Consultation Draft of the International Integrated Reporting Framework in preparing this report. We support the framework's guiding principles, and will continue to consider these and other local and international best reporting practice in the preparation of future reports.

This report contains certain forward-looking statements which reflect the Group's assumptions and expectations going forward. Stakeholders are advised not to place undue reliance on these statements, as they are subject to change in accordance with macroeconomic or operational developments.

As an international leisure group, we contribute directly to the economies of the countries in which we operate. This contribution includes investments and the paying of rates, taxes, levies, fees, as well as salaries, wages and local procurement. We also contribute at a local level through training and development programmes for our employees, and provide benefits that positively impact their families and communities. Our awareness of our responsibilities to all our stakeholders finds expression not only in our business performance and the application of our business ethics but also in our efforts to help create sustainable societies around us.

We have continued to make good progress in embedding sustainability and governance-related reporting systems and processes in our international operations; however, not all properties outside South Africa are covered equally comprehensively. Improving systems and processes in our international operations will continue to be emphasised given our refocused international strategy.

The Chief Executive and Management report, which runs from page 18 to 53, presents financial, operational and sustainability-related information in the context of the Group's strategy. This year we have structured the management report according to the Group's five strategic focus areas, which reflect the board and management's thinking on how best to manage the business. This section also introduces Q&As with some members of the executive management team, who take over the narrative from the Chief Executive on issues most material to the Group and its stakeholders, for which they have management responsibility.

Given this commitment to providing stakeholders with more focused, concise and meaningful reporting, we have again made greater use of our online Integrated Annual Report. Information available online only is indicated in the contents page opposite. Notably, this year we have only provided Group financial statements in this report, with the Company financial statements available online. We welcome stakeholders' feedback on our reporting, which can be sent to

investor.relations@suninternational.com

HOW TO READ OUR INTEGRATED REPORT:

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.

CONTENTS

Overview

About this report .... ifc
Highlights and salient features 02
The Sun International journey 04
Group portfolio 06
Vision, mission and strategic intent 10
Directorate 12

Chairman's report

Chairman's report 14

Chief Executive and Management report

Introduction 18
Financial overview 20
Our approach to our business 26
Strategic focus areas:
- Improve our existing operations and guest experience 28
- Protect and leverage our existing asset portfolio 34
- Grow our business into new areas and products 38
- Our people 42
- Governance and sustainability 46

Outlook 52

Governance

Corporate governance review 54
Remuneration report 64
Report of the social and ethics committee 78
Shareholders' analysis 80

Annual financial statements

Sun International Group 82

Shareholder information

Shareholder information 142

Supporting content online

In addition to the content of this report, our online Integrated Annual Report for 2013 contains supporting content and disclosures for the reporting period.

The information detailed below can be found in the respective sections of our online Integrated Annual Report, available at *http://ir.suninternational.com*

Key statistics
– Casino
– Rooms
Seven year financial review

Gaming industry overview
Most Valued Guest loyalty programme
Customer management
Information technology

Occupational health and safety
Human resources
Transformation

Environment report
Social and economic development projects

Corporate governance report
King III application register
Independent assurance sustainability statement
Global Reporting Initiative table
Board and committee charters
– Board
– Remuneration committee
– Social and ethics committee
– Nomination committee
– Risk committee
– Investment committee
– Audit committee

Sun International Company

Highlights and salient features

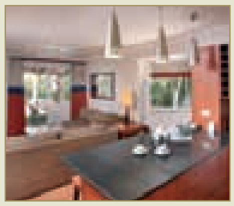
R million	*2013*	*2012*	*2011*	*2010*	*2009*
TRADING					
Revenue	**10 267**	9 494	8 651	7 797	7 915
Gaming	**8 195**	7 645	6 981	6 212	6 234
Rooms	**957**	838	744	757	809
Food and beverage and other	**1 115**	1 011	926	828	872
Revenue (US$ million)	**1 031**	954	869	783	795
EBITDA	**2 936**	2 642	2 555	2 533	2 746
EBITDA (US$ million)	**295**	265	257	254	276
EBITDA margin (%)	**28.6%**	27.8%	29.5%	32.5%	34.7%
Non-South African share of EBITDA (%)	**17%**	14%	11%	8%	6%
Adjusted headline earnings	**740**	616	512	506	600
ORDINARY SHARE PERFORMANCE					
Diluted adjusted headline earnings per share (cents)	**715**	606	504	501	618
Dividends per share (cents)	**265**	240	200	100	–
Share price at 30 June (R)	**95.61**	89.35	91.60	82.50	76.34
Market capitalisation at 30 June	**9 903**	9 197	9 210	8 295	7 579
Market capitalisation at 30 June (US$ million)	**995**	924	925	833	761
CASH FLOW, BORROWINGS AND FINANCIAL RATIOS					
Free cash flow	**1 258**	1 147	990	672	825
Borrowings (excl. employee share trusts)	**6 431**	6 449	5 695	6 065	6 359
Borrowings to EBITDA	**2.2**	2.4	2.2	2.4	2.3
EBITDA to interest	**6.4**	5.4	5.4	4.7	4.0
INVESTING ACTIVITIES					
Capital expenditure					
Expansion	**557**	586	201	354	984
Replacement	**711**	514	695	677	492
Acquisitions of minority interests	**73**	817	–	34	22
New business acquisitions	**–**	–	–	56	189
TAXES PAID					
Levies and VAT on casino revenues	**1 917**	1 774	1 583	1 364	1 353
Corporate taxes	**497**	502	521	452	622
Employees' taxes	**308**	271	246	210	217
EMPLOYEES AND TRANSFORMATION					
Number of employees	**11 049**	10 866	10 897	10 738	10 005
Black employees (%)	**86.0%**	85.0%	84.2%	83.5%	82.5%
Black employee representation in senior management (%)	**43.4%**	42.7%	42.5%	35.6%	31.1%
Employee remuneration	**1 902**	1 799	1 522	1 387	1 266
B-BBEE score	**88.8**	90.1	84.5	72.3	69.2

US$ translated at the 30 June 2013 exchange rate of US$1: R9.96

LEVERAGE EXISTING ASSETS

Applied to move
Morula
licence

Self-funding
redevelopment plans for
Sun City



GROWTH

New gaming
opportunities secured
in Panama
and Colombia

Opened
Boardwalk
and Maslow
hotels on time and
within budget

PEOPLE

Revised our performance management process to align it more directly to the strategic focus areas, the deliverables of which have been cascaded down into the business and linked to specific roles

Number of black employees
86%

BLACK OWNERSHIP AT 33%

GOVERNANCE AND SUSTAINABILITY

EARTHGLOW

Launched EarthGlow, which integrates Sun International's social and environmental initiatives

Level 2 B-BBEE contributor status maintained

Sun International was re-included on the JSE SRI index in November 2012

SOME OF OUR AWARDS

Zambia Environmental Management Agency
The Green Award 2013

Travel + Leisure – World's Best Awards ★★★★

Tripadvisor Certificate of Excellence
The Royal Livingstone Hotel
The Zambezi Sun

Federal Palace Hotel and Casino
Best casino in Nigeria
2013 certificate of excellence winner

Boardwalk
Diamond Awards for conference/convention centres and for casino and entertainment centres

Sun City Palace
Traveller's Choice winner 2013 for Tripadvisor

the SUN INTERNATIONAL *journey*

1966

Royal Swazi

1969

Maseru Sun

1970

LUGOGO SUN

1974

Ezulwini Sun

1979

1999

Carnival City

2000

GRANDWEST

BOARDWALK

2001

Zambezi Sun and **Royal Livingstone**

2002

Opened **Meropa Casino** Leisure and Entertainment World during March 2002. Opened **Flamingo** during March 2002

2004

Sibaya Casino

2005

Windmill

2006

Golden Valley

1981

Wild Coast Sun

1983

Sun International listed on the Johannesburg Stock Exchange

1984

Cascades Hotel

Lesotho Sun

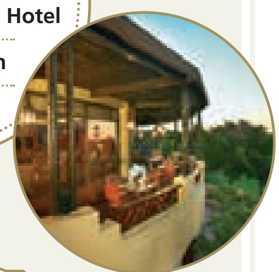
Gaborone Sun

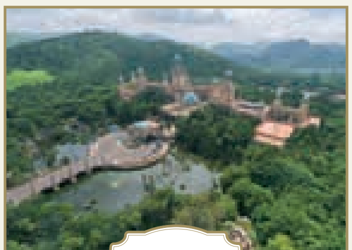
’89

Morula Casino and Hotel

Fish River Sun

Naledi Sun





1990

Acquired Windhoek’s most luxurious hotel which was rebranded under the Sun International brand and became the **Kalahari Sands Hotel**

1997

The Table Bay

1994

The Palace of the Lost City

opened on the 1st of December, coinciding with the Miss World pageant

1991

Carousel

2008

Monticello

2009

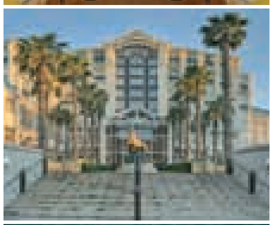
Refurbished **Federal Palace** opened

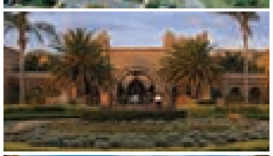
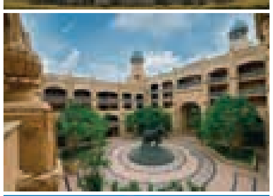
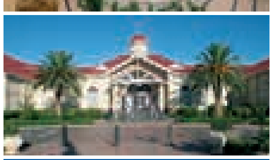
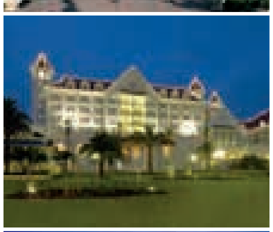
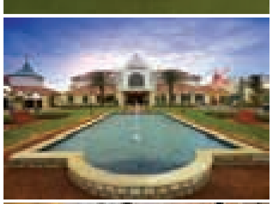
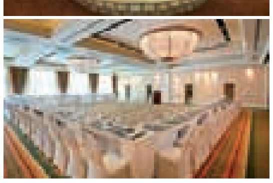
today

Boardwalk Hotel opened in December 2012 and **Maslow** opened in January 2013

Group portfolio

South African businesses

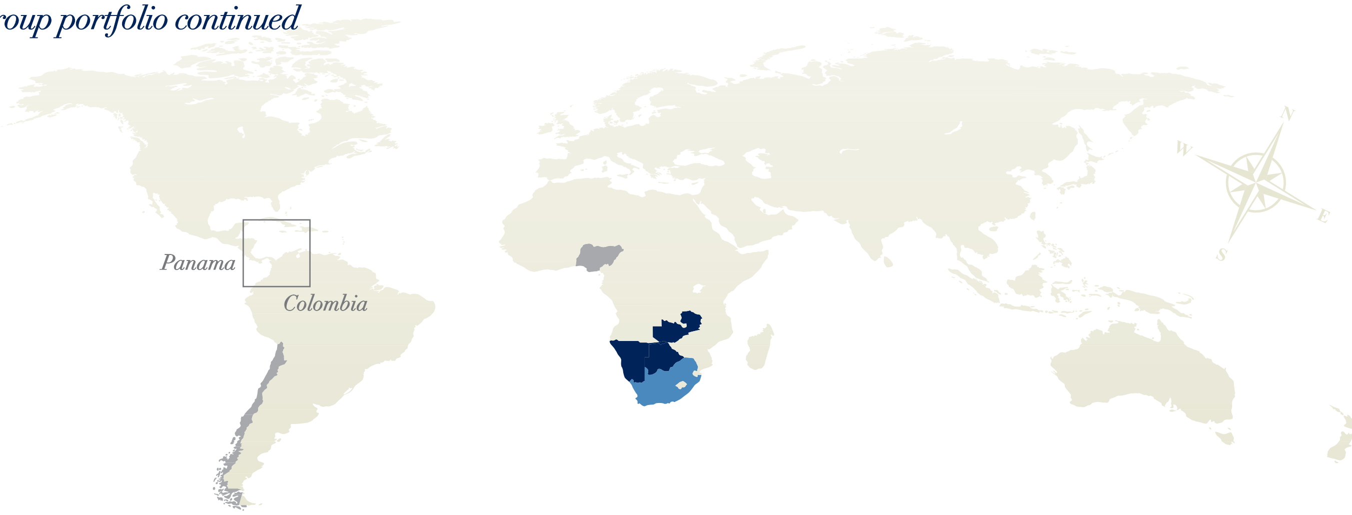







	Economic interest	No of rooms	No of slots	No of tables
Gauteng		459	2 268	71
Carnival City	92%	105	1 758	59
Morula	100%	73	510	12
Maslow	100%	281	–	–
Western Cape		466	2 744	81
GrandWest	71%	39	2 524	75
Table Bay	71%	329	–	–
Worcester	69%	98	220	6
KwaZulu-Natal		154	1 212	48
Sibaya	61%	154	1 212	48
Limpopo		–	402	17
Meropa	68%	–	402	17
North West		1 392	1 238	50
Sun City	100%	1 301	548	31
Carousel	100%	91	690	19
Northern Cape		–	288	11
Flamingo	74%	–	288	11
Eastern Cape		604	1 391	41
Boardwalk	80%	126	941	25
Fish River	80%	82	–	–
Wild Coast Sun	70%	396	450	16
Free State		30	497	18
Windmill	70%	–	347	18
Naledi Sun	100%	30	150	–
Management activities (excluding intergroup)				
Sun International Management Limited	100%			
Manco	50% – 83%			
Total		**3 105**	**10 040**	**337**

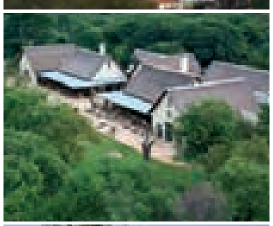
* *There are four licences in Mpumalanga, which brings the total licences to 40 for the country*

	GAMING MARKET SHARE		NUMBER OF GAMING LICENCES		GROUP CONTRIBUTION REVENUE		GROUP CONTRIBUTION EBITDA	
	2013	2012	Sun International	Total	2013	2012	2013	2012
	19.0%	20.2%	♣♣	7	*13%*	*13%*	*12%*	*13%*
	15.5%	16.2%	1		10%	11%	11%	11%
	3.5%	4.0%	1		3%	2%	1%	2%
					–	–	–	–
	83.4%	83.8%	♣♣	5	*21%*	*22%*	*29%*	*29%*
	78.1%	78.1%	1		18%	19%	27%	28%
					2%	2%	1%	–
	5.3%	5.7%	1		1%	1%	1%	1%
	35.3%	35.7%	♣	5	*10%*	*10%*	*12%*	*13%*
	35.3%	35.7%	1		10%	10%	12%	13%
	80.1%	79.9%	♣	3	*3%*	*3%*	*4%*	*4%*
	80.1%	79.9%	1		3%	3%	4%	4%
	80.5%	80.4%	♣♣	4	*16%*	*16%*	*8%*	*7%*
	47.0%	47.0%	1		13%	13%	6%	5%
	33.5%	33.4%	1		3%	3%	2%	2%
	84,4%	85,1%	♣	3	*1%*	*2%*	*1%*	*2%*
	84.4%	85.1%	1		1%	2%	1%	2%
	70.7%	70.8%	♣♣	5	*9%*	*8%*	*7%*	*6%*
	26.4%	25.3%	1		5%	5%	5%	6%
					–	–	–	-1%
	44.3%	45.5%	1		4%	3%	2%	1%
	59.8%	55.9%	♣♣	4	*3%*	*3%*	*3%*	*3%*
	55.1%	54.9%	1		3%	3%	3%	3%
	4.7%	5.0%	1		–	–	–	–
					–	*1%*	*7%*	*9%*
					–	1%	6%	8%
					–	–	1%	1%
	41.7%	**42.6%**	**13**	**36***	**76%**	**78%**	**83%**	**86%**

Group portfolio continued

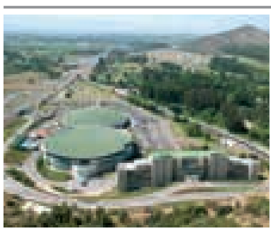


Other African businesses

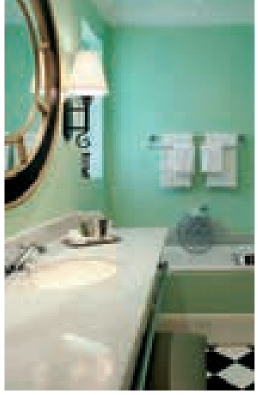

	Economic interest	No of rooms	No of slots	No of tables
Botswana Gaborone Sun	80%	196	320	10
Lesotho Lesotho Sun and Maseru Sun	47%	263	121	8
Namibia Kalahari Sands	100%	173	132	10
Swaziland Royal Swazi and Ezulwini Sun	51%	351	152	11
Zambia The Royal Livingstone and Zambezi Sun	100%	385	–	–
Nigeria Federal Palace	49%	146	142	8
Total		**1 514**	**867**	**47**

International



	Economic interest	No of rooms	No of slots	No of tables
Latam				
Chile – Monticello**	44%	155	1 982	82
Panama****			600	32
Colombia****			310	16
Total		**155**	**2 892**	**130**

** The gaming licences and market share is for the Santiago Metropolitan Region
*** No information is available
**** Panama and Colombia casinos are expected to open in 2014
# Only legally operating casino in the country

	GAMING MARKET SHARE		NUMBER OF GAMING LICENCES		GROUP CONTRIBUTION: REVENUE		GROUP CONTRIBUTION: EBITDA	
	2013	2012	Sun International	Total	2013	2012	2013	2012
	46.5%	45.9%	♣♣♣♣	12	2%	2%	2%	2%
	100.0%#	100.0%#	♣	1	1%	1%	1%	1%
	54.0%	54.0%	♣	4	1%	1%	1%	–
	***	***	♣	2	1%	1%	–	–
	–	–	–	– ***	2%	2%	1%	1%
			♣	1#	2%	2%	1%	–
			8	**20**	**9%**	**9%**	**6%**	**4%**

	GAMING MARKET SHARE		NUMBER OF GAMING LICENCES		GROUP CONTRIBUTION: REVENUE		GROUP CONTRIBUTION: EBITDA	
	2013	2012	Sun International	Total	2013	2012	2013	2012
	66.9%	69.1%	1	2	15%	13%	11%	10%
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
			1	**2**	**15%**	**13%**	**11%**	**10%**

Vision

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

OUR 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, Latin America and other international markets where we have a competitive advantage.

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

Mission statement

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

Directorate

Sun International Limited board

EXECUTIVE DIRECTORS

GE (Graeme) STEPHENS (50)
Chief Executive
BCom, HDip Acc, CA(SA)

Graeme was appointed as Chief Executive and an executive director of the board with effect from 1 February 2013. Graeme joined the Company as New Business Development director in October 2011, having spent seven years with Kerzner International as the Senior Vice President of Project Development.

R

AM (Anthony) LEEMING (43)
Chief Financial Officer
BCom, BAcc, CA(SA)

Anthony was appointed as the Chief Financial Officer and an executive director of the board with effect from 1 March 2013. Anthony joined the Group in 1999 as Group Financial Manager and went on to become the Group's corporate and SIML finance director in 2009.

R IT

KH (Kele) MAZWAI (44)
Director: Group Human Resources
BBus Admin, BCom, BCom (Hons), MBA

Kele was appointed to the board with effect from 1 September 2011. Kele joined Sun International in 2008 and has 20 years' experience in human resources management.

R

NON-EXECUTIVE DIRECTORS

MV (Valli) MOOSA (56)
Chairman
BSc (Mathematics, Physics)

Valli was appointed to the board in 2005 and as board Chairman on 1 July 2009.

REM N SE

DR NN (Lulu) GWAGWA (54)
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.

R

A	Audit committee	R	Risk committee
INV	Investment committee	REM	Remuneration committee
IT	IT governance committee	SE	Social and ethics committee
N	Nomination committee		

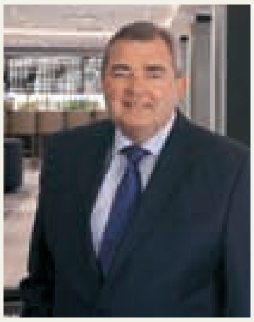
For full CVs of our board of directors visit http://ir.suninternational.com/1/

INDEPENDENT NON-EXECUTIVE DIRECTORS

IN (Nigel) MATTHEWS (68)
Lead Independent Director
MA (Oxon), MBA

Nigel was appointed to the board in 1996 and as Lead Independent Director with effect from 1 July 2009.

INV N R REM



PDS (Peter) BACON (67)
National Diploma in Hotel Keeping and Catering, Stanford Executive Programme.

Peter was appointed as an independent non-executive director of the Company with effect from 1 February 2013. Peter has over 35 years' experience in the hospitality, resorts and gaming industry.

R

ZBM (Zarina) BASSA (49)
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.

A INV REM

PL (Leon) CAMPHER (65)
BEcon

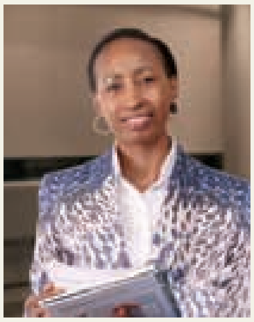
Appointed to the board in 2002, Leon has extensive experience in investment management.

A INV N REM SE

BLM (Tumi) MAKGABO-FISKERSTRAND (39)

Appointed to the board in 2010, Tumi is founder of AfricaWorldwide Media.

SE



B (Bridgette) MODISE (46)
CIMA, BCompt (Hons), CA(SA)

Bridgette was appointed to the board in September 2011. Bridgette is the founder and non-executive chairperson of investment holding company, Kutira Capital.

A

LM (Louisa) MOJELA (57)
BCom

Appointed to the board in 2004, Louisa is group Chief Executive of WIPHOLD of which she is a founder member.

INV N

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.

A R SE

Chairman's report

MV (Valli) Moosa

RESPONDING TO MACROECONOMIC REALITIES

I am reasonably pleased with the results achieved by the Group, given that the global economy remained depressed during the year, with growth forecasts being reigned in even for the best-performing emerging economies. The gaming industry is traditionally considered to be counter-cyclical; however, it is apparent that the impact of global recessionary pressure has simply been delayed. With pressure on disposable income and source markets in the developed world being felt across our industry, we have developed a more nuanced understanding of the new realities our business and industry face, and what the Group needs to do going forward.

The Group has done extensive work to refocus its strategy in response to prevailing conditions. In South Africa, we are working to improve operational performance in a market

The Group has done ***extensive work*** *to refocus its strategy in response to* ***prevailing conditions.***

broadly considered to be mature. Internationally, we are looking to the world's emerging market regions for new opportunities, notably Latin America given not only our successful track record there but also its intrinsic growth prospects, governance standards and relative stability as an investment destination. In Africa, we have de-emphasised our past strategy to actively seek and invest in new casino properties given the relatively low return on effort and limited number of suitable opportunities; however, we remain open to large urban-based opportunities on the continent.

MATCHING LEADERSHIP CAPACITY TO STRATEGY

A key activity for the board during the year was matching the expertise and experience of the leadership team to the revised strategy and business imperatives. Following the retirement of Acting Chief Executive Garth Collins and the resignation of Chief Financial Officer Rob Becker early in 2013, the board appointed Graeme Stephens and Anthony Leeming respectively, after patient and careful consideration. We are pleased we were able to make these appointments internally, and we have every confidence that Graeme and Anthony are the right people to take the business forward in the current environment.

The recent appointment of Stuart Wing, an Australian, as Chief Operating Officer brings a more global edge to the business. Stuart's experience in the very competitive Australian and New Zealand gaming industry is especially relevant given the importance of improving performance in our core domestic operations. We are striving to unlock latent potential, particularly in leveraging the Group's hotel and resort assets to grow gaming revenue as well as expanding into new product lines.

The board is also looking to appoint an international director in due course, to bring this relevant perspective to the table; we are resolute that we will not put shareholder funds at risk in markets we do not adequately understand.

SETTING A HIGH STANDARD

Conducting ourselves as a responsible corporate citizen is fundamental to the way we do business. Whereas our track record of transparency, accountability and responsible business conduct is expected within our highly regulated industry in South Africa, we operate to this standard even in other markets which may not have as robust legislation in place.

Under Graeme's leadership the Group has also re-emphasised ethics, setting an uncompromising tone at the highest level. The board approved a corruption policy which takes a zero tolerance approach to any form of bribery or corruption. The policy has been rolled out through the organisation. Notably, in the context of our international strategy, the Group will actively reject any opportunities where it becomes apparent that bribery, corruption or other unethical conduct is expected for a transaction to proceed or licence to be granted.

Although the Group comfortably met the criteria to retain its Level 2 broad-based black economic empowerment contributor status, employment equity remains a tough challenge. For this reason, we have made transformation a key component of our management scorecards. More broadly, we recognise that diversity is fundamental to the Group as it gives us the depth and richness of perspectives and understanding necessary for accessing new markets and supporting the national objectives of the countries in which we operate.

Stakeholder management has improved considerably since the Group adopted a formal stakeholder engagement approach three years ago. Through regular engagement we have identified the top material issues for each stakeholder group, and the board holds management accountable for managing these issues. This approach has also ensured that the board is sufficiently apprised of stakeholder concerns, to inform its strategic decision-making.

The Group's corporate environmental strategy (CES) is gaining momentum. Although it got off to a slow start, our general managers have been active in implementing reduction programmes at unit level, and we look forward to these actions reflecting in actual cost savings and a reduced environmental footprint. Sun International's re-inclusion in the JSE's Socially Responsible Investment (SRI) index is a very positive outcome of these efforts.

Given the substantial investments the Group is making in information technology (IT) and its critical role in achieving our strategic objectives, the board has identified IT governance as a key focus area in the year ahead. We are in the process of recruiting an external IT specialist with gaming experience to chair our IT governance committee and will appoint a non-executive director to the committee.

APPRECIATION

The board extends its appreciation to Garth for ably holding the fort during his tenure as Acting Chief Executive, which gave the organisation the breathing space to think carefully about the kind of leadership needed to take the business forward in the current environment. We would also like to thank Rob for his eight years of dedicated and loyal service to the Group. We wish both Garth and Rob well in their future endeavours.

On behalf of the board, I express our gratitude to all our stakeholders for their continued support and belief in the sustainability of the Sun International Group.

Our people, as always, are the foundation of our success through their strong work ethic, endurance and commitment to service excellence. Without their passion and unwavering commitment to Sun International we would not be able to achieve the results that we have nor would Sun International be the market leader that it is today.

To my board colleagues: our successes are driven by your support and contribution and I thank each one of you for the valuable part you play.

With the refocusing of Sun International's strategy and responsibilities for the new executive leadership and their teams clearly defined, there is a tangible sense of energy and clarity of purpose throughout the organisation. While the Group faces challenges in the domestic and global environment, the board has every confidence in the management team, and is optimistic about the future.


THE
TABLE BAY
Cape Town
The Table Bay Hotel is the ultimate in luxury when looking for Cape Town accommodation

Chief Executive and Management report

Introduction

GE (Graeme) Stephens

Overall, the Group has delivered reasonable results in what has been, and remains, a challenging operating environment, in particular for our core gaming business. After returning a relatively strong performance in the first half of the year, the combination of an increasingly difficult economic environment in South Africa and the ban on smoking in all public places in Chile impacted Group gaming revenue considerably in the second half. The hotel and resort side of the business has, however, shown good growth and the weakening Rand has played a role in increasing the number of foreign visitors to our properties.

A relatively new factor in the South African gaming industry (which currently still represents 80% of our business) is the growth in alternate forms of gaming outside the traditional casinos. To counter this increasing competition for discretionary income, we have an absolutely unique portfolio of properties in which we have invested heavily and which deliver experiences

The executive team has ***critically evaluated our objectives, strategy*** *and priorities and has developed five defined* ***strategic focus*** *areas.*

to our guests that cannot be replicated by these alternative gaming products. We also have a large database of our highly loyal Most Valued Guests built up over decades, which gives us a distinct competitive advantage.

We are still managing to – and should continue to – improve casino revenues, but it is definitely getting tougher to grow aggressively in our relatively mature and saturated local markets. This reality is requiring that we ask ourselves some searching questions, such as:

- Have we got the right management team in place?
- Can we improve the way we operate – to increase revenues or reduce costs?
- What more can we do with our existing asset portfolio?
- Should we divest of any of our existing assets?
- Are there new products/lines of business we should be in?
- Where can we expand outside our existing markets?

During the year the Group made three new executive appointments: myself as Chief Executive, Anthony Leeming replaced Rob Becker as Chief Financial Officer (CFO) and Stuart Wing has joined us in the newly created position of Chief Operating Officer (COO). We have evaluated all senior management positions, restructured the way in which we operate and the responsibilities allocated to each executive/discipline. The team is now settling down and knows what it has to achieve.

We have interrogated and developed the various initiatives now being pursued and grouped them into the following strategic priorities:

- Improve our existing operations and guest experience
- Protect and leverage our existing asset portfolio
- Grow our business into new areas and products
- Our people
- Governance and sustainability

Turning to the financial results for the year to 30 June 2013, I have been extremely fortunate to have Anthony step up as CFO. He has been with Sun International for over 14 years, having joined the Group in 1999 as the Group Financial Manager and he therefore has all the relevant understanding of both the industry and the specific financial complexities of Sun International. He was appointed as a director of Sun International Management Limited on 1 July 2009 with responsibility for the Group's corporate finance and debt funding, and has been integrally involved in all aspects of the Group's financial affairs. His transition into the critical CFO role has been absolutely seamless.

Financial overview

AM (Anthony) Leeming

All debt ratios have improved over the past year with all covenants having been comfortably met.

In the year ended 30 June 2013 the Group achieved growth in revenue, earnings before interest, taxation, depreciation and amortisation (EBITDA) and operating profit. Even with significant investment in expanding our asset base, refurbishing some of our properties and ongoing asset replacement, debt levels declined marginally and the debt to EBITDA ratio improved to 2.2 times.

Diluted adjusted headline earnings per share (HEPS) increased by 18% to 715 cents and the annual gross dividend per share was increased by 10% to 265 cents. This reflected a reduced dividend pay-out of 37% compared to 40% in the previous year. The reduction is in light of the subdued second half trading and the number of expansion projects under consideration.

REVIEW OF THE YEAR

The income statement below includes headline earnings adjustments to reflect a comparable position with the prior year.

R million	*2013*	change	*2012*
Revenue	**10 267**	8.1%	9 494
EBITDA	**2 936**	11.1%	2 642
Depreciation and amortisation	**(851)**	4.0%	(818)
Property and equipment rentals	**(104)**	44.4%	(72)
Profit from operations	**1 981**	13.1%	1 752
Foreign exchange profits	**18**	(48.6%)	35
Net interest paid	**(430)**	5.5%	(455)
Profit before tax	**1 569**	17.8%	1 332
Tax	**(481)**	3.0%	(496)
Profit after tax	**1 088**	30.1%	836
Minorities	**(348)**	58.2%	(220)
Adjusted headline earnings	**740**	20.1%	616

Revenue for the year was 8% ahead of last year at R10.3 billion. After an encouraging start to the financial year, trading slowed with gaming revenue from the South African operations growing by only 3% in the second half compared to 7% in the first half. Revenue growth was further impacted by the introduction of the smoking ban in Chile with effect from 1 March 2013. EBITDA at R2.9 billion was 11% higher than last year, with the EBITDA margin increasing from 27.8% to 28.6%.

The increase in property and equipment rentals represents the rental for the Maslow hotel in Sandton which opened on 7 January 2013.

The continued weakening of the Rand resulted in foreign exchange profits of R18 million being realised compared to R35 million in the prior year. Net interest paid of R430 million was 6% below last year due primarily to lower interest rates.

The tax charge of R481 million declined by 3% due mainly to the abolishment of secondary tax on companies (STC) from 1 April 2012. The effective tax rate, excluding non-deductible preference share dividends, STC and capital gains tax (CGT), was 28% (2012: 29%).

Adjusted headline earnings of R740 million and diluted adjusted headline earnings per share of 715 cents per share were 20% and 18% above last year, respectively. Excluding the impact of foreign currency movements and STC, adjusted headline earnings per share increased by 14%.

SEGMENTAL ANALYSIS

Segmental analysis by region

	Revenue		EBITDA		EBITDA margin (%)	
R million	*2013*	*2012*	*2013*	*2012*	*2013*	*2012*
South Africa	**7 788**	7 298	**2 217**	2 030	**28.5**	27.8
Other Africa	**948**	873	**174**	106	**18.4**	12.1
Latin America (Monticello)	**1 498**	1 270	**318**	262	**21.2**	20.6
Management activities	**610**	590	**244**	260	**40.0**	44.1
Total operating segments	**10 844**	10 031	**2 953**	2 658	**27.2**	26.5
Central office and other eliminations	**(577)**	(537)	**(17)**	(16)	**–**	–
	10 267	9 494	**2 936**	2 642	**28.6**	27.8

The detailed property segmental analysis is set out on page 94 of this report.

Revenue by region and nature

	Gaming			Rooms			Food and beverage/other			Total		
R million	*2013*	change	*2012*	*2013*	change	*2012*	*2013*	change	*2012*	*2013*	change	*2012*
South Africa	**6 457**	5%	6 144	**652**	17%	558	**712**	10%	649	**7 821**	6%	7 351
Other Africa	**385**	10%	349	**303**	9%	279	**260**	6%	245	**948**	9%	873
Latin America (Monticello)	**1 353**	17%	1 152	**2**	100%	1	**143**	22%	117	**1 498**	18%	1 270
	8 195	7%	7 645	**957**	14%	838	**1 115**	10%	1 011	**10 267**	8%	9 494

South Africa contributed 76% (2012: 78%) of Group revenue with 83% coming from gaming. Monticello represented 15% (2012: 13%) of Group revenue, having grown its revenue by 18% in Rand terms for the full year despite being flat in Chilean pesos.

Rooms revenue grew strongly, assisted by the opening of the Boardwalk and Maslow hotels in December 2012 and January 2013 respectively. On a comparative basis, rooms revenue was up 11% for the year. As a consequence of the increase in room supply, overall Group occupancies declined 1.4% to 62.7% at an achieved daily rate (ADR) of R1 075, which is 6% up on last year. Actual room nights sold increased by 7.3%. Occupancies and ADRs for key properties are set out below:

	Occupancy		ADR	
	2013	*2012*	*2013*	*2012*
Sun City	**63.6%**	64.2%	**R1 616**	R1 525
Wild Coast Sun	**78.3%**	84.6%	**R647**	R540
Table Bay	**53.0%**	47.5%	**R2 086**	R1 956
Maslow	**36.3%**	–	**R1 130**	–
Royal Livingstone and Zambezi Sun	**39.8%**	42.9%	**R1 827**	R1 647
Gaborone Sun	**77.4%**	78.4%	**R792**	R727
Federal Palace	**67.6%**	61.3%	**R2 142**	R2 001

OPERATIONAL PERFORMANCE

GrandWest revenue was 5% ahead of last year at R1 866 million. As a result of good cost control the EBITDA margin improved to 42.3% and EBITDA increased 6% to R789 million. The proposed 2% increase in gaming tax, as announced by the Western Cape legislature in the budget speech earlier this year, was introduced with effect from 1 September 2013.

Carnival City experienced a slowdown in revenue in the second half of the year with revenue declining 1% against 10% growth in the first half of the year. For the full year revenue was up 4% to R1 061 million driven by 13% growth in tables revenue. Carnival City's gaming revenue growth is below the growth in the Gauteng gaming market due to increased competition from electronic bingo terminals (EBTs) and limited payout machines (LPMs) which have proliferated in and around Ekurhuleni. Despite the below-inflation increase in revenue, Carnival City increased its EBITDA 6% to R316 million and its EBITDA margin improved by 0.5% to 29.8%.

The Group's share (Carnival City and Morula) of the Gauteng gaming market declined by 1.2% to 19.0% with both units (and in particular Morula) negatively impacted by the proliferation of EBT and LPM sites in their catchment areas.

Sibaya revenue and EBITDA grew 6% to R1 040 million and R362 million respectively. The EBITDA margin of 34.8% was 0.2% below last year primarily due to an increase in gaming levies from November 2012, which resulted in an additional cost of R4.1 million.

Sibaya's share of the KwaZulu-Natal gaming market of 35.3% was 0.4% lower than last year. The loss in market share is attributed to an increase in the number of gaming positions at a competitor's facility.

Boardwalk revenue increased 10% to R496 million. However, as a result of the increased cost structure resulting from the larger property and disruptions during construction, EBITDA declined 3% to R143 million and the EBITDA margin declined by 3.8%. The new hotel and conference centre opened during December 2012 and the refurbishment of the existing gaming floor and the ancillary facilities were completed during the year. EBITDA in the second half of the financial year was up 7%, and we are confident that the new facilities will result in future growth.

Sun City revenue at R1 291 million was 5% up on last year. International room nights sold improved by 14% while local room nights sold declined 6%. Gaming revenue was up 3% at R446 million. As a result of excellent cost containment and process improvements, Sun City achieved EBITDA growth of 45% to R168 million.

Wild Coast Sun revenue increased 26% to R389 million and EBITDA 109% to R67 million. Room nights sold increased by 35% although occupancies were 6.3% lower than last year, as a result of an increase in rooms from 271 to 396 on completion of the redevelopment in June 2012. The increased room inventory assisted the Wild Coast Sun in achieving growth of 17% in gaming revenue to R294 million.

The Table Bay achieved good revenue growth on last year although occupancies still remain low due to the oversupply of inventory in the Cape Town market. ADR increased as a result of higher room nights sold in the free independent traveller (FIT) and sports and promotion markets. Revenue of R181 million was 18% ahead of last year resulting in EBITDA of R22 million (2012: R7 million).

The Royal Livingstone and **Zambezi Sun's** revenue in local currency was 1% down on last year while EBITDA was flat. In Rand, revenue and EBITDA were 9% and 14% up on last year, respectively. The increased ADR is primarily a result of the strengthening of the US Dollar. Excluding the impact of exchange rates, the ADR was 0.5% higher than last year. Our properties continue to deal with the adverse effects of the yellow fever vaccination requirement imposed on Zambia, but not on the Zimbabwean side of Victoria Falls where competing properties are situated.

Gaborone Sun and the other Botswana operations achieved revenue of R178 million, 5% up on last year due primarily to the strengthening of the Pula against the Rand. EBITDA increased 4% to R50 million with margins decreasing slightly to 28.1%, impacted by legal fees incurred relating to the successful objection to the awarding of a fourth casino licence, as well as increased utility and marketing costs.

In Nigeria, **The Federal Palace** revenue in local currency was 10% up on last year to NGN3 765 million (R198 million) with gaming revenue up 19% to NGN1 402 million (R80 million). Costs were exceptionally well contained resulting in EBITDA increasing 226% to NGN698 million (R40 million) and the EBITDA margin increasing from 6.4% to 20.2%.

Monticello revenue, in Chilean Pesos, was flat on last year – strong growth in the first eight months was offset in the last four months due to the impact of the new anti-smoking legislation. Casino revenues in the Santiago region grew by only 2% for the year. Monticello's market share was around 67% – double that of the only other casino in the region. Two smoking decks opened during September 2013, with another two expected to open during October, which will make the property far more attractive to its smoking guests and should lead to a recovery in revenues over the medium term.

MANAGEMENT ACTIVITIES

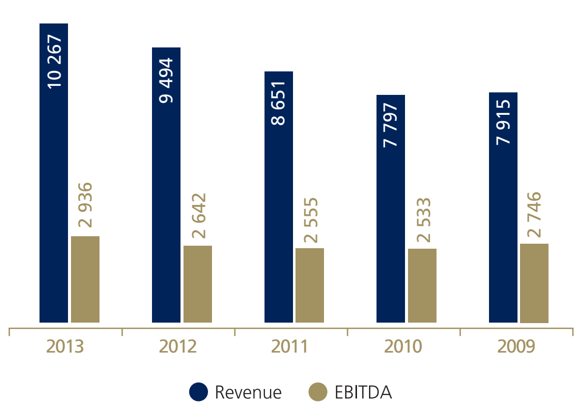
R million	*2013*	change	*2012*
Revenue			
SIML	**547**	3%	530
Management and licence fees	**536**		499
Project fees	**11**		31
Manco	**63**	5%	60
	610	3%	590
EBITDA			
SIML	**195**	(8%)	213
Manco	**49**	4%	47
	244	(6%)	260

Management fees and related income of R610 million was 3% ahead of last year. SIML project fees were R20 million down on last year at R11 million. The lower project fees and higher share-based payments cost (up R15 million) resulted in EBITDA for SIML of R195 million which was 8% below last year. The increase in share-based payments cost is attributed to the reversal of the charge of unvested awards in the prior year. Of the R49 million Manco EBITDA, R24 million is attributed to the Group (2012: R24 million).

FINANCIAL POSITION

The Group's borrowings at 30 June 2013 of R6.7 billion are marginally below last year. A full breakdown of the Group's debt by legal entity is included in the segmental analysis on page 98. Included in the Group's borrowings is R239 million of preference share funding belonging to Sun International's empowerment partner Dinokana. Other than a R60 million guarantee given by the Company in respect of this debt there is no recourse to the Group and consequently for bank covenant purposes only the guarantee is included. Cash, excluding cash floats, increased by R236 million to R837 million of which R634 million is attributed to Sun International.

REVENUE AND EBITDA



Set out below is a summary of the Group's net debt position and debt covenants:

R million	Debt covenant	*2013*	*2012*
Long-term debt		**3 512**	4 257
Short-term debt		**3 158**	2 422
Less Dinokana debt		**(239)**	(230)
Group debt		**6 431**	6 449
Less cash (excluding cash floats)		**(837)**	(601)
Net debt		**5 594**	5 848
Debt ratios			
Debt to EBITDA (times)	<3.0	**2.2**	2.5
Net debt to EBITDA (times)		**1.9**	2.2
EBITDA to interest (times)	>3.0	**6.5**	5.4
Additional debt capacity		**2 377**	1 477

All debt ratios have improved over the past year with all covenants having been comfortably met. The increase in short-term debt is due to the early redemption of preference shares as these were not considered good purpose preference shares in terms of section 8E and 8EA of the Income Tax Act. In the year ahead the Group will be extending the maturity profile of a significant portion of its short-term debt.

Capital expenditure incurred during the year

R million	
Expansionary	
Boardwalk	306
Maslow	217
Monticello*	34
	557
Refurbishment	
Sun City	35
Royal Livingstone	19
Wild Coast Sun	6
Other	13
	73
Other ongoing asset replacement	
IT	236
Slots	217
Other	217
	670
Total capital expenditure	**1 300**

* *The Monticello expansionary capex relates to the purchase of land adjacent to the property for future expansion.*

Capital commitments for 2014

R million	
Refurbishment	
Zambezi Sun	72
Carnival City	24
Sibaya	47
Sun City	23
Swaziland	21
Monticello	17
Other	41
	245
Other ongoing asset replacement	
IT	505
Slots	306
Other	386
	1 197
Total capital commitments	**1 442**

The significant ongoing IT spend relates to R326 million for the Group's Enterprise Gaming System (EGS) and R70 million for the Enterprise Resource Planning (ERP) system.

Free cash flow

Free cash flow generated by the Group was as follows:

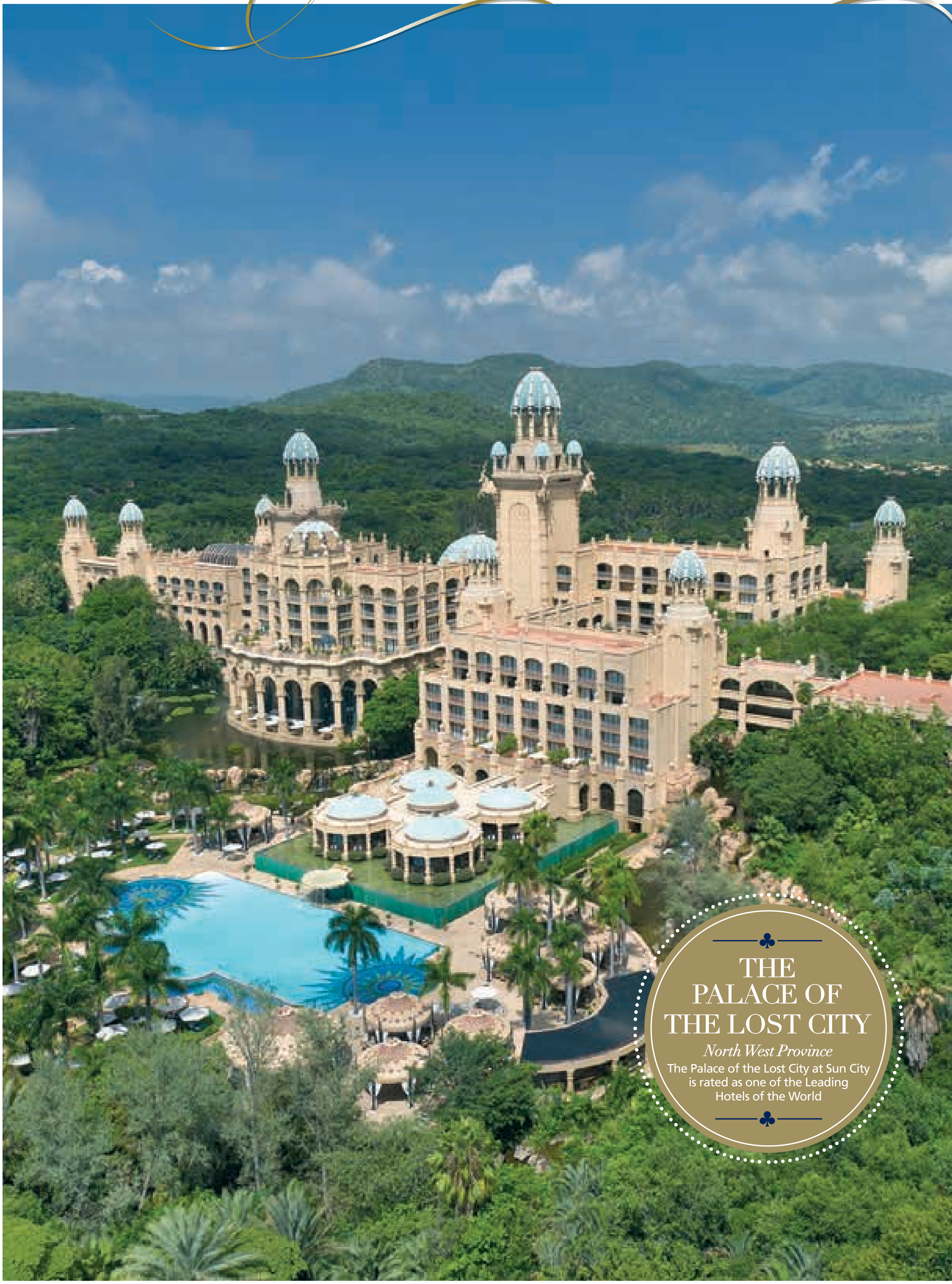
R million	*2013*	change	*2012*
Cash retained from operating activities	**2 462**		2 203
Interest paid	**(461)**		(492)
Replacement of PPE and computer software	**(743)**		(564)
Free cash flow	**1 258**	10%	1 147
Gross dividends paid			
Minorities	**(282)**		(308)
Shareholders	**(252)**		(199)
	724		640

Funding capacity

As set out above, at 30 June 2013 our Group debt to EBITDA was at 2.2 times which was well within our debt covenant level of 3 times. We also have over R800 million in cash reserves, so on a net debt to EBITDA basis our debt is just below 2 times covered. The growth in EBITDA and lower debt has resulted in a significant increase in the Group's potential debt capacity to R2.4 billion.

For the new projects in Panama and Colombia, the Group has secured US$200 million in term debt facilities which have a maturity profile of between five to seven years. The debt financiers will have recourse to the Group.

Given the strong cash generation of the Group, we are comfortable with the current and anticipated financial gearing and at the current debt to EBITDA levels we have sufficient capacity to fund the projects under consideration.



THE PALACE OF THE LOST CITY

North West Province

The Palace of the Lost City at Sun City is rated as one of the Leading Hotels of the World

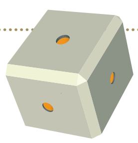
Our approach to our business

As set out in my introduction, the executive team has critically evaluated our objectives, strategy and priorities and has developed five defined strategic focus areas, each with its own list of key deliverables that have been agreed with the board.

Importantly, overall performance against these strategic objectives forms the basis of my performance contract as Chief Executive, and I am accountable to the board for delivery of the agreed objectives within each focus area. In turn, I have assigned responsibility for each objective to specific members of the executive team, now encapsulated in their performance contracts, and the executive team

01

Improve our existing operations and guest experience

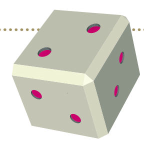


In challenging the assumption that the markets in which we operate in are relatively mature, we are actively relooking how our business is structured and how we operate to maximise the value we can create and to improve the guest experience. Ensuring that existing and new guests keep choosing Sun International properties as their destination of choice – through offering a great experience – is core to this focus area.

Page 28

02

Protect and leverage our existing asset portfolio

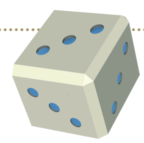


We have a diverse portfolio of assets including world class five star hotels, modern and well located casinos, some of the world's premier resorts and some older legacy assets that for various reasons may not be positioned favourably any more. In evaluating our portfolio we have identified those properties that can be better leveraged, those that need protection and those that may no longer be core to our strategy.

Page 34

03

Grow our business into new areas and products



While we believe there is still latent growth to be had from our existing assets, to effectively grow our business we are considering other geographic areas that offer attractive opportunities for casinos. In particular we are focusing on Latin America. We are also looking at the alternative gaming market which continues to experience strong growth.

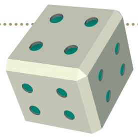
Page 38

has created a list of tasks for each objective and has assigned responsibility for these tasks to their respective teams. The variable component of each executive's remuneration package has been directly linked to the achievement of his/her agreed objectives. Through this approach, we have created clear lines of accountability from board level down, definitively aligned to the Group's strategy.

In the sections that follow I discuss our performance against specific priorities set for each of our strategic focus areas. Where relevant, key members of the executive team provide their perspective on the most burning issues for the Group.

04

Our people

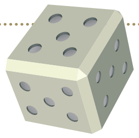


Our people are the enabler of the Group's ability to achieve its strategic objectives. Given the highly competitive service-oriented industry we operate in, our people's motivation and competence to perform and provide a memorable guest experience are key determinants of the Group's ongoing success and sustainability.

Page 42

05

Governance and sustainability



As a responsible corporate citizen, the Group has developed a credible track record that underlies our corporate reputation. Governance and sustainability are fundamental to Sun International's operations and are interwoven into our strategy and decision-making process, from board and management level to our operations.

Page 46

01

Improve our existing operations and guest experience

Our strategic priorities in this focus area are:

- Integrate gaming and hotel divisions
- Improve marketing and sales capability
- Review business procedures to achieve efficiencies
- Insource key services
- Insource food and beverage operations
- Deliver on financial goals

Although the South African casino market is relatively mature, with a number of established operators, we believe that we can still improve the performance of our properties by growing revenue into new areas, being more competitive and driving operational efficiencies.

Historically, the Group operated within two defined silos: a gaming division and a hotels and resorts division. After a review of the operating environment and our strategy, the Group has undergone a process to change our operational structure to integrate our hotels and resorts and gaming divisions so that they now function as one team with one reporting line (the COO). We believe this will enable us to leverage our unique resort property portfolio to increase revenue (in particular gaming revenue) across all our properties.

The business is now segmented by geography:

- South Africa
- Other Africa
- Latin America

Between geographic regions we are still seeking to foster much closer collaboration on both our approach to how we do business and our approach to our guests. So if you're a Platinum Most Valued Guest (MVG) at the Federal Palace in Nigeria, and you fancy a game of golf at Sun City, no problem!

Our General Managers at each unit are now being incentivised at both a unit and Group level, to foster a Group-oriented mindset.

We believe that our assets can be better leveraged as a key competitive advantage to attract gaming guests both domestically and also from previously untapped international source markets.

The Group has an enviable depth of management, many of whom have been with us for their entire careers. However, I feel we may have started to lose our ability to see and do things differently or innovatively. The approach to gaming and casino operations has evolved in other regions of the world, many of which deal with the same challenges that we now face. To make sure we learn from their experiences, we have successfully recruited a fresh international perspective into the business with the appointment of Stuart Wing as COO. Stuart has extensive global gaming experience in the Australian and New Zealand casino industries, which from a market and regulatory perspective are not dissimilar to South Africa. Initially contracted as a consultant, he has now been brought onboard to assist in driving many new initiatives that have been identified as opportunities for improving performance.

In the process of interacting with him as a consultant, and indirectly interviewing him, I raised a number of questions with Stuart, including:

STUART WING
Chief Operating Officer

Q: What excites you about the prospects for Sun International?

A Sun International really is a unique organisation – it is a globally competent casino operator but, more importantly, has an amazing portfolio of unique properties, with a diverse spread of operations, and is a premium five star hotel operator – probably number one in South Africa. And South Africa is a great country!

Q: What similarities are there between the Australian and South African gaming markets?

A The Australian market is highly competitive, generally characterised by having a single casino in a town, but with a number of electronic gaming machines in the immediate area. So the challenges facing the industry are similar. The scale and product offering of casino properties in South Africa is similar to what you see in Australia, and the infrastructure is similarly sophisticated. Customer bases and their behaviours, as well as the regulatory and union framework are also similar.

Q: What initiatives can be implemented to further grow revenue in a mature market?

A There are a number of programmes that can be implemented to improve penetration into existing markets. In markets where we are not the sole supplier – like Johannesburg and Durban – there is a great opportunity to become more competitive. We can leverage the intelligence we gather from, for instance, the implementation of the EGS and our Customer Relationship Management (CRM) system, to drive powerful changes in guest behaviour.

I would argue that relative to the competition, we have a superior offering with largely irreplaceable assets – no one is going to build another Sun City. So there are plenty of opportunities for growth in the domestic market as well as for expanding our offering internationally.

Q: Are we operating efficiently in terms of structure and costs?

A Given the generally higher cost of operating in both New Zealand and Australia, casino operators in that part of the world have had to get extremely efficient and there is no doubt that there is an opportunity to change the way that the Group operates to achieve efficiencies without impacting on guest experience.

Q: How about marketing and sales – is there room for improvement?

A Absolutely. In hotel sales, you can argue that we have been under-represented in key growth markets – in particular Asia. As the traditional markets of Europe are not showing strong growth we should reconsider how best to approach those markets on a cost-effective basis.

To put it simply, the marketing and sales approach needs to become more focused and the skills base needs to be improved.

Q: And the importance of the internet as a marketing and sales channel? What should we be doing to strengthen our online presence?

A The website needs to get better and more efficient, including the online booking function. The next stage is the optimisation of the properties, so that Sun International improves its ranking in search engine listings. We also need a branding exercise to improve the look and feel, as well as include further functionality.

Stuart stepped into the role of COO on 1 July 2013 following the retirement of Garth Collins (and many, many thanks to Garth for his enormous contribution). Since then we have been busy implementing a number of the initiatives identified, both by him and by the existing management team, to improve our performance.

It is clear that the guest experience is a central thread that unites many of our ongoing strategic initiatives. In this industry, there is little differentiation to be had in slot or table games; instead it is the experience we consistently offer our guests and their families that will keep them choosing Sun International. Our unique properties are a clear competitive differentiator that we can better leverage to offer a great guest experience, but there is more that can be done:

POTENTIAL TO INSOURCE

Housekeeping and food and beverage are key touch points for our guests, and it is important for the Group to ensure that the guest experience is enhanced as far as possible in these areas. Many of these services are currently outsourced to service providers and we are reviewing these arrangements and questioning whether we are optimising guest experience, revenue generating opportunities and the wellbeing of the employees involved. Insourcing would increase our control over areas like service quality and training, and let us guide guest excellence initiatives to a greater degree.

IMPROVE MARKETING AND SALES CAPABILITY

We are currently developing a new brand strategy and have appointed a brand strategist/PR manager to augment our skills base in this area. With an enhanced focus on attracting gaming guests from international markets, we are repositioning our sales teams in the key source markets of the United States, Latin America, Middle East and Asia. We are also opening offices in Australia and Singapore and establishing sales teams in key African countries.

To align our marketing structures with the new operating model, we have integrated gaming and resort marketing and Group entertainment under one manager.

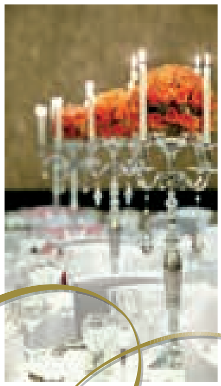
The Group's gaming marketing ensures that all our guests enjoy the best value-for-money gaming experience possible. This includes ensuring that the latest and most popular machines and games are on our casino floors, guest service is of the highest standard, gaming promotions are innovative and exciting,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

The individual property brands feature consistently in the industry as major tourism attractions in southern Africa.

REVIEW AND REFRESH MOST VALUED GUEST OFFERING

In the gaming industry, it generally holds true that most revenue is generated from a small percentage of players. Our MVG loyalty programme remains our key value offering to top players and is available in all Group casinos, including Monticello in Chile where it has become the benchmark. The programme has four card tiers, each offering distinctive privileges to members at all Sun International hotels, resorts and casinos, with benefits becoming increasingly valuable as guests progress up through each level. The MVG Platinum card qualifies our top-rated MVGs for the very best rewards across the Group. This exclusive card gives our top players the status, benefits and recognition they deserve in acknowledgement of their patronage. The MVG Platinum card is highly sought after by our guests, and continues to be the best-performing sector of our customer base.





We are researching and conceptualising the evolution of the MVG loyalty programme to ensure it remains relevant and creates value for the Group and our guests. We continue to offer exclusive entertainment and gaming options across all our properties to ensure our MVGs enjoy the benefit of being loyal customers.

INTEGRATE OUR CUSTOMER RELATIONSHIP MANAGEMENT AND GAMING SYSTEMS

The optimisation of our CRM technology is ongoing, with specific work streams focusing on maintaining data quality, and growing our capability in digital channels such as the web and social media. We are also adding online capabilities to our customer contact centre, to interact and transact with our guests digitally.

We have identified the most appropriate system to achieve these aims, which should be fully operational within the year ahead.

The CRM system is just one of the many IT-related initiatives that we are busy with and that should enhance our guest experience. In today's gaming world the "Business" and "IT" disciplines are converging rapidly and we require extremely close cooperation between the two. At present we are well advanced in the installation of the EGS which is replacing our aging in-house developed Casino Management System. The new technology is based on modern architecture, which enables online and mobile capability and has been enhanced with unique features for Sun International's operations. We have worked with Bally Technologies to create a cutting edge (in global terms) gaming system utilising smart card technology that also offers Group-wide functionality – which means that whichever of our properties countrywide you choose to enter, your card will instantly be recognised – and due to the "smart" card we will immediately know your preferences – not just your points, but being greeted with "Welcome to Sibaya – would you like the same gin and tonic that you had at GrandWest?".

In a casino environment the experience is about winning and the strength of the Bally product is its advanced enterprise bonusing options that engage and excite guests. We can also run targeted mini jackpots and wide area progressives, where our guests at different casinos can play against each other, competing for the same prize.

In addition to CRM and EGS, our hotel and resort systems are being upgraded to provide a fully integrated view of our guests. We also plan to extend our MVG loyalty programme across our properties – one loyalty card that is recognised and for which points are earned, not just in gaming but in our hotels and restaurants.

Achieving operational efficiencies in the "back of house" part of our business is also a key component of our drive to improve the performance of existing operations. We are introducing an ERP system that will streamline business processes across various functions in the Group (finance, human resources, procurement), reducing not only systems costs but enabling us to better monitor and manage functions such as procurement and the utilisation of resources such as electricity.

Given all that is happening in the IT space, a man with a lot of pressure on him is our Chief Information Officer, Thabo Ndlela.

Thabo has been with the Group for three years and joined at a critical time in the evolution of the IT/business interface. He is currently managing IT-related projects with a cost of around R1 billion and so I interact with him frequently to question and make sure that all is on track:

Q: How is the EGS implementation going? Where are we on timing and budget?

A The project has been successfully been deployed at Morula, Carousel, Carnival City, Meropa and Sun City. We are very happy with not only the implementation but the way in which the operational staff and our guests have adapted to it. All South African operations will be complete by June 2014, and the system will be rolled out at Monticello in Chile during the 2015 financial year. As we move on to our larger properties, the team has benefitted from the learning curve developed over the past six months. We do not anticipate any implementation issues, we are ahead of the anticipated time frame and we are on budget.

Q: Regarding our guest experience, will EGS interact with our CRM system and what improvements can we expect?

A Yes, our CRM system pulls information from EGS to support what we call a 'single view of the customer'. For instance, the sharing of data is helping to thrill our guests with our advanced interactive guest interface. We are using smart card technology (which also helps with cash management by reducing our exposure to running cash around the casino) and our iView touch screens to deliver a host of additional features on our machines. These include targeted one-to-one communication and marketing, and loading and redeeming points.

CRM is being extended to include hotel guests while supporting campaign management and leads generation. It leverages master data management, sourcing information from across the transactional gaming, hospitality and enterprise business applications. It pulls guest information to one place, giving us a view from room and concert bookings, to gaming preferences and entertainment interests. It will drive improvements in the analytics of our business and guest behaviour.

Q: Is it necessary to implement an ERP system and what benefits are there to be gained?

A The ERP system is essentially a back-office system that will consolidate 15 systems deployed in 96 versions used across the Group. The scope includes finance, human resources, supply chain, project and document management, and areas like plant maintenance. Our goal is to fundamentally change and improve operations in these areas.

This project has a number of benefits. First off, it's about reducing cost – we are targeting a saving of around 42% in systems costs over seven years. Bear in mind that this is just a systems cost saving – there is the additional benefit of consolidating functions throughout the Group.

Secondly, it will help us automate key business processes. There are currently a number of processes that require manual facilitation, for instance, in capturing time and attendance, scheduling shifts, and applying leave conditions. The ERP system will introduce consistent internal controls and help reduce human error.

Also, with one system you have consistent architecture, making system support simpler throughout the Group. And the system will be centralised – so we will no longer have multiple instances of applications running at different properties across the Group.

Q: Which ERP system have we chosen and how long will implementation take?

A After extensive due diligence, including participation from all affected users, we have decided to go with IFS, a European-based ERP system. We have also appointed Accenture as the systems integrator. We are planning to commence implementation during the current financial year and should be complete within 24 months at a cost of R150 million.

THABO NDLELA
Chief Information Officer

As can be seen, we are undertaking a number of initiatives in the IT area and this is a trend that we can expect to continue as improvements in technology continue to drive developments in our industry. In recognition of this, and as highlighted in the Chairman's report, we are seeking external and independent expertise to join our IT governance committee, to which we will appoint an individual with relevant global gaming experience.

In summary, as I look at the operations side of the business, there is a lot that we are doing to ensure that we continue to show improvement in revenues, operate efficiently and enhance our guest experience in an environment that is increasingly competitive. I am confident that with all the steps being taken we will maintain our position as the premier gaming company in South Africa and further entrench our reputation as a globally competent manager of casinos, as we seek out new opportunities in other jurisdictions.

02

Protect and leverage our existing asset portfolio

Our strategic priorities in this focus area are:

Optimise South African and other African assets and licences (potential relocation of Morula)

Redevelopment of Sun City

Protect existing licences
– Secure GrandWest exclusivity
– Boardwalk expansion

Overcome effect of smoking ban in Monticello

The Group has a diverse portfolio of assets including world class five star hotels, modern and well located casinos, some of the world's premier resorts and some older legacy assets that for various reasons may not be positioned favourably anymore. In the past year we have spent significant time and effort in evaluating our asset portfolio and have identified those properties that can be better leveraged, those that need protection and those that may no longer be core to our strategy.

Plans to better leverage our assets include the potential relocation of the Morula casino licence, further development at Sun City and a potential development of unutilised land at our property in Lagos, Nigeria.

Some of our assets under threat include GrandWest where the Western Cape Government is considering allowing a second casino licence to relocate to the Cape Metropole, and Monticello, where we are dealing with the significant negative impact of the smoking ban.

While we have a strategy that actively integrates all of our existing properties, there are some properties that are less strategically relevant than others. We continue to evaluate those that are small yet require disproportionate management time, and those that need investment to maintain standards but are unlikely to generate sufficient incremental return on capital.

THE GROUP HAS MADE AN APPLICATION TO CREATE A NEW

R3 billion

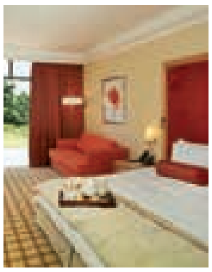
URBAN ENTERTAINMENT DESTINATION

POTENTIAL RELOCATION OF MORULA

The Group has submitted an application to the Gauteng Gambling Board to amend its Morula casino licence to change the description of the licensed premises from Mabopane to Menlyn, Tshwane. In its current relatively inaccessible location, Morula is battling to compete with the proliferation of gaming products that are targeting the underserviced Tshwane market. We believe that relocating to Menlyn will deliver an entertainment offering not currently available to residents in the region and will also help us deliver the full potential of this licence, to the benefit of the City of Tshwane and the Gauteng Province. Public objections to the application, which closed on 16 August 2013, have been addressed. The Gauteng Gambling Board will schedule a public hearing and thereafter announce its decision.

If approved, the Group plans to create a new R3 billion urban entertainment destination to be known as Time Square on Menlyn Maine in Tshwane's eastern suburbs. The development is part of a new large-scale mixed-use "Green City" project currently under development which, on completion, will be an R8 billion, 315 000m² precinct, of which R825 million is either already built or under construction.

The precinct will comprise a new shopping mall, a high-end residential component, an office park, hotels and an entertainment node. The entertainment node, which Sun International plans to provide, will include a 110 room five star hotel, 8 000 seat entertainment arena, convention and exhibition facility and a casino with 2 000 slots and 60 tables. The proposed development will create a significant number of new jobs as well as materially higher tax revenue for the province.



SUN CITY REDEVELOPMENT

Sun City in the North West province is arguably Sun International's most unique and recognisable asset. It is, however, a capital intensive asset that requires constant refurbishment and upgrading to ensure it remains relevant and can attract a significant number of guests, all with different needs and requirements. A number of development and refurbishment plans are in place, which will ensure that Sun City remains the premier integrated entertainment and convention resort in South Africa.

Importantly, the improvements to the resort will be self-funded from Sun City's operating cash flows and the proceeds from the sale of a new revitalised timeshare offering.

A five year master plan has been prepared and will commence with the refurbishment and relaunch of the original Vacation Club – around 300 units that are in much demand and are currently being rented on a weekly basis. The refurbishment will bring the units up to the latest Vacation Club standards and include modern green design elements. Interior designers have been appointed and we are establishing an in-house sales and marketing capability with the sales launch planned for November 2013. Initial proceeds of the timeshare sales are earmarked for a refurbishment of the Cabanas and an upgrade to the property's casino facilities, which together with the asset's international reputation will make Sun City a key property in supporting the Group's VIP gaming strategy (as further detailed on page 41).

The intention is to position the main hotel as the adult "always on" zone at Sun City with a focus on entertainment and food and beverage offerings. The entertainment centre itself is to be reconfigured to provide state-of-the-art convention and conference facilities which will position the Group to compete aggressively for meetings, incentives, conferences and events (MICE) business, which will help improve occupancy rates during weekdays.

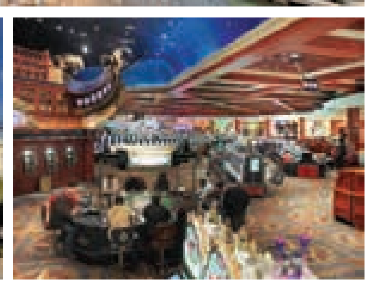
The Valley of the Waves will be enhanced to provide better family and children's entertainment, directly linked by a bridge to the timeshare units.

GRANDWEST EXCLUSIVITY

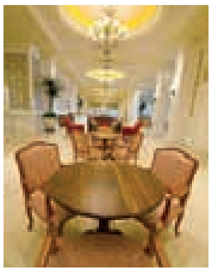
GrandWest is the only casino in the Cape Metropole and as such has been right-sized to service this market. It has been highly successful and today this property is the single largest contributor to Group revenue and profit. GrandWest's 10-year Cape Metropole casino licence exclusivity expired in December 2010 and since then, the Group has been engaging with the Western Cape Provincial Government on securing a further exclusivity agreement. There is currently some debate as to whether a second licence should be permitted to relocate from elsewhere in the Western Cape into the Metropole. The other licences in the province are held by a competitor (three properties) and ourselves (Golden Valley).

Based on our extensive database of guests, derived from 12 years of operating in the region, as well as the recent low revenue growth experienced at GrandWest, the Group believes that there is no potential for significant additional gaming revenue in the region to justify establishing another large casino in the catchment area of the city.

There have been no further developments in the amendment of regional licence allocation policy and legislation to make an additional licence available in the Cape Metropole region (which in itself will require a public consultation process).



For information on other licensing developments in the South African gaming market during the year visit http://ir.suninternational.com/2/

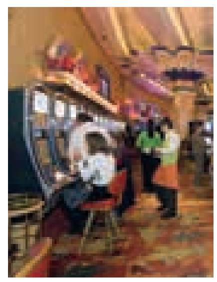

BOARDWALK EXPANSION

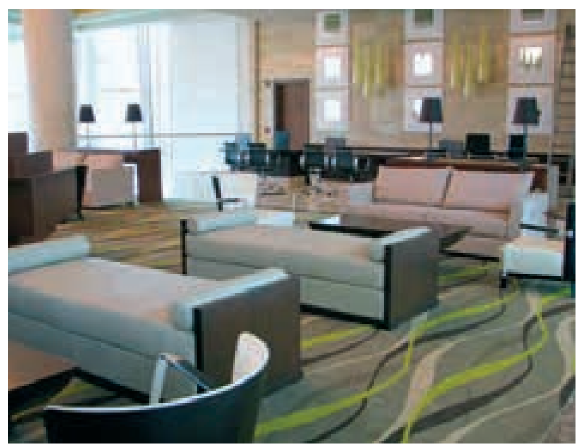
In 2010 the Group was successful in its bid to renew its exclusive casino licence in Port Elizabeth, extending it by 15 years. The bid committed to a R1 billion expansion, which has now been concluded. The 140 room five star Boardwalk hotel, conference centre and retail complex were all completed during the year. The hotel opened on schedule on 14 December 2012 and has positioned the property as a highly desirable destination in the Eastern Cape, offering premier conferencing facilities.

OVERCOMING THE EFFECT OF THE SMOKING BAN IN MONTICELLO

In Chile, legislation that came into effect in March 2013 prohibits smoking in public places. There is a significant correlation between smoking and gambling and with immediate effect our revenues at the property dropped by 20%. Remedies to limit the impact on gaming revenues have now been implemented, including the construction of smoking terraces outside the building which comply with the new health regulations.

Precedent elsewhere in the world indicates that we can expect a recovery in the medium term as smokers adapt to the new regime. The lessons learnt in Chile will be relevant to South Africa in the event that similar legislation is introduced here.





OTHER INITIATIVES

Other projects under consideration and relating to our existing portfolio include a refurbishment of the Zambezi Sun, a refurbishment of the Gaborone Sun, the potential to relocate certain other underperforming casinos and the development of the real estate at our property in Lagos, Nigeria.

03

Grow our business into new areas and products

Our strategic priorities in this focus area are:

- Actively seek opportunities in high growth emerging markets
- Expand into new product lines
- Secure funding for expansion projects

As a Group we excel at two core competencies – the operation of casinos and the operation of luxury hotels and resorts. While the hotel business is an important facet, when one analyses the make-up of our earnings we are clearly predominantly driven by gaming – and going forward our hotel portfolio will be increasingly used not just to attract its existing target market (FIT, MICE and local tourism) but also to attract gaming guests – either local or international. We may take on a hotel project from time to time, such as the newly opened Maslow which gives us a presence in Johannesburg, but as we expand into new markets it is likely that it will be led by gaming opportunities, and as we look at new products it is likely that these will be gaming orientated.

With the large number of projects under consideration, we are fortunate to have our own development department headed by Sean Montgomery who currently has around R10 billion of projects under consideration – some may never happen but he plans, designs and costs them all the same. Sean and his team have a successful and long established track record of delivering projects on time and on budget.

NEW GEOGRAPHIC AREAS FOR EXPANSION

Given the fact that there are no new casino licence opportunities in South Africa, for a number of years the Group has explored opportunities for growth outside of its home country.

Sun International will pursue new opportunities through the acquisition or development of appropriate casino assets typically in higher growth emerging markets within our risk appetite and that have appropriate regulatory environments. While we are open to possibilities in more mature markets such as Europe and the USA, we tend to treat opportunities that arise with a degree of scepticism by the time they reach our attention. We have no discernible competitive edge in these "mature" markets and it's generally safe to assume that by the time they have reached us, these opportunities will already have been past a few equally competent operators based in these regions who have turned them down for one good reason or another.

Our real competitive advantage in securing attractive new opportunities stems from the fact that:

- We have a genuinely global ("1st world") competence in both the development and operation of casinos, hotels and resorts – but we are extremely comfortable operating in emerging markets
- Our core business is based in an emerging market (South Africa), which gives us a risk profile that enables us to diversify to other emerging markets and actually reduce our overall country risk (whereas other operators with global competence are generally based in mature countries and are typically more risk averse).

In looking for new casino opportunities we apply a number of filters to assist us in reaching the correct investment decision. These filters include:

- General country risk assessment (stability of government, growth prospects, economic drivers etc.)
- The appropriateness of the gaming legislation in relation to the investment we are making
- Our ability to operate in a transparent, ethical and responsible manner
- Our competitive advantage (product/location/regulatory protection/expertise etc.)
- Whether the opportunity can be expected to contribute a minimum of 5% of Group EBITDA or failing which, is it of strategic importance
- The absolute quantum of the investment. Currently, we are comfortable that in the region of US$100 million we are not "betting the shop" on one opportunity. Above that we start to look for other ways of structuring the deal including looking for partners if the opportunity is considered too large
- The feasibility must meet the Group's hurdle rate of approximately 15% in US Dollars for greenfield projects.

It's a good time to be looking for new opportunities as recessionary pressures have had the effect of making many countries that were traditionally opposed to the gaming industry more receptive, given the industry's contribution to job creation, tourism and tax revenues.

Africa

Our brand is strong in Africa and we have over the years expanded into our neighbouring countries, and more recently further afield to Nigeria. While our product and expertise is in demand on the continent there are very few gaming-led opportunities that meet the criteria set out above. In addition to generally weak regulatory regimes, most African countries have their wealth concentrated in the hands of a very wealthy few and the vast majority are extremely poor. Our gaming business relies on reasonable volume (to eliminate volatility) and therefore a reasonable distribution of wealth. In the absence of this we believe that we should be bringing the high-end players from these countries down to South Africa to our existing properties, rather than investing large amounts in countries where the investment case is not justified.

We have explored the possibility of a hotel-led strategy for Africa but have concluded that we have no real competitive advantage over the many large international hotel groups that are now targeting the continent, and that the return on effort and investment is not warranted relative to other opportunities that we have.

We remain reactive to casino opportunities of reasonable size, particularly in large urban centres and we monitor the fluctuating country risk of those countries where the economic case would be compelling if there was a stable regime and appropriate regulatory environment.

Latin America

Despite the current drop in revenue due to the smoking ban, Monticello in Chile has been a success story for the Group and has given us the track record and confidence to look for more opportunities in the region. We have assessed the various countries that offer gaming opportunities and at present believe that Colombia, Panama, Peru and Uruguay have acceptable risk profiles and regulatory environments that warrant us exploring opportunities in these jurisdictions. In the case of Panama and Uruguay, these are small countries that probably only offer the potential for one meaningful property but Chile, Colombia and Peru are large enough to support a multi-property strategy.

We have made significant progress on a number of initiatives in the region in the past year and as our strategy gains momentum we can expect further opportunities to arise.

Chile

We have explored a number of potential acquisition/merger opportunities in the Chilean gaming industry as we believe there are opportunities for consolidation. Given the recent decline in performance of all casinos resulting from the smoking ban and the uncertain time frame for recovery, it is difficult to value businesses currently but we continue to monitor possibilities.

Colombia

The Group is in the process of applying for a casino licence in Colombia. Subject to receiving the licence, we have entered into a long-term lease of the casino component in a new mixed-use development in Cartagena. The development also includes a 284 room five star InterContinental hotel, convention centre, shops, theatres, apartments and offices.

We will fit-out and equip the casino with 310 slot machines and 16 tables, at a cost of US$30 million. Planning, design and development of the casino is on schedule. We envisage the construction of the casino to take no longer than nine months to complete once the gaming licence is awarded.

This opportunity provides Sun International with a low-risk entry into Colombia's gaming market, which presents a number of larger, exciting opportunities.

Panama

We have previously announced our intention to develop a casino at the Trump Tower in Panama – an iconic development and the tallest building in Latin America. We have spent this year working through various regulatory issues including

rezoning certain sections of the building and applying for a casino licence. We have now received all the approvals necessary (including gaming licence approval) and are concluding the acquisition on a freehold basis of the casino component, the penthouse level (to be used as a Salon Privé) and certain apartments in the Trump Ocean Club International Hotel and Tower in Panama City.

The property will be developed at a cost of US$105 million and we will offer approximately 600 slots and 32 tables, allocated between the main casino located on the ground floor and the Privé situated on the 66th floor overlooking the canal and city. Development of the main gaming floor and Salon Privé will now proceed in earnest and we can expect the property to open early in the next financial year.

Other geographic areas

Asia represents an obvious and very compelling market – so much so that most large international gaming companies are well represented there already and are well positioned to compete for new opportunities that arise. We have invested a significant amount of management time in understanding the various regions and the basis on which we might successfully compete. We are confident in our ability to develop and operate in Asia, but we are generally constrained by the sheer size of the typical opportunity that arises. The limitation of our balance sheet in relation to other operators in that part of the world means that we have to look to partnerships, management contracts and opportunities that offer the casino-only component. The establishment of a VIP gaming unit to attract Asian players to South Africa will simultaneously give us increased exposure to this part of the world, and with this



enhanced understanding and presence our chances of gaining a foothold there are improved.

Outside Asia, we remain reactive to opportunities that present themselves in jurisdictions that we are not actively focusing on. The world increasingly seems to recognise that gaming occurs whether regulated or not. Countries are therefore increasingly considering legalisation and regulation, and our casino offering is perfectly suited to the desires of most governments:

- We bring a product that offers an integrated entertainment offering – not just gaming but also hotels, food and beverage, live entertainment, promotions, concerts etc.
- We stimulate not just local demand but also tourism
- We are developers and invest heavily to create quality assets that are then maintained to the highest standards
- We are responsible corporate citizens with a strong track record in responsible gaming
- We are large employers and contribute significantly to tax revenues.

In an industry often typified by participants that are sometimes less than scrupulous, we offer governments and other stakeholders an attractive, high quality and low risk alternative. We believe that our track record, combined with our integrity and willingness to explore and understand new markets, will continue to generate a pipeline of new leads and projects for the foreseeable future.

NEW PRODUCTS/LINES OF BUSINESS

LPMs/EBTs

Our focus on offering our guests unique and exciting experiences is a critical response to mitigate the impact of the proliferation of facilities offering alternative forms of gaming such as LPMs and EBTs. However, as this is an industry segment that seems to be here to stay and gain traction over time, the Group has to consider potential opportunities for entering this market. It is a market generally characterised by fragmentation and small participants which makes meaningful acquisitions difficult, however, we are exploring the options available.

Sports betting

The Group's proposed acquisition of a sports betting company provides us with an entry into the online sports betting space and provides our guests with a new product offering. We believe that the sports betting industry in South Africa is in its infancy and offers high growth. More importantly this acquisition provides an opportunity to gain experience in operating in an online environment. It seems likely that in time online gaming will be legalised in South Africa and we believe that this business will position us well for when this happens, both in terms of track record and also in understanding our guests' online preferences. The business to be acquired will be relaunched shortly under the "Sunbet" brand. Our smart card technology and database of gaming customers will facilitate an entry to this segment of the gaming market.

Sunbet

VIP gaming

The Group is looking to target another important customer segment – the high-roller VIP gaming guests who choose to play in the world's leading gaming destinations. We believe that a number of the Group's assets such as The Palace at Sun City, The Table Bay (linked to GrandWest), and The Royal Livingstone (where we have just applied for and been granted a casino licence) match any global destination in their appeal. Importantly, South Africa is directly connected by flights to many destinations that have a proven propensity to enjoy gambling – in particular Asia. We also believe that this strategy will be appropriate to attract wealthy individuals residing in Africa to our existing properties. As our Latin America strategy gains traction we definitely need to understand and compete in the established VIP market in that part of the world (in particular Argentina and Brazil) and the properties that we have, and are developing, are ideally suited for this as they bring a quality of casino not traditionally available in the region.

04

Our people

Our strategic priorities in this focus area are:

- Create a high performance driven culture
- Drive learning and development, talent management and leadership development
- Achieve transformation goals
- Improve union relationships

Our people are the key enabler of the Group's ability to achieve its strategic objectives. Given the highly competitive service-oriented industry we operate in, our people's motivation and competence to perform and provide a memorable guest experience are key determinants of the Group's ongoing success and sustainability. Whereas every industry needs their employees to come to work, we need ours to come to work with a smile – because that's what our guests expect. It's a point that I think is often missed in the union conflict that is becoming a feature of our business – we, more than anyone, want our employees to be happy.

Sun International's recent culture survey identified specific areas to support our people's ability to perform. Our efforts in the year ahead will focus on improving communication, talent and performance management, succession planning and learning and development, which are all critical components to ensuring we have a motivated and engaged workforce who can lead the organisation into the future.

PERFORMANCE MANAGEMENT

The Group has revised its performance management process to align it more directly to its strategic priorities, the deliverables of which have been cascaded down into the business and linked to specific roles. This has served to create greater clarity for our people as to what the business expects of them and what their performance will be measured against. The transparency with which this process has been undertaken is also supporting greater collaboration within teams.

We have also now aligned variable remuneration (short-term and long-term) with the delivery of agreed performance measures. Achievement of EBITDA (both unit and Group) remains the key driver of performance measurement but we have also introduced a component directly linked to achieving individual objectives.

TALENT MANAGEMENT

Talent management in the Group is actively informed by the performance management process, as it allows us to identify and address difficulties our people may be having in their roles. It also enables us to identify top performers for career development within the Group and to create and target appropriate learning and development interventions.

We have dedicated a significant amount of executive time to identifying talent in the organisation and have introduced career discussions across the Group, providing us with insight into our people's ambitions and giving them more control of their careers in the Group. This year we conducted career discussions with our top 200 employees, who in turn were individually evaluated by the executive team. We will be extending this intervention down through the business. Line managers have been trained to have these discussions with their employees.

LEADERSHIP DEVELOPMENT AND SUCCESSION PLANNING

The career discussions we have held with our top 200 employees, followed by the individual evaluation by the executive team, have allowed us to identify the top tier of people for leadership development. Our target is to have a successor in place for at least 70% of the top key roles in the Group. Our learning and development initiatives have been refocused to create a talent pool from which we can fill key management positions from within, with a particular focus on transformation imperatives.

LEARNING AND DEVELOPMENT

Learning and development interventions are a core component of our talent management programme, as it provides opportunities for career and skills development in the Group. Within our properties, these interventions also support an improved guest experience.

An important part of learning and development in the Group is mandatory or compliance-related training, which ensures that our people remain up to date with the latest regulatory and legislative developments.

Number of training interventions in the year:

Training beneficiaries:

Beneficiaries *7 045*

2012: 8 011

Beneficiaries as % of headcount *73%*

2012: 76%

Females as % of beneficiaries *51%*

2012: 50%

In addition to the more formal training programmes, we are also implementing initiatives that will see some of our top young performers go on "exchange" programmes with other international casino operators, who in turn can send their trainees to us.

TRANSFORMATION

The Group's recruitment, talent and succession management strategies have been reviewed in line with our transformation objectives. Current roles and career plans consider the Department of Trade and Industry (dti) codes and our internal targets to ensure they help the organisation become more representative.

While Sun International is making good progress and has retained its Level 2 B-BBEE contributor status, we acknowledge that more needs to be done to transform our organisation. Currently we do not have enough depth of black talent in key positions that we can transit to management and leadership roles. As developing internal talent alone will take too long from a transformation perspective, the Group is also on a drive to recruit talent into the organisation. We are looking at talent that is suitable to groom and transit into key positions to deliver on our transformation agenda.

We value and actively promote diversity, and our Group values form the basis for guiding positive interactions between our employees.

OUR TRANSFORMATION OBJECTIVES *for 2013*

- Delivering on the 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

UNION RELATIONSHIPS

We have a recognition agreement with the South African Commercial, Catering and Allied Workers Union (SACCAWU) in our South African operations. All non-managerial employees are included in the bargaining unit, which currently constitutes 60.1% of our total employee base – an increase of 0.1% on last year. In terms of the agreement with SACCAWU, all organisational changes are referred for consultation and Sun International strictly conforms to the requirements of the Labour Relations Act.

The core objective of our employee relations is to create values-driven partnerships with organised labour organisations, improve employee engagement and embed a democratic employee relations culture. Working with the union, we resolve as many issues as possible at the central level. At unit level, we encourage our general managers and human resources (HR) managers to build solid relationships and deal with matters as and when they arise, to ensure continuity in business. Line managers have also received specific training in engaging with unions and dealing with union matters.

We invest considerable time and effort in engaging with unions, keeping them up to date on developments and consulting on changes that have an impact on employees. With over 60% of our South African workforce unionised, the union is a key stakeholder in supporting new initiatives and helping us drive communication to employees, increasingly in the area of change management.

Our union relationships are usually stable and positive but we are currently experiencing some difficulties with wage negotiations and unlawful strike action. We continue to comply with all requirements of the law governing the rules of engagement and expect the same from the unions. Where unlawful action is undertaken we will protect our rights on a non-discriminatory basis. In the year ahead we will continue fair, open and constructive relations with all our unions in all countries we operate in.

We have a group of highly dedicated people in our HR department, headed by Kele Mazwai. Given the importance and media profile of any labour-related action, as well as the efforts we are putting into ensuring that our organisational structures are relevant and efficient, I spend a lot of time with Kele. She is generally unflappable, tough, fair and knowledgeable. We are lucky to have her navigate us through these times and she has been quick to answer my queries on some of the key issues we are dealing with.

Q&A

KELE MAZWAI

Director: Group Human Resources

Q: I know you have been keen to implement performance management for some time – are you now happy with the changes we have implemented and what benefits can we expect?

A I am delighted that the focus areas and objectives for the Company have been made clear upfront – our people can now see a direct link between the initiatives being driven across the Group and the deliverables to board. Also, as the management team is now aware of the objectives, there is greater collaboration across the organisation on achieving them. People are accountable not only to their manager, but also to their colleagues.

It has been a welcome change, as our people now understand what the other areas are doing and why – and our executives have collectively had input into determining what we wish to achieve.

I am excited that the organisation now has a transparent performance management process which ensures that the whole organisation is driving the same deliverables. We are also involving the unions and getting their buy-in by discussing the deliverables with them and getting their input and cooperation in helping members understand them. They have responded very well to the strong focus on our people as part of the strategic priorities of the Group.

Q: It's disappointing that we don't have more qualified black management waiting to take advantage of the opportunities that are opening up. Are you satisfied that we are doing everything possible to address this?

A Performance is a key driver in business. In actively managing performance you can identify where an employee is struggling, and put in place directed talent management initiatives to support them. The performance management process we have recently implemented also helps us identify the top performers and provide specific interventions to encourage their ongoing development, particularly that of our black employees.

Now that we have completed career discussions with the top 200 employees, we are looking at the next tier to see how we can help them progress and develop a pipeline of talent that provides the requisite depth in leadership. I am confident that we are well on track to develop an appropriate succession plan.

Q: A culture survey performed last year indicated that we have some unhappiness relating to certain issues. I think we have taken many steps to address these – what else can be done?

A The survey highlighted a sense that communication is not clear, with resultant confusion, a lack of accountability, and no clear career planning. On a positive note, it also showed that teamwork and guest focus were common in the organisation. The ideal values that employees wanted to see included accountability, strong communication and career development.

Going forward we have to communicate more clearly, be more transparent, and ensure accountability is felt throughout the Group. Some of our initiatives include a weekly finger lunch for our top 50 managers so we can keep in touch with each other. We also now have a regular call-in with the top 200 managers for an update and discussion on how the business is doing. Written communication with all staff via e-mail is also helping. We looked at blogs and twitter but have decided that they are not appropriate forms of communication for staff – we will continue to monitor these and other social media.

Basically, culture is set at the top and with all the changes that are being made we can expect a positive shift in attitude going forward.

05 Governance and sustainability

Our strategic priorities in this focus area are:

- Maintain inclusion in the JSE's SRI Index
- Enhance environmental management and finalise carbon footprint strategy
- Improve corporate social investment, socioeconomic development and enterprise development initiatives
- Improve stakeholder engagement

Governance and sustainability are fundamental to Sun International's operations and are interwoven into our strategy and decision-making processes, from board and management level to our operations. Our credible track record that underlies our corporate reputation protects our current business and supports our expansion into new territories, given the focus of governments and regulators on operators who understand and deliver on their responsibilities as responsible corporate citizens.

Sun International recognises that the development, operation and management of its hotels, resorts and gaming operations have environmental and social implications and as such, has entrenched our governance and sustainability principles within the Group's Corporate Sustainability Strategy (CSS) which aims to integrate sustainability considerations into the Group's business decisions, operations and strategy.

The Group's CSS has been crystallised into the Group's sustainability policy which reflects Sun International's commitment to sustainable development and is underpinned by the following key tenets:

- Complying with legislation
- Maintaining an ethical climate throughout its operations
- Engaging with stakeholders
- Implementing management systems that are aligned with international best practice
- Promoting environmental and social responsibility among guests, employees, suppliers, contractors and concessionaires
- Applying social and environmental criteria to the sourcing of goods and services wherever practical
- Demonstrating environmentally and socially responsible behaviour
- Demonstrating good corporate governance

A copy of the Group sustainability policy can be accessed online at http://www.suninternational.com/corporate/sustainability/policy/Pages/default.aspx

One of the reasons we remain at the forefront of good corporate governance in South Africa is the tireless effort put in by our Director of Corporate Services and Legal, Chantel Reddiar.

Chantel and her team continue to set the bar even higher in the constantly changing and demanding world of corporate governance. They steer me, our board and management through the complex requirements of many regulatory bodies and ensure that we do not just comply, but excel. I had much to learn in my new role and have relied heavily on her guidance.

Q&A

CHANTEL REDDIAR
Director: Corporate services and legal

Q: How does Sun International approach corporate responsibility?

A Corporate responsibility lies at the heart of the Group's decision-making considering the highly regulated environment within which we operate. While many corporates speak of a licence to operate, ours is in essence a regulated licence to operate. Although it is imperative that we abide by legislation, we believe that corporate citizenship is about more than ticking boxes – it is about doing the right thing! Our corporate responsibility is reflective of Sun International's contribution towards social, economic and environmental sustainability. Our sound corporate reputation is based on living our values, transparency, accountability and ethical leadership within the organisation. It speaks to the responsible operator that we are, and our reputation provides assurance to the governments of countries where we seek to do business.

Q: Do we prioritise responsible gaming as part of our approach?

A Absolutely. South Africa's National Responsible Gambling Programme (NRGP) is internationally acclaimed for its sound responsible practices, and Sun International, as a founding member of the NRGP, remains actively involved in the programme. It is a leading example of a collective industry approach to ensuring responsible gambling which underpins the sustainability of the industry.

Responsible gambling is at the heart of our gaming practices. We offer intensive training to our staff at multiple levels and regularly report to the board on the key aspects of responsible practices which include detail such as unattended minors on the gaming floors and crèche utilisation rates at our properties. In addition, our internal audit team performs NRGP audits at all our units in terms of their NRGP practices, and the Group standard is not to fall below 90% with the majority of our units scoring 100% in these audits.

Q: What about our approach to corruption and bribery – is it a potential risk when exploring new opportunities in foreign markets?

A The Group's anti-corruption policy has been approved by the board, and rolled out across the Group. We have a zero tolerance approach to any form of corruption or bribery, and we clearly set out the sanctions that would be applied should any employee be found to have engaged in prohibited practices.

The anti-corruption principles have been communicated through road shows at each unit, and are now part of our onboarding of new employees.

Q: What about our approach to reporting sustainability?

A We participate in the JSE's SRI Index which recognises JSE-listed companies that integrate and report on good governance practices in relation to triple bottom line performance.

As another indicator of our approach, the first Sustainability Data Transparency Index was created by IRAS this year. In this regard, IRAS reviewed the public reports of all JSE-listed companies, as well as any other entities known to produce a GRI-based annual report, integrated or otherwise, to look for quantitative data in respect of 56 different key sustainability indicators. Of the 400 companies that were measured in terms of transparency in reporting sustainability, Sun International was placed 20th – a very pleasing result.

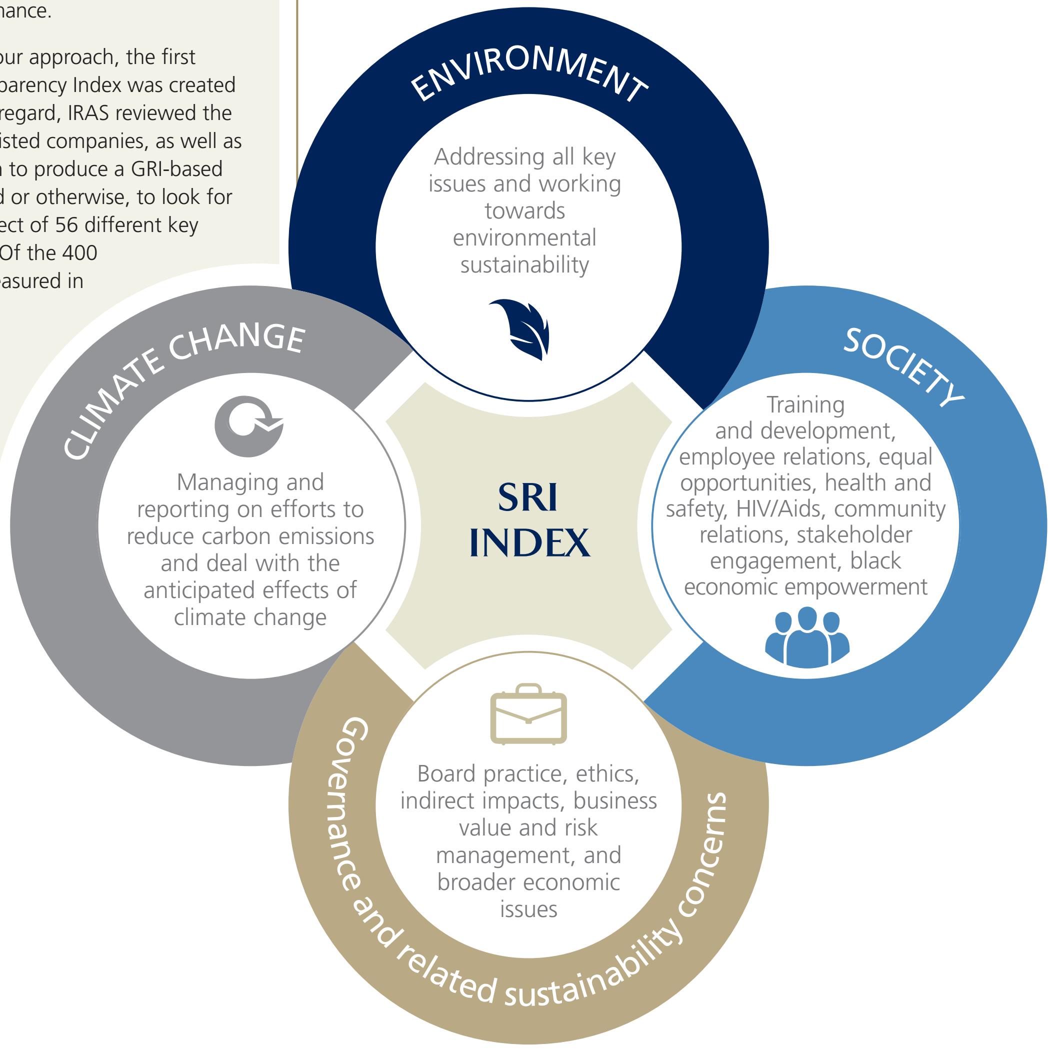
We have a number of initiatives or objectives that fall into the "corporate responsibility" space. The following sections discuss those which are currently most strategically important to the Group.

MAINTAIN INCLUSION IN THE JSE'S SRI INDEX

The JSE's SRI Index offers an aspirational benchmark and measures companies' policies, performance and reporting in relation to environmental, social and economic sustainability, as well as corporate governance practices.

Within the environmental criteria, companies are classified as high, medium or low impact based on their activities. Sun International is classified as a medium impact company. To be included in the JSE's SRI Index, companies must meet the minimum core and desirable indicators within the areas of measurement depicted below.

The Group's biggest focus in the year ahead will be on the climate change area of measurement.



The board remains committed to ensuring the Company's ongoing inclusion in the JSE's SRI Index. The 2013 JSE SRI Index review has commenced and the outcome of the Group's participation will be announced in November 2013.

ENHANCE ENVIRONMENTAL MANAGEMENT AND FINALISE CARBON FOOTPRINT STRATEGY

Sun International recognises that its operations have environmental and social implications and, as such, has entrenched its sustainability policy throughout the Group.

A new Group environmental manager was appointed in the year under review to focus on specific environmental areas and coordinate strategy and implementation across our units.

A key area of focus for the Group environmental manager will be to facilitate reporting of the Group's carbon footprint with a view to ensuring the reduction of carbon emissions. The carbon footprint initiative continues to be guided by the Greenhouse Gas Protocol. In this regard, a carbon footprint baseline was established in the 2011 financial period and the carbon footprint for 2012 and 2013 was determined based on Scope 1 and Scope 2 emissions.

Scope 3 emissions have not been included in the Group's carbon footprint this year; however, it is intended that we will incorporate these emissions for which we have data in our 2014 Integrated Annual Report.

EARTHGLOW INITIATIVE LAUNCHED

In taking a coordinated and active approach to sustainability management across the Group, the EarthGlow sustainability programme has been launched and encompasses our CSS. While the Group has been strong in its environmental stewardship over the years, EarthGlow is a drive to consolidate sustainability management across the Group and promote continued improvement in our numerous programmes.

The objectives of EarthGlow are to:

- Build awareness and ownership of the EarthGlow platform
- Motivate employees to be Sun International sustainability ambassadors, and to live an environmental culture by engaging, educating and rewarding
- Raise awareness among guests of our sustainability activities and results and involve them, as appropriate, to enhance their experience and brand affinity
- Leverage our reputation and activities through relevant sustainability partnerships
- Build stronger relationships by engaging and informing other key stakeholders, including contractors, suppliers, media and investors
- Be innovative where we can
- Monitor sustainability communication campaigns to track effectiveness and to provide content for communications and reporting
- Celebrate achievements and report transparently on results.

While our core sustainability principles have remained the same, our focus now is to operationalise EarthGlow throughout the Group. This includes setting specific targets at unit level across the key pillars of water, energy consumption, waste management and enterprise and socioeconomic development. The rollout of the ERP system will support data generation and measurement of our progress in these areas.

We are also implementing an ISO14001 environmental management system (EMS) in all of our units. The full ISO14001 EMS system will be rolled out at our larger units that have significant data requirements, while a simplified version will be used in smaller units that have less capacity. Both versions will still capture all data relevant to reporting requirements, which will allow us to measure the tangible benefits of these initiatives.

IMPROVE SOCIOECONOMIC DEVELOPMENT AND CORPORATE SOCIAL INVESTMENT INITIATIVES

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

Sun International is committed to spending 3% of after tax profits on a combination of socioeconomic development (SED) and corporate social investment (CSI) initiatives, using a ratio of a 2% contribution of SED and 1% to CSI.

Our aim is to have a positive impact on society, while making a sustainable contribution to the economy and society. Our projects are managed both centrally through the Sun International Social Community Development Trust (SISCDT) and by each property, with our properties focusing on the immediate communities within which they operate. To ensure meaningful and sustainable projects, the SISCDT commissioned CSI Solutions to evaluate the impact of these projects on the communities in which the properties operate.

Consequently, we will drive our commitments by considering the requirements of local communities in our areas of operation, focusing on projects that empower local communities through education, health and welfare, and development through sports, arts and culture.

IMPROVE GROUP ENTERPRISE DEVELOPMENT INITIATIVES

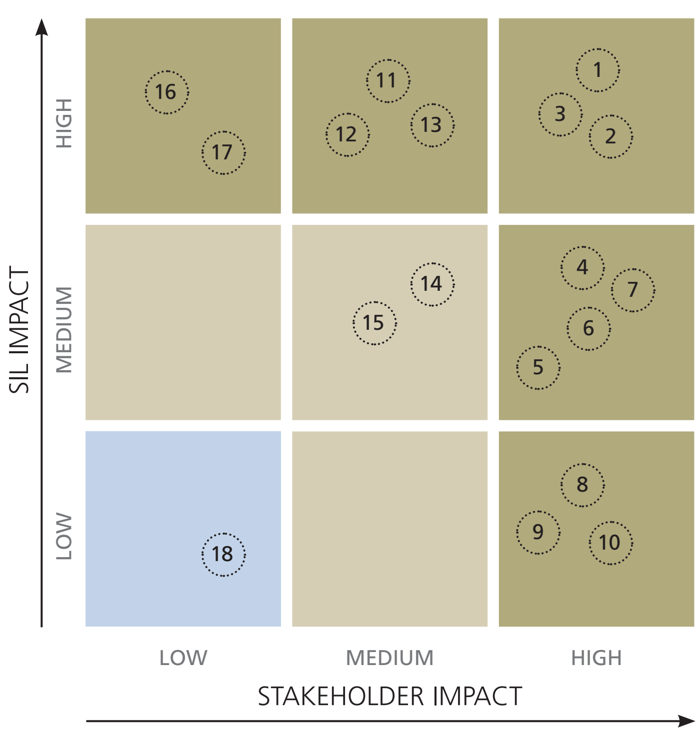
The Group is reviewing its enterprise development (ED) initiatives to see where we can improve delivery and the impact of our ED spend. In the past we have relied on early settlement of suppliers to achieve the majority of our ED spend which has had little impact on the development of qualifying entities. In the future we will be focusing on loan funding and investment to create and develop meaningful broad-based black economic empowerment (B-BBEE) suppliers.

IMPROVE STAKEHOLDER ENGAGEMENT

The Group has a formalised stakeholder engagement process in place and has identified its key stakeholders, having regard to those that have a material impact on the Group and those on which the Group may have a material impact.

The Group's stakeholder impact matrix is depicted below.

Stakeholder matrix 2013/2014



KEY

1	Customers
2	Equity partners
3	Employees
4	Gambling boards
5	Other regulators
6	Media
7	Banks
8	Provincial government
9	Unions: SACCAWU/COSATU/ SATAWU
10	National governments
11	Service providers
12	Investors
13	Suppliers
14	Local government structures, e.g. police
15	Public benefit organisations, e.g. BACSA
16	CASA
17	SA Responsible Gambling Trust
18	Local and foreign embassies

A stakeholder engagement review is undertaken annually to ensure currency and relevancy of material stakeholder issues. This supports our objective to engage appropriately with all our stakeholders on identified issues such that decision-making in the Group holds benefit for affected parties, taking into account their legitimate interests and expectations.

In the year under review, the Group undertook an independent study with the Gordon Institute of Business Science which conducted a standardised ethical procurement survey. The survey was performed on procurement departments at all our units, including head office, and included anonymous feedback from suppliers drawn from our supplier database.

The supplier ratings were exceptionally high which indicates that the Group is highly regarded across its supplier base for sound and thorough ethical practices. The Group will continue to monitor this area to ensure that this pleasing result is maintained.

Investor relations

In an independent survey undertaken during the year, we received mixed feedback with regard to our investor relations strategy. Using input from the survey we are updating and evolving our investor relations strategy which in future will be more proactive as opposed to reactive as it was in the past. To this end, and for the first time, we produced an investor presentation which is available on our website at:

http://suninternational.investoreports.com/resultsreports/2012-2016/

The presentation was well received and clearly sets out the Group's strategic focus areas and the results for the year.

In the investor community, we are undertaking intensive one-on-one engagement with investors and shareholders to ensure that they have a comprehensive understanding of the Group, its strategy and performance. Information obtained from our interactions will inform our strategy and decisions.

Regulator survey

In 2014, the Group will be commissioning a survey to evaluate the perceptions of its key regulators. We will initially target gaming boards, which are the key touch points in our day-to-day operational dealings. The study will aim to identify any perception gaps or issues that should be addressed.

Although the Group maintains strong and productive relationships with its regulators, we need to ensure that we continue to actively build on these relationships and deal adequately with any issues that this stakeholder group may raise.

We have elevated the custodianship of gaming board relationships to key executive managers with a view to strengthening our relationships with the gaming boards.

Outlook

In summary, we believe that while challenges lie ahead we have a unique portfolio of assets and strong brand positioning relative to our competitors. The following are some of our key strengths:

- *We have great hotels in Cape Town, Johannesburg, Lagos and Victoria Falls*
- *We have exclusive casino licences in Cape Town, Port Elizabeth, Polokwane, Kimberley and Bloemfontein – all offering a range of gaming, hospitality, food and beverage and entertainment experiences*
- *We have well positioned, right-sized and very competitive casino properties in Johannesburg and Durban*
- *We have the best operation in Chile and are soon to have the best in Panama*
- *We have the irreplaceable Sun City*
- *We are introducing new state-of-the-art gaming technology*
- *We own great events such as the Nedbank Golf Challenge and the Miss South Africa pageant – and we have the best entertainment facilities*
- *We have a depth of management experience in emerging markets and a proven development track record which should lead to further opportunities being secured in the destinations we are targeting*

As can be seen in the various sections setting out our strategy and short- to medium-term objectives, there is a lot going on to improve and grow our business and ensure that we leverage all the advantages we have and provide a differentiated guest experience. Despite these efforts, in the absence of a significant improvement in the current South African economic environment, we anticipate trading to remain difficult in the year ahead. Gaming revenue will be impacted by a full year under the smoking ban in Chile, while rooms revenue is expected to continue growing well off fairly low levels. We are confident our strategic initiatives to improve performance and reduce costs will have a meaningful impact on revenue and margins; however much of this is only likely to materialise in the 2015 financial year given the time needed for these measures to take effect. Our strategic initiatives to leverage our existing portfolio and also grow into new products and areas should position the business well for the future.

Thanks to the team

It remains for me to thank the executive team for the extremely hard work that they are putting into this business – especially now that, in addition to their day-to-day roles, they take on all the new strategic objectives we have set. Fortunately there is an amazing depth of experience among my executives, only a few of whom have been singled out for mention in this report.

I also extend my thanks to the management teams at our properties, who wake up every day, put a smile on their faces

and drive our business. They have to answer to the increasing challenges set for them by head office – and they have to motivate their people to achieve them.

Lastly and most importantly, to our employees: the dealers, slots technicians, call centre and sales staff, waiters and waitresses, housekeeping, chefs and so many others – a special word of thanks to all of you who are the most visible touch point between our organisation and our guests. No matter how hard we work or how magnificent our properties are, without a positive guest experience at your level of interaction, we cannot expect to succeed.

There is a lot of work ahead, but as a team I have no doubt we can deliver something special. I look forward to it.

Corporate governance review

HOW WE GOVERN OUR BUSINESS

Ethical leadership

The Sun International Group remains committed to ethical and responsible leadership. Our leaders are held accountable for sound corporate governance practices which are embedded throughout the Group's companies, in all jurisdictions in which we operate. Our code of ethics articulates the Group's commitment to all its stakeholders.

Read more about the Group's stance on ethics and whistleblowing online at http://ir.suninternational.com/4/

Key developments

- Implemented the Group's anti-corruption policy
- Undertook initiatives to drive ethical awareness throughout the Group
- Launched a Spanish-medium ethics hotline for Monticello, Chile
- Commissioned independent research to establish supplier perceptions of the Group's procurement relative to ethical practices
- Reviewed, without amendment, the Group's code of ethics, which commits management and employees to the highest ethical standards of conduct.

Governance

Our commitment to good governance remains underpinned by the pillars of fairness, transparency, accountability and responsibility to all stakeholders. These pillars preserve the Group's long-term sustainability, thereby delivering value to all stakeholders.

The Group's key tenet is to do the right thing and its governance practices are integral to its licence to operate in society. The board, as the custodian of corporate governance, continues to provide the focal point for corporate governance in the Group.

Our full corporate governance report can be accessed online at http://ir.suninternational.com/5/

Key developments

- Participated in the JSE's SRI Index 2012
- Close to completing the Group's membership of the UN Global Compact
- Membership of the National Business Initiative
- Developed a comprehensive King III assessment register. The board confirms that the Group complied with the Code of Governance Principles as set out in the King III assessment register, which can be accessed online at

http://ir.suninternational.com/3/

Sustainable business practices

The board is cognisant of the Group's responsibility to people, planet and profit, and considers the sustainability of the Group's business practices and its potential impact on all stakeholders, including the environment. The Group's strategic focus areas have been developed in the context of sustainable business practices. The board assesses the sustainability of the Group's strategic initiatives by conducting an assessment of the long-term impact of any strategic project on the Group's stakeholders.

Our corporate citizenship is enhanced through continuously monitoring the sustainability of our business practices and it remains our strategic intent to protect and grow our business into the future.

Key developments

- Submitted a water and forest disclosure to the Carbon Disclosure Project (CDP) during 2013
- Launched a unique programme that integrates social and environmental initiatives under the banner of "EarthGlow"

- Group membership of the World Wide Fund for Nature (WWF)
- Engaged further with our people through a Group-wide culture survey
- Reformulated a Group policy on HIV/Aids and other potentially life threatening diseases
- Revision of a Group corporate social investment policy
- The board 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. The independent sustainability assurance statement is available online at

http://ir.suninternational.com/6/

Risk management

Effective risk management is imperative to a Group 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. An enterprise-wide approach to risk management has been adopted by the Group, which means that every key risk in each part of the Group is included in a structured and systematic process of risk management.

Key developments

- Rolled out Business Continuity Management across the Group
- Implemented a Group legal compliance policy
- Approved IT risk-related policies
- Reformulated the Group's ranking of risks and risk approach
- Reviewed Group's risk appetite and risk tolerance and applying this to the Group's decision-making
- Applied the Group's assurance model to key risks facing the Group, particularly in a challenging economic environment.

THE BOARD OF DIRECTORS

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 and the King III assessment register, which can be accessed online at http://ir.suninternational.com/3/. The board 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, 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 86 and 88 respectively.

Board leadership

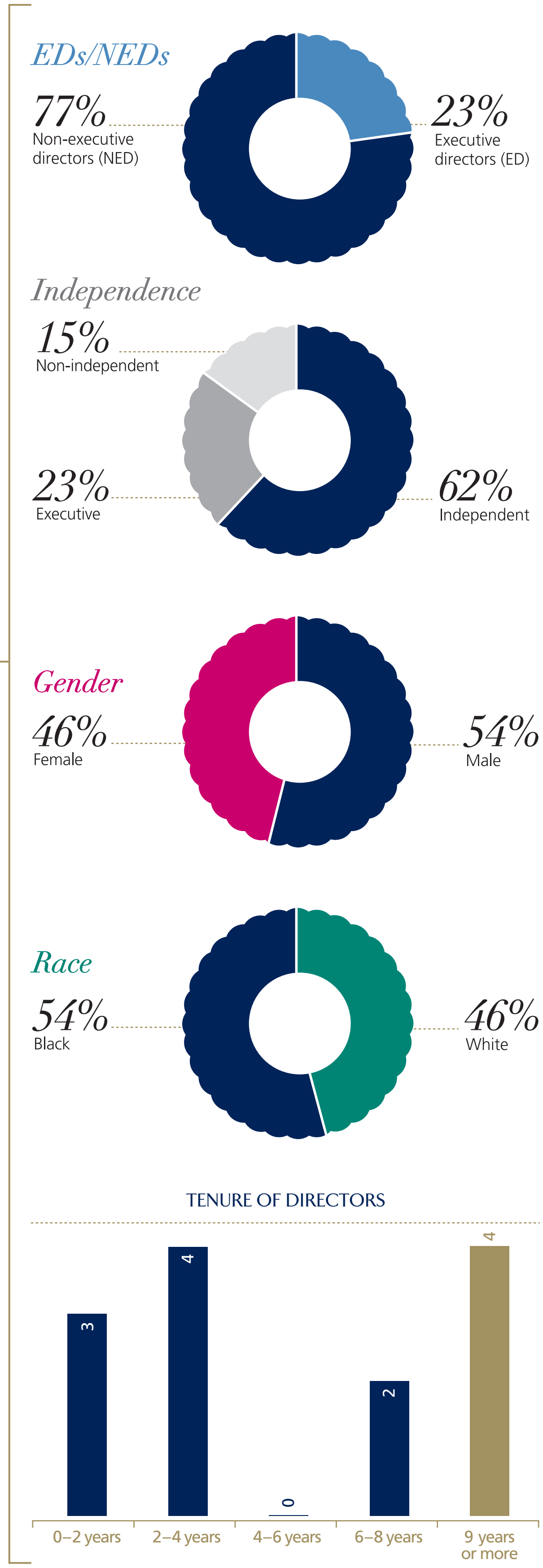
Sun International has a unitary board structure comprising a mix of executive and non-executive directors, the majority of who are independent non-executive directors. The board presently comprises three executive and ten non-executive directors, eight of who are considered independent in terms of governance criteria. The non-executive directors have the necessary skills, qualifications and experience, as is evident from their résumés, to provide judgement independent of management on material board issues. The composition of the board is detailed in the directorate section of the report. We value diversity on our board and of the 13 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, to new directors with skills and experience in other industries.

Director appointments in 2013

This year, the board welcomed Mr Peter Bacon as an independent non-executive director. Mr Bacon, a former Chief Executive of the Group (2003 to 2006) brings a wealth of industry experience to the board. In addition, changes in the executive management of the Group resulted in the appointment of two executive directors, Mr Graeme Stephens (Chief Executive) and Mr Anthony Leeming (Chief Financial Officer). The résumés of the aforementioned directors can be found on page 12.

Accountability

The board's role is to exercise leadership and sound judgement in directing Sun International to achieve sustainable growth in the best interests of its stakeholders. The board is regulated by a board charter which details the manner in which the business should be governed by the board in accordance with the principles of sound corporate governance and organisational integrity. The board charter is reviewed annually.



BRIEF OVERVIEW OF THE BOARD AND ITS PROCESSES

Chairman

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

Although the Chairman is not independent, he brings valuable expertise to the board and continues to exercise independent judgement in relation to board matters. The Chairman of the board is responsible for, *inter alia*, 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. The Chairman's reappointment follows an evaluation of his performance during the year under review.

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 which has clear criteria for the selection of board directors.

In terms of the Company's Memorandum of Incorporation, new directors appointed since the last annual general meeting (AGM) may only hold office until the next AGM at which time they will be required to retire and offer themselves for election. Accordingly, Messrs Bacon and Stephens, having been appointed with effect from 1 February 2013 and Mr Leeming, having been appointed with effect from 1 March 2013, will stand for election at the forthcoming AGM. Their résumés summarising their experience can be found on pages 12 to 13.

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 requisite governance principles.

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. The LID is appointed annually should the chairman not be independent. The LID provides leadership and guidance at any meetings or in consultations with other directors or executives in circumstances where the board chairman may be subject to a conflict of interest. The LID is instrumental in leading and introducing discussion at board and committee meetings regarding the performance and evaluation of the board chairman.

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 their re-election to the board and shareholders.

In this regard, the nomination committee, having concluded its performance assessment, recommends the re-election of the retiring directors, Mr IN Matthews, Mr PL Campher and Ms BLM Makgabo-Fiskerstrand, all of who, being eligible, have offered themselves for re-election at the 2013 AGM. Their résumés can be found on pages 12 to 13.

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 confirms that two of its non-executive directors are not considered independent as they are shareholders and directors of Lereko Investments (Pty) Limited, which is a material shareholder of Dinokana Investments (Pty) Limited, the Group's empowerment partner. The remaining eight non-executive directors are considered independent in terms of the 2013 independence assessment.

The nomination committee conducted a rigorous independence assessment of the non-executive directors who have served on the board for nine years or more, and concluded that these directors retain their independence in character and judgement, notwithstanding their length of service, and that there were no relationships or circumstances that were likely to affect or be perceived to affect their independence. The board concurred with these 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 Graeme Stephens was appointed as Chief Executive on 1 February 2013. The board's governance and management functions are linked through the Chief Executive, who is tasked with running the business and implementing 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. In addition the Chief Executive's performance in his capacity as a director of the board is assessed by the nomination committee. The Chief Executive delegates the appropriate authority to his management team in terms of defined levels of authority and retains accountability to the board.

Director induction and ongoing development

On appointment to the board, all directors are provided with an induction programme and materials aimed at broadening their understanding of: their fiduciary duties and responsibilities; the regulatory, statutory and governance framework; the Group and the business environment and markets in which the Group operates. All directors are expected to keep abreast of changes and trends in the business and in the Group's markets. This includes changes and trends in the economic, political, social and legal environments. Training is provided to accelerate board competencies, where necessary, in terms of the Group's professional development policy.

Board meetings

A minimum of four board meetings are scheduled each financial year. In addition, the board holds a fifth meeting, in the form of an annual strategy meeting, together with executive management, to deliberate the Group's strategic direction and to agree the Group's annual budget as proposed by management. The Group's key strategic objectives are set at the strategy meeting and progress is reported at each board meeting. The board attendance is depicted in the table on page 59.


THE ROYAL LIVINGSTONE
Zambia
At the Royal Livingstone Hotel, on the banks of the Zambezi River that flows through the soul of Africa, your own story waits to be told

Board committees and attendance

The board is authorised to form committees to assist in the execution of its duties, powers and authorities and currently has six standing committees. The composition of the committees and committee member attendance during the year is as follows:

Review of board and committee composition and attendance – 1 July 2012 to date of this report

	Board meeting attendance	Remuneration committee attendance	Nomination committee attendance	Audit committee attendance	Social and ethics committee	Investment committee	Risk committee
Non-executive directors							
PDS Bacon[1]	■■■■						■
ZBM Bassa	■■■■■■	■■■■■		■■■■■■		■■■■	
PL Campher[2]	■■■■■■	■■■■■	■■■■	■■■■■	■■■■	■■■■	
NN Gwagwa	■■■■■■						■■■□
BLM Makgabo-Fiskerstrand	■■■■■■				■■■■		
IN Matthews	■■■■■■	■■■■■	■■■■			■■■□	■■■
B Modise	■■■■■□			■■■■■□			
LM Mojela[3]	■■■■■□		■			■■■■	
MV Moosa	■■■■■■	■■■■■	■■■■		■■■■		
DM Nurek[4]	■			■□			□
GR Rosenthal[5]	■■■■■■			■■■■■■	■		■■■
Executive directors							
GE Stephens[6]	■■■■						■■■
AM Leeming[7]	■■■						■■■
KH Mazwai	■■■■■■						■■■
RP Becker[8]	■■□						■■
G Collins[9]	■■						■■
Executive management							
S Montgomery							■■■
TS Ndlela							■■■
CA Reddiar							■■■
SD Wing[11]							■
TC Kaatze[10]							■■
JA Lee[10]							■■
DS Whitcher[10]							■■
DR Mokhobo[10]							■□
M Naidoo[10]							■□
HJ Brand[10]							■■
J Coetzee[10]							■■

■ *Board meeting attendance* ■ *Committee meeting attendance* □ *Apologies*

1 *Appointed to board on 1 February 2013 and to the risk committee on 28 May 2013*
2 *Appointed to the audit committee on 23 November 2012*
3 *Appointed to the nomination committee on 20 August 2013*
4 *Retired from the board and audit committee on 23 November 2012*
5 *Appointed to the social and ethics committee on 28 May 2013*
6 *Appointed to board on 1 February 2013*
7 *Appointed to board on 1 March 2013*
8 *Resigned from the board with effect from 28 February 2013*
9 *Resigned from the board with effect from 1 February 2013*
10 *Membership to risk committee formally re-constituted on 28 May 2013*
11 *Appointed and attended the risk committee on 21 August 2013*

Each board committee has a charter, or terms of reference, that is formally approved by the board and is reviewed annually by the board and the respective committee to ensure relevance. The chairpersons of the committees report to the board on a quarterly basis in terms of their committees' respective terms of reference and copies of all committee minutes are circulated to the full board.

The board charter and board committee terms of reference can be accessed online at http://ir.suninternational.com/7/

Key matters dealt with by the committees during the 2013 financial year

Nomination committee

- Concluded the search for and nomination to the board of the Chief Executive
- Recommended the establishment of an investment committee to consider and evaluate the viability of proposed investment opportunities, given the Group's expansion strategy
- Made specific recommendations to the board on the reconstitution of the risk committee and its IT governance sub-committee, to create alignment with the executive management restructure and streamline processes under committee review.

Risk committee

- The number of executive members on the committee was reduced to align its composition with the Group's key business functions
- Revised the risk methodology underpinning the Group's practices
- Provided oversight on the Group-wide rollout of business continuity management, the Group's legal compliance policy and the anti-corruption policy
- Developed, through its IT governance sub-committee, a policy and charter outlining the decision-making rights and accountability framework for IT governance together with a review 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
- Made recommendations on several key IT governance-related policies with Group-wide implication.

Investment committee

- Considered and evaluated the viability of proposed investment opportunities, disposals and expansion projects for recommendation to the board
- Reviewed feasibilities and prospects of success relating to such projects
- Considered potential strategies relating to the Group's existing asset portfolio.

Key matters dealt with by the audit, remuneration and the social and ethics committees are set out in their respective reports on pages 64 to 79.

Board, director and committee evaluations

The board Chairman, LID, board committees and the board members are evaluated annually on their performance, processes and procedures in an online self-evaluation, the last evaluation having been carried out during April 2013.

Based on the results of the 2013 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.

Group company secretary

Chantel Reddiar was appointed as the Group company secretary in April 2010. Chantel holds the following qualifications: BA; LLB; LLM; MBA and has 13 years' experience as a corporate lawyer. Based on the nomination committee's assessment and having given due consideration to the matter, the board is of the opinion that the Group company secretary has the requisite knowledge, qualifications and experience to carry out the duties of a company secretary of a public listed Company and that she maintains an arm's length relationship with the board. 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. Ms Reddiar's résumé can be found online at

http://ir.suninternational.com/8/

Group internal audit

Group internal audit (GIA) provides management and the board of directors with independent evaluations and examinations of the Group's activities and resultant business risks. The purpose, authority and responsibility of the internal audit department are formally defined in an internal audit charter which is reviewed by the audit committee and approved by the board.

The internal audit department is designed to maintain an appropriate degree of independence to render impartial and unbiased judgements in performing its services. The scope of the internal audit function includes: performing independent evaluations of the adequacy and effectiveness of Group companies' controls, financial reporting mechanisms and records, information systems and operations; reporting on the adequacy of these controls; and providing additional assurance regarding the safeguarding of assets and financial information. Internal audit is also responsible for monitoring and evaluating operating procedures and processes through, *inter alia*, gaming compliance, Responsible Gambling Programme compliance, operational health and safety, and environmental audits. Risk assessment is coordinated with the board's assessment of risk through interaction between internal audit and the audit and risk committees so as to minimise duplication of effort.

In accordance with the International Standards for the Professional Practice of Internal Auditing, GIA will be subject to an external quality assurance. The last such review was conducted in respect of the 2011 financial year.

Internal financial controls

The board of directors is responsible for the Group's systems of internal financial controls. These systems are designed to provide reasonable, but not absolute assurance, as to the integrity and reliability of the financial statements and to safeguard, verify and maintain accountability of its assets, as well as to detect and minimise significant fraud, potential liability, loss and material misstatement while complying with applicable laws and regulations. GIA has provided a positive assurance to the board on the state of the Group's internal financial controls. Further detail in this regard can be found in the audit committee report on pages 84 to 85.

Stakeholder engagement

The board has delegated the responsibility to deal with stakeholder relationships in a proactive and constructive manner to management. The initiatives and activities for the year are more fully reported in the full corporate governance report, available online at

http://ir.suninternational.com/9/

Risk management

A sound and effective risk management system is crucial to the long-term development of the Group over and above the key role provided by the Group's risk committee. The realisation of the Group's business strategy depends on being able to take calculated risks in a way that does not jeopardise the legitimate interests of stakeholders. Sound management of risk enables the Group to anticipate and respond to changes in its business environment, as well as take informed decisions under conditions of uncertainty.

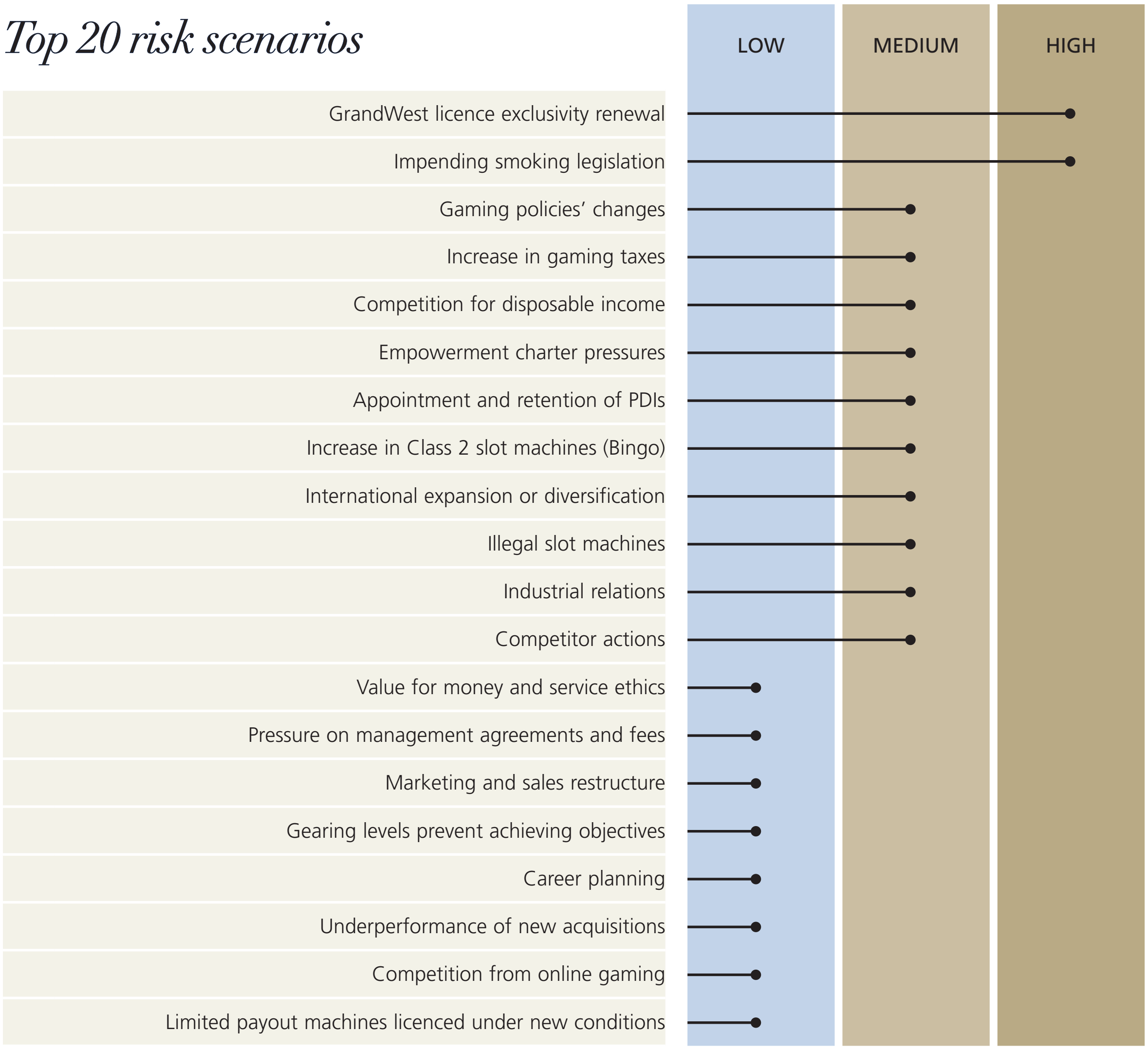
An enterprise-wide approach to risk management has been adopted by the Company, which means that every key risk in each part of the Group is included in a structured and systematic process of risk management. All key risks are managed within a unitary framework that is aligned to the Company's corporate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

Risk management processes are embedded in the Group's business systems and processes, so that its 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 the Group's risk profile demands that Sun International adopts a prudent approach to corporate risk, and that 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 the Company will fulfil its intentions to stakeholders. The Group firmly believes that every employee has a part to play in this important endeavour.

Each risk is comprehensively reviewed and is managed by the business through mitigating controls, key action plans and accountability by risk owners.

The Group's top 20 key risks, which have been comprehensively reviewed by the risk committee, are summarised as follows:

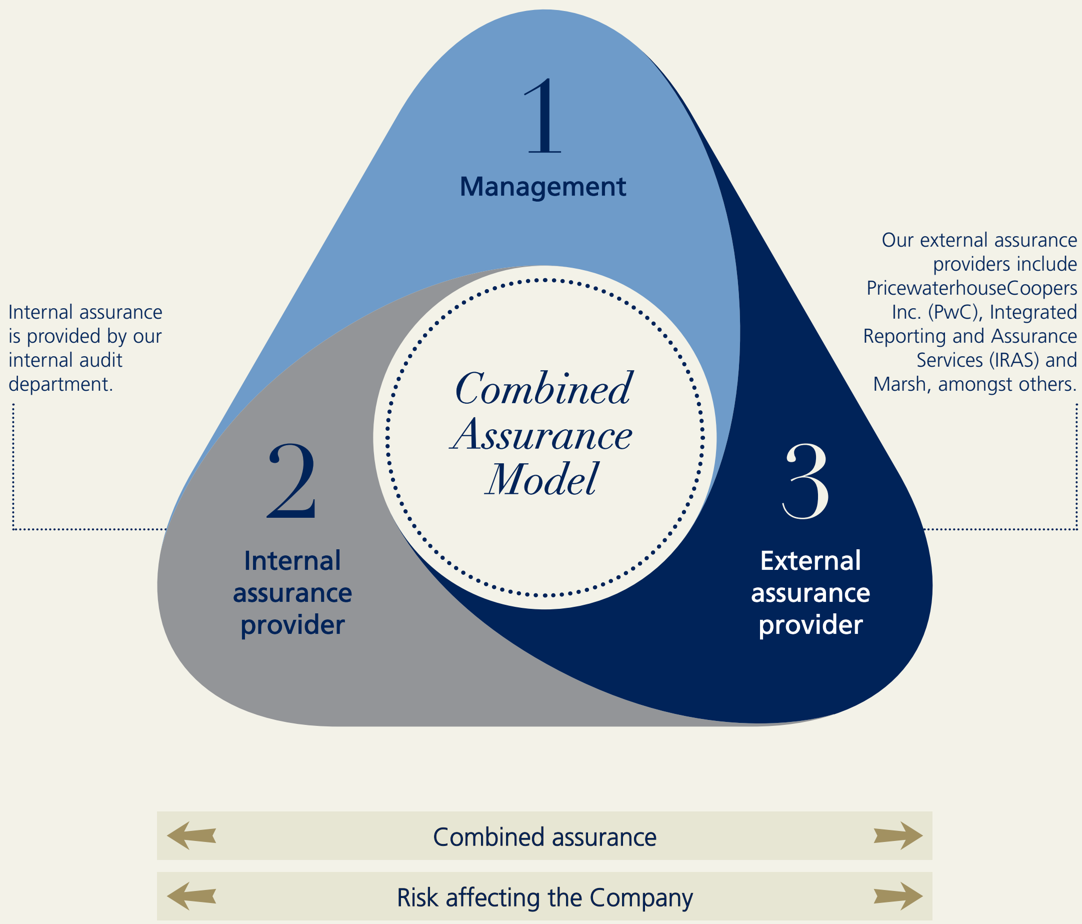
Top 20 risk scenarios



Assurance model

The board has adopted a combined assurance model, which aims to optimise the assurance coverage obtained from management and its internal and external assurance providers on the risk areas affecting the Company. The combined assurance model and strategy for 2013 was approved by the risk and audit committees and addresses the balance between executive management and the independent internal and external assurance providers in providing assurance on the coverage of the Group's key risks.

The Group's application of its assurance model can be found online at http://ir.suninternational.com/10/



Independent sustainability assurance

The board has again engaged the services of an external assurance provider, IRAS, to provide an independent assurance statement on the Group's sustainability reporting as advocated by King III. Although the Group has had several independent assessments conducted, 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 board confirms that the Group has achieved a B+ rating on the sustainability information set out in this Integrated Annual Report.

The full assurance statement can be found online at http://ir.suninternational.com/6/

In summary

The board is of the opinion that the Group creates value for its stakeholders ethically and responsibly and that these governance principles will continue to provide a principled and ethical foundation that enhances the Group's corporate reputation and contributes to its long-term sustainability. We will continue to report transparently and on material sustainability issues facing the Group. Interested stakeholders can find detailed information about the Group's governance practices online and comments from stakeholders can be sent to:

investor.relations@suninternational.com

Remuneration report

LETTER TO SHAREHOLDERS

Dear shareholders

The 2013 year brought with it changes to the executive leadership of the Group and significant changes to executive variable remuneration, that emphasises performance-related remuneration linked specifically to the achievement of the Group's key strategic objectives. These changes have had several implications for the remuneration committee (the committee), including, *inter alia*, oversight of the realignment of the executive management team; the consequent alignment of executive performance contracts with the Group's strategic objectives; and the revisions to the Group's short-term and long-term incentive plans, as detailed in this report.

This report further highlights the Group's remuneration policy, structure and other benefits with a reporting emphasis on the revisions to the variable remuneration design. This is followed by the remuneration disclosures of the executive directors. The Group remains committed to transparency on its remuneration reporting.

During the year we undertook a comprehensive remuneration review, which centred on incorporating non-financial performance measures. The key tenets underlying the Group's remuneration philosophy have remained constant: to ensure the creation of an appropriate and competitive base of talented employees of the right calibre, experience and skills; rewarding employees fairly and equitably; motivating employees to achieve the highest levels of performance in alignment with the Group's strategic objectives; and the pursuit of shareholder value creation.

The Group's remuneration policy is designed to ensure that we attract and retain highly motivated and talented employees who take pride in working for the Group, thereby assisting in the delivery of the Group's values and mission that envisions the Group being internationally recognised as a successful leisure Group offering superior gaming, hotel and entertainment experiences. The committee is cognisant that its remuneration model must be balanced in terms of competing for talent in a competitive market and shareholder value creation.

The executive team, under the leadership of Mr Graeme Stephens, has conducted extensive talent reviews in the latter part of this

Key decisions TAKEN IN 2013

- Considered and agreed the remuneration packages for the newly appointed Chief Executive and Chief Financial Officer
- Restructured and revised the performance contracts of the executive team to embed the Group's strategic imperatives as key performance indicators (KPIs)
- Revised the Group's short-term incentives to align it with the business unit, Group and personal performance
- Reviewed the Chief Executive and executive team's performance during the 2013 financial year, providing recommendations and approval of their guaranteed and variable remuneration for the 2014 financial year
- Redesigned the Group's long-term incentive plans to simplify the operation thereof
- Reviewed the Group's executive succession planning
- Talent review strategy agreed and implemented
- Approved a change to the Group's medical aid offerings in the new year
- Settlement of the Group's original long service awards policy for non-bargaining unit employees and the formulation of a revised market-related policy
- Review and approval of this remuneration report

year to clearly identify talented employees throughout the Group to ensure that the appropriate skills, including leadership potential, are nurtured and developed. Although management had already commenced its talent strategy, it became evident that an emphasis had to be placed on developing a depth of potential successors to key and critical roles throughout the organisation, given the leadership changes within the Group. The committee has reviewed the initial findings of the various talent management initiatives and, while it is encouraged by the significant progress achieved in a relatively short space of time, the implementation and oversight of the Group's talent strategy will remain a key imperative for both management and the committee in the year ahead.

The committee's terms of reference are reviewed annually and sets out the committee's mandate and undertakings. Details can be found online at http://ir.suninternational.com/7/. This year, the committee was further guided by the publication of the Institute of Directors in Southern Africa's Position Paper 1 for remuneration committees. The committee is satisfied that it has fulfilled its responsibilities in compliance with its written terms of reference in all material respects during the year. This was evidenced by an evaluation of the committee's self-assessment findings and the annual review of the effectiveness of the committee.

In addition, the committee confirms that the remuneration principles adopted are consistent with market practices and remuneration governance guidelines. The reinforced emphasis on a pay for performance methodology will ensure an integrated application of the Group's remuneration policy that will stand up to the scrutiny of all legitimate stakeholders and deliver sustainable corporate performance.

The committee has challenged certain fundamentals of the Group's executive remuneration structure and has worked extensively with external remuneration experts to ensure that the implemented structures are meaningful and will incentivise management to create long-term shareholder value. This was underpinned by the call of key stakeholders to simplify the Group's variable long-term incentives. To this end, the committee met five times during the year under review to extensively canvass the matters at hand with 100% attendance of members at committee meetings.

The changes made to executive remuneration this year reflect the stronger alignment between pay and performance, and we trust that this philosophy will meet with your support at the 2013 annual general meeting. The year ahead will focus on the implementation of the revised variable remuneration structure, resulting in management being clearly incentivised to deliver on the Group's strategy.

This report has been approved by the board on the recommendation of the committee. Stakeholders are invited to submit comments on the Group's remuneration policy as summarised below by emailing comments to

investor.relations@suninternational.com

IN Matthews
Chairman of the remuneration committee

During the year under review, the committee comprised Mr IN Matthews (committee Chairman and Lead Independent Director), Ms ZBM Bassa, Mr PL Campher and Mr MV Moosa (board Chairman). The résumés summarising the committee members' experience can be found on pages 12 and 13 of the Integrated Annual Report.

REMUNERATION POLICY

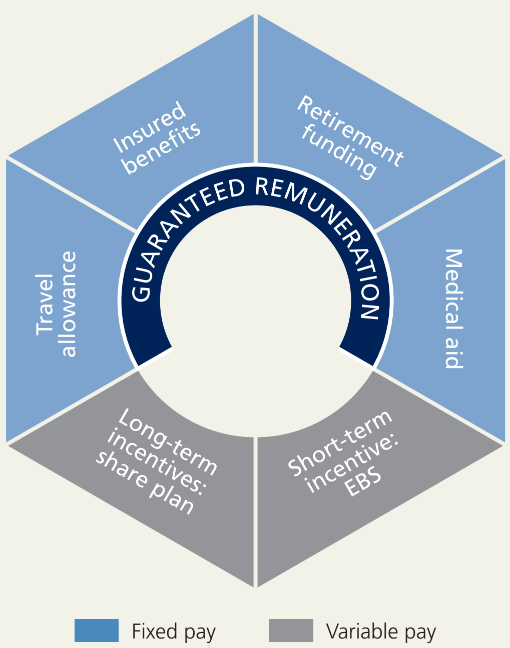
The Group is guided by the following best practice remuneration principles:

- Provide remuneration that attracts, retains and motivates employees, and helps to develop a high performance culture to create a strong link between performance incentives and shareholder returns
- Provide a measure of flexibility within the remuneration structure
- Ensure that remuneration levels are competitive relative to the market and the Group's competitor set
- Remunerate employees according to their individual contribution and delivery of strategic and operational performance
- Ensure a balance of financial and non-financial benefits to address retention and development of talented employees
- Establish remuneration levels that provide for equitable pay that is consistent and transparent, but differentiates between average and excellent performers in line with the Group's renewed focus on talent management
- Ensure that remuneration structures promote improved sustainable corporate performance and remain affordable to the Group
- Ensure alignment across the business units and the Group's strategy
- Customise remuneration in all operations outside South Africa as may be required by local legislation and practice, but match the fundamental Group remuneration principles, wherever possible
- Reinforce teamwork, a culture of belonging and high commitment among the Sun International team
- Withstand scrutiny by the Group's various stakeholders
- Utilise remuneration experts as and when required to ensure that the Group's remuneration is appropriate and in line with the market.

The committee will continuously review the Group's remuneration principles to ensure that the Group remains competitive and orientated toward market best practices.

REMUNERATION STRUCTURE

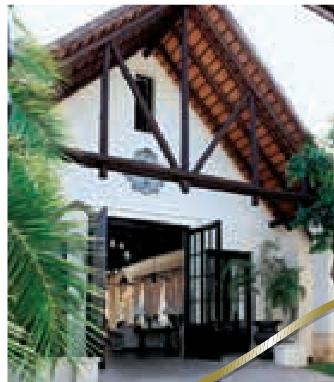
The different components of the Group's executive remuneration structure, its purpose and the manner in which this links to the overall Group strategy are summarised below.



The Group's total remuneration consists of guaranteed remuneration for the majority of employees and is supplemented with variable pay at senior levels of management.

GUARANTEED REMUNERATION

- Fixed component which reflects individual contribution and market value for the role
- Positioned at market median to upper quartile (taking into consideration the size and complexity of the role as benchmarked by external remuneration experts)
- Paid monthly in cash net of allocations to travel allowances, retirement fund, insured benefits and health benefits
- Reviewed annually


Holistically, the Group seeks to remunerate management (guaranteed package plus "target" short-term incentive) at a level between the median and the upper quartile of the 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 and for determining the relevant reference points. In addition, factors such as projected inflation, internal equity 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's strategic objectives and operational deliverables.

Once again this year, higher salary increments were targeted at junior levels of staff with lower salary increments applied at more senior management levels (average increase of 6% for executive management). Any increase above 6% at executive management level was to compensate for a promotion or an increased responsibility given the restructure of the Group's management functions.

The Group's long service awards policy was extensively reviewed, as market research reflected that the benefits provided under the policy exceeded market practices as the award was linked to the employees' total cost of employment (TCOE). The Group decided to settle the long service award liability as at 30 June 2013 on the basis of an actuarially determined settlement proposal. The settlement was positively received and accepted by non-bargaining unit employees and the Group remains in discussion with the union in terms of its acceptance on behalf of its members. As the overriding purpose of the long service award was to demonstrate that Sun International recognises and values the contributions of its employees, a new long service policy has been formulated to celebrate with those permanent employees who reach continuous long service "milestones", through a system of moderate awards that are not linked to TCOE.

The Group's total labour cost across all levels of the organisation amounted to 18.5% of the Group's revenue.

Revisions to variable remuneration

As a result of the 2013 committee review, and with the assistance of leading remuneration experts, the committee has redesigned the Group's variable remuneration. The changes emphasise market best practices and accommodate individual contribution to achieve the Group's strategic objectives in the years ahead.

A brief snapshot of the 2012/2013 variable remuneration is set out on the next page together with a detailed description of the 2013/2014 variable remuneration.

Revisions to the short-term incentive (Executive Bonus Scheme – EBS)

2012/2013		
The EBS is calculated as a percentage of the employees' TCOE	EVA (to measure return on investment)	EBITDA (to measure short-term cash generation)
Weightings	*70%*	*30%*
Above target	uncapped	capped
One third of the EBS earned above the target is paid in cash and two thirds deferred to a bonus bank for years when targets are not met.		

The 2012/2013 EBS led to a mechanistic approach and did not enable the differentiation of individual performance as EBS was entirely dependent on financial measures (EVA® and EBITDA). In addition EVA® is a complex financial measure and not all levels of management have clear line of sight into its workings with only a few employees making capital expenditure decisions.

2013/2014

EBS

EBS will be determined as a percentage ("target incentive percentage") of an employee's Qualifying TCOE and will be dependent on a Business factor and a Personal factor for the most recent financial year as follows:

Qualifying TCOE × [Target incentive percentage × Business factor × 67%] + [Target incentive percentage × Personal factor × 33%]

Target Incentive Percentage

The target incentive percentage will depend on the employee's grade and will be determined from time to time by the committee based on prevailing market trends.

Business factor

The Business factor will be dependent on performance against the business driver(s) determined by the committee for each relevant financial year and will be as follows:

Targets	Business factor
Threshold business driver	**0%**
Target business driver	**100%**
Stretch business driver	**200%**

The business driver is based on EBITDA. For unit employees the EBITDA performance will be equally weighted between Group and respective unit in order to determine the extent to which the business driver has been met, whereas for Group employees the EBITDA performance will be based on the Group results. Linear interpolation will be used to determine the Business factor in case of performance between the threshold, target and stretch performance.

Personal factor

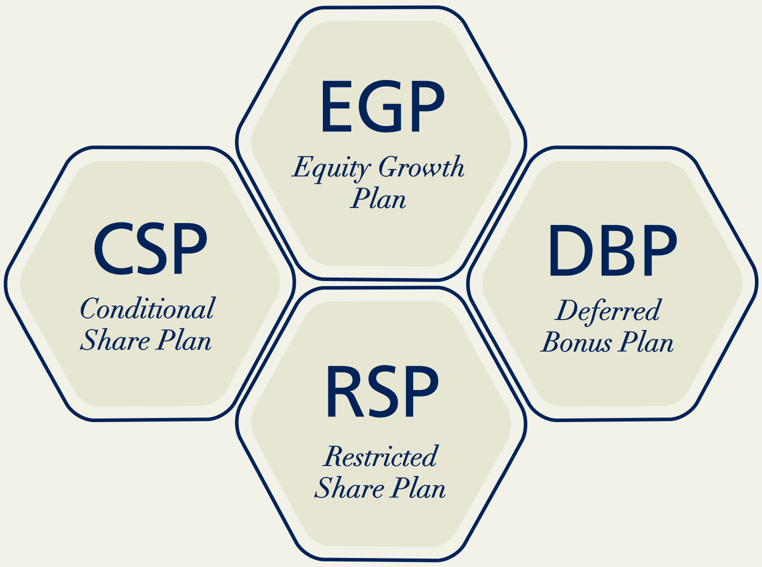
The Personal factor will be dependent on the performance assessment of the employee for the relevant financial year as follows:

Personal performance levels	Personal factor
Exceptional performance	**200%**
Fully performing	**100%**
Not fully performing	**50%**
Weak performer	**0%**

No EBS will be payable to an employee who is assessed as a weak performer in terms of his/her most recent performance assessment. If the business driver performance is below threshold, management will assess and may make recommendations to the committee to reduce the personal component (e.g. Personal factor is limited to 33%).

Revisions to the long-term incentive

The 2012/2013 Group long-term incentives comprised four share plans



EGP – 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 and subject to performance conditions.

CSP – 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 – three year vesting period. Participants receive dividends effective from the 2012 award.

DBP – Voluntary deferral of part of after-tax bonus by executives to acquire shares. Shares purchased are held in escrow by an agent for three (3) years and, after vesting period, a matching component (1:1) of shares are transferred to the executive.

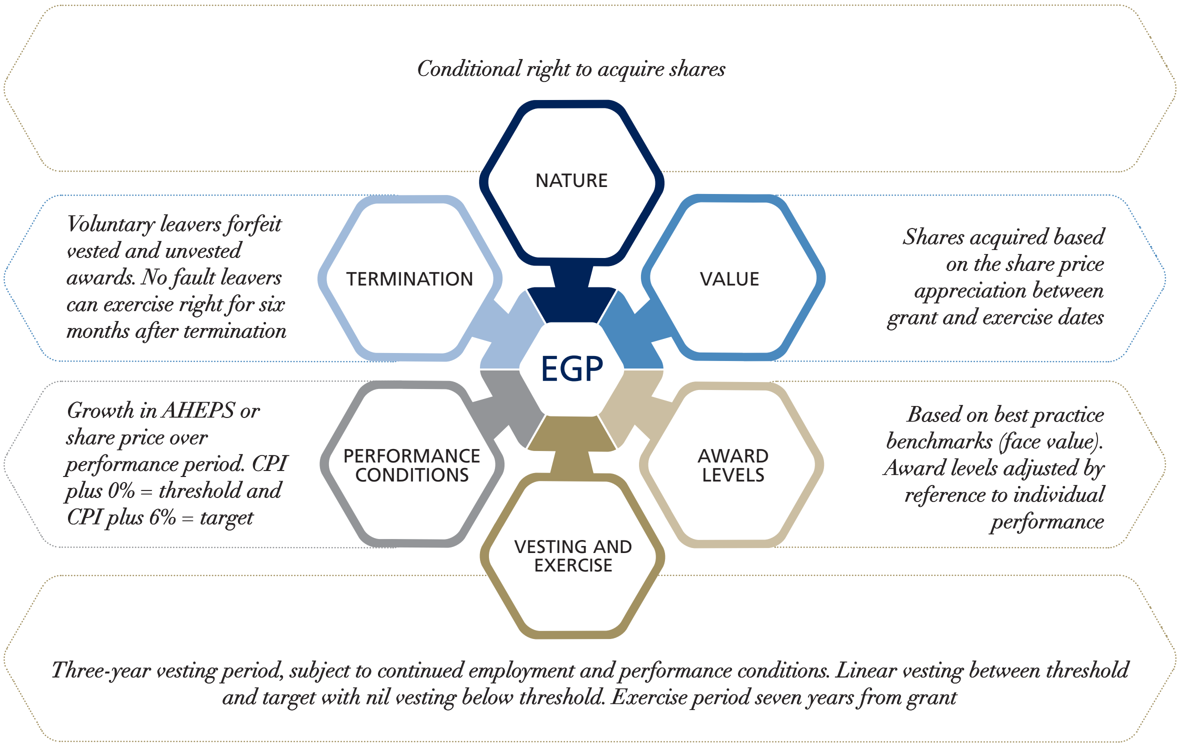
RSP – Shares are allocated to participants on date of grant. The vesting of shares subject to continued employment, where vesting period is three years 100% of the vesting takes place, where vesting period is five years 50% vest in year three and 25% each in years four and five. Participants receive dividends during the vesting period. These dividends are forfeited and are repayable upon resignation or termination of employment before the end of the vesting period.

2013/2014 long-term incentive – share plans

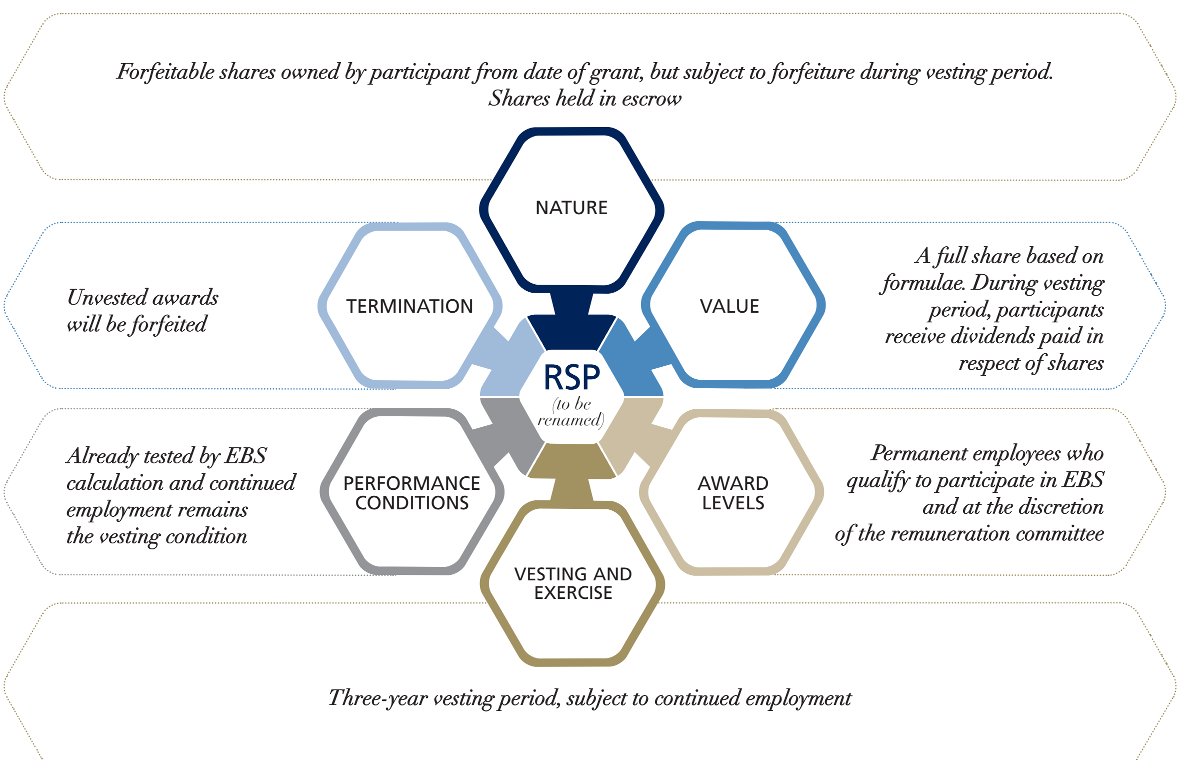
The complexity of the Group's share plans provided the relevant catalyst for a redesign of the Group's LTIs with differentiated payout to participants for out-performance and a lower payout (if any) for under-performance. In addition, the LTIs were aligned more directly to the Company's strategy by using the STI as a proxy for the awards allocated in terms of the RSP (to be renamed the Bonus Matching Share Plan or BMSP).

The number of share plans in operation has been reduced and the CSP and DBP will no longer be utilised by the Group. The EGP and RSP plans will be retained as modified and depicted on the next page.

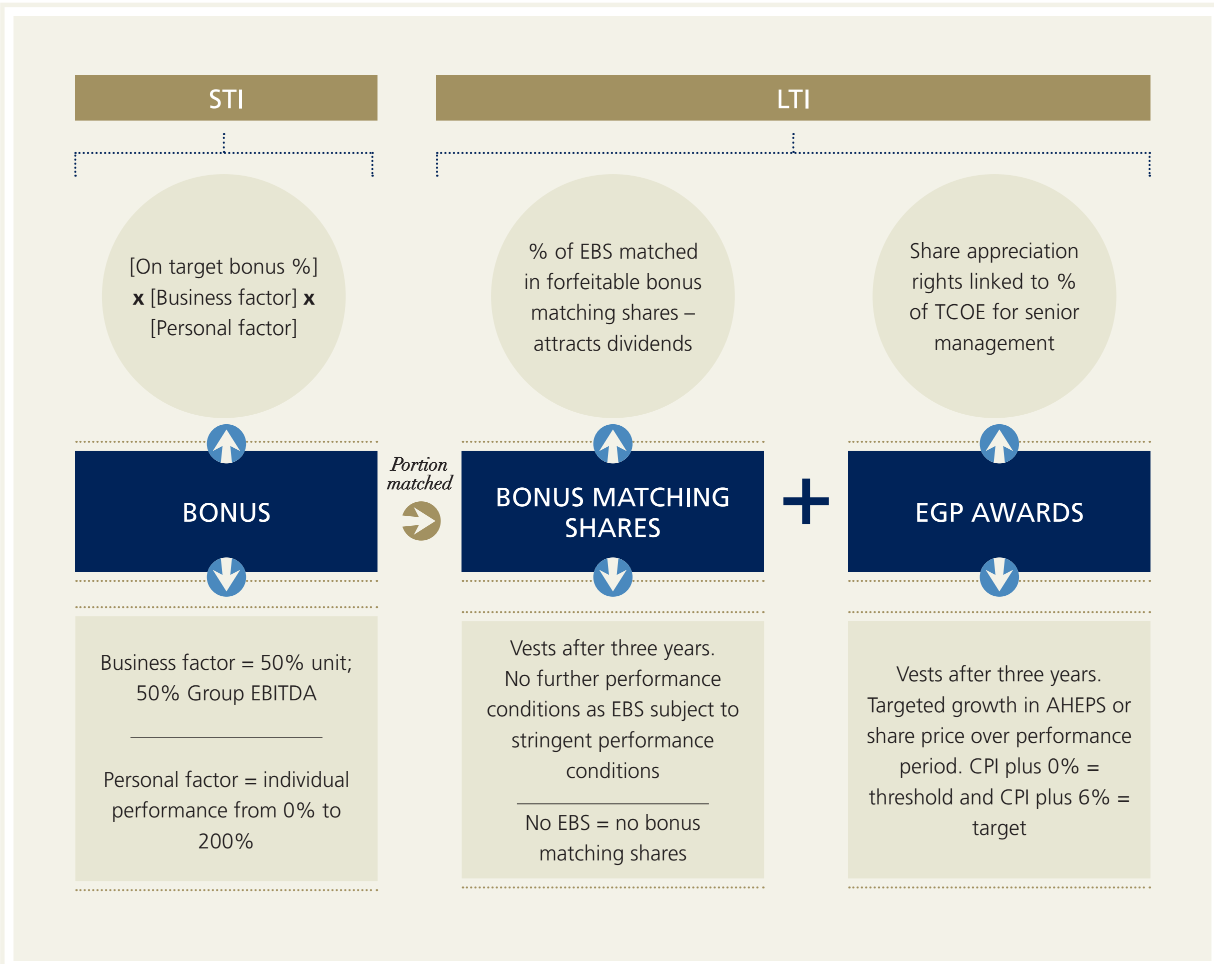
The EGP will operate as follows:



The RSP (to be renamed "BMSP") will operate as depicted below:



A summary of the revisions to both the STI and LTI plans are reflected below:



The Group is confident that the revisions to the STI and LTI plans position the Group to incentivise its management appropriately while ensuring the long-term sustainability of the business and protecting shareholder interests.

Per the summarised executive remuneration changes set out above, the executive theoretical remuneration mix is based on the on target STI and expected value of the EGP award:

	CE	CFO	Executive management
Guaranteed package	*36%*	*45%*	*49%*
Short-term incentive	*31%*	*27%*	*24%*
Long-term incentive	*33%*	*28%*	*27%*

Employment contract with an executive:

The Company concluded a fixed term contract with Mr SD Wing, the Chief Operating Officer, for a period of 12 months from 1 July 2013.

DISCLOSURES OF 2013 REMUNERATION

Based on the remuneration policy and principles summarised previously, 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

Rand	Salary	Gross bonus	Retirement contributions	Other benefits	Payment in terms of mutual agreement	Total
2013						
GE Stephens	**3 847 080**	**3 862 083**	**519 051**	**335 200**[2]	**–**	**8 563 414**[1]
AM Leeming	**2 079 931**	**1 898 347**	**366 977**	**611 685**[2]	**–**	**4 956 940**[1]
KH Mazwai	**1 911 148**	**1 212 640**	**429 300**	**402 137**[3]	**–**	**3 955 225**
G Collins*	**3 438 310**	**3 432 000**	**542 028**	**2 361 158**[4]	**–**	**9 773 496**[5]
RP Becker*	**3 332 403**	**2 491 671**	**747 501**	**487 058**[6]	**8 941 271**[7]	**15 999 904**
Total	**14 608 872**	**12 896 741**	**2 604 857**	**4 197 238**	**8 941 271**	**43 248 979**
2012						
KH Mazwai	1 724 065	979 000	391 702	302 148	–	3 396 915
G Collins	3 121 363	2 599 185	518 538	594 728	–	6 833 814
RP Becker	3 142 513	2 092 064	705 189	70 020	–	6 009 786
DC Coutts-Trotter	2 359 041	–	409 897	153 859	8 076 053	10 998 850
Total	10 346 982	5 670 249	2 025 326	1 120 755	8 076 053	27 239 365

** Resigned during the financial year on 1 February and 28 February 2013 respectively.*
1 This disclosure is for the full financial year notwithstanding their appointments to the board being made on 1 February and 1 March 2013 respectively.
2 Long service award settlement.
3 Includes five-year long service award and long service award settlement.
4 Includes a R2 000 000 incentive payment and a R361 158 payment for seven months in the financial year as the Acting Chief Executive.
5 Notwithstanding the resignation of G Collins, his full remuneration for the financial year is disclosed.
6 In terms of statutory provisions and labour law legislation, RP Becker was paid out all outstanding annual leave, and other benefits totalling R487 058.
7 In terms of a separation agreement, RP Becker was paid a restraint of trade payment of R4 792 093 and a separation payment of R4 149 178.

The executive directors and executive management that serve on the Group's subsidiary boards do not receive any fees in their personal capacities for this role and, to the extent applicable, any fees payable as a result of this office are waived in favour of the Group.

SHORT-TERM INCENTIVES

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

Individual	STI payment 30 June 13	On-target STI	% of target achieved
GE Stephens	**3 862 083**	3 713 542	104%
AM Leeming	**1 898 347**	1 825 333	104%
KH Mazwai	**1 212 640**	1 166 000	104%
G Collins	**3 432 000**	3 300 000	104%
RP Becker	**2 491 671**	2 491 671	100%
Total	**12 896 741**	12 496 546	

Share based payment expense

The expense recognised during the year in respect of the share awards are set out in terms of IFRS 2 for all unvested instruments per executive director.

Name	Rand
GE Stephens	3 844 200
AM Leeming	2 660 786
KH Mazwai	2 714 627
Total	9 219 613

LONG-TERM INCENTIVES

The Group's share plans are equity settled and the total number of shares held on behalf of participants, allocated under the Group's share plans, amount to approximately 0.95% in aggregate of the Group's issued share capital based on an assumed 100% vesting.

AWARDS MADE TO EXECUTIVE DIRECTORS/PRESCRIBED OFFICERS UNDER SHARE PLANS AS AT 30 JUNE 2013

Date of grant	Grant price	Grants held 30 June 2012	Grants made/ (forfeited)	Grants exercised	Grants held 30 June 2013	Gains on the exercise of share options and grants	Present value of existing future awards
GE STEPHENS							
EGP		29 964	–	–	**29 964**	–	795 881
29.06.2011	89.46	12 099			**12 099**		312 275
27.06.2012	90.07	17 865			**17 865**		483 606
CSP		35 630	–	–	**35 630**	–	1 802 775
29.06.2011	n/a	15 826			**15 826**		688 736
27.06.2012	n/a	19 804			**19 804**		1 114 039
DBP		–	6 241	–	**6 241**	–	596 702
03.09.2012	n/a		6 241		**6 241**		596 702
RSP#		147 329	–	–	**147 329**	–	14 086 125
01.10.2011	n/a	62 161			**62 161**		5 943 213
01.02.2013	n/a	85 168			**85 168**		8 142 912
Total						–	17 281 483
AM LEEMING							
EGP		60 196	(7 700)	(7 200)	**45 296**	160 654	945 765
30.06.2006	82.74	7 200		(7 200)	**–**	160 654	
30.06.2008	90.47	7 700	(7 700)		**–**		*
30.06.2009	77.25	8 767			**8 767**		**
29.06.2010	84.12	10 398			**10 398**		251 840
29.06.2011	89.46	10 667			**10 667**		275 315
27.06.2012	90.07	15 464			**15 464**		418 610
CSP		44 839	(13 864)	–	**30 975**	–	1 564 817
29.06.2010	n/a	13 864	(13 864)		**–**		
29.06.2011	n/a	13 949			**13 949**		607 050
27.06.2012	n/a	17 026			**17 026**		957 767
DBP		6 293	3 520	(2 575)	**7 238**	222 660	692 025
06.10.2009	n/a	2 575		(2 575)	**–**	222 660	
30.09.2010	n/a	1 463			**1 463**		139 877
27.09.2011	n/a	2 255			**2 255**		215 601
03.09.2012	n/a		3 520		**3 520**		336 547
RSP#		71 138	–	(6 020)	**65 118**	553 178	6 225 932
01.12.2008	n/a	12 039		(6 020)	**6 019**	553 178	575 477
27.06.2012	n/a	33 925			**33 925**		3 243 569
01.03.2013	n/a	25 174			**25 174**		2 406 886
Total						936 492	9 428 539

Date of grant	Grant price	Grants held 30 June 2012	Grants made/ (forfeited)	Grants exercised	Grants held 30 June 2013	Gains on the exercise of share options and grants	Present value of existing future awards
KH MAZWAI							
EGP		59 016	(12 508)	–	**46 508**	–	937 213
30.06.2008	90.47	12 508	(12 508)		**–**		*
30.06.2009	77.25	10 156			**10 156**		**
29.06.2010	84.12	11 374			**11 374**		275 478
29.06.2011	89.46	11 444			**11 444**		295 370
27.06.2012	90.07	13 534			**13 534**		366 365
CSP		45 428	(15 166)	–	**30 262**	–	1 508 028
29.06.2010	n/a	15 166	(15 166)				
29.06.2011	n/a	15 259			**15 259**		664 061
27.06.2012	n/a	15 003			**15 003**		843 967
DBP		988	2 973	(187)	**3 774**	16 170	360 833
06.10.2009	n/a	187		(187)	**–**	16 170	
27.09.2011	n/a	801			**801**		76 584
03.09.2012	n/a		2 973		**2 973**		284 249
RSP#		65 046	–	(10 254)	**54 792**	942 240	5 238 663
01.12.2008	n/a	20 508		(10 254)	**10 254**	942 240	980 385
27.06.2012	n/a	44 538			**44 538**		4 258 278
Total						958 410	8 044 737

Date of grant	Grant price	Grants held 30 June 2012	Grants made/ (forfeited)	Grants exercised	Grants held 30 June 2013	Gains on the exercise of share options and grants	Present value of existing future awards
G COLLINS							
Share options		52 188	–	(38 125)	**14 063**	2 710 086	1 344 563
06.03.2003	26.50	4 375		(4 375)	–	339 063	
01.08.2003	31.56	9 375		(9 375)	–	707 297	
12.09.2003	32.95	3 750		(3 750)	–	277 688	
25.11.2003	39.01	11 250		(11 250)	–	764 944	
30.06.2004	40.75	9 375		(9 375)	–	621 094	
30.06.2005	61.83	14 063		–	**14 063**		1 344 563
RP BECKER							
EGP		122 403	(109 852)	(12 551)	–	234 226	–
30.06.2006	82.74	12 551		(12 551)	–	234 226	
30.06.2008	90.47	15 209	(15 209)		–		
30.06.2009	77.25	19 817	(19 817)		–		
29.06.2010	84.12	21 992	(21 992)		–		
29.06.2011	89.46	21 021	(21 021)		–		
27.06.2012	90.07	31 813	(31 813)		–		
CSP		92 377	(92 377)	–	–	–	–
29.06.2010	n/a	29 322	(29 322)		–		
29.06.2011	n/a	28 028	(28 028)		–		
27.06.2012	n/a	35 027	(35 027)		–		
DBP		15 851	9 880	(25 731)	–	2 504 117	–
06.10.2009	n/a	7 256		(7 256)	–	627 426	
30.09.2010	n/a	1 256		(1 256)	–	127 585	
27.09.2011	n/a	7 339		(7 339)	–	745 496	
03.09.2012	n/a		9 880	(9 880)	–	1 003 610	
RSP#		125 811	(89 803)	(36 008)	–	3 173 575	–
01.12.2008	n/a	40 016	(20 008)	(20 008)	–	1 838 535	
01.10.2009	n/a	16 000		(16 000)	–	1 335 040	
27.06.2012	n/a	69 795	(69 795)		–		
Share options		200 000		(200 000)		8 335 000	
30.06.2005	61.83	200 000		(200 000)	–	8 335 000	
Total						14 246 918	–

* *Performance conditions not met, EGP rights lapsed*
** *Performance conditions not met – subject to re-testing, however, EGP rights not expected to vest*
\# *Vests in three tranches*

AWARDS MADE TO EXECUTIVE DIRECTORS/PRESCRIBED OFFICERS UNDER SHARE PLANS SUBSEQUENT TO 30 JUNE 2013

Name	Date of grant	Grant price	Grants made	Present value of existing future awards
GE STEPHENS				
EGP	02.09.2013	94.87	**114 923**	3 028 221
RSP	02.09.2013	95.00	**28 358**	2 694 010
AM LEEMING				
EGP	02.09.2013	94.87	**47 357**	1 247 857
RSP	02.09.2013	95.00	**13 137**	1 248 015
KH MAZWAI				
EGP	02.09.2013	94.87	**33 257**	876 322
RSP	02.09.2013	95.00	**7 688**	730 360

NON-EXECUTIVE DIRECTOR FEES

Fees payable to non-executive directors for their services as directors and for their participation in the activities of the committees are recommended by the executive directors to the committee for consideration and thereafter considered by the board for submission to shareholders, if applicable, in terms of a special resolution in accordance with the Companies Act No 71 of 2008.

Non-executive director fees are determined on the basis of a base annual fee and an attendance fee per meeting as advocated by King III and this practice is extended to non-executive directors of the Group's various subsidiary boards.

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 shareholders at the annual general meeting. In the case of new appointments or resignations from the board or committees during a financial year, the annual fees are pro-rated in line with the period of tenure of office.

Fees paid to non-executive directors by the Company and its subsidiaries – during 2013 financial year:

Rand	Subsidiaries and trust fees	Director's fees	Committee fees	Total 2013	Total 2012
PDS Bacon[1]	–	122 000	12 500	**134 500**	–
ZBM Bassa	–	221 300	172 100	**393 400**	379 172
PL Campher	50 000	221 300	262 850	**534 150**	417 220
NN Gwagwa	–	221 300	38 700	**260 000**	257 870
BLM Makgabo-Fiskerstrand	–	221 300	42 900	**264 200**	248 775
IN Matthews	30 000	374 400	307 450	**711 850**	669 425
B Modise	–	221 300	96 600	**317 900**	230 052
LM Mojela	33 813	198 600	5 000	**237 413**	259 488
MV Moosa	–	879 100	241 300	**1 120 400**	1 203 108
DM Nurek[2]	–	76 600	60 500	**137 100**	321 804
GR Rosenthal	–	221 300	265 450	**486 750**	452 610
	113 813	2 978 500	1 505 350	**4 597 663**	4 439 524

1 Appointed 1 February 2013
2 Retired 23 November 2012

During the year under review, the Group commissioned an external independent benchmark of non-executive director fees against comparable listed companies at the instance of management. Given the increased regulatory and governance landscape, management recommended that the non-executive director fees be increased to the extent that that some of the fees were out of kilter with the market. The committee, having considered the challenging operating environment, elected to restrict the increase in non-executive director fees to the increase applied to executive management salaries, being 6%. This is within the 10% increase mandate approved by shareholders in advance and accordingly the fees applicable to the financial year ahead have been implemented. The fees are set out below for noting:

	2014		2013	
Rand	Base fee	Attendance fee per meeting	Base fee	Attendance fee per meeting
Services as directors				
– chairman of the board	**721 500**	**42 100**	680 600	39 700
– Lead independent	**276 600**	**24 100**	260 990	22 700
– directors	**114 300**	**24 100**	107 800	22 700
Audit committee				
– chairman	**96 200**	**27 100**	90 800	25 600
– members	**48 200**	**13 600**	45 400	12 800
Remuneration committee				
– chairman	**43 400**	**26 500**	40 900	25 000
– members	**21 800**	**13 300**	20 500	12 500
Nomination committee				
– chairman	**36 100**	**18 100**	34 100	17 100
– members	**18 200**	**9 100**	17 100	8 600
Risk committee				
– chairman	**53 000**	**28 900**	50 000	27 300
– members	**26 500**	**14 500**	25 000	13 700
Social and Ethics committee				
– chairman	**36 100**	**18 100**	34 100	17 100
– members	**18 100**	**9 100**	17 100	8 600
Investment committee*				
– chairman	**–**	**3 500**	–	–
– members	**–**	**2 500**	–	–

** The investment committee was constituted during the financial year and members are paid an hourly fee for these ad-hoc meetings.*

Attendance fees have been paid to the directors of the Company for all ad-hoc meetings that were called in addition to the scheduled meetings, as approved by shareholders at the 2012 annual general meeting.

In line with best governance practices, the non-executive directors do not participate in any of the Group's short- or long-term incentives nor do they earn any consultancy fees.

Report of the social and ethics committee

for the year ended 30 June 2013

The main purpose of the social and ethics committee is to assist the board in ensuring that the Group is, and remains, a good and responsible corporate citizen by overseeing the sustainable development performance of the Group.

INTRODUCTION

The social and ethics committee ("committee") was constituted as a statutory committee in 2011 in accordance with regulation 43(3)(a)(i) of the Companies Regulations, 2011 ("the Regulations") to assist the board in ensuring that the Group remains a good corporate citizen. This is the third year of the committee's existence and our processes and review have evolved over this period, ensuring that material matters are canvassed by the committee within clearly defined parameters.

The committee also performs all the requisite functions in terms of the aforesaid Regulations on behalf of all subsidiaries in the Group and reports to the subsidiary boards in terms of the execution of its statutory mandate. This ensures that decisions taken at the committee level are implemented across the Group with accountability at board level.

The committee's membership since inception in 2011 comprised Messrs MV Moosa (board Chairman); PL Campher and Ms BLM Makgabo-Fiskerstrand, all of whom are non-executive directors of the Company. During the year under review and as a result of the board's assessment of the committee, it was deemed prudent to supplement the committee's membership with the appointment of the audit committee chairman, Mr GR Rosenthal, given the significant overlap between matters addressed by both committees. Accordingly, Mr Rosenthal was appointed to the committee with effect from 28 May 2013. The résumés of the committee members can be found on pages 12 and 13 of the Integrated Annual Report.

Executive management are standing invitees of the committee and are represented by the Chief Executive, Chief Financial Officer, Director: Corporate Services and Legal, Director: Legal Affairs, Director: Group Human Resources, Director: Group Internal Audit and the Group environmental manager. These invitees also represent business areas that fall within the remit of the committee's review.

The committee is chaired by Mr MV Moosa who reports to the board following each committee meeting and to shareholders at the Company's annual general meeting in accordance with regulation 43(5)(c) of the Regulations, on matters canvassed by the committee in accordance with its approved terms of reference. The committee's mandate and terms of reference can be accessed online at

http://ir.suninternational.com/11/

In fulfilling its mandate and with the view to enhancing the Company's corporate reputation, the committee met on four separate occasions during the year under review to consider the Group's activities having regard to relevant legislation, other legal requirements or prevailing codes of best practice, in respect of matters relating to social and economic development, good corporate citizenship, the environment, health and public safety; consumer relationships; and labour and employment. These matters are canvassed more fully in the remainder of this report.

SOCIAL AND ECONOMIC DEVELOPMENT

The committee has reviewed the Group's standing and progress in accordance with the goals and purposes of the 10 principles set out in the United Nations Global Compact Principles (UNGC Principles) and the Organisation for Economic Co-operation and Development guidelines for multinational enterprises 2011 regarding corruption. The committee concurred that the Group either complied with or exceeded the requirements of the UNGC Principles, and that there were no material areas of concern raised with the committee during the period under review.

The committee oversaw the finalisation of the Group's anti-corruption policy as well as monitored the rollout of the policy across the Group. It is the intention that this policy, which reflects the board's and the Group's zero tolerance on corruption, will be extended to all third parties supplying or servicing the Group, as the Company wishes to partner with organisations that share this philosophy, thereby reducing the likelihood of corruption. The committee is pleased to report that there have been no reported infringements of this policy during the year under review.

The Company remains committed to the advancement of employment equity and matters relating to broad-based black economic empowerment (B-BBEE). The committee further reviewed the Group's standing and progress against the Employment Equity Act and the Broad-Based Black Economic Empowerment Act. In this regard, the committee has considered the Group's progress in terms of employment equity and while good progress has been attained, the committee has tasked management to accelerate its progress at certain levels of management within the organisation.

The committee is satisfied that the Group's B-BBEE rating as verified by Empowerdex, an external accredited verification agency, has been maintained at Level 2 contributor status.

GOOD CORPORATE CITIZENSHIP AND THE IMPACT OF THE GROUP'S ACTIVITIES

In its commitment to the promotion of equality, the prevention of unfair discrimination and zero tolerance for corruption, the committee has reviewed the Group's policies, processes and undertakings to ensure that these matters are sufficiently monitored and addressed throughout the year. Good corporate citizenship is fundamental to the Group's licence to operate.

In the year under review, the committee reviewed the Group's code of ethics, all ethics-related policies, the results of the Group's culture survey and management's efforts to refresh the use of the KPMG Ethics Hotline as a tool for reporting unethical behaviour, while continuing in its endeavours to drive ethical awareness across the Group. With the view to enabling greater detection of occupational fraud, the committee mandated management to roll out the KPMG Ethics Hotline facility to suppliers and service providers and oversaw the introduction of a dedicated Spanish-medium hotline at its Monticello operation in Chile, which was successfully implemented. Group internal audit (GIA) reports to this committee on all significant cases of fraud and theft, as well as calls received through the respective ethics hotlines.

In addition, the Company commissioned independent research through the Gordon Institute of Business Science to establish the views of its suppliers relating to the Group's ethical practices regarding procurement. The results of the supplier study evidenced that the Group was exceptionally well regarded by its suppliers in terms of its procurement practices.

The committee monitored the Group's substantial initiatives and contributions towards the development of communities in which its activities are predominantly conducted or marketed. In addition, the committee reviews the Group's enterprise development initiatives towards developing sustainable businesses and management has been requested to focus on consolidating its efforts to reduce its reliance on early settlement discounts.

GIA has verified the record of sponsorship, donations and charitable giving across the Group and submits an annual report to the committee for review.

With regard to the Group's impact relating to the services provided, the Group remains firmly committed, as it has since inception, to the National Responsible Gambling Programme (the NRGP), which remains well regarded globally as a leading programme to promote responsible gaming. The NRGP publishes a quarterly report to create awareness of the public initiatives undertaken in the industry which include, among others, public awareness and prevention, treatment and counselling, training and interventions for regulators and industry employees, research audits, crèche utilisation, life-skills programmes for schools and self-exclusions. The committee reviews the Group's progress in terms of a quarterly progress report.

ENVIRONMENT, HEALTH AND PUBLIC SAFETY

The Company is committed to demonstrating environmentally responsible behaviour. The Group has appointed a Group environmental manager who attends all committee meetings in order to report on the Group's progress on environmental and sustainability matters.

The Group implemented its EarthGlow sustainability programme during the year under review which will direct and focus the Group's sustainability initiatives with firm targets that must be achieved. The committee receives a progress report on the nine pillars that comprise EarthGlow together with an environmental management review from GIA.

Key focus areas in the year ahead relate to the Group's implementation of an ISO14001 environmental management system, embedding the Group's climate change policy together with carbon footprinting and disclosure, participation in the Carbon Disclosure Project through the submission of a carbon, water and forest disclosure and reinforcing the Group's sustainability partnerships.

The committee has tasked management to remain focused in its efforts to ensure inclusion in the JSE SRI Index in 2013.

The Company is further dedicated to enhancing health and safety across its operations. In this regard, health and safety audits are conducted by GIA across the Group to ensure that health and safety matters are proactively monitored throughout the year.

During the period under review, 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.

CONSUMER RELATIONSHIPS

The committee reviews the Group's stakeholder engagement with regard to consumer relationships. Extensive work is undertaken throughout the Group under the direction of the Group's legal department to ensure awareness of and compliance with the Consumer Protection Act (CPA). Any instances of potential non-compliance are reported to the committee for consideration. There have been no complaints lodged against the Group under the CPA in the year under review.

LABOUR AND EMPLOYMENT

Management provides a report on the Group's standing in terms of the International Labour Organisation's protocol on decent work and working conditions as well as the results of any employee-related surveys.

The area of concern pertains to addressing union relationships and the committee is overseeing management's efforts in this regard. The committee is further overseeing management's efforts in addressing the findings of the Group's culture survey with the view to improving the culture in the organisation and enabling the delivery of excellent people practices.

CONCLUSION

Overall, the committee is satisfied that there were no significant areas of risk with regard to the matters to be addressed by the committee and prescribed by the Regulations and the committee's board-approved terms of reference. Furthermore, 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. Accordingly, the committee is comfortable that the Group operated in the year under review as a socially responsible corporate citizen demonstrating an ongoing commitment to sustainable development.

Valli Moosa
Chairman of the social and ethics committee

15 October 2013

Shareholders' analysis

for the year ended 30 June 2013

	Number of shareholdings	%	Number of shares	%
SHAREHOLDER SPREAD				
1 – 1 000 shares	2 295	69.29	659 756	0.58
1 001 – 10 000 shares	458	13.83	1 456 284	1.28
10 001 – 100 000 shares	352	10.63	13 888 945	12.17
100 001 – 1 000 000 shares	188	5.68	53 976 460	47.29
1 000 001 shares and over	18	0.54	33 598 533	29.44
	3 311	99.97	103 579 978	90.76
Treasury stock	1	0.03	10 549 477	9.24
Totals	**3 312**	**100.00**	**114 129 455**	**100.00**
DISTRIBUTION OF SHAREHOLDERS				
Banks/brokers	86	2.60	7 888 733	6.91
Close Corporations	25	0.75	26 692	0.02
Empowerment	2	0.06	6 719 759	5.89
Endowment funds	21	0.63	490 852	0.43
Government	1	0.03	90 500	0.08
Individuals	2 151	64.95	2 102 289	1.84
Insurance companies	50	1.51	8 222 614	7.20
Investment companies	83	2.51	2 374 243	2.08
Medical schemes	19	0.57	712 820	0.62
Mutual funds	198	5.98	41 002 283	35.93
Nominees and trusts	319	9.63	1 124 435	0.99
Other corporations	67	2.02	317 335	0.28
Public companies	6	0.18	32 446	0.03
Retirement funds	268	8.09	28 733 307	25.18
Employee share trusts and plans	14	0.42	3 730 185	3.27
Sovereign wealth fund	1	0.03	11 485	0.01
Treasury stock	1	0.03	10 549 477	9.24
Totals	**3 312**	**100.00**	**114 129 455**	**100.00**
PUBLIC/NON-PUBLIC SHAREHOLDERS				
Non-public shareholders	**33**	**0.99**	**10 703 557**	**12.93**
Directors and associates of the Company	16	0.48	154 080	0.14
Sun International Employee Share Plans	12	0.36	1 132 766	0.99
Sun International Employee Share Trusts*	2	0.06	2 597 419	2.27
Empowerment**	2	0.06	3 292 682	0.29
Treasury shares	1	0.03	10 549 477	9.24
Public shareholders	**3 279**	**99.01**	**103 425 898**	**87.07**
Totals	**3 312**	**100.00**	**114 129 455**	**100.00**

Sun International Employee Share Trusts consist of the following holdings: 2 597 419 shares held* ***directly*** *and 2 889 496 held* ***indirectly*** *by the Sun International Employee Share Trust via Dinokana Investments (Pty) Ltd.*

*Empowerment** – 3 292 682 shares represent the effective direct beneficial shareholding of Dinokana Investments (Pty) Ltd less the shares allocated to the beneficiaries of the Sun International Employee Share Trust (***indirect*** *shareholding of 2 889 496 shares) and the Sun International Black Executive Management Trust (***indirect*** *shareholding of 403 186 shares).*

	Number of shares	%
TOP 10 BENEFICIAL SHAREHOLDERS		
Allan Gray	10 652 701	10.28
Sun International Investments No. 2	10 549 477	10.18
Sanlam	8 830 913	8.53
Investment Solutions	7 595 055	7.33
Dinokana Investments (Pty) Ltd#	6 719 759	6.49
Metal and Engineering Industries	3 978 843	3.84
Old Mutual	3 972 212	3.83
Investec	3 137 008	3.03
Prudential	3 110 778	3.00
Sun International Employee Share Trust	2 597 419	2.51
Totals	**61 144 165**	**59.03**

 # Consists of the registered holdings as per the share register in accordance with the B-BBEE transaction which includes Dinokana, Sun International Employee Share Trust and the Sun International Black Executive Management Trust.

	Number of shares	%
TOP 10 FUND MANAGERS		
Allan Gray Asset Management	25 826 638	22.63
Investec Asset Management	12 999 062	11.39
Prudential Portfolio Managers	10 172 027	8.91
Sanlam Investment Management	9 396 072	8.23
Regarding Capital Management	6 224 785	5.45
Afena Capital	4 981 852	4.37
Element Investment Managers	2 760 028	2.42
Vanguard	2 560 585	2.24
Old Mutual Investment Group	1 995 751	1.75
Dimensional Fund Advisors	1 073 849	0.94
Metal and Engineering Industries	730 248	0.64
Totals	**78 720 897**	**68.98**

Annual financial statements

CONTENTS

Annual financial statements

Report of the audit committee.................	84
Statement of responsibility by the board of directors...	86
Company secretary certificate.................	86
Independent Auditors report...................	87
Report of the directors............................	88
Group financial statements......................	90
Accounting policies.................................	134

Shareholder information

Notice of annual general meeting............	142
Form of proxy...	149
Electronic participation form....................	151
Election form..	152
Shareholders diary..................................	153
Abbreviations...	154
Administration..	155

Report of the Audit Committee

for the year ended 30 June

The audit committee has pleasure in submitting this report to shareholders as required by the Companies Act no. 71 of 2008 (the Companies Act) and as recommended by King III.

COMMITTEE MEMBERSHIP

The audit committee (the committee), nominated by the board and appointed by shareholders in respect of the financial year ended 30 June 2013, comprised of Mr GR Rosenthal (Chairman), Mss ZBM Bassa, B Modise and Mr PL Campher. Mr DM Nurek was also a member of the committee for part of the financial year and retired at the 2012 annual general meeting. The committee members are 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 four times in the year under review. Further details are available on the website http://ir.suninternational.com/12/ in this regard.

During the period under review and following the performance assessment by the nomination committee, the members of the committee were nominated by the board for re-election to the audit committee for the forthcoming financial year. The members have availed themselves for re-election by shareholders at the 2013 annual general meeting. The abridged résumés of the proposed committee members are set out on page 13 of this Integrated Annual Report.

The Chief Executive; Chief Financial Officer; the Director: Group Internal Audit; the Group's Financial Manager; Group Tax Manager and the external auditors attend the committee meetings by invitation. The Chairman of the audit committee is a member of the risk committee and social and ethics committee, and attends these committee meetings to ensure that the audit committee is kept apprised of matters that are dealt with given the overlap of matters canvassed by these committees and to provide the necessary assurances.

COMMITTEE MANDATE AND TERMS OF REFERENCE

Details of the committee's board-approved mandate and terms of reference are available online http://ir.suninternational.com/13/ and include both its statutory duties as detailed in the Companies Act, and is 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. This was further supported by the committee's self-assessment evaluation conducted in 2013 and the board's assessment of the committee's effectiveness in fulfilling its mandate.

STATUTORY DUTIES

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

- evaluated the independence and effectiveness of the external auditors, PricewaterhouseCoopers Inc. (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 assessments, accordingly nominates PwC as the independent auditors to continue in office until the conclusion of the 2014 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 2013 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 JSE Listings Requirements;
- considered and pre-approved the 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. The non-audit services policy and pre-approval authorisation process was reviewed during the year and the committee concluded that the processes outlined in the policy remain current and relevant;
- confirmed that no reportable irregularities were identified and reported by the external auditors in terms of the Auditing Profession Act 26 of 2005; and
- performed the audit committee functions for identified subsidiaries within the Group as contemplated by section 94(7) of the Companies Act. The committee reports to the various subsidiary boards following the annual Group audit.

To ensure that the relevant matters are thoroughly and frankly canvassed, the committee meets independently with management, Group internal audit and the external auditors. The committee oversees cooperation between the internal and external auditors, and serves as a link between the board of directors and the internal and external audit functions.

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 matters.

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

The board appointed Mr AM Leeming as the Chief Financial Officer of the Group with effect from 1 March 2013. The committee considered and satisfied itself on the appropriateness of the expertise and experience of the Chief Financial Officer, whose abridged résumé can be found on page 12 of this Integrated Annual Report.

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

GROUP INTERNAL AUDIT

The Group internal audit (GIA) function is more fully described in the corporate governance report online. GIA's charter, as approved by the committee, is also available online at *http://ir.suninternational.com/14/*.

The head of GIA, Mr CS Benjamin, has unfettered access to the Chairman of the committee and meets with the Chairman independently of management several times during the year.

The committee considered and satisfied itself on the appropriateness of the expertise of Mr Benjamin as the head of GIA and confirmed that he has executed his duties competently with the relevant skill and expertise. In addition, the GIA function and adequacy of resources was reviewed in detail, and it was noted that the number of budget hours provided by GIA had been increased for the 2013/2014 year to provide for additional investigations that may be requested through various channels.

The committee has approved GIA's annual audit plan for the 2013/2014 financial year. GIA provides services across the Group's operations and conducts a myriad of internal audits during the year. Any weaknesses are brought to the attention of the committee, with GIA providing executive management's comments and the remedial actions that were implemented if so required.

In accordance with the requirements of the Institute of Internal Auditors, GIA will undergo an independent quality assurance review on its effectiveness in respect of the 2014 financial year with the last such review being conducted in respect of the 2011 financial year. The results of the last review reflected that GIA "generally conforms" to the International Standards for the Professional Practice of Internal Auditing.

INTERNAL FINANCIAL CONTROLS

The committee confirms that GIA has adequately tested the Group's internal financial controls to provide the board with positive assurance on key areas of the Group's internal financial controls. These systems are designed to provide reasonable (but not absolute) assurance on 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 received the written confirmation relating to the positive assurance provided by the internal audit function, that the Group's system of internal financial controls in all key material aspects, is effective and provides reasonable assurance that the financial records may be relied upon for the preparation of the annual financial statements.

INTERNAL CONTROLS

GIA is of the opinion that the control environment of the Company is adequate and effective in meeting the risks to which the Company is exposed.

COMBINED ASSURANCE

The committee has reviewed the Group's combined assurance model, which provides 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 63 of this Integrated Annual Report, is structured on the top 20 key risks relevant to the Group. It has been evaluated by management, the risk committee and the audit committee during the year, thereby providing the committee with the relevant assurance in this regard.

SUSTAINABILITY REPORTING

The committee fulfils an oversight role regarding the Group's Integrated Annual Report and its reporting processes.

The committee has reviewed the findings of the external assurance provider, IRAS, emanating from the performance of an independent assurance exercise on the sustainability content of this 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. The committee 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 of the audit committee

15 October 2013

Statement of responsibility by the board of directors

for the year ended 30 June

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

The annual financial statements, set out in this Integrated Annual Report from pages 88 to 141, 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 2013.

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 provide 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 Group's 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 page 87.

DIRECTORS' APPROVAL

The annual financial statements which were prepared under the supervision of the Chief Financial Officer, Mr AM Leeming, and which appear on pages 88 to 141, were approved by the board of directors on 15 October 2013 and signed on its behalf by:

MV Moosa
Chairman

GE Stephens
Chief Executive

AM Leeming
Chief Financial Officer

15 October 2013

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 and Intellectual Property Commission, all such returns required of a public company in terms of the Companies Act, in respect of the financial year ended 30 June 2013 and that all such returns are true, correct and up to date.

CA Reddiar
Group Company secretary

15 October 2013

Independent auditor's report

TO THE SHAREHOLDERS OF
SUN INTERNATIONAL LIMITED

We have audited the consolidated financial statements of Sun International Limited set out on pages 90 to 141, which comprise the statements of financial position as at 30 June 2013, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated 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 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of Sun International Limited as at 30 June 2013, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated financial statements for the year ended 30 June 2013, we have read the Report of the Directors, the Report of the Audit Committee and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: ER Mackeown
Registered Auditor

Sunninghill
15 October 2013

Report of the directors

for the year ended 30 June

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 2013.

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 in the prior year.

EARNINGS

The results of the Group are set out in the statements of comprehensive income on page 90. The Company's results are available online at *http://ir.suninternational.com/15/*.

Segmental information is set out on pages 94 to 98.

DIVIDENDS

Gross dividends totalling 265 cents per share (2012: 240 cents) have been declared by the directors in respect of the year under review as follows:

Interim: declared, 22 February 2013: 110 cents (97.10721 cents net of dividend withholding tax)

Final: declared, 23 August 2013: 155 cents (131.75 cents net of dividend withholding tax)

The final dividend referred to above will be accounted for in the 2014 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, future developments and prospects of the Group are addressed within the Chairman's report, the Chief Executive and Management report and the financial overview as set out in the Integrated Annual Report.

SHARE CAPITAL

During the year, 642 290 ordinary shares were issued resulting in the total issued share capital of the Company constituting of 114 129 455 ordinary shares and an authorised share capital of 150 000 000 ordinary shares.

On 2 September 2013, 400 000 treasury shares were sold by Sun International Investments No. 2 Limited to Sun International Management Limited for use in the Company's Restricted Share Plan. This was the first year in which the Company utilised treasury shares for purposes of the Restricted Share Plan.

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

- 1 875 517 ordinary shares for purposes of the share option scheme (discontinued in 2006)
- 10 780 000 ordinary shares for purposes of the share plans.

Details of the authorised and issued share capital appear in note 18 to the Group financial statements.

Details of the Company's public and non-public shareholders are set out on page 80 of the Integrated Annual Report.

SHARE OPTIONS AND SHARE PLANS

Particulars relating to options under the share option scheme (discontinued in 2006) and awards under the share plans are provided in note 31 to the Group financial statements.

SUBSIDIARIES

Particulars relating to interests in principal subsidiaries are available online at *http://ir.suninternational.com/16/*.

BORROWING CAPACITY

The Company's borrowings are not restricted in terms of its Memorandum of Incorporation. The Group's debt covenants and debt capacity appear in the financial overview on page 24.

DIRECTORS AND COMPANY SECRETARY

The names of the directors in office at the date of this report appear on pages 12 and 13 and particulars of the company secretary appear online at http://ir.suninternational.com/8/. The secretary's business and postal address appear on page 155. During the year under the review, the following movements in directorate were noted.

Director	Nature of change	Date of change
Mr DM Nurek	Retired	23 November 2012
Mr G Collins	Resigned	1 February 2013
Mr PDS Bacon	Appointed	1 February 2013
Mr GE Stephens	Appointed	1 February 2013
Mr RP Becker	Resigned	28 February 2013
Mr AM Leeming	Appointed	1 March 2013

In terms of the Company's Memorandum of Incorporation, Messrs PL Campher, IN Matthews and Ms BLM Makgabo-Fiskerstrand are required to retire from office at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Messrs PDS Bacon, AM Leeming and GE Stephens, who were appointed to the board subsequent to the last annual general meeting, are required in terms of the Memorandum of Incorporation, to retire from office at the forthcoming annual general meeting and being eligible are available for election to the board.

As at 30 June 2013, the directors of the Company beneficially held, directly or indirectly, 1 218 114 ordinary shares in the issued capital of the Company, as follows:

HOLDING COMPANY

The Company has no holding or ultimate holding company.

SPECIAL RESOLUTIONS PASSED BY THE COMPANY AND ITS SUBSIDIARIES

Company

The Company passed five special resolutions at its annual general meeting held on 23 November 2012 relating to:

- the approval of non-executive directors annual fee increase
- approval of non-executive director fees in addition to scheduled meetings
- approval of financial assistance in terms of S45 of the Companies Act No. 71 of 2008
- a general authority to repurchase shares
- adoption of Sun International Limited's Memorandum of Incorporation.

Subsidiaries

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

- The majority of the Group's subsidiaries adopted harmonised Memorandums of Incorporation, by way of special resolution, at general meetings of shareholders
- Sun International Management Limited and Sun International (South Africa) Limited passed special resolutions at general meetings of members for the provision of financial assistance to related or inter-related companies.

SUBSEQUENT EVENTS

The material events that have occurred between 30 June 2013 and to the date of this report appear on page 133.

	Direct	Indirect	2013	2012
NN Gwagwa	–	266 102*	**266 102***	266 102*
AM Leeming	89 360	–	**89 360**	69 261
IN Matthews	2 723	–	**2 723**	2 723
KH Mazwai	87 824	–	**87 824**	94 918
MV Moosa	–	598 731*	**598 731***	598 731*
GE Stephens	173 374	–	**173 374**	81 965
Total	353 281	864 833	**1 218 114**	1 113 700

** Held indirectly through Lereko Investments (Pty) Limited and Dinokana (Pty) Limited.*

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	
GE Stephens	28 358
AM Leeming	13 137
KH Mazwai	7 688
Total	49 183

Group statements of comprehensive income

for the year ended 30 June

R million	*Notes*	*2013*	*2012*
Revenue		**10 267**	9 494
Casino		**8 195**	7 645
Rooms		**957**	838
Food, beverage and other revenue		**1 115**	1 011
Benefit fund surplus		**–**	24
Consumables and services		**(1 130)**	(1 076)
Depreciation and amortisation	2	**(851)**	(818)
Employee costs	3	**(2 256)**	(2 103)
Levies and VAT on casino revenue		**(1 917)**	(1 774)
Promotional and marketing costs		**(717)**	(698)
Property and equipment rentals		**(128)**	(95)
Property costs		**(541)**	(485)
Other operational costs		**(831)**	(759)
Operating profit	4	**1 896**	1 710
Foreign exchange profits		**57**	79
Interest income	5	**31**	37
Interest expense	6	**(486)**	(521)
Profit before tax		**1 498**	1 305
Tax	7	**(477)**	(434)
Profit for the year		**1 021**	871
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Net profit on cash flow hedges		**3**	–
Tax on net profit on cash flow hedges		**(1)**	–
Transfer of hedging reserve to statement of comprehensive income		**2**	2
Foreign currency translation reserve movements		**550**	233
Total comprehensive income for the year		**1 575**	1 106
Profit for the year attributable to:			
Minorities		**314**	239
Ordinary shareholders		**707**	632
		1 021	871
Total comprensive income for the year attributable to:			
Minorities		**611**	317
Ordinary shareholders		**964**	789
		1 575	1 106
Earnings per share			
Basic (cents per share)	9	**736**	669
Basic diluted (cents per share)	9	**732**	664

Group statements of financial position

as at 30 June

R million	*Notes*	*2013*	*2012*
Assets			
Non-current assets			
Property, plant and equipment	11	**10 594**	9 595
Intangible assets	12	**494**	479
Available-for-sale investment	13	**48**	48
Loans and receivables	14	**13**	23
Pension fund asset	15	**29**	38
Deferred tax	20	**214**	148
		11 392	10 331
Current assets			
Loans and receivables	14	**52**	38
Inventory	16	**81**	70
Accounts receivable	17	**476**	473
Tax		**41**	57
Cash and cash equivalents	25.7	**1 023**	752
		1 673	1 390
Total assets		**13 065**	11 721
Equity and liabilities			
Capital and reserves			
Ordinary shareholders' equity		**2 220**	1 496
Minorities' interests		**1 693**	1 227
		3 913	2 723
Non-current liabilities			
Deferred tax	20	**501**	423
Borrowings	21	**3 512**	4 257
Other non-current liabilities	22	**440**	506
		4 453	5 186
Current liabilities			
Accounts payable and accruals	23	**1 424**	1 246
Provisions	24	**48**	43
Borrowings	21	**3 158**	2 422
Tax		**69**	101
		4 699	3 812
Total liabilities		**9 152**	8 998
Total equity and liabilities		**13 065**	11 721

Group statements of cash flows

for the year ended 30 June

R million	*Notes*	*2013*	*2012*
Cash flows from operating activities			
Cash receipts from customers		**10 223**	9 742
Cash paid to suppliers, government and employees		**(7 143)**	(7 008)
Cash generated by operations	25.1	**3 080**	2 734
Tax paid	25.2	**(498)**	(531)
Cash generated by operating activities		**2 582**	2 203
Part settlement of long service award obligation	22	**(120)**	–
Net cash inflow from operating activities		**2 462**	2 203
Cash flows from investing activities			
Purchase of property, plant and equipment			
Expansion		**(557)**	(586)
Replacement		**(711)**	(514)
Purchase of intangible assets		**(32)**	(60)
Proceeds on disposal of property, plant and equipment		**13**	4
Investment income		**31**	37
Other non current loans raised/(repaid)		**31**	(1)
Net cash outflow from investing activities		**(1 225)**	(1 120)
Cash flows from financing activities			
Purchase of shares in subsidiaries	25.3	**(73)**	(817)
Net (decrease)/increase in borrowings	25.4	**(69)**	589
Interest paid	25.5	**(459)**	(495)
Dividends paid	25.6	**(534)**	(506)
Increase in minority funding		**80**	–
Increase in share capital		**32**	131
Purchase of treasury shares and share options		**(8)**	(32)
Net cash outflow from financing activities		**(1 031)**	(1 130)
Effects of exchange rate changes on cash and cash equivalents		**65**	57
Net increase in cash and cash equivalents		**271**	10
Cash and cash equivalents at beginning of year		**752**	742
Cash and cash equivalents at end of year	25.7	**1 023**	752

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 trans-lation reserve	Share based payment reserve	Available-for-sale invest-ment reserve	Hedging reserve	Reserve for non-control-ling interests*	Retained earnings	Ordinary share-holders' equity	Minorities' interests	Total
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	18		(72)							(72)		(72)
Treasury share options purchased	18		(20)							(20)		(20)
Treasury share options exercised	18		61							61		61
Shares issued	18	131								131		131
Vested shares			44		(44)					–		–
Employee share based payments	31				33					33		33
Release of share based payment reserve					(21)				21	–		–
Delivery of share awards									(8)	(8)		(8)
Acquisition of minorities' interests	33							(736)		(736)	(82)	(818)
Profit for the year									632	632	239	871
Other comprehensive income				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**
Deemed treasury shares purchased	18		**(3)**							**(3)**		**(3)**
Treasury share options purchased	18		**(34)**							**(34)**		**(34)**
Treasury share options exercised	18		**29**							**29**		**29**
Shares issued	18	**32**								**32**		**32**
Vested shares			**14**		**(14)**					**–**		**–**
Employee share based payments	31				**46**					**46**		**46**
Release of share based payment reserve					**(32)**				**32**	**–**		**–**
Release of SFIR equity option reserve					**(75)**				**33**	**(42)**	**42**	**–**
Delivery of share awards									**(11)**	**(11)**		**(11)**
Acquisition of minorities' interests	33							**(13)**	**8**	**(5)**	**95**	**90**
Profit for the year									**707**	**707**	**314**	**1 021**
Other comprehensive income				**254**			**3**			**257**	**297**	**554**
Dividends paid									**(252)**	**(252)**	**(282)**	**(534)**
Balance at 30 June 2013		**309**	**(1 594)**	**482**	**86**	**4**	**1**	**(2 219)**	**5 151**	**2 220**	**1 693**	**3 913**

** 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 2013	Revenue 2012	EBITDA* 2013	EBITDA* 2012	EBITDAM* 2013	EBITDAM* 2012	Depreciation and amortisation 2013	Depreciation and amortisation 2012
1. SEGMENTAL ANALYSIS								
South African operations	**7 788**	7 298	**2 217**	2 030	**2 703**	2 487	**581**	582
GrandWest	**1 866**	1 779	**789**	746	**882**	835	**94**	134
Sun City	**1 291**	1 230	**168**	116	**217**	159	**118**	114
Carnival City	**1 061**	1 017	**316**	298	**404**	382	**73**	70
Sibaya	**1 040**	980	**362**	343	**457**	434	**64**	61
Boardwalk	**496**	451	**143**	147	**177**	182	**70**	47
Wild Coast Sun	**389**	308	**67**	32	**89**	47	**40**	35
Carousel	**322**	312	**66**	60	**81**	75	**25**	23
Meropa	**292**	274	**113**	108	**142**	136	**17**	20
Windmill	**255**	238	**94**	84	**117**	105	**15**	15
Morula	**230**	248	**28**	35	**37**	46	**16**	17
Table Bay	**181**	153	**22**	7	**31**	15	**11**	16
Flamingo	**152**	146	**44**	40	**56**	52	**11**	12
Golden Valley	**128**	128	**28**	33	**35**	40	**14**	17
Maslow	**41**	–	**(6)**	–	**(5)**	–	**11**	–
Other operating segments	**44**	34	**(17)**	(19)	**(17)**	(21)	**2**	1
Other African operations	**948**	873	**174**	106	**224**	152	**87**	80
Federal Palace	**198**	173	**40**	11	**52**	19	**32**	25
Zambia	**182**	167	**41**	36	**52**	46	**18**	14
Botswana	**178**	170	**50**	48	**59**	57	**8**	9
Swaziland	**161**	149	**9**	(13)	**15**	(6)	**6**	8
Lesotho	**118**	106	**16**	12	**22**	18	**13**	13
Kalahari Sands	**111**	108	**18**	12	**24**	18	**10**	11
LATAM operation								
Monticello	**1 498**	1 270	**318**	262	**395**	327	**159**	136
Management activities	**610**	590	**244**	260	**244**	260	**22**	15
Total operating segments	**10 844**	10 031	**2 953**	2 658	**3 566**	3 226	**849**	813
Other	**(577)**	(537)	**(17)**	(16)	**(594)**	(553)	**2**	5
Central office and other	**–**	–	**(17)**	(16)	**(17)**	(16)	**2**	5
Elimination of intragroup	**(577)**	(537)	**–**	–	**(577)**	(537)	**–**	–
Other income								
Other expenses								
Total	**10 267**	9 494	**2 936**	2 642	**2 972**	2 673	**851**	818
Other								
Net interest expense and foreign exchange profits								
Tax								
Minorities' interests								
	10 267	9 494	**2 936**	2 642	**2 972**	2 673	**851**	818

** Refer to page 100 for the definition of EBITDA and EBITDAM, and page 101 for the definition of adjusted headline earnings.*

Operating profit and segment results		Net interest paid		Minorities interest		Tax		Adjusted headline earnings*	
2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
1 586	1 415	**213**	193	**226**	180	**388**	330	**982**	869
691	607	**21**	30	**128**	90	**179**	107	**491**	430
45	(2)	**–**	–	**–**	–	**–**	–	**45**	3
232	219	**32**	34	**7**	9	**61**	68	**140**	119
293	277	**20**	23	**68**	64	**82**	87	**191**	167
72	99	**35**	3	**3**	15	**2**	25	**30**	79
26	(4)	**28**	23	**(3)**	(2)	**7**	(16)	**(9)**	(10)
39	37	**1**	1	**–**	–	**–**	–	**39**	37
96	88	**7**	7	**19**	15	**26**	29	**64**	52
78	68	**6**	7	**14**	11	**20**	20	**51**	41
12	18	**1**	1	**–**	–	**–**	–	**12**	19
2	(14)	**48**	48	**(12)**	(20)	**–**	–	**(46)**	(62)
33	28	**5**	5	**5**	3	**8**	8	**20**	15
14	16	**9**	11	**–**	(1)	**3**	2	**2**	1
(29)	–	**–**	–	**–**	–	**–**	–	**(29)**	–
(18)	(22)	**–**	–	**(3)**	(4)	**–**	–	**(19)**	(22)
70	10	**26**	22	**11**	(24)	**18**	(1)	**29**	(16)
8	(14)	**23**	18	**4**	(18)	**(21)**	(7)	**8**	(35)
23	21	**–**	–	**–**	–	**32**	8	**(6)**	23
39	36	**(2)**	(1)	**6**	6	**9**	8	**29**	27
2	(20)	**2**	1	**1**	(11)	**(1)**	(7)	**2**	(17)
3	(1)	**2**	2	**–**	(1)	**1**	–	**–**	(4)
(5)	(12)	**1**	2	**–**	–	**(2)**	(3)	**(4)**	(10)
149	120	**116**	145	**35**	(13)	**(21)**	(7)	**60**	(20)
196	233	**–**	(15)	**18**	103	**66**	128	**119**	164
2 001	1 778	**355**	345	**290**	246	**451**	450	**1 190**	997
(105)	(68)	**100**	139	**24**	(7)	**26**	(16)	**(102)**	(161)
(20)	(25)	**100**	139	**24**	(7)	**26**	(16)	**(102)**	(161)
21	24								
(106)	(67)								
1 896	1 710	**455**	484	**314**	239	**477**	434	**1 088**	836
(398)	(405)								
(477)	(434)								
(314)	(239)							**(348)**	(220)
707	632	**455**	484	**314**	239	**477**	434	**740**	616

1. SEGMENTAL REVENUE ANALYSIS *continued*

R million	Casino 2013	Casino 2012	Tables 2013	Tables 2012
South African operations	**6 457**	6 144	**879**	842
GrandWest	**1 834**	1 750	**226**	222
Sun City	**446**	431	**83**	87
Sibaya	**1 011**	950	**206**	196
Carnival City	**1 031**	991	**163**	144
Boardwalk	**476**	443	**41**	40
Wild Coast Sun	**294**	252	**35**	29
Carousel	**311**	300	**27**	27
Meropa	**289**	271	**31**	32
Windmill	**254**	237	**33**	30
Morula	**215**	229	**16**	15
Flamingo	**150**	144	**11**	12
Golden Valley	**125**	125	**7**	8
Table Bay	**–**	–	**–**	–
Maslow	**–**	–	**–**	–
Other operating segments	**21**	21	**–**	–
Other African operations	**385**	349	**78**	77
Federal Palace	**80**	60	**18**	19
Zambia	**–**	–	**–**	–
Botswana	**103**	98	**15**	18
Swaziland	**80**	71	**22**	16
Lesotho	**47**	43	**12**	11
Kalahari Sands	**75**	77	**11**	13
LATAM operation				
Monticello	**1 353**	1 152	**369**	328
Management activities				
Total operating segments	**8 195**	7 645	**1 326**	1 247
Other	**–**	–	**–**	–
Elimination of intragroup				
Total	**8 195**	7 645	**1 326**	1 247

Slots		Rooms		Food and Beverage		Other		Total	
2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
5 578	5 302	**652**	558	**336**	319	**343**	277	**7 788**	7 298
1 608	1 528	**1**	1	**–**	–	**31**	28	**1 866**	1 779
363	344	**430**	414	**210**	224	**205**	161	**1 291**	1 230
805	754	**12**	11	**7**	8	**10**	11	**1 040**	980
868	847	**3**	3	**–**	–	**27**	23	**1 061**	1 017
435	403	**10**	–	**–**	–	**10**	8	**496**	451
259	223	**24**	8	**37**	27	**34**	21	**389**	308
284	273	**4**	4	**–**	–	**7**	8	**322**	312
258	239	**–**	–	**–**	–	**3**	3	**292**	274
221	207	**–**	–	**–**	–	**1**	1	**255**	238
199	214	**3**	2	**9**	15	**3**	2	**230**	248
139	132	**–**	–	**–**	–	**2**	2	**152**	146
118	117	**2**	2	**–**	–	**1**	1	**128**	128
–	–	**133**	112	**42**	38	**6**	3	**181**	153
–	–	**20**	–	**20**	–	**1**	–	**41**	–
21	21	**10**	1	**11**	7	**2**	5	**44**	34
307	272	**303**	279	**219**	216	**41**	29	**948**	873
62	41	**69**	66	**44**	43	**5**	4	**198**	173
–	–	**102**	100	**60**	57	**20**	10	**182**	167
88	80	**44**	41	**29**	29	**2**	2	**178**	170
58	55	**36**	32	**39**	39	**6**	6	**161**	149
35	32	**31**	28	**33**	29	**7**	7	**118**	106
64	64	**21**	12	**14**	19	**1**	–	**111**	108
984	824	**2**	1	**103**	84	**40**	33	**1 498**	1 270
						610	590	**610**	590
6 869	6 398	**957**	838	**658**	619	**1 034**	929	**10 844**	10 031
–	–	**–**	–	**–**	–	**(577)**	(537)	**(577)**	(537)
						(577)	(537)	**(577)**	(537)
6 869	6 398	**957**	838	**658**	619	**457**	392	**10 267**	9 494

1. SEGMENTAL ANALYSIS *continued*

R million	Assets 2013	Assets 2012	Borrowings 2013	Borrowings 2012	Liabilities 2013	Liabilities 2012	Capital expenditure 2013	Capital expenditure 2012
South African operations	**7 326**	6 754	**3 113**	2 739	**1 215**	1 054	**1 122**	1 014
GrandWest	**1 164**	1 184	**380**	303	**177**	171	**68**	54
Sun City	**1 583**	1 583	**–**	–	**303**	262	**152**	116
Sibaya	**713**	716	**318**	304	**136**	125	**61**	33
Carnival City	**673**	616	**539**	461	**207**	129	**130**	28
Boardwalk	**1 116**	888	**708**	461	**69**	85	**312**	466
Wild Coast Sun	**547**	551	**343**	343	**96**	85	**31**	181
Carousel	**349**	317	**–**	–	**62**	45	**57**	25
Meropa	**160**	158	**118**	110	**31**	24	**16**	12
Windmill	**239**	208	**162**	124	**26**	31	**14**	14
Morula	**126**	126	**–**	–	**37**	46	**33**	11
Flamingo	**89**	95	**66**	71	**15**	16	**7**	11
Golden Valley	**179**	185	**135**	142	**17**	19	**8**	8
Table Bay	**102**	103	**344**	420	**31**	16	**12**	8
Maslow	**259**	–	**–**	–	**8**	–	**217**	44
Other operating segments	**27**	24	**–**	–	**–**	–	**4**	3
Other African operations	**1 602**	1 423	**354**	292	**278**	252	**53**	65
Federal Palace	**715**	595	**324**	257	**96**	88	**9**	6
Zambia	**443**	391	**–**	–	**38**	35	**26**	23
Botswana	**146**	131	**2**	3	**25**	27	**5**	11
Swaziland	**69**	70	**23**	24	**33**	36	**2**	1
Lesotho	**107**	115	**4**	6	**29**	25	**5**	8
Kalahari Sands	**122**	121	**1**	2	**57**	41	**6**	16
LATAM operation								
Monticello	**2 494**	2 198	**498**	627	**244**	198	**92**	25
Management activities	**745**	775	**409**	136	**472**	378	**33**	46
Total operating segments	**12 167**	11 150	**4 374**	3 794	**2 209**	1 882	**1 300**	1 150
Other	**643**	366	**2 296**	2 885	**(297)**	(87)	**–**	–
Central office and other	**643**	366	**2 057**	2 655	**110**	122	**–**	–
Employee share trust			**239**	230				
Elimination of intragroup					**(407)**	(209)		
Total	**12 810**	11 516	**6 670**	6 679	**1 912**	1 795	**1 300**	1 150
Other								
Tax	**41**	57			**69**	101		
Deferred tax	**214**	148			**501**	423		
Borrowings					**6 670**	6 679		
	13 065	11 721	**6 670**	6 679	**9 152**	8 998	**1 300**	1 150

R million	2013	2012
2. DEPRECIATION AND AMORTISATION		
Property, plant and equipment (refer to note 11)	**(790)**	(757)
Intangible assets (refer to note 12)	**(61)**	(61)
	(851)	(818)
3. EMPLOYEE COSTS		
Salaries, wages, bonuses and other benefits	**(2 032)**	(1 797)
Pension costs – defined contribution plans	**(173)**	(179)
– defined benefit plans surplus recognition (refer to note 15)	**(9)**	3
Other benefits: long service award (refer to note 22)	**1**	(77)
post retirement (refer to note 22)	**9**	(20)
farewell gift (refer to note 22)	**(6)**	–
Employee share based payments (refer to note 31)	**(46)**	(33)
	(2 256)	(2 103)
Number of employees at the end of the year	**11 521**	11 368
Permanent core employees	**9 450**	9 512
Permanent scheduled employees	**1 599**	1 354
Temporary employees	**472**	502
4. OPERATING PROFIT IS STATED AFTER CHARGING THE FOLLOWING:		
Operating lease charges		
Plant, vehicles and equipment	**(35)**	(25)
Auditors' remuneration	**(22)**	(18)
Audit fees	**(16)**	(14)
Fees for other services	**(5)**	(3)
Expenses	**(1)**	(1)
Professional fees	**(42)**	(43)
Net loss on disposal of property, plant and equipment	**–**	(1)
5. INTEREST INCOME		
Interest earned on cash and cash equivalents	**29**	35
Preference share dividends	**1**	1
Tax authorities	**1**	1
	31	37
6. INTEREST EXPENSE		
Interest paid on borrowings	**(282)**	(300)
Preference share dividends	**(189)**	(212)
Imputed interest on loans payable	**(21)**	(15)
Transfer from hedging reserve	**(2)**	(2)
Fair value of derivative financial instruments	**(4)**	(9)
Tax authorities	**(1)**	–
Capitalised to property, plant and equipment	**13**	17
	(486)	(521)

R million		*2013*	*2012*
7. TAX			
Normal tax	– South African	**(455)**	(417)
	– foreign	**4**	8
		(451)	(409)
Current tax	– current year	**(461)**	(467)
	– prior years	**(10)**	(10)
Deferred tax	– current year	**4**	34
	– prior years	**16**	34
STC		**–**	(62)
CGT		**–**	46
Other taxes		**(26)**	(9)
		(477)	(434)
Effect of tax losses not recognised as deferred tax assets		**41**	34
Unutilised STC credits		**–**	66
Reconciliation of rate of tax		**%**	%
Standard rate – South African		**28.0**	28.0
Adjusted for:			
Disallowable expenses		**0.8**	4.0
Exempt income		**(0.4)**	(1.7)
Preference shares dividends		**2.9**	3.6
Foreign tax rate variations		**(0.8)**	(0.8)
Prior year over-provisions		**(0.4)**	(1.8)
STC		**–**	4.8
Release of CGT on share premium distributions		**–**	(3.5)
Other taxes		**1.7**	0.7
Effective tax rate		**31.8**	33.3
8. EBITDA RECONCILIATION			
Operating profit		**1 896**	1 710
Expropriation of land – Monticello		**–**	6
Depreciation and amortisation		**851**	818
Property and equipment rental		**104**	71
Pre-opening Maslow lease rentals		**24**	24
Benefit fund surplus recognition		**–**	(24)
Net loss on disposal and impairment of property, plant and equipment		**–**	1
Employee benefits		**(15)**	–
Retrenchment costs		**–**	9
Pre-opening expenses		**37**	3
Other		**4**	–
Reversal of Employee Share Trusts' consolidation*		**35**	24
EBITDA		**2 936**	2 642

** The consolidation of the Employee Share Trusts are reversed as the Group does not receive the economic benefits of these trusts.*

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.

EBITDAM: EBITDA before management fees.

R million	2013	2012
9. EARNINGS PER SHARE		
Profit attributable to ordinary shareholders	**707**	632
Headline earnings adjustments		
Net loss on disposal and impairment of property, plant and equipment	**–**	1
Headline earnings	**707**	633
Adjusted headline earnings adjustments	**12**	(27)
Pre-opening expenses	**37**	3
Expropriation of land – Monticello	**–**	6
Benefit fund surplus recognition	**–**	(24)
Retrenchment costs	**–**	9
Pre-opening Maslow lease rentals	**24**	24
Employee benefits	**(15)**	–
Other	**4**	–
Foreign exchange profits on intercompany loans	**(38)**	(45)
Tax relief on the above items	**(1)**	8
CGT	**–**	(46)
Tax on termination of management contract	**–**	(22)
Minorities' interests on the above items	**(2)**	49
Reversal of Employee Share Trusts' consolidation	**24**	21
Adjusted headline earnings	**740**	616
Number of shares for diluted EPS calculation (000's)		
Weighted average number of shares in issue	**96 016**	94 437
Adjustment for dilutive share awards	**521**	770
Diluted weighted average number of shares in issue	**96 537**	95 207
Number of shares for diluted adjusted HEPS calculation (000's)		
Weighted average number of shares in issue	**96 016**	94 437
Weighted deemed treasury shares	**1 085**	614
Weighted treasury shares held by Employee Share Trusts	**5 890**	5 890
Adjusted weighted average number of shares in issue	**102 991**	100 941
Adjustment for dilutive share options	**521**	770
Diluted adjusted weighted average number of shares in issue	**103 512**	101 711
Earnings per share (cents)		
Basic	**736**	669
Headline	**736**	670
Adjusted headline	**719**	610
Diluted earnings per share (cents)		
Basic	**732**	664
Headline	**732**	665
Adjusted headline	**715**	606

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	*2013*	*2012*
10. DIVIDENDS PAID		
A final 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.	**(145)**	
An interim dividend of 110 cents per share for the year ended 30 June 2013 was declared on 22 February 2013 and paid on 25 March 2013.	**(107)**	
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.		(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)
	(252)	(199)
A final gross dividend of 155 cents per share for the year ended 30 June 2013 was declared on 26 August 2013 and paid on 23 September 2013. The Company has no STC credits available and these dividends are therefore subject to the 15% withholding tax, resulting in a net dividend of 131.75 cents per share.		
11. PROPERTY, PLANT AND EQUIPMENT		
Net carrying value		
Freehold land and buildings	**5 541**	4 742
Leasehold land and buildings	**1 536**	1 291
Infrastructure	**957**	877
Plant and machinery	**494**	411
Equipment	**1 229**	1 149
Furniture and fittings	**413**	344
Vehicles	**37**	26
Operating equipment	**179**	153
Capital work in progress	**208**	602
	10 594	9 595

2013 *R million*	Cost					
	Opening	Reclassi-fications	Exchange rate adjustments	Additions	Disposals and OE usage	Closing
Asset type						
Freehold land and buildings	**5 721**	**508**	**418**	**34**	**(1)**	**6 680**
Leasehold land and buildings	**1 990**	**128**	**65**	**141**	**(105)**	**2 219**
Infrastructure	**1 295**	**54**	**65**	**19**	**(27)**	**1 406**
Plant and machinery	**942**	**78**	**42**	**43**	**(68)**	**1 037**
Equipment	**3 147**	**135**	**106**	**287**	**(402)**	**3 273**
Furniture and fittings	**1 112**	**69**	**40**	**52**	**(293)**	**980**
Vehicles	**76**	**1**	**2**	**21**	**(15)**	**85**
Operating equipment	**153**	**6**	**8**	**68**	**(56)**	**179**
Capital work in progress	**602**	**(998)**	**3**	**603**	**(2)**	**208**
	15 038	**(19)**	**749**	**1 268**	**(969)**	**16 067**

11. PROPERTY, PLANT AND EQUIPMENT *continued*

2013 *R million*	Accumulated depreciation Opening	Reclassi-fications	Exchange rate adjustments	Depre-ciation on disposals	Depre-ciation	Closing
Asset type						
Freehold land and buildings	**(979)**	**–**	**(41)**	**1**	**(120)**	**(1 139)**
Leasehold land and buildings	**(699)**	**–**	**(9)**	**104**	**(79)**	**(683)**
Infrastructure	**(418)**	**–**	**(8)**	**27**	**(50)**	**(449)**
Plant and machinery	**(531)**	**–**	**(15)**	**68**	**(65)**	**(543)**
Equipment	**(1 998)**	**9**	**(62)**	**395**	**(388)**	**(2 044)**
Furniture and fittings	**(768)**	**–**	**(16)**	**293**	**(76)**	**(567)**
Vehicles	**(50)**	**–**	**(1)**	**15**	**(12)**	**(48)**
	(5 443)	**9**	**(152)**	**903**	**(790)**	**(5 473)**

2012 *R million*	Cost Opening	Reclassi-fications	Exchange rate adjustments	Additions	Disposals and OE usage	Disclosed as held for sale in the 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

2012 *R million*	Accumulated depreciation Opening	Reclassi-fications	Exchange rate adjustments	Depre-ciation on disposals	Depre-ciation	Disclosed as held for sale in the 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)

Net carrying value of property, plant and equipment of R107 million (2012: R116 million) is held under finance leases and relates mainly to equipment.

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

Borrowing costs of R13 million (2012: R17 million) were capitalised during the year and are included in 'Additions' above. The capitalisation rates used of 6.5% and 7.8% were 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 739 million (2012: R1 717 million) where the residual value is deemed to approximate the carrying value.

R million	2013	2012
12. INTANGIBLE ASSETS		
Net carrying value		
Computer software	**67**	70
Sun International name	**72**	72
Bid costs	**130**	156
Management contracts	**4**	4
Goodwill	**120**	88
Lease premiums	**15**	16
Restraint of trade	**2**	7
Capital work in progress	**84**	66
	494	479

2013 R million	Cost Opening balance	Additions	Disposals	Reclassi-fication	Exchange rate adjustments	Closing balance
Asset type						
Computer software	**159**	**14**	**(12)**	**19**	**2**	**182**
Sun International name	**72**	**–**	**–**	**–**	**–**	**72**
Bid costs	**579**	**–**	**–**	**–**	**3**	**582**
Management contracts	**5**	**–**	**–**	**–**	**–**	**5**
Goodwill	**196**	**–**	**–**	**–**	**32**	**228**
Lease premiums	**37**	**–**	**–**	**–**	**–**	**37**
Restraint of trade	**10**	**–**	**–**	**–**	**–**	**10**
Capital work in progress	**66**	**18**	**–**	**–**	**–**	**84**
	1 124	**32**	**(12)**	**19**	**37**	**1 200**

R million	Accumulated amortisation and impairments Opening balance	Amortisation	Disposals	Reclassi-fication	Exchange rate adjustments	Closing balance
Asset type						
Computer software	**(89)**	**(27)**	**11**	**(9)**	**(1)**	**(115)**
Bid costs	**(423)**	**(28)**	**–**	**–**	**(1)**	**(452)**
Management contracts	**(1)**	**–**	**–**	**–**	**–**	**(1)**
Goodwill	**(108)**	**–**	**–**	**–**	**–**	**(108)**
Lease premiums	**(21)**	**(1)**	**–**	**–**	**–**	**(22)**
Restraint of trade	**(3)**	**(5)**	**–**	**–**	**–**	**(8)**
	(645)	**(61)**	**11**	**(9)**	**(2)**	**(706)**

12. INTANGIBLE ASSETS *continued*

2012 *R million*	Cost Opening balance	Additions	Disposals	Reclassi-fication	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

R million	Accumulated amortisation and impairments Opening balance	Amortisation	Disposals	Exchange rate adjustments	Closing
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)

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 businesses, 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 that ranges from 8% – 12%. The recoverable amount of all CGUs has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimate growth rates stated above. Local territory tax rates were applied and a terminal growth rate based on local inflation plus a premium. The difference between the 'value-in-use' valuation and the net asset value of the cash generating unit (including goodwill) is R26 million.

R million	2013	2012
13. 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% (2012: 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 2012. 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.

R million	2013	2012
14. LOANS AND RECEIVABLES		
Preference share funding of empowerment partners	**11**	18
Guarantee deposits	**15**	16
Other loans	**4**	4
	30	38
Current portion	**(28)**	(25)
	2	13
Derivative financial instruments		
Foreign exchange contracts (FECs)	**35**	23
Current portion	**(24)**	(13)
	11	10
	13	23
Loans and receivables are due over the following periods:		
Less than 1 year	**52**	38
1 – 2 years	**8**	16
2 – 3 years	**3**	3
3 – 4 years	**2**	3
4 years and onwards	**–**	–
	65	60
	%	%
The weighted average interest and dividend rates were as follows:		
Preference share funding of empowerment partners*	**6.3**	6.5
Other loans	**3.8**	4.4
Weighted average	**5.6**	6.2

** 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 as the loans will be repaid through dividend flows. The preference share funding of empowerment partners, guarantee deposits and other loans are held at amortised cost.

The fair value of loans and receivables approximates their carrying value.

R million	2013	2012

15. 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 was 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, with the 1 July 2013 valuation having commenced.

R million	2013	2012
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:

R million	2013	2012
Present value of funded obligations	**(316)**	(321)
Balance at beginning of year	**(321)**	(290)
Current service cost	**(5)**	(4)
Interest cost	**(26)**	(25)
Contributions by plan participants	**(1)**	(2)
Actuarial gain/(loss)	**25**	(18)
Benefits paid	**12**	18
Fair value of plan assets	**676**	545
Balance at beginning of year	**545**	501
Expected return on plan assets	**44**	43
Actuarial gain	**98**	17
Contributions by plan participants	**1**	2
Benefits paid	**(12)**	(18)
Present value of retirement benefit surplus	**360**	224
Less: application of asset ceiling	**(331)**	(186)
Pension fund asset	**29**	38

In applying the asset ceiling the present value of the retirement benefit surplus that may be recognised as an asset is limited to the lower of the amount as determined above or the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan plus any cumulative unrecognised net actuarial losses and past service costs.

The present value of the retirement surplus of the fund for the current and prior years is as follows:

R million	2013	2012	2011	2010	2009
Present value of funded obligations	**(316)**	(321)	(290)	(249)	(237)
Fair value of plan assets	**676**	545	501	454	396
Surplus	**360**	224	211	205	159
Experience adjustment on plan obligations	**(8%)**	6%	10%	(1%)	(5%)
Experience adjustment on plan assets	**14%**	3%	4%	7%	(12%)

R million	*2013*	*2012*
15. RETIREMENT BENEFIT INFORMATION *continued*		
The amounts recognised in the statement of comprehensive income are as follows:		
Current service cost	**5**	4
Interest cost	**26**	25
Expected return on plan assets	**(44)**	(43)
Net actuarial (gain)/loss	**(123)**	1
Effect of asset ceiling	**145**	10
Surplus (refer to note 3)	**9**	(3)

The expected return on assets is calculated using the discount rate at the start of the period of 8.25% 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 R142 million (2012: R60 million) made up of the expected return of R44 million (2012: R43 million) and actuarial gains of R98 million (2012: R17 million).

The principal actuarial assumptions used were as follows:		
Discount rate	**9.00%**	8.25%
Inflation rate	**6.00%**	5.75%
Expected return on plan assets	**9.00%**	8.25%
Future salary increases	**7.50%**	7.25%
Future pension increases	**6.00%**	5.75%

The average life expectancy in years of an employee retiring at age 60 at 30 June 2013 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 two years for males and females

Plan assets comprise:		
Listed equity investments	**76%**	63%
Bonds	**19%**	21%
Other	**5%**	16%

Pension plan assets include the Company's ordinary shares with a fair value of R3.5 million (2012: R3.3 million).

The expected return on plan assets has been set equal to the discount rate used to value the defined benefit obligations of the fund.

The fund has an amount of R21 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	*2013*	*2012*

16. INVENTORY

Merchandise	**25**	22
Consumables and hotel stocks	**56**	48
	81	70

17. ACCOUNTS RECEIVABLE

Financial instruments		
Trade receivables	**212**	155
Less impairment	**(13)**	(16)
Net trade receivables	**199**	139
Other receivables	**113**	149
	312	288
Non-financial instruments		
Prepayments	**119**	131
VAT	**45**	54
	476	473

The fair value of accounts receivables approximates their carrying value.

The Group has reduced the provision by R3 million (2012: R8 million) for the impairment of its trade receivables during the year ended 30 June 2013. The Group has not utilised the provision for impaired receivables during the year ended 30 June 2013 (2012: Rnil). The decrease of the provision for impaired receivables has been included in other operational costs in the statements of comprehensive income.

Other receivables are expected to be fully recoverable based on historical recoverability. 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:

	2013		*2012*	
R million	Gross	Impairment	Gross	Impairment
Fully performing	**111**	**–**	70	–
Past due by 1 to 30 days	**42**	**–**	28	–
Past due by 31 to 60 days	**14**	**–**	24	(2)
Past due by 61 to 90 days	**7**	**–**	6	(1)
Past due by more than 90 days	**38**	**(13)**	27	(13)
	212	**(13)**	155	(16)

R million	*2013*	*2012*
18. SHARE CAPITAL AND PREMIUM		
Authorised		
150 000 000 (2012:150 000 000) ordinary shares of 8 cents each	**12**	12
100 000 000 (2012:100 000 000) variable rate cumulative redeemable preference shares of 1 cent each	**1**	1
Issued*		
Share capital	**9**	9
Share premium	**300**	268
Treasury shares and share options	**(1 594)**	(1 600)
	(1 285)	(1 323)

** The issued preference shares have been included in borrowings in note 21.*

All issued shares are fully paid.

642 290 treasury share options were exercised during the year (2012: 2 053 988 shares). There were no disposals of shares (2012: nil) indirectly held by the Employee Share Trusts through Dinokana. 149 361 RSP and CSP (2012: 831 273) shares were purchased during the year under review and 110 342 (2012: 2 174) RSP shares were disposed.

1 875 517 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. 10 780 000 shares were placed under the specific control of the directors to allot and issue in accordance with the EGP, CSP, DBP and RSP.

	2013		*2012*	
	Number of shares	Rm	Number of shares	Rm
Movement during the year				
Statutory shares in issue	**114 129 455**	**309**	113 487 165	277
Balance at beginning of year	**113 487 165**	**277**	111 095 130	146
Exercise of treasury share options	**642 290**	**32**	2 053 988	124
Shares issued	**–**	**–**	338 047	7
Treasury shares and share options	**(17 468 892)**	**(1 594)**	(17 583 693)	(1 600)
Balance at beginning of year	**(17 583 693)**	**(1 600)**	(17 218 464)	(1 613)
Deemed treasury shares purchased	**(149 361)**	**(3)**	(831 273)	(72)
Treasury share options exercised	**–**	**29**	–	61
Treasury shares disposed	**110 342**	**–**	2 174	–
Treasury share options purchased	**–**	**(34)**	–	(20)
Vested shares	**153 820**	**14**	463 870	44
Closing balance	**96 660 563**	**(1 285)**	95 903 472	(1 323)
Treasury shares and share options				
Held by subsidiary	**10 549 477**	**1 107**	10 549 477	1 107
Deemed treasury shares and share options	**1 029 314**	**222**	1 144 115	228
Held by Employee Share Trusts	**5 890 101**	**265**	5 890 101	265
	17 468 892	**1 594**	17 583 693	1 600

R million	2013	2012
19. RETAINED EARNINGS		
Retained earnings at the end of the year comprise:		
Company	**3 710**	3 155
Subsidiaries and equity investments	**1 441**	1 479
	5 151	4 634
20. DEFERRED TAX		
Balance at beginning of year	**275**	348
Credited to the statement of comprehensive income	**(4)**	(34)
Prior year over provision	**(16)**	(34)
Adjustment due to rate change	**1**	–
Currency translation adjustments	**30**	(5)
Charged directly to other comprehensive income	**1**	–
Balance at end of year	**287**	275
Deferred tax arises from the following temporary differences:		
Deferred tax liabilities		
Accelerated asset allowances		
Balance at beginning of year	**597**	560
Reclassified from fair value adjustments	**4**	–
Reclassified to disallowed accruals and provisions	**–**	47
Currency translation adjustments	**47**	10
Charged/(credited) to statement of comprehensive income	**35**	(20)
	683	597
To be recovered after more than 12 months	**576**	206
To be recovered within 12 months	**107**	391

R million	*2013*	*2012*
20. DEFERRED TAX *continued*		
Deferred tax assets		
Assessable losses	**(261)**	(174)
Balance at beginning of year	**(174)**	(125)
Currency translation adjustments	**(40)**	(15)
Adjustment due to rate change	**1**	–
Credited to statement of comprehensive income	**(48)**	(34)
Disallowed accruals and provisions	**(152)**	(133)
Balance at beginning of year	**(133)**	(69)
Currency translation adjustments	**3**	–
Reclassification from fair value adjustments	**(13)**	–
Reclassification from PPE	**–**	(47)
Credited to statement of comprehensive income	**(9)**	(17)
Fair value adjustments	**17**	(15)
Balance at beginning of year	**(15)**	(18)
Reclassification to disallowed accruals and provisions	**13**	–
Reclassfication to PPE	**(4)**	–
Currency translation adjustments	**20**	–
Charged directly to other comprehensive income	**1**	–
Charged to statement of comprehensive income	**2**	3
	(396)	(322)
To be recovered after more than 12 months	**(108)**	(90)
To be recovered within 12 months	**(288)**	(232)
Aggregate assets and liabilities on subsidiary company basis:		
Deferred tax assets	**(214)**	(148)
Deferred tax liabilities	**501**	423
Net deferred tax liability	**287**	275

R million	2013	2012
21. BORROWINGS		
Non-current		
Term facilities	**1 113**	1 136
V&A loan	**329**	334
Redeemable preference shares	**2 002**	2 686
Lease liabilities	**17**	55
Vacation Club members	**51**	46
	3 512	4 257
Current		
Short-term banking facilities	**2 549**	1 892
Term facilities	**213**	101
Redeemable preference shares	**4**	5
Lease liabilities	**63**	47
V&A loan	**5**	–
Minority shareholder loans	**324**	377
	3 158	2 422
Total borrowings	**6 670**	6 679
Secured	**483**	528
Unsecured	**6 187**	6 151
	6 670	6 679

The fair value of borrowings approximate their carrying values except for the V&A loan which has a fair value of R387 million (2012: R399 million). The fair value has been determined on a discounted cash flow basis using a discount rate of 9% (2012: 9%).

The carrying amounts of the borrowings are denominated in the following currencies:

	2013	2012
US Dollar	**727**	764
Chilean Peso	**95**	120
South African Rand	**5 848**	5 795
	6 670	6 679

Lease liabilities are secured as the rights to the leased asset revert to the lessor in event of default.

	2013	2012
Net book value of property, plant and equipment encumbered by secured loans	**2 442**	3 436

The borrowings are repayable as follows:

	2013	2012
6 months or less	**300**	450
6 months – 1 year	**2 858**	1 972
1 – 2 years	**1 151**	771
2 – 3 years	**633**	893
3 – 4 years	**1 197**	1 309
4 years and onwards	**531**	1 284
	6 670	6 679

R million	*2013*	*2012*
21. BORROWINGS *continued*		
Interest rates		
Average year end interest and dividend rates are as follows:		
Short-term banking facilities	**6.6%**	7.1%
Term facilities	**7.6%**	7.7%
V&A loan	**12.2%**	12.2%
Redeemable preference shares	**6.9%**	7.0%
Lease liabilities	**9.1%**	9.3%
Vacation Club Members	**10.9%**	10.9%
Minority shareholders' loans	**5.0%**	6.1%
Weighted average	**7.2%**	7.4%

As at 30 June 2013, interest rates on 27% (2012: 11%) of the Group's borrowings were fixed. 78% (2012: 59%) 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.

R million	*2013*	*2012*
Redeemable preference shares		
SIL	**417**	1 111
SISA	**1 350**	1 350
Dinokana	**239**	230
	2 006	2 691

Preference dividends on the SIL preference shares are payable semi-annually on 31 March and 30 September and are calculated at a rate of 77% (2012: 74%) 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 6.8% (2012: 7.0%). 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% (2012: 91.3%) of the bank prime overdraft. The preference shares are redeemable on 3 December 2014.

The V&A lease agreement commenced on 7 December 1995. This is a 25 year agreement whereby the interest rate was locked in at inception.

A register of non current borrowings is available for inspection at the registered office of the Company.

The Group had unutilised borrowing facilities of R527 million (2012: R1 110 million) at 30 June 2013. All undrawn borrowing facilities are renewable annually and none have a fixed interest rate.

Capitalised lease liabilities

Finance lease liabilities are primarily for buildings and slot machines. At the time of entering into the capital lease arrangements, the commitments are recorded at the present value using applicable interest rates. The aggregate amounts of minimum lease payments and the related imputed interest under the capitalised lease contracts payable in each of the next five financial years and thereafter are as follows:

	2013	*2012*
Gross minimum lease payments		
No later than 1 year	**63**	47
Later than 1 year and no later than 5 years	**22**	57
	85	104
Imputed interest		
No later than 1 year	**–**	–
Later than 1 year and no later than 5 years	**(5)**	(2)
	(5)	(2)
Net capital payments of finance lease liabilities	**80**	102
Net carrying value of assets held under finance leases	**107**	116

R million	2013	2012

22. OTHER NON-CURRENT LIABILITIES

	2013	2012
Financial instruments		
Derivative financial instruments		
Interest rate cross currency swaps (refer to note 26)	**44**	57
Current portion of interest rate cross currency swaps	**(15)**	(15)
	29	42
Non financial instruments		
Straight lining of operating leases	**91**	51
Deferred income	**138**	86
Lessor contribution	**115**	59
Sun City Vacation Club	**23**	27
Accrual for farewell gifts	**6**	–
Long service award	**82**	222
Lease restoration provision	**5**	5
Post-retirement medical aid liability	**99**	109
Restraint of trade	**–**	10
	421	483
Current portion	**(10)**	(19)
	411	464
	440	506

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 of Vacation Club units constructed at Sun City. This revenue is recognised over the 15-year period of the members' contracts. Also included is lesser contributions received from a landlord. The revenue is recognised over 20 years and reduces the rental expense.

Restraint of trade

This relates to the restraint of trade payment payable to a former executive director and was for 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.

	2013	2012
Present value of unfunded obligations in the statements of financial position	**99**	109

The Group has no matched asset to fund the obligations. There are no unrecognised actuarial gains or losses and no unrecognised past service costs.

R million	*2013*	*2012*
22. OTHER NON-CURRENT LIABILITIES *continued*		
Post-retirement medical aid liability continued		
Movement in unfunded obligation:		
Benefit obligation at beginning of year	**109**	91
Interest cost	**9**	8
Current service cost	**4**	4
Actuarial (gain)/loss	**(22)**	8
Benefits paid	**(1)**	(2)
Benefit obligation at end of year	**99**	109
The amounts recognised in the statement of comprehensive income are as follows:		
Current service cost	**4**	4
Interest cost	**9**	8
Actuarial (gain)/loss	**(22)**	8
Total	**(9)**	20

The effect of a 1% increase relates to increasing the future rate of increase of the medical aid subsidy assumption from 5.31% per annum to 6.31% per annum and hence reducing the gap between the discount rate and the Company subsidy rate from 4.41% per annum to 3.41% per annum. The resultant increase in the liability is equal to R20.4 million, or 20.5% and the resultant increase in the total of the service and interest costs is R2.9 million, or 21.8%.

The effect of a 1% decrease relates to reducing the future rate of increase of the medical aid subsidy assumption from 5.31% per annum to 4.31% per annum and hence widening the gap between the discount rate and the Company subsidy rate from 4.41% per annum to 5.41% per annum. The resultant reduction in the liability is equal to R16.1 million, or 16.2% and the resultant reduction in the total of the service and interest costs is R2.3 million, or 17.1%.

The expected expense to be recognised in the statement of comprehensive income for the year ending 30 June 2014 is R13 million.

	2013	*2012*
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	**9.45%**	8.25%
Price inflation allowed by Group	**5.31%**	4.89%
The average life expectancy in years of a member 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

The present value of the post retirement medical aid obligation for the current and prior years is as follows:

	2013	*2012*	*2011*	*2010*	*2009*
Present value of funded obligations	**(99)**	(109)	(91)	75	84
Experience adjustment on plan obligations	**(22%)**	7%	7%	(25%)	(18%)

22. OTHER NON-CURRENT LIABILITIES *continued*

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	*2013*	*2012*
Movement in unfunded obligation:		
Benefit obligation at beginning of year	**222**	167
Interest cost	**19**	15
Service cost	**22**	18
Actuarial (gain)/loss	**(5)**	44
Part settlement payment	**(120)**	–
Gain on part settlement of liability	**(37)**	–
Benefits paid	**(20)**	(22)
Benefit obligation at end of year	**81**	222
The amounts recognised in the statement of comprehensive income are as follows:		
Current service cost	**22**	18
Interest cost	**19**	15
Gain on part settlement of liability	**(37)**	–
Actuarial (gain)/loss	**(5)**	44
	(1)	77
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	**7.65%**	8.25%
Salary inflation assumption	**7.30%**	7.25%

During the 2013 financial year, the Group settled the long service liability for non-bargaining unit employees for R120 million. A new long service policy is now applicable to these employees.

The effect of a 1% increase in the discount rate will have a resultant decrease in the liability of R5.2 million, and the resultant decrease in the total of the service and interest costs of R0.3 million.

The effect of a 1% decrease in the discount rate will have a resultant increase in the liability of R5.8 million, and the resultant increase in the total of the service and interest costs of R0.3 million.

The expected expense to be recognised in the statement of comprehensive income for the year ending 30 June 2014 is R15 million.

The present value of the long service awards obligation for the current and prior years is as follows:

R million	*2013*	*2012*	*2011*	*2010*	*2009*
Present value of funded obligations	**(81)**	(222)	(167)	(156)	(144)
Experience adjustment on plan obligations	**(6%)**	20%	(3%)	–	–

R million	*2013*	*2012*
22. OTHER NON-CURRENT LIABILITIES *continued*		
Farewell gift liability		
The Group offers a farewell gift to employees who are retiring or resigning. Employees are eligible for such 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.		
Movement in unfunded obligation:		
Benefit obligation at beginning of year	**–**	
Interest cost	**1**	
Actuarial loss	**5**	
Benefit obligation at end of year	**6**	
The amounts recognised in the statement of comprehensive income are as follows:		
Current service cost		
Interest cost	**1**	
Actuarial loss	**5**	
Total	**6**	
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	**8.20%**	
Salary inflation assumption	**7.40%**	

The effect of a 1% increase in the discount rate will have a resultant decrease in the liability of R0.6 million, and the resultant decrease in the total of the service and interest costs of R0.1 million.

The effect of a 1% decrease in the discount rate will have a resultant increase in the liability of R0.7 million, and the resultant increase in the total of the service and interest costs of R0.1 million.

The expected expense to be recognised in the statement of comprehensive income for the year ending 30 June 2014 is R1 million.

The present value of the farewell gift obligation for the current year is as follows:

R million	*2013*
Present value of funded obligations	**(6)**
Experience adjustment on plan obligations	**(83%)**

R million	*2013*	*2012*
23. ACCOUNTS PAYABLE AND ACCRUALS		
Financial instruments		
Trade payables	**209**	217
Accrued expenses	**699**	630
Interest payable	**10**	6
Capital creditors	**22**	46
Current portion of interest rate cross currency swaps	**15**	15
Other payables	**79**	27
	1 034	941
Non-financial instruments		
VAT	**47**	36
Employee related accruals	**343**	269
	1 424	1 246

The fair value of all non derivative financial instruments approximates their carrying value.

24. PROVISIONS		
Balance at beginning of year:		
Progressive jackpots	**38**	42
Ster Century guarantee	**5**	5
	43	47
Created during the year:		
Net progressive jackpots	**146**	166
Ster Century guarantee	**3**	–
	149	166
Utilised during the year:		
Net progressive jackpots	**(144)**	(170)
	(144)	(170)
Balance at end of year:		
Progressive jackpots	**40**	38
Ster Century guarantee	**8**	5
	48	43

Progressive jackpots

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.

Ster Century guarantee

The provision relates to the Group's share of a claim made by Heron City for €628 000 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 27).

R million	*2013*	*2012*
25. CASH FLOW INFORMATION		
25.1 Cash generated by operations		
Operating profit	**1 896**	1 710
Non cash items and items dealt with separately:		
Depreciation and amortisation	**851**	818
Operating equipment usage	**56**	48
Derivative financial instruments	**(58)**	(76)
Employee share based payments	**46**	31
Pre-opening Maslow lease rentals	**24**	24
Foreign exchange profit	**57**	79
Long service award (release)/accrual	**(21)**	55
Other non-cash movements	**72**	66
	2 923	2 755
Delivery of share awards	**(11)**	(6)
Cash generated by operations before working capital changes	**2 912**	2 749
Working capital changes	**168**	(15)
Inventory	**(6)**	(4)
Accounts receivable	**16**	(146)
Accounts payable, accruals and provisions	**158**	135
	3 080	2 734
25.2 Tax paid		
Liability at beginning of year	**(44)**	(76)
Current tax provided (refer to note 7)	**(471)**	(477)
CGT, STC and withholding taxes (refer to note 7)	**(26)**	(25)
Foreign exchange adjustments	**15**	3
Liability at end of year	**28**	44
	(498)	(531)
25.3 Purchase of shares in subsidiaries		
Monticello	**(73)**	–
RAH	**–**	(506)
SunWest	**–**	(295)
Worcester	**–**	(16)
	(73)	(817)
25.4 (Decrease)/increase in borrowings		
Increase in borrowings	**20**	1 476
Decrease in borrowings	**(725)**	(934)
Imputed interest	**(21)**	(15)
Increase in short-term banking facilities	**657**	62
	(69)	589
25.5 Interest paid		
Interest expense	**(486)**	(521)
Imputed interest on loans payable	**21**	15
Fair value of derivative financial instruments	**4**	9
Non cash transfer from hedging reserve	**2**	2
	(459)	(495)

R million	*2013*	*2012*

25. CASH FLOW INFORMATION *continued*

25.6 Dividends paid

	2013	2012
To shareholders	**(252)**	(199)
To minorities in subsidiaries	**(282)**	(307)
	(534)	(506)

25.7 Cash and cash equivalents

	2013	2012
Cash at bank	**837**	601
Cash floats	**186**	151
	1 023	752

26. 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 Rand:

	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
2013					
Term facilities	**457**	**154**	**296**	**907**	**132**
Minority shareholder loans	**324**	**–**	**–**	**–**	**–**
V&A loan	**23**	**23**	**50**	**179**	**315**
Redeemable preference shares	**69**	**69**	**921**	**1 191**	**–**
Lease liabilities	**32**	**31**	**20**	**2**	**–**
Vacation Club members	**–**	**–**	**–**	**–**	**99**
Short-term banking facilities*	**95**	**2 454**	**–**	**–**	**–**
Derivative financial instruments	**7**	**8**	**12**	**8**	**–**
Trade payables	**209**	**–**	**–**	**–**	**–**
Accrued expenses	**699**	**–**	**–**	**–**	**–**
Interest payable	**10**	**–**	**–**	**–**	**–**
Capital creditors	**22**	**–**	**–**	**–**	**–**
Other payables	**79**	**–**	**–**	**–**	**–**
	2 026	**2 739**	**1 299**	**2 287**	**546**
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

** These are 364 day notice facilities. As at date of this report no notice on any of these facilities had been received.*

26. FINANCIAL INSTRUMENTS *continued*

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 would have to pay if the guarantees are called on (refer to note 27).

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 14.

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 Zambian Kwacha.

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 two material FECs outstanding at 30 June 2013 (2012: three) with a fair value of R32 million (2012: R25 million). The notional amount of the outstanding FECs at 30 June 2013 was R239 million (2012: R478 million). Refer to paragraph (b) for the interest rate cross currency swaps.

Included in the statements of financial position are the following amounts denominated in currencies other than the functional currency of the Group (Rand):

R million	*2013*	*2012*
Financial assets		
US Dollar	**366**	323
Sterling	**28**	22
Botswana Pula	**80**	69
Chilean Peso	**246**	47
Nigerian Naira	**35**	27
Euro	**2**	8
Zambia ZMW	**30**	–
Financial liabilities		
US Dollar	**726**	289
Botswana Pula	**12**	11
Chilean Peso	**251**	735
Nigerian Naira	**74**	79
Zambia ZMW	**29**	–

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 foreign currencies at 30 June 2013 would decrease profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2013	*2012*
US Dollar	**30**	(9)
Sterling	**(1)**	–

A 10% weakening in the Rand against these currencies at 30 June 2013 would have an equal but opposite effect to the amounts shown on the next page, on the basis that all other variables remain constant.

A 10% strengthening in the Chilean Peso against the US Dollar at 30 June 2013 would decrease the profit before tax by the amount shown on the next page. This analysis assumes that all other variables, in particular interest rates and the Rand/Chilean Peso exchange rate, remain constant.

26. FINANCIAL INSTRUMENTS *continued*

R million	*2013* Profit before tax	*2012* Profit before tax
US Dollar	**(3)**	(7)

A 10% weakening in the Chilean Peso against the US Dollar at 30 June 2013 would have an equal but opposite effect to the amount shown above, on the basis that all other variables remain constant.

(b) Cash flow interest rate risk

The Group's cash flow interest rate risk arises from cash and cash equivalents and variable rate borrowings. The Group is not exposed to fair value interest rate risk as the group does not have any fixed interest bearing financial instruments carried at fair value.

The Group manages interest rate risk by entering into short- and long-term debt instruments with a combination of fixed and variable interest rates. It also uses floating-to-fixed interest rate swaps and interest rate cross currency swaps to hedge its foreign currency and interest rate cash flow risk. At 30 June 2013, the following derivative financial instruments were in place:

	SFIR interest rate cross currency swaps	Emfuleni interest rate swaps
Notional amount	US$41 million	R300 million
Fixed rate		
2015 swap		5.57%
2017 swap		5.97%
Fixed rate expiry date		
2015 swap		30 September 2015
2017 swap		29 September 2017
Variable rate	Linked to USD Libor	Linked to quarterly Jibar
Fixed exchange rates (Chilean Pesos to US Dollar)	526 – 591	N/A
Fair value (liability)/asset at 30 June	(R44 million)	R4 million
Transfer of profit from hedging reserve to foreign exchange profits	R2 million	
Net profit on cash flow hedges		R3 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 21).

Interest rate sensitivity

A 1% increase in interest rates at 30 June 2013 would decrease profit before tax by the amounts shown below. This analysis assumes that all other variables remain constant.

R million	*2013* Profit before tax	*2012* Profit before tax
	(34)	(47)

A 1% decrease in interest rates at 30 June 2013 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.

27. 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 R612 million at 30 June 2013 (June 2012: R583 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 one (June 2012: two) operating lease of Ster Century Europe whose rental amounts to US$1.6 million (30 June 2012: US$2.9 million) annually. At 30 June 2013 the maximum exposure is US$7.7 million (30 June 2012: US$24.9 million).

R million	2013	2012
28. CAPITAL EXPENDITURE AND RENTAL COMMITMENTS		
Capital commitments		
Contracted	**183**	625
Authorised by the directors but not contracted	**1 259**	1 021
	1 442	1 646
To be spent in the forthcoming financial year	**1 442**	1 459
To be spent thereafter	**–**	187
	1 442	1 646

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 2013:

(i) For the Group's head office in Sandton, expiring on 31 May 2014, with an annual rental of R18.1 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, expiring on 30 June 2019, with an annual rental of R11.2 million, escalating at 8% per annum. The Group has the option to renew the lease to June 2029.

(v) For the Maslow Hotel building, expiring on 31 December 2031, with an annual rental of R22 million, escalating at 7% per annum.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

No later than 1 year	**52**	41
Later than 1 year and no later than 5 years	**194**	188
Later than 5 years	**956**	1 014
	1 202	1 243

29. 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.

R million	*2013*	*2012*
(i) Key management compensation		
Non-executive directors		
Fees	**5**	4
Executive directors		
Basic remuneration	**9**	9
Bonuses/performance related payments	**6**	4
Retirement contributions	**2**	2
Other benefits	**16**	9
Fair value of options expensed	**9**	13
	42	37
	47	41
Other key management		
Basic remuneration	**25**	24
Bonuses/performance related payments	**18**	13
Retirement contributions	**4**	4
Other benefits	**3**	3
Fair value of options expensed	**16**	11
	66	55

Details of individual directors' emoluments and share options are set out on pages 72 to 77 respectively of this report.

Share based compensation granted

Share option scheme

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

Directors

No share options were granted to the executive directors of the Group during 2013 (2012: nil). The number of share options held by executive directors at the end of the year was 14 063 (2012: 375 938).

Other key management

The number of share options held by other key management at the end of the year was 106 907 (2012: 195 157).

Other share schemes

Movement on share grants is set out below:

	2013			*2012*		
	Executive management	Other key management	Grant price	Executive management	Other key management	Average grant price
EGP						
Opening balance	**209 338**	**641 144**		281 466	557 136	
Movement in employees	**78 061**	**(78 061)**		45 482	(19 662)	
Exercised	**(47 670)**	**(67 399)**		–	–	
Lapsed termination of employment	**(109 852)**	**–**		(154 652)	–	
Lapsed vesting condition not met	**(20 208)**	**(75 294)**		(8 305)	(43 842)	
Granted	**12 099**	**–**	**89.46**	45 347	147 512	90.07
Closing balance	**121 768**	**420 390**		209 338	641 144	

29. RELATED PARTY TRANSACTIONS *continued*

	2013			2012		
	Executive management	Other key management	Grant price	Executive management	Other key management	Average grant price
CSP						
Opening balance	**137 805**	**475 146**		224 634	470 310	
Movement in employees	**80 469**	**(80 469)**		45 439	(35 282)	
Lapsed termination of employment	**(92 377)**	**–**		(137 989)	–	
Lapsed vesting condition not met	**(29 030)**	**(127 148)**		(44 309)	(136 164)	
Granted	**–**	**–**		50 030	176 282	86.75
Closing balance	**96 867**	**267 529**		137 805	475 146	
DBP						
Opening balance	**16 839**	**32 904**		51 267	42 296	
Movement in employees	**6 293**	**(6 293)**		1 300	(1 177)	
Matching Award	**(10 018)**	**(14 357)**		(59 586)	(17 749)	
Lapsed termination of employment	**(8 595)**	**–**		–	–	
Granted	**12 734**	**17 326**	**85.47**	23 858	9 534	80.93
Closing balance	**17 253**	**29 580**		16 839	32 904	
RSP						
Opening balance	**288 546**	**303 086**		291 410	244 596	
Movement in employees	**108 125**	**(108 125)**		41 016	(41 016)	
Vested	**(101 126)**	**(20 646)**		(158 213)	(137 004)	
Lapsed termination of employment	**(138 647)**	**–**		–	–	
Granted	**110 342**	**–**	**105.65**	114 333	236 510	88.37
Closing balance	**267 240**	**174 315**		288 546	303 086	

(ii) Shareholding of key management

	2013	2012
Percentage holding by key management		
Sun International Limited	**1.5**	1.7
Afrisun KZN	**0.9**	0.9
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	**1 863**	1 126
Afrisun KZN	**2 056**	1 314
SunWest	**–**	575
National Casino Resort Manco Holdings	**814**	3 315
Teemane	**70**	51
	4 803	6 381

(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 online.

30. 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:

	2013	2012
Reinsurance premium costs	**(16)**	(17)

31. SHARE INCENTIVE SCHEMES

All share schemes are equity settled.

(i) Share option scheme

Movements in the number of share options outstanding are as follows:

	2013		2012	
	Number of shares	Average price	Number of shares	Average price
Movement during the year				
Balance at beginning of year	**1 503 833**	**48.68**	1 959 154	46.88
Exercised	**(666 103)**	**49.24**	(455 321)	40.93
Balance at end of year	**837 730**	**48.24**	1 503 833	48.68
Options held by Share Option Trust				
Balance at the beginning of year	**12 188**	**44.89**	1 685 857	51.02
Purchased from employees	**666 103**	**49.24**	455 321	40.93
Options exercised	**(642 290)**	**50.54**	(2 053 988)	48.94
Options lapsed	**(2 500)**	**25.63**	(75 002)	22.98
Balance at end of the year	**33 501**	**42.89**	12 188	44.89
	871 231	**48.04**	1 516 021	48.65

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
2004	2014	339 628	36.80
2005	2015	492 477	55.83
2006	2016	5 625	74.00
Balance at 30 June 2013		**837 730**	**48.24**
Balance at 30 June 2012		1 503 833	48.68

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
2004	2014	27 157	38.47
2005	2015	6 344	61.83
Balance at 30 June 2013		**33 501**	**42.89**
Balance at 30 June 2012		12 188	44.89

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.

31. SHARE INCENTIVE SCHEMES *continued*

(ii) Conditional share plan

CSP awards provide senior executives with the opportunity to receive shares in Sun International Limited by way of a conditional award, which is subject to the fulfilment of predetermined performance conditions on the expiry of a three-year performance period. For awards made in 2009 and 2010 the performance condition is related to the Company's total shareholder return (TSR) over a three-year period, relative to the TSR of constituents in the INDI 25 index and gambling/hotels sub-sectors of the travel and leisure sector that have a market capitalisation of greater than R1 billion. No awards vest if the Group's TSR falls below the median TSR of the comparator group while all the awards vest if the group's TSR falls within the upper quartile. Between the median and upper quartile the CSP awards vest linearly as the ranking of the Group's TSR increases. For awards made in 2011 and 2012, 40% of the award is based on the performance condition related to the Company's TSR over a three-year period as described above. In addition two new performance conditions were included as follows:

30% of the award is based on achieving AHEPS 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:

	2013		2012	
	Number of grants	Weighted average grant price R	Number of grants	Weighted average grant price R
Balance at beginning of year	**787 449**	**91.48**	852 303	88.41
Lapsed – termination of employment	**(97 894)**	**86.66**	(152 746)	83.64
Lapsed – performance condition not met	**(212 656)**	**84.12**	(199 173)	77.25
Granted	**15 826**	**89.46**	287 065	86.55
Balance at end of year	**492 725**	**88.00**	787 449	91.48
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				
2013	**–**	**–**	241 978	84.12
2014	**246 204**	**89.46**	258 406	89.46
2015	**246 521**	**86.55**	287 065	86.55

31. SHARE INCENTIVE SCHEMES *continued*

(iii) Equity growth plan

EGP rights provide senior executives with the opportunity to receive shares in Sun International Limited through the grant of conditional EGP rights, which are rights to receive shares equal in value to the appreciation of the Sun International share price between the date on which the conditional EGP rights are granted and the date on which they are exercised, subject to the fulfilment of predetermined performance conditions over a specified performance period. The performance condition applied to the grants is that the Group's adjusted headline earnings per share should increase by 2 percent per annum above inflation over a three-year performance period. If the performance condition is not met at the end of three years it is retested at the end of four and five years from the date of grant. From 2011, the awards are no longer re-tested at the end of years four and five. These awards lapse after the initial three-year period.

Movements in the number of share grants outstanding are as follows:

	2013		2012	
	Number of grants	Weighted average grant price R	Number of grants	Weighted average grant price R
Balance at beginning of year	**3 767 343**	**85.98**	3 556 158	89.90
Lapsed – termination of employment	**(278 723)**	**86.73**	(388 188)	91.13
Lapsed – performance condition not met	**(437 581)**	**90.47**	(241 870)	149.55
Exercised	**(409 965)**	**82.74**	–	–
Granted	**12 099**	**89.46**	841 243	90.07
Balance at end of year	**2 653 173**	**85.68**	3 767 343	85.98
Exercisable at end of year	**636 778**	**84.12**	409 965	82.74
Share grants outstanding at the end of the year become exercisable on the following dates, subject to fulfilment of performance conditions:				
Year ending on 30 June				
2012	**–**	**–**	1 509 016	82.89
2013	**1 217 422**	**80.84**	692 690	84.12
2014	**676 610**	**89.46**	724 394	89.46
2015	**759 141**	**90.07**	841 243	90.07

31. SHARE INCENTIVE SCHEMES *continued*

(iv) Deferred bonus plan

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

Movements in the number of matching awards outstanding are as follows:

	2013		2012	
	Number of grants	Weighted average grant price R	Number of grants	Weighted average grant price R
Balance at beginning of year	**88 559**	**88.86**	143 118	91.57
Lapsed - termination of employment	**(22 030)**	**85.62**	(7 968)	90.88
Granted	**62 818**	**85.47**	47 190	80.93
Matching awards	**(37 602)**	**91.49**	(93 781)	88.83
	91 745	**86.23**	88 559	88.86
DBP shares held at the end of the year entitle participants to matching awards on the following dates:				
Year ending on 30 June				
2013	**–**	**–**	39 264	91.49
2014	**15 451**	**97.04**	17 823	97.04
2015	**23 949**	**80.93**	31 472	80.93
2016	**52 345**	**85.47**	–	–

31. SHARE INCENTIVE SCHEMES *continued*

(v) Restricted share plan

RSP shares are Sun International Limited shares granted to key staff in return for continuing employment with the Group. The shares will be forfeited and any dividends received on the shares will be repayable should the employee leave the Group prior to the expiry of the vesting period. The vesting period is either three or five years. In the case of a three-year award, 100% of the shares awarded will vest after three years and in the case of the five-year award, 50% vests after three years, 25% after four years and the remaining 25% after five years.

Movement in the number of shares outstanding are as follows:

	2013		2012	
	Number of grants	Weighted average grant price R	Number of grants	Weighted average grant price R
Balance at beginning of year	**896 069**	**90.23**	778,886	94.41
Granted during the year	**126 595**	**103.54**	583 227	87.94
Lapsed- termination of employment	**(98 803)**	**90.69**	(2 175)	94.35
Vested during the year	**(153 825)**	**93.90**	(463 869)	94.35
Balance at end of year	**770 036**	**91.63**	896 069	90.23
RSP 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				
2013	**–**	**–**	157 981	93.91
2014	**131 046**	**95.50**	154 861	95.32
2015	**387 823**	**88.05**	423 239	88.19
2016	**133 710**	**94.90**	79 997	83.62
2017	**89 872**	**92.62**	79 991	87.28
2018	**27 585**	**105.65**	–	–

(vi) Valuation of share incentive grants

The fair values of CSP and EGP options granted during the year were estimated using the binomial asset pricing model. For the DBP and RSP the share grants are valued based on the ruling share price on the date of the grant. The table below sets out the valuation thereof and the assumptions used to value the grants:

	CSP	EGP	DBP	RSP
2013				
Weighted average grant price	**R89.46**	**R89.46**	**R85.47**	**R103.54**
Weighted average 400-day volatility	**23%**	**26%**	**n/a**	**n/a**
Weighted average long-term risk rate	**4.80%**	**4.80%**	**n/a**	**n/a**
Weighted average dividend yield	**3.80%**	**3.80%**	**n/a**	**n/a**
Valuation	**R0.9 million**	**R0.3 million**	**R5 million**	**R13 million**
2012				
Weighted average grant price	R86.55	R90.07	R80.93	R87.94
Weighted average 400-day volatility	17.6%	17.6%	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

The employee share based payment expense for the year was R46 million (2012: R33 million).

32. 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:

%	2013	2012
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**	3.5
Sun International Limited – direct	**2.3**	2.3
– indirect	**2.5**	2.6

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 the Company is set out below:

	2013	2012
Sun International Limited – indirect	**0.4**	0.4

33. TRANSACTIONS WITH MINORITIES

In November 2012, Chilean Enterprises exercised their option thereby taking up their unpaid share capital in SFI. This reduced SIL's shareholding by 1.86% to 42.41%. In April 2013, IGGR and Lasud decided not to take up their options. Novosun took up these options by converting their loans into share capital. IGGR sold its shareholding in April 2013. The remaining shareholders took up these shares in proportion to their shareholding which resulted in SIL's effective shareholding increasing to 44.21%.

a) Dilution in shareholding due to exercising of share options by minority

	2013	2012
Carrying amount of non controlling interest diluted in November 2012	**(18)**	–
Increase in NAV as a result of an increase in share capital in SFI	**34**	–
Increase in parent's reserves	**16**	–

b) Acquisition of additional interest in subsidiary

	2013	2012
Carrying amount of minority interest acquired	**52**	81
Consideration paid to minority interest	**(73)**	(817)
Increase in parent's reserves	**(21)**	(736)

c) Effects of the transactions with minorities

Changes in equity attributable to shareholders of the Group arising from

	2013	2012
Dilution in shareholding due to exercising of share options by minority	**16**	–
Acquisition of additional interest in subsidiary	**(21)**	(736)
Net effect in parent's reserve	**(5)**	(736)

34 SUBSEQUENT EVENTS

The following events have taken place since 30 June 2013:

(i) Real Africa Holdings Limited, a subsidiary of Sun International Limited, acquired WIP Gaming Proprietary Limited's 23.2% interest in Afrisun Leisure Investments Proprietary Limited's ordinary share capital for a cash consideration of R120 million. Following this acquisition Afrisun Leisure Investments Proprietary Limited became a wholly-owned subsidiary of Real Africa Holdings Limited.

(ii) The Group has submitted an application to the Gauteng Gambling Board to relocate its Morula casino licence from Mabopane to Menlyn, Tshwane in order to deliver the full potential of this licence to the City of Tshwane and the Gauteng Province. The public had until 16 August 2013 to submit objections to the application. A number of objections and concerns have been received from the public and are currently being addressed, whereafter the gambling board will make its decision.

If the application is approved the Group has plans to create a new R3 billion urban entertainment destination at Menlyn in Tshwane's eastern suburbs. The development is part of a new large scale mixed-use "Green City" project which is currently under development, known as Menlyn Maine. This will, in its final form, be an R8 billion, 315 000 m² precinct, of which R825 million is either already built or under construction. It will comprise a new shopping mall, a high-end residential component, an office park, hotels and an entertainment node – which is the component that Sun International will provide, and which includes a 110 room 5-star hotel, 8 000 seat entertainment arena, convention and exhibition facility and a casino with 2 000 slots and 60 tables.

The Group has concluded an agreement to acquire the necessary land from the developers of Menlyn Maine under an option arrangement conditional upon receiving the required regulatory approvals. Approval has already been received for the necessary land rights, including all relevant zoning, environmental impact assessments and traffic impact studies have also been completed.

(iii) The Group's application for a casino licence in Panama was awarded in September 2013. The Group is in the process of acquiring on a freehold basis, the casino component, the penthouse level (to be used as a Salon Privé), and certain apartments in the Trump Ocean Club International Hotel and Tower in Panama City, Panama for a purchase consideration of US$41 million.

On completion the casino will have approximately 600 slots and 32 tables allocated between the casino component located on the ground floor and the Privé overlooking the canal and the city. Both facilities will have entertainment and food and beverage offerings and will be developed at an approximate cost of US$64 million.

The casino is expected to open around September 2014.

(iv) The Group is in the process of applying for a casino licence in Colombia and has entered into a long-term lease for the casino component of a new-mixed use development in Cartagena, Colombia. The development will also include a 284 room 5-star InterContinental hotel, convention centre, shops, theatres, apartments and offices. The lease is conditional on the Group securing the casino licence and if awarded the Group will fit-out and equip the casino, which will have 310 slot machines and 16 tables, at a cost of US$30 million. This opportunity provides the Group with a low risk entry into the Colombian gaming market which presents a number of larger, exciting opportunities.

(v) The R30 million acquisition of Powerbet Gaming (Pty) Ltd, as announced on SENS in the Group's third quarter trading update, is close to completion. The approval of the transaction by the Western Cape Gambling and Racing Board (WCGRB) has been received, however the Group is in discussion on certain conditions imposed by the WCGRB.

Accounting policies

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

BASIS OF PREPARATION

All policies stated in the consolidated financial statements relate to the Group and the companies within the Group. The consolidated financial statements for the year ended 30 June 2013 were prepared in accordance with International Financial Reporting Standards (IFRS), the SAICA Financial Reporting guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements (FRP) as issued by the Financial Reporting Standards Council (FRSC) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), effective at the time of preparing these financial statements and in compliance with the JSE Listings Requirements and the Companies Act of South Africa.

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.

The Group recognises any minority interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the minority's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

The Company accounts for subsidiary undertakings at cost.

Transactions with minority shareholders

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

Special purpose entities

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

INTANGIBLE ASSETS

Goodwill 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 or more frequently if events or changes in circumstances indicate a potential impairment. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. The calculation of gains and losses on the disposal of an entity includes the carrying amount of goodwill relating to the entity sold.

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 Company 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 Rand which is the parent company's functional and presentation currency and the Group's 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 statements 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 Rand 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. Historical 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.

General and specific borrowing costs and certain direct costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such a time as the assets are substantially ready for their intended use.

All other borrowing costs are recognised in profit and loss in the period which they are incurred.

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).

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting period.

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 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.

TRADE RECEIVABLES

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not they are presented as non-current liabilities.

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

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, interest rate cross currency swaps and floating-to-fixed interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations relating to certain firm commitments and forecasted transactions. These derivatives are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. The resulting gain or loss is recognised in profit or loss as it arises unless the derivative is designated and effective as a hedging instrument. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions, hedges of foreign currency risk of firm commitments (cash flow hedges) or hedges of net investments in foreign operations.

Cash flow hedges

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in other comprehensive income. The ineffective portion is recognised immediately in profit or loss in the respective line items. Amounts deferred to the hedging reserves are recognised through profit and loss in the same period in which the hedged item affects profit and loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to profit or loss for the period.

CURRENT AND DEFERRED TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, respectively.

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/ WITHHOLDING 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% withholding 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.

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 profit and loss for the year.

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 a 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.

Farewell gifts

The Group pays for a farewell gift for employees, with a minimum of a ten-year service with the Group, who leave as a result of a voluntary resignation or retirement. The value of the gift is calculated on a formula based on years of service and monthly base rate and is subject to tax. 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.

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

REVENUE RECOGNITION

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

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

The Company revenue also comprises dividend income which is recognised when the right to receive payment is established.

INTEREST INCOME

Interest income is recognised using the effective interest rate method.

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

Operating segments are reported in the manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the board of directors.

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. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Critical accounting estimates and assumptions

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

Asset useful lives and residual values

Property, plant and equipment 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. The Group has not made any material adjustments to the useful lives and residual values in the past.

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, long service award and farewell gifts

The present value of the post-retirement benefit, long service award and farewell gift 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, long service award and farewell gifts include the discount rate. Any changes in these assumptions will impact the carrying amount of post-retirement benefits, long service award and farewell gifts obligations.

Refer to note 22 for details.

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 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 post-retirement benefits, long service award and farewell gifts 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.

Management is currently considering the effect of IFRS 10.

Pension fund asset

Management needed to assess whether or not the Group had an unconditional right to a refund in respect of the surplus from the pension plan. A legal interpretation was obtained which indicated that the Group does not have an unconditional right to the full refund of the surplus.

ACCOUNTING POLICY DEVELOPMENTS

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

Standards, amendments and interpretations effective in 2013

The following amendment became effective in 2013 but had no impact on the Group:

- Amendment to IAS 12,'Income taxes' on deferred tax

The following amendment became effective in 2013 and has been adopted by the Group:

Amendments to IAS 1, 'Presentation of Financial Statements', on presentation of items of OCI

The IASB has issued an amendment to IAS 1, 'Presentation of financial statements'. The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

Standards and amendments issued but not effective in 2013

The Group has evaluated the effect of all new standards, amendments and interpretations that have been issued but which are not yet effective. Based on the evaluation, management does not expect these standards, amendments and interpretations to have a significant impact on the Group's results and disclosures. The expected implications of applicable standards, amendments and interpretations are dealt with below.

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 (2009)

This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.

Management is currently considering the effect of the change.

IFRS 9 Financial instruments (2010)

The IASB has updated IFRS 9, 'Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and 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.

Amendments to IFRS 9 Financial instruments (2011)

The IASB has published an amendment to IFRS 9, 'Financial instruments', that delays the effective date to annual periods beginning on or after 1 January 2015. The original effective date was for annual periods beginning on or after from 1 January 2013. This amendment is a result of the board extending its timeline for completing the remaining phases of its project to replace IAS 39 (for example, impairment and hedge accounting) beyond June 2011, as well as the delay in the insurance project. The amendment confirms the importance of allowing entities to apply the requirements of all the phases of the project to replace IAS 39 at the same time. The requirement to restate comparatives and the disclosures required on transition have also been modified.

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.

Amendment to the transition requirements in IFRS 10, 'Consolidated financial statements', IFRS 11, 'Joint arrangements', and IFRS 12, 'Disclosure of interests in other entities'

The amendment clarifies that the date of initial application is the first day of the annual period in which IFRS 10 is adopted – for example, 1 January 2013 for a calendar-year entity that adopts IFRS 10 in 2013. Entities adopting IFRS 10 should assess control at the date of initial application; the treatment of comparative figures depends on this assessment. The amendment also requires certain comparative disclosures under IFRS 12 upon transition.

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.

The following standard is not applicable to the Group:

- Amendments to IFRS 1 'First time adoption on government loans'

The following standards are not expected to have an impact on the Group:

- Amendment to IFRS 7 Financial instruments: Disclosures – asset and liability offsetting
- IAS 27 (revised 2011) – Separate financial statements
- Amendments to IAS 32 – Financial instruments: Presentation
- Amendments to IFRS 10, Consolidated financial statements', IFRS 12 and IAS 27 for investment entities
- IAS 28 (revised 2011) – Associates and joint ventures.

Annual improvements project

Improvements to IFRSs were issued in May 2012 as part of the 'annual improvements process' resulting in the following amendments to standards issued, but not effective for 30 June 2013 year ends:

The following standards have been affected by the project:

- IFRS 1 'First-time adoption of International Financial Reporting Standards'
- IAS 1 'Presentation of financial statements'
- IAS 16 'Property, plant and equipment'
- IAS 32 'Financial instruments: Presentation'
- IAS 34 'Interim financial reporting.'

Management is currently considering whether any of these changes have an effect.

Notice of the Sun International annual general meeting

Sun International Limited
Registration Number 1967/007528/06
Share Code: SUI
ISIN: ZAE000097580
("Sun International" or "the Company")

Notice is hereby given that the twenty-ninth annual general meeting of the shareholders of Sun International will be held on **Friday, 22 November 2013 at 09:00**, in the Zenith Conference Room at The Maslow Hotel on the corner of Grayston and Rivonia Road, Sandton, Johannesburg, Gauteng, to, among other things, consider, and if deemed fit, to pass (with or without modification) the ordinary and special resolutions set out below. The record date for determining which shareholders are entitled to: **(i) receive notice of the annual general meeting is Friday, 18 October 2013; and (ii) participate in and vote at the annual general meeting is Friday, 15 November 2013,** in terms of section 62(3)(a), as read with section 59 of the Companies Act, 2008 (Act 71 of 2008) as amended (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 participate in the meeting.

PRESENTATION OF THE ANNUAL FINANCIAL STATEMENTS

To present the audited annual financial statements for the year ended 30 June 2013, together with the reports of: the directors; the external auditors; the audit committee; and the social and ethics committee. The annual financial statements are set out on pages 88 to 141 of this Integrated Annual Report.

1. Ordinary resolution number 1: Election of executive directors

To elect by way of separate resolutions:
1.1 Mr AM Leeming
1.2 Mr GE Stephens

as executive directors, who retire in accordance with the provisions of article 39.9 of the provisions of the Company's Memorandum of Incorporation, by virtue of their appointments being made pursuant to the last annual general meeting and accordingly are required to retire at this annual general meeting. Messrs Leeming and Stephens, being eligible, offer themselves for election. (Please refer to page 12 of this Integrated Annual Report for the résumés of Messrs Leeming and Stephens.)

In order for these resolutions 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: Election of non-executive director

To elect:
2.1 Mr PDS Bacon as a non-executive director of the Company, who retires in accordance with the provisions of article 39.9 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 he is required to retire at this annual general meeting. Mr Bacon being eligible, offers himself for election. (Please refer to page 13 of this Integrated Annual Report for a résumé of Mr Bacon.)

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.

3. Ordinary resolution number 3: Re-election of non-executive directors

To re-elect by way of separate resolutions:
3.1 Mr PL Campher
3.2 Ms BLM Makgabo-Fiskerstrand
3.3 Mr IN Matthews

as directors, who retire by rotation at this annual general meeting, in accordance with the provisions of article 39.3 of the Company's Memorandum of Incorporation. The directors, each being eligible, offer themselves for re-election. (Please refer to page 13 of this Integrated Annual Report for a résumé of each non-executive director standing 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.

4. Ordinary resolution number 4: 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 audit committee members until the conclusion of the next annual general meeting:
4.1 Ms ZBM Bassa
4.2 Mr PL Campher*
4.3 Ms B Modise
4.4 Mr GR Rosenthal

** Subject to his re-election as a director pursuant to ordinary resolution number 3*

Résumés of the independent, non-executive directors nominated by the board and offering themselves for election as members of the audit committee are set out on page 13 of this 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.

5. Ordinary resolution number 5: 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 page 66 of this Integrated Annual Report.

Ordinary resolution number 5 is of an advisory nature and is non-binding. The failure to pass this resolution will not have any legal consequences on the Company, however, the board will address matters of concern, if any, that are raised by shareholders.

6. Ordinary resolution number 6: Re-appointment of independent external auditors

To re-appoint PricewaterhouseCoopers Incorporated (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

7. Ordinary resolution number 7: Amendments to Sun International Limited Restricted Share Plan

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

7.1 Resolved that the Sun International Limited Restricted Share Plan 2008 (RSP), as previously approved, be and is hereby amended to accommodate the following amendments:

7.1.1 the name of the RSP be amended to the Bonus Share Matching Plan (BSMP) and consequent amendments be made to the rules of the RSP in order to reflect the same;

7.1.2 a new rule 8.1.3 be inserted to read as follows:

8.1.3 "All dividends that have been paid to the participant by the Company in respect of the Forfeitable Shares, as part of the BMSP annual allocation and that have been forfeited as envisaged in Rule 8.1.1 are not required to be repaid by the participant, subject to forfeiture in the case of voluntary termination of employment."

The amendments to the RSP have been approved by the Johannesburg Stock Exchange Limited (JSE) and will be initialled by the Chairman of the annual general meeting for purposes of identification.

Copies of the amended RSP rules referred to in this ordinary resolution number 7 are available for inspection at the registered office of the Company from 15 October 2013 to 22 November 2013. In terms of the JSE Listings Requirements this ordinary resolution number 7 must be passed by a 75% majority of votes cast by shareholders present or represented by proxy at the annual general meeting, excluding all votes attached to shares in the Company owned and controlled by existing participants of the RSP and that may be affected by the proposed amendments.

Reason for and effect of ordinary resolution number 7

- The RSP was approved by shareholders at the Company's annual general meeting held in 2008. The purpose of the RSP is to enhance the ability of the Company to attract and retain key employees of the Company.
- The RSP, which provides for the award of forfeitable shares which vest after three years subject to continued employment on the part of the participant will now be used as the annual share allocation award of the Company (instead of the Company's Conditional Share Plan and Deferred Bonus Plan).
- The rationale for revising the RSP is articulated in the remuneration report on pages 69 to 71.

The RSP will now play a dual function and will be utilised as follows:

- Award participants on an ad hoc basis for retention and attraction (sign-on bonuses) purposes and upon termination of employment before the vesting period (either 3-5 years) the related dividends received by the participant must be repaid to the Company; and
- Function as an annual share allocation award to participants that are approved by the remuneration committee and upon termination of employment before the vesting period, the related dividends received by the participant may be retained by the participant, as this is an entry level share plan.

In both instances above, participants will receive forfeitable shares based on a portion of their bonus provided bonus criteria are met.

In the event that shareholders do not approve the amendments to the RSP, the Company will utilise the RSP as set out in the remuneration report and participants that receive dividends as part of their share allocation award in the normal course will repay the related dividends upon termination of employment. For the sake of clarity, it is re-iterated that dividends will be repaid by the participants in the event that the forfeitable shares were allocated on the basis of a retention or attraction award.

8. Ordinary resolution number 8: Authority to implement amendments to Sun International Limited Restricted Share Plan

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

Resolved that the directors of the Company be and are hereby authorised to do all such things as may be necessary for and incidental to the implementation of ordinary resolution number 7 including, but not limited to, the signature of all related or ancillary documents.

Reason for and effect of ordinary resolution number 8

Ordinary resolutions numbers 7 and 8, if passed, will result in the amendment of the existing RSP, details of which are provided above, in ordinary resolution number 7.

9. Special resolution number 1: Financial assistance for the subscription of securities in terms of section 44 of the Companies Act

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 by way of a loan, guarantee, the provision of security or otherwise to:

(i) any bank registered in terms of the Banks Act, 1990 (including any division, registered branch, including branch of a foreign bank) and/or subsidiary of that bank; (ii) any of the Company's present or future subsidiaries; and/or (iii) any other company, person, entity, trust or corporation that is or becomes related or inter-related to the Company for the purpose of, or in connection with the subscription of any securities issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company as contemplated in terms of section 44 of the Companies Act, for a period of two years from the date on which this resolution is passed.

The reason and effect for special resolution number 1:

The Company may be required from time to time and as and when required to provide financial assistance to the above recipients for the purpose of, or in connection with, the subscription for any securities issued or to be issued by the company or a related or inter-related company as contemplated in section 44 of the Companies Act.

Section 44(3)(a)(ii) of the Companies Act requires that the special resolution referred to in special resolution number 1 be adopted. In the circumstances and in order to, *inter alia*, ensure that the Company's subsidiaries and other related and inter-related companies 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 1. Therefore, the reason for, and effect of, special resolution number 1, is to permit the Company to provide direct or indirect financial assistance (within the meaning attributed to that term in section 44 of the Companies Act), to entities falling within any category or entities contemplated in special resolution number 1 above. It is noted that in addition to the requirement that special resolution number 1 be adopted, section 44 of the Companies Act further provides that the provision of financial assistance (within the meaning attributed to that term in section 44 of the Companies Act) may only be authorised by the board of directors of the Company if the board of directors of the Company is satisfied that (i) the terms under which the financial assistance is proposed to be assumed, are fair and reasonable to the Company; (ii) immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test and that (iii) the board must ensure that any conditions or restrictions in respect of the granting of financial assistance in the Company's Memorandum of Incorporation have been satisfied.

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. Special resolution number 2: Financial assistance to related or inter-related company in terms of section 45 of the Companies Act

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 2:

The Company may be required to provide loans, to and guarantee loans or other obligations to its subsidiaries and is not precluded from doing so in terms of its Memorandum of Incorporation and 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 is 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 2. Therefore, the reason for, and effect of, special resolution number 2, is to permit the Company to provide direct or indirect financial assistance (within the meaning attributed to that term in section 45 of the Companies Act), to the entities referred to in special resolution number 2 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.

11. Special resolution number 3: General authority to repurchase shares

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

Resolved that the directors be and are hereby authorised to approve and implement the acquisition by the Company or by a subsidiary of the Company up to a maximum of 10% (ten percent) of the number of issued ordinary shares of the Company by way of a general authority, which shall only be valid until the Company's next annual general meeting, unless it is then renewed, provided that it shall not extend beyond 15 (fifteen) months from the date of the passing of the special resolution, whichever period is the shorter, in terms of the Companies Act 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 (reported trades are prohibited);
- 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 repurchase 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 passing of a resolution by the board of directors that it has authorised the repurchase, that the Company and its subsidiary/ies have passed the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the Group;
- 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 before entering the market to proceed with the 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;
- the number of shares purchased and held by a subsidiary or subsidiaries of the Company shall not exceed 10% (ten percent) in the aggregate of the number of issued shares in the Company at the relevant times;
- any such general repurchases are subject to exchange control regulations and approval, if applicable, at that point in time; and
- the Company only appointing one agent to effect any repurchases on its behalf.

Statement by directors

As at the date of this resolution, the Company's directors undertake that, having considered the effect of repurchasing the maximum number of shares (as contemplated above), they will not implement any such repurchase unless for a period of 12 months following the date of the general repurchase:

- 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 this Integrated Annual Report, is provided in terms of the JSE Listings Requirements for purposes of this general authority:

- directors – pages 12 and 13;
- major beneficial shareholders – page 80;
- directors' interests in ordinary shares – page 89; and
- share capital of the Company – page 110.

Litigation statement

The directors in office whose names appear on pages 12 and 13 of this Integrated Annual Report, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 (twelve) months, a material effect on the Group's financial position.

Director's responsibility statement

The directors in office, whose names appear on pages 12 and 13 of this 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 this Integrated Annual Report, there have been no material changes in the affairs or financial position of the Company and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

Reason for and effect of special resolution number 3:

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 3 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.

12. Ordinary resolution number 9: Authority for directors or company secretary to implement resolutions

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

Resolved as an ordinary resolution that any director of the Company or the Company Secretary be and is hereby authorised to do all such things and sign all such documents as may be required to give effect to 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 shareholders holding certificated shares and Sun International shareholders holding Sun International shares in dematerialised form in "own name":

- may attend and vote at the annual general meeting; alternatively;
- may appoint an individual as a proxy, (who need not also be a shareholder of Sun International) to attend, participate in, speak and vote in your place at the annual general meeting by completing the attached form of proxy and returning it to the registered office of Sun International or to the transfer secretaries, **by no later than 09:00 on 20 November 2013**. Alternatively, the form of proxy may be handed to the Chairman of the annual general meeting at the meeting at any time prior to the commencement of the annual general meeting. Please note that your proxy may delegate his/her authority to act on your behalf to another person, subject to the restrictions set out in the attached form of proxy. Please also note that the attached form of proxy must be delivered to the registered office of Sun International or to the transfer secretaries or handed to the Chairman of the annual general meeting, before your proxy may exercise any of your rights as a Sun International shareholder at the annual general meeting. Please note that any shareholder of Sun International that is a company may authorise any person to act as its representative at the annual general meeting. Please also note that section 63(1) of the Companies Act, requires that persons wishing to participate in the annual general meeting (including the aforementioned representative) must provide satisfactory identification before they may so participate.

Notice to owners of dematerialised shares:

Please note that if you are the owner of dematerialised shares held through a CSDP or broker (or their nominee) and are not registered as an "own name" dematerialised shareholder then you are not a registered Sun International shareholder, but your CSDP or broker (or their nominee) would be. Accordingly, in these circumstances, subject to the mandate between yourself and your CSDP or broker as the case may be:

- if you wish to attend the annual general meeting you must contact your CSDP or broker, and obtain the relevant letter of representation from it; alternatively
- if you are unable to attend the annual general meeting but wish to be represented at the meeting, you must contact your CSDP or broker, and furnish it with your voting instructions in respect of the annual general meeting and/or request it to appoint a proxy. You must not complete the attached form of proxy. The instructions must be provided in accordance with the mandate between yourself and your CSDP or broker, within the time period required by your CSDP or broker. CSDPs, brokers or their nominees, as the case may be, recorded in Sun International's 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 or to the transfer secretaries, by no later than **09:00 on 20 November 2013**. Alternatively, the form of proxy may be handed to the Chairman of the annual general meeting at any time prior to the commencement of the annual general meeting.

Voting at the meeting:

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

Electronic participation in the annual general meeting:

Sun International intends to make provision for Sun International shareholders, or their proxies, to participate in the annual general meeting by way of electronic communication. In this regard, Sun International intends making a dial-in facility available that will be linked to the venue at which the annual general meeting will take place, on the date of, and from the time of commencement of, the annual general meeting. The dial-in facility will enable all persons to participate electronically in the annual general meeting in this manner and to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the annual general meeting.

Shareholders wishing to participate electronically in the annual general meeting are required to deliver the attached "Electronic Notice" to Sun International's registered address at 27 Fredman Drive, Sandown, Sandton, Gauteng, Republic of South Africa (marked for the attention of Ms CA Reddiar, Company Secretary) or email the Electronic Notice to investor.relations@suninternational.com by no later than **18 November 2013 at 12:00** indicating that they wish to participate via electronic communication in the annual general meeting.

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 his/her identity documents 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 (the "Contact Details").

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 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.

By order of the Board

CA Reddiar
Company Secretary

15 October 2013

Delivery address
Computershare Investor Services Proprietary Limited
PO Box 61051, Marshalltown 2107
Gauteng, Republic of South Africa

Postal address
Computershare Investor Services Proprietary Limited
PO Box 61051, Marshalltown 2107
Gauteng, Republic of South Africa

THE FEDERAL PALACE

Nigeria

The Federal Palace Hotel and Casino caters for the corporate traveller who values consistency in excellence

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

Sun International

A Million Thrills. One Destination.

FORM OF PROXY – SUN INTERNATIONAL LIMITED ANNUAL GENERAL MEETING

For use by certificated shareholders or own name dematerialised shareholders at the twenty ninth annual general meeting of shareholders of Sun International to be held in the Zenith Conference Room, The Maslow Hotel, corner of Grayston and Rivonia Roads, Sandton, Johannesburg, Gauteng on Friday, 22 November 2013 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 to exercise your rights 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/or (ii) delivering a copy of the revocation instrument to the proxy, and to the Company.

Any shareholder of the Company that itself is a company may authorise any person to act as its representative at the annual general meeting. Section 63(1) of the Companies Act requires that persons wishing to participate in the annual general meeting (including the aforementioned representative) must provide satisfactory identification before they may so participate.

Note that voting will be performed by way of a poll and, accordingly, any person who is present at the annual general meeting, whether as a shareholder or as proxy for a shareholder, shall have the number of votes determined in accordance with the voting rights associated with the Sun International ordinary shares held by that shareholder.

I/We (full names in block letters)

of (address)

Telephone: (work) (area code) Telephone: (home) (area code)

Fax: (area code) Mobile number:

being the holder(s) of ordinary shares in Sun International

hereby appoint (refer note 1)

1. or failing him/her;
2. or failing him/her;
3. the Chairman of the annual general meeting

as my/our proxy to attend, participate in and speak and vote at the annual general meeting in my/our place and on my/our behalf at the Sun International annual general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at any adjournment thereof and to vote for or against such resolutions or to abstain from voting in respect of the shares in the issued capital of the Company registered in my/our name/s, in accordance with the instructions set out below (refer to note 2):

my/our proxy:

- may delegate to another person his/her authority to act on my/our behalf at the Sun International annual general meeting, provided that my/our proxy may only delegate his/her authority to act on my/our behalf at the annual general meeting to a director of the Company;
- must provide written notification to the transfer secretaries of the Company, namely Computershare Investor Services Proprietary Limited, of the delegation by my/our proxy of his/her authority to act on my/our behalf at the Sun International annual general meeting by no later than **09:00 on 20 November 2013.** Alternatively, the written notification must be handed to the Chairman of the annual general meeting at any time prior to the commencement of the annual general meeting to be held at 09:00 on 22 November 2013; 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 executive directors			
1.1 Mr AM Leeming			
1.2 Mr GE Stephens			
Ordinary resolution number 2 – election of non-executive director – Mr PDS Bacon			
Ordinary resolution number 3 – re-election of non-executive directors			
3.1 Mr PL Campher			
3.2 Ms BLM Makgabo-Fiskerstrand			
3.3 Mr IN Matthews			
Ordinary resolution number 4 – election of audit committee members			
4.1 Ms ZBM Bassa			
4.2 Mr PL Campher			
4.3 Ms B Modise			
4.4 Mr GR Rosenthal			
Ordinary resolution number 5 – endorsement of remuneration policy			
Ordinary resolution number 6 – re-appointment of independent external auditors			
Ordinary resolution 7 – amendments to Sun International Limited Restricted Share Plan			
Ordinary resolution 8 – authority to implement amendments to the Sun International Restricted Share Plan			
Special resolution number 1 – financial assistance in terms of Section 44 of the Companies Act			
Special resolution number 2 – financial assistance in terms of Section 45 of the Companies Act			
Special resolution number 3 – general authority to repurchase shares			
Ordinary resolution number 9 – authority for directors or company secretary to implement resolutions			

Signed this day of 2013

Signature of member(s)

Assisted by me (where applicable)

Please read the notes and instructions overleaf.

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

INSTRUCTIONS ON SIGNING AND LODGING THE FORM OF PROXY

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 present at the annual general meeting and 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 Group 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 Wednesday, 20 November 2013**. 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, 22 November 2013**.
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 Group 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 Group 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 Group 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.

Electronic notice to participate electronically in the annual general meeting

SUN INTERNATIONAL LIMITED
Registration number 1967/007528/06
Share code: SUI
ISIN: ZAE000097580

Shareholders or their duly appointed proxy(ies) ("participants") who wish to participate in the annual general meeting via electronic communication, being via teleconference, must apply to the company secretary using this application form.

Participants are advised that they will not be able to vote during the meeting. Such participants, should they wish to have their vote counted at the meeting, must act in accordance with the general instructions contained on page 150 and vote on the proxy form.

Shareholders must take note of the following:

- A limited number of telecommunication lines will be available;
- Each participant will be contacted by no later than 24 hours before the annual general meeting via email and/or SMS. Participants will be provided with a code and the relevant telephone number to allow them to dial-in; and
- The cut-off time for dialling-in on the day of the meeting will be at **08:50 on Friday, 22 November 2013** and no late dial-in will be possible.

Application form: electronic participation

To be returned to the Group company secretary (Ms Chantel Reddiar) situated at 27 Fredman Drive, Sandown, Sandton, Gauteng, Johannesburg or email investor.relations@suninternational.com by no later than **Monday, 18 November 2013 at 12:00.**

Full name of shareholder	
Identity number/Registration number of shareholder	
Email address	
Mobile number	
Telephone number *(including dialling code from South Africa and other countries where applicable)*	
Name of CSDP/broker *(if shares are in dematerialised form)*	
Contact number of CSDP/broker	
Contact person at CSDP/broker	
Number of share certificate *(if applicable)*	
Signature of shareholder	
Date	DD/MM/CCYY

Election form

SUN INTERNATIONAL LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1967/007528/06)
(Share code: SUI) (ISIN: ZAE000070678)
("Sun International" or "the Company")

To:
The Directors
Sun International

I/We, the undersigned ______________________________
(please print)

reference number: ______________________________
(if available, please review the reference number listed on the envelope 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 post, to the extent that the Company is permitted to so distribute any notices, documents, records or statements in terms of the Companies Act, No 71 of 2008, as amended, and any and every other statute, ordinance, regulation or rule in force from time to time, including the JSE Listings Requirements, concerning companies and affecting Sun International.

I/We hereby furnish the following email address for such electronic communication:

Email address: ______________________________

Any written amendment or withdrawal of any such notice of consent by me/us, shall only take effect if signed by me/us and received by the Company.

Signed at ______________ on ______________ 2013

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

Shareholders' diary

ANNUAL GENERAL MEETING:

Date: Friday, 22 November 2013
Time: 09H00
Venue: Zenith Conference Room, The Maslow Hotel, Corner of Grayston and Rivonia Roads, Sandton, Johannesburg, Gauteng.

Reports/Activity	*2014*
Announcement of interim results and interim dividend (if declared) for half year ending 31 December	February
Quarterly business update – results for nine months to 31 March	May
Financial year end	30 June
Announcement of reviewed annual results and final dividend (if declared) for the year ending 30 June	August
Quarterly business update – results for three months to 30 September	November
2014 Integrated Annual Report published	October/November
Annual general meeting	November

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
AGM: Annual General Meeting
AHEPS: Adjusted headline earnings per share
B-BBEE: Broad-Based Black Economic Empowerment
B-BBEEA: Broad-Based Black Economic Empowerment Act No 53 of 2003
Boardwalk: The Boardwalk Casino and Entertainment World
Carousel: The Carousel Casino and Entertainment World
CASA: Casino Association of South Africa
CDP: Carbon Disclosure Project
CGU: Cash Generating Unit
Company: Sun International Limited
Companies Act: Companies Act no. 71 of 2008, as amended
CPA: Consumer Protection Act No 68 of 2008
CPI: Consumer Price Index
CRM: Customer Relationship Management
CSDP: Central Securities Depository Participant
CSP: Conditional Share Plan
DBP: Deferred Bonus Plan
DCF: Discounted Cash Flow
Dinokana: Dinokana Investments Proprietary Limited
EBS: Executive Bonus Scheme
EBT: Electronic Bingo Terminals
EGP: Equity Growth Plan
EGS: Enterprise Gaming Systems
ERP: Enterprise Resource Planning
Emfuleni Resorts: Emfuleni Resorts Proprietary Limited
Employee Share Trusts: Sun International Employee Share Trust and Sun International Black Executive Management Trust
Employment Equity Act: Employment Act No 53 of 2003
EVA: Economic Value Added
FICA: Financial Intelligence Centre Act no. 38 of 2009, as amended
Gauteng Manco: Gauteng Casino Resort Manco Proprietary Limited
GIA: Group internal audit
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
LID: Lead Independent Director
LPMs: Limited payout machines
LTI: Long-term incentive
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
NAV: Net asset value
NRGP: National Responsible Gambling Programme
Own: Ownership
PAYE: Pay As You Earn
PDI: Previously disadvantaged individuals
PPE: Property, plant and equipment
RAH: Real Africa Holdings Limited
RSP: Restricted Share Plan
SCE: Ster Century Europe Limited
SCME: Ster Century Middle East Holdings Limited
SENS: Security Exchange News Service
SFIR: SFI Resorts 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
STI: Short-term incentive
Sun International Investments No. 2: Sun International Investments No. 2 Limited
SunWest: SunWest International Proprietary Limited
TCN: Tourist Company of Nigeria Plc
TCOE: Total Cost of Employment
Teemane: Teemane Proprietary Limited
V&A: Victoria & Alfred Waterfront Proprietary Limited
VAT: Value Added Tax
Wild Coast Sun: Transkei Sun International Limited
Worcester: Worcester Casino Proprietary Limited
WWF: World Wide Fund for Nature South Africa

Administration

SUN INTERNATIONAL LIMITED

Incorporated in the Republic of South Africa
Registration number: 1967/007528/06
JSE Share Code: SUI
ISIN: ZAE000097580

Company secretary

CA Reddiar BA, LLB, LLM, MBA

Telephone (+27) 11 780 7762
Telefax (+27) 11 780 7716

Public officer

AM Leeming BCom, BAcc, CA(SA)

Auditors

PricewaterhouseCoopers Inc.

Principal bankers

ABSA Bank Limited
First National Bank Limited
Nedbank Limited
Rand Merchant Bank (a division of FirstRand Bank Limited)
The Standard Bank of South Africa Limited

Corporate law advisors and attorneys

Cliffe Dekker Hofmeyr Inc.

Investor relations

Telephone (+27) 11 780 7762
Email: investor.relations@suninternational.com

Sponsor

Rand Merchant Bank (a division of FirstRand Bank Limited)

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:

PO Box 782121, Sandton, 2146, Gauteng,
Republic of South Africa

Transfer secretaries

Computershare Investor Services Proprietary Limited
70 Marshall Street, Johannesburg, 2001, Gauteng,
Republic of South Africa

PO Box 61051, Marshalltown, 2107, Gauteng,
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

Reservations and national sales:

Telephone (+27) 11 780 7810

Forward looking statements

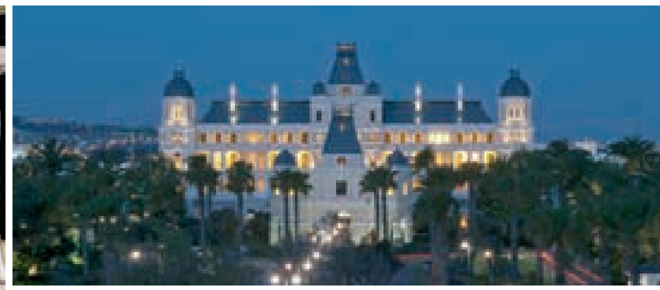
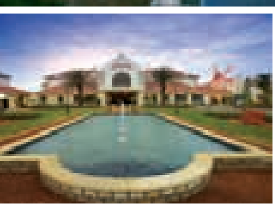
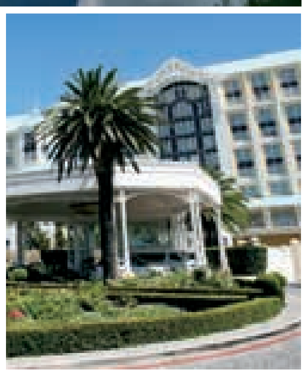
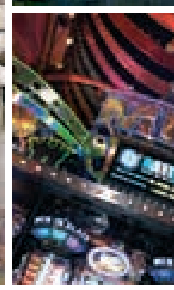
This report may contain certain forward looking statements which cannot be construed as either reported financial results nor other historical information. Such statements may include predictions of or indicate future earnings, objectives, savings, events, trends or plans based on current expectations, forecasts and assumptions.

As with any forward looking statement, prediction or forecast, there are inherently unexpected events which could cause uncertainty and unexpected change which have not, and could not, be accounted for.

Whereas the Company has made every effort to accurately and reasonably ensure the accuracy and completeness of the information contained within this Integrated Annual 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.

Notes



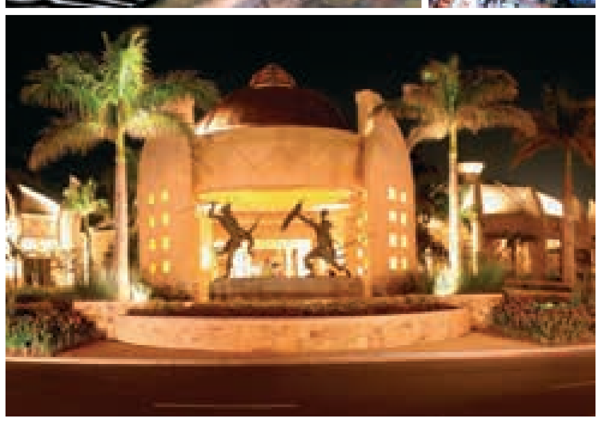
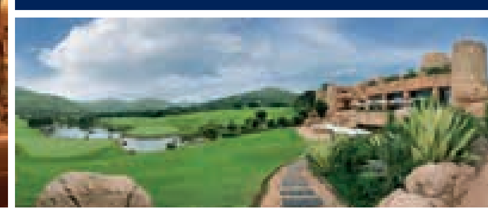





27 Fredman Drive
Sandown Sandton 2196
Republic of South Africa

PO Box 782121
Sandton 2146 Gauteng
Republic of South Africa

Tel + 27 11 780 7000
Fax +27 11 780 7716



www.suninternational.com