MISSION STATEMENT

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

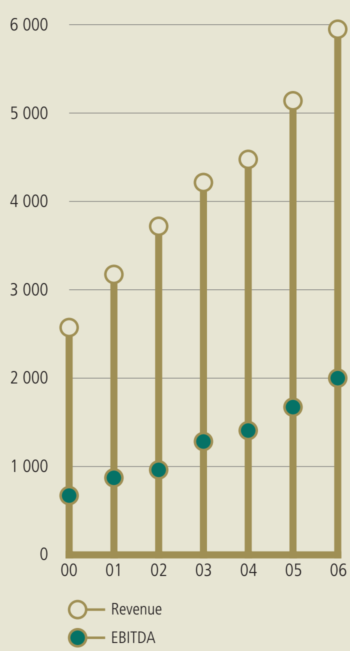
We will create an environment in which all employees are well trained, motivated and take pride in working for the group. Innovation, fun and an obsession with service excellence and efficiency will make Sun International a formidable competitor and provide our shareholders with superior returns. We will at all times remain mindful of our responsibility towards all of our stakeholders including the communities we serve.'

Abbreviations

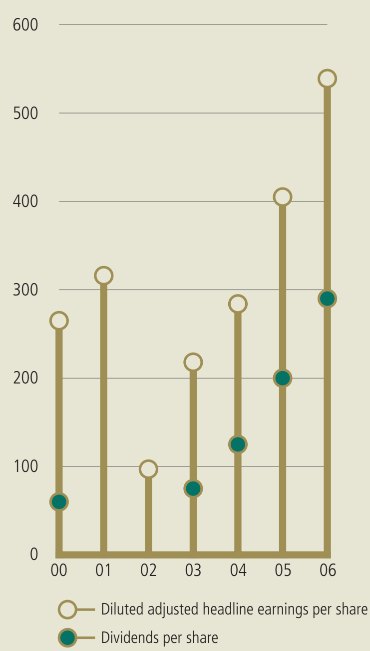
Afrisun	:	Afrisun Leisure Investments (Proprietary) Limited
BEE	:	Black Economic Empowerment
CASA	:	Casino Association of South Africa
City Lodge	:	City Lodge Hotels Limited
Employee Share Trusts	:	Sun International Employee Share Trust and Sun International Black Executive Management Trust
GPI	:	Grand Parade Investments Limited
KZL	:	Kerzner International Limited
MVG	:	Most Valued Guest
RAH	:	Real Africa Holdings Limited
RRHL	:	Royale Resorts Holdings Limited
SCE	:	Ster Century Europe Limited
SCME	:	Ster Century Middle East Holdings Limited
SIBEMT	:	Sun International Black Executive Management Trust
SIEST	:	Sun International Employee Share Trust
SIML	:	Sun International Management Limited
SISA	:	Sun International (South Africa) Limited
SunWest	:	SunWest International (Proprietary) Limited

		2006 Rm	2005 Rm	Change %
TRADING (including adjusted headline earnings adjustments)				
Revenue		**5 949**	5 139	16
Earnings before interest, taxation, depreciation and amortisation (EBITDA)		**2 015**	1 672	21
Profit from operations		**1 480**	1 162	27
Profit before taxation		**1 363**	1 012	35
Adjusted headline earnings		**602**	430	40
ORDINARY SHARE PERFORMANCE				
Diluted adjusted headline earnings per share	(cents)	**539**	405	33
Dividends per share	(cents)	**290**	200	45
FINANCIAL RATIOS				
Return to equity shareholders	(%)	**19**	16	
Interest bearing debt to total shareholders' funds	(%)	**61**	61	
Interest cover	(times)	**7**	5	
MARKET SHARE PRICE AT 30 JUNE	(Rands)	**83,60**	61,85	

Revenue and EBITDA (Rm)



Diluted adjusted headline earnings per share and dividends per share (cents)



THE SUN INTERNATIONAL LIMITED GROUP

South African Operations

100%	Carousel
100%	Morula
100%	Naledi Sun
100%	Sun City

Voting interest	Economic interest		
60%	70%	AFRISUN GAUTENG	Carnival City
44%	56%	AFRISUN KZN	Sibaya
49%	70%	EMFULENI	Boardwalk Casino
			Fish River Sun
70%	70%	MANGAUNG SUN	Windmill Casino
45%	68%	MEROPA	Meropa Casino
49%	59%	SUNWEST	GrandWest
			The Table Bay
49%	75%	TEEMANE	Flamingo Casino
70%	70%	TRANSUN	Wild Coast Sun
40%	40%	WORCESTER	Golden Valley Casino

Voting interest

Economic interest (excluding shares held by the SIEST and RAH)

Other Southern African Operations

80%	BOTSWANA	Gaborone Sun Hotel & Casino
		Letsatsi Casino
		Marang Casino
		Menateng Casino
47%	LESOTHO	Lesotho Sun
49%		Maseru Sun
100%	NAMIBIA	Kalahari Sands Hotel & Casino
51%	SWAZILAND	Royal Swazi Sun Hotel & Casino
		Ezulwini Sun Hotel
		Lugogo Sun Hotel
100%	ZAMBIA	Royal Livingstone
		Zambezi Sun

Management Activities

100%	SIML
20%	GAUTENG MANCO
20%	WESTERN CAPE MANCO
20%	EMFULENI MANCO
20%	AFRISUN KZN MANCO
54%	KIMBERLEY MANCO
54%	MANGAUNG MANCO
54%	MEROPA MANCO
54%	WILD COAST MANCO

The group expects good growth in earnings for both gaming and resorts in the coming year and will continue to increase the level of dividends at a rate in excess of the earnings growth rate.

EXCELLENT PERFORMANCE IN THE YEAR

The year was characterised by excellent performances being achieved by all the major casinos and a sound performance from the hotels and resorts. This result was assisted by the opening of the Windmill Casino in Bloemfontein at the end of September 2005, which exceeded expectations for the period in which it traded.

The group achieved strong growth in revenues, which were 16% ahead of last year at R5,9 billion. The EBITDA margin improved to 34% resulting in EBITDA of R2,0 billion, 21% up on last year. Diluted adjusted headline earnings per share of 539 cents per share were 33% ahead of last year.

The board again increased the level of dividends at a rate in excess of the earnings growth rate and the dividends for the year of 290 cents were 45% above last year.

DEVELOPMENTS

The GrandWest expansion commenced in the last quarter of the financial year. This project includes enhancements to the existing Salon Privé (opening December 2006) and the addition of a new smoking casino (opening June 2007), which will increase the total number of slot machines from 1 831 to 2 500. In addition, a 1 200 bay parking garage and a multi-purpose arena are being constructed and are scheduled for completion in May and October 2007, respectively.

The construction of the Golden Valley Casino at Worcester is progressing well, with the opening scheduled for November 2006. The Sibaya Lodge, comprising 118 three star rooms, opened during October 2006.

We are continuing in our pursuit of gaming licences beyond southern Africa. The developments in the United Kingdom are progressing slowly. However, we have forged important associations to assist us in what is likely to be a highly competitive bid process for the regional casinos which remain our focus area for this opportunity. We are also investigating a potential opportunity for a major integrated resort, casino and leisure development on the outskirts of Moscow in Russia.

BLACK ECONOMIC EMPOWERMENT AND OUR PARTNERSHIPS IN THE GAMING OPERATIONS

We have enhanced our transformation through the introduction of the Dinokana consortium as a shareholder of Sun International Limited and have increased the participation of employees in the Sun International Employee Share Trust. The transaction is testament to our commitment to the transformation of the group through broad based empowerment.

Given our success in attaining numerous licences in the regulated gambling industry in South Africa, we have been able to enhance the wealth and influence of our various BEE partners throughout the country significantly. The extension of this wealth creation continues apace with the growth and performance of our casino operations.

Sun International continues to assist our partners by providing them with facilitated funding.

A revised memorandum of understanding (MOU) with GPI has been reached, whereby subject to the fulfilment of certain conditions precedent, GPI will acquire an additional 4% shareholding in SunWest from Sun International and be granted an option by SunWest over a further 5% shareholding in SunWest. It is the intention of the parties that GPI should ultimately hold a 30% economic interest in SunWest. The group will therefore offer GPI a further 2,5% of the SunWest shares at a future date.

ACQUISITION OF REAL AFRICA HOLDINGS

The offer to the shareholders of RAH to acquire their shares closed on 15 September 2006. Sun International now controls the company holding 61,5% of the shares in issue.

This acquisition is strategically important to the group, and together with a potential future restructuring of the underlying shareholdings in certain of our casino companies, the BEE status of the group will be further enhanced.

It remains the group's ultimate intention to delist RAH, but the opportunity of doing so will be assessed at a future date.

CORPORATE GOVERNANCE

Our practices throughout the group remain at a high standard and we are proud of our level of governance.

Our various board committees are functioning well. The identification and management of risk is embedded in all our processes.

SOCIAL RESPONSIBILITY AND SUSTAINABILITY

We are at all times mindful of our responsibility towards our stakeholders.

We actively promote the upliftment and socio-economic development of the communities in which the group operates by working with community members with the objective of transferring of skills.

We continue to address problem gambling proactively and interactions with individuals, industry and government assist in focusing on this important initiative.

The health, safety and the environment are integral to our sustainable development initiatives and we are satisfied with the progress made in these areas during the current year.

OUR PEOPLE

Our ability to retain our market leadership position in the leisure and hospitality sector is heavily dependent upon the investment we make in our people.

We have been successful in our ability to attract and retain key people. We are not only mindful of the need to redress past imbalances, but also of our commitment to the country through employment equity, training and development and affirmative procurement.

Peter Bacon retired as chief executive after 33 years with the group and 13 years as an executive director of the company. In this position, Peter was instrumental in re-positioning the group in a new gaming dispensation and worked tirelessly in ensuring that the group was awarded the new licences that are the foundation of our success. We are indebted to him for his pivotal role in successfully expanding the group.

David Coutts-Trotter succeeded Peter as chief executive following a three year term in the capacity of deputy chief executive.

I would like to thank the non-executive directors, the management and all our people for their support and hard work, which has enabled the group to operate and grow successfully.

PROSPECTS FOR 2007

The group anticipates that Gross Domestic Product (GDP) will continue growing in the year ahead and this should support real growth in disposable income. Ongoing growth in inbound tourism is also anticipated. As a result, the group expects good growth in earnings for both gaming and resorts in the coming year and will continue to increase the level of dividends at a rate in excess of the earnings growth rate.

Buddy Hawton
Chairman

We will focus on achieving profitability and sustained margin growth, our customers, imaginative product development, enhancing our existing business, new business expansion, and continued development of our people.

This past year has been an eventful one, characterised by continued sustained economic growth and continuing stability in South Africa that is testament to government's sound management of the economy. Business confidence is generally high and we at Sun International anticipate another year of good GDP growth.

This positive outlook is reflected in our strategic thinking and planning for the years to come, in particular the period leading up to 2010.

To set the platform for continued growth, we have invested heavily in the five main focus areas which we believe will continue to give us competitive advantage: human capital development, customer management, marketing and promotional activity, infrastructure and product research and development.

Our aim is to be a highly respected organisation and the natural first choice as partner, supplier or employer to all our stakeholders, including customers, employees, shareholders, government and business partners wherever we do or will do business.

TRADING ENVIRONMENT

The gaming operations performed strongly, benefiting from the growth in consumer demand as a result of improved levels of disposable income and consumer confidence. Our gaming operations were not only able to grow their revenues and maintain or improve market shares but were also able to achieve higher margins through effective expenditure control.

The hotel and resorts division enjoyed mixed fortunes with the premier properties Sun City, Table Bay and the Royal Livingstone and Zambezi Sun at Victoria Falls enjoying improved revenues and profitability. Of concern, however, has been the decline in the profitability of the Namibia, Botswana and Swaziland hotel and casino operations which have been impacted by difficult economic conditions and a more competitive environment.

Inbound tourism to South Africa showed an 8% improvement in revenues despite the strong Rand. The majority of visitors emanated from the United Kingdom, with the United States and Germany also contributing strongly to foreign visitor volumes. Hong Kong has historically been a substantial market for the group and this has declined over the past two years, although much of this business has been replaced by visitors from mainland China and India. The group's policy of operating sales offices in countries which provide meaningful inbound volumes and having representation in newer developing markets has been successful. Our aim is to continue to explore new markets and expand in existing ones.

OPERATING AND FINANCIAL PERFORMANCE

The group generated revenues 16% ahead of the previous year at R5,9 billion with gaming and room revenues up 18% and 9% respectively. Revenues were boosted by the successful opening of the Windmill Casino in Bloemfontein which expanded that market substantially following the closure of the Thaba'Nchu Sun casino in September 2005. Sibaya enjoyed its first full financial year of trading since opening at the end of November 2004. Both Morula and Carousel were refurbished in the latter part of the 2005 financial year and enjoyed good growth in revenues benefiting from a full year's trading from the rejuvenated gaming floors.

Costs were well controlled and the EBITDA margin improved 1,4 percentage points to 33,9%. EBITDA was up 21% to R2,0 billion with much of this improvement originating from the large casinos.

The overall net interest cost was down on last year on the back of lower interest rates. Borrowings remained in line with last year, with additional facilities in place to fund the Windmill Casino as well as the Sibaya Lodge and the Golden Valley Casino in Worcester, which are currently under construction. The Rand weakened significantly in the final quarter of 2006, resulting in an exchange gain for the year of R52 million, which assisted in improving the diluted adjusted headline earnings per share which were up 33% to 539 cents.

The improved profitability has resulted in an enhanced return on equity that increased three percentage points to 19% and return on net assets that increased five percentage points to 26%.

LEGISLATIVE DEVELOPMENTS

The limited amendments to national and provincial gambling legislation over the past year are indicative of the ongoing level of maturity achieved by the statutes as developed over recent years.

As a consequence of the redrawing of certain cross-municipal boundaries prior to the municipal elections of March 2006, the Morula Hotel and Casino was demarcated from the North West Province to the Gauteng Province. The operation became subject to the higher rate of gaming taxes in Gauteng with effect from the beginning of March 2006. Resulting from the border change, the number of licences allocated by central government to the North West Province has been reduced from five to four and the number of licences allocated to Gauteng has been increased from six to seven.

CASA continues to perform an important role as industry spokesperson and advocate to a wide range of interest groups and has established an admirable reputation among its international counterparts, enjoying strong support from its members.

BRAND DEVELOPMENT AND POSITIONING

Following the consolidation and simplification of the group's structure, we have positioned ourselves to be recognised locally and internationally as a successful leisure group offering superior gaming, hotel, resort and entertainment experiences, which exceed our customers' expectations and our competitors' offerings.

We intend to retain leadership of the markets in which we operate through innovation, an obsession with service excellence and the delivery of unique, market leading and customer focused products.

We are undertaking a major project to evaluate our brand positioning in conjunction with defining a new and fresh approach to our customer management strategy. This initiative is multifaceted, encompassing virtually all aspects of our business, and once complete will place us in an excellent position to satisfy customer requirements, improve market share and retain market leadership.

Considerable time and effort is being spent focusing on our casinos and on our hotels and resorts to ensure that the group can seamlessly leverage opportunities to the benefit of all Sun International customers.

CUSTOMER MANAGEMENT

Sun International has pioneered a new approach to customer management in the gaming and hospitality industry. While a customer-centric focus is what all service industry companies aspire to, our future will depend on our ability to transcend the more typical customer management parameters and deliver to our customers a consistently outstanding experience.

What this means is getting the fundamentals right every time and making it as easy as possible for our customers to do business with us. It also requires us to invest heavily in the staff who are primarily accountable for direct customer interaction, empowering them to make the critical decisions needed in every customer encounter.

A critical component of service delivery is the ability to listen to customers, allowing us the agility to respond to customer requirements, needs and expectations, provide the recognition for loyalty that they expect, provide fun, excitement and entertainment, and crucially, value for money.

GAMING

The group operates 20 casinos in the sub-continent. Twelve of the 32 casinos currently operating in South Africa are Sun International's operations. We remain the country's leading casino operator with a revenue market share of 44%, one percentage point ahead of last year.

We are currently constructing the new Golden Valley Casino in Worcester with our partners in the Western Cape. The group will have an effective economic interest of approximately 45%, as well as a long term management contract.

In the Eastern Cape and Limpopo Provinces, we have assisted new BEE consortia led by our existing partners in those provinces to submit bid submissions for licences at Mthatha, Queenstown and Burgersfort. Similarly, our partners in the Northern Cape were assisted with a casino licence opportunity in Kuruman. It is intended that the group will not have an equity interest in the proposed casinos but would have a management interest if the bid submissions are successful.

The seventh Gauteng licence (following Morula's relocation to Gauteng) has been awarded to Silverstar on the West Rand and will be operated and owned by Gold Reef Casino Resorts Limited. This seventh licence will expand the Gauteng market even further but will nevertheless impact on existing operations, particularly those reliant on the West Rand market. Carnival City is likely to remain largely unaffected by this casino, which is anticipated to open in the latter part of 2007.

GrandWest enjoyed a particularly strong trading performance, achieving excellent revenue growth of 17% over last year and EBITDA of R600 million, an increase of 20%. In the final quarter, construction started on the R425 million expansion following the granting of the requisite approvals by the Western Cape Gambling and Racing Board and other relevant local and provincial authorities. This exciting project includes enhancement to the existing Salon Privé (opening December 2006) and the addition of a new smoking casino (opening June 2007), which will increase the total number of slot machines by just over 35%. In addition, a 1 200 bay parking garage and a multi-purpose arena are being constructed and are scheduled for completion in May and October 2007, respectively.

Carnival City improved its market share marginally to just over 19% and enjoyed an 18% growth in EBITDA. Sibaya improved its overall market share of the KwaZulu-Natal market by 1,2 percentage points to a respectable 35,5%. The recent announcement that the new King Shaka international airport will be built close to Sibaya at La Mercy augurs well for the future of this property. The new 118 room Sibaya Lodge was opened to the public in October 2006 and will provide Sibaya with much needed rooms inventory, which will benefit both gaming customers as well as leisure and business guests.

The Boardwalk in Port Elizabeth traded strongly with revenues 15% higher and EBITDA up 17% to R151 million. The strength of the motor industry and the major projects planned in Port Elizabeth over the next four to five years, including the World Cup Stadium and the Ngura projects, bode well for the future.

The Windmill Casino located on the N1 highway at Bloemfontein opened at the end of September 2005 and enjoyed buoyant trading in the period under review. The project was successfully completed at the estimated cost of R161 million, excluding the 80 room hotel and shopping centre, which were financed by third parties.

Morula and Carousel traded for their first full year following extensive renovations to right-size the casino floors. Collectively they achieved revenue growth of 24% over the previous year.

HOTELS AND RESORTS

We are the leading operator of superior luxury hotels and resorts in southern Africa, with our portfolio supplemented by regionally focused hotels with adjoining casinos. Our properties are positioned at the premier end of the market and offer quality conference facilities and a variety of banqueting and food and beverage offerings.

Sun City continues to be South Africa's leading destination resort and conference venue. An extensive refurbishment programme will be undertaken at the Sun City Main Hotel which will include the upgrading of rooms and replacement of much of the hotel's electrical reticulation, plumbing and air-conditioning. The Cabanas' rooms will also be refurbished in the new financial year.

The second phase of the Vacation Club at Sun City has been completed and is fully sold. The Vacation Club offers guests a comfortable and affordable alternative and at the same time provides critical mass to the complex through increased visitor volumes.

The Table Bay at the V&A Waterfront in Cape Town enjoyed a seven percentage point improvement in occupancy to 70%. We attribute this improvement to a significant increase in international incentive volumes and a successful local leisure campaign particularly during the low winter season.

The Royal Livingstone and the Zambezi Sun located at the Victoria Falls near Livingstone collectively achieved occupancy of 68%, six percentage points ahead of last year. Room revenue was 16% up on last year in US dollar terms with much of the growth attributable to further growth in international visitors. The resort has now positioned itself as the premier destination at the Victoria Falls, a World Heritage Site of global interest and significance.

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Our future will depend on our ability to transcend the more typical customer management parameters and deliver a consistently outstanding experience.

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The Gaborone Sun in Botswana and the Kalahari Sands in Windhoek, Namibia both underwent refurbishments of the casino and public areas, which had an adverse impact on trading. The subdued economies in both countries and increased competition in Botswana resulted in trading in the second half of the year taking longer to normalise than we anticipated. The performance of the group's Swaziland operations was disappointing. Staffing was restructured in March 2006 and this, together with enhancements to some of the facilities at the property, should result in an improved performance in the year ahead.

TECHNOLOGY AND PRODUCT DEVELOPMENT

The group's proprietary casino management system (CMS) is approaching its end of life and we are evaluating an alternative replacement solution. The current enhanced CMS system continues to deliver value to us and will provide a sufficient resource until such time as a replacement is implemented around 2010.

On the hospitality front, the new OPERA range of products will replace FIDELIO with the central reservation system scheduled for installation in October 2006, followed by an operational rollout commencing with the new Sibaya Lodge and ending in late 2007.

We are in the process of overhauling our approach to customer management with the objective of improving customer service, satisfaction and loyalty. This will in part be achieved through the acquisition of customer knowledge resident in a new database which will enable the seamless access to information across the group and more effective campaign management.

Our focus and commitment to product development for the benefit of our customers will continue particularly on our casino floors.

EXPANSION INITIATIVES

As indicated in previous years' reports, the group's opportunities to expand in South Africa are limited by legislation with only six licences unallocated. It is thus a strategic imperative for us to investigate and assess opportunities in other high potential jurisdictions.

We have been actively involved in pursuing two promising opportunities in the United Kingdom, at Rainham (London Borough of Havering) in the Thames Gateway, east of London, and in the Lower Don Valley at Sheffield.

These two local authorities have made application to the Casino Advisory Panel to earn the right to licence a major or 'super casino'. The Panel has received 27 bids to date and these are being evaluated to provide a shortlist of local authorities which have satisfied the basic eligibility criteria.

Currently, the number of new 'super casino' licences to be issued has been capped at one. However, there is consensus that raising the cap from one to between four and eight licences would be supported by most of the important stakeholders.

Both Rainham and Sheffield have been thoroughly evaluated in terms of conceptualisation, socio-economic and environmental impact assessment, as well as financial feasibilities. Both casinos are similar in terms of concept and size to those larger operations developed and constructed in recent years in South Africa.

We are also assessing a new opportunity on the outskirts of Moscow in Russia. Currently, there are a large number of slot operations in and around Moscow which have been associated with a significant increase in problem gambling. As a result, the authorities are looking to re-structure the legislative framework which may see the introduction of a new dispensation in that jurisdiction.

We have spent time investigating a number of possibilities in South East Asia, in particular Singapore. After much consideration, we took a decision to withdraw from this bid process given the required capital spend, likely returns, as well as the threat of competition from neighbouring countries, including potentially Indonesia, Thailand and Malaysia.

Opportunities in Africa are being progressed with partners and a site has been identified in Lagos, Nigeria for the development of a large integrated hotel, casino and entertainment complex. Consultations are taking place with local professionals to determine the legal and operational frameworks applicable to the establishment and operation of a casino and related leisure business. We are also continuing to investigate various sites in and around Luanda, Angola.

CAPITAL EXPENDITURE AND FUNDING

The board has authorised R1,3 billion in capital expenditure, which includes the completion of the Sibaya Lodge and Golden Valley Casino during the second quarter of the 2007 financial year. A 90 room hotel has been planned for the Golden Valley Casino at an estimated cost of R60 million with construction likely to commence in early 2007. The major components of the GrandWest expansion will be completed in 2007 with the multi-purpose arena scheduled for opening in October 2007. Carnival City will be expanding the existing Carnival Club hotel by 57 rooms to a total of 105 rooms at a cost of R50 million, due for completion during April 2007.

The major refurbishment of the Sun City Main Hotel will start in February 2007 and the R200 million budgeted for this will be spread over three financial years. The rooms at the Cabanas will be refurbished in the 2007 financial year at a cost of R23 million.

Additional capital expenditure of R400 million has been approved and includes smaller expansions and refurbishments and the replacement of slot machines and IT equipment. It is estimated that R970 million in capital expenditure will be spent in the 2007 financial year. Funding of this capital expenditure will be sourced from both existing and new loan facilities as well as internally generated funds.

EMPOWERMENT

Sun International has made significant progress in transforming the ownership profile of the group. We were particularly pleased when Financial Mail recently released their annual survey, undertaken by Empowerdex, of the top 200 JSE listed companies and Sun International was rated third overall for its contribution to empowerment. Ownership of the group's equity by previously disadvantaged individuals and groupings now represents over 30% of total value of the group's operations.

In December 2005, the group concluded its arrangements with the Dinokana Consortium which has acquired effective ownership of 7% of Sun International Limited.

The Dinokana Consortium incorporates Sun International staff and black management as well as various North West Province interest groups and other previously disadvantaged individuals (PDIs). These include the North West Development Trust, a community based trust operating for the benefit of communities in which Sun City, Morula and Carousel operate. The SIBEMT was also established to attract and retain black management thereby sustaining black leadership within the group.

The effective interests of Dinokana shareholders in Sun International Limited are:

	%
SIEST	3,01
SIBEMT	0,42
North West Development Trust	1,07
Lereko Investments	1,96
North West business groups and PDI	0,54
TOTAL OWNERSHIP IN SUN INTERNATIONAL LIMITED	7,00

The market-leading SIEST was established in 2003 for the benefit of group employees excluding directors and senior management. This year, this trust was expanded to incorporate not only South African employees, but those located in Botswana, Namibia, Swaziland and Zambia and now includes over 7 000 employees. In addition to the trust's indirect interests in Sun International through Dinokana, the trust also holds investments in some of the group's new casino operations in which it holds 3,5% in each of those seven operations and has a further 2,3% direct interest in Sun International Limited. Dividend distributions totalling R16,2 million were made to employees in the past financial year, R2 474 per eligible participant.

Total employee equity participation in the group has now been increased by 3,5 percentage points to 5,7%.

The acquisition of RAH will further enhance the group's empowerment equity credentials. The proposed arrangements with GPI will also improve empowerment but are subject to various conditions precedent as well as shareholder and regulatory approvals.

SUSTAINABILITY

Sun International places the highest priority on contributing constructively to the social wellbeing of those communities in which we operate, recognising the necessity to share with our stakeholders the opportunities and wealth which our business can create.

Our approach to broad based BEE is born of this philosophy, as is our extensive corporate social investment programme. Implemented at both the corporate and unit level, we provide 2% of profit after tax for this purpose as we see social responsibility as essential to our understanding of the obligations of good corporate citizenship.

As market leader, we aim to be South Africa's most ethical and accountable gaming group, and believe we thus also have a special duty to promote a culture of responsible gambling. Six years ago we conceptualised and founded the National Responsible Gambling Programme (NRGP), today supported by all sectors of the industry and a programme which is acknowledged internationally to be among the foremost of its type in the world.

This public/private sector partnership has been remarkably effective, and two ground-breaking and independent studies this year, undertaken respectively by UNISA on behalf of the National Gambling Board and the National Centre for the Study of Gambling on behalf of the NRGP, have shown that the incidence of problem gambling has in fact dropped in South Africa over the past two years.

THE TEAM

Peter Bacon retired from his executive responsibilities on 30 June 2006 and I'd like to thank him for the extremely smooth handover that took place over the past year. His wise counsel and leadership have inspired me and others who have worked with him during his distinguished 33 year career with Sun International and we are pleased that he will continue to assist the group as a consultant in various of our expansion activities.

The executive management structure has seen a number of significant changes. Garth Collins, who has been with the group for 39 years, was appointed gaming operations director and Kurt Peter, who was previously the general manager at GrandWest, was appointed divisional director: gaming south. Our gaming director, Patrick Reinecke, will be retiring at the end of 2006, having spent over 30 years in the industry with 23 years at Sun International. Jaco Coetzee and Des Whitcher were appointed to the SIML board on 1 July 2006 as director: compliance and tables and director: gaming development and slots, respectively. Rob Rimmer, group human resources director, retired at the end of December 2005 and has been succeeded by Joe Lukwago-Mugerwa who had a six month induction to the group.

The financial results achieved in the past year were excellent and this could have only been achieved with the support of fellow directors at all levels, our chairman Buddy Hawton, and all of our loyal and dedicated staff throughout our various operations. Finally, a special thank you to all other stakeholders including our suppliers and service providers, and especially our valued customers who have been instrumental in the success of our group.

FUTURE FOCUS

As the new chief executive, I have been fortunate to take over at the helm of a group which is in extremely good health, with sound prospects and a capable team which is focused on delivering consistently good results.

But, if we are to achieve our full potential, there is no room for complacency. The period ahead will require innovation, industry commitment and a consistent investment in human resource and capital.

We will focus on achieving profitability and sustained margin growth, our customers, imaginative product development, enhancing our existing business, new business expansion, and continued development of our people.

We will work to preserve and entrench our reputation as market leader in corporate governance, social responsibility, ethics and accountability.

David Coutts-Trotter
Chief executive


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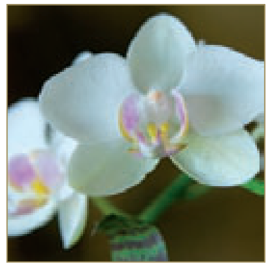
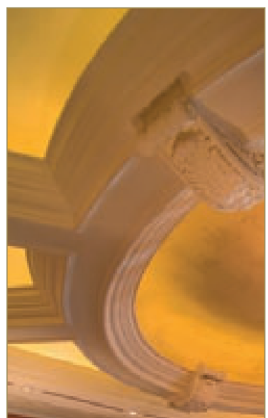


Dividend distributions totalling R16,2 million were made to employees in the past financial year, R2 474 per eligible participant.

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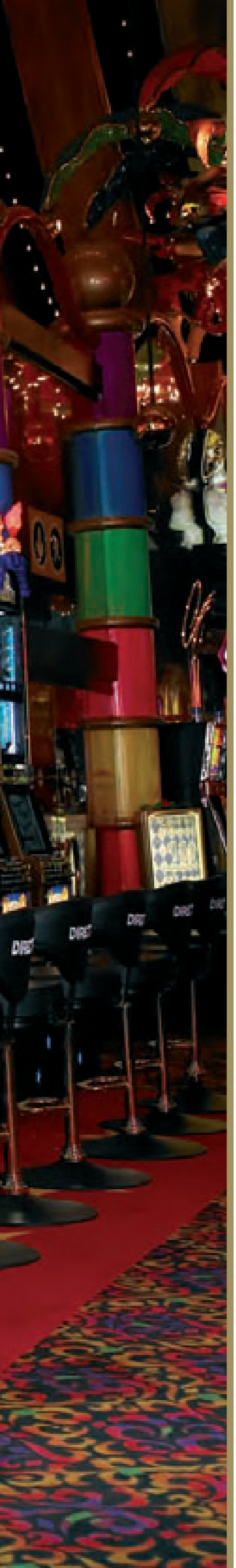

Gaming and Casinos

Sun International is the only southern African gaming operator with a comprehensive R&D function, which gives us a clear competitive advantage in anticipating, meeting and exceeding customer expectations.

Carnival City, *Brakpan, Gauteng*

GAMING MARKET IN SOUTH AFRICA

The gaming market in South Africa includes casinos, the national lottery, horse racing, limited payout machines (LPMs), bingo and sports betting.

South African gaming market revenues

Sector	For the years ending 31 March 2006 Actual Rm	%	2005 Actual Rm	%	2004 Actual Rm	%	2003 Actual Rm
Casino	**10 004**	15	8 700	19	7 330	17	6 240
Lottery	**2 218**	-1	2 232	-13	2 564	12	2 286
Horse Racing	**1 245**	8	1 156	34	860	24	694
LPM	**167**	>100	32	>100	10	>100	–
Bingo	**22**	22	18	-40	30	50	20
Total	**13 656**	12	**12 138**	12	**10 794**	17	**9 240**

Source: National Gambling Board, Sun International and Uthingo.

The overall gaming market grew by 12%, the same as the previous year. With growth of 15% on last year, South African casinos still enjoy the largest share of the gaming market at 73%, up from 72% in 2005.

SUN INTERNATIONAL'S SHARE OF THE CASINO GAMING MARKET

Sun International's share of national casino gaming revenues at 44% was one percentage point up on last year, with the group's share of gaming positions remaining at 43%. Increased marketing activity at Carnival City saw this casino marginally increasing its share of the highly competitive Gauteng market to just over 19%.

The group's share of the KwaZulu-Natal market increased by two percentage points from 34% to 36%. Market share in the Free State improved to 57%, following the opening of Windmill in September 2005.

COMPETITORS

The final casino licence in Gauteng was awarded to Silverstar. Gold Reef Casino Resorts Limited and its empowerment partner have exercised their option to acquire Silverstar. This new casino is expected to open in 2007 and is not expected to have a material impact on any of the group's operations.

Sun international's share of South African gaming market

Province	By Gross Gaming Revenue (GGR) For the years ending 31 March 2006	2005	By total number of positions For the years ending 31 March 2006	2005
Eastern Cape	79%	79%	76%	76%
Free State	57%	46%	65%	58%
Gauteng	19%	19%	24%	24%
KwaZulu-Natal	36%	34%	31%	29%
Limpopo	87%	85%	71%	69%
Mpumalanga	–	–	–	–
North West	82%	81%	81%	82%
Northern Cape	88%	85%	61%	60%
Western Cape	82%	82%	67%	66%
Total	**44%**	**43%**	**43%**	**43%**

Sources: National Gambling Board, Provincial Gambling Boards and Sun International.
Estimated GGR used for Free State, Limpopo, North West and Northern Cape.

Montecasino has commenced its R335 million expansion, which includes a new 1 900 seat theatre, new business hotel, additional restaurants and a large open piazza, but no additional gaming. We do not anticipate this to have any significant impact on the group's casino operations.

Gold Reef City casino has also announced a major refurbishment of its casino and additional entertainment facilities.

During the year under review, Peermont Global acquired the entire issued share capital of Tusk Resorts which included casinos at Klerksdorp, Mmabatho, Richards Bay and Thohoyandou.

CASINO LICENCES

The table below shows the current status of the 40 casino licences in South Africa.

Casino licences in South Africa

Province	Total	Sun International	Competitors	Unallocated
Eastern Cape	5	2	1	2
Free State	4	2	2	0
Gauteng	7	2	5	0
KwaZulu-Natal	5	1	4	0
Limpopo	3	1	1	1
Mpumalanga	4	0	3	1
North West	4	2	2	0
Northern Cape	3	1	1	1
Western Cape	5	2	3	0
Total	40	13	22	5

During the year under review, provincial border changes resulted in Morula Sun being demarcated into Gauteng, which now has seven casino licences. National Government ruled that the casino licences in the North West Province be reduced to four.

Request for proposals (RFPs) have been issued for four of the five remaining licences. These are at Kuruman in the Northern Cape, Tubatse (Burgersfort) in Limpopo, and Queenstown and Mthatha in the Eastern Cape. The group has assisted its partners in preparing their bids in response to the RFPs for casinos in each of these provinces. No announcements have been made with regard to the final licence to be issued in Mpumalanga.

There is one more licence to be issued in the Free State. This licence is currently held by Sun International (Naledi Sun). An application has been made by a competitor for a casino at Sasolburg, however, this has become embroiled in lengthy legal action. Sun International is required to give up the Naledi Sun licence after the final Free State

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Gaming marketing enjoys a high priority particularly in the area of customer management and our MVG programme.

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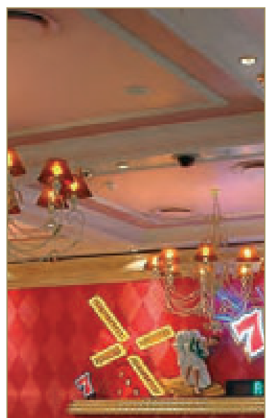

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The MVG programme is a key element of the group's casino customer management strategy to provide a consistently excellent guest experience at all our properties.

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licence is awarded. This will result in the closure of the Naledi Sun gaming operation.

12 of the group's 13 South African licences are operational with the 13th, the Golden Valley Casino, due to open in Worcester during November 2006.

20 of the 22 licences held by competitors are operational. Of the remaining two, one is the Frontier Casino in Bethlehem, held by Peermont Global, which is due to open in late 2006. The other is the casino planned for the West Rand in Gauteng, a licence held by Gold Reef City Casino. This is due to open at the end of 2007.

GAMING MARKETING

Gaming marketing enjoys a high priority, particularly in the area of customer management and our MVG programme. We have also enhanced and refined our gaming promotions and entertainment offering in targeting higher value customers, especially at Carnival City and Sibaya.

The group's gaming marketing strategy is to ensure that all customers enjoy the best 'value for money' gaming experience possible. This includes ensuring that the latest and most popular machines are on our slots floors, customer service is of the highest standard, promotions are innovative and exciting, and that we provide our customers with quality entertainment and a comprehensive range of food and beverage facilities. Joint marketing campaigns between the group's casinos and resorts allow Sun International to reward customers with innovative promotions and special offers, and realise economies of scale made possible by the group's size and geographical spread.

MVG programme

The MVG programme is a key element of the group's casino customer management strategy to provide a consistently excellent guest experience at all our properties. It is the premier casino rewards programme in southern Africa. The programme has four levels offering distinctive privileges to members at all the group's hotels, resorts and casinos, with benefits becoming increasingly valuable as customers progress upwards through each level.

The MVG Platinum Card qualifies our top MVGs for the very best rewards across the group. This exclusive level of the MVG programme gives our top players the status, benefits and recognition they deserve in acknowledgment of their loyalty and patronage. The Platinum Card has proved to be extremely successful and has been well received by our customers.

MVG customer segments

Category	Points threshold	Customers by category 2006 %	2005 %
Platinum	4 000	**2**	2
Gold	400	**16**	19
Silver	40	**24**	26
Maroon	Free	**58**	53

The Platinum Card Dream Holiday promotion, now in its second year, is exceptionally popular. Platinum cardholders are given a free five-night holiday at the Royal Swazi Sun and Wild Coast Sun, and a free three-night holiday at any Sun City hotel. Take-up has exceeded our expectations.

We have made excellent progress with the Groupwide Functionality Project which will significantly improve the ease with which cardholders can use their MVG cards and points at all group casinos. This convenience, the most requested enhancement to the programme by cardholders, will be deployed in February and March 2007.

We have also started work on our new Relationship Marketing Project which will provide the group with new customer database technology, allowing Sun International to understand our customers better, and to communicate more effectively with them. This is an ongoing project, and we anticipate that deployment will commence at the end of 2007.

We will continue to invest in customer retention and acquisition through our MVG Programme, which currently has over 465 000 active cardholders and provides us with a distinct competitive edge over our competitors.

Sun International Privé

The Sun International Privé magazine is particularly aimed at our MVG customers and is one of our primary methods of communication with them. This high quality lifestyle and gaming magazine is published quarterly and is well received by our customers. We appointed a new publisher at the beginning of 2006. This has taken the publication to new heights with no significant additional cost. Feedback from our MVGs has been extremely favourable.

Major marketing campaigns

We launched Hollywood Slots – our new and exclusive suite of the latest IGT video slot machines – in December 2005 with a large multimedia marketing campaign. This campaign included national television and press, direct marketing and casino point-of-sale material. The campaign was extremely successful, achieving its objectives and generally very high levels of play on the machines. The campaign was reinforced in April 2006, also with great success.

Carnival City continued with its very successful 'Come Play' brand campaign which has been fully integrated with all Carnival City communications. The television commercial has been especially well received.

The Windmill casino in Bloemfontein opened at the end of September 2005 with a spectacular launch. Opening events were well attended and the launch was marketed through the press, public relations and direct marketing. Revenues at the casino have exceeded our expectations.

Following on from the success of 'Mystery Jackpots', enhancements in technology have allowed the group's casinos to introduce new promotional tools which have been very successful.

Entertainment

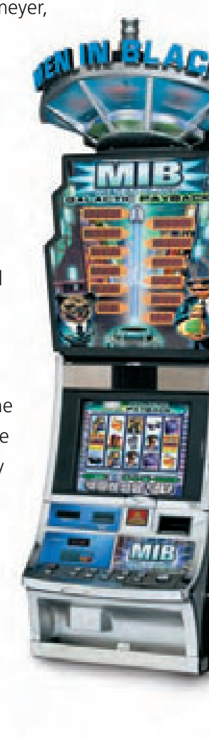
2006 saw an increased focus on improving the entertainment at our casino properties. Entertainment is a key component of the gaming experience and considerable effort has gone into improving its quality, efficiency and frequency of entertainment.

The group hosted many of the world's and South Africa's top acts and entertainers in 2006, including Katie Mehlua, Mark Knopffler, BZN, Helmut Lotti, Belinda Carlisle, Dana Winner, Chico and the Gypseys, Sadao Watanabe, The Black Eyed Peas, Seal, Antonis Remos and Westlife.

The group's casinos also hosted a number of high profile local entertainers, acts and bands during the year. Among these were: Judith Sepuma, Casper de Vries, Steve Hofmeyer, Freshly Ground, Eden, Denim, Dozi, Selalo Selota, Barry Hilton, Hannes Muller (Groet Die Grotman), Don Laka, Gloria Bosman, Ringo, Patricia Lewis, Thys Die Bosveld Klong, Joe Parker, David Kau, Riaad Moosa, Dawnay, Dr Victor and the Rasta Rebels, Tshepo Tshola, Bhudaza, Basadi Women of Jazz, Louise Mhlanga, Jonas Gwangwa, Sibongile Khumalo, Malaika, Kurt Darren and the Stars of Tsotsi.

Growing the gaming market

The percentage of the black population in the middle to upper Living Standards Measure (LSM) categories has increased significantly over the last decade, and this market therefore provides a major opportunity to grow the group's customer base, market share and revenues. There has been a significant increase in the black population's share of income, which in aggregate surpassed that of the white population in 2001.



The group has undertaken significant research into the middle and upper income market within this market segment, aimed at achieving growth in the casino business by maximising opportunities in this high-potential market, based on sound consumer insight.

This initiative, known in the group as Project Sparkle, has now been introduced into all South African properties. It provides specific marketing platforms to better communicate with this segment of the market and attract them to our properties, and to provide them with the recognition and entertainment that they desire.

There has been measured success at some properties, less so at others, and the group has committed to giving this initiative more focus during the coming years.

PRODUCT OFFERING

As in previous years, Sun International continues to be aggressive with its slot machine replacement and upgrade strategy at all properties. We pride ourselves on being the gaming product leader in South Africa. Our slots and casino floors are regularly refreshed to keep them exciting and to make a great first impression.

New signage designs have been developed to allow casino operators the flexibility to effect design changes to signage based on the ever changing player demand cycle. The in-house communication campaign has been further enhanced, concentrating on customer information, live broadcasting and multiple jackpot value displays. Information kiosks offer our customers real-time information on new product availability, jackpot values, payouts, promotions, customer information including MVG points and voucher dispensing.

New slots games introduced during the year included Fort Knox, Jackpot Hunter, Golden Goals, Jackpot Party and Hot, Hot Pennies. All were very well received by our customers.

Hollywood Slots is arguably the most popular gambling product introduced to Sun International's gaming floors in many years. It pays over 50 jackpots a month at an average value of R70 000 and as an added bonus, the Hollywood Star Mystery pays R1 000 on average over 80 times a month. 'Hollywood Slots' comprises the latest IGT movie themed video slots for which the group has secured exclusivity for a four year period, including ongoing replacement of slot machine games. Star Wars® themed games will be introduced to all participating properties during November 2006. Our aim is to provide our customers with an exciting new suite of games using icon movies and characters and to capture new customers.

Research and Development (R&D)

Sun International is the only southern African gaming operator with a comprehensive R&D function, which gives us a clear competitive advantage in anticipating, meeting and exceeding customer expectations. All new products offered by machine and system software suppliers are thoroughly tested before being offered to our customers. Through the pre-empting of customer requirements, new games, jackpot attraction features and mystery jackpot concepts are developed. Our R&D mission is to maintain our position as the benchmark in gaming products through brand positioning, product and service innovation and focused customer retention strategies.

Mystery Jackpots

The Mystery Jackpot system allows our operations to create multiple jackpot opportunities across the entire slots floor, by groups of machines or individual machines. This gives customers more chances to win while playing slots. Mystery prizes include instant cash prizes, holiday and car prizes. Through concepts like 'Chain Reaction' and attractive clear visual aids, Mystery Jackpot's popularity continues to increase. Mystery Jackpots create 'That Winning Feeling', a sense of excitement or anticipation and of course fun for customers. Variations to our current Mystery Jackpot concepts are consistently released, which ensures that Mystery Jackpots remain innovative and exciting and helps maintain the group's competitive edge.

Sun Games

Sun International continues to develop and operate its own proprietary slots games, including Gogga, Red Hot Lobster and Shark Attack that remain very popular with customers.

Sun Games are slot games that are owned by the group and are developed by our in-house R&D Department. Some of the games in the Sun Games suite are Spin Doctor, Safari Sam, Marine Safari, Dem Bones and several ethnic poker games. Another product under the Sun Games banner is the extremely successful 'Chain Reaction'.

THE CASINO OF THE FUTURE

Our vision for the 'casino of the future' remains unchanged. Slot machines will be linked to a central server in order to provide our customers with a greater variety of games and ultimately 'participation gaming' which will allow players to compete against one another or play collectively.

Server Based Gaming allows for a far greater degree of flexibility in terms of structuring minimum and maximum bet limits, and enables cost effective speedy profile changes to the casino floor. Operators will be able to react to trend changes as they happen and offer individual players games of their choice.

Sun International continues to make good progress in the rapidly changing technology environment. The group will offer 'Play for Fun' via our internet site to our MVG customers before the end of the 2006 calendar year.

Hotels and Resorts

Our marketing philosophy is to build and leverage the Sun International brand. We proactively deliver innovative, world class services and solutions through technology, creative internal and external communication, relevant pricing and unique product offerings.

***The Table Bay,** Cape Town, Western Cape*

Sun City continues to be South Africa's leading destination resort and conference venue.

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OVERVIEW

International and national market statistics for the group's resorts and hotels for the last two years are reflected in the table below:

RESORTS AND HOTELS OCCUPANCIES AND RATES

	2006	2005
Room nights available (000's)	**1 102**	1 102
Room nights sold (000's)	**794**	772
Occupancies achieved (%)	**72,0**	70,0
Local room nights sold (000's)	**553**	546
Occupancies achieved (%)	**50,2**	49,5
International room nights sold (000's)	**241**	226
Occupancies achieved (%)	**21,8**	20,5

Occupancies at the group's resorts improved to 72%, two percentage points ahead of the previous year. This was due mainly to higher room nights sold to gaming customers by 8,2%, sports and promotions business (Women's World Cup of Golf and a full feature movie filmed at the Wild Coast) and improved international business, which grew 6,7%.

The average room rate of R807 increased by 4,1% over last year. International and local rates increased on average by 3,2% and 3,4%


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respectively, but the overall increase in volume in the higher yielding international segment (6,7%) resulted in an overall rate increase of 4,1%. The overall rate increase is relatively low but can be attributed to a number of factors:

- International rates were unchanged at the Zambezi Sun and at The Palace.
- The new product at the Cascades has been very successful, with international business increasing by 32%. This had an impact on the Palace's business, with international business declining by 6%.
- Increased volumes in some of the lower yielding segments of the market (e.g. gaming room nights).

The Royal Livingstone and Zambezi Sun in Zambia had another extremely successful year, achieving a six percentage point increase in occupancy to 68%. The international fully inclusive traveller (FIT) and Tour Series businesses have been particularly successful and registered room night growth of around 20%. The US market contributed significantly to these two segments. The Table Bay rebounded well against a relatively poor performance last year, with occupancy increasing by seven percentage points to 70% for the year. International room nights sold improved by 12%, with significant volume growth being generated out of the MICE (meetings, incentives, conferences and exhibitions) (20%) and Tour Series (19%) segments. Additionally, room nights sold through the local leisure campaigns (Sunscape, WinterWarmers and Escape) increased by 96%, due to a specific marketing effort to improve the lower occupancy winter months.

MARKETING PHILOSOPHY AND STRATEGY

Our hotels and resorts marketing philosophy is to build and leverage the Sun International brand. This is achieved by understanding the current, future and latent needs of global markets. We proactively deliver innovative, world class services and solutions through technology, creative internal and external communication, relevant pricing and unique product offerings. We aim to consistently exceed our corporate objectives with our exclusive network of worldwide partners.

The marketing strategy for Sun International resorts has a strong blend between direct sales and brand building initiatives to drive growth in room nights for both the short and long term. The 'Take what you need and leave everything else behind' campaign ran across the full media spectrum for several years with great success and post campaign research reflects a brand equity loyalty gain well ahead of the competitive hospitality set. In line with a new brand positioning strategy currently under development, conventional media will be restricted to specific advertised product offerings with more emphasis on digital channel strategies.

INTERNATIONAL MARKETING OFFICES

The direct sales and marketing effort at an international level is mainly driven through the London office. This office is equally responsible for the UK division, representing a 40% contribution to the European revenues. The fully dedicated Sun International office model is based on strong FIT and MICE representation in the UK, France, Germany, Italy, Russia and the USA. Other European offices include Spain, Portugal and the Netherlands.

Other international world markets are controlled via agency agreements in specified destinations. These are typically growth markets that will, on merit, potentially be incorporated into the Sun International fold for greater focus. These markets include China, India, the Far East, South America, Africa and the Middle East.

The group experienced an extremely good year from an international perspective. Notable highlights were double-digit growth in room nights from North America (11%), India (23%), France (31%), Russia (23%) and China (17%). The Hong Kong market continues to be soft and the downward trend in volumes reflected in the prior year continued by a further 10%. The UK maintained its position as the primary inbound market, responsible for 25% of the group's international revenues. New ventures into emerging markets, namely

India, Russia and China, have proved successful, with excellent growth reported. Zambia and Cape Town continue to experience strong demand and this trend is likely to continue in the year ahead.

LOCAL MARKETING

Domestically, a fully fledged national sales force is in operation and focuses principally on group, association, convention and corporate sectors. All offices are supported by fully staffed marketing, public relations and event departments.

The introduction of the new OPERA hospitality suite will provide the sales team with improved information from an inventory and sales management perspective.

THE ROUTE OF THE AFRICAN SUN

The 'Route of the African Sun' holds particular appeal for the international FIT market that drives high yielding business to Sun International's premier product offerings, specifically the Table Bay in Cape Town, the Palace of the Lost City at Sun City and the Royal Livingstone at the Victoria Falls. These hotels are sold as a single package offering and are actively marketed and sold as the most exciting destinations on the sub-continent.

DEVELOPMENTS AND REFURBISHMENTS

Sun City

Phase 2 of the Sun City Vacation Club was completed in April 2006 with the final 14 units bringing the total to 148 two bed-roomed units. Demand has exceeded expectation with units being 100% sold out by June 2006.

The Raj Restaurant opened in November 2005 in response to increased demand for Halaal cuisine. The Sun Café coffee shop opened in the Sun City Main Hotel in May 2006.

The Cabanas rooms will undergo a major softs refurbishment at a cost of R23 million over the period August 2006 to February 2007. An extensive refurbishment of the Sun City Main Hotel will commence in February 2007 with the project structured into two phases for completion in November 2008. The casino, restaurants and public areas will remain operational throughout, with the refurbishment including a redesign of the bathrooms, the replacement of air-conditioning, electrical and plumbing services.

An extensive capital maintenance and replacement programme of all Sun City's essential infrastructure, including electrical and water services, is being planned over the next five years.

Zambia

The slots operation in Zambia closed in October 2005 due to low demand and low profitability. The space previously occupied by the casino has been converted into additional productive conference space.

Table Bay

A rooms softs refurbishment was completed in September 2005 at a cost of R13 million and a public areas limited softs refurbishment is scheduled for 2007.

Gaborone

The refurbishment of the casino and the addition of a salon privé were completed during 2006 at a cost of P11,1 million. 74 guest rooms were also refurbished at a cost of P6,2 million. The Letsatsi Casino located near Palapye opened in early 2006 at a cost of P3,9 million.

Kalahari

The casino was refurbished during 2005 at a cost of N$13,5 million. This included a refurbishment and extension to the casino, a salon privé, a welcome lounge for groups and a new wellness centre. During 2007, a rooms softs refurbishment at a cost of N$12 million will be completed.

Egypt

The project in Port Ghalib, although behind the original schedule, is progressing well and the projected opening date is October 2007. Sun International have a long term management contract for three hotels totalling 1 000 rooms and a world class 800 seat conference centre. The core project includes a 1 200 berth marina, several residential developments, a 1,2 km corniche and an international airport.

Dreams generates market demand through tailored marketing campaigns and constant contact with the retail travel trade.

DREAMS

Dreams was initially set up as a local tour operator dedicated to selling Sun International's Victoria Falls properties for both FIT and group bookings. These properties contributed 94% of the business. Dreams generates market demand through tailored marketing campaigns and constant contact with the retail travel trade. As a licenced tour operator, Dreams has been able to provide the convenience of a full travel package offering to the market, inclusive of flights and added value activities at competitive prices. Consequently, Dreams has played an important role in ensuring the tremendous growth and success of the Zambian resort. Today, the Dreams offering has been expanded to include the full Sun International resorts portfolio. Volumes increased by 11% over the prior year.

THE INTERNET

Leveraging e-commerce for competitive advantage has become a key component of Sun International's hotels and resorts strategy and is closely aligned to the corporate customer relationship management initiatives. International hospitality trends reflect exponential growth in Internet bookings (28% of all hospitality bookings made are currently attributed to dedicated websites) and Sun International will be

capitalising on this trend. A refreshed corporate website is planned for launch in 2007 and marketing strategies will be in place to drive both domestic and international demand to the group's hotels and resorts.

The customer database is proving to be extremely cost effective in filling valley periods and marketing unique packages to specific target markets. New means of leveraging e-mail and digital channel opportunities are being investigated and implemented to tap into latent market demand, including partnership programmes with cell phone operators, linked to loyalty programmes and SMS campaigns.

MAJOR EVENTS

The Nedbank Golf Challenge was once again a huge success with the event generating international TV exposure for Sun City estimated at 1,4 billion viewers.

The Women's World Cup of Golf was held in January 2006 at the Gary Player Country Club. This event provided the opportunity to expose Sun City to new markets, particularly in the Far East. We are now planning the 2007 event, which promises to be an even bigger spectacle following the success of the 2006 event.

Other events that packed Sun City's sporting and entertainment calendar were the second hosting of the FIM Motocross Grand Prix, the Dimension Data Pro-Am Golf Tournament, Skouspel, Miss SA and Miss SA Teen. International shows, including The Black Eyed Peas, Remos and Seal as well as various cycling events and dance competitions were also very successful. These events entrench Sun City's capacity to stage world-class events appealing to a broad spectrum of society.

The community social investment strategy took on a new meaning with the inaugural 'Posi+ive' event. Based on a fusion of fashion, art, music and food, the event showcased local and international designers, chefs, artists and entertainers. Sun City successfully raised R1,5 million for the Tapologo AIDS Hospice, an integral part of Sun City's HIV/AIDS initiative. The event attracted a significant amount of press coverage from both the local and international arena. The SABC produced a two-hour production of the event, which was broadcast in prime time in South Africa and across other parts of Africa.

Information Technology

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A cornerstone of the governance and information security framework for the group is the development of best practice policies, procedures and standards.

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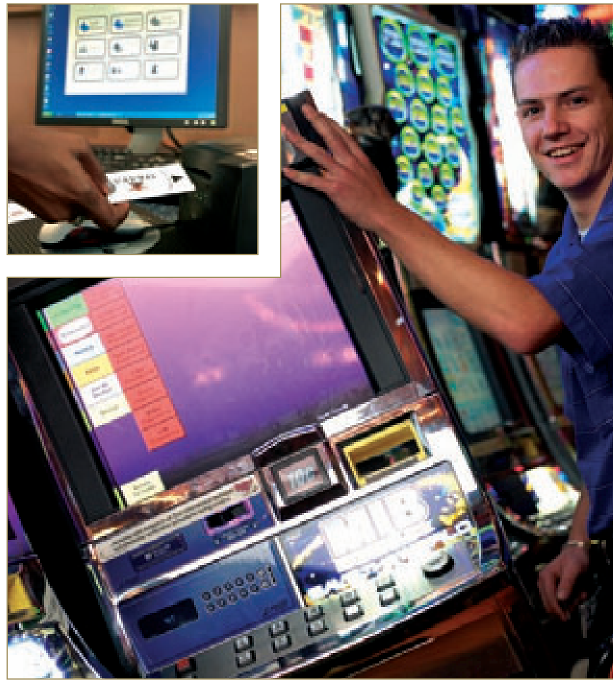

KEY OPERATING SYSTEMS

Casino management system

Over many years, Sun International has developed and maintained its own proprietary casino management system (CMS), which still embodies some of the best features in any casino software solution available globally. The system has, however, been built on a legacy platform which requires replacement. This will facilitate flexibility, agility and an open approach to diverse product and application integration. Good progress has been made with the requirements definition for such a new system.

In addition, the group has conducted a comprehensive investigation into the best global casino management systems currently available, with a view to assessing the potential fit within the operations. The planning and execution of a system functionality gap analysis is underway, which is expected to be concluded around mid-2007. Thereafter, certain customisation development will be required and it is envisaged that the deployment of the new system will commence during the 2009 financial year for completion during 2010.

In the interim, the current casino management system continues to deliver substantial value to the group's gaming operations. A number of new releases, incorporating additional player loyalty functionality, are planned for integration during the year ahead.

Hospitality operating systems

The implementation of the new R22 million OPERA hospitality suite of products to replace the ageing FIDELIO suite is well underway, with the first major component, central reservations, due for completion by October 2006. At operational level, Sibaya, The Table Bay and Sun City will be installed first with all remaining installations planned to be completed by December 2007. The OPERA suite consists of:

- A central reservations system, which facilitates a centralised rooms booking service.
- Online reservations, incorporating real time Internet booking at best available rates.
- Central sales force automation, for managing the direct sales team.
- Property management system (hotel front desk services) at each hotel or casino property.
- Property sales and catering (banqueting services) at all hotels which have a conferencing offering.
- Concept golf and spa to manage activity bookings.
- Interfaces, which ensure that all relevant guest and other information is transferred and synchronised on a real time basis throughout the suite of OPERA products.

RELATIONSHIP MARKETING

The group deploys a business strategy, referred to as Customer Management (CM), to understand, anticipate, manage and hopefully exceed the needs of current and potential customers. It entails the acquisition and use of knowledge about customers and using this information across various 'touch points' in the group, to balance revenue and profits with maximum customer satisfaction.

Due to changing customer expectations and the commoditisation of products and services, future customer relationships are likely to shift from seller to buyer. In order to maintain profit margins and maintain customer loyalty (and thus life-time value), new systems (business & IT) will have to become more customer centric and focus on the management of relationships between the enterprise and its customer base. Therefore, the analysis and overhaul of the existing CM strategy and processes has been identified as a strategic thrust for Sun International going forward.

The creation of a new centralised single-image customer database is one of the first initiatives on the CM improvement journey. The goal of the project is to enable relationship marketing (customer service and effective campaign management) through the provision of a single view of the customer and a campaign management tool. The key business objective is to increase customer satisfaction (and thus loyalty), create customer specific marketing plans and promotional offerings and ultimately increase the share of customer purse. The planning and initiation of the project is well underway.

To further support this initiative, the group will replace the many existing 'point to point' integration applications with a single enterprise integration layer, known as 'middleware'. As the effective integration of applications has traditionally been a complex and challenging part of IT application management, this new approach will facilitate a more seamless movement of key information between the group's various applications, at both a local property and group level.

A budget of R45 million has been set aside for these two initiatives over a three year period.

AUTHENTICATION AND NETWORK DIRECTORY SERVICES

Directory services is the management tool used to configure and monitor all devices (servers, printers and network routers) connected to the group network infrastructure. It also facilitates authentication of any user attempting to access any device connected to the network. For many years, the group has used Novell directory services and network operating software, mainly due to the close association that these applications have had with the casino management system. The group has decided to adopt Microsoft's Active Directory Service and operating systems, which better align with the group's future technology strategy, particularly from an architectural, security and service management perspective. The migration is expected to be complete by December 2007 at a cost of R15 million.

GOVERNANCE

A cornerstone of the governance and information security framework for the group is the development of best practice policies, procedures and standards. The Information Security Forum is a key body in this process and met twice during the year to consider and approve a number of additional policies, as well as revisions to existing ones. Emphasis continues to be placed on enhancing the business continuity plans and processes throughout the group.

TECHNOLOGY CONVERGENCE

The rapid pace of convergence across a number of technologies presents an opportunity for the group to take advantage of new distribution channels, such as the Internet and interactive television. The group stays abreast of this changing landscape and will consistently seek to leverage both marketing and cost opportunities as they arise and become capable of implementation.

Our People

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Focused skills level enhancement is achieved through ongoing training and development programmes.

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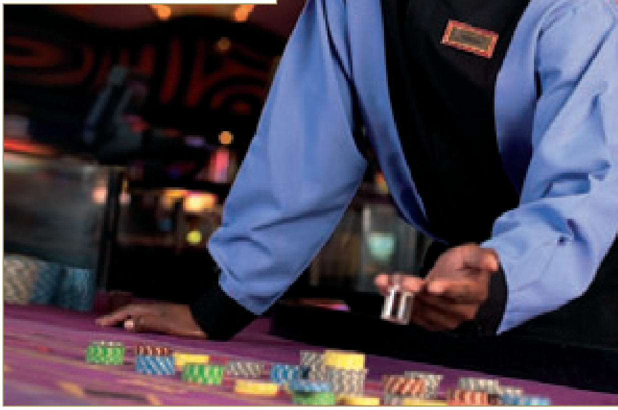


Our human capital plays a crucial role in our success and growth. Our employees, and those of our service providers, continue to deliver the highest possible standards of quality and service over 50 000 loyal customers who visit a Sun International property each day.

Attracting, retaining and motivating employees remains our focus and we ensure that all our employees are fairly remunerated, have access to equal opportunity and are trained and developed to add value not only to our business, but also to the communities where they live.

EMPLOYMENT EQUITY

Through its employment equity processes, the group is firmly committed to promoting equal opportunity and fair treatment through the elimination of the residual effects of past legislative discrimination. This process includes the implementation of affirmative action measures to redress the disadvantages in employment previously experienced by many South Africans. In this way, equality of opportunity in employment and working conditions in all occupational categories, groups and levels in the group will be achieved.

TRAINING AND DEVELOPMENT

Focused skills level enhancement is achieved through ongoing training and development programmes to ensure staff growth and development, improved productivity and an enhanced customer experience.

REMUNERATION

The remuneration policy of the group is structured to attract, retain and incentivise employees, and rewards performance that meets the interest of both the group and its shareholders. Sun International attracts individuals with superior skills and potential, and retains key people by rewarding and remunerating them commensurately.

Remuneration strategy at the executive and senior management level comprises market related guaranteed remuneration. Variable remuneration is in the form of participation in an Executive Bonus Scheme (EBS), comprising Economic Value Added (EVA®) and Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) elements. Additionally, and where appropriate, executives also participate in a Group Share Option Scheme. This scheme has been replaced by a new share scheme which was approved by shareholders at last year's annual general meeting. It aligns remuneration and reward with shareholders' interests and has been implemented with effect from June 2006. The scheme comprises three new share plans which incorporate performance criteria before participants benefit from the plan rewards.

As a general guideline, remuneration levels are set between the median and upper quartile (Q3) for comparable positions in the market. The group provides appropriate benefits, including access to retirement and medical funding and financial assistance towards housing and study purposes.

SHARE TRUSTS

All employees who are not eligible to participate in the group share incentive schemes, excluding the SIBEMT, participate in the SIEST. As was reported previously, an important part of our commitment to employees was the creation of the SIEST, which holds 5,3% of the company's equity and up to 3,5% of most of the group's major operating subsidiaries, with over 7 000 employees as beneficiaries. The participation in the SIEST was expanded during the year with the incorporation of employees outside South Africa located in Botswana, Namibia, Swaziland and Zambia. In addition, the ownership by the SIEST was increased by 3,1 percentage points as a result of the Dinokana empowerment transaction.

A new trust, the SIBEMT was established, which owns 0,4% of Sun International Limited through Dinokana. The objective of the SIBEMT is to attract and retain black leadership within the group.

Sun International group people count (%)

	Black*			White		
Band	Male	Female	Total	Male	Female	Total
Executive Management	14,8	0,0	**14,8**	79,6	5,6	**85,2**
Senior Management	9,7	5,3	**15,0**	73,5	11,5	**85,0**
Middle Management	17,3	12,1	**29,4**	49,0	21,6	**70,6**
Junior Management	33,5	22,8	**56,3**	26,0	17,7	**43,7**
Supervisory Staff	50,9	30,8	**81,7**	9,7	8,6	**18,3**
General Staff	41,9	52,1	**94,0**	1,9	4,1	**6,0**
Total	41,0	42,1	**83,1**	9,6	7,3	**16,9**

** Black includes Blacks, Coloureds and Indians.*

Sun International headcount per broadband and age group (%)

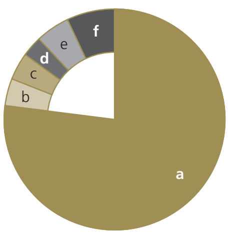
Band	Up to 20	21 – 30	31 – 40	41 – 50	51 – 60	60 plus
Executive Management	–	–	29,6	44,5	22,2	3,7
Managerial	–	19,1	46,8	27,9	6,0	0,2
Non-managerial	2,1	39,8	32,0	20,7	5,3	0,1
Total	1,7	36,2	34,4	22,0	5,6	0,1

* *Black includes Blacks, Coloureds and Indians.*

Sun International headcount per race and age group (%)

Band	Up to 20	21 – 30	31 – 40	41 – 50	51 – 60	60 plus
Black*	1,7	37,2	33,8	22,1	5,1	0,1
White	1,9	31,3	36,9	21,6	7,8	0,5
Total	1,7	36,2	34,4	22,0	5,6	0,1

* *Black includes Blacks, Coloureds and Indians.*



Operations headcount

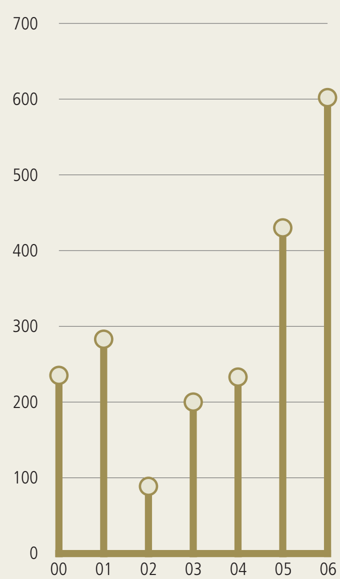
a	South Africa	77%
b	Botswana	4%
c	Lesotho	4%
d	Namibia	3%
e	Swaziland	5%
f	Zambia	7%

Diluted adjusted headline earnings of 539 cents were 33% ahead of last year, resulting in the fourth consecutive year that the group has achieved a growth rate in excess of 30%.

FINANCIAL PERFORMANCE

The group achieved strong growth in revenue and earnings as a result of continued growth in casino revenue and a further improvement in margins. Diluted adjusted headline earnings of 539 cents were 33% ahead of last year, resulting in the fourth consecutive year that the group has achieved a growth rate in excess of 30%.

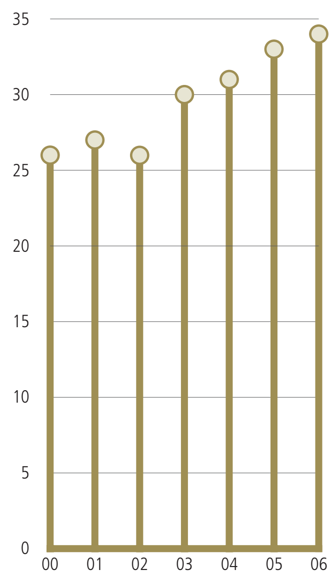
Adjusted headline earnings (Rm)

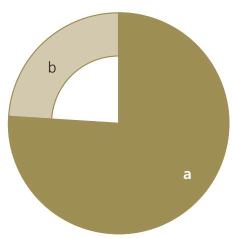


The income statements on page 122 have been presented on the basis of the group's election to disclose items of income and expenditure by nature in terms of IAS1. However, management continues to monitor financial performance by analysing direct and indirect costs and measuring EBITDA and adjusted headline earnings achievements. This additional disclosure is provided on the next page.

	2006 R000's	% Variance	2005 R000's
Revenue	**5 949**	**16**	**5 139**
Casino	4 543	18	3 857
Slots	3 848	18	3 269
Tables	695	18	588
Rooms	681	9	623
Food and beverage	459	13	405
Other	266	5	254
Direct costs	**(2 487)**	**-15**	**(2 160)**
Casino – Levies and VAT	(948)	-17	(813)
– Other	(822)	-14	(720)
Rooms	(150)	-4	(144)
Food and beverage	(381)	-13	(338)
Other	(186)	-28	(145)
Gross profit	**3 462**	**16**	**2 979**
Indirect costs	(1 447)	-11	(1 307)
EBITDA	**2 015**	**21**	**1 672**
Depreciation and amortisation	(473)	-8	(439)
Property and equipment rentals	(62)	13	(71)
Operating profit	**1 480**	**27**	**1 162**
Foreign exchange profits	41	128	18
Interest income	74	1	73
Interest expense	(232)	4	(241)
Profit before taxation	**1 363**	**35**	**1 012**
Taxation	(502)	-32	(379)
Profit after taxation	**861**	**36**	**633**
Minority interests	(259)	-28	(203)
Adjusted headline earnings	**602**	**40**	**430**
Headline and adjusted headline earnings adjustments	331	41	234
Profit attributable to ordinary shareholders	**933**	**41**	**664**

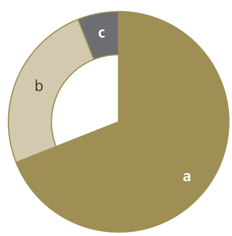
EBITDA margin (%)





Revenue – 2006 (2005)

a	Gaming	76% (75%)
b	Hospitality and other	24% (25%)



Net assets – 2006 (2005)

a	SA Rand	69% (75%)
b	US$	19% (15%)
c	Other	12% (10%)

Gaming revenue was 18% ahead of last year following increases of 18% and 9% in the previous two financial years. The excellent and sustained growth in gaming revenues over the last few years is attributed to improved levels of disposable income, the relatively stable economic environment, the introduction of exciting products, new casino openings and the refurbishment of older properties.

Growth in both international (7%) and local room nights sold (+2%) helped the group achieve a 9% increase in room revenues to R681 million. The overall group occupancy of 71% was 2,3 percentage points ahead of last year and the room rate improved 5% to R737.

The gross margin at 58,2% was 0,3 percentage points up on last year. Direct costs excluding gaming levies and VAT were 13% up on last year, well below the 16% growth in overall revenues. Gaming levies, which were 20% up on last year, increased ahead of the increase in gaming revenue as a result of fiscal drag.

Indirect costs increased by 11% resulting in the group EBITDA margin improvement of 1,4 percentage points to 33,9% and an increase of 21% in EBITDA to marginally over R2 billion.

Profit before taxation at R1 363 million was 35% ahead of last year. Depreciation and amortisation charges were 8% up on the previous year, while the net interest expense at R158 million was R10 million lower than last year as a result of lower interest rates and strong operating cash flows. Foreign exchange profits of R41 million relate primarily to gains on offshore cash balances.

Taxation at R502 million was 32% ahead of last year with the overall effective tax rate at 37%. As a result of the non-deductibility for taxation purposes of certain significant costs in our business, including casino bid costs, depreciation on non-hotel buildings and preference share dividends, plus the increasing STC on increased dividend payments, the effective tax rate is projected to remain above the statutory tax rate.

Headline and adjusted headline earnings adjustments totalling R331 million include the gain made on the disposal of City Lodge of R393 million, realised fair value gains on the disposal of the group's KZL shares amounting to R83 million, R108 million part realisation of the foreign currency translation reserve as a result of the distribution of reserves and fair value adjustments on loans originated during the year of R25 million offset in part by the BEE transaction charge of R219 million.

The SIEST and SIBEMT have been de-consolidated for the purpose of calculating and adjusting headline earnings on the basis that the group does not and cannot receive any economic benefit from the trusts.

	Revenues		EBITDA		Operating profit	
	2006 Rm	2005 Rm	**2006 Rm**	2005 Rm	**2006 Rm**	2005 Rm
GrandWest	**1 398**	1 193	**600**	501	**504**	401
Sun City	**965**	902	**160**	139	**79**	64
Carnival City	**786**	697	**268**	227	**209**	162
Sibaya/Sugarmill	**586**	484	**175**	148	**114**	86
Boardwalk	**384**	334	**151**	129	**122**	100
Carousel	**251**	198	**69**	44	**46**	31
Wild Coast	**237**	223	**46**	45	**30**	32
Morula	**190**	158	**44**	27	**23**	17
Meropa	**159**	142	**61**	54	**45**	39
Table Bay	**154**	134	**52**	43	**18**	15
Swaziland	**140**	135	**14**	25	**6**	12
Zambia	**140**	119	**30**	22	**16**	4
Windmill	**112**	–	**40**	–	**29**	–
Flamingo	**108**	89	**39**	31	**27**	20
Namibia	**95**	96	**25**	29	**10**	17
Botswana	**93**	112	**24**	35	**16**	27
Lesotho	**79**	–	**11**	–	**7**	–
Management activities	**482**	384	**221**	166	**211**	145
Central office and other operations	**52**	112	**(15)**	7	**(32)**	(10)
Elimination	**(462)**	(373)	**–**	–	**–**	–
					1 480	1 162
Other income	**–**	–	**–**	–	**216**	230
Other expenses	**–**	–	**–**	–	**(247)**	(27)
	5 949	5 139	**2 015**	1 672	**1 449**	1 365

KEY STATISTICS

Key statistics – Rooms

	Number of hotel rooms		Average occupancy %		Average room rate Rands	
	2006	2005	**2006**	2005	**2006**	2005
GrandWest	**39**	39	**90**	93	**234**	214
Sun City	**1 301**	1 301	**75**	76	**977**	935
Sibaya	**36**	36	**91**	88	**189**	191
Carnival City	**48**	48	**93**	90	**199**	209
Wild Coast Sun	**246**	246	**98**	96	**281**	257
Carousel	**57**	57	**76**	67	**276**	270
Morula	**59**	59	**82**	71	**260**	274
Table Bay	**329**	329	**70**	63	**1 409**	1 352
Swaziland	**411**	411	**59**	58	**377**	404
Botswana	**196**	196	**60**	59	**434**	516
Thaba'Nchu Sun and Naledi Sun	**30**	148	**65**	70	**207**	153
Zambia	**363**	385	**68**	62	**893**	806
Namibia	**173**	173	**68**	58	**383**	382
Lesotho/Maseru	**262**	262	**45**	40	**460**	447
	3 550	3 690	**71**	69	**737**	700

Key statistics – Casinos

	Number of slot machines		Win per machine per month R'000s		Number of gaming tables		Win per table per month R'000s	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
GrandWest	**1 831**	1 777	**56**	50	**61**	59	**255**	226
Sun City	**599**	575	**32**	30	**38**	37	**151**	135
Carnival City	**1 750**	1 750	**32**	29	**60**	60	**155**	128
Sibaya	**955**	905	**38**	32	**37**	34	**293**	301
Boardwalk	**779**	747	**38**	35	**21**	20	**163**	146
Wild Coast Sun	**438**	438	**30**	28	**14**	14	**128**	126
Carousel	**693**	698	**26**	20	**15**	15	**168**	156
Morula	**507**	496	**28**	24	**11**	12	**105**	92
Swaziland	**149**	148	**27**	23	**14**	15	**108**	99
Botswana	**239**	234	**17**	21	**9**	8	**111**	121
Meropa	**293**	262	**40**	40	**15**	14	**128**	128
Flamingo	**225**	218	**37**	32	**9**	9	**100**	81
Windmill	**193**	–	**40**	–	**8**	–	**227**	–
Thaba'Nchu Sun and Naledi Sun	**188**	305	**31**	20	**3**	10	**62**	81
Zambia	**–**	80	**–**	1	**–**	–	**–**	–
Namibia	**141**	129	**34**	38	**10**	9	**110**	130
Lesotho	**176**	173	**25**	13	**8**	8	**75**	54
	9 156	8 935	**37**	32	**333**	324	**179**	159

Adjusted headline earnings of R602 million were 40% above the previous year. As a result of the increased weighted number of shares in issue due to the acquisition of the SISA minorities during the course of last year, diluted adjusted headline earnings per share of 539 cents were 33% ahead of last year.

The board has declared a final dividend of 155 cents per share, which is 41% ahead of the final dividend last year and brings the dividends for the year to 290 cents, 45% above last year. This is in line with the board's stated intention of increasing the dividend growth rate above that of the earnings growth rate. This is again the intention in 2007.

OPERATING UNIT REVIEW

Gaming

GrandWest generated revenue growth of 17% over last year following the previous year's 19% growth in revenues. EBITDA at R600 million was 20% up on the previous year, with the EBITDA margin at 42,9%, 0,9 percentage points up on last year. GrandWest's contribution to group revenue and EBITDA was in line with last year at 23% and 30%, respectively.

Carnival City continued to perform well and maintained its market share at 19% of the Gauteng market. Revenue at R786 million was 13% up on last year. EBITDA of R268 million was 18% up on last year, with the EBITDA margin improving 1,5 percentage points to 34,1%.

Sibaya achieved revenues of R586 million and EBITDA of R175 million in its first full year of trading, 21% and 18% ahead of last year's revenue and EBITDA respectively, which included five months of Sugarmill's trading. EBITDA margins of 29,9% were 0,7 percentage points below the previous year, mainly as a result of the non-comparability of the temporary Sugarmill Casino. Sibaya improved its overall share of the KwaZulu-Natal market by 1,2 percentage points to 35,5%.

Boardwalk continued to trade well with revenue growth of 15% following the previous two years' growth of 19% for 2005 and 10% for 2004. The EBITDA margin improved 0,7 percentage points to 39,3% and has now improved by five percentage points since 2003.

Resorts and hotels

Sun City's room occupancy of 75% was marginally lower than last year, while the average room rate of R977 was 5% up. The resort generated an EBITDA of R160 million, 15% higher than the previous year at an EBITDA margin of 16,6%, 1,2 percentage points higher than last year.

The Table Bay achieved an occupancy of 70%, seven percentage points above last year, while the average room rate of R1 409 was 4% ahead of the previous year. The higher occupancy was a result of a significant improvement in international incentive volumes and successful local leisure campaigns in the low winter season.

The Royal Livingstone and Zambezi Sun hotels achieved an occupancy of 68%, six percentage points better than last year and the room rate of US$139 was 6% ahead of last year. Room revenue was 16% ahead in US dollar terms, with much of the growth attributable to further growth in international visitors.

The difficult trading conditions experienced in Botswana, Namibia and Swaziland continued in the current year. Casino refurbishments at both the Gaborone Sun and Kalahari Sands impacted on trading during the year.

MANAGEMENT ACTIVITIES

Management fee and related income of R482 million was 26% ahead of the previous year, reflecting higher revenues, and improved profitability and margins within the group. EBITDA of R221 million was 33% higher. Costs of R28 million (2005: R25 million) were incurred during the year in respect of prospecting opportunities in the United Kingdom and Europe, South East Asia and Africa.

ACCOUNTING POLICIES

The International Accounting Standards Board continues to revise accounting standards with the intention of improving existing International Financial Reporting Standards (IFRS). The group has adopted the following standards and interpretations in the current year:

- **IAS1** Presentation of Financial Statements
- **IAS16** Property, Plant and Equipment
- **IAS39** Financial Instruments: Recognition and Measurement
- **IFRS5** Non Current Assets Held for Sale and Discontinued Operations
- **SIC12** Consolidation – Special Purpose Entities
- **IAS8** Accounting Policies, Changes in Accounting Estimates and Errors
- **IFRS4** Insurance Contracts
- **IFRIC8** Scope of IFRS2 Share-based Payments

IAS1 has had a significant impact on the presentation and disclosure used in the interim and annual financial statements, the most significant of which is the change to the group income statement presentation to reflect the group's election to disclose items of income and expenditure by nature.

The adoption of IAS16 has impacted the carrying value and disclosure of the various components within property, plant and equipment, but has not had a material effect on either the income statement or the balance sheet.

The revisions to IAS39 has resulted in the group reallocating unrealised gains and losses on the revaluation of available-for-sale investments directly to reserves which were previously disclosed as exceptional items.

IFRS5 has resulted in the revised disclosure of discontinued operations.

The interpretation contained in SIC12 has resulted in the group being required to consolidate the SIEST and SIBEMT. These trusts hold shares on behalf of employees as part of the group's transformation initiatives, ie. they are not related to executive compensation schemes. This has had a significant impact on the number of treasury shares held, minority interests, debt levels and loans receivable. The consolidation has been reversed in deriving adjusted headline earnings, as the group does not, nor will it at any time in the future receive any economic benefits from these trusts.

The adoption of IAS8 and IFRS4 have an impact on disclosure only, while IFRIC8 is merely an interpretation which clarifies certain aspects of IFRS2 which was adopted in the prior year. In addition, the South African Institute of Chartered Accountants has released AC 503 which gives guidance on the treatment of BEE transactions. The group complied with this guidance.

The full effect of the adoption of these standards is shown on pages 120 and 121.

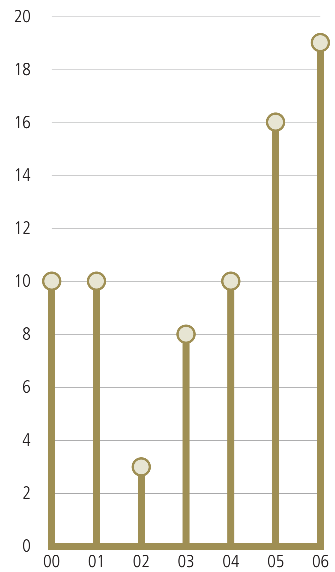
There are a number of new standards and interpretations that have been released and are not yet effective. Management has conducted a thorough review of all of these standards, none of which is expected to have a material impact on the group.

RETURNS

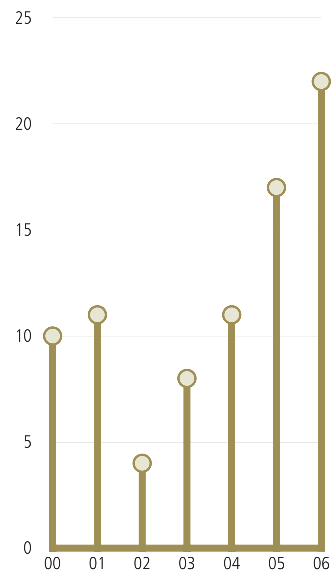
Returns to equity shareholders continue to improve with the current year's return three percentage points up on last year at 19%. The improved profitability of the group, the continued disposal of non-core assets and further investments in core gaming assets over the past two years has had a positive impact on returns.

Returns in the year ahead are expected to continue to improve as a result of further expected improvements in profitability. Returns will, however, receive a significant enhancement on the acquisition of RAH as a result of the reduction in shareholders' funds pursuant to reflecting the premium paid over the net asset value on the acquisition directly in equity.

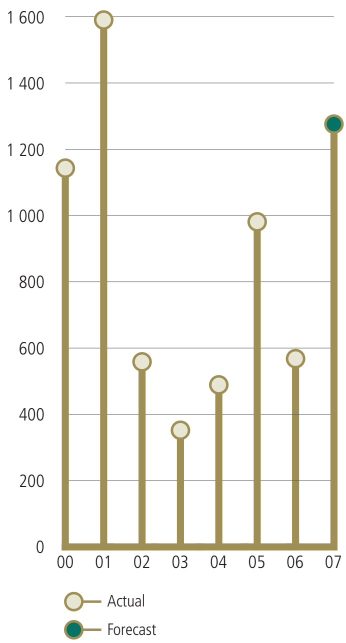
Return to equity shareholders (%)



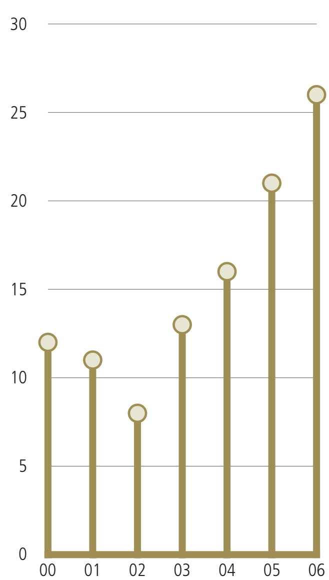
Return on shareholders' funds (%)



Capital expenditure (Rm)



Return on net assets (%)



BALANCE SHEET

Ordinary shareholders' funds

Ordinary shareholders' equity decreased by R69 million. The significant movements are summarised in the table below:

	Rm
Share capital, treasury shares and treasury options	**(659)**
* Exchange of City Lodge shares for a portion of shareholders' Sun International Limited shares through a scheme of arrangement concluded in September 2005	**(627)**
* Issue of treasury shares to Dinokana in terms of the BEE transaction concluded in December 2005	**213**
* Shares issued as a result of options exercised	**111**
* Treasury share options acquired on exercising by participants	**(151)**
* Net shares acquired through the odd lot offer	**(13)**
* Employee Share Trusts' effective interest in Dinokana's Sun International shares treated as treasury shares on consolidation of the trusts	**(192)**
Distributable and other reserves	**590**
* Share based payment expense	**26**
* KZL shares marked to market	**46**
* Realisation of gains on KZL shares	**(52)**
* FCTR realised on dividend distributions	**(108)**
* Net premium paid on acquisition of minorities' interests	**(19)**
* Profit attributable to ordinary shareholders	**933**
* Ordinary shareholders' dividends	**(268)**
* Other movements	**32**
	(69)

Capital expenditure

Capital expenditure incurred during the year was as follows:

	Rm
Significant expansions	**215**
Sibaya Lodge	**33**
Windmill Casino	**99**
Golden Valley Casino	**42**
Vacation Club at Sun City	**25**
GrandWest expansion	**16**
Minor expansions and ongoing asset replacement	**353**
	568

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

	Number of shares		
	In issue	Weighted headline EPS	Weighted adjusted headline EPS
Shares in issue at 30 June 2005	**116 393**	**116 393**	**116 393**
Share options exercised	**1 467**	**832**	**832**
Acquired through odd lot offer	**(142)**	**(6)**	**(6)**
	117 718	**117 219**	**117 219**
Treasury shares	**(5 788)**	**(5 569)**	**(7 001)**
Share bought back in terms of City Lodge disposal	**(8 590)**	**(7 158)**	**(8 590)**
Issued to Dinokana	**2 802**	**1 589**	**1 589**
Treasury shares from share trust consolidation	**(6 442)**	**(4 594)**	
Number of shares at 30 June 2006	**105 488**	**107 056**	**110 218**
Dilutive share options		**1 338**	**1 338**
Number of shares for dilutive calculation at 30 June 2006		**108 394**	**111 556**

CAPITAL COMMITMENTS

Capital commitments at 30 June 2006 totalled R1 276 million as follows:

	Rm
Expansionary projects	**676**
GrandWest expansion	**409**
Sibaya Lodge	**49**
Golden Valley Casino and Hotel	**168**
Carnival City Hotel expansion	**50**
Upgrades and refurbishments of properties	**161**
Sun City Main Hotel/Cabana rooms	**65**
Carousel	**20**
Lesotho	**32**
Other	**44**
Ongoing asset replacement	**439**
Casino equipment replacement	**157**
IT equipment	**98**
Other	**184**
Total	**1 276**

Capital commitments include the completion of the Sibaya Lodge at R49 million, the forecast spend on GrandWest of R409 million and completion of the Golden Valley Casino and Hotel of R168 million. An additional 57 rooms at Carnival City have been approved at a cost of R50 million, due for completion in the final quarter of the 2007 financial year.

A major refurbishment at the Sun City Main Hotel and the rooms at the Cabanas will commence shortly. The expenditure at the Sun City Main Hotel includes the refurbishment of the rooms and the replacement of much of the hotel's electrical reticulation, plumbing and air conditioning. It will take place over the next three years at an estimated cost of approximately R200 million.

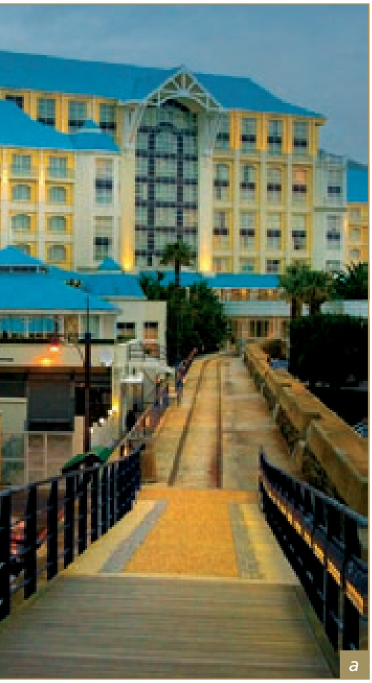
BORROWINGS

Interest bearing debt to shareholders' funds at 30 June 2006 of 61% was in line with last year and interest cover increased to 6,9 from 5,2 times. Both gearing and interest cover are at comfortable levels given the strong cash flows generated by the group.

The group's borrowings, before consolidating the Employee Share Trusts, declined marginally with the strong cash flow generated being largely used for capital expenditure and increased dividend payments. The group's borrowings are summarised on the next page.

The increase in third party borrowings at Emfuleni Resorts, Afrisun KZN and Mangaung is primarily due to the utilisation of third party borrowings to repay intragroup loans. As at 30 June 2006, interest rates on 51% (2005: 68%) of the group's borrowings were fixed and 31% (2005: 32%) of these fixed borrowings were fixed for periods longer than 12 months.

Borrowing facilities of the group total R3,6 billion of which R2,1 billion was utilised at 30 June 2006. Post 30 June 2006, additional facilities of over R2 billion had been secured to fund the Worcester casino (R150 million) and the potential acquisition of all the RAH



Returns to equity shareholders continue to improve with the current year's return three percentage points up on last year at 19%.

Rm	30 June 2006 Borrowings	Intragroup borrowings	Third party borrowings	30 June 2005 Third party borrowings
SunWest International (Pty) Ltd	**332**	**–**	**332**	504
Emfuleni Resorts (Pty) Ltd	**169**	**(15)**	**154**	103
Afrisun KZN (Pty) Ltd	**473**	**–**	**473**	431
Meropa Leisure and Entertainment (Pty) Ltd	**69**	**–**	**69**	74
Teemane (Pty) Ltd	**42**	**–**	**42**	53
Afrisun Gauteng (Pty) Ltd	**231**	**–**	**231**	211
Worcester Casino (Pty) Ltd	**51**	**(51)**	**–**	–
Mangaung Sun (Pty) Ltd	**95**	**–**	**95**	–
Central office	**668**	**66**	**734**	954
	2 130	**–**	**2 130**	2 330
Employee Share Trusts	**196**	**–**	**196**	–
	2 326	**–**	**2 326**	2 330

shares (R1,9 billion). The additional facilities, together with existing facilities and cash flows from operations, are well in excess of our peak funding requirement for the year ahead.

CASH FLOW

Cash generated by operations increased by 15% to R2 045 million. The increased profitability of the group resulted in higher dividend and taxation payments (inclusive of significant taxes relating to prior years) and consequently, net cash retained from operating activities was only 4% up at R1 435 million. The net cash retained from operating activities together with the cash realised from investing activities was more than sufficient to fund the group's investing activities and outflow from financing activities and as a result, cash on hand increased by R167 million.

CONTINGENT LIABILITIES

Taxation

The group had previously indicated that it was in dispute with the South African Revenue Service (SARS) over the deductibility of pre-opening expenditure. As a result of various assessments issued against group companies, a contingent liability of R36 million had been noted. The group has since resolved this matter with SARS, with no material impact on the group's overall tax liability.

Afrisun Leisure legal claim

Afrisun has instituted a claim against SISA involving Afrisun seeking to void the transactions entered into between SISA and GPI and SISA and Business Venture Investments No. 575 (Pty) Ltd (the GPI transaction) in June 2003 and to ask for certain consequential orders or in the alternative seeking damages in respect of a maximum 5,5% shareholding in SunWest which it contends should have been offered unconditionally to it at a price of R75 per share.

Afrisun contends, amongst other things, that it has a damages claim to a maximum of R311 million, based on 768 650 SunWest shares in dispute at a value of R479 per share (as at June 2003) less the R75 cost of the shares in terms of the GPI transaction.

SISA intends to defend the merits of this claim and is, in any event, of the view that the basis on which Afrisun Leisure has quantified its alleged damages claim is fundamentally flawed.

CORPORATE FINANCE ACTIVITIES

The following transactions took place in the financial year:

Disposal of the group's interest in City Lodge

On 6 September 2005, the company effectively disposed of its 38,6% interest in City Lodge. The disposal was effected through a scheme of arrangement whereby Sun International shareholders received City Lodge shares in exchange for a portion of their Sun International shares. The exchange was concluded using a Sun International share price of R73 and City Lodge share price of R38,50 and resulted in Sun International acquiring 8 590 275 of its own shares and realising a profit on the disposal of R392 million.

KZL disposals

During the year, 439 445 (KZL) shares were disposed of, realising US$29 million. At 30 June 2006 the group held an effective 232 409 shares in KZL, which were disposed of at $81 per share in September 2006, in terms of the offer to KZL shareholders.

Odd lot offer

The group implemented an odd lot offer on 15 June 2006. The results of the offer were as follows:

- 148 117 shares were purchased by Sun International at R88,97 per share for a total consideration of R13,2 million.
- 6 177 shares were issued at an average price of R84,73.
- Odd lot holders holding 7 199 shares elected to retain their holdings.

As a result of this implementation, the number of shareholders has been reduced by 4 261.

POST BALANCE SHEET EVENT

Acquisition of RAH

The offer made by the group to acquire all the issued share capital of RAH closed on 15 September 2006. Shareholders holding 58,1% of the group accepted the offer and together with the 12 193 698 RAH shares acquired in the market, the group now controls 61,5% of RAH. The total consideration paid for the RAH shares, including costs, amounted to R1 183 million. The excess of the purchase consideration over net book value of R832 million will be taken directly to the reserve for non controlling interests.

As a result of the acquisition, the group's effective interest in a number of its subsidiaries will increase as summarised below:

	% held before acquisition[1]	% held after acquisition[1]
SunWest	58,8	67,4[2]
Afrisun Gauteng	70,0	82,9
Emfuleni Resorts	70,2	71,6
Afrisun KZN	55,9	62,9[3]
Gauteng Casino Resort Manco	20,0	39,0
Western Cape Casino Resort Manco	20,0	26,7
Emfuleni Casino Resort Manco	20,0	26,7
Afrisun KZN Manco	20,0	26,7

(1) *Excludes the shareholding of the Employee Share Trusts.*
(2) *Reduces to 59% following implementation of the proposed transaction detailed below.*
(3) *Subject to the further potential dilution set out below.*

The other major investments held by RAH will be disclosed as non current assets held for sale (in terms of IFRS5) as it is the group's intention to dispose of these non-core assets. These investments include:

- A 42,8% interest in Ocfish Holding Company (Proprietary) Limited which holds the controlling interest (46,5%) in Oceana Group

Limited and was disposed of for R338 million after year end. The proceeds were distributed to shareholders in October 2006.

- A 45% interest in Life Esidimeni Group Holdings (Proprietary) Limited which has approximately 5 500 beds in 15 institutions providing healthcare services to the public sector. RAH has valued this investment at R205 million by capitalising sustainable ordinary dividends at a rate of 6,9% and adding surplus net cash.

The acquisition consideration has been settled utilising new borrowing facilities of R988 million and cash resources of R195 million. Including RAH's existing debt of R121 million and the new facilities, consolidated group debt will increase by R1 109 million before the disposal of the non core investments.

Exercise of pre-emptive rights by Afrisun

RAH has notified its shareholders in its announcement of 5 September 2006, that Afrisun intends to enforce pre-emptive rights contained in a Shareholders' Agreement concluded between Afrisun, SISA and GPI in relation to their shareholding in SunWest and in terms of the articles of association of SunWest.

A Memorandum of Understanding (MOU) was entered into between Sun International, GPI and others. The MOU is conditional, inter alia, on a waiver of pre-emptive rights by the shareholders of SunWest, including Afrisun.

The MOU will not be implemented without these waivers and accordingly there is no intention to dispose of shares in SunWest which triggers any pre-emptive rights in favour of Afrisun.

BLACK ECONOMIC EMPOWERMENT

Developments regarding shareholding in SunWest

Shareholding in SunWest

The group has entered into a revised MOU with GPI whereby GPI will acquire an additional 4% shareholding in SunWest from Sun International for R83 million, and be granted an option by SunWest over a further 5% shareholding in SunWest at a strike price of R165 per share. GPI have also agreed to redeem the existing preference shares of R115 million held by Sun International. The group has also agreed to offer a further 2,46% of SunWest at fair value to GPI at a future date. The transactions are subject to the fulfilment of a number of conditions precedent, including various regulatory and shareholder approvals.

Potential GPI listing

GPI had indicated to its shareholders that it may list its shares in order to enhance the value and liquidity of its shares that are currently traded on an informal over the counter basis. Of concern to SunWest is the potential for significant dilution of the Western Cape based BEE credentials of GPI and as a consequence, GPI, in return for the granting of the option by SunWest, has agreed to the lock-in of a 35% Western Cape BEE shareholding in GPI until 2012.

Potential dilution

It is the intention of the parties that GPI will ultimately hold a 30% economic interest in SunWest, which will be achieved through the transactions as outlined above. Sun International's shareholding in SunWest could ultimately reduce from 67,4% (after the RAH aquisition) to 59,0% as a result of the transactions.

Introduction of a 7% BEE shareholder in Sun International Limited

In December 2005, Sun International concluded a BEE transaction with an empowerment consortium (Dinokana) for the acquisition of 7% of the total Sun International shares in issue. Dinokana is led by Lereko Investments and includes various North West based groupings and the SIEST (43% shareholding in Dinokana) and SIBEMT (6% shareholding in Dinokana). In terms of the transaction, the group transferred 2 801 793 treasury shares to Dinokana for no consideration. A further 1 467 044 shares were sold to Dinokana by the Sun International Share Option Trust at R75,92 per share. The balance of the shares were acquired at market related prices with Nedbank subscribing for preference shares in Dinokana to provide the required funding. The transaction resulted in a non-recurring R219 million charge to the income statement.

BEE partner share options

In terms of the various casino licence bid undertakings, the group granted share options over the casino companies' N ordinary shares to its empowerment partners. The options enable the empowerment partners to increase their economic interests in the companies after the initial equity subscription. The table below sets out the group's economic interests as at 30 June 2006 (excluding the Employee Share Trusts) and amounts of those interests that are still subject to dilution:

	% economic interest	% under option
Afrisun KZN	55,9[4]	15,1
Teemane	75,1	27,8
Mangaung	70,0	9,0

[4] *Excludes additional effective 6,9% acquired through the RAH acquisition as at 30 June 2006.*

BEE effective shareholding

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

Company	Empowerment partner		% Holding
Sun International Limited	• SIEST	Sun International Employee Share Trust	5,3
	• SIBEMT	Trust formed for the benefit of Sun International senior black managers	0,4
	• Dinokana (excluding Employee Share Trusts)	Broad based North West Province BEE grouping led by Lereko	3,5
	• Other – identified by Empowerdex		6,4
Subsidiaries			
SunWest	• GPI	Broad based Western Cape empowerment grouping	19,1
	• SIEST		3,5
	• Other PDI minorities		2,2
Afrisun Gauteng	• Afrisun East Rand Community Trust	Trust formed for the benefit of the local community	3,4
	• SIEST		3,5
	• Other PDI minorities		1,9
Afrisun KZN	• Dolcoast	Broad based KwaZulu-Natal BEE grouping	13,2
	• Afrisun KZN Community Development Trust	Trust formed for the benefit of the local community	5,5
	• SIEST		3,5
	• Other PDI minorities		3,1
Emfuleni	• Zonwabise	Broad based Eastern Cape empowerment grouping	20,3
	• SIEST		3,5
	• Other PDI minorities		1,1
Meropa	• Domba	Polokwane based BEE grouping	29,0
	• SIEST		3,5
Teemane	• Meriting	Northern Cape based BEE grouping	21,4
	• SIEST		3,5
Mangaung	• Etapele	Free State based BEE grouping	15,4
	• Thabo Community Development Trust	Trust formed for the benefit of the communities in the Thaba'Nchu and Botshabelo areas affected after transfer of the Thaba'Nchu casino licence to Bloemfontein	11,1
	• SIEST		3,5
Transkei	• Mbizana Community Development Trust	Trust formed for the benefit of the Mbizana community	30,0

The group's overall aggregate BEE shareholding has been estimated at 31%. The BEE ownership of the Sun International group is calculated by adding the BEE ownership of the underlying South African subsidiaries of the group and the BEE ownership directly in Sun International Limited, which is then divided by the aggregate value of all of the group's South African operations.

Rob Becker
Chief financial officer

CONSOLIDATED INCOME STATEMENTS (Rm)

	Group						
	2006	2005	2004	2003	2002	2001	2000
Revenue	**5 949**	5 139	4 476	4 214	3 719	3 174	2 573
EBITDA	**2 015**	1 672	1 407	1 283	962	872	671
Depreciation and amortisation	**(473)**	(439)	(430)	(424)	(391)	(295)	(194)
Property and equipment rentals	**(62)**	(71)	(81)	(86)	(68)	(63)	(42)
Profit from operations	**1 480**	1 162	896	773	503	514	435
Foreign exchange profits/(losses)	**41**	18	(21)	(18)	16	26	19
Interest income	**74**	73	59	53	23	32	80
Operating profits	**1 595**	1 253	934	808	542	572	534
Interest expense	**(232)**	(241)	(277)	(297)	(295)	(136)	(61)
Profit before taxation	**1 363**	1 012	657	511	247	436	473
Taxation	**(502)**	(379)	(235)	(202)	(94)	(73)	(162)
Profit after taxation	**861**	633	422	309	153	363	311
Share of associates' (losses)/profits	**–**	(1)	3	38	24	107	91
Minority interests	**(259)**	(202)	(192)	(147)	(88)	(187)	(166)
Adjusted headline earnings	**602**	430	233	200	89	283	236

Note
- All adjusted headline earnings adjustments have been included to provide a more meaningful comparison of historical operating performance.
- The 2000 to 2004 depreciation and amortisation charges have not been restated for the change in IAS16.
- The remainder of the above figures have been restated where necessary to take account of changes in accounting policies to provide a meaningful comparison of performance over the seven years.
- The 2002 to 2006 figures exclude KZL which has been accounted for as an investment.
- The 2002 to 2006 figures excluded the results and earnings from SCE and SCME, as these have been classified as discontinuing operations.
- The 2004, 2005 and 2006 figures excluded the results and earnings from City Lodge, as this has been classified as a discontinuing operation.

CONSOLIDATED BALANCE SHEETS (Rm)

	Group						
	2006	2005	2004	2003	2002	2001	2000
ASSETS							
Non current assets							
Property, plant and equipment	**5 407**	5 265	4 777	4 595	4 798	4 695	3 461
Intangible assets	**395**	433	479	517	575	433	334
Investments and loans	**443**	631	614	774	1 854	2 108	2 047
	6 245	6 329	5 870	5 886	7 227	7 236	5 842
Current assets							
Inventory	**35**	31	30	36	29	23	21
Accounts and loans receivable	**295**	322	320	450	351	380	531
Available-for-sale investments	**183**	287	390	364	507	–	–
Cash and cash equivalents	**756**	589	477	349	286	238	200
	1 269	1 229	1 217	1 199	1 173	641	752
Total assets	**7 514**	7 558	7 087	7 085	8 400	7 877	6 594
EQUITY AND LIABILITIES							
Capital and reserves							
Ordinary shareholders' equity	**3 083**	3 151	2 290	2 264	2 799	2 736	2 666
Minorities' interests	**742**	693	1 454	1 600	1 657	1 673	1 568
	3 825	3 844	3 744	3 864	4 456	4 409	4 234
Non current liabilities							
Deferred taxation	**391**	360	364	403	395	376	430
Borrowings	**1 458**	1 584	1 760	1 699	2 438	1 858	1 231
Other non current liabilities	**125**	90	40	40	–	–	–
	1 974	2 034	2 164	2 142	2 833	2 234	1 661
Current liabilities							
Accounts payable, accruals and provisions	**734**	736	661	731	674	695	551
Borrowings	**868**	747	341	296	359	435	67
Taxation	**113**	197	177	52	78	104	81
	1 715	1 680	1 179	1 079	1 111	1 234	699
Total liabilities	**3 689**	3 714	3 343	3 221	3 944	3 468	2 360
Total equity and liabilities	**7 514**	7 558	7 087	7 085	8 400	7 877	6 594

Note – The 2000 to 2004 property, plant and equipment balances have not been restated for the change in IAS16.
– The remainder of the above figures have been restated where necessary to take account of changes in accounting policies to provide a meaningful comparison of performance over the seven years.

		Group statistics						
		2006	2005	2004	2003	2002	2001	2000
ORDINARY SHARE PERFORMANCE								
Shares in issue	000's	**111 930**	116 393	90 050	90 050	90 050	90 050	88 650
Diluted adjusted weighted average number of shares in issue	000's	**111 556**	106 080	82 233	91 761	91 695	89 571	89 080
Diluted adjusted headline earnings per share	cents	**539**	405	284	218	97	316	265
Dividends per share*	cents	**290**	200	125	75	–	–	60
Dividend cover	times	**1,9**	2,0	2,3	2,9	–	–	4,4
Dividend payout	%	**54**	49	44	34	–	–	23
Net asset value per share	Rand	**27,55**	27,08	25,42	25,14	31,08	30,38	30,07
Market capitalisation at 30 June	Rm	**9 357**	7 199	3 647	2 620	2 611	3 242	2 358
Market capitalisation/net asset value	times	**2,9**	2,2	1,6	1,2	0,9	1,2	0,9
PROFITABILITY AND ASSET MANAGEMENT								
EBITDA margin	%	**34**	33	31	30	26	27	26
Effective tax rate	%	**37**	37	36	40	38	17	34
Return on net assets	%	**26**	21	16	13	8	11	12
Return on shareholders' funds	%	**22**	17	11	8	4	11	10
Return to equity shareholders	%	**19**	16	10	8	3	10	10
LIQUIDITY AND LEVERAGE								
Cash generated by operations	Rm	**2 045**	1 773	1 312	1 214	890	1 053	430
Interest cover	times	**7**	5	3	3	2	4	9
Interest bearing debt to total shareholders' funds	%	**61**	61	56	49	63	52	31
Total liabilities to total shareholders' funds	%	**96**	97	89	79	89	79	56
Total shareholders' funds to total assets	%	**51**	51	55	56	53	56	64
Current ratio	:1	**0,7**	0,7	1,0	1,1	1,1	0,5	1,1

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

DEFINITIONS

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

EBITDA margin
EBITDA expressed as a percentage of revenue.

Interest cover
Operating profits (including interest income and foreign exchange profits and losses) divided by interest expense.

Effective tax rate
Taxation per the income statement expressed as a percentage of profit before taxation.

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

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

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

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

Net assets
Total assets less total liabilities.

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

Current ratio
Current assets divided by current liabilities.

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

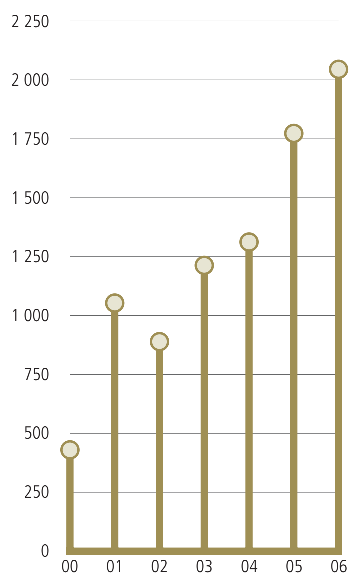
Return on shareholders' funds
Profit after taxation and share of associate companies' profits expressed as a percentage of average shareholders' funds.

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

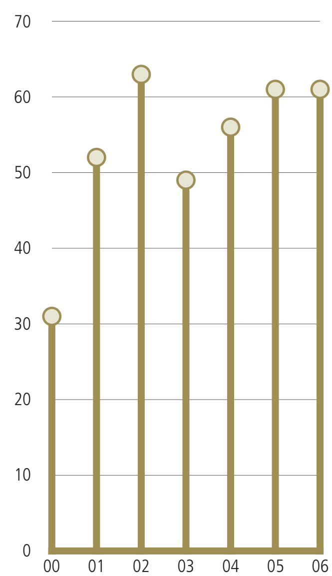
		Group statistics						
		2006	2005	2004	2003	2002	2001	2000
STOCK EXCHANGE PERFORMANCE								
Market price	Rand							
– at 30 June		**83,60**	61,85	40,50	29,10	29,00	36,00	26,60
– highest		**101,01**	69,00	43,00	32,00	36,50	38,00	29,80
– lowest		**61,75**	38,00	29,00	24,00	19,75	27,00	18,40
– weighted average		**81,90**	53,7	38,17	26,28	26,73	31,97	23,44
Sun International share price index	#	**314**	233	152	109	109	135	100
JSE consumer services index	#	**273**	217	144	99	90	91	100
Closing price earnings multiple	times	**16**	15	14	14	30	11	10
Closing dividend yield	%	**3,5**	3,2	3,1	2,6	–	–	2,3
Volume of shares traded	000	**50 520**	43 087	15 970	18 960	33 262	25 040	41 740
Volume of shares traded as a percentage of shares in issue	%	**48**	38	18	21	37	28	47
Value of shares traded	Rm	**4 372**	2 314	610	498	889	801	978
Number of transactions		**11 913**	7 073	2 180	1 767	2 770	3 976	4 032
GROWTH								
Reported growth per share	%							
– diluted adjusted headline earnings		**33**	43	30	125	(69)	19	(20)
– dividends		**45**	60	67	–	–	(100)	(50)
Real growth per share	%							
– diluted adjusted headline earnings		**27**	38	24	110	(72)	12	(25)
– dividends		**39**	55	59	–	–	(100)	(53)
Consumer price index	#	**140**	134	129	123	116	106	100
EMPLOYEES								
Number of employees at 30 June		**8 440**	7 723	8 024	8 433	8 787	9 326	8 333
Average number of employees		**8 082**	7 874	8 229	8 610	9 057	8 830	8 374
Revenue per employee	R000	**736**	653	544	489	411	359	307
Wealth created per employee	R000	**528**	490	371	334	260	247	171

Base for indices: 2000 = 100

Cash generated by operations (Rm)

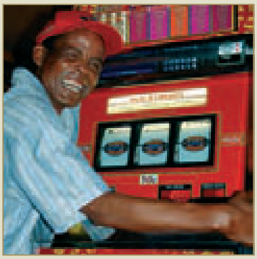


Interest bearing debt to total shareholders' funds (%)



Sustainability Report

- EMPLOYEES
- CUSTOMERS
- SHAREHOLDERS
- SOCIETY AND COMMUNITY
- SUPPLIERS
- GOVERNMENT AND REGULATORS
- HEALTH, SAFETY AND ENVIRONMENT
- ETHICS



As a group, we believe that long term value for all our stakeholders will be created by adopting a holistic approach in which economic, social and environmental performance is measured within a framework of corporate governance and ethics of the highest standard.

Through various social programmes and donations, both at national and business unit level, Sun International's contribution to corporate social investment (CSI), in line with its policy and guidelines, amounted to 2% of after tax profit in this financial year. This is above the average for South African companies of a comparable size.

The underlying philosophies, which dictate our approach to sustainability, are reflected in the activities which we cover in the following section of the report.

VISION AND STRATEGY

The key driver of our sustainability is our mission, which is:

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

To create an environment in which all employees are well trained, motivated and take pride in working for the company.

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

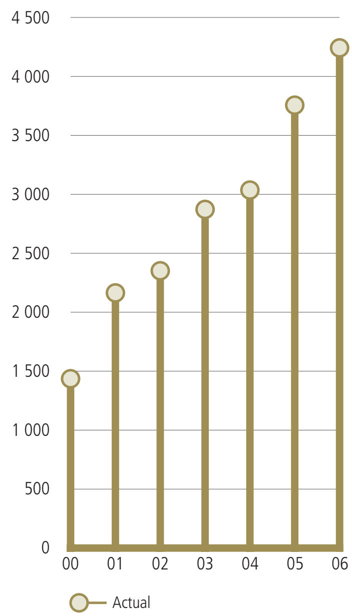
We will at all times remain mindful of our responsibility towards all our stakeholders, including the communities we serve.'

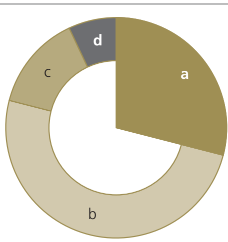
*

VALUE ADDED STATEMENT

for the year ended 30 June	Group 2006 Rm	2005 Rm	Change %
CASH GENERATED			
Cash derived from revenue	**5 965**	5 122	
Income from investments	**74**	107	
Cash value generated	**6 039**	5 229	15
Paid to suppliers for materials and services	**(1 783)**	(1 454)	
Pre-opening expenses	**(13)**	(19)	
Total cash value added	**4 242**	3 756	13
CASH DISTRIBUTED TO STAKEHOLDERS			
Employees	**(1 011)**	(934)	8
Government taxes	**(1 722)**	(1 335)	29
Shareholders	**(498)**	(380)	31
Lenders	**(232)**	(235)	(1)
	(3 463)	(2 884)	20
Cash retained in the business to fund replacement of assets, facilitate future growth and repay borrowings	**779**	872	(11)
RECONCILIATION WITH CASH GENERATION			
Total cash value added (above)	**4 242**	3 756	
Add: Pre-opening expenditure	**13**	19	
Less: Employee remuneration	**(1 011)**	(934)	
Employee tax	**(177)**	(148)	
Income from investments	**(74)**	(107)	
Levies and VAT on casino revenues	**(948)**	(813)	
Cash generated by operations (per cash flow statement)	**2 045**	1 773	
GOVERNMENT TAXES SUMMARY			
Income tax	**(495)**	(324)	
PAYE	**(177)**	(148)	
Levies and VAT on casino revenue	**(948)**	(813)	
Secondary tax on companies	**(62)**	(46)	
Other taxes	**(40)**	(4)	
	(1 722)	(1 335)	

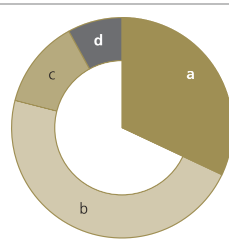
Total cash value added (Rm)





Cash distribution to stakeholders – 2006

a	Employees	29%
b	State taxes	50%
c	Shareholders	14%
d	Lenders	7%



Cash distribution to stakeholders – 2005

a	Employees	32%
b	State taxes	47%
c	Shareholders	13%
d	Lenders	8%

Employees

EMPLOYEE TRAINING AND DEVELOPMENT

Employee training and development is the responsibility of line managers, through a training committee at each business unit.

It is the committee's responsibility to:

- Determine training interventions, whether internally or externally;
- Identify suitable service providers; and
- Ensure compliance with international training standards, relevant legislation and commitments.

While employees are responsible for their own career development, the group provides the necessary resources where appropriate. Departments at unit level develop a career path based on competence for each position which means that all training programmes are aligned with identified competencies.

The group invested R32 million in internal and external education, training and development interventions during the financial year. These interventions ensure both the group's competitive edge in the gaming & hospitality industry and compliance with relevant legislation and commitments.

The group invested R32 million in internal and external education, training and development interventions during the financial year.

Training costs as a percentage of payroll

	2006	2005	2004	2003
Payroll (Rm)	**1 281**	1 073	983	962
Total training (Rm)	**37***	31*	24	19
% of Payroll	**2,9**	2,9	2,4	2,0

** Inclusive of 1% of payroll in terms of the Skills Development Levy.*

2007 Targets

Total training spend as % of payroll	3,0
Black training spend as % of payroll	2,3

Skills development implementation

The group is committed to the implementation of the South African Skills Development Act of 1998 and plays an active role in contributing to the determination of the education and training needs in the sector through our involvement in the Gaming & Lotteries Chamber of the South African Tourism, Hospitality and Sport Education Training Authority (THETA).

The group has identified skills development in the following areas:

- Management and leadership;
- Information technology;
- Technical skills;
- Legislative compliance;
- Support and administrative skills; and
- Customer service.

A Workplace Skills Plan (WSP) encompassing the group's Employee Development Plan for the year was submitted to THETA.

Based on the submission and successful implementation of the WSP, Sun International received grants from THETA of R5 million during this year, as well as a further R1 million for implementation of industry led, beneficiary driven, training interventions organised by the Gaming & Lotteries Chamber.

6 128 people attended training programmes or modules during the year and in line with our employment equity goals, 83% of delegates were PDI and 51% were female. The group conducted 17 918 training programmes/modules during the year.

To ensure successful implementation of the WSP, a comprehensive 'library' of group training and development programmes is made available to employees in the following Skills Priority:

Management and leadership

Sun International Strategic Leadership Programme (SISLP)

Together with the University of Cape Town's Graduate School of Business (GSB), the group has implemented a senior-level executive development programme targeted at the level of General Manager and direct reports, focusing on developing strategic perspectives and high-level leadership.

The programme forms part of a broader accelerated development initiative that includes the Sun International Business Leadership Programme, the Sun International Leadership Programme, the Gaming Management Development Programme, the Management Development Programme and Supervisory Development Programme.

Sun International Business Leadership Programme (SIBLP)

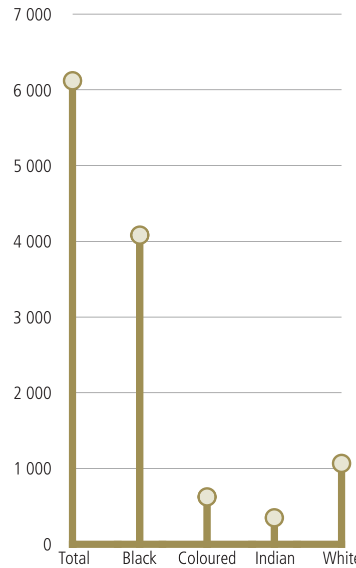
The Sun International Business Leadership Programme was conducted in October 2005 at the University of Cape Town's Graduate School of Business, with 21 delegates attending. The delegates' final assessment took the form of individual presentations to the respective Divisional Director and Unit General Managers six months after the completion of the programme.

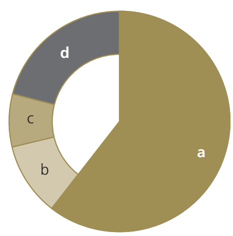
Sun International Leadership Programme (SILP)

This programme encourages participants to develop:

- a strategic plan for their own growth and development within the organisation;
- their communication skills and confidence to interact at an executive level; and
- the values and competencies of successful leaders.

Total individuals trained





Total training interventions

a	Black (10 844)	60%
b	Coloured (1 927)	11%
c	Indian (1 390)	81%
d	White (3 757)	21%

Currently, 46 delegates have completed four of the five modules of this one-year programme. This year, the SILP was aligned to the National Certificate in Management Level 5, registered with the Services Sector Education Training Authority. This year the programme will be presented as a learnership.

Gaming Management Development Programme (GMDP)

The GMDP has replaced and incorporated the Tables Management Development Programme (TMDP) and the Slots Management Development Programme (SMDP). The Slots Accelerated Management Development Programme is a new programme designed to assist the Slots department achieve their employment equity goals.

Currently, 14 delegates are attending the 18-month GMDP. A further ten delegates are attending a customised GMDP to meet the localisation targets required for participating countries for managers employed in certain of the non-South African units.

Slots Accelerated Management Development Programme (SAMDP)

The last four modules of the SAMDP were completed during the year and individual presentations were made to Slots Management in August 2006. 13 delegates attended the SAMDP, with six of the delegates promoted to Assistant Slots Manager and one to Slots Shift Manager during the course of the programme.

Supervisory Development Programmes (SDP)

During the year, 752 supervisors undertook various training programmes. The training provided to the supervisor assisted the group in meeting its balanced scorecard.

Graduate Management Trainee Programme (GMTP)

To retain market dominance in an industry with management skills challenges, the group conducts a two-year GMTP designed to fast-track employees into management positions. During the year, seven delegates were accepted into the programme and a further two graduates completed their programme and were successfully integrated into the business.

Information technology

Project Vuka

Project Vuka, a group initiative in partnership with Learning Resources (Proprietary) Limited, ensures that a minimum standard of end user computing skills is set throughout the group, benchmarked against international standards. This is an e-learning application, delivered to the learner's desktop, and available at our computer training centres. This three-year project will ensure consistency in end-user computer skills within the entire group as well as reduce current end-user support and training costs.

Legislative compliance

Induction/group orientation

New employees receive an induction when they start at the group or soon thereafter. The induction takes the form of a presentation on the group's policies and procedures.

Responsible Gambling training

The three levels of the Responsible Gambling Programme (RGP) have been updated to reflect the latest research conducted by the National RGP and three Train-the-Trainer courses were conducted across the group. Over 1 100 delegates attended the various RGPs during the year.

Employee development

1 027 employees attended the AIDS, Business Communications and Personal Finance training conducted as part of the Gaming Chamber Casino Short Course project. Based on delegate feedback, 12 internal facilitators have been developed to conduct the Personal Finance training in the future.

Technical skills

Using training material designed by training and development specialists, line managers conduct the majority of the skills training programmes. To ensure standards conformity and to equip line managers with the necessary skills, the group runs a suite of trainer training programmes. These programmes are delivered internally under licence from the UK training provider StoneBow, specialists in the hospitality, tourism and leisure industry.

To assist the transfer of knowledge within the organisation, line managers have access to training related documents, can share knowledge and collaborate in development initiatives from the Group Training and Development intranet site.

Gaming Technical Training Programme (GTTP)

The new GTTP was presented twice this year, in September 2005 and March 2006, for 23 delegates. This two-month internal programme is targeted at Gaming Technicians and uses specialists within the group together with external presenters from gaming equipment providers.

Gaming and hospitality learnerships

No learnerships in Gaming or Hospitality were conducted during the year as THETA has, over the past 18 months, followed an extended process to review its existing qualifications. This new qualification framework should be registered on the National Qualification Framework by March 2007.

External training

In addition to numerous internal development initiatives, the group encourages employees to undertake external studies through a reimbursive external study scheme programme.

Bursaries and scholarships

Bursaries are currently in place for four students at the University of the Western Cape and three students at the University of KwaZulu-Natal. Four students have been accepted into the group Graduate Management Development Programme following the successful completion of their studies.

The Duke of Edinburgh Bursary Fund, managed by the South African Institute of Race Relations, continued during the 2006 academic year. In addition to funding all administration costs, Sun International has continued with the Bursary Fund for three students and will consider these students for employment on successful completion of their degrees.

TRANSFORMATION

Black Economic Empowerment

Broad based BEE is a major strategic focus for Sun International and initiatives to ensure alignment with our overall business plan are constantly monitored. Monitoring also ensures compliance with the various casino licence conditions.

CASA has recently elected to retain Empowerdex to carry out a full BEE audit of the industry which will provide a report to each casino business and consolidated reports by group, by province and for the whole industry. The intention of this report is to be able to present accurate information to regulators and to reinforce the BEE achievements of the industry. This report should be finalised by the end of 2006.

The Financial Mail Rating by Empowerdex in 2006 ranked Sun International as the third most empowered of the Top 200 JSE listed companies. This was a significant improvement from last year's ranking of 24th overall. The table below shows the score achieved by Sun International in each of the elements of the BEE scorecard.

BEE scorecard

Category	BEE score target	SI score
Ownership	20	12,9
Management	10	2,6
Employment Equity	10	4,7
Skills Development	20	15,0
Preferential Procurement	20	14,9
Enterprise Development	10	10,0
Residual	10	10,0
OVERALL	100	70,1

Despite Sun International not being subject to the Tourism Charter, it is considered the most appropriate industry scorecard for measuring the group's progress.

The table below depicts the group's balanced scorecard for South African operations as at 30 June 2006:

Tourism targets 2009: Actual SI 2006

Criteria	Tourism weightings (%)	SI score per criteria (%)
Ownership	15	15,0
Strategic Representation	14	10,4
Employment Equity	14	13,9
Skills Development	20	9,8
Preferential Procurement	15	15,0
Enterprise Development	14	14,0
Social Development	8	7,0
Overall weighted average	100	85,1

Using relevant weightings, applying conversion factors, and measuring actual against target, we achieved a score of 85,1% on the Tourism Industry Charter balanced scorecard.

EMPLOYMENT EQUITY

Employment equity is a critical component of our overall Human Capital Management strategy and is one of the major group transformation drivers.

Employment Equity Committees (EECs) operate at all our South African operations and certain of our non-South African operations.

On the next page is a summary of the employment equity progress report (South African operations) as required in terms of Section 22 of the Employment Equity Act, 1998 (Act No 55 of 1998) (as amended).

Employment equity progress report

	Designated							Non-designated			Total
	Male			Female				White male	Foreign nationals		
Occupational levels	B	C	I	B	C	I	W	W	Male	Female	
Top management	2	1	–	–	–	–	–	18	3	–	**24**
Senior management	2	–	4	–	1	–	11	41	7	1	**67**
Professionally qualified and experienced	20	4	10	4	4	4	23	118	20	3	**210**
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	439	108	95	218	78	45	315	394	36	14	**1 742**
Semi-skilled and discretionary decision making	1 143	271	105	1 613	330	129	225	133	15	19	**3 983**
Unskilled and defined decision making	229	17	6	160	8	–	3	2	1	–	**426**
Total permanent	1 835	401	220	1 995	421	178	577	706	82	37	**6 452**
Non-permanent employees	15	4	1	20	2	4	20	12	1	2	**81**
Grand total	1 850	405	221	2 015	423	182	597	718	83	39	**6 533**

Key: B = Black C = Coloured I = Indian W = White

SUCCESSION PLANNING

The remuneration and nomination committee of the board is responsible for succession planning at executive level, while at a unit level, succession plans are compiled and are co-ordinated centrally at group level. Integral to all succession planning is the group's overall BEE and employment equity strategy.

EMPLOYEE RELATIONS

Sun International approaches employee relations issues inclusively, preferring to engage in constructive dialogue on substantive issues which have an impact on the employee relations climate in the group. The group supports and upholds an equitable workplace where all the legislative rights of employees are confirmed and articulated in the group's general approach to employee relations, its various policy documents and workplace procedures.

The group maintains a relationship based approach with organised labour, which is represented by six recognised trade unions.

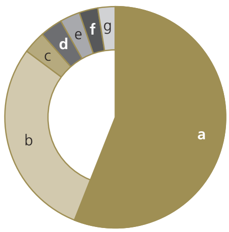
The relationship with organised labour remains underpinned by the group's adoption of sound, fair and measurable employment relations policies and practices which are aligned to and support the group's strategic objectives.

UNION MEMBERSHIP

Some 44% of the group's employees are members of registered and recognised trade unions, the majority of whom are represented by the South African Catering Commercial and Allied Workers Union (SACCAWU).

The group currently employs eight full-time shop stewards who play a vital role in Sun International's interaction and relationship with its employees. For the first time, the group held a combined relationship building exercise involving shop stewards and union representatives from all six trade unions, as well as a number of group representatives. This exercise should assist in a more standardised approach being applied in the group's dealings with the various unions recognised by the group. A detailed relationship improvement plan was agreed to and we believe that this positive intervention will lead to further improvements in the employee relations environment.

At the end of the year, union membership within the group totalled 2 462 employees in South African operations (38% of the workforce) and 1 249 employees in its non-South African operations (63% of the workforce).



Union membership as a percentage of total group workforce as of 30 June 2006

a	Non-members	56%
b	SACCAWU (South Africa)	29%
c	HCAWUZ (Zambia)	3%
d	NUHFAW (Lesotho)	3%
e	SHCAWU (Swaziland)	3%
f	NAFAU (Namibia)	3%
g	BCGWU (Botswana)	3%

EMPLOYEE RELATIONS TRAINING AND DEVELOPMENT

The group placed strong emphasis on its formal employee relations training in the last year, resulting in 623 training interventions from all levels within the organisation. Special focus was placed on the development and rollout of a Supervisory Employee Relations Programme. Qualified internal trainers in a number of the group's business units have presented the programme.

During the year, the group also arranged employee relations training provided by an external training supplier to a number of its shop stewards as well as SACCAWU union officials. The training was well received by the union.

SUBSTANTIVE NEGOTIATIONS

The group had previously concluded two-year substantive agreements with all its representative trade unions, except for those in Lesotho and Zambia. These agreements all expired on 30 June 2006. In its South African unionised units, the group was in dispute with SACCAWU at the time of writing with respect to the 2006/2007 substantive negotiations and the matter was referred to the Commission for Conciliation Mediation and Arbitration (CCMA) for their intervention. The parties were unable to resolve the wage dispute. The commissioner issued a certificate of non-resolution in August. We hope an agreement with the union can be reached to avoid further industrial action, but in the interim the group has contingency plans in place to minimise any disruption of continued strike action.

The group has signed new substantive agreements for the 2006/2007 financial years in both Lesotho and Swaziland. Substantive negotiations in the other countries in which the group operates are currently taking place and are expected to be concluded shortly.

LABOUR TURNOVER

Formal resignations amounted to 8,8% of the average number of employees employed during the year. This is consistent with the turnover figure of 9,1% reported in the previous year.

INDUSTRIAL/PROTEST ACTION

The COSATU protest action that took place in South Africa during the year was not well supported by the group's workforce.

SECONDARY NEGOTIATIONS

The group is engaged in an ongoing interactive process with all organised labour parties in order to ensure a stable employee relations climate.

During the year, the group signed a vehicle arrangement agreement for SACCAWU shop stewards and we hope that a long outstanding agreement pertaining to parental rights will soon also be agreed to between the parties.

ORGANISATIONAL RIGHTS/RELATIONSHIP AGREEMENT

During the year, the group signed two new relationship agreements at the Boardwalk Casino and Flamingo Casino. A centralised bargaining structure has now been put in place in all the group's unionised South African business units. This centralised bargaining structure has been set up in such a manner that it still recognises the various individual requirement needs and circumstances of each subsidiary company.

SEXUAL HARASSMENT

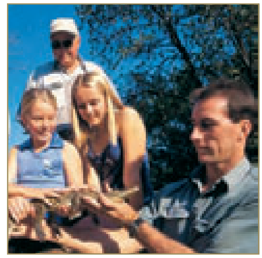
The group revised its policy on sexual harassment in the workplace and sourced an appropriate training programme from an external training provider. This programme will assist Human Resources practitioners and line managers to deal with cases of sexual harassment in the workplace. A selected group of managers has been sent on a Train-the-Trainer intervention and they will be responsible for rolling out the programme in the workplace in the next few months.

OWNERSHIP

Sun International Employee Share Trust

The SIEST was established in 2003. Today, it holds – directly and indirectly – 5,7% of the company's shares and up to 3,5% of a number of group subsidiaries. The SIEST provides an opportunity for employees to benefit when the company performs well.

We pride ourselves on being the gaming product leader in South Africa.

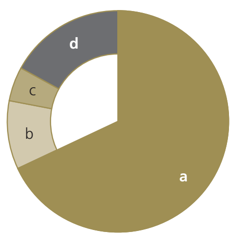


The SIEST is an important part of recognising the contribution of our employees. In December 2005, the Share Trust was included as a beneficiary in the group's Dinokana BEE transaction, obtaining a 43% interest and through this, increasing its effective interest in Sun International from 2,2% to 5,7%. At the same time, the SIEST was extended to include the group's employees in Botswana, Namibia, Swaziland and Zambia. The SIEST now has over 7 000 employees as beneficiaries.

All permanent full time and scheduled employees with at least six months' group service are eligible. No directors, executives or senior managers already on the Sun International or any other group share incentive scheme other than SIBEMT may participate. The SIEST is able to acquire interests in other Sun International group companies from time to time.

Through their participation, employees benefit through income distributions made by the SIEST. These distributions are made in equal shares to eligible employees recorded as such at the date of distribution. The SIEST distributes dividends received by it (net of loan repayments and other liabilities) twice a year.

Two dividend distributions totalling R16,2 million were made by the SIEST to employees during the current financial year. The first was in October 2005 amounting to R6,4 million and the second in April 2006 of R9,8 million, representing an annual distribution per eligible employee of R2 474 (2005: R1 728).



Trust participation
as at June 2006

a	African (50% female)	68%
b	Coloured (51% female)	10%
c	Indian (42% female)	5%
d	White (45% female)	17%

The SIEST is administered by a board of trustees (currently 13), of whom ten have been elected by employees from amongst their number, with three nominated by Sun International, including advisers from the group's merchant bankers and legal advisers. Four additional trustees will be elected from the newly admitted operations.

Sun International Black Executive Management Trust

The SIBEMT was established with the objective of attracting and retaining black management within the group. This will assist in

sustaining black leadership in the group. The SIBEMT has an effective 0,42% interest in Sun International Limited held through Dinokana.

EMPLOYEE WELLBEING

Employee Assistance Programmes (EAPs) at the majority of our properties provide employees with emotional as well as practical support on a variety of personal issues. These include healthcare – such as living with HIV/AIDS or TB – dealing with trauma, substance abuse, managing stress and family planning. At some units, wellness committees, comprising volunteer employees, help educate staff on nutrition and the prevention of various illnesses, and help promote the importance of a healthy lifestyle and positive mindset.

The wellbeing of our employees is vital if we are to retain a motivated and productive workforce that delivers world-class service to our customers.

HIV/AIDS

HIV/AIDS education and awareness remains a strategic intervention and forms an integral part of all induction programmes. During this reporting period, the group went further and implemented a Corporate HIV/AIDS Programme that benefits all employees who are not members of a medical aid. This programme is managed by an external organisation – Aid For AIDS (AFA) – on behalf of Sun International, to ensure confidentiality and a holistic approach to the pandemic. The programme includes:

- Access to free consultations with a network doctor;
- The supply of anti-retroviral therapy, where appropriate;
- Access to prophylaxis for the prevention of mother to child transmission;
- Access to prophylaxis against opportunistic infections, relevant/appropriate vaccinations and multi-vitamin supplements;
- Access to the monitoring tests;
- Additional education programmes;
- A nurse line for telephonic advice and patient support;
- Confidential case management;
- General call centre;
- Formulation and maintenance of clinical guidelines; and
- Quality assurance procedures.

The group's AIDS and disease management policy is further guided by the following:

- A commitment to non-discrimination;
- Prohibition of pre-employment testing for HIV;
- Compliance with relevant labour legislation and policies regarding HIV infected employees in the workplace;
- Provision for members of the Quantum Medical Aid Society, and their dependants, to have access to anti-retroviral medication as well as counselling and disease management programmes;
- An encouragement of employees to be tested for HIV and to know their status;
- Provision of facilities for staff to be tested free of charge for HIV and to be provided with pre- and post-test counselling – either in-house or through an external referral;
- Provision of AIDS education to employees on the link between TB and HIV, sexually transmitted diseases (STDs) and other opportunistic infections;
- Provision of access to free condoms and the advantage of their use in the prevention of contraction of the AIDS virus;
- The encouragement of employees to practice safe sex;
- The establishment of AIDS awareness committees in all business units within the group;
- Ensuring that all new employees are inducted on the group's AIDS policy and given AIDS awareness training;

- Placing posters, pamphlets, stickers and booklets on AIDS on notice boards as part of overall awareness; and
- Ensuring that AIDS awareness forms part of induction to all new employees joining the group.

COMMUNICATING WITH OUR STAFF

We have a range of established communication channels through which we communicate with our employees.

Our staff newsletter, Winners, has been published bi-monthly for the past 13 years. It is produced in-house, distributed via our Intranet site as well as in printed form, and reaches all staff in southern Africa as well as our offshore offices. The newsletter comprises contributions from employee correspondents at each of our properties, as well as corporate articles and news.

Our Intranet site, which is accessible to staff across southern Africa as well as our offshore offices, provides useful information about different departments, labour legislation, job profiles, organisational structures and staff newsletters. We have established a task team comprising internal specialists and external digital marketers to develop a new Intranet site. This will be an interactive medium where employees can, for example, complete documentation on-line. In addition, it will act as a central repository for group documentation, policies and procedures.

Team and departmental meetings, e-mailing of staff notices across the group, management roadshows, notice board communication and various addresses by the chief executive, keep staff informed of major developments within the group.

Regular employee opinion surveys are conducted. Results are communicated to staff and provide management with an insight into areas requiring improvement and development.

HUMAN CAPITAL MANAGEMENT SYSTEM

The group uses the PeopleSoft Human Capital Management System. With the takeover of PeopleSoft by Oracle, a wider choice of options is available in respect of future upgrades and products.

We enhanced the HR analytics tools that were implemented last year. This has been rolled out to HR managers and key line managers and allows them to view and analyse their Core HR Indicators to enable more effective human capital management. Indicators include headcount, labour turnover, absenteeism, payroll data, employee performance statistics, employment equity figures, training records and costs, leave analysis and many more.

The group is in the planning stage of upgrading to a Windows-based payroll. The anticipated target date for completion is June 2007.

OCCUPATIONAL HEALTH AND SAFETY

The group strives to provide a safe and healthy working environment for its diverse workforce. Health and safety committees comprise trained health and safety representatives who, together with management, work towards adhering to pre-established standards, resolve health and safety issues which may arise (eg first aid, fire fighting, injuries on duty and emergency evacuation) and ensure compliance with the Occupational Health and Safety Act (No 85 of 1993). A designated Occupational Health and Safety Officer was appointed during the year to identify risks, set improved group standards and objectives and implement procedures to meet employer and employee responsibilities in terms of the Act.

Health and safety representatives receive appropriate training as required by legislation and all employees receive awareness training. Methods of communicating our policies, procedures and the Act include a module in our induction programme, information booklets, posters, the Intranet and workshops.

Internal auditors who have specialised experience in health and safety audits regularly audit our properties. The audits focus on adherence to policies and procedures and the results are communicated to management. During the year under review, most properties showed an improvement, achieving scores of between 62% and 99%.

Health and safety incidents are reported on and tracked using PeopleSoft. The group uses the services of Corporate Investment and Risk Consultants (Proprietary) Limited, an external consultancy, which liaises directly with the Compensation Commission and expedites claims in respect of injuries on duty. One of the important items recorded is the number of disabling injuries that occur at each of our properties and the group's records show that no disabling injuries occurred over the past year. All incidents are reported monthly and the majority of incidents during the period under review were soft tissue injuries and lacerations.

Customers

SERVICE AND STANDARDS: CHERISHING THE CUSTOMER

Sun International operates the premier collection of luxury hotels and resorts in southern Africa and has a 44% market share of a highly competitive and vibrant gaming market in South Africa. Sun International's entrenched focus on providing a superior guest experience at all its properties is what differentiates the group from its competitors.

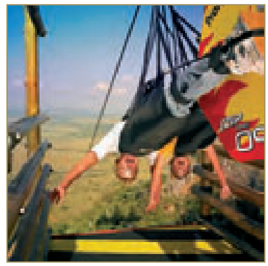
Crucial to our customers are the values that the Sun International brand has come to reflect. Based on our substantial investment in development, service and customer focus, today this world-class brand inspires trust among its customers. The Sun International brand now represents not just vitality, excitement, variety, the most modern slot machines and other gambling products, and premier entertainment, but the highest standards and quality in hospitality and customer service.

The Sun International brand enjoys excellent recognition in most of the world's major tourist markets, and is comprehensively exposed in new markets in Africa, Russia, India and China. The brand is renowned for its top quality hotels and resorts in desirable tourist locations.

Each and every guest who visits a Sun International property is regarded as a stakeholder in the business, and receives the levels of attention, service and respect they deserve.

This translates into providing a consistently extraordinary guest experience by developing enduring relationships, ensuring the highest service standards, guaranteeing superb entertainment and innovative promotions, making sure that guests receive appropriate recognition and feel cared for and safe, in addition to receiving the benefits, offers and rewards for their loyalty.

The group places special emphasis on the value of the Sun International brand and has renewed its efforts to protect and enhance this immensely valuable asset. This includes improved brand discipline and increasing the Sun International brand presence at all its properties.



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Every day, more than 50 000 guests from over 50 countries visit a Sun International hotel, resort or casino.

*

UNDERSTANDING THE CUSTOMER

Every day, more than 50 000 guests from over 50 countries visit a Sun International hotel, resort or casino. While many tourists, convention visitors and business travellers are sourced internationally, the group's gaming customers are predominantly domestic.

At the heart of Sun International's relationship with its gaming customers is the group's widely-envied MVG Programme, one of the most valuable customer management systems in the international gambling industry. With more than 465 000 active, rated cardholders, it is also one of the largest loyalty programmes of its kind.

The smart card, and other technologies, underpin the MVG Programme, which was originally launched in 1994. One of the leading loyalty programmes in any industry in southern Africa, the MVG Programme enables the group to market its gambling and leisure products directly to a substantial pool of committed patrons, and facilitates the highest level of personal care and attention for the group's most important consumers.

Understanding who our customers are, and their expectations, revolves around continuous and in-depth research. This applies to tourists as well as gaming customers.

In recent years, new technological enhancements to the MVG customer database, including Sun International's customer management strategy keeps the group at the forefront of research and database marketing.

Customer research

In addition to comprehensive database analysis, which provides the basis of the group's customer knowledge, significant resources are applied to ongoing market research.

Indicative of Sun International's commitment to building and better understanding its customer base, is the ongoing study into the potential and preferences of the black market in South Africa.

Recognising customer loyalty

MVG guests receive a wide range of benefits, including personal hosts for top-rated players, complimentary tickets to a wide variety of shows and other entertainment at Sun International venues, trips, preferential treatment at major events such as the Nedbank Golf Challenge, and dedicated facilities and amenities at group casinos.

New MVG members, who pay no entry fee, are issued with maroon cards, and progress up to silver, gold and platinum depending on their level of play. Each MVG member is also issued with a personalised smart card, with an electronic purse for storing cash. This is used for player tracking at both slot machines and tables, and can be used at all Sun International properties.

The group is also a global leader in research and development into new gambling products, games and services, driven by the latest technology in the industry. This includes Sun International's proprietary coinless gambling, a world first, and the group's successful Mystery Jackpots. Table game enhancements and jackpots enliven the customer options and experience.

Demonstrating accountability

One of the most obvious products of South Africa's globally-admired regulatory environment is the emphasis in this jurisdiction on an ethical, safe, responsible and crime-free gambling industry.

South Africa's gambling industry today evolved against a background in which gambling in the country was dominated, prior to 1996, by a flourishing illegal casino industry in the country's urban areas. At that time there were 150 000 illegal slot machines in cities and towns, paying no tax, employing few people, and providing a platform for associated and common-place criminal behaviour, such as fraud, prostitution, money laundering, and narcotics.

This vast illegal industry offered no player protection, was accessible to minors, and did not address issues related to problem gambling.

Today, as is evident at all Sun International casinos, the industry in South Africa is rigorously and effectively regulated. Those who visit a Sun International property know that they can expect the highest standards of probity, player protection, standardisation and high quality in respect of gambling equipment, and an ethical and responsible approach to social issues.

Quality

Being accountable to customers is also about ensuring customers have a quality experience each and every time they visit a Sun International property.

The group employs a number of research devices to ensure that these levels of quality are maintained.

- The Mystery Guest Programme is carried out quarterly at each property according to a comprehensive standard set of questions. Results are monitored and examined at monthly management reviews in which the established benchmark requires more than 90% positive response.
- Prompt response lines are widely available within properties and provide immediate resolution to issues raised by customers.
- Customer response forms and cards are available at all properties and acted on immediately. The group receives substantial

> ⁎
>
> *The group's gaming marketing strategy is to ensure that all customers enjoy the best value-for-money gaming experience possible.*
>
> ⁎

correspondence from customers, and it says much for the system that they feel able to communicate freely with management.

- In-house surveys, such as the 'Voice of GrandWest', are undertaken twice per annum in major properties and provide instant feedback for management.
- Random post-visit research is undertaken by independent tele-marketers to ascertain the delivery and suitability of MVG benefits.
- Brand audits are a rich source of customer feedback and help to ensure that properties live up to their brand promise.

Results of all these research and customer audit processes constitute a key element in employee training and refresher courses.

Customer rights

As much as customers have the right to expect quality, service, integrity and honesty in their dealings with Sun International, there are other equally important expectations that we must uphold, such as the privacy of customer data. Other rights are those in respect of facilities for disabled people, a safe, clean and healthy environment and a high level of accountability in terms of the promotion of responsible gambling, and measures to address problem and compulsive gambling.

All Sun International staff are trained specifically not only to understand the importance of these values in respect of the group's corporate culture, but how to integrate these issues into all customer interactions.

For Sun International, this is not simply a matter of compliance with regulations – it is central to the group's commitment to its customers and their wellbeing.

Shareholders

*

Sun International strives to provide shareholders with information pertinent to the group promptly and transparently.

*

COMMUNICATION

Sun International continues to enjoy the support of its shareholders and appreciates their involvement and interest in the affairs of the group.

Sun International actively seeks constructive engagement with its shareholders. As a policy it strives to provide shareholders with information pertinent to the group of a financial and non-financial nature promptly and transparently. This is achieved through the publication of the annual report, the interim and year end results announcements and through other media releases in the case of matters which are considered of interest to shareholders. Announcements of a regulatory nature are published through SENS (the JSE's Securities Exchange News Service) and the press, as applicable.

Sun International's website (www.suninternational.com) contains information relating to the group which is of interest to stakeholders, including copies of press releases, announcements of interest on its various operations, the interim and year end results announcements, annual report, financial highlights and development updates.

The chief executive and chief financial officer meet with industry analysts, fund managers, financial journalists and representatives of existing and prospective shareholders, both locally and internationally, to enable them to gain a better appreciation of the industry and the group and to deal with queries relating to our operations. The chairman and executive directors engage in discussions with representatives of the major shareholders to obtain feedback on issues of relevance to the group. No information of a price sensitive nature or which is not in the public domain is discussed at these meetings and no particular shareholder is given broader rights or privileged access to information over the rest of the shareholders.

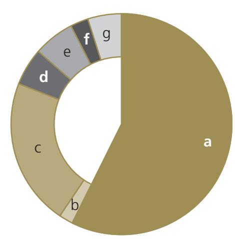
Sun International publishes quarterly business updates at the end of the first and third quarters of the financial year, including high level trading and operating performance data in an effort to provide stakeholders with up to date and relevant information.

Management encourages and appreciates the feedback received from shareholders, analysts and fund managers regarding the usefulness, quality and extent of the group's reporting and communication process.

Shareholders are encouraged to attend the annual general meeting, as this is the forum at which they can air their views and raise issues of concern.

FREE FLOAT

As at June 2006, Sun International was ranked number 50 in the FTSE/JSE All Share Index with a market capitalisation of approximately R9,4 billion and a 100% free float, and number 28 in the FTSE/JSE 25 Industrial Index.



Types of shareholders at 30 June 2006

a	Insurance and assurance companies and provident funds	57%
b	Investment companies	2%
c	Banks, nominee companies and trusts	21%
d	Share trusts	6%
e	Corporate	3%
f	Individuals	5%

BENEFICIAL OWNERSHIP AT 30 JUNE 2006

BEE shareholders' economic interests in the Sun International group are in aggregate approximately 31%. The group, through preference share funding and guarantees given by the group, facilitated the BEE shareholders' acquisition of a significant portion of this interest. At 30 June 2006, the group had provided loans and preference share funding in the amount of R262 million to its BEE partners. The group has also guaranteed R20 million of funding provided by financial institutions to certain of its BEE partners.

Number of shareholders	Category			Number of shares owned	% of total issued shares
	Size of shareholding				
2 666	1	–	1 000 shares	970 746	0,82
855	1 001	–	10 000 shares	2 682 382	2,28
337	10 001	–	100 000 shares	12 288 433	10,44
145	100 001	–	1 000 000 shares	40 327 232	34,26
27	1 000 001	–	shares and over	55 660 732	47,28
4 030				111 929 525	95,08
1	Treasury shares			5 788 482	4,92
4 031				**117 718 007**	**100,00**

Ten largest beneficial shareholders at 30 June 2006	Number of shares owned	% of total issued shares
Allan Gray	14 769 729	12,55
Old Mutual Group	9 301 435	7,90
Sun International Employee Share Trust	5 971 426*	5,07
Sun International Investments No 2 Limited (treasury shares)	5 788 482	4,92
Transnet Pension Fund	4 933 903	4,19
Dinokana Investments	4 471 648	3,80
Investment Solutions	3 936 560	3,34
Orbis	2 747 621	2,33
Metropolitan	2 529 260	2,15
Namibian Government Institutions Pension Fund	2 285 147	1,94
	56 735 211	**48,19**

* Includes an effective interest in 3 373 348 shares held indirectly through Dinokana Investments.

Top ten fund managers	Number of shares	% of total issued shares
Allan Gray Asset Management	45 346 395	38,52
Old Mutual Asset Managers	9 164 433	7,79
Marathon Asset Management	7 172 803	6,09
Metropolitan Asset Management	2 952 918	2,51
Orbis Investment Management	2 747 621	2,34
Hermes Pensions Management	2 488 322	2,11
Polaris Capital	2 450 041	2,08
RMB Asset Management	2 380 168	2,02
Sanlam Investment Management	2 084 717	1,77
Coronation Fund Managers	1 519 577	1,29
	78 306 995	**66,52**

Shareholder spread (beneficial) at 30 June 2006	Number of shareholders	% of total issued shares
Public	**4 014**	**76,08**
Non-public	**16**	**11,37**
Directors of the company and its subsidiaries	13	0,98
Employee Share Trusts	2	5,47
Own holdings – treasury shares	1	4,92
Shareholder beneficially interested in 10% or more of the issued shares	**1**	**12,55**
	4 031	**100,00**

Society and Community

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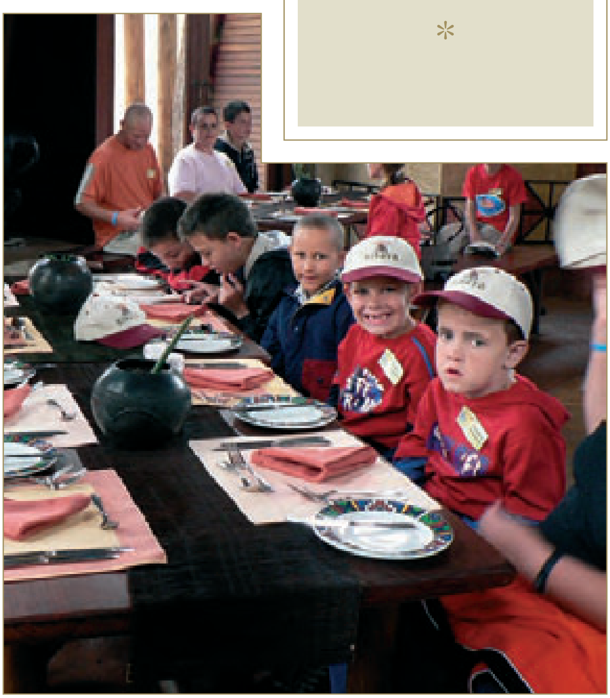
The group set aside and spent 2% of its annual profit after tax to invest in CSI projects.

*



POLICY AND DELIVERY STRUCTURES

Part of Sun International's mission statement states that

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

Sun International's policy is therefore to promote upliftment and socio-economic development of the communities in which the group operates. This is achieved primarily through the investment of financial resources, and very importantly, by working alongside community members, affording them leadership and transferring skills to applicable communities.

In promoting development, Sun International ensures transparency and equitable distribution of funding to communities and to appropriate CSI projects. The involvement and participation of Sun International employees in the process enhances and adds impetus to all CSI related activities.

The group set aside and spent 2% of its annual profit after tax to invest in CSI projects, which is significantly higher than the global and South African average. This percentage commitment excludes any external funding obtained from or provided by development partners or other sources. At group level, CSI spend is aimed at national flagship projects that fall within defined focus areas, while at unit level, funding is directed towards locally or regionally significant organisations or causes.

Each unit has a CSI committee whose responsibility is to identify suitable projects in their own communities. All projects undertaken at the different units are sanctioned by the unit's CSI committee, which consists of various elected management and line staff representatives.

Sun International continues to contribute to the Sports Trust, and its projects committee made recommendations on projects to be supported during the year. The Sports Trust management committee subsequently approved projects in the amount of R5,7 million.

Some of the major projects that benefited from the Sports Trust include:

- **SA Golf Development Board – National**
  Golf balls were purchased to be used nationally by young development golfers.

- **Indigo Skate Camp – KwaZulu-Natal**
  A skate ramp at Isithumba Village was built.

- **Soweto Boxing Association – Gauteng**
  Boxing equipment was purchased and allocated to clubs affiliated to the Association.

- **North West Cricket**
  Equipment was purchased for disabled schools and the community in the North West.

- **DISSA (Disabled Sport) – National**
  Twelve wheelchairs were purchased to assist players to qualify for the 2008 Beijing Games.

- **2006 Homeless Soccer World Cup – National**
  Two moveable soccer pitches were purchased to be used during the Homeless Soccer World Cup that took place in Cape Town in September 2006. After the event, the pitches were donated to the two respective Homeless Soccer Leagues.

- **Dihlabeng Local Football Association – Free State**
  Soccer equipment and kit benefited 16 clubs in their league.

- **Bambanani Indoor Sports Centre – Mpumalanga**
  Received various items of sports equipment.

- **Playing for Peace – KwaZulu-Natal**
  Received contributions for the building of eight basketball courts in the previously disadvantaged areas of Chatsworth, Umlazi, Molweni Village and Umbumbule Village.

Projects embarked upon at a national level include the following:

- **Disability Sports South Africa (DISSA)**
  The group continues its relationship with DISSA. An amount of R3,5 million will be contributed during the next three years.

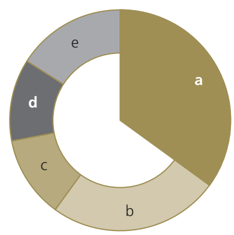
- **Arts and Culture Trust (ACT)**
  Sun International continued its contribution to the ACT during the year to help ensure the continued development of arts and culture in our country.

- **The Variety Club**
  Sun International contributes to this worthy cause by donating R10 000 every time the Grand Progressive Jackpot is won on African Express – the amount paid during the year amounted to some R250 000.

- **Reach For A Dream**
  The objective of this Foundation is to fulfil the dreams of children who have been diagnosed with a life-threatening illness and applies to children of all income groups and of any race, colour or creed between the ages of three and 18. Sun International donates R10 000 for every jackpot paid out on the Dream Machine.

- **NSRI – National Sea Rescue Institute**
  The NSRI fulfils an invaluable role in the maritime, fishing and leisure industries, and was the recipient of corporate support as well as fundraising projects undertaken by three of our coastal units.

- **South African Chefs Association**
  This year, the group contributed to the SA Chefs Association, whose objective is to establish a culinary school for the training of Chefs in SA.



Corporate social investment spend by category

a	Health and welfare – including HIV/AIDS	35%
b	Education	25%
c	Community development	12%
d	Sports, arts and culture	12%
e	Other	16%

REGIONAL PROJECTS AND INITIATIVES

Major medium and long-term projects and sponsorships include the Tapologo AIDS Hospice, Soundtrack for Life, The Hydroponic farm in the North West, and Habitat for Humanity.

Tapologo AIDS Hospice

Sun International plays a major role in the Tapologo HIV/AIDS Programme. Conceptualised in 1993/1994, the programme is managed under the auspices of the Catholic Diocese of Rustenburg. Through partnering with various stakeholders, including NGOs, Government, traditional leaders and various other private sector organisations, the programme has enabled the pooling of resources in order to provide a holistic approach to HIV/AIDS.

During this financial year, Sun International contributed more than R3,5 million toward completing various aspects of the project. Over and above that, the Posi+ive initiative enabled a major fundraising drive and the funds raised will help in the management of the Tapologo Programme.

Some of the major projects, donations and sponsorships, which were undertaken by our units in 2006 include:

- **The Macufe Festival**
  Sun International sponsored this arts and culture festival, which was held in Bloemfontein this year.

- **The Odi Hospital Paediatrics Ward**
  The ward was renovated and refurbished to bring it up to the standards required. The Paediatrics Ward assists patients from Mabopane, Garankuwa, Soshanguve and surrounding communities.

- **Samuel Nongongo Primary School**
  The school was assisted with floor covering and painting to provide a good environment for learners.

- **Read Educational Trust**
  A contribution was made to ten schools that were identified in the Nelson Mandela Metro to ensure that students have adequate reading material.

- **Faranani Hydroponic Project**
  This empowering project helps to create sustainable farming jobs in Limpopo Province.

- **Spruitview Skills Centre**
  A skills centre was established in the East Rand, which assists members of the community in acquiring a variety of skills, including sewing and gardening.

- **Umkhanyakude School**
  A number of classrooms were built in the Umkhanyakude District Municipality.

- **Housing Projects for Families Affected by HIV/AIDS**
  A number of houses were built for AIDS orphans to enable them to live in decent houses and be able to continue to live a dignified life.

- **Life Community Welfare**
  Donations were given to this charity which looks after orphans and runs a feeding scheme.

- **Childhood Cancer Association**
  Upgrading of the Cancer Ward, contribution to fundraising events and matching grants were part of activities for this organisation.

- **Kwa-Mashu Old Age Home**
  The ablution blocks and the sluice room in the old age home were renovated.

- **Bootlaces Soccer Academy**
  The academy receives sponsorship to boost soccer development in the community.

- **Various other donations and sponsorships**
  A number of donations/sponsorships continue to be granted to organisations that take care of a variety of community social issues. These include the Heart Foundation, SPCA, Rotary, Police Forums, Cancer Association, Starfish, the Red Cross Society and the SOS Children's Fund, amongst others.

- **Ongoing assistance, projects and schemes**
  The group continues to assist communities through activities such as feeding schemes, soup kitchens, clean up campaigns, crime stop awareness programmes, fundraising golf days, training unemployed youth, and training community leaders amongst other programmes, in order to ensure a consistent and ongoing contribution to social development.

CSI IN OTHER SOUTHERN AFRICAN COUNTRIES

The group adopts the same policy and applies the same principles of CSI in its operations outside South Africa.

In Namibia, donations were made towards the Mariental Flood Victims, and to various other welfare organisations that deal with abuse, HIV/AIDS and other societal challenges.

In Lesotho, the group made donations to the Beautiful Gate Home, the Kananelo Centre for the Deaf and Paballong Trust.

In Zambia, the group assisted in the Katombora Fish Farming project involving the excavation of fishing ponds, the provision of a new water pump and the rehabilitation of broken water pumps.

In Swaziland, a clinic was built in the Ezulwini area, which is where the resort is based and a majority of employees live. Donations were also made to hospices and those in need.

In Botswana, donations were made to the Lady Khama Trust, which has gone towards a clinic in Serowe and further donations towards an SOS Children's Village.

Various other community-focused projects, donations and sponsorships were embarked upon during the year.

Suppliers

The group's BEE procurement target for 2006 of 40% has been exceeded by achieving a score of 46%.

BEE PROCUREMENT

During the year, Sun International Group Procurement continued to take a stringent view of BEE compliance by assessing scores on a narrow based weighting formula.

ACHIEVEMENTS

BEE procurement targets were originally set in the 2004 financial year, at 25% rising each year to an ultimate target of 50% in 2008. These targets have been significantly exceeded with BEE procurement figures coming in at 33% and 42% for the years ended June 2004 and June 2005 respectively.

As a result, Sun International Group Procurement has increased its empowerment targets for operational goods and services. The target set for the current financial year was 40% and has again been exceeded, by achieving a score of 46%. The ultimate target of 50% has now been set for the financial year ending June 2007.

The target for the procurement of goods and services from BEE enterprises in respect of new developments and refurbishments was 30%. This too has been well exceeded, with a score of 41%.

SUPPLIERS

Sun International Group Procurement has entered into formal contracts with major suppliers of goods and services to the group. These contracts specify pricing, specification and service levels. Contracts are awarded on the basis of ability to deliver, pricing and a significant weighting in favour of BEE. The tender process has been strictly formalised, with all key outcomes encompassed in a tender protocol document.

Where appropriate, Sun International's procurement policy also makes provision for the support of Small, Medium and Micro Enterprise (SMME) companies supplying niche products and services to regional units. These suppliers are encouraged to link into the formal supply processes, which are negotiated at regional level on a quarterly basis.

TECHNOLOGY

In order to improve the ongoing measurement of BEE procurement at a regional and group level, Sun International Procurement has introduced an automated process for tracking and scoring BEE purchases. Suppliers' BEE ratings are kept up to date and the score per supplier at each property can be tracked on a real-time basis.

These supplier scores are consolidated in order to assess each unit's success in its attempts to drive BEE procurement. These unit scores are then aggregated by Group Procurement, in order to arrive at a BEE score for the Sun International group as a whole.

Government and Regulators

Sun International operates in a highly regulated environment. In terms of the Constitution, central government and the nine provinces have concurrent legislative competence regarding, among other things, casinos, racing, gambling and wagering.

The gambling industry is governed by the National Gambling Act of 2004 (which replaced a previous national statute of 1996) and legislation enacted by each of the nine provinces. The Provincial Licencing Authorities (PLAs) exercise a range of statutory functions to control the conduct of gambling and racing, where applicable, in their respective provinces. The National Gambling Board has an oversight function and a range of other responsibilities aimed at meeting the objectives of the Act.

The principal asset of any casino operator is its licence to trade. Attached to casino licences is a variety of conditions and it is the function of the PLAs to ensure that operators comply with these and other terms of the licence.

It is therefore self-evident that Sun International's relationship with government be based on a high degree of compliance, mutual trust, constructive engagement and regular consultation. Sun International enjoys a close working relationship with the National Gambling Board as well as the PLAs in the eight provinces in which it operates. At a policy level, Sun International engages government through the Casino Association of South Africa.

INDUSTRY INITIATIVES:

Casino Association of South Africa (CASA) and the National Responsible Gambling Programme (NRGP)

CASA was formed in 2003 by the groups whose operating companies hold casino licences in South Africa. Its aim is to serve as a forum for the advancement of matters of common interest to its members. The main activities are conducted by a board comprising the chief executives of its members, augmented by the office of CASA's own CEO.

CASA contributes significantly in the areas of research and information dissemination on the casino sector to the public, the media, regulators and a host of political and other decision makers. CASA's CEO is a regular participant at international conferences and has established meaningful relations with a number of counterpart associations in various parts of the world.

There is a close working relationship with the National Responsible Gambling Programme (NRGP), the internationally acclaimed public/private sector partnership which focuses on problem gambling research, education and treatment. Conceptualised and founded by Sun International, the NRGP is now supported by all South African casinos, which contributed some 88% of the NRGP's overall budget in the past year, with the balance provided by the horse racing, bingo and limited payout machine industries.

Sun International is an active participant in the affairs of both organisations through representation on their respective boards. The CASA board was chaired by Peter Bacon until his retirement as chief executive of Sun International at the end of the financial year.

TOURISM BUSINESS COUNCIL OF SOUTH AFRICA (TBCSA)

TBCSA continues its activities through South Africa's tourism industry role-players to bolster the funding of SA Tourism's marketing and promotional activities. Currently. a 1% levy on room rates is paid over to SA Tourism to increase their local and international marketing spend.

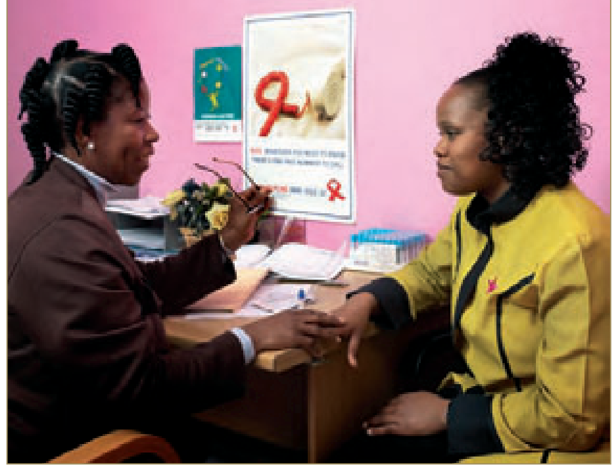
HOTEL INDUSTRY LIAISON GROUP (HILG)

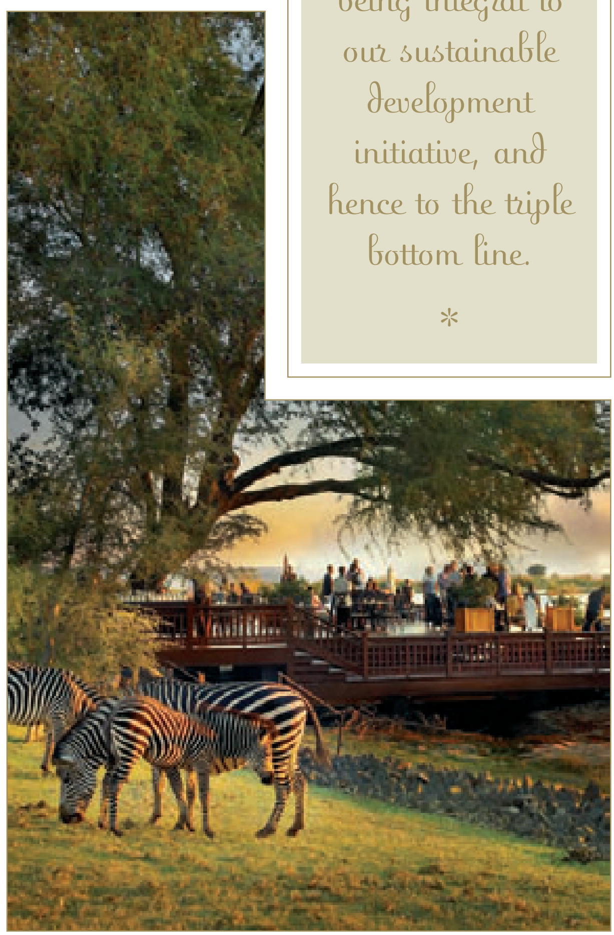
HILG is an informal discussion forum at which senior executives of South Africa's major hotel and resort groups discuss matters of common interest. Meetings are held periodically, as and when agenda items of sufficient import have been collated.

LEGISLATIVE DEVELOPMENTS

There have been very few legislative developments during the past financial year. This could be attributed, in part at least, to the levels of maturity and sophistication of legislation achieved both nationally and provincially.

Health, Safety and Environment





We see health, safety and the environment as being integral to our sustainable development initiative, and hence to the triple bottom line.

INTRODUCTION

This section of the annual report provides a description of the current position at Sun International in respect of health, safety and environmental (HSE) issues. We see health, safety and environment as integral to our commitment to sustainable development and consequently to the 'triple bottom line'. The information provided in this section has been drawn from Sun International's operations throughout southern Africa.

Our 2005 report noted that progress against our sustainable development goals had been slower than planned. This was due to the restructuring of this portfolio, which is now complete. The development director is accountable, with support from the group engineering manager, who holds the responsibility for driving this initiative within the group. The development director reports on progress to the chief executive.

UNDERSTANDING HEALTH, SAFETY AND ENVIRONMENTAL MANAGEMENT OVER THE 2005 – 2006 REPORTING YEAR

Heritage audit

In previous years, it was reported that the group was implementing 'Heritage', a local environmental rating programme, at selected facilities. The Heritage programme incorporates the principles of responsible tourism and business practice, placing a firm emphasis on communication, community interaction, education and the social environment. The programme is designed to develop best practice systems and procedures that encourage the operation of a facility in a holistic manner. Heritage awards Silver, Gold or Platinum status to a property based on its performance across a variety of environmental categories.

During this past reporting year, a decision was taken to implement Heritage at all properties, with a view to becoming Africa's first environmentally rated gaming and hospitality group. Group efforts to date have already resulted in the Wild Coast Sun being awarded the most environmentally responsible property in South Africa at the

Imvelo Awards. In addition, this property recently achieved Platinum status from Heritage.

One of the first steps in the process of implementing Heritage was to undertake a survey of all properties. This survey established the baseline environment, and tracked progress at those properties already involved in Heritage.

In addition to Heritage, there are properties which are required to implement an internationally recognised Environmental Management System. For those properties, the implementation of the ISO14001 standard is taking place alongside Heritage.

Annual survey

Questionnaires on HSE issues are distributed to all properties on an annual basis. The objective is to obtain an update on HSE management at all properties, monitor progress from the preceding year, and ascertain if there are any new issues that require attention from a group perspective.

The survey covers the following issues:

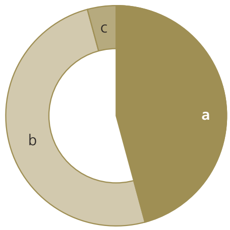
- Governance, which includes management and reporting systems.
- Environmental management, including trends in environmental performance and progress with respect to the implementation of the formal Environmental Management System (EMS).
- Health and safety, including trends in performance and incident reporting.
- Corporate responsibility, including HIV/AIDS programmes and support of community projects.

The following section has information drawn from the survey and the Heritage status report.

Environmental Management Systems and Heritage ratings

The fact that certain facilities are required to implement an international EMS has been noted in previous annual reports. EMS development is currently underway at Flamingo and Meropa, and with Windmill Casino now fully operational, the implementation of an EMS at this unit will commence in the near future. An in-depth review of the operation and effectiveness of ISO14001 implementation at GrandWest will be undertaken, while the system has already been in place for some time at Boardwalk and Carnival City.

In terms of Heritage, Silver status has been awarded to all facilities starting with Heritage, while Gold status has already been achieved by 50% of the properties. Platinum status has been achieved by the Wild Coast Sun.



Heritage ratings for the group

a	Silver	45,8%
b	Gold	50,0%
c	Platinum	4,2%

Governance and awareness

Despite particular efforts at some properties such as the Wild Coast Sun, Boardwalk and The Table Bay, awareness of environmental issues among staff, suppliers and guests has not met our group targets. This will be remedied in the coming year through the official formation of 'Green Teams' at each property. Firm commitment to environmental issues from senior management will be demonstrated by the fact that involvement from GMs in Green Teams will be compulsory. This will be complemented by the development of a more comprehensive and regular eco-training programme for staff.

Creating greater awareness of the group's environmental policy, objectives and goals amongst its supplier base will be a priority in the coming year. This will assist the group to reduce impacts on areas such as waste generation, while further promoting environmentally responsible behaviour.

Guest oriented environmental communication varies in nature and style across the properties. Over the next year, a more direct approach will be taken with particular emphasis on communicating the group's commitment to environmental management, as well as offering guests opportunities to play an active role in meeting environmental goals.

A number of issues were raised in respect of additional support required from properties:

- Environmental awareness training kits.
- Regular updates of environmental legislation that is common to units (eg national legislation).
- Clear corporate goals and objectives.
- Setting up a mutual learning system for facilities.

Biodiversity protection

Of the 20 properties surveyed, eight reported having a protected or sensitive area on or adjacent to their site, the most significant being the Zambian Resort located within the Victoria Falls World Heritage Site.

There are also facilities that are situated adjacent to the coast in rural areas such as the Fish River Sun and the Wild Coast Sun. Fish River Sun is located within a coastal dune ecosystem, where threatened plant and animal species are known to occur, and this facility is following the recommendations from the Environmental Impact Assessment for the area to ensure that its impacts on this ecosystem are minimised. Although facilities such as The Table Bay Hotel and the Boardwalk are located within urban areas, they are adjacent to the sea. They therefore consider their location to be sensitive and consequently promote measures to ensure that they do not impact negatively on the coastal and marine environments.

The drive to plant indigenous vegetation has been significant, with 11 properties reporting over 50% of their respective properties planted with indigenous plants. Some units report having between 80% and 90% of formally landscaped areas under indigenous planting. As water is a scarce resource in southern Africa, programmes to further reduce exotic vegetation, which generally consumes more water than indigenous species, are ongoing. To promote greater awareness amongst, staff, guests and suppliers, properties will begin identifying major species of vegetation around gardens by means of labels and signs. Another area of focus for the next year is to review existing biodiversity monitoring systems to identify gaps and to determine whether any improvements need to be made.

Design and construction

As reported previously, all new facilities have undertaken Environmental Impact Assessments (EIAs) prior to construction. These EIAs have achieved considerable success in promoting environmental sustainability during the design, construction and to some degree, the operational phase. In order to achieve focus on long term sustainability, the group will investigate implementing efficient Building Management Systems to assist in reducing resource consumption.

Many properties do not have on-site and independent resource meters. The coming year will see the installation of internal meters to assist in monitoring resource consumption in high-use areas.

For existing and potential new developments beyond South Africa, a 'green buildings' checklist will be compiled by March 2007 to ensure that the group designs, builds and operates in an environmentally responsible manner.

Water consumption

Last year's report noted that a standard reporting method would be developed for water use, which takes account of visitor numbers. This is a complex process as footcount does not necessarily translate directly into actual visitor numbers. Investigation into an appropriate standard measurement for water consumption in relation to visitor numbers is therefore ongoing.

Notwithstanding this measurement challenge, ten properties reported a decrease in water use during the past year, achieved primarily through managing irrigation practices. Some units use water sources other than the municipal supply such as boreholes, grey water, dam water and treated sewerage effluent. The quantity of water used from these alternate sources is not monitored, so it is consequently difficult to ascertain whether total water use has been reduced.

Information provided by units shows that there seems not to be an active initiative to investigate water saving technologies, with only one property reporting the installation of water saving devices. Water use awareness programmes for guests and staff are being implemented on a limited scale.

The goals for the next year are to:

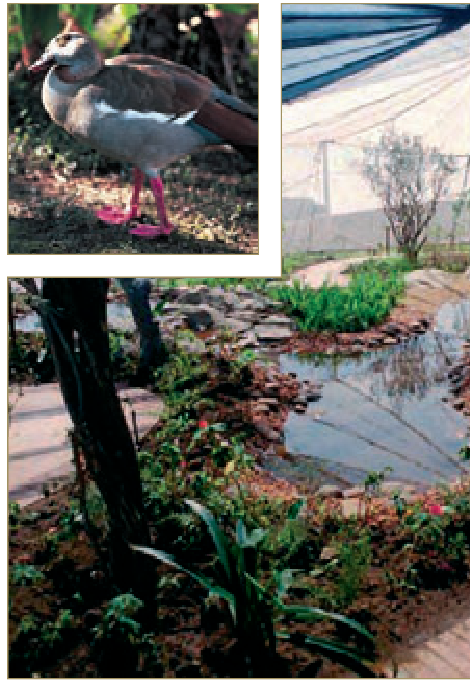
- Establish an inventory of current water sources and a system to monitor consumption from each of these at each facility.
- Investigate water saving devices and develop a strategy for implementing these at the group's properties.
- Develop design standards in relation to water conservation measures to be applied at all new developments.
- Implement guest and staff awareness programmes on water conservation at all units.

Energy use

While electricity is the main source of energy, most properties also make some use of fossil fuels. This includes gas (mainly for cooking), petrol (for go-carts) and diesel (for the stand-by power supply). Units were asked to provide information on the use of all types of energy. Data on gas, diesel and petrol use has been provided for the first time for this reporting period. A lack of metering of actual energy use taking place has not made it possible to determine trends in use for the 2006 Annual Report.

In general, the data from the questionnaires are not easy to interpret, as there is still some inconsistency in the reporting method used across the properties. Only four properties recorded a reduction in energy use for the 2005/2006 period compared to seven in the previous reporting period. A number of facilities implemented energy management systems (mainly in the form of a Building Management System) during 2004/2005, which means that the benefits were realised during the last reporting period. These data suggest that it may be difficult to achieve further savings through the Building Management System alone, and that alternative means will therefore need to be investigated.

Waste management has been identified as the most important environmental issue across the group.



Most facilities report that the main consumer of energy is heating and cooling. Lighting is also reported as using a significant proportion of total energy due to the nature of the business which requires high ambient lighting levels. This suggests that emphasis should be placed on investigating energy saving technologies in respect of space heating/cooling and lighting. Sun City, Zimbali and Wild Coast Sun have an on-going programme to replace existing incandescent lighting.

The goals for the coming year are:

- Investigate energy saving devices and develop an implementation strategy.
- Develop energy conservation design standards measures for all new developments.
- Implement guest and staff awareness programmes on energy conservation at all facilities.

Waste management

Waste management has been identified as the most important environmental issue across the group. In general, waste management is outsourced to a specialist waste contractor, whose responsibility includes collection, sorting, recycling and waste disposal.

The Wild Coast Sun, Boardwalk, Carnival City and Sibaya operate effective systems of waste management. However, the majority of properties consider this issue challenging. With few exceptions, no measuring or monitoring of actual waste levels takes place at properties, and only a small percentage of the waste generated is recycled. This is often as a result of waste not being separated at source, with recyclable items being contaminated by wet waste and dumped at the landfill facility. Source separation will therefore receive attention during the 2006/2007 reporting year. Some properties, specifically those in small towns and rural areas, are unable to recycle their waste due to the lack of supporting infrastructure (eg recycling collection centres) in their area. Typically, materials that are recycled are paper, glass, tins, plastic and cardboard. There is limited monitoring of hazardous waste volumes.

Organic waste from gardens is generally channelled to the main waste stream. Composting programmes are being initiated at all units to assist in reducing the volume of waste dumped, or burnt in some cases. The group will explore community involvement in this initiative.

The group is driving the implementation of a responsible purchasing policy. Amongst other goals, this policy would require suppliers to consider ways of minimising packaging, which should assist in reducing waste at source.

Goals for the next year include:

- Include packaging guidelines in the responsible purchasing policy.
- Establish a better understanding of hazardous waste that is produced at the facilities.
- Investigate waste recycling and re-use options beyond the traditional recyclables (cardboard, paper, glass and tins), particularly in respect of food waste, which is likely to be a significant proportion of the waste stream.

Social responsibility and community based projects

All units have a Corporate Social Investment (CSI) programme. Support takes the form of funding as well as 'in kind' contributions. In addition, staff give of their time on a voluntary basis for projects that are supported by the facility concerned. In all cases, 100% of CSI budgets was allocated to projects in the local community.

This past reporting year showed a general increase in spending on community projects across the group. Projects supported include feeding schemes, supporting centres that deal with women and children abuse, HIV/AIDS programmes, education trusts, sports groups, arts and culture, life skills programmes and drug and alcohol abuse centres, with all projects generally falling within the ambit of social upliftment, consistent with the socio-economic needs of South Africa.

The National Responsible Gambling Programme (NRGP) is discussed elsewhere in this report. This worthwhile initiative is ongoing at all the group's gaming properties.

In respect of CSI, the goals for the next year are to:

- Identify at least one community based environmental project at each facility for support. This could be the clean-up of a beach, wetland or river, an alien vegetation clearing day or an environmental awareness programme, possibly linked to the various 'environmental days' in the calendar.
- Make use of data received from the Responsible Gambling Programme to evaluate effectiveness and suggest further enhancements where appropriate.

Health and safety

All facilities have well-developed health and safety systems in keeping with legislative requirements. Health and safety committees are in place and there is a formal reporting process for health and safety monitoring and incident reporting. No facilities experienced any fatal or disabling injuries. One facility reported a significant lost time (man hours) injury due to the hospitalisation of a staff member who was injured by a guest behaving in a disorderly fashion. Some facilities experienced minor staff injuries (eg cuts). All incidents were investigated and corrective action undertaken. These included training and the development of procedures or changes to existing procedures to prevent future occurrences.

Health and safety compliance forms part of the group's internal audit process. Scores for the 2005/2006 year varied from 68% to 97%, comparable to the previous reporting period. One facility outside South Africa obtained a score of 48% for its first health and safety audit. Upgrading of HSE systems has therefore been deemed a priority at this facility. All facilities are working towards implementing a health and safety management system, with most following that of OHSAS18001.

Managing health, safety and environmental risk

An independent environmental legal firm has been appointed to assist each property in compiling a legal register of health, safety and environmental legislation that would be applicable to the unit. It is anticipated that the registers will be completed during this reporting year. Areas that need attention to ensure compliance with legislation include:

- Ordering new boilers for the properties in Swaziland.
- Ensuring all boreholes and river extraction systems are registered.
- Compiling asbestos registers for those properties housing asbestos and asbestos related products.
- Eliminating on-site dumping at Sun City, Zambia and Swaziland properties.

During the past reporting year, no environmental incidents occurred at any of the group's properties.

Heritage performance at a glance

The Heritage Programme has scored performance in environmental categories at each property.

Category	Group score (%)	Highest (%)	Lowest (%)
Purchasing Procurement	56	89	30
Business Partnership	46	83	30
Design and Construction	66	80	49
Transport	59	96	30
Fauna and Flora	49	83	17
Communication and Marketing	48	73	27
Noise Management	90	97	67
Energy Management	64	73.3	50
Water Management	65	90	47
Waste Management	54	73	3
Air Quality Management	59	96	30

Corporate environmental management priorities and goals

Sun International set itself a number of HSE goals in the 2005 Annual Report. Performance against these goals is summarised below.

Goal	Status
Provide environmental education training for middle management	This training is scheduled for the latter part of 2006
Provide environmental education material for use at all group properties	Development of environmental awareness material will be completed by the end of the year
Ensure legal registers are in place at all properties	Legal registers are being compiled for all the properties
Establish a more consistent reporting structure for environmental management practices	Achieved
Continue to monitor environmental progress at each property	Ongoing
Continue EMS implementation	Ongoing
Explore joining the JSE Sustainability Index	A final decision will be made by the end of 2006
Complete the implementation of a 'green building' policy and strategy to be applied in new developments	Not commenced yet

Goals for next year

Achieving sustainability management consistency remains a key focus for the next year and will form an important part of the group engineering manager's day-to-day activities.

Other priorities for the next 12 months are:

- To finalise outstanding activities in respect of the 2005 HSE goals.
- To review the corporate environmental policy and to expand it into a sustainability policy.
- To set corporate objectives and targets for sustainable development and communicate these to all properties.
- To investigate developments in sustainable tourism and responsible tourism and formulate a strategy for the group.
- To develop a strategy for sustainability reporting, which takes cognisance of the Global Reporting Initiative (GRI) guideline included in the King II Code of Corporate Governance.
- To review the EMS implementation and the effectiveness of its operation at facilities where the system has been in place for two to four years.
- To finalise the responsible purchasing policy and procedures.
- To investigate water and energy conservation measures, set guidelines and a roll out programme.
- To establish 'green building' standards to be applied at all new developments.
- To develop environmental awareness training kits for use at the various units.
- To set up a calendar of environmental events or days (eg World Environment Day) and initiate associated awareness activities for the group.
- To identify events that deal with sustainable development challenges and trends.
- To implement a system that allows for the measuring, monitoring and reduction of waste.

Ethics

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The group enhances its Code of Ethics on a regular basis and strives to ensure that the values on which it prides itself continue to form an integral part of the culture of the group.

*

CODE OF ETHICS

Management and staff are expected to commit and adhere to the highest ethical standards of conduct. The group's internal code of ethics (refer page 110) clearly confirms its commitment to all its stakeholders, provides guidelines governing the personal conduct of its employees and emphasises the importance of adopting enlightened employment policies and practices. The group enhances its Code of Ethics on a regular basis and strives to ensure that the values on which it prides itself continue to form an integral part of the culture of the group.

ETHICS LINE

Sun International employs the services of a reputable external auditing firm to operate a 24-hour toll-free Ethics Line, which employees may call anonymously. Any crime or incident of fraud or malpractice within the group that might be reported to the Ethics Line is brought to the attention of the chief executive.

The reporting procedure is published in every edition of our staff publication.

FINANCIAL INTELLIGENCE CENTRE ACT (FICA) TRAINING

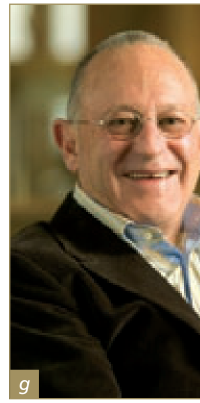
All holders of gambling licences are regarded as accountable institutions in terms of the FICA, and are governed by certain provisions of the FICA and its regulations. Sun International recognised the importance of compliance with the Act but also looked towards governance aspects and proper ethical behaviour. Sun International therefore became the first company of its type to comply with the obligations imposed upon it by the provisions of the FICA.

Policy was developed and implemented to provide the basis for dealing with suspicious transactions at all Sun International managed properties. Roles were allocated to certain departments in respect of the systems and processes to be developed. Money laundering monitoring, through our surveillance departments, was put in place to monitor compliance with the FICA. An educational and awareness programme was undertaken and subsequently, training manuals developed for relevant staff on the various aspects and obligations we have under the FICA in conjunction with other casino companies, Sun International developed and implemented internal rules for all casino companies and properties.

Sun International maintains a high focus on reiterative training and compliance through its various structures. To date, five Sun International properties have been audited by the National Gambling Board, the supervisory body in terms of the FICA. No adverse reports were received in respect of these audits.

CASA CODE OF CONDUCT FOR RESPONSIBLE GAMBLING

CASA and its members are committed to making responsible gambling an integral part of their daily operations at all their casinos throughout South Africa. To advance this goal, CASA members have agreed on a code of conduct which sets out the industry's commitment in this regard to their employees, their customers, the public and on money lending. Sun International adheres to this code of conduct.



EXECUTIVE DIRECTORS

a **PD (Peter) Bacon** (60)

National Dip Hotelkeeping and Catering; MHCIMA (British)

Peter Bacon served as chief executive from 1 July 2003 until 30 June 2006 when he retired from the group following an extensive career spanning over 30 years in the hotel, resorts and gaming industries.

b **RP (Rob) Becker** (44)

Chief financial officer

BAcc, CA(SA), MBA

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

c **DC (David) Coutts-Trotter** (44)

Chief executive

BBus Sci, BAcc, CA(SA)

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

NON-EXECUTIVE DIRECTORS

d **DA (Buddy) Hawton** (69) *

Chairman

FCIS

Appointed to the board in 1987 and retired as an executive director of Sun International on 30 June 2003. Buddy Hawton is a director of Standard Bank Group Limited, Liberty Group Limited, Liberty Holdings Limited, Stanlib, Nampak Limited, Woolworths Holdings Limited (chairman) and RRHL (chairman). He previously held directorships in City Lodge Hotels Limited, Altron Limited, South African Mutual Life Assurance Society, Rennies Group Limited, Safmarine and Rennies Holdings Limited (chairman) and South African Marine Corporation Limited (chairman).

e **GR (Graham) Rosenthal** (62) †#

CA(SA)

Appointed to the board in 2002. Graham Rosenthal is a non-executive member of various audit committees, including Macsteel Service Centres SA (Pty) Limited, Merseta and ICASA, serves on credit committees and is a trustee of staff share schemes of Investec Bank. He retired in 2000 from Arthur Andersen after being in charge of their South African audit and business advisory practice. He served as chairman of the Investigations Committee of the South African Institute of Chartered Accountants until 1999.

f **IN (Nigel) Matthews** (61) †

MA (Oxon), MBA

Appointed to the board in 1996. Nigel Matthews holds a number of non-executive directorships, including City Lodge Hotels Limited, Massmart Holdings Limited, Metrofile Holdings Limited and Lenco Holdings Limited (chairman) and has also been nominated as a trustee of the Sun International Employee Share Trust (chairman). Previously chairman of Sentry Group Limited and managing director of Holiday Inns Limited.

g **PL (Leon) Campher** (58) *†

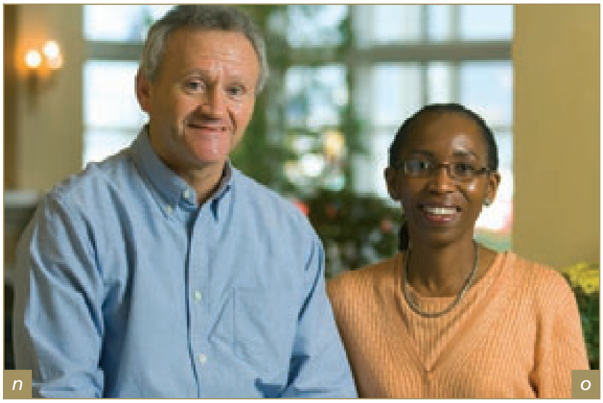
BEcon

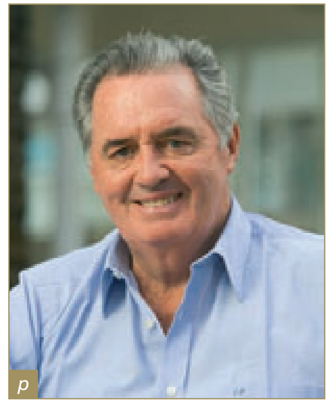
Appointed to the board in 2002. Leon Campher has extensive experience in investment management with Old Mutual, Syfrets Managed Assets, Coronation and African Harvest. He is deputy chairman of the Stakeholders Forum of the Bond Exchange of SA, a director of STRATE Limited and Brimstone Investments Corp and serves as a member of the Financial Sector Charter Council, the directorate of Market Abuse and the Financial Markets Advisory Board. Retired from executive positions in February 2002.

h **H (Hassen) Adams** (54)

HND Pr Tech Eng Civil Engineering

Appointed to the board in 2004. Hassen Adams has many years' experience in the field of civil engineering and project management and is a director of Grindrod Limited, chairman of ASCH Consulting Engineers and Proman Project Managers. He holds interests in restaurants and is chairman of Cape Town Fish Markets and San Squires and is also chairman of GPI, which company he represents on the board of SunWest as chairman.





i **MV (Valli) Moosa** (49)

BSc (Mathematics, Physics)

Appointed to the board in November 2005. Valli Moosa served as Minister of Constitutional Development from 1994 to 1999 and as Minister of Environmental Affairs and Tourism from 1999 to 2004. He served as chairman of the United Nations Commission on Sustainable Development from 2002 to 2003 as well as the Business Trust. He is presently a national executive committee member of the ANC and currently holds directorships, inter alia, in Lereko Investments (executive chairman), Dinokana Investments, Eskom Holdings (chairman), Imperial Holdings, Sanlam and SAA and is president of the World Conservation Union (RUCN).

j **MP (Mike) Egan** (51) *†#

BCom, CTA, CA(SA)

Appointed to the board in 1992. Mike Egan has significant experience in the leisure, film and entertainment industries in South Africa and was formerly group managing director of Interleisure Limited and chairman of Ster Kinekor, Computicket and Toron Film Studios and a director of Sasani Limited. At the end of 1997 he retired from all executive positions. Holds private equity investments in and provides project services to the leisure, film and entertainment industries.

k **E (Eddy) Oblowitz** (49) †#

BCom, CA(SA), CPA (Isr)

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

l **PEI (Peter) Swartz** (65)

Adv Pr Teachers Dip

Appointed to the board in 2004. Peter Swartz is the proprietor of the Peter Swartz Property group and chairman and CEO of Southern Pumps (Pty) Limited. He currently serves as a non-executive director of the ABSA Group, ABSA Bank and Distell Limited. He previously held directorships in New Clicks Holdings (deputy chairman), Sanlam, Ellerine Holdings, SunWest (chairman) and GPI (chairman). Has over the past 35 years held personal interests in various industries, including cinemas, hotels, supermarkets and fast foods, gaining him significant experience in those industries.

m **LM (Louisa) Mojela** (50)

BCom

Appointed to the board in 2004. Louisa Mojela is group chief executive officer of WIPHOLD of which she is a founder member, and holds non-executive directorships in, inter alia, ABB SA, Ericsson SA and SAA. She is also a director of Afrisun, which company she represents as a director on the board of Emfuleni Resorts and as chairman of Afrisun Gauteng. She is also a member of the Financial Services Board and has held positions at Lesotho National Development Corporation, DBSA and SCMB.

n **DM (David) Nurek** (56) †#

Dip Law, Grad Dip Company Law

Appointed to the board in 2002. David Nurek is the regional chairman of Investec's various businesses in the Western Cape and is also global head of legal risk. He is a non-executive director to various listed and unlisted companies, including Foschini Limited, Trencor Limited, New Clicks Holdings Limited, Pick 'n Pay Stores Limited, Allan Gray Property Trust Management Limited, Distell Group Limited, Business Connexion Group Limited, Aspen Pharmacare Holdings Limited, Lewis Group Limited and JCI Limited. Served as chairman of the legal firm Sonnenberg Hoffman & Galombik until June 2000.

o **Dr NN (Lulu) Gwagwa** (47)

BA (Fort Hare), MTRP (Natal), MSc (London), PhD (London)

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

p **L (Leslie) Boyd** (69) *†

CEng, FIM

Appointed to the board in 2001. Leslie Boyd is chairman of Datatec Limited, Imperial Holdings Limited and Metmar Limited and also holds directorships in various listed and unlisted companies, including Aspen Pharmacare Holdings, Columbus Stainless, Highveld Steel and Vanadium Corporation and the Tongaat-Hulett Group. Past chairmanships include Anglo American Industrial Corporation Limited, Anglo American Platinum Corporation Limited, Allied Technologies Limited and AECI Limited, deputy chairman of Anglo American Corporation of South Africa and executive vice chairman of Anglo American Plc.

MANAGEMENT – Directors (SIML)

a DC (David) Coutts-Trotter (44)

Chief executive

b CS (Clarence) Benjamin (46)

Director: group internal audit

BCom, CA(SA)

Clarence Benjamin joined Sun International in 2005. He completed articles with Kessel Feinstein. After a period as audit partner at Meredith Harrington, he was appointed to the Office of the Auditor General as a corporate executive in 1996. He has served in a variety of high level positions and has gained valuable experience and understanding of varied auditing environments.

c RP (Rob) Becker (44)

Chief financial officer

d DR (Kathi) Mokhobo (41)

New business development director

BCom, BAcc, ACMA, CA(SA)

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

e G (Garth) Collins (59)

Director, gaming operations

Garth Collins joined Sun International on its formation in 1983 and holds directorships in a number of group companies, including SunWest, Emfuleni Resorts, Afrisun KZN and Afrisun Gauteng and was previously chairman of Swazispa Holdings and Sun International (Botswana). He was appointed director of gaming operations in March 2006 and is primarily responsible for the management of Sun International's gaming operations. He has 39 years' experience in the hotel, resorts and gaming industries and was previously a director of the Holiday Inn group for several years.

f PG (Philip) Georgas (63)

Divisional director: resorts

Philip Georgas joined the Sun International group in June 1996 and holds directorships in a number of Sun International group companies in southern Africa, including Swazispa Holdings, Sun International (Botswana), Sands Hotels and Sun International (Zambia). He is responsible for the management of Sun International's resorts operations, the group's sales and marketing functions both locally and internationally, centralised purchasing and the 'Dreams' outbound tour operation.

g PT (Patrick) Reinecke (59)

Gaming director

Patrick Reinecke joined Sun International at its inception in 1983 and has over 30 years' experience in the gaming, hotel and resort industries. He started his career at the Royal Swazi Spa as a dealer in 1970, progressing to general manager, Morula Casino and Hotel in 1987. He has responsibility for overseeing the group's gaming environment, and will be retiring in October 2006.

h S (Sean) Montgomery (44)

Development director

BSc (QS) WITS

Sean Montgomery rejoined Sun International as development director in 2005. Originally with Sun International from 1995 to 2003 during which period he was responsible for the construction of Carnival City, GrandWest and was seconded to oversee the construction of the Cape Town International Convention Centre. He has 16 years' experience in the construction and property development industry, including ten years' experience in leisure, hotel, gaming and resort development.

i KRE (Kurt) Peter (51)

Divisional director: gaming south

Kurt Peter rejoined Sun International in 1995 as area general manager of the Thaba'Nchu and Naledi Suns in the Free State. This was followed by three years as general manager of the Cascades Hotel and Entertainment Centre at Sun City, and followed by an appointment as director of operations: Sun City. He was appointed as general manager of the GrandWest Casino and Entertainment World in early 2000 and was extensively involved with its establishment and successful opening in December 2000. He was promoted to divisional director: gaming south in early 2006 and has 30 years' experience in the hospitality and gaming industry.

j J (Jaco) Coetzee (48)

Director: gaming compliance and tables

Jaco Coetzee commenced his career in gaming in 1981, and joined Sun International in 1983

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

k J (Joe) Lukwago-Mugerwa (51)

Group human resources director

LLB

Joe Lukwago-Mugerwa joined Sun International in 2005. Before joining Sun International he was Chief State Law Advisor in the Premier's office of the Province of the Eastern Cape, the chairperson of the Provincial Gambling and Betting Board and a member of the steering committee of the International Association of Gaming Regulators.

l DS (Des) Whitcher (47)

Director: gaming development and slots

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

m JA (John) Lee (49)

E-business & technology director and CIO

BCom, CA(SA)

John Lee joined Sun International in 1986 as a divisional finance executive, was promoted to group financial manager of Sun International's operations in the North West Province in 1991 and was appointed business development director in 1995 to oversee the group's participation in the new casino licence and integration process in South Africa. He was appointed to his current position in late 2001, in terms of which he has responsibility for the strategy, governance, best practices and policies of the group's e-business and information technology functions, as well as the overall enterprise project execution and operational wellbeing thereof. Articled with Pricewater-houseCoopers Inc.

n TC (Tristan) Kaatze (45)

Divisional director: gaming north

CA(SA), CPA (USA)

Tristan Kaatze rejoined Sun International in 2000 as commercial manager: gaming north and was appointed general manager of the Sugarmill Casino/Sibaya in 2002 and as divisional director: gaming north in 2005. He has 18 years' experience in the gaming industry, which includes Las Vegas. He is a director of a number of Sun International group companies, including Afrisun Gauteng, Afrisun KZN and Meropa.

o HJ (Hendrik) Brand (50)

Legal affairs director

BCom, LLB and CPIR

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

p PR (Rob) Hellings (52)

Finance director: SIML

BCom, BCompt (Hons), CA(SA)

Rob Hellings joined Sun International on its inception in 1983 as group accountant. He holds directorships in various group companies and is responsible for the financial affairs of SIML. He completed his articles with PricewaterhouseCoopers Inc and has over 20 years' experience in the hotel, resorts and gaming industries.

GROUP SECRETARY

q SA (Silvia) Bailes (52)

Group secretary: Sun International

FCIS, FCIBM

Silvia Bailes joined Sun International on its inception in 1983 to establish the group's corporate and related services division, with oversight for gaming and other licensing processes, intellectual property rights, as well as share scheme and plan administration and compliance, for which she remains responsible. She has been instrumental in the formulation and implementation of the group's corporate governance processes, particularly at board level.

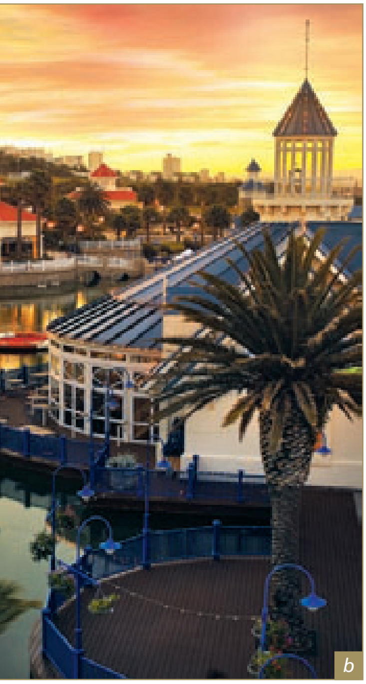
Administration

Sun International Limited

Incorporated in the Republic of South Africa, Registration number 1967/007528/06
Share code: SUI, ISIN: ZAE000070678

- **Group Secretary:**
  SA Bailes FCIS, FCIBM
- **Auditors:**
  PricewaterhouseCoopers Inc
- **Principal Bankers:**
  Nedbank Limited
  The Standard Bank of South Africa Limited
  ABSA Bank Limited
- **Corporate Law Advisors and Attorneys:**
  Edward Nathan Sonnerbergs Incorporated
  Hofmeyr Herbstein & Gihwala Inc
- **Sponsor:**
  Investec Bank Limited
- **Registered Office:**
  27 Fredman Drive, Sandown, Sandton 2031, Gauteng, Republic of South Africa
  Telephone (+2711) 780 7000, Telefax (+2711) 780 7716, website: www.suninternational.com
- **Transfer Secretaries:**
  Computershare Investor Services 2004 (Pty) Limited
  Ground Floor, 70 Marshall Street, Johannesburg 2001, Gauteng, Republic of South Africa

Corporate Governance Report



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> The board acknowledges its commitment towards transformation at all levels as a fundamental business imperative.
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> ✻

OUR COMMITMENT

The Sun International group is committed to and endorses the application of the principles recommended in the King II Code of Corporate Practices and Conduct.

The board is satisfied that the company is compliant with the Code in most material respects and with the related Listings Requirements of the JSE Limited (JSE), the extent of which is dealt with under appropriate sections throughout this report.

The board remains mindful of the need to achieve a balance between conformance and performance, leadership and control, thereby fostering an entrepreneurial culture within acceptable risk levels, aimed at promoting value creation, at all times observing the group's broader obligations to society in terms of environmental, economic and social sustainability. The board acknowledges its commitment towards transformation at all levels as a fundamental business imperative.

The group's commitment to these principles is evidenced by, inter alia, the following achievements during the year:

- The company was ranked third amongst South Africa's Top 200 JSE companies for its contribution to broad based empowerment in the Financial Mail's Empowerdex Top Empowerment Companies;

a ***Sibaya,*** *Umhlanga*
b ***Boardwalk,*** *Port Elizabeth*
c ***Zambezi Sun,*** *Zambia*

- The company received a merit award for its annual report in the 2005 ICSA Annual Reports Award in the commercial, IT and non-financial services sector;
- The company was selected as one of South Africa's Top 100 companies of 2005 in the Sunday Times Business Times survey; and
- The company was ranked number 64 in the Financial Mail Top Companies 2006 report.

BOARD OF DIRECTORS

The board is the focal point of the company's corporate governance system and is ultimately accountable and responsible for the key governance processes and the performance and affairs of the company. The board strives to provide leadership and vision to the company in a manner that will enhance shareholder value and ensure its long term sustainable development and growth.

Board charter

The board adopted a charter in 2002 which regulates how business is to be conducted by the board in accordance with the principles of good corporate governance. The charter is reviewed and updated where necessary by the board on an annual basis. Compliance with the terms of the charter and the company's memorandum and articles of association are an integral part of each director's conditions of appointment.

The charter regulates and deals with, inter alia:

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

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

Board chairman

The board is chaired by Mr Buddy Hawton, an independent non-executive director. As from 1 July 2006, Mr Hawton has been considered independent as three years had elapsed since he held the position of chief executive of the company. The chairman of the board is responsible, inter alia, for ensuring the integrity and effectiveness of the board's governance processes, and is subject to annual election from amongst its members. Mr Hawton has, following the recommendation of the remuneration and nomination committee after an evaluation of his performance, been re-elected chairman by the board for a further period not exceeding one year, the annual re-election being a requirement of the company's articles of association.

Board composition

Sun International has a unitary board structure comprising a mix of executive and non-executive directors. Procedures for appointment to the board are formal and transparent and a matter for the board as a whole. The board is assisted in this process by the remuneration and nomination committee. In making their recommendations, the remuneration and nomination committee applies the pre-requisites for board membership as set out in the board charter.

The board presently comprises two executive and 13 non-executive directors, of whom eight are considered independent in terms of the definitions contained in the Code. The non-executive directors have the necessary skills and experience, as is evidenced from their CVs on pages 86 and 87, to provide judgement independent of management on material board issues. The composition of the board appears on pages 86 and 87 of the annual report, and changes in the directorate during the financial year and to the date of this report on page 113.

Chief executive and delegation of authority

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

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

Mr Peter Bacon retired as a director and chief executive on 30 June 2006 having reached the group's retirement age. Mr David Coutts-Trotter (formerly chief executive designate) was appointed chief executive on 1 July 2006.

The executive directors are individually mandated and held accountable for:

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

Succession planning

Structured management succession planning for the purposes of identifying, developing and advancing future leaders of the group is an important element of the management process.

Board and committee evaluations

The board has evaluated its own performance, processes and procedures during the year in terms of a self-evaluation process that takes place every two years. Through the remuneration and nomination committee, the board informally appraises the performance of the board chairman. The board chairman evaluates the contribution of each individual non-executive director. The remuneration and nomination committee, through the board chairman, is required to appraise the performance of the chief executive. The results of this appraisal are considered by the remuneration and nomination committee in the evaluation of and the determination of the remuneration of the chief executive. Board committees were also reviewed during the year in terms of self-evaluations which take place every two years. Action plans to improve outcomes, where necessary, or to implement suggestions for improvements made by the directors or committee members, have been put in place in terms of best practice.

Directors' period of office and retirement

In terms of the company's articles, new directors may only hold office until the next annual general meeting at which they will be required to retire and offer themselves for re-election. Directors are subject to retirement by rotation at least once in every three years. The retirement age for an executive director is 60, and for a non-executive director, 70, subject to review by the board and the remuneration and nomination committee.

Induction of directors

On appointment all directors are provided with an induction programme and materials aimed at broadening their understanding of the group and the business environment and markets in which the group operates. This process is carried out over a period of time and includes the provision of background material, meetings with senior management and visits to the group's operations. The group secretary plays a role in the induction of new directors. All directors are expected to keep abreast of changes and trends in the business and in the group's environments and markets, including changes and trends in the economic, political, social and legal climate.

Access to company information and confidentiality

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

Independent professional advice and company secretary

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

The company secretary provides a central source of advice to the board on the requirements of the Code and corporate governance and, in addition to the company secretary's statutory and other duties, provides the board as a whole, directors individually, and the committees with guidance as to how their responsibilities should be discharged in the best interests of the company. The appointment and removal of the company secretary is a matter for the board as a whole.

Directors' and officers' liability insurance

Directors' and officers' liability insurance cover is in place in the case of any claims being brought against them.

Conflicts of interest

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

Board meetings

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

In addition, the board holds a strategy meeting with executive management on an annual basis to determine strategic direction and to consider plans proposed by management for the achievement thereof. Progress against the strategic plan is monitored on a quarterly basis.

Additional board meetings may be convened on an ad hoc basis, if necessary, to deal with extraordinary issues of importance which may require urgent attention or decision.

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

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

Six board meetings were held during the 2006 financial year and a further two since then and to the date of this report. Details of attendance by each director are as follows:

	30 July 2005 (strategy)	**30 Aug 2005 (quarterly)**	**29 Nov 2005 (quarterly)**	**2 March 2006 (quarterly)**	**27 March 2006 (ad hoc)**	**26 May 2006 (quarterly)**	4 July 2006 (strategy)	28 Aug 2006 (quarterly)
DA Hawton								
PD Bacon**							n/a	n/a
DC Coutts-Trotter								
H Adams							x	
RP Becker								
L Boyd								
PL Campher								
MP Egan								
NN Gwagwa*	n/a	n/a	n/a					
IN Matthews								
LM Mojela								
MV Moosa*	n/a	n/a	n/a					
DM Nurek					x			
E Oblowitz					x		x	
GR Rosenthal	x							
PEI Swartz					x			

present x apologies n/a not applicable * appointed to the board on 30 November 2005 ** retired from the board on 30 June 2006

BOARD COMMITTEES

The board is authorised to form committees to assist in the execution of its duties, powers and authorities. The board has three standing committees, namely the audit, remuneration and nomination, and risk committees. The terms of reference, and composition of the committees, are determined and approved by the board and have been adopted by all the committees and are subject to review, and approval, by the board on an annual basis. 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 has agreed that any one director should preferably not serve on more than two committees at a time.

Various other committees have been established throughout the group to oversee issues of an operational, day-to-day management nature, including e-business and technology operational activity and governance.

AUDIT COMMITTEE

Composition: Messrs MP Egan (chairman), DM Nurek, E Oblowitz and GR Rosenthal.

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

The mandate of the audit committee includes:

- consideration of the annual appointment and evaluation of the external auditors, the audit plan and audit fees;
- evaluation of the independence and effectiveness of the external auditors, consideration of non-audit services performed by them in respect of which a policy has been established;
- review of the interim report and annual financial statements, including the valuation of unlisted investments and loans, prior to submission to the board;
- discussion of problems arising from external audit and review of the external auditors' interim and final reports and identification of key issues;
- review and evaluation of the internal audit activities and plan, annual review of the internal audit mandate, ensuring adequate resourcing, ensuring co-ordination between internal and external audit, ensuring appropriate action by management in the event of major deficiencies or breakdowns in controls or procedures, and considering the appointment of the head of internal audit;
- consideration of major findings of internal investigations and management's responses;
- monitoring of compliance with the group's Code of Conduct and significant breaches thereof;
- review of the adequacy of the systems of internal control and any legal matters which could significantly impact on the group's financial statements;
- review of compliance with the King Code and JSE Listings Requirements in so far as these relate to the financial statements; and
- evaluation of its own performance and effectiveness every two years.

All members of the audit committee are independent non-executive directors and are financially literate. The chairman of the board, the chief executive, the chief financial officer and the director of internal audit attend audit committee meetings by invitation. Other board members also have right of attendance. The chairman of the audit committee, or in his absence another member of the committee nominated by him, attends the annual general meeting to answer questions falling under the mandate of the committee.

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

The audit committee is required to meet at least three times a year. Four audit committee meetings were held during the 2006 financial year and a further two since then and to the date of this report. Details of attendance by each member are as follows:

	26 Aug 2005 (year end)	**3 Oct 2005 (financial statements)**	**24 Feb 2006 (interim)**	**8 May 2006 (planning)**	24 Aug 2006 (year end)	18 Sep 2006 (financial statements)
MP Egan		x				
DM Nurek						
E Oblowitz						
GR Rosenthal						

present x apologies

The audit committee has adopted written terms of reference approved by the board and has satisfied its responsibilities in compliance therewith in all material respects during the financial year. Its terms of reference were reviewed during the year to ensure these remain in line with current trends and developments relating to audit committees.

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

REMUNERATION AND NOMINATION COMMITTEE

Composition: Messrs DA Hawton (chairman), L Boyd, PL Campher, MP Egan and IN Matthews.

All members of the committee are independent non-executive directors. For as long as the committee also performs a nomination function, the board chairman is to be appointed chairman of the committee.

The remuneration and nomination committee reviews the design and management of executive director and senior executive salary structures and policies, incentive schemes and share incentive and option programmes to ensure they motivate sustained high performance throughout the group. The committee also regularly reviews the composition of the board and makes recommendations to the board on its composition, the appointment of executive and non-executive directors, the re-election of retiring directors and the composition of the board committees, in terms of the pre-requisites set out in the board charter.

The group's remuneration philosophy is set out on page 103.

The mandate of the remuneration and nomination committee requires the committee, inter alia, to:

- ensure that competitive reward strategies and programmes are in place to facilitate the recruitment, motivation and retention of high performance executive directors and senior executives in support of realising corporate objectives and in safeguarding shareholder interests;
- develop and implement a philosophy on remuneration and disclosure to enable a reasonable assessment of reward practices and governance processes to be made by stakeholders;
- recommend the level of non-executive directors' and board committee fees to the board having received the proposals/recommendations of the executive directors, for consideration and approval by shareholders;
- regularly review the composition of the board and committees of the board, and if necessary make recommendations to the board on its composition, the appointment of new executive and non-executive directors and the composition of the board committees;
- ensure consideration is given to succession planning in the group;
- review and determine the remuneration of the chief executive, any deputy chief executive and their direct reports, subject to consideration of the short and longer term components of their remuneration and individual contributions and performance;
- review the performance of the board chairman in consultation with the executive directors, and to report on the review to the board; and
- review compulsory group employee benefits and costs relevant thereto, and ensure the proper administration of the company's share incentive and option schemes.

The chief executive and director of human resources attend all meetings of the committee by invitation, unless deemed inappropriate by the committee.

No executive director or senior executive is present at meetings of the remuneration and nomination committee when his/her own remuneration is discussed or considered. The chairman of the remuneration and nomination committee, or in his absence another member of the committee, is required to attend the annual general meeting to answer questions on the subject of remuneration.

The committee has adopted written terms of reference approved by the board and has satisfied its responsibilities in compliance therewith in all material respects during the financial year. The terms of reference have been reviewed and amended during the year.

The remuneration and nomination committee is required to meet formally at least twice a year. Five remuneration and nomination committee meetings were held during the 2006 financial year and a further one since then and to the date of this report. Details of attendance by each member are as follows:

	4 July 2005	**30 Aug 2005**	**29 Nov 2005**	**2 March 2006**	**26 May 2006**	28 Aug 2006
DA Hawton						
L Boyd						
PL Campher						
MP Egan						
IN Matthews						

present

RISK COMMITTEE

Composition: The committee is chaired by Mr David Nurek, an independent non-executive director. Also represented on this committee are the chief executive, chief financial officer and group secretary, Messrs DC Coutts-Trotter and RP Becker, and Mrs SA Bailes, and two independent non-executive directors, Messrs IN Matthews and GR Rosenthal. The committee is operational in nature, accordingly other members comprise representatives from the group's management company, SIML, namely Mr HJ Brand (legal affairs director), Mr J Coetzee (director: gaming compliance and tables), Mr G Collins (director: gaming operations), Mr PG Georgas (divisional director: resorts), Mr PR Hellings (finance director), Mr TC Kaatze (divisional director: gaming north), Mr JA Lee (e-business & technology director and CIO), Mr J Lukwago-Mugerwa (human resources director), Mr DR Mokhobo (new business development director), Mr S Montgomery (development director), Mr KRE Peter (divisional director: gaming south), Mr PT Reinecke (gaming director) and Mr DS Whitcher (director: gaming development and slots).

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

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

An independent enterprise risk management specialist has assisted the committee since its inception in 2002 with the development of the group's risk governance processes in accordance with the principles of King II and international best practice. The specialist attends meetings of the committee by invitation.

The committee has adopted a written mandate and terms of reference approved by the board, the terms of which are subject to annual review by the committee and the board. These were reviewed and amended during the year.

This mandate includes, inter alia:

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

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

	29 July 2005	24 Feb 2006	4 July 2006
DM Nurek			
PD Bacon***			n/a
SA Bailes			
RP Becker*	by invitation		
HJ Brand			
J Coetzee**	n/a	n/a	by invitation
G Collins			
DC Coutts-Trotter			
PG Georgas			
PR Hellings			
TC Kaatze			
JA Lee			
J Lukwago-Mugerwa*	by invitation		
IN Matthews			
DR Mokhobo*	by invitation		
S Montgomery*	by invitation		
KRE Peter **	n/a	n/a	by invitation
PT Reinecke	x		
RG Rimmer****		n/a	n/a
GR Rosenthal	x		
DS Whitcher**	n/a	n/a	by invitation

	present	*	appointed to the risk committee on 30 July 2005
x	apologies	**	appointed to the risk committee on 4 July 2006
n/a	not applicable	***	retired from the risk committee on 30 June 2006
		****	retired from the risk committee on 31 December 2005

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

RISK MANAGEMENT, ACCOUNTABILITY AND AUDIT

Risk management

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

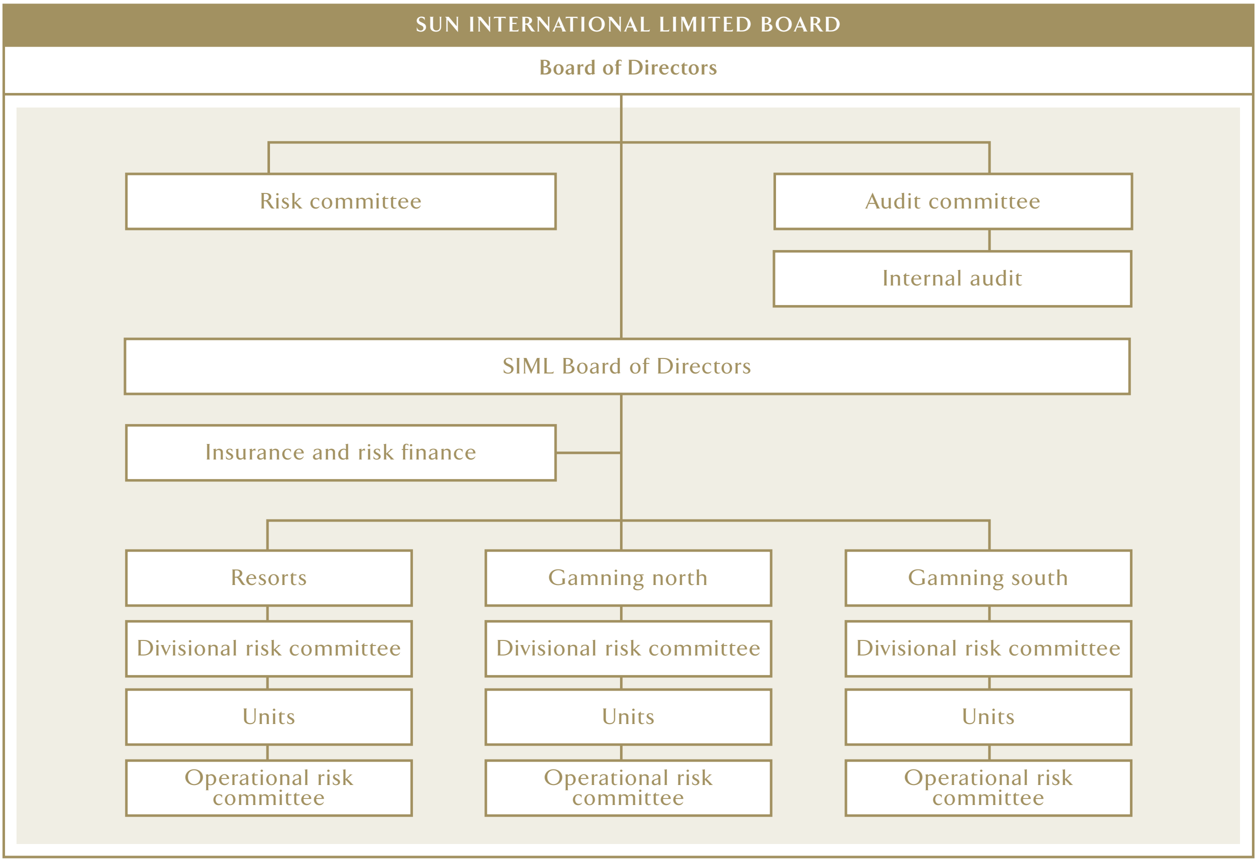
'The directors of Sun International have committed the company to a process of risk management that is aligned to the principles of the King II report. The features of this process are outlined in the company's risk policy framework. All group business units, divisions and processes are subject to the risk policy framework.

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

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

Risk management processes are embedded in our business systems and processes, so that our responses to risk remain current and dynamic. All key risks associated with major change and significant

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



actions by the company also fall within the processes of risk management. The nature of our risk profile demands that Sun International Limited adopts a prudent approach to corporate risk, and our decisions around risk tolerance and risk mitigation reflect this. Nonetheless, it is not the intention to slow down the group's growth with inappropriate bureaucracy. Controls and risk interventions are chosen on the basis that they increase the likelihood that we will fulfil our intentions to stakeholders.

Every employee has a part to play in this important endeavour and in achieving these aims.'

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

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

During the year, the company's risk register comprising the top 50 risks was updated and each risk reviewed, re-ranked and documented. The review process also explored the possibility of new risks having entered the risk environment, and these were defined and ranked in the same way as existing risks. The register continues to be updated on an annual basis, or as often as circumstances necessitate. Ownership of each risk remains the responsibility of assigned senior executives, who report on progress made with agreed action plans and existing internal controls. The top 20 risks are monitored by the SIML board on a quarterly basis. The SIML board submits a risk management report to the risk committee twice a year focusing on the top 20 risks. Each division drafts a risk management submission to the SIML board quarterly, focusing on the top 10 risks facing the division. Each unit reviews its risks at its risk committee meeting once a quarter and minutes the top 20 risks facing the operation and any risk developments and losses.

The key risks that form the focus of this process at a strategic level include:

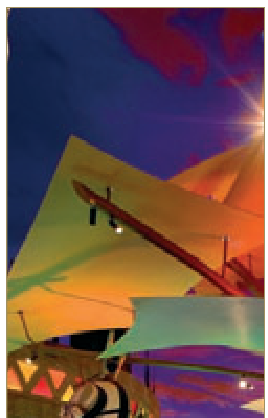
- the impact of potential anti-gaming sentiment;
- risks associated with the potential non-renewal of gaming licences or exclusivity;
- limited casino growth opportunities in South Africa and market maturity;
- pressures for empowerment charters within the industry; and
- the impact of potential increases in gaming taxes.

Each risk has been measured in terms of its potential impact upon income statement items and the group's balance sheet. The group's propensity for risk tolerance is used to guide decisions for risk mitigation. The process of enterprise risk management is therefore embedded at a strategic level and the process has been cascaded to the group's major subsidiaries.

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

a

The group has developed a good culture of managing risk, with a significant number of embedded processes, resources and structures in place to address risk management needs.



b

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

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

The board is satisfied with the process of identifying, monitoring and managing significant risks and internal controls and that appropriate systems are in place to manage the identified risks, measure the impact thereof and that these are proactively managed so that the company's assets and reputation are suitably protected.

ACCOUNTABILITY AND AUDIT

Internal audit

The internal audit department is designed to serve management and the board of directors through independent evaluations and examinations of the group's activities and resultant business risks, including gaming compliance and compliance with the Responsible Gaming Programme.

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

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

External audit

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

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

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

Internal control

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

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

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

Anti-money laundering

Money laundering is a global problem. In terms of South African anti-money laundering legislation, the group has an obligation to assist the country in preventing and curbing attempts at money laundering. In line with international best practice, Sun International meets all obligations and requirements in respect of reporting procedures, specific controls and administration, as well as for training in anti-money laundering. A compulsory training programme, including all staff in the slots, tables, cashiering, finance and surveillance departments has been implemented throughout the group to mitigate against the potential reputation, relationship and financial integrity risks associated with money laundering. This is of particular relevance to the gaming industry in which the group operates and closely akin to the requirements of its casino licences with which the group observes compliance. The programme includes a process of transaction analysis, customer identification and record keeping, ensuring compliance and reporting in terms of the Financial Intelligence Centre Act (FICA).

Going concern

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

Directors' responsibility for annual financial statements

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

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

REMUNERATION AND SHARE OPTION REPORT

The remuneration policy of the group is structured to attract, retain and incentivise employees, and rewards performance that meets the interests of both the group and its shareholders.

Remuneration philosophy

Sun International is committed to ensuring that its approach to the remuneration of its management and staff underpins the need to attract, retain and incentivise the best talent available within the industry and the country. It is Sun International's philosophy to adopt best practice and ensure that overall remuneration takes account of current trends. To this end, a comprehensive Total Cost of Employment (TCOE) remuneration strategy for all permanent full-time positions was introduced to all South African operations during last year, and where possible and practical from a taxation and regulatory standpoint, to the rest of the southern African operations. All increments are now based on TCOE. This provides a platform to enable a degree of employee choice in package structuring and reflects current best practice.

Performance management is used as a management tool to ensure that all components in the group's operations are functioning optimally through continuous assessment, clear accountability and fair rewards for additional outputs.

Remuneration structure

Sun International's policy is to compensate executive managers on or about the 75th percentile (Q3) of the relevant remuneration market. Remuneration scales are benchmarked and are generally structured so that midpoints equate to the upper quartile levels.

Through the remuneration and nomination committee, Sun International reviews its remuneration strategy on a regular basis and benchmarks itself against companies of similar size to ensure that the overall level of compensation of its senior executive management is competitive and structured to achieve the optimum balance between guaranteed and variable remuneration, both short term (bonus scheme) and long term (share incentive schemes).

Remuneration strategy at the executive and senior management level comprises market related guaranteed remuneration and variable remuneration in the form of participation in an executive bonus scheme, comprising 'EVA®' and 'EBITDA' target components. Additionally, and where appropriate, executives also participate in the share plans which are subject to pre-determined performance criteria.

Share incentive schemes

Following developments in the regulatory environment and best practice, the board has determined that the existing share option scheme is no longer appropriate. The existing share option scheme will nevertheless remain in place for options granted under the scheme until such time as these options are exercised or lapse. No further options will be granted under this scheme.

Share options held by directors in terms of their participation in the Sun International Limited Employee Share Incentive Scheme as at 30 June 2006

	Date of grant	Grant price R	Number of options held 30 June 2005	**Options exercised during year ended 30 June 2006**	**Number of options held 30 June 2006**	Lapse date	**Number of options vesting 30 June 2006**
PD Bacon	17.08.1998	19,375	43 750	**(43 750)**	–	17.08.2008	–
	11.09.1998	19,050	70 375	**(70 375)**	–	11.09.2008	–
	22.09.1999	19,525	43 750	**(43 750)**	–	22.09.2009	–
	24.08.2000	31,200	43 750	**(43 750)**	–	24.08.2010	–
	04.12.2001	22,975	43 750	**(32 813)**	**10 937**	04.12.2011	**10 937**
	06.03.2003	26,500	43 750	**(21 875)**	**21 875**	06.03.2013	**10 937**
	01.08.2003	31,555	124 875	–	**124 875**	01.08.2013	**93 656**
	12.09.2003	32,950	85 125	–	**85 125**	12.09.2013	**63 843**
	25.11.2003	39,005	90 000	–	**90 000**	25.11.2013	**45 000**
	01.09.2004	40,950	75 000	–	**75 000**	01.09.2014	**37 500**
	30.06.2005	61,825	75 000	–	**75 000**	30.06.2015	**18 750**
	30.06.2006	82,900	NIL	–	**75 000**	30.06.2016	–
			739 125	**(256 313)**	**557 812**		**280 623**
RP Becker	30.06.2005	61,825	200 000	–	**200 000**	30.06.2015	**50 000**
DC Coutts-Trotter	17.08.1998	19,375	17 500	**(17 500)**	–	17.08.2008	–
	11.09.1998	19,050	20 000	**(20 000)**	–	11.09.2008	–
	22.09.1999	19,525	17 500	**(17 500)**	–	22.09.2009	–
	24.08.2000	31,200	17 500	**(17 500)**	–	24.08.2010	–
	04.12.2001	22,975	17 500	**(13 125)**	**4 375**	04.12.2011	**4 375**
	06.03.2003	26,500	17 500	**(8 750)**	**8 750**	06.03.2013	**4 375**
	01.08.2003	31,555	93 750	**(8 125)**	**85 625**	01.08.2013	**38 750**
	12.09.2003	32,950	37 500	–	**37 500**	12.09.2013	**18 750**
	25.11.2003	39,005	56 250	–	**56 250**	25.11.2013	**28 125**
	01.09.2004	40,950	46 875	–	**46 875**	01.09.2014	**11 718**
	30.06.2005	61,825	46 875	–	**46 875**	30.06.2015	**11 718**
			388 750	**(102 500)**	**286 250**		**117 811**
DA Hawton	24.08.2000	31,200	62 500	**(62 500)**	–	24.08.2010	–
	04.12.2001	22,975	62 500	**(62 500)**	–	04.12.2011	–
	06.03.2003	26,500	62 500	**(62 500)**	–	06.03.2013	–
			187 500	**(187 500)**	–		–
			1 515 375	**(546 313)**	**1 044 062**		**448 434**

• In terms of the rules of the scheme:
all options held by Mr Hawton vested on 1 July 2003, following his retirement as an executive from that date; and
all options held by Mr Bacon vested on 1 August 2006, following his retirement as an executive from that date.

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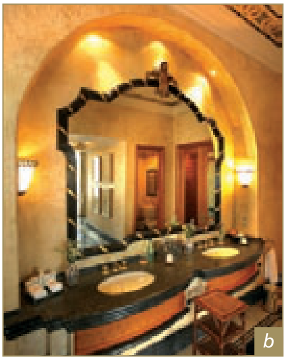
New share plans align management and shareholder interests with performance conditions governing the vesting of plan instruments.



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In line with growing practice and emerging South African practice, a proposal for the adoption of three new share plans, based on equity settled EGP (Equity Growth Plan), a CSP (Conditional Share Plan) and a DBP (Deferred Bonus Plan) was approved by shareholders at the 2005 annual general meeting. The new plans support the principle of alignment of management and shareholder interests, with performance conditions governing the vesting of the plan instruments. Conditions may include, as appropriate, achievement of predetermined or relative total shareholder return.

Executive directors and selected senior employees of SIML participate in certain or all of these new plans. The first awards under the EGP and CSP were made on 30 June 2006 and on 20 September 2006 under the DBP.

Terms of service

A variety of benefits are available to employees, including retirement funds, medical aid, annual bonuses, long service awards at five-year intervals, meals at work, and in some instances – subsidised transport. Additionally, access to home loans via a variety of preferential schemes is available, as well as a home loan subsidy arrangement in terms of an agreement with SACCAWU.

Awards made to executive directors under share plans as at 30 June 2006

	Date of grant	Grant price R	Plan	Number of grants made during year ended 30 June 2006	Number of grants held 30 June 2006
RP Becker	30.06.2006	82,74	EGP	**12 551**	**12 551**
	30.06.2006	82,74	CSP	**18 972**	**18 972**
DC Coutts-Trotter	30.06.2006	82,74	EGP	**27 919**	**27 919**
	30.06.2006	82,74	CSP	**35 533**	**35 533**

Emoluments

The service contracts with executive directors and senior executives are terminable on six months' notice and there are no contracts with fixed durations.

Paid to directors of the company by the company and its subsidiaries*

R	Salary	Bonus Gross	Bonus *** Deferred	Retirement contributions	**** Other benefits	**Total annual remuneration**
Executive directors						
2006						
PD Bacon	3 767 329	5 760 587	(957 403)	316 305	587 474	**9 474 292**
DC Coutts-Trotter	2 356 022	2 857 922	(465 134)	416 355	534 434	**5 699 599**
RP Becker**	1 769 618	1 403 087	(338 079)	414 000	116 382	**3 365 008**
	7 892 969	**10 021 596**	**(1 760 616)**	**1 146 660**	**1 238 290**	**18 538 899**
2005						
PD Bacon	3 398 218	4 493 260	(144 513)	287 550	791 327	**8 825 842**
DC Coutts-Trotter	2 163 661	2 459 493	(70 463)	385 514	738 287	**5 676 492**
	5 561 879	**6 952 753**	**(214 976)**	**673 064**	**1 529 614**	**14 502 334**

R	Consultancy fees (subsidiary)	Directors' fees (subsidiary)	Directors' fees	Committee fees	**Total 2006**	Total 2005
Non-executive directors						
DA Hawton			825 000	90 000	**915 000**	824 489
H Adams	180 000	24 000	140 000	–	**344 000**	291 782
L Boyd			140 000	45 000	**185 000**	156 198
PL Campher			140 000	45 000	**185 000**	158 500
MP Egan			140 000	165 000	**305 000**	263 103
NN Gwagwa			82 274	–	**82 274**	–
IN Matthews			140 000	85 000	**225 000**	202 290
LM Mojela			140 000	–	**140 000**	99 782
MV Moosa			82 274	–	**82 274**	–
DM Nurek			140 000	140 000	**280 000**	239 407
E Oblowitz			140 000	60 000	**200 000**	170 000
GR Rosenthal			140 000	100 000	**240 000**	208 500
PEI Swartz		12 000	140 000	–	**152 000**	111 782
	180 000	36 000	2 389 548	730 000	**3 335 548**	2 725 833

* For the purposes of emoluments, offshore payments have been converted to Rands at the annual average exchange rate.

** Excludes a non-recurring sign-on fee paid to Mr Becker of R1 250 000.

*** In terms of the group's executive bonus scheme, a portion of the bonus is deferred in the event that the target bonus is exceeded. This deferred portion is payable in future years in the event that the individual's target bonus is not achieved and in full on normal retirement. Payment is dependent on the executive being in the employ of the group at the future bonus accrual date.

**** 'Other benefits' paid in 2006 include cash distributions of R298 934 made as part of the termination of the Royale Share Option Scheme, converted to Rands at the annual average exchange rate in respect of each of Messrs Bacon and Coutts-Trotter.

Gains on the exercise of share options

	Number of options	Date of grant	Grant price R	Exercise date	Market price at exercise date R	Gains on exercise of share options R
PD Bacon	43 750	17.08.1998	19,375	21.09.2005	77,750	2 553 906
	70 375	11.09.1998	19,050	21.09.2005	77,750	4 131 012
	43 750	22.09.1999	19,525	21.09.2005	77,750	2 547 344
	43 750	24.08.2000	31,200	21.09.2005	77,750	2 036 563
	32 813	04.12.2001	22,975	21.09.2005	77,750	1 797 332
	21 875	06.03.2003	26,500	21.09.2005	77,750	1 121 094
	256 313					**14 187 251**
DC Coutts-Trotter	17 500	11.09.1998	19,050	27.10.2005	76,500	1 005 375
	17 500	17.08.1998	19,375	02.11.2005	76,250	995 312
	2 500	11.09.1998	19,050	02.11.2005	76,250	143 000
	17 500	22.09.1999	19,525	03.11.2005	78,900	1 039 063
	12 500	24.08.2000	31,200	03.11.2005	78,900	596 250
	5 000	24.08.2000	31,200	08.11.2005	79,420	241 100
	13 125	04.12.2001	22,975	08.11.2005	79,420	740 841
	8 750	06.03.2003	26,500	08.11.2005	79,420	463 050
	8 125	01.08.2003	31,555	08.11.2005	79,420	388 903
	102 500					**5 612 894**
DA Hawton	62 500	04.12.2001	22,975	31.08.2005	74,000	3 189 063
	62 500	06.03.2003	26,500	19.09.2005	77,755	3 203 437
	62 500	24.08.2000	31,200	04.10.2005	79,250	3 003 125
	187 500					**9 395 625**
	546 313					**29 195 770**

Share option grants and share plan awards

	2006			2005		
	Number	* Value	** Expense recognised during year	Number	* Value	** Expense recognised during year
PD Bacon: Options	**75 000**	**1 856 625**	**1 986 183**	75,000	1 082 250	1 546 900
DC Coutts-Trotter: Options			**831 336**	46,875	676 406	839 153
EGP Rights	**27 919**	**551 679**	**–**			
CSP Awards	**35 533**	**1 453 655**	**–**			
		2 005 334	**831 336**	**46 875**	**676 406**	**839 153**
RP Becker: Options			**1 505 667**	200 000	2 886 000	–
EGP Rights	**12 551**	**248 008**	**–**			
CSP Awards	**18 972**	**776 145**	**–**			
		1 024 153	**1 505 667**	**200 000**	**2 886 000**	**–**
		4 886 112	**4 323 186**	**321,875**	**4 644 656**	**2 386 053**

* Estimate of the fair value of grants during the year using the binomial asset pricing model.

** Expense recognised during the year in respect of past grants which has been calculated in terms of IFRS2.

Fees payable to the non-executive directors for their services as directors and for their participation in the activities of the committees are put forward to the remuneration and nomination committee by the executive directors and thereafter approved by the board of directors for submission to the annual general meeting. Executive directors do not receive fees for their services as directors. Fees are determined by financial year and are payable quarterly in arrears, after their approval by members at the annual general meeting. In the case of new appointments or resignations from the board or committees during a financial year, the annual fees are pro-rated in line with the period of tenure of office.

Proposed increases in the level of fees payable to the non-executive directors for 2007 appear in the table below. These have been recommended by the executive directors and reviewed by the chairman of the board and the remuneration and nomination committee in order to align with fees paid by other listed companies of comparative size, and taking into consideration the involvement and onus of responsibility of non-executive directors in the affairs of the company and particularly the additional obligations imposed on them by the significant regulatory probity requirements of the gaming industry. In arriving at the proposed level of fees, the results of market surveys have been taken into consideration.

	Proposed 2007	Approved 2006
Services as directors		
fees: – chairman of the board	**875 000**	825 000
– directors	**148 000**	140 000
Audit committee		
fees: – chairman	**127 000**	120 000
– members	**64 000**	60 000
Remuneration and nomination committee		
fees: – chairman	**95 000**	90 000
– members	**48 000**	45 000
Risk committee		
fees: – chairman	**85 000**	80 000
– members	**42 000**	40 000

DEALING IN LISTED SECURITIES

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

- between 1 January and the date on which the interim results are published;
- between 1 July and the date on which the year end results are published; and
- outside of the above closed periods while the company is in the process of price sensitive negotiations, acquisitions, or while the company is trading under cautionary or pending any price sensitive announcements.

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

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

REGULATORY ENVIRONMENT

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

HIV/AIDS

The group has a comprehensive programme aimed at educating staff (and communities) on the risks related to HIV/AIDS and to assist in reducing the incidence thereof. Full details of the programme and progress made by the group in this regard appears on pages 65 and 66 of this report.

COMMUNICATIONS

The board strives to provide its shareholders, employees, government, regulatory bodies, industry analysts, prospective investors and the media with relevant and accurate information, promptly and transparently. In this connection, the regulatory requirements regarding the dissemination of information are strictly observed.

ENVIRONMENTAL AND OCCUPATIONAL HEALTH AND SAFETY

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

Compliance with the occupational health and safety requirements is monitored by the internal audit department. The policies adopted by the group with regard to health, safety and environmental management are set out on pages 79 to 84.

CODE OF ETHICS

The group has adopted an internal code of ethics, which commits management and employees to the highest ethical standards of conduct. The code articulates the group's commitment to its stakeholders, comprising its shareholders, customers, suppliers and the broader community, as well as policies and guidelines regarding the personal conduct of management, officials and other employees. The code of ethics appears on page 110 of this report.

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

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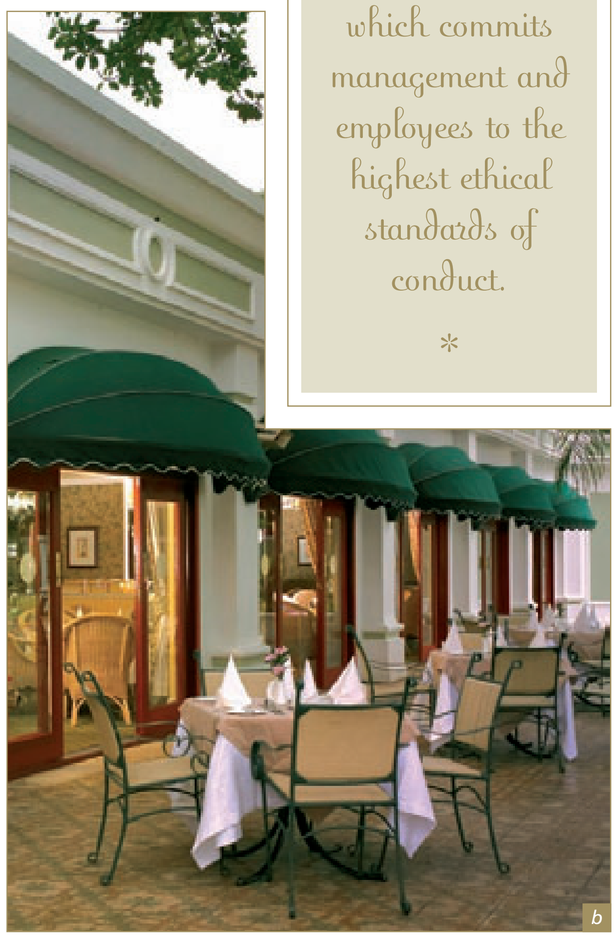
The group has adopted an internal code of ethics, which commits management and employees to the highest ethical standards of conduct.



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Code of Ethics

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The group recognises the vested interests of all stakeholders in the manner in which its various businesses are conducted. This code of ethics will assist in fulfilling our responsibility to these stakeholders.

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

- Open and honest in all dealings.
- Consistent in fulfilling its moral and legal obligations.
- Socially responsible.
- Environmentally responsible.
- Non-sectional.
- Non-political.
- Supportive of loyalty and long-standing relationships.
- Protective of the quality of its services and products.

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

- Discrimination is eliminated.
- Training and skills development is emphasised.
- Employees have an uncontested right to organise and negotiate their conditions of employment.

a ***The Table Bay,*** *Cape Town*
b ***The Palace of the Lost City,*** *Sun City*

DIRECTORS' APPROVAL

The annual financial statements which appear on pages 113 to 158 and the corporate governance report on pages 91 to 109 were approved by the board of directors on 10 October 2006 and signed on its behalf by:

DA Hawton
Chairman

DC Coutts-Trotter
Chief Executive

TO THE MEMBERS OF SUN INTERNATIONAL LIMITED

I certify that the company has lodged with the Registrar of Companies all returns required of a public company in terms of the Companies Act, in respect of the year ended 30 June 2006 and that all such returns are true, correct and up to date.

SA Bailes
Group Secretary

10 October 2006

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF SUN INTERNATIONAL LIMITED

We have audited the annual financial statements and group annual financial statements of Sun International Limited set out on pages 113 to 158 for the year ended 30 June 2006. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and of the group at 30 June 2006, and the results of their operations and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

PricewaterhouseCoopers Inc
Director: J Awbrey
Registered Auditor
Johannesburg

10 October 2006

NATURE OF BUSINESS

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

EARNINGS

The results of the company and the group are set out in the income statements on page 122.

Segmental information is set out on pages 126 to 127.

DIVIDENDS

Dividends totalling 290 cents per share (2005: 200 cents) have been declared by the directors in respect of the year under review, as follows:

Interim, declared 2 March 2006, paid 3 April 2006: 135 cents

Final, declared 28 August 2006, paid 26 September 2006: 155 cents

The final dividend referred to above will be accounted for in the 2007 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 and associates, acquisitions, disposals, future developments and prospects of the group are given in the chairman's report, the chief executive's report, the review of operations and the chief financial officer's review commencing on pages 6, 8, 17 and 37 respectively.

SHARE CAPITAL

1 467 044 ordinary shares with a par value of 8 cents each ('ordinary shares') were issued on 5 December 2005 for a total consideration of R35 157 060 pursuant to the exercise of options under the share option scheme.

A further 6 177 ordinary shares were issued on 19 June 2006 for a total consideration of R523 377 as part of an odd-lot offer to odd-lot holders who elected to subscribe for additional shares to increase their odd-lot holdings to 100 shares. 148 117 ordinary shares were repurchased by the company on the same date for a total consideration of R13 177 969 from odd-lot holders who elected to sell their odd-lot holdings. These shares were cancelled, delisted and restored to the status of authorised ordinary shares.

9 000 000 variable rate cumulative redeemable preference shares with a par value of 1 cent each were redeemed on 29 June 2006 for a total consideration of R180 000 000.

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

Details of the authorised and issued share capital appear in note 21 to the annual financial statements.

SHARE INCENTIVE SCHEMES

Particulars relating to options under the share option scheme and awards under the share plans are given in note 35 to the annual financial statements.

SUBSIDIARIES AND ASSOCIATES

Particulars relating to interests in principal subsidiaries and associates appear on page 158.

BORROWING CAPACITY

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

DIRECTORS AND GROUP SECRETARY

The names of the directors in office at the date of this report appear on pages 86 and 87 and particulars of the group secretary on page 89.

Mr RP Becker was appointed as an executive director on 30 July 2005 and Dr NN Gwagwa and Mr MV Moosa as non-executive directors on 30 November 2005. Mr PD Bacon retired as chief executive and as a director on 30 June 2006. Mr DC Coutts-Trotter was appointed chief executive on 1 July 2006.

In terms of the company's articles of association Mr PL Campher, Dr NN Gwagwa, Messrs DA Hawton, MV Moosa, DM Nurek and GR Rosenthal are required to retire from office at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

As at 30 June 2006, the directors of the company beneficially held, indirectly, 1 141 064 (2005: 279 641) ordinary shares in the issued capital of the company, as follows:

	2006	2005
DC Coutts-Trotter	**128 278**	138 500
NN Gwagwa	***176 042**	Nil
DA Hawton	**125 168**	135 141
IN Matthews	**3 242**	3 500
MV Moosa	***704 167**	Nil
E Oblowitz	**1 852**	Nil
PEI Swartz	**2 315**	2 500
	1 141 064	279 641

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

SHARES ACQUIRED

RP Becker	3 798
L Boyd	2 000
DC Coutts-Trotter	13 210
	19 008

HOLDING COMPANY

Sun International has no holding or ultimate holding company.

SPECIAL RESOLUTIONS PASSED BY THE COMPANY AND ITS SUBSIDIARIES

Specific authority was granted in August 2005 for two wholly-owned subsidiaries of the company to acquire, on a pro rata basis, ordinary shares in the issued capital of the company from shareholders for a consideration of R627 072 754 following a scheme of arrangement in terms of section 311 of the Companies Act, proposed by the subsidiaries between the company and its shareholders.

The following special resolutions were passed at the 2005 annual general meeting:

- the general authority granted to the directors to implement the acquisition by the company (or a subsidiary of the company) of up to 20% of the company's issued ordinary shares in any one financial year was renewed; and
- the articles of association were amended to facilitate an odd-lot offer.

SUBSIDIARIES

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

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

BASIS OF PREPARATION

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

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

GROUP ACCOUNTING

Subsidiaries

Subsidiaries are those entities 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 otherwise, and has the power to exercise control over the operations. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

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

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

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, accounting policies for 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

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 minorities are recognised directly in equity.

Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill (net of any accumulated impairment losses) identified on acquisition.

The group's share of its associates' post acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Equity accounting is discontinued when the carrying amount of the investment in these companies reaches zero, unless the group has incurred obligations or guaranteed obligations in respect of these companies. In such cases the share of losses accounted for are transferred to provisions.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in these companies; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The company accounts for associated entities at cost.

Special purpose entities

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

INTANGIBLE ASSETS

Goodwill

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

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

Other intangible assets

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

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

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

FOREIGN CURRENCY TRANSLATION

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in South African Rands which is the company's functional and presentation currency.

Transactions and balances

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

Foreign entities

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

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

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

PROPERTY, PLANT AND EQUIPMENT

Freehold land is included at cost.

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

Freehold and leasehold buildings	2 to 7%
Infrastructure	2 to 10%
Plant and machinery	4 to 10%
Equipment	7 to 25%
Furniture and fittings	10 to 20%
Vehicles	10 to 25%

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

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

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

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

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. However, costs that are directly associated with identifiable and unique software products controlled by the group and which have probable economic benefits exceeding the costs beyond one year are recognised as assets. Direct costs include staff costs of the software development team and an appropriate portion of the relevant overheads. Expenditure which enhances or extends the performance of these assets beyond their original specifications is recognised as a capital improvement and added to the original cost of the asset.

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

IMPAIRMENT OF ASSETS

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

PRE-OPENING EXPENDITURE

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

INVENTORY

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

TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and measured at amortised cost using the effective interest rate method, less a provision for impairment. This provision is based on a review of all outstanding amounts at year end and is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Bad debts are written off during the year in which they are identified.

CASH AND CASH EQUIVALENTS

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

FINANCIAL INSTRUMENTS

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

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

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

FINANCIAL ASSETS

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables originated by the group are included in non current assets. The portion of loans and receivables which is receivable during the next 12 months is included in current assets.

Available-for-sale investments

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

All purchases and sales of financial assets are recognised on the trade date, which is the date that the group commits to purchase or sell the asset. Cost of purchase includes transaction costs. Loans and receivables originated by the group are carried at amortised cost using the effective interest rate method, whilst available-for-sale investments are carried at fair value. Unrealised gains and losses arising from changes in the fair value of available-for-sale investments are recognised directly in equity in the period in which they arise. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are recognised in the income statement as other income. Dividends are recognised in the income statement when the group's right to receive payments is established. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A significant or prolonged decline in fair value of a financial asset below its cost is considered an indicator that the asset is impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is recognised in the income statement. Impairment losses on equity instruments recognised in the income statement are not reversed through the income statement.

DEFERRED TAXATION

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

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

SECONDARY TAXATION

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

LEASES

Leases of assets where the group assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding lease obligations, net of finance charges, are included in borrowings. The interest element of the lease payment is charged to the income statement over the lease period. The assets acquired under finance leasing contracts are depreciated over the shorter of the useful life of the asset or the lease period. Where a lease has an option to be renewed the renewal period is considered when the period over which the asset will be depreciated is determined.

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

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

BORROWINGS

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

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

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

EMPLOYEE BENEFITS

Pension obligations

The group operates one defined benefit fund and a number of defined contribution funds, the assets of which are held in separate trustee-administered funds. The funds are funded by payments from employees and by the relevant group companies, taking account of the recommendations of independent qualified actuaries.

For the defined benefit fund, pension costs are assessed using the projected unit credit method: the cost of pension obligations is charged to the income statement so as to spread the regular cost over the service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the fund every three years. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of government securities, which have terms to maturity approximating the term of the related liability less the fair value of fund assets. All actuarial gains and losses are spread forward over the average remaining service lives of employees.

The group's contributions to defined contribution funds are charged to the income statement in the period to which the contributions relate.

Post-retirement medical aid contributions

The group contributes towards the post-retirement medical aid contributions of eligible employees. 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.

Share based payments

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

PROVISIONS

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

SHARE CAPITAL

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

External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from the proceeds, net of income taxes, in equity. Share issue costs incurred directly in connection with a business combination are included in the cost of acquisition.

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

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

REVENUE RECOGNITION

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

DIVIDEND DISTRIBUTION

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

SEGMENTAL REPORTING

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

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

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Critical accounting estimates and assumptions

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

Asset useful lives and residual values

Property, plant and equipment is depreciated over its useful life taking into account residual values where appropriate. The actual useful lives of assets and residual values are assessed annually. In re-assessing asset useful lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Treatment of casino levies and VAT on net gaming win

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

Impairment of assets

Goodwill is considered for impairment at least annually. Property, plant and equipment and intangible assets are considered for impairment if there is a reason to believe that an impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic 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.

Valuation of derivatives and other financial instruments

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

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 standards, the restatement of prior year results where applicable and revised and additional disclosures required.

All changes in accounting policies have been made in accordance with the transitional provisions in the respective standards.

IAS 1 – Presentation of Financial Statements

The presentation of the group's income statement has been changed to reflect the group's election to disclose items of income and expenditure by nature.

IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

Revised requirements relate to the selection of accounting policies and changing of accounting policies, as well as disclosures relating to these items.

IAS 16 – Property, Plant and Equipment

Amendments that impact on the group relate to the component approach to depreciation and the requirement for an annual review of the residual values and useful lives of assets. These changes affected the annual depreciation charge and related deferred tax.

IAS 39 – Financial Instruments: Recognition and Measurement

This resulted in the re-allocation of unrealised gains on the revaluation of available-for-sale investments previously disclosed as exceptional items to reserves.

IFRS 4 – Insurance Contracts

This standard requires certain changes in accounting for contracts that continue to meet the definition of insurance as well as additional disclosures.

IFRS 5 – Non Current Assets Held for Sale and Discontinued Operations

IFRS 5 requires revised disclosure of discontinued operations.

SIC 12 – Consolidation of Special Purpose Entities

The revision to SIC 12 required the consolidation of the Employee Share Trusts.

IFRIC 8 – Scope of IFRS 2 Share-based Payment

The interpretation clarifies that IFRS 2 applies to share based payment transactions in which the entity cannot specify the services acquired and affected the recognition and disclosure of the BEE transaction.

AC 503 – Accounting for Black Economic Empowerment transactions

This interpretation states that if equity instruments are granted at a discount in a BEE transaction, this must be expensed. Where the BEE transaction includes no service conditions, the fair value of the equity instruments shall be measured at grant date and the expense should be recognised immediately on grant date. The group's BEE transaction was accounted for in accordance with this guidance.

The effects of the changes in the accounting policies on the distributable reserves at 30 June 2005 are as follows:

	R'000
Distributable reserves as previously reported at 30 June 2005	**1 442 666**
Adjustments to years prior to the year ended 30 June 2005	118 459
Premium paid on purchases of minorities' interests and profit and loss on disposal of interests to minorities reallocated to a separate reserve	187 817
Property, plant and equipment	(26 776)
Unrealised gain on KZL shares recognised directly in equity	(76 125)
Consolidation of the Employee Share Trusts	33 543
Adjustments relating to the year ended 30 June 2005	467 346
Premium paid on purchases of minorities' interests and profit and loss on disposal of interests to minorities reallocated to a separate reserve	511 905
Reversal of profit on share option scheme	(27 634)
Property, plant and equipment	(5 493)
Unrealised gain on KZL shares recognised directly in equity	(12 989)
Consolidation of the Employee Share Trusts	1 557
Distributable reserves restated as at 30 June 2005	**2 028 471**

The effects of the changes in the accounting policies on basic earnings and adjusted headline earnings per share:

30 June 2005	Basic earnings R'000	Adjusted headline earnings R'000
Property, plant and equipment	(5 493)	(5 493)
Reversal of profit on share option scheme	(27 634)	
Unrealised gain on KZL shares recognised directly in equity	(12 989)	
Consolidation of Employee Share Trusts	1 557	
Net decrease	(44 559)	(5 493)
Decrease in basic earnings per share (cents)	(26)	
Decrease in diluted adjusted headline earnings per share (cents)		(6)

Standards, amendments and interpretations not yet effective

The group has evaluated the effect of all new standards, amendments and interpretations that have been issued prior to 30 June 2006, which would be effective for the group's accounting periods beginning on or after 1 July 2006. 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.

Other than IFRS 7, which is effective for the group from 1 July 2007, the remaining statements, amendments and interpretations are effective for the group from 1 July 2006.

IFRS 7 – Financial instruments: Disclosures, and a complementary amendment to IAS 1, presentation of financial statements – capital disclosures

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

IFRIC 4 – Determining whether an arrangement contains a lease

IFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets ('the asset'); and (b) the arrangement conveys a right to use the asset.

IFRIC 9 – Reassessment of embedded derivatives

This interpretation clarifies that an entity should assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract, and that any subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required.

IAS 19 – (Amendment) Employee benefits (actuarial gains and losses, group plans and disclosures)

The adoption of the amendment impacting actuarial gains and losses, will impact the format and extent of disclosures presented in the financial statements.

IAS 39 – (Amendment) Cash flow hedge accounting

This amendment is not currently expected to impact the group's financial statements.

IAS 39 – (Amendment) The fair value option

The group believes that this amendment should not have a significant impact on the classification of the group's financial instruments, as the group should be able to comply with the amended criteria for the designation of financial instruments at fair value through profit and loss.

Company 2005 R000's	Company 2006 R000's		Notes	Group 2006 R000's	Group 2005 R000's
		Continuing operations			
394 829	**491 424**	**Revenue**		**5 948 982**	5 139 552
–	**–**	Casino		**4 542 814**	3 857 464
–	**–**	Rooms		**681 210**	623 452
394 829	**491 424**	Food, beverage and other		**724 958**	658 636
–	**–**	Other income	2	**216 364**	229 938
–	**–**	Employee costs		**(1 214 074)**	(1 101 612)
–	**–**	Levies and VAT on casino revenues		**(947 808)**	(812 537)
–	**–**	Depreciation and amortisation	3	**(472 957)**	(437 721)
(1 753)	**(553)**	Promotional and marketing costs		**(508 626)**	(448 811)
(10 150)	**(4 575)**	Other operational costs		**(1 354 092)**	(1 204 177)
–	**(210 557)**	BEE transaction charge		**(218 727)**	–
382 926	**275 739**	**Operating profit**	4	**1 449 062**	1 364 632
–	**–**	Foreign exchange profits		**51 832**	34 926
27 860	**28 141**	Interest income	5	**74 447**	71 240
(38 903)	**(35 594)**	Interest expense	6	**(250 417)**	(250 165)
		Associate profits	7	**–**	261
371 883	**268 286**	**Profit before taxation**		**1 324 924**	1 220 894
(10 415)	**(2 010)**	Taxation	8	**(516 608)**	(384 041)
361 468	**266 276**	**Profit from continuing operations**		**808 316**	836 853
		Discontinued operations			
35 670	**383 971**	Profit from discontinued operations	9	**386 435**	47 507
397 138	**650 247**	**Profit**		**1 194 751**	884 360
		Attributable to:			
		Minorities		**261 475**	220 104
		Ordinary shareholders		**933 276**	664 256
				1 194 751	884 360

Company 2005 R000's	Company 2006 R000's		Notes	Group 2006 R000's	Group 2005 R000's
		ASSETS			
		Non current assets			
–	**–**	Property, plant and equipment	13	**5 407 102**	5 264 600
–	**–**	Intangible assets	14	**394 947**	432 600
2 483 949	**2 514 177**	Investments in subsidiaries	15		
211 676	**–**	Investments in associates	16	**–**	235 549
–	**–**	Available-for-sale investments	17	**140 754**	140 754
259 247	**684 148**	Loans and receivables	18	**302 124**	255 071
886	**5 425**	Deferred taxation	23	**–**	–
2 955 758	**3 203 750**			**6 244 927**	6 328 574
		Current assets			
–	**–**	Inventory	19	**34 884**	30 836
25 170	**21 148**	Accounts receivable	20	**289 898**	306 109
–	**–**	Available-for-sale investments	17	**183 422**	287 175
113 846	**158 215**	Loans and receivables	18	**5 000**	15 672
6 127	**2 739**	Taxation		**–**	–
–	**–**	Cash and cash equivalents	28.9	**756 060**	589 223
145 143	**182 102**			**1 269 264**	1 229 015
3 100 901	**3 385 852**	**Total assets**		**7 514 191**	7 557 589
		EQUITY AND LIABILITIES			
		Capital and reserves			
2 626 915	**3 046 498**	Ordinary shareholders' equity		**3 083 769**	3 151 880
		Minorities' interests		**741 674**	692 717
2 626 915	**3 046 498**			**3 825 443**	3 844 597
		Non current liabilities			
–	**–**	Deferred taxation	23	**390 574**	359 440
435 651	**261 698**	Borrowings	24	**1 458 307**	1 583 726
–	**–**	Other non current liabilities	25	**124 684**	90 481
435 651	**261 698**			**1 973 565**	2 033 647
		Current liabilities			
27 463	**24 497**	Accounts payable and accruals	26	**683 940**	687 114
–	**–**	Provisions	27	**51 075**	49 069
10 872	**53 159**	Borrowings	24	**867 376**	746 546
–	**–**	Taxation		**112 792**	196 616
38 335	**77 656**			**1 715 183**	1 679 345
473 986	**339 354**	**Total liabilities**		**3 688 748**	3 712 992
3 100 901	**3 385 852**	**Total equity and liabilities**		**7 514 191**	7 557 589

Company 2005 R000's	Company 2006 R000's		Notes	Group 2006 R000's	Group 2005 R000's
		Cash flows from operating activities			
		Cash receipts from customers		**5 965 193**	5 121 825
		Cash paid to suppliers, government and employees		**(3 919 834)**	(3 348 790)
18 000	**(14 760)**	Cash generated/(utilised) by operations	28.1	**2 045 359**	1 773 035
–	**–**	Pre-opening expenses		**(13 154)**	(18 586)
(17 504)	**(29 833)**	Taxation paid	28.2	**(597 576)**	(373 708)
496	**(44 593)**	*Net cash inflow/(outflow) from operating activities*		**1 434 629**	1 380 741
		Cash flows from investing activities			
		Purchase of property, plant and equipment			
–	**–**	Expansion		**(213 965)**	(585 665)
–	**–**	Replacement		**(354 057)**	(396 188)
–	**–**	Purchase of intangible assets		**(774)**	(702)
–	**–**	Proceeds on disposal of property, plant and equipment		**11 240**	11 635
–	**–**	Proceeds on disposal of operations		**16 609**	72 196
–	**–**	Proceeds on disposal of shares in subsidiaries	28.3	**3 637**	32 764
177 500	**–**	Distribution of subsidiary share capital		**–**	–
(367 282)	**(4 066)**	Purchase of additional shares in subsidiaries	28.4	**(24 972)**	(374 112)
451 579	**513 517**	Investment income	28.5	**74 447**	106 910
–	**–**	Other non current investments and loans made		**(57 060)**	(96 876)
28 128	**33 596**	Other non current investments and loans realised		**209 162**	215 790
289 925	**543 047**	*Net cash (outflow)/inflow from investing activities*		**(335 733)**	(1 014 248)
		Cash flows from financing activities			
(23 430)	**(137 713)**	Increase/(decrease) in borrowings	28.6	**2 595**	262 499
(32 123)	**(29 546)**	Interest paid	28.7	**(232 060)**	(235 461)
(197 868)	**(279 329)**	Dividends paid	28.8	**(497 794)**	(379 857)
–	**22 503**	Increase in share capital		**22 503**	–
(37 000)	**(74 369)**	Purchase of treasury shares and share options		**(266 393)**	(37 000)
–	**–**	Increase in minority shareholder funding		**19 197**	125 233
(290 421)	**(498 454)**	*Net cash outflow from financing activities*		**(951 952)**	(264 586)
–	**–**	Effects of exchange rate changes on cash and cash equivalents		**10 757**	10 233
–	**–**	**Net increase in cash and cash equivalents**		**157 701**	112 140
–	**–**	Cash and cash equivalents at the beginning of the year		**589 223**	477 083
		Cash of operations previously equity accounted		**9 136**	–
–	**–**	**Cash and cash equivalents at the end of the year**	28.9	**756 060**	589 223

	Notes	Share capital R000's	Share premium R000's	Treasury shares R000's	Treasury share options R000's	Foreign currency translation reserve R000's	Share based payment reserve R000's	Available-for-sale investment reserve R000's	Reserve for non-controlling interests* R000's	Retained earnings R000's	Ordinary share-holders' equity R000's	Minorities' interests R000's	Total R000's
GROUP													
Balance at 1 July 2004		**7 204**	**547 971**	**–**	**(50 690)**	**324 150**	**17 154**	**–**	**–**	**1 443 624**	**2 289 413**	**1 454 509**	**3 743 922**
Effect of adoption of:													
IAS 1 – Presentation of Financial Statements									(187 817)	187 817	–		–
IAS 16 – Property, Plant and Equipment						2 136				(26 776)	(24 640)	(6 482)	(31 122)
IAS 39 – Financial Instruments – Recognition and Measurement								76 125		(76 125)	–		–
SIC 12 – Consolidation – Special Purpose Entities		(178)		(85 583)						33 543	(52 218)	(36 561)	(88 779)
Restated balance at 1 July 2004		**7 026**	**547 971**	**(85 583)**	**(50 690)**	**326 286**	**17 154**	**76 125**	**(187 817)**	**1 562 083**	**2 212 555**	**1 411 466**	**3 624 021**
Share issue	21	2 107	1 063 450								1 065 557		1 065 557
Treasury share options purchased	21				(37 000)						(37 000)		(37 000)
Employee share based payments	35						19 124				19 124		19 124
Additional minority funding											–	125 233	125 233
Acquisition of minorities' interests									(529 119)		(529 119)	(919 868)	(1 448 987)
Disposal of interests to minorities									17 214		17 214	30 822	48 036
Fair value adjustment								12 989			12 989		12 989
Currency translation differences													
– movement for the year						27 929					27 929	6 949	34 878
– realised during the year						(103 757)					(103 757)		(103 757)
Profit										664 256	664 256	220 104	884 360
Dividends paid	12, 28.8									(197 868)	(197 868)	(181 989)	(379 857)
Balance at 30 June 2005		**9 133**	**1 611 421**	**(85 583)**	**(87 690)**	**250 458**	**36 278**	**89 114**	**(699 722)**	**2 028 471**	**3 151 880**	**692 717**	**3 844 597**
Share issue	21	117	35 040								35 157		35 157
Share buy back	21	(687)		(626 411)							(627 098)		(627 098)
Treasury shares issued	21	225		212 593							212 818		212 818
Odd lot offer	21	(11)	(12 643)								(12 654)		(12 654)
Treasury shares purchased	21	(307)		(191 717)							(192 024)		(192 024)
Treasury share options purchased	21				(150 825)						(150 825)		(150 825)
Treasury share options exercised	21				76 456						76 456		76 456
Employee share based payments	35						26 162				26 162		26 162
Fair value adjustment								(5 557)			(5 557)		(5 557)
Additional minority funding											–	19 197	19 197
Consolidation of operations previously equity accounted									(143)		(143)	15 886	15 743
Acquisition of minorities' interests									(25 240)		(25 240)	4 486	(20 754)
Disposal of interests to minorities									6 497		6 497	(6 497)	–
Currency translation differences													
– movement for the year						16 346					16 346	(785)	15 561
– realised during the year						(108 293)					(108 293)		(108 293)
Minority interest acquired										14 723	14 723	(14 723)	–
Profit										933 276	933 276	261 475	1 194 751
Dividends paid	12, 28.8									(267 712)	(267 712)	(230 082)	(497 794)
Balance at 30 June 2006		**8 470**	**1 633 818**	**(691 118)**	**(162 059)**	**158 511**	**62 440**	**83 557**	**(718 608)**	**2 708 758**	**3 083 769**	**741 674**	**3 825 443**
COMPANY													
Balance at 30 June 2004		**7 204**	**547 971**	**–**	**–**	**–**	**17 154**	**–**	**–**	**770 635**	**1 342 964**		**1 342 964**
Share issue	21	2 107	1 063 450								1 065 557		1 065 557
Employee share based payments	35						19 124				19 124		19 124
Profit										397 138	397 138		397 138
Dividends paid	12, 28.8									(197 868)	(197 868)		(197 868)
Balance at 30 June 2005		**9 311**	**1 611 421**	**–**	**–**	**–**	**36 278**	**–**	**–**	**969 905**	**2 626 915**		**2 626 915**
Share issue	21	117	35 040								35 157		35 157
Odd lot offer	21	(11)	(12 643)								(12 654)		(12 654)
Employee share based payments	35						26 162				26 162		26 162
Profit										650 247	650 247		650 247
Dividends paid	12, 28.8									(279 329)	(279 329)		(279 329)
Balance at 30 June 2006		**9 417**	**1 633 818**	**–**	**–**	**–**	**62 440**	**–**	**–**	**1 340 823**	**3 046 498**		**3 046 498**

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

1. SEGMENTAL ANALYSIS

	Revenues 2006 (Rm)	Revenues 2005 (Rm)	EBITDA 2006 (Rm)	EBITDA 2005 (Rm)	Depreciation and amortisation 2006 (Rm)	Depreciation and amortisation 2005 (Rm)	Operating profits 2006 (Rm)	Operating profits 2005 (Rm)
Gaming units	**4 053**	3 295	**1 458**	1 161	**312**	280	**1 126**	856
GrandWest	**1 398**	1 193	**600**	501	**91**	96	**504**	401
Carnival City	**786**	697	**268**	227	**53**	53	**209**	162
Sibaya/Sugarmill	**586**	484	**175**	148	**54**	46	**114**	86
Boardwalk	**384**	334	**151**	129	**29**	30	**122**	100
Carousel	**251**	198	**69**	44	**22**	14	**46**	31
Morula	**190**	158	**44**	27	**23**	12	**23**	17
Meropa	**159**	142	**61**	54	**14**	16	**45**	39
Windmill	**112**	–	**40**	–	**11**	–	**29**	–
Flamingo	**108**	89	**39**	31	**11**	13	**27**	20
Lesotho	**79**	–	**11**	–	**4**	–	**7**	–
Hotels and resorts units	**1 824**	1 721	**351**	338	**138**	133	**175**	171
Sun City	**965**	902	**160**	139	**74**	73	**79**	64
Wild Coast Sun	**237**	223	**46**	45	**16**	14	**30**	32
Table Bay	**154**	134	**52**	43	**13**	10	**18**	15
Swaziland	**140**	135	**14**	25	**8**	8	**6**	12
Zambia	**140**	119	**30**	22	**14**	16	**16**	4
Namibia	**95**	96	**25**	29	**7**	6	**10**	17
Botswana	**93**	112	**24**	35	**6**	6	**16**	27
Management activities	**482**	384	**221**	166	**11**	11	**211**	145
Other	**(410)**	(261)	**(15)**	6	**12**	14	**(63)**	193
Central office and other	**52**	112	**(15)**	6	**12**	14	**(32)**	(10)
Elimination of intragroup revenues	**(462)**	(373)						
Other income							**216**	230
Other expenses							**(247)**	(27)
Total	**5 949**	5 139	**2 015**	1 671	**473**	438	**1 449**	1 365
Associates and other								
Lesotho								
Ster Century Europe								
Ster Century Middle East								
City Lodge								
Net interest expense and foreign exchange profit								
Taxation								
Minorities' interests								
Deferred taxation								
Borrowings								
	5 949	5 139	**2 015**	1 671	**473**	438	**1 449**	1 365

Discontinued operations 2006 (Rm)	Discontinued operations 2005 (Rm)	Segment results 2006 (Rm)	Segment results 2005 (Rm)	Assets 2006 (Rm)	Assets 2005 (Rm)	Liabilities 2006 (Rm)	Liabilities 2005 (Rm)	Capital expenditure 2006 (Rm)	Capital expenditure 2005 (Rm)
		1 126	856	**3 936**	3 932	**390**	292	**349**	711
		504	401	**1 116**	1 312	**112**	90	**62**	22
		209	162	**628**	599	**79**	53	**68**	31
		114	86	**885**	901	**75**	63	**54**	452
		122	100	**344**	359	**30**	29	**21**	18
		46	31	**339**	362	**24**	20	**18**	78
		23	17	**127**	136	**18**	18	**10**	53
		45	39	**153**	157	**13**	11	**9**	4
		29	–	**193**	–	**13**	–	**99**	48
		27	20	**100**	106	**10**	8	**7**	5
		7	–	**51**	–	**16**	–	**1**	–
		175	171	**2 186**	2 238	**311**	284	**141**	257
		79	64	**1 288**	1 360	**210**	205	**59**	215
		30	32	**198**	193	**17**	11	**15**	8
		18	15	**163**	189	**19**	20	**5**	13
		6	12	**77**	82	**13**	13	**4**	9
		16	4	**328**	309	**24**	15	**9**	3
		10	17	**41**	32	**10**	8	**20**	3
		16	27	**91**	73	**18**	12	**29**	6
		211	145	**249**	169	**56**	121	**–**	4
378	–	**324**	240	**1 143**	1 195	**102**	130	**78**	11
378	–	**355**	37	**1 143**	1 195	**102**	130	**78**	11
		216	230						
		(247)	(27)						
378	–	**1 836**	1 412	**7 514**	7 534	**859**	827	**568**	983
9	47				24				
					11				
					1				
					2				
9	47				10				
		(124)	(144)						
		(517)	(384)			**113**	197		
		(262)	(220)						
						391	359		
						2 326	2 330		
387	47	**933**	664	**7 514**	7 558	**3 689**	3 713	**568**	983

	Group		Company	
	2006	2005	**2006**	2005
	R000's	R000's	**R000's**	R000's
2. OTHER INCOME				
Realisation of fair value gains on KZL shares	**82 572**	72 869	**–**	–
Profit realised on discontinued share purchase scheme	**–**	6 202	**–**	–
Fair value adjustment on loan origination	**25 499**	47 110	**–**	–
Currency translation reserve realised	**108 293**	103 757	**–**	–
	216 364	229 938	**–**	–
3. DEPRECIATION AND AMORTISATION				
Property, plant and equipment (refer note 13)	**(427 416)**	(392 394)	**–**	–
Intangible assets (refer note 14)	**(45 541)**	(45 327)	**–**	–
	(472 957)	(437 721)	**–**	–
4. OPERATING PROFIT IS STATED AFTER (CHARGING)/ CREDITING THE FOLLOWING:				
Operating lease charges				
Plant, vehicles and equipment	**(22 054)**	(14 041)	**–**	–
Auditors' remuneration	**(10 019)**	(7 835)	**(315)**	(617)
Audit fees	**(8 200)**	(6 791)	**(315)**	(614)
Fees for other services	**(1 599)**	(867)	**–**	–
Expenses	**(220)**	(177)	**–**	(3)
Professional fees	**(16 045)**	(14 979)	**(1 335)**	(1 981)
(Loss)/profit on disposal of property, plant and equipment	**(10 138)**	848	**–**	–
Dividend income			**491 424**	430 499
Subsidiaries			**491 424**	394 829
Discontinued associates			**–**	35 670
Staff costs	**(1 214 074)**	(1 101 612)	**–**	–
Salaries, wages, bonuses and other benefits	**(1 060 958)**	(967 764)	**–**	–
Pension costs – defined contribution plans	**(117 181)**	(106 435)	**–**	–
– defined benefit plans	**(9 773)**	(8 289)	**–**	–
Employee share based payments	**(26 162)**	(19 124)	**–**	–
Number of employees at the end of the year	**8 440**	7 723		
5. INTEREST INCOME				
Interest earned on cash and cash equivalents	**51 331**	53 252	**20 675**	18 518
Preference share dividends	**23 116**	17 988	**1 418**	2 562
Imputed interest on loans receivable	**–**	–	**6 048**	6 780
	74 447	71 240	**28 141**	27 860

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's

6. INTEREST EXPENSE

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's
Interest paid on borrowings	**(239 023)**	(240 610)	**(17 223)**	(18 083)
Preference share dividends	**(14 687)**	(18 358)	**(12 323)**	(14 040)
Imputed interest on loans payable	**(18 357)**	(14 704)	**(6 048)**	(6 780)
Capitalised to property, plant and equipment	**21 650**	23 507	**–**	–
	(250 417)	(250 165)	**(35 594)**	(38 903)

7. ASSOCIATE PROFITS

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's
Equity retained profits	**–**	1 050		
Associates' taxation	**–**	(789)		
	–	261		

8. TAXATION

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's
Normal taxation – South African	**(425 401)**	(314 521)	**(2 010)**	(4 527)
– Foreign	**(15 119)**	(19 154)	**–**	–
	(440 520)	(333 675)	**(2 010)**	(4 527)
Current taxation – this year	**(439 468)**	(340 466)	**(1 949)**	(235)
– prior years	**28 950**	(2 045)	**(4 600)**	(4 823)
Deferred taxation – this year	**(11 551)**	(7 130)	**101**	(141)
– prior years	**(18 451)**	3 821	**4 438**	684
– adjustment due to change in tax rate	**–**	12 145	**–**	(12)
Secondary tax on companies	**(62 285)**	(45 938)	**–**	(752)
Capital gains tax	**(13 718)**	(5 452)	**–**	(5 136)
Other taxes	**(85)**	1 024	**–**	–
	(516 608)	(384 041)	**(2 010)**	(10 415)
Estimated tax losses available for set off against future taxable income	**228 886**	218 678	**–**	–
Utilised to offset temporary differences	**–**	(38 803)	**–**	–
	228 886	179 875	**–**	–
Reconciliation of rate of taxation				
	%	%	**%**	%
Standard rate – South Africa	**29,0**	29,0	**29,0**	29,0
Adjusted for:				
Exempt income and disallowable expenses	**7,2**	1,2	**(28,3)**	(28,9)
Tax losses	**(0,3)**	(0,5)	**–**	–
Prior year (over)/under provision	**(0,6)**	(0,5)	**0,1**	1,4
Secondary tax on companies	**4,7**	3,8	**–**	1,1
Lower tax applicable to capital gains	**(0,8)**	(0,4)	**–**	0,2
Other tax charges	**(0,2)**	(0,1)	**–**	–
Change in standard tax rate	**–**	(1,0)	**–**	–
Effective tax rate	**39,0**	31,5	**0,8**	2,8

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's

9. PROFIT FROM DISCONTINUED OPERATIONS

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's
Dividend income	–	35 670	–	35 670
Equity retained profits	13 708	36 761	–	–
Taxation on equity profits	(5 072)	(24 924)	–	–
Profit on disposal of SCME	11 732	–	–	–
Profit on disposal of City Lodge	392 739	–	410 643	–
Capital gains tax on sale	(26 672)	–	(26 672)	–
	386 435	47 507	383 971	35 670
Cash flow from discontinued operations:				
Operating activities	(26 672)	–	(26 672)	–
Investing activities	6 953	35 670	(4 779)	35 670

Ster Century Middle East Limited

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

City Lodge Hotels Limited

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

10. EBITDA RECONCILIATION

	Group 2006 R000's	Group 2005 R000's
Operating profit	1 449 062	1 364 632
Depreciation and amortisation	472 957	437 721
Other income	(216 364)	(229 938)
BEE transaction charge	218 727	–
Property and equipment rentals	62 306	70 682
Net loss/(profit) on disposal and closure of operations	305	(15 164)
(Credit)/charge for indirect taxes relating to prior years	(11 475)	13 879
Net loss/(profit) on disposal of property, plant and equipment	10 138	(848)
Impairment of property, plant and equipment	–	1 099
Pre-opening expenses	13 154	18 586
Reversal of Employee Share Trusts' consolidation*	16 074	9 983
EBITDA	2 014 884	1 670 632

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

11. EARNINGS PER SHARE

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's
Profit attributable to ordinary shareholders	**933 276**	664 256		
Headline earnings adjustments	**(490 589)**	(118 670)		
Net loss/(profit) on disposal and closure of operations	**305**	(15 164)		
Impairment of property, plant and equipment	**–**	1 099		
Profit on disposal of City Lodge	**(392 739)**	–		
Net loss/(profit) on disposal of property, plant and equipment	**10 138**	(848)		
Currency translation reserve realised	**(108 293)**	(103 757)		
Taxation relief on the above items	**22 489**	4 398		
Minorities' interests in the above items	**2 169**	9 760		
Headline earnings	**467 345**	559 744		
Adjusted headline earnings adjustments	**101 318**	(122 577)		
Pre-opening expenses	**13 154**	18 586		
Realisation of fair value gains on KZL shares	**(82 572)**	(72 869)		
Foreign exchange profits on intercompany loans	**(11 017)**	(16 716)		
Fair value adjustments on loan origination	**(25 499)**	(47 110)		
(Credit)/charge for indirect taxes relating to prior years	**(11 475)**	13 879		
Corporate tax rate change on deferred tax opening balance	**–**	(12 145)		
BEE transaction charge	**218 727**	–		
Profit realised on discontinued share purchase scheme	**–**	(6 202)		
Taxation relief on the above items	**13 694**	14 650		
Minorities' interests in the above items	**16 535**	22 643		
Reversal of Employee Share Trusts' consolidation	**19 871**	2 559		
Results from discontinued operations	**(17 235)**	(47 507)		
Adjusted headline earnings	**601 528**	429 512		
Number of shares for EPS calculation (000's)				
Weighted average number of shares in issue	**107 056**	110 484		
Adjustment for dilutive share options	**1 338**	1 570		
Diluted weighted average number of shares in issue	**108 394**	112 054		
Number of shares for adjusted HEPS calculation (000's)				
Weighted average number of shares in issue	**107 056**	110 484		
Adjustment for share buy back*	**(1 432)**	(8 590)		
Treasury shares held by Employee Share Trusts	**4 594**	2 616		
Adjusted weighted average number of shares in issue	**110 218**	104 510		
Adjustment for dilutive share options	**1 338**	1 570		
Diluted adjusted weighted average number of shares in issue	**111 556**	106 080		
Earnings per share (cents)				
Basic	**872**	601		
Continuing operations	**511**	558		
Discontinued operations	**361**	43		
Headline	**437**	507		
Adjusted headline	**546**	411		

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's

11. EARNINGS PER SHARE (continued)

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's
Diluted earnings per share (cents)				
Basic	**861**	593		
Continuing operations	**504**	551		
Discontinued operations	**357**	42		
Headline	**431**	500		
Adjusted headline	**539**	405		

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

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

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

* In accordance with the group's practice of excluding discontinued operations from adjusted HEPS, the results from City Lodge have been excluded. The number of shares used in the adjusted HEPS calculation has been reduced by 1 431 713 (2005: 8 590 275) to reflect the weighted average number of Sun International shares that were acquired.

12. DIVIDENDS PAID

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's
A final dividend of 80 cents per share for the year ended 30 June 2004 was declared on 31 August 2004 and paid on 1 October 2004		(93 114)		(93 114)
An interim dividend in respect of the 2005 financial year of 90 cents per share was declared on 7 March 2005 and paid on 4 April 2005		(104 754)		(104 754)
A final dividend of 110 cents per share for the year ended 30 June 2005 was declared on 30 August 2005 and paid on 26 September 2005	**(126 093)**		**(128 032)**	
An interim dividend in respect of the 2006 financial year of 135 cents per share was declared on 2 March 2006 and paid on 3 April 2006	**(141 619)**		**(151 297)**	
	(267 712)	(197 868)	**(279 329)**	(197 868)

A final dividend of 155 cents per share for the year ended 30 June 2006 was declared on 28 August 2006 and paid on 26 September 2006.

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's

13. PROPERTY, PLANT AND EQUIPMENT

Net carrying value	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's
Freehold land and buildings	**2 407 778**	2 438 289		
Leasehold land and buildings	**1 079 043**	1 089 306		
Infrastructure	**538 266**	501 942		
Plant and machinery	**238 569**	258 565		
Equipment	**659 685**	599 249		
Furniture and fittings	**279 634**	261 893		
Vehicles	**13 393**	8 475		
Operating equipment	**69 438**	67 624		
Capital work in progress	**121 296**	39 257		
	5 407 102	5 264 600	**–**	–

2006 Group

R'000 Cost

Asset type	Opening	Exchange adjustment	Consolidation of subsidiaries previously equity accounted	Additions	Disposals and write-offs	Reclassi-fications	Closing
Freehold land and buildings	2 810 580	14 356	7 725	37 096	(38 175)	150	2 831 732
Leasehold land and buildings	1 418 823	2 620	–	22 752	(25)	4 236	1 448 406
Infrastructure	677 139	2 096	264	60 540	(2 756)	1 397	738 680
Plant and machinery	482 129	1 469	4 697	4 131	(2 315)	2 547	492 658
Equipment	1 454 164	697	12 916	255 770	(92 898)	13 162	1 643 811
Furniture and fittings	653 592	2 719	25 882	61 798	(41 894)	2 717	704 814
Vehicles	47 398	250	1 176	9 918	(3 915)	(16)	54 811
Operating equipment	67 624	691	1 806	2 883	(3 052)	(514)	69 438
Capital work in progress	39 257	16	7	113 134	(325)	(30 793)	121 296
	7 650 706	**24 914**	**54 473**	**568 022**	**(185 355)**	**(7 114)**	**8 105 646**

R'000 Accumulated depreciation

Asset type	Opening	Exchange adjustment	Consolidation of subsidiaries previously equity accounted	Depre-ciation on disposals	Depre-ciation	Reclassi-fications	Closing
Freehold land and buildings	(372 291)	(2 953)	(156)	13 115	(61 669)	–	(423 954)
Leasehold land and buildings	(329 517)	(228)	–	–	(39 618)	–	(369 363)
Infrastructure	(175 197)	(260)	(65)	2 231	(27 123)	–	(200 414)
Plant and machinery	(223 564)	(534)	(1 943)	2 058	(30 106)	–	(254 089)
Equipment	(854 915)	(288)	(10 012)	84 369	(203 280)	–	(984 126)
Furniture and fittings	(391 699)	(1 589)	(12 580)	42 007	(61 319)	–	(425 180)
Vehicles	(38 923)	(259)	(1 523)	3 588	(4 301)	–	(41 418)
	(2 386 106)	**(6 111)**	**(26 279)**	**147 368**	**(427 416)**	**–**	**(2 698 544)**

13. PROPERTY, PLANT AND EQUIPMENT (continued)

2005	Group					
R'000	Cost					
Asset type	Opening	Exchange adjustment	Additions	Disposals and write-offs	Reclassi-fications	Closing
Freehold land and buildings	2 382 111	10 904	162 439	(63 415)	318 541	2 810 580
Leasehold land and buildings	1 253 812	2 981	180 359	(18 059)	(270)	1 418 823
Infrastructure	555 320	2 123	122 763	(3 067)	–	677 139
Plant and machinery	405 523	2 291	81 553	(11 682)	4 444	482 129
Equipment	1 290 001	(1 159)	332 915	(191 559)	23 966	1 454 164
Furniture and fittings	602 636	(331)	85 999	(34 694)	(18)	653 592
Vehicles	46 930	320	3 895	(3 747)	–	47 398
Operating equipment	64 240	(531)	3 915	–	–	67 624
Capital work in progress	381 055	(132)	8 015	(3 018)	(346 663)	39 257
	6 981 628	16 466	981 853	(329 241)	–	7 650 706

R'000	Accumulated depreciation					
Asset type	Opening	Exchange adjustment	Depre-ciation on disposals	Depre-ciation	Reclassi-fications	Closing
Freehold land and buildings	(325 989)	(2 101)	8 148	(53 948)	1 599	(372 291)
Leasehold land and buildings	(311 882)	2 138	16 217	(35 990)	–	(329 517)
Infrastructure	(151 929)	(161)	1 350	(24 457)	–	(175 197)
Plant and machinery	(200 162)	(100)	8 457	(31 759)	–	(223 564)
Equipment	(854 830)	579	185 010	(185 674)	–	(854 915)
Furniture and fittings	(369 982)	1 672	32 338	(55 727)	–	(391 699)
Vehicles	(36 976)	(308)	3 200	(4 839)	–	(38 923)
	(2 251 750)	1 719	254 720	(392 394)	1 599	(2 386 106)

Net carrying value of property, plant and equipment held under finance leases is R210 000 000 (2005: R141 012 000).

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

Borrowing costs of R21 650 000 (2005: R23 507 000) were capitalised during the year and are included in 'Additions' above. Capitalisation rates approximating the borrowing costs of the loans to finance the relevant projects were used.

Included in freehold land and buildings and infrastructure are assets where the residual value is in excess of the carrying value and the residual value is deemed to be no higher than the carrying value of R1 149 million (2005: R1 080 million).

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's

14. INTANGIBLE ASSETS

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's
Cost:				
Sun International name*	**71 627**	71 627		
Bid costs	**513 871**	505 983		
Management contracts	**18 085**	18 085		
Lease premiums	**35 090**	35 090		
	638 673	630 785		
Accumulated amortisation:				
Bid costs	**(227 616)**	(186 102)		
Management contracts	**(1 442)**	(1 082)		
Lease premiums	**(14 668)**	(11 001)		
	(243 726)	(198 185)		
Net carrying value:				
Sun International name	**71 627**	71 627		
Bid costs	**286 255**	319 881		
Management contracts	**16 643**	17 003		
Lease premiums	**20 422**	24 089		
	394 947	432 600		
Movements on intangible assets:				
Balance at the beginning of the year	**432 600**	478 824		
Bid costs incurred	**774**	702		
Reclassification from/(to) property, plant and equipment	**7 114**	(1 599)		
Amortised during the year	**(45 541)**	(45 327)		
Bid costs	**(41 514)**	(41 303)		
Management contracts	**(360)**	(357)		
Lease premiums	**(3 667)**	(3 667)		
	394 947	432 600		

* 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.

None of the group's intangible assets has restricted title.

No intangible assets are pledged as security for liabilities.

The risk adjusted weighted average cost of capital of the group is used to determine the discounted cash flows of the cash generating units to which the intangible assets have been allocated for impairment testing.

15. INVESTMENTS IN SUBSIDIARIES

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's
Shares at cost				
Balance at the beginning of the year			**2 483 949**	1 209 432
Distribution of subsidiary capital			**–**	(177 500)
Additional investment in Sun International (South Africa) Limited			**–**	1 432 893
Additional investment in other subsidiaries			**4 066**	–
Share based payments made to employees of subsidiaries			**26 162**	19 124
Balance at the end of the year			**2 514 177**	2 483 949

The interests of the company in the aggregate profit and losses of its subsidiaries amounted to R661 million (2005: R556 million) and R3 million (2005: R30 million) respectively.

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's

16. INVESTMENTS IN ASSOCIATES

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's
Investments in associates comprise:				
Shares at cost	**–**	110 972	**–**	211 676
Listed	**–**	50 816	**–**	211 676
Unlisted	**–**	2 784	**–**	–
Goodwill	**–**	57 372	**–**	–
Retained earnings	**–**	124 577	**–**	–
	–	235 549	**–**	211 676
Valuation:				
Directors' valuation of unlisted associates	**–**	20 943		
Market value of listed associates	**–**	610 785		
	–	631 728		
Movements on associates:				
Balance at the beginning of the year	**235 549**	223 439	**211 676**	211 676
Associates now consolidated	**(14 423)**	–	**–**	–
Currency translation adjustments	**–**	12	**–**	–
Associate profits	**8 636**	47 768	**–**	–
Share of profit before tax	**13 708**	73 481	**–**	–
Share of tax	**(5 072)**	(25 713)	**–**	–
Dividends received	**–**	(35 670)	**–**	–
Disposal of associate	**(229 762)**	–	**(211 676)**	–
Balance at the end of the year	**–**	235 549	**–**	211 676

The investments in Lesotho Sun (Proprietary) Limited and Sun International of Lesotho (Proprietary) Limited have been treated as subsidiaries from 1 July 2006. Sun International controls these investments as a result of the management agreements.

17. AVAILABLE-FOR-SALE INVESTMENTS

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's
Available-for-sale investments comprise:				
KZL	**183 422**	287 175	**–**	–
Cape Town International Convention Centre Company (Proprietary) Limited	**140 735**	140 735	**–**	–
Other	**19**	19	**–**	
	324 176	427 929	**–**	–
Current portion	**(183 422)**	(287 175)	**–**	–
	140 754	140 754	**–**	–
Movement on available-for-sale investments:				
Balance at the beginning of the year	**427 929**	532 709	**–**	284
Currency translation adjustments	**8 220**	22 129	**–**	–
Disposals	**(188 988)**	(212 767)	**–**	(284)
Write up of KZL to market value	**77 015**	85 858	**–**	–
	324 176	427 929	**–**	–
Directors' valuation of unlisted investments	**140 754**	140 754		
Market value of listed investment	**183 422**	287 175		
	324 176	427 929		

The group's investment in KZL comprises 317 109 (2005: 756 554) shares which are traded on the New York Stock Exchange and its fair value is determined with reference to the market price.

The investment in Cape Town International Convention Centre Company (Proprietary) Limited of 24,8% (2005: 24,8%) forms part of the group's bid commitments in the Western Cape. This investment is carried at cost as its fair value cannot be reliably determined.

	Group		Company	
	2006	2005	**2006**	2005
	R000's	R000's	**R000's**	R000's

18. LOANS AND RECEIVABLES

Other assets				
Ordinary shares in Real Africa Holdings Limited (refer note 38)	**39 258**	–	**–**	–
Loans	**267 866**	270 743	**842 363**	373 093
Sun International Employee Share Trust	**–**	–	**–**	3 596
Share incentive schemes	**–**	–	**158 215**	83 846
Preference share funding of empowerment partners	**261 544**	248 315	**–**	–
Preference shares in subsidiaries	**–**	–	**–**	30 000
Loans to subsidiaries	**–**	–	**684 148**	255 651
Loan to SCME	**–**	3 672	**–**	–
Other loans	**6 322**	18 756	**–**	–
	307 124	270 743	**842 363**	373 093
Current portion	**(5 000)**	(15 672)	**(158 215)**	(113 846)
	302 124	255 071	**684 148**	259 247
Loans are repayable over the following financial years:				
2006	**5 000**	15 672	**158 215**	113 846
2007	**–**	5 000	**–**	–
2008	**–**	–	**–**	–
2009	**–**	–	**–**	–
2010	**–**	–	**–**	–
2011 onwards	**262 866**	250 071	**684 148**	255 651
	267 866	270 743	**842 363**	369 497
Other loans with no fixed repayment terms:				
Sun International Employee Share Trust	**–**	–	**–**	3 596
	267 866	270 743	**842 363**	373 093
The weighted average year end interest and dividend rates were as follows:				
	%	%	**%**	%
Sun International Employee Share Trust	**–**	–	**–**	12,0
Share incentive schemes	**–**	–	**NIB**	NIB
Preference share funding of empowerment partners*	**8,5**	7,7	**–**	–
Preference shares in subsidiaries*	**–**	–	**–**	7,9
Loans to subsidiaries	**–**	–	**3,2**	8,3
Other loans	**2,3**	7,7	**–**	–
Weighted average	**8,3**	7,7	**2,6**	6,4

* These rates are linked to the prime bank overdraft rate.
NIB – Non interest bearing

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

19. INVENTORY

	Group 2006 R000's	Group 2005 R000's
Merchandise	**1 944**	1 740
Consumables and hotel stocks	**32 940**	29 096
	34 884	30 836

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's
20. ACCOUNTS RECEIVABLE				
Trade receivables	**122 903**	127 320	**–**	–
Less provision for impairment	**(8 698)**	(6 440)	**–**	–
Net trade receivables	**114 205**	120 880	**–**	–
Prepayments	**76 049**	52 095	**–**	–
VAT	**17 938**	22 889	**951**	–
Receivables from subsidiaries	**–**	–	**20 197**	23 383
Share option scheme and discontinued share purchase scheme	**15 687**	15 687	**–**	–
Sun International Vacation Club Association	**12 212**	19 024	**–**	–
Other receivables	**53 807**	75 534	**–**	1 787
	289 898	306 109	**21 148**	25 170
The fair value of accounts receivable approximates their cost.				
21. SHARE CAPITAL AND PREMIUM				
Authorised				
150 000 000 (2005:150 000 000) ordinary shares of 8 cents each	**12 000**	12 000	**12 000**	12 000
100 000 000 (2005:100 000 000) variable rate cumulative redeemable preference shares of 1 cent each	**1 000**	1 000	**1 000**	1 000
Issued*				
Share capital	**8 470**	9 133	**9 417**	9 311
Share premium	**1 633 818**	1 611 421	**1 633 818**	1 611 421
Treasury shares	**(691 118)**	(85 583)	**–**	
– Shares held by the group	**(413 818)**	–	**–**	
– Shares held by Employee Share Trusts	**(277 300)**	(85 583)		
Treasury share options	**(162 059)**	(87 690)		
	789 111	1 447 281	**1 643 235**	1 620 732

* The issued preference shares have been included in borrowings in note 24.

Treasury share options represent the beneficial interest of the company in options held by the share option scheme which has been consolidated.

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

21. SHARE CAPITAL AND PREMIUM (continued)

	Group 2006 Number of shares	Group 2006 R000's	Group 2005 Number of shares	Group 2005 R000's
Movement during the year				
Statutory shares in issue	**117 718 007**	**1 643 057**	116 392 903	1 620 554
Balance at the beginning of the year	**116 392 903**	**1 620 554**	90 050 306	554 997
Odd lot offer	**(141 940)**	**(12 654)**		
Shares issued pursuant to the exercise of option under the share option scheme	**1 467 044**	**35 157**	–	–
Shares issued on acquisition of SISA minorities	**–**	**–**	26 342 597	1 065 557
Treasury shares	**(12 229 949)**	**(853 946)**	(2 615 895)	(173 273)
Balance at the beginning of the year	**(2 615 895)**	**(173 273)**	(2 615 895)	(136 273)
Shares bought back in terms of the City Lodge disposal	**(8 590 275)**	**(627 098)**		
Deemed treasury shares on consolidation of Employee Share Trusts	**(3 825 572)**	**(192 024)**		
Treasury shares re-issued to Dinokana	**2 801 793**	**212 818**		
Treasury share options purchased		**(150 825)**		(37 000)
Treasury share options excercised		**76 456**		
Closing balance	**105 488 058**	**789 111**	113 777 008	1 447 281

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's
22. RETAINED EARNINGS				
Retained earnings at the end of the year comprise:				
Company	**1 340 823**	969 905	**1 340 823**	969 905
Subsidiaries and equity investments	**1 367 935**	1 058 566	**–**	–
	2 708 758	2 028 471	**1 340 823**	969 905
Any future dividend declarations out of the retained earnings of the company or any of its subsidiaries incorporated in South Africa will be subject to STC, to the extent that STC credits are not available, at the prescribed rate which is currently 12,5% of the dividend declared.				
23. DEFERRED TAXATION				
Balance at beginning of the year	**359 440**	367 228	**(886)**	(355)
Income statement charge/(credit) for the year	**11 551**	7 130	**(101)**	141
Prior year under/(over) provision	**18 451**	(3 821)	**(4 438)**	(684)
Currency translation adjustments	**1 132**	1 048	**–**	–
Adjustment due to tax rate change	**–**	(12 145)	**–**	12
Balance at the end of the year	**390 574**	359 440	**(5 425)**	(886)
Deferred taxation arises from the following temporary differences:				
Deferred tax liabilities				
Accelerated asset allowances	**452 737**	428 806	**–**	–
Balance at the beginning of the year	**428 806**	435 184	**–**	–
Currency translation adjustments	**1 126**	1 001	**–**	–
Charged/(credited) to income statement	**22 805**	(7 379)	**–**	–
	452 737	428 806	**–**	–

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's

23. DEFERRED TAXATION (continued)

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's
Deferred tax assets				
Assessed losses	**–**	–	**–**	–
Balance at the beginning of the year	**–**	(11 253)	**–**	–
Charged to income statement	**–**	11 253	**–**	–
Prepayments	**(8 381)**	(4 113)	**–**	–
Balance at the beginning of the year	**(4 113)**	5 891	**–**	–
Credited to income statement	**(4 268)**	(10 004)	**–**	–
Disallowed accruals and provisions	**(82 487)**	(70 146)	**(242)**	(242)
Balance at the beginning of the year	**(70 146)**	(56 746)	**(242)**	(335)
Currency translation adjustments	**6**	47	**–**	–
(Credited)/charged to income statement	**(12 347)**	(13 447)	**–**	93
Fair value adjustments	**28 705**	4 893	**(5 183)**	(644)
Balance at the beginning of the year	**4 893**	(5 848)	**(644)**	(20)
Charged/(credited) to income statement	**23 812**	10 741	**(4 539)**	(624)
	(62 163)	(69 366)	**(5 425)**	(886)
Net deferred tax liability/(asset)	**390 574**	359 440	**(5 425)**	(886)

24. BORROWINGS

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's
Non current:				
Term facilities	**615 167**	760 310	**–**	–
General facilities	**1 103**	75 034	**–**	–
Transnet loan	**302 937**	279 442	**261 698**	255 651
Redeemable preference shares	**194 040**	180 000	**–**	180 000
Lease liabilities	**268 545**	228 377	**–**	–
Vacation Club members	**76 515**	60 563	**–**	–
	1 458 307	1 583 726	**261 698**	435 651
Current:				
Bank overdrafts	**216 394**	64 462	**53 159**	10 872
Term facilities	**222 060**	296 810	**–**	–
General facilities	**394 130**	325 639	**–**	–
Redeemable preference shares	**–**	50 000	**–**	–
Lease liabilities	**34 792**	9 635	**–**	–
	867 376	746 546	**53 159**	10 872
Total borrowings	**2 325 683**	2 330 272	**314 857**	446 523
Secured	**353 480**	834 129	**–**	–
Unsecured	**1 972 203**	1 496 143	**314 857**	446 523
	2 325 683	2 330 272	**314 857**	446 523

The fair value of borrowings approximate their carrying values except for the Transnet loan which has a fair value of R383 million. This fair value has been determined on a discounted cash flow basis using a discount rate of 10%.

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

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's
Rand	**2 318 707**	2 330 272	**314 857**	446 523
Pula	**6 976**	–	**–**	–
	2 325 683	2 330 272	**314 857**	446 523

24. BORROWINGS (continued)

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

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's
Net book value of property, plant and equipment encumbered by secured loans	**325 189**	1 559 401	**–**	–
The current borrowings are repayable over:				
Less than 6 months	**128 426**	178 223	**–**	–
6 to 12 months	**738 950**	568 323	**53 159**	10 872
	867 376	746 546	**53 159**	10 872
The non current borrowings are repayable over the following financial years:				
2007		535 869	**–**	180 000
2008	**247 666**	214 871	**–**	–
2009	**213 837**	180 973	**–**	–
2010	**141 892**	103 213	**–**	–
2011 onwards	**854 912**	548 800	**261 698**	255 651
	1 458 307	1 583 726	**261 698**	435 651
Year end interest rates:				
	%	%	**%**	%
Bank overdrafts	**10,1**	9,8	**10,0**	9,5
Term facilities	**9,3**	9,4	**–**	–
General facilities	**8,9**	8,9	**–**	–
Transnet loan	**12,2**	12,2	**8,3**	8,3
Redeemable preference shares	**8,5**	7,5	**–**	7,4
Lease liabilities	**11,8**	12,7	**–**	–
Vacation Club members	**11,3**	11,1	**–**	–
Weighted average	**10,0**	9,9	**8,6**	8,6

Interest rates

As at 30 June 2006, interest rates on 51% (2005: 68%) of the group's borrowings were fixed. 31% (2005: 32%) of these fixed borrowings were for periods longer than 12 months. The interest rates, other than on the Transnet loan, approximate those currently available to the group in the market.

Redeemable preference shares

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's
Dinokana Investments (Proprietary) Limited	**194 040**	–	**–**	–
Sun International Limited	**–**	180 000	**–**	180 000
SunWest International (Proprietary) Limited	**–**	50 000	**–**	–
	194 040	230 000	**–**	180 000

Preference dividends on the Dinokana preference shares are payable semi-annually on 31 March and 30 September. Dividends are payable at 77% of the bank prime overdraft rate. The preference shares are redeemable on 3 December 2010.

The Sun International preference shares were redeemed on 29 June 2006 and the SunWest preference shares were redeemed on 31 January 2006.

A register of non current loans is available for inspection at the registered office of the company. The group had unutilised borrowing facilities of R994 million (2005: R700 million) at 30 June. The company's borrowings are not restricted by its articles of association. All undrawn borrowing facilities are renewable annually and do not have fixed interest rates.

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's

24. BORROWINGS (continued)

Capitalised lease liabilities

Finance lease liabilities are primarily for buildings and slot machines. At the time of entering into the capital lease arrangements, the commitments are recorded at the present value using applicable interest rates. As of June, 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:

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's
Aggregated lease payments payable for the year ended 30 June:				
2006		38 848		
2007	**66 332**	42 820		
2008	**72 719**	47 462		
2009	**77 940**	52 683		
2010	**70 695**	58 478		
2011	**65 682**	64 910		
Thereafter	**70 214**	69 887		
	423 582	375 088		
Imputed interest for the year ended 30 June:				
2006		(29 213)		
2007	**(30 315)**	(27 668)		
2008	**(30 418)**	(25 316)		
2009	**(25 180)**	(21 981)		
2010	**(18 735)**	(17 458)		
2011	**(11 664)**	(11 507)		
Thereafter	**(3 933)**	(3 933)		
	(120 245)	(137 076)		
Net capital payments	**303 337**	238 012		
Net carrying value of assets held under finance leases	**210 000**	141 012		

25. OTHER NON CURRENT LIABILITIES

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's
Operating leases	**11 669**	6 847	**–**	–
Deferred income	**51 417**	33 833	**–**	–
Post-retirement medical aid liability	**65 970**	52 292	**–**	–
	129 056	92 972	**–**	–
Current portion	**(4 372)**	(2 491)	**–**	–
	124 684	90 481	**–**	–

Deferred income

Deferred income represents sales proceeds in respect of the new Vacation Club units constructed at Sun City. This revenue will be recognised over the 15 year period of the members' contracts.

Post-retirement medical benefits

The group contributes towards the post-retirement medical aid contributions of eligible employees employed by the group as at 30 June 2003. Employees who joined the group after 1 July 2003 will not be entitled to any co-payment subsidy from the group upon retirement. Employees are eligible for such benefits on retirement based upon the number of completed years of service. The methods of accounting and valuation are similar to those used for defined benefit schemes. The actuarial valuation to determine the liability is performed annually.

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's

25. OTHER NON CURRENT LIABILITIES (continued)

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's
Movement of liability:				
Benefit obligation at beginning of the year	**52 292**	40 304		
Associates now consolidated	**1 823**	–		
Interest cost	**4 404**	4 102		
Current service cost	**3 127**	2 555		
Actuarial loss	**5 268**	6 135		
Benefits paid	**(944)**	(804)		
Benefit obligation at end of the year	**65 970**	52 292		
The principal actuarial assumptions used for accounting purposes were:				
	%	%		
Discount rate	**8,50**	7,75		
Price inflation agreed by the group	**5,00**	4,00		

26. ACCOUNTS PAYABLE AND ACCRUALS

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's
Trade payables	**94 945**	116 704	**–**	–
Accrued expenses	**459 951**	490 567	**–**	5 677
Capital creditors	**26 561**	6 214	**–**	–
Other payables	**102 483**	73 629	**24 497**	21 786
	683 940	687 114	**24 497**	27 463

The fair value of accounts payable approximates their costs.

27. PROVISIONS

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's
Movements on provisions				
Balance at the beginning of the year:				
Lease commitments and property closure costs	**8 609**	12 346		
Progressive jackpots	**40 460**	33 714		
	49 069	46 060		
Created during the year:				
Lease commitments and property closure costs	**13 356**	–		
Net progressive jackpots	**–**	6 849		
	13 356	6 849		
Utilised during the year:				
Lease commitments and property closure costs	**(8 609)**	(3 737)		
Net progressive jackpots	**(2 651)**	–		
	(11 260)	(3 737)		
Currency translation adjustments	**(90)**	(103)		
Balance at the end of the year:				
Lease commitments and property closure costs	**13 356**	8 609		
Progressive jackpots	**37 719**	40 460		
	51 075	49 069		

Lease commitments and property closure costs

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

Progressive jackpots

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

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's

28. CASH FLOW INFORMATION

28.1 Cash generated/(utilised) by operations

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's
Operating profit	**1 449 062**	1 364 632	**275 739**	382 926
Non cash items and items dealt with separately:				
Dividend income	**–**	–	**(491 424)**	(394 829)
Depreciation and amortisation (refer note 3)	**472 957**	437 721	**–**	–
Loss/(profit) on disposal of property, plant and equipment	**10 138**	(848)	**–**	–
Realisation of fair value gains on KZL shares	**(82 572)**	(72 869)	**–**	–
Profit realised on discontinued share purchase scheme	**–**	(6 202)	**–**	–
Currency translation reserve realised	**(108 293)**	(103 757)	**–**	–
BEE transaction charge	**218 727**	–	**210 557**	–
Fair value adjustment on loan origination	**(25 499)**	(47 110)	**–**	–
Pre-opening expenses	**13 154**	18 586	**–**	–
Foreign exchange profits	**51 832**	34 926	**–**	–
Unrealised foreign exchange profits on intercompany loans	**(11 017)**	(16 716)	**–**	–
Deferred income	**17 584**	33 833	**–**	–
Employee share based payments	**26 162**	19 124	**–**	–
Post-retirement medical aid	**13 678**	11 988	**–**	–
Other items	**5 927**	(13 538)	**(10 688)**	4 592
Cash generated/(utilised) by operations before working capital changes	**2 051 840**	1 659 770	**(15 816)**	(7 311)
Working capital changes	**(6 481)**	113 265	**1 056**	25 311
Inventory	**(2 809)**	(698)	**–**	–
Accounts receivable	**22 498**	14 409	**4 022**	16 197
Accounts payable and accruals	**(26 170)**	99 554	**(2 966)**	9 114
	2 045 359	1 773 035	**(14 760)**	18 000

28.2 Taxation paid

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's
(Liability)/overpayment at the beginning of the year	**(196 616)**	(177 247)	**6 127**	(431)
Current tax provided (refer note 8)	**(410 518)**	(342 511)	**(6 549)**	(5 058)
Other taxes (refer notes 8 and 9)	**(102 760)**	(50 366)	**(26 672)**	(5 888)
Currency translation adjustment	**(474)**	(200)	**–**	–
Liability/(overpayment) at the end of the year	**112 792**	196 616	**(2 739)**	(6 127)
	(597 576)	(373 708)	**(29 833)**	(17 504)

28.3 Proceeds on disposal of shares in subsidiaries

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's
Emfuleni Resorts (Proprietary) Limited	**1 542**	5 759	**–**	–
Transkei Sun International Limited	**–**	25 510	**–**	–
Afrisun Gauteng (Proprietary) Limited	**141**	–	**–**	–
SunWest International (Proprietary) Limited	**–**	1 495	**–**	–
Teemane (Proprietary) Limited	**1 000**	–	**–**	–
Afrisun KZN (Proprietary) Limited	**954**	–	**–**	–
	3 637	32 764	**–**	–

28.4 Purchase of additional shares in subsidiaries

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's
SISA	**–**	(367 282)	**–**	(367 282)
Increase in investment in SISA	**–**	(1 432 839)	**–**	(1 432 839)
Settled by issue of shares	**–**	1 065 557	**–**	1 065 557
Other subsidiaries	**(24 972)**	(6 830)	**(4 066)**	–
	(24 972)	(374 112)	**(4 066)**	(367 282)

	Group		Company	
	2006	2005	**2006**	2005
	R000's	R000's	**R000's**	R000's

28. CASH FLOW INFORMATION (continued)

28.5 Investment income

Dividends received:				
Associates	**–**	35 670	**–**	35 670
Subsidiaries	**–**	–	**491 424**	394 829
Interest income	**74 447**	71 240	**28 141**	27 860
Imputed interest on loans receivable	**–**	–	**(6 048)**	(6 780)
	74 447	106 910	**513 517**	451 579

28.6 Increase/(decrease) in borrowings

(Decrease)/increase in borrowings	**(149 337)**	238 618	**(180 000)**	(183)
Increase/(decrease) in bank overdrafts	**151 932**	23 881	**42 287**	(23 247)
	2 595	262 499	**(137 713)**	(23 430)

28.7 Interest paid

Interest expense	**(250 417)**	(250 165)	**(35 594)**	(38 903)
Imputed interest on loans payable	**18 357**	14 704	**6 048**	6 780
	(232 060)	(235 461)	**(29 546)**	(32 123)

28.8 Dividends paid

To shareholders	**(267 712)**	(197 868)	**(279 329)**	(197 868)
To minorities in subsidiaries	**(230 082)**	(181 989)	**–**	–
	(497 794)	(379 857)	**(279 329)**	(197 868)

28.9 Cash and cash equivalents consist of:

Cash	**675 398**	509 228	**–**	–
Cash floats	**80 662**	79 995	**–**	–
	756 060	589 223	**–**	–

29. RETIREMENT BENEFIT INFORMATION

The group operates one defined benefit fund, which was closed to new employees in 1995, and four defined contribution funds which are available to all employees including the executive directors and are financed by the company and employee contributions to separate trustee administered funds. 97% (2005: 97%) of employees were members of one of these schemes as at 30 June 2006.

Contributions to these funds during the year were R126,9 million (2005: R114,7 million).

The defined benefit fund requires an actuarial valuation every three years. Funds registered in South Africa are governed by the South African Pension Funds Act, 1956.

Contributions to the defined benefit fund are charged against profits and are based upon actuarial advice following the periodic valuations of the funds.

29. RETIREMENT BENEFIT INFORMATION (continued)

Valuation in terms of the Financial Services Board guidelines

The latest valuation of the defined benefit fund was carried out on 1 July 2004, the group's surplus apportionment date, by an independent firm of consulting actuaries. The fund was found to have a surplus of R29,8 million, which the Trustees have designated as a solvency reserve in terms of circular PF 117 issued by the Financial Services Board (FSB). Circular PF 117 deals, amongst other issues, with the allocation of assets to contingency reserves. Any allocation of assets to contingency reserves reduces the amount of surplus available for distribution to former members and other stakeholders. The valuation has not yet been approved by the FSB. The results of the valuation are summarised below:

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's
Present value of funded obligations	**(188 786)**	(188 786)		
Fair value of fund assets	**218 613**	218 613		
Surplus before contingency reserve	**29 827**	29 827		
Contingency reserve	**(29 827)**	(29 827)		
Surplus available for distribution	**–**	–		

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.

No asset has been recognised in respect of the surplus in the Sun International Pension Fund as the apportionment process has not yet been completed.

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's
Surplus on the defined benefit fund				
Present value of funded obligations	**(205 000)**	(177 517)		
Fair value of fund assets	**339 509**	245 076		
	134 509	67 559		
Unrecognised actuarial (gain)/loss	**(46 898)**	11 864		
Surplus at the end of the year	**87 611**	79 423		
Movement on surplus				
Balance at the beginning of the year	**79 423**	72 313		
Contributions paid	**10 457**	9 891		
Other expenses included in staff costs	**(2 269)**	(2 781)		
Current service cost	**(7 843)**	(7 323)		
Interest cost	**(14 645)**	(12 503)		
Expected return on fund assets	**20 219**	17 045		
Balance at the end of the year	**87 611**	79 423		
The principal actuarial assumptions used were as follows:				
	%	%		
Discount rate	**8,50**	8,25		
Expected return on fund assets	**8,25**	9,50		
Future salary increases	**6,50**	5,50		
Future pension increases	**4,50**	4,25		

30. FINANCIAL RISK MANAGEMENT

Foreign exchange risk

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

Credit risk

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

Interest rate risk

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

Liquidity risk

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

31. CONTINGENT LIABILITIES

(i) In the event of default by the current tenants, the group will be liable for lease liabilities relating to the Mmabatho staff flats and the Taung flats. The Mmabatho staff flats' current rental is R3,9 million per annum, escalating at 11% per annum and expires on 30 November 2011. The Taung flats' current rental is R2,4 million per annum, escalating at 11% per annum and expires on 31 October 2010.

(ii) The group has granted a put option in respect of preference share funding provided by institutions to certain of the group's empowerment partners. Preference share funding amounting to R20 million (2005: R33 million) has effectively been underwritten.

(iii) Group companies have guaranteed borrowing facilities of certain group subsidiaries in which the group has less than 100% shareholding. The group has therefore effectively underwritten the minorities' share of these facilities in the amount of R350 million (2005: R320 million).

(iv) Afrisun has instituted a legal claim against SISA, involving Afrisun seeking to void the transactions entered into between SISA and GPI and between SISA and Business Venture Investments No. 575 (Pty) Limited ('the GPI transaction') in June 2003 and to ask for certain consequential orders or in the alternative seeking damages in respect of a maximum 5,5% shareholding in SunWest which it contends should have been offered unconditionally to it at a price of R75 per share.

Afrisun contends, amongst other things, that it has a damages claim to a maximum of R311 million, based on 786 650 SunWest shares in dispute at a value of R479 per share (as at June 2003) less the R75 cost of the shares in terms of the GPI transaction.

SISA intends to defend the merits of this claim and is, in any event, of the view that the basis on which Afrisun has quantified its alleged damages claim is fundamentally flawed.

	Group		Company	
	2006	2005	**2006**	2005
	R000's	R000's	**R000's**	R000's

31. CONTINGENT LIABILITIES (continued)

Contingent liabilities which the group has incurred in relation to its interest in associates:

(i) The group's 73,3% held subsidiary, Royale Resorts Holding Limited (RRHL), together with Primedia Limited have jointly and severally guaranteed three (2005: four) operating leases of SCE whose rental amounts to US$5,8 million (2005: US$6,6 million) annually. At 30 June the maximum exposure is US$21,7 million (2005: US$45,3 million).

(ii) In addition, RRHL together with Primedia has jointly and severally guaranteed one operating lease of SCME whose rental amounts to US$1,8 million (2005: US$1,5 million) annually. At 30 June the maxiumum exposure is US$ 11,8 million (2005: US$ 13,4 million).

32. CAPITAL EXPENDITURE AND RENTAL COMMITMENTS

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's
Capital commitments				
Contracted	**223 000**	85 000		
Authorised by the directors but not contracted	**1 053 000**	729 000		
	1 276 000	814 000		
To be spent in the forthcoming financial year	**970 000**	814 000		
To be spent thereafter	**306 000**	–		
	1 276 000	814 000		

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

Rental commitments

The company has a rental commitment for the company's head office in Sandton, expiring on 31 May 2014, with an annual rental of R9,1 million, escalating at 11% per annum.

Over and above the rental commitments of the company, the group has the following material rental agreements as at 30 June 2006:

(i) For the Naledi Sun Hotel and staff flats, expiring on 21 May 2009, with the annual rental of R6,1 million escalating at 11% per annum.

(ii) For phase 5 of the Thaba'Nchu Sun staff flats with the annual rental of R0,9 million escalating at 9% per annum, expiring on 30 November 2009.

(iii) For the Fish River Sun staff accommodation complex with an annual rental of R1,9 million, escalating at 10% per annum, expiring in 2008.

(iv) 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.

32. CAPITAL EXPENDITURE AND RENTAL COMMITMENTS (continued)

Rental commitments (continued)

(v) 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.

(vi) For the Sands Hotel building, expiring in August 2010, with an annual rental of R6,9 million, escalating at 11% per year. The group has the option to renew the lease to August 2020.

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's
Summarised operating lease commitments				
2006		24 086		8 736
2007	**26 019**	26 019	**9 697**	9 697
2008	**28 389**	28 389	**10 763**	10 763
2009	**29 127**	29 127	**11 947**	11 947
2010	**23 056**	23 056	**13 261**	13 261
2011	**16 364**	16 364	**14 720**	14 720
Thereafter	**51 197**	51 197	**50 950**	50 950
	174 152	198 238	**111 338**	120 074

33. RELATED PARTY TRANSACTIONS

Key management personnel has been defined as: Sun International Limited board of directors and Sun International Management Limited board of directors. The definition of key management includes the close members of family of key management personnel and any entity over which key management exercises control. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the group. They may include the individual's domestic partner and children, the children of the individual's domestic partner and dependants of the individual or the individual's domestic partner.

(i) Key-management compensation

Remuneration and fees

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's
Non-executive directors				
Fees	**3 156**	2 546	**3 120**	2 522
Consultancy fees paid by subsidiaries	**180**	180	**–**	–
	3 336	2 726	**3 120**	2 522
Executive directors				
Basic remuneration	**7 893**	5 562		
Bonuses/performance related payments	**8 261**	6 737		
Retirement contributions	**1 147**	673		
Other benefits	**2 448**	1 530		
Fair value of options expensed	**4 323**	2 386		
	24 072	16 888		

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's

33. RELATED PARTY TRANSACTIONS (continued)

(i) Key-management compensation (continued)

Remuneration and fees (continued)

Other key management	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's
Basic remuneration	**16 682**	12 837		
Bonuses/performance related payments	**8 783**	7 240		
Retirement contributions	**2 631**	2 123		
Other benefits	**1 959**	3 357		
Fair value of options expensed	**5 966**	3 637		
	36 021	29 194		

Details of individual directors' emoluments and share options are set out on pages 106 and 104 respectively of this report.

Share based compensation granted

Share option scheme

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

Directors

The aggregate number of share options granted to the executive directors of the group during 2006 was 75 000 (2005: 243 750) at an exercise price of R82,90 (2005: R51,39). The number of share options held by the executive directors of the group at the end of the year was 1 044 062 (2005: 1 315 375).

Other key management

The aggregate number of share options granted to other key management of the group during 2006 was 75 000 (2005: 731 250) at an exercise price of R74,00 (2005: R61,53). The number of share options held by other key management of the group at the end of the year was 1 130 439 (2005: 1 764 250).

Equity growth plan

Directors

The aggregate number of grants made to the executive directors of the group during 2006 was 40 470 at a grant price of R82,74. The number of grants held by the executive directors of the group at the end of the year was 40 470.

Other key management

The aggregate number of grants made to other key management of the group during 2006 was 81 529 at a grant price of R82,74. The number of grants held by other key management of the group at the end of the year was 81 529.

	Group		Company	
	2006	2005	**2006**	2005
	R000's	R000's	**R000's**	R000's

33. RELATED PARTY TRANSACTIONS (continued)

(i) Key-management compensation (continued)

Share based compensation granted (continued)

Conditional share plan

Directors

The aggregate number of grants made to the executive directors of the group during 2006 was 54 505 at a grant price of R82,74. The number of grants held by the executive directors of the company at the end of the year was 54 505.

Other key management

The aggregate number of grants made to other key management of the group during 2006 was 123 372 at a grant price of R82,74. The number of grants held by other key management of the group at the end of the year was 123 372.

(ii) Shareholding of key management

Percentage holding by key management

	%	%
Sun International Limited	**1,0**	0,2
Afrisun Gauteng (Proprietary) Limited	**0,1**	0,1
Emfuleni Resorts (Proprietary) Limited	**1,8**	1,7
Afrisun KZN (Proprietary) Limited	**2,1**	2,1
SunWest International (Proprietary) Limited	**2,5**	2,8
National Casino Resort Manco Holdings (Proprietary) Limited	**17,1**	17,1

Gain on sale of interests by key management

SunWest International (Proprietary) Limited	**2 068**	–
	2 068	–

During the year, certain members of key management exchanged 21 032 Sun International shares for 39 878 shares in City Lodge pursuant to a S311 scheme of arrangement.

Dividends received by key management

Sun International Limited	**885**	479
Afrisun Gauteng (Proprietary) Limited	**121**	79
Emfuleni Resorts (Proprietary) Limited	**724**	150
Afrisun KZN (Proprietary) Limited	**535**	–
SunWest International (Proprietary) Limited	**4 860**	1 579
National Casino Resort Manco Holdings (Proprietary) Limited	**1 627**	1 414
	8 524	3 697

(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.

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's

33. RELATED PARTY TRANSACTIONS (continued)

(iii) Other commercial transactions with related parties (continued)

Interests in concessionaires and service providers by key management

- A 55% holding in Classic Cape Charter CC to which SunWest pays an annual sponsorship fee of R120 000.
- A 11% holding in San Squires (Proprietary) Limited which paid rentals of R5 407 461 (2005: R 4 887 858).
- A 50% holding in Cape Town Fish Market which paid rentals of R1 086 356 (2005: 769 010).
- A 22% holding in Asch Consulting Engineering (Proprietary) Limited which received consulting fees of R400 410 (2005: R1 764 275).
- A 30% holding in Proman Project Management Services (Proprietary) Limited which received consulting fees of R3 991 138 (2005: R3 759 530).
- A 26% holding in Grandpark (Proprietary) Limited which received fees of R272 141 (2005: R100 433).

(iv) Loans to related parties

Loan to SCME

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's
Balance at the beginning of the year	**3 672**	1 236		
Repaid	**(3 672)**	–		
Advances to SCME	**–**	2 159		
Currency translation adjustment	**–**	277		
Balance at the end of the year	**–**	3 672		

(v) Other related party relationships

Management agreements are in place between SIML and various group companies. A management fee is charged by SIML in respect of management services rendered.

The group's ownership of subsidiaries and associates is set out on page 158 of this annual report.

34. 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 individual losses exceeding R3 million. Amounts arising from these contracts are as follows:

	Group 2006 R000's	Group 2005 R000's	Company 2006 R000's	Company 2005 R000's
Reinsurance premium costs	**(14 062)**	(18 549)		
Reinsurance recovery income	**1 802**	247		
Unexpired premium provisions	**(621)**	(3 153)		

	Company 2006	2005

35. SHARE INCENTIVE SCHEMES

(i) Share option scheme

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

	2006	2005
Balance at the beginning of the year	**9 081 001**	8 533 765
Cancelled	**(149 386)**	–
Granted	**166 875**	2 305 938
Exercised	**(2 917 625)**	(1 395 086)
Lapsed	**–**	(363 616)
Balance at the end of the year	**6 180 865**	9 081 001
Options held by Share Option Trust		
Balance at the beginning of the year	**2 220 193**	570 539
Purchased from employees	**2 917 625**	1 395 086
Re-issued options cancelled	**167 615**	254 568
Exercised	**(1 467 044)**	–
Balance at the end of the year	**3 838 389**	2 220 193
	10 019 254	11 301 194

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

Financial year of grant	Financial year of lapse	Unexer-cised options	Vested options	Number of participants	Average exercise price R
1999	2009	95 600	95 600	13	19,16
2000	2010	71 565	71 565	14	19,53
2001	2011	111 019	111 019	23	31,12
2002	2012	178 177	178 177	46	22,98
2003	2013	455 949	234 699	127	26,35
2004	2014	3 054 638	1 176 826	150	35,58
2005	2015	2 056 417	580 323	180	57,22
2006	2016	157 500	75 000	3	78,24
Balance at 30 June 2006		**6 180 865**	**2 523 209**		**42,30**
Balance at 30 June 2005		9 081 001	2 900 595		37,58

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

Financial year of grant	Financial year of lapse	Options held	Average exercise price R
1999	2009	435 991	19,28
2000	2010	286 028	20,38
2001	2011	536 916	30,76
2002	2012	485 047	22,91
2003	2013	568 152	19,42
2004	2014	1 386 534	25,48
2005	2015	139 721	52,07
Balance at 30 June 2006		**3 838 389**	**24,88**
Balance at 30 June 2005		2 220 193	26,14

35. SHARE INCENTIVE SCHEMES (continued)

(i) Share option scheme (continued)

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 or death. Options lapse if not exercised within ten years of their date of grant. Options under the scheme are granted at prices ruling on the JSE Limited at the date of granting those options.

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

The options held by the trust represent vested options purchased from participants.

Date granted	Total options granted	Weighted average grant price R	Weighted average 400-day volatility	Weighted average long term risk-free rates	Weighted average dividend yields	Total option valuation R
2003	1 066 250	26,52	30,1%	10,8%	8,0%	7 563 866
2004	4 938 500	35,35	26,4%	10,0%	7,7%	43 915 140
2005	2 302 413	56,63	22,5%	8,5%	6,0%	31 350 927
2006	157 500	78,24	22,0%	8,5%	4,5%	3 576 338

Principal assumptions used were as follows:

Exit multiple	1,8
Volatility	400-day
Exit rate	5%

Share option costs charged against income for the year were R26 million (2005: R19 million).

(ii) Conditional Share Plan (CSP)

CSP awards provide senior executives with the opportunity to receive shares in Sun International Limited by way of a conditional award, which is subject to the fulfilment of predetermined performance conditions on the expiry of a three year performance period. The performance condition is related to the group'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.

Date granted	Total grants	Weighted average grant price R	Weighted average 400-day volatility	Weighted average long term risk free rates	Weighted average dividend yields	Valuation R
2006	205 027	82,74	22,0%	8,9%	4,5%	8 387 655

No expense has been recognised as the CSP awards were granted on 30 June 2006.

35. SHARE INCENTIVE SCHEMES (continued)

(iii) Equity Growth Plan (EGP)

EGP rights provide senior executives with the opportunity to acquire shares in Sun International Limited through the grant of conditional EGP rights, which are the rights to receive shares equal in value to the appreciation of the Sun International share between the date on which the conditional EGP rights are granted and the date on which they are exercised, subject to the fulfilment of predetermined performance conditions over a specified performance period. The performance condition applied to the 2006 grants is that the group's adjusted headline earnings per share should increase by two 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.

Date granted	Total grants	Weighted average grant price R	Weighted average 400-day volatility	Weighted average long term risk free rates	Weighted average dividend yields	Valuation R
2006	604 399	82,74	22,0%	8,9%	4,5%	11 941 826

No expense has been recognised as the EGP awards were granted on 30 June 2006.

(iv) Shares allocated under EGP, CSP and DBP

The aggregate number of shares which may be allocated under the EGP, CSP and DBP may not exceed 10 780 000, provided that no more than 5 390 000 may be set aside in the first three years of operation of these plans.

Number of shares which may be utilised for these plans:		
Balance at the beginning of the year		10 780 000
Set aside during the year	– CSP	(205 027)
	– EGP	(604 399)
Balance at the end of the year		9 970 574

36. EMPLOYEE SHARE TRUSTS

These trusts have been consolidated in the group's financial statements.

Sun International Employee Share Trust

The Sun International Employee Share Trust was established to enable eligible employees to share in the success of the group through share ownership. The share scheme excludes participation by directors or employees holding executive and senior management positions. Eligible employees will benefit from income and growth distributions made by the trust.

The trust is funded through interest-free loans from the participating companies in the group. These loans have been fair valued and imputed interest at 12% per annum is recognised over the expected loan period. Loans will be repaid through dividend flows and proceeds on the disposal of the underlying investments held by the trust.

The trust is controlled by its trustees. The majority of trustees are representatives elected by and from the employees as beneficiaries of the trust. The company has no beneficial interest in and has no control over the trust. The group does not share in any economic benefits from the trust.

	Group		Company	
	2006	2005	**2006**	2005
	R000's	R000's	**R000's**	R000's

36. EMPLOYEE SHARE TRUSTS (continued)

The economic interest held by the trust in group companies is set out below:

	%	%
Afrisun Gauteng (Proprietary) Limited	**3,5**	3,5
Emfuleni Resorts (Proprietary) Limited	**3,5**	3,5
SunWest International (Proprietary) Limited	**3,5**	3,5
Meropa Leisure and Entertainment (Proprietary) Limited	**3,5**	3,5
Teemane (Proprietary) Limited	**3,5**	3,5
Afrisun KZN (Proprietary) Limited	**3,5**	3,5
Mangaung (Proprietary) Limited	**3,5**	–
Sun International Limited – Direct	**2,3**	2,2
– Indirect	**3,0**	–

Sun International Black Executive Management Trust

As a further commitment to BEE and to assist Sun International in retaining black management, to attract black management and to contribute towards the creation of sustainable black leadership, a new trust was formed for the benefit of current and future black management of the group. Permanent employees of the Sun International group, who occupy management grade levels, are black people and are South African citizens are eligible to participate in the Sun International Black Executive Management Trust. The group does not share in any economic benefits from the trust.

Indirect economic interest held by the trust in Sun International Limited	**0,4**	–

37. COMPARATIVES

Comparatives have been restated for changes in accounting policies as set out on pages 120 and 121.

38. POST BALANCE SHEET EVENTS

Purchase of Real Africa Holdings Limited

The offer made by the group to acquire all the issued share capital of RAH closed on 15 September 2006. Shareholders holding 58,1% of RAH accepted the offer and together with the 12 193 698 RAH shares acquired in the market, the group owns 61,5% of RAH. The total consideration paid for the RAH shares, including costs amounted to R1 183 million. The excess of the purchase consideration over the net asset value of the assets of R832 million will be taken directly to the reserve for non controlling interests.

38. POST BALANCE SHEET EVENTS (continued)

Purchase of Real Africa Holdings Limited (continued)

As a result of the acquisition the group's effective interest in a number of its subsidiaries will increase as summarised below:

	% before acquisition*	% after acquisition*
SunWest International (Proprietary) Limited	58,8	67,4
Afrisun Gauteng (Proprietary) Limited	70,0	82,9
Emfuleni Resorts (Proprietary) Limited	70,2	71,6
Afrisun KZN (Proprietary) Limited	55,9	62,9
Gauteng Casino Resort Manco (Proprietary) Limited	20,0	39,0
Western Cape Casino Resort Manco (Proprietary) Limited	20,0	26,7
Emfuleni Casino Resort Manco (Proprietary) Limited	20,0	26,7
Afrisun KZN Manco (Proprietary) Limited	20,0	26,7

* Excludes the shareholding of the Employee Share Trusts.

The other major investments held by RAH will be disclosed as non-current investments held for sale as it is the group's intention to dispose of these non-core investments. These investments include:

- A 42,8% interest in Ocfish Holding Company (Proprietary) Limited which holds the controlling interest (46,5%) in Oceana Group Limited. This investment has been disposed of for R338 million after year end and the proceeds distributed to shareholders.
- A 45% interest in Life Esidimeni Group Holdings (Proprietary) Limited which has approximately 5 500 beds in 15 institutions providing healthcare services for the public sector. RAH has valued this investment at R205 million by capitalising sustainable ordinary dividends at a rate of 6,9% and adding surplus net cash.

The acquisition consideration has been settled utilising new borrowing facilities of R988 million and cash resources of R195 million. Including RAH's existing debt of R121 million and the new facilities, consolidated group debt will increase by R1 109 million before the disposal of the non core investments.

		Amount of issued capital 2006 R000's	Effective holding 2006 %	Effective holding 2005 %	Interest of holding company Shares 2006 R000's	Interest of holding company Shares 2005 R000's	Indebtedness 2006 R000's	Indebtedness 2005 R000's
Subsidiaries	*							
Unlisted								
Afrisun Gauteng (Proprietary) Limited	(1)	**199**	**73**	73	**–**	–	**–**	–
Afrisun KZN (Proprietary) Limited	(1)	**133**	**59**	60	**–**	–	**–**	–
Emfuleni Resorts (Proprietary) Limited	(1)	**85**	**74**	73	**–**	–	**–**	–
Lesotho Sun (Proprietary) Limited	(4)	**1**	**49**	–	**–**	–	**–**	–
Mangaung Sun (Proprietary) Limited	(1)	**134**	**74**	100	**–**	–	**–**	–
Meropa Leisure and Entertainment (Proprietary) Limited	(1)	**38**	**71**	71	**–**	–	**–**	–
National Casino Resort Manco Holdings (Proprietary) Limited	(1)	**1**	**80**	74	**4 066**	–	**–**	–
Royale Resorts Holdings Limited**	(7)	**737**	**73**	73	**–**	–	**–**	–
Sands Hotels Holdings (Namibia) (Proprietary) Limited	(5)	**1**	**100**	100	**–**	–	**–**	–
Sun International Investments No 2 (Proprietary) Limited	(1)	**–**	**100**	–	**–**	–	**422 450**	–
Sun International of Lesotho (Proprietary) Limited	(4)	**–**	**47**	–	**–**	–	**–**	–
Sun International (South Africa) Limited	(1)	**35 261**	**100**	100	**1 760 111**	1 760 111	**–**	–
Sun International (Botswana) (Proprietary) Limited***	(2)	**500**	**80**	80	**–**	–	**–**	–
Sun International (Zambia) Limited**	(10)	**3 750**	**100**	100	**–**	–	**–**	–
Sun International Inc	(6) (11)	**1 580**	**100**	100	**687 560**	687 560	**–**	–
Sun International Management Limited	(7) (11)	**449**	**100**	100	**62 440**	36 278	**–**	–
SunWest International (Proprietary) Limited	(1)	**337**	**62**	61	**–**	–	**261 698**	285 651
Teemane (Proprietary) Limited	(1)	**28**	**79**	80	**–**	–	**–**	–
Transkei Sun International Limited	(1)	**14 495**	**70**	70	**–**	–	**–**	–
Worcester Casino (Proprietary) Limited	(1)	**–**	**40**	–	**–**	–	**–**	–
Listed								
Swazispa Holdings Limited	(3)	**3 497**	**51**	51	**–**	–	**–**	–
					2 514 177	2 483 949	**684 148**	285 651
Associates								
Listed								
City Lodge Hotels Limited	(1)							
– Ordinary shares		**–**	**–**	39	**–**	211 676	**–**	–
Unlisted								
Lesotho Sun (Proprietary) Limited	(4)	**–**	**–**	49	**–**	–	**–**	–
Ster Century Europe Limited	(8)	**–**	**–**	37	**–**	–	**–**	–
Ster Century Middle East Holdings Limited	(9)	**–**	**–**	37	**–**	–	**–**	–
Sun International of Lesotho (Proprietary) Limited	(4)	**–**	**–**	47	**–**	–	**–**	–
					–	211 676	**–**	–

* Country of incorporation
(1) South Africa (2) Botswana (3) Swaziland (4) Lesotho (5) Namibia (6) Panama (7) Bermuda (8) Jersey (9) Mauritius (10) Zambia (11) Registered as a South African external company.

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

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

Notice is hereby given that the twenty-second annual general meeting of members of Sun International Limited ('the company') will be held in the boardroom, 4th Floor, 27 Fredman Drive, Sandown, Sandton, Gauteng, Republic of South Africa, on Friday, 24 November 2006 at 09:00 for the following purposes, namely:

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

To receive and adopt the annual financial statements for the year ended 30 June 2006.

2. Ordinary resolutions numbers 2.1 to 2.6

To re-elect Mr PL Campher, Dr NN Gwagwa and Messrs DA Hawton, MV Moosa, DM Nurek and GR Rosenthal as directors by way of separate resolutions, who retire in accordance with the provisions of the company's articles of association. (Please refer to pages 86 and 87 of the annual report for a brief CV of each director standing for re-election.)

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

To approve fees payable to the non-executive directors in respect of the financial year ending 30 June 2007, as follows:

3.1 to the chairman of the board, R875 000;

3.2 for their services as directors, R148 000 each;

3.3 to the chairman of the audit committee, R127 000;

3.4 to the other members of the audit committee, R64 000 each;

3.5 to the chairman of the remuneration and nomination committee, R95 000;

3.6 to the other members of the remuneration and nomination committee, R48 000 each;

3.7 to the chairman of the risk committee, R85 000; and

3.8 to the other members of the risk committee, R42 000 each.

SPECIAL BUSINESS

4. Special resolution number 1 – General authority to repurchase shares

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

'RESOLVED that the directors be and are hereby authorised to approve and implement the acquisition by the company (or a subsidiary of the company up to a maximum of 10% (ten percent) of the number of issued shares of the company), of shares issued by the company by way of a general authority, which shall only be valid until the company's next annual general meeting, unless it is then renewed, provided that it shall not extend beyond 15 (fifteen) months from the date of the passing of the special resolution, whichever period is the shorter, in terms of the Companies Act 1973, and the rules and requirements of the JSE Limited ('JSE') which provide, inter alia, that the company may only make a general repurchase of its shares subject to:

– the repurchase being implemented through the order book operated by the JSE trading system, without prior understanding or arrangement between the company and the counterparty;

– the company being authorised thereto by its articles of association;

– repurchases not being made at a price greater than 10% (ten percent) above the weighted average of the market value of the shares for the 5 (five) business days immediately preceding the date on which the transaction was effected;

– an announcement being published as soon as the company has repurchased ordinary shares constituting, on a cumulative basis, 3% (three percent) of the initial number of ordinary shares, and for each 3% (three percent) in aggregate of the initial number of ordinary shares repurchased thereafter, containing full details of such repurchases;

– repurchases not exceeding 20% (twenty percent) in aggregate of the company's issued ordinary share capital in any one financial year;

– the company's sponsor confirming the adequacy of the company's working capital for purposes of undertaking the repurchase of shares in writing to the JSE upon entering the market to proceed with the repurchase;

– the company remaining in compliance with paragraphs 3.37 to 3.41 of the JSE Listings Requirements concerning shareholder spread after such repurchase;

– the company and/or its subsidiaries not repurchasing securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements; and

– the company only appointing one agent to effect any repurchases on its behalf."

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

– the company and the group will be able, in the ordinary course of business, to pay its debts;

– the working capital of the company and the group will be adequate for ordinary business purposes;

– the assets of the company and the group, fairly valued in accordance with generally accepted accounting practice, will exceed the liabilities of the company and the group; and

– the company's and the group's ordinary share capital and reserves will be adequate for ordinary business purposes.

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

– directors and management – pages 86 to 89;

– major beneficial shareholders – page 72;

– directors' interests in ordinary shares – page 113 and 114; and

– share capital of the company – page 138 and 139.

Litigation statement

In an announcement released by the company on SENS on 19 May 2006, it was reported that Afrisun Leisure Investments (Proprietary) Limited ('Afrisun') had instituted legal proceedings against Sun International (South Africa) Limited ('SISA'), regarding a pre-emptive right that Afrisun claims it held over a portion of shares sold to Grand Parade Investments Limited ('GPI') and its wholly-owned subsidiary Business Venture Investments No 575 (Proprietary) Limited (collectively 'GPI') in June 2003 ('the GPI transaction').

Afrisun is seeking to void the 2003 GPI transaction (and to ask for certain consequential orders) or in the alternative is seeking damages in respect of a maximum 5,5% shareholding in SunWest International (Proprietary) Limited ('SunWest') which it contends should have been offered unconditionally to it at a price of R75 per share. Afrisun further contends, inter alia, that this is the basis of its damages claim in the amount of a maximum of R311 million, based on the 768 650 SunWest shares in dispute at a value of R479 per share as at 30 June 2003 less the R75 cost of the shares in terms of the GPI transaction.

SISA intends to defend the merits of this claim from Afrisun and is in any event of the view that the basis on which Afrisun has quantified the damages claimed is fundamentally flawed and it is SISA's view that Afrisun has not suffered any damages.

Apart from the above, the directors whose names appear on pages 86 and 87 of the annual report, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 (twelve) months, a material effect on the group's financial position.

Directors' responsibility statement

The directors, whose names appear on pages 86 and 87 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by law and the JSE Listings Requirements.

Material changes

Other than the facts and developments reported on in the annual report, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report and up to the date of this notice. The directors have no specific intention, at present, for the company to repurchase any of its shares but consider that such a general authority should be put in place should an opportunity present itself to do so during the year which is in the best interests of the company and its shareholders.

The reason for and effect of special resolution number 1 is to grant the directors of the company a general authority in terms of the Companies Act 1973 and the JSE Listings Requirements for the repurchase by the company (or by a subsidiary of the company) of the company's shares.

5. Special resolution number 2 – Amendment to articles of association – dividends on treasury shares

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

'RESOLVED that the company's articles of association be and are hereby amended by:

– the insertion in article 54A, after the phrase 'to the members in proportion to the number of shares held by them in each class', of the following new phrase, to read as follows:

  '; provided that no dividend shall be required to be declared or other payment approved or made in respect of any share while it is held by a subsidiary of the company pursuant to article 13 *bis*, but such dividend or payment may nevertheless be specifically declared or approved by the directors in a particular case.'

The reason for special resolution number 2 is to give the directors of the company the discretion not to declare or pay dividends or approve other payments in respect of treasury shares held by subsidiaries, and the effect thereof will be to amend article 54A of the company's articles of association to allow for this.

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

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

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

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

By order of the board

SA BAILES
Group secretary

2 November 2006

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

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

NOTES:

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

A proxy need not be a member of Sun International.

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

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

1. A Sun International ordinary shareholder may insert the name of a proxy or the names of two alternative proxies of his/her choice in the spaces provided with or without deleting 'the chairman of the annual general meeting', but any such deletion must be initialled by the Sun International ordinary shareholder. The person whose name appears first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.

2. Please insert the number of shares in the relevant spaces according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of Sun International shares exercisable by you, indicate the number of Sun International shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise and compel the chairman, if the chairman is an authorised proxy, to vote in favour of the resolutions, or to authorise any other proxy to vote for or against the resolutions or abstain from voting as he/she deems fit, in respect of all the Sun International shareholder's votes exercisable thereat. A Sun International ordinary shareholder or its/his/her proxy is not obliged to use all the votes exercisable by the Sun International ordinary shareholder or its/his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the Sun International ordinary shareholder or its/his/her proxy.

3. Forms of proxy must be lodged with the transfer secretaries, Computershare Investor Services 2004 (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown, 2107) to be received by no later than 09:00 on Thursday, 23 November 2006.

4. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).

5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by Sun International's transfer secretaries or waived by the chairman of the annual general meeting.

6. The completion and lodging of this form of proxy will not preclude the relevant Sun International ordinary shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Sun International ordinary shareholder wish to do so.

7. The chairman of the annual general meeting may accept or reject any form of proxy which is completed and/or received other than in accordance with these notes and instructions, provided that the chairman is satisfied as to the manner in which the Sun International ordinary shareholder wishes to vote.

8. Joint holders – any such persons may vote at the annual general meeting in respect of such joint shares as if he/she were solely entitled thereto; but if more than one of such joint holders are present or represented at the annual general meeting, the one of the said persons whose name stands first in the register in respect of such shares or his/her proxy, as the case may be, is alone entitled to vote in respect thereof.

9. Shareholders of Sun International who hold Sun International ordinary shares that have been dematerialised, and are registered by the CSDP on the sub-register in their own name kept by that CSDP, will be entitled to attend the annual general meeting in person or, if they are unable to attend and wish to be represented thereat, must complete and return this form of proxy to the transfer secretaries in accordance with the time specified herein.

10. Sun International ordinary shareholders who hold shares in Sun International through a nominee should advise their nominee or, if applicable, their CSDP or broker timeously of their intention to attend and vote at the annual general meeting or to be represented by proxy thereat in order for their nominee, if applicable, their CSDP or broker to provide them with the necessary authorisation to do so or should provide their nominee or, if applicable, their CDSP or broker timeously with their voting instructions should they not wish to attend the annual general meeting in person, in order for their nominee to vote in accordance with their instructions at the annual general meeting.

Ref	*no	+no	For	Against	Abstain
3.7 Chairman of the risk committee – R85 000	3.7				
3.8 Other members of the risk committee – R42 000	3.8				
4. General authority to repurchase shares		1			
5. Amendment to articles of association – dividends on treasury shares		2			

*Ordinary resolution

+Special resolution

Signed this day of 2006

Signature of member(s)

Assisted by me (where applicable)

Please read the notes and instructions overleaf.

(Incorporated in the Republic of South Africa)
(Registration number 1967/007528/06)
Share code: SUI ISIN: ZAE000070678
('Sun International' or 'the company')

For use by Sun International members holding shares in certificated form or recorded on the company's sub-register in electronic dematerialised form in 'own name' at the twenty-second annual general meeting of shareholders of the company to be held at 09:00 on Friday, 24 November 2006 in the boardroom, 4th Floor, 27 Fredman Drive, Sandown, Sandton, Gauteng, Republic of South Africa ('the annual general meeting').

If dematerialised shareholders, other than own name dematerialised shareholders, have not been contacted by their Central Securities Depository Participant ('CSDP') or broker with regard to how they wish to cast their vote, they should contact their CSDP or broker and instruct their CSDP or broker as to how they wish to cast their vote at the annual general meeting in order for their CSDP or broker to vote in accordance with such instructions. If dematerialised shareholders, other than own name dematerialised shareholders, have not been contacted by their CSDP or broker it would be advisable for them to contact their CSDP or broker, as the case may be, and furnish them with their instructions. Dematerialised shareholders who are not own name dematerialised shareholders and who wish to attend the annual general meeting must obtain their necessary letter of representation from their CSDP or broker, as the case may be, and submit same to the transfer secretaries to be received by no later than 09:00 on Thursday, 23 November 2006. This must be done in terms of the agreement entered into between the dematerialised shareholder and their CSDP or broker. If the CSDP or broker, as the case may be, does not obtain instructions from such dematerialised shareholder, it will be obliged to act in terms of the mandate furnished to it, or if the mandate is silent in this regard, to abstain from voting. Such dematerialised shareholder, other than own name dematerialised shareholder, must not complete this form of proxy and should read note 10 overleaf.

I/We (please print) ______________________________

of (please print) ______________________________

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

1. ______________________________ or failing him/her

2. ______________________________ or failing him/her

3. the chairman of the annual general meeting

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

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

Ref	*no	+no	For	Against	Abstain
1. Adoption of annual financial statements	1				
2. Re-election of directors:					
2.1 Mr PL Campher	2.1				
2.2 Dr NN Gwagwa	2.2				
2.3 Mr DA Hawton	2.3				
2.4 Mr MV Moosa	2.4				
2.5 Mr DM Nurek	2.5				
2.6 Mr GR Rosenthal	2.6				
3. Directors' fees:					
3.1 Chairman of the board – R875 000	3.1				
3.2 Services as directors – R148 000	3.2				
3.3 Chairman of the audit committee – R127 000	3.3				
3.4 Other members of the audit committee – R64 000	3.4				
3.5 Chairman of the remuneration and nomination committee – R95 000	3.5				
3.6 Other members of the remuneration and nomination committee – R48 000	3.6				