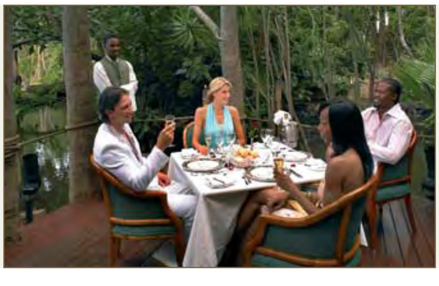
Sun International
Limited



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.’

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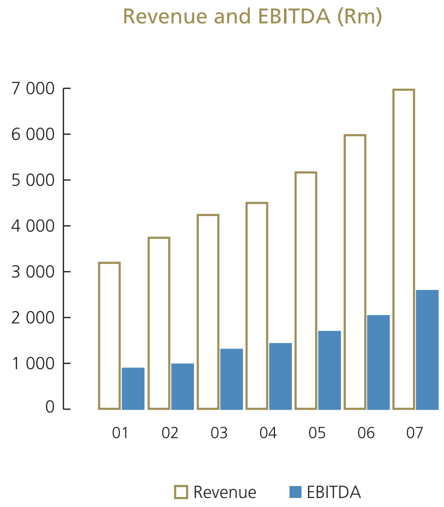
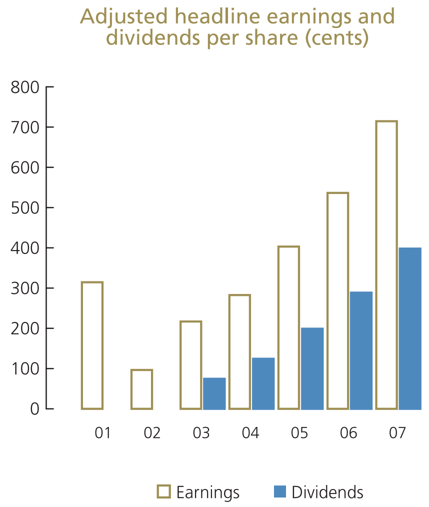
Abbreviations

Afrisun Gauteng: Afrisun Gauteng (Proprietary) Limited **Afrisun KZN Manco:** Afrisun KZN Manco (Proprietary) Limited **Afrisun KZN:** Afrisun KZN (Proprietary) Limited **Afrisun Leisure:** Afrisun Leisure Investments (Proprietary) Limited **B-BBEE:** Broad-Based Black Economic Empowerment **BEE:** Black Economic Empowerment **CASA:** Casino Association of South Africa **City Lodge:** City Lodge Hotels Limited **Company:** Sun International Limited **Dinokana:** Dinokana Investments (Proprietary) Limited **Emfuleni Casino Resorts Manco:** Emfuleni Casino Resorts Manco (Proprietary) Limited **Emfuleni Resorts:** Emfuleni Resorts (Proprietary) Limited **Employee Share Trusts:** Sun International Employee Share Trust and Sun International Black Executive Management Trust **Gauteng Casino Resort Manco:** Gauteng Casino Resort Manco (Proprietary) Limited **GPI:** Grand Parade Investments Limited **Group:** Sun International **KZL:** Kerzner International Limited **Life Esidimeni:** Life Esidimeni Group Holdings (Proprietary) Limited **Mangaung Sun:** Mangaung Sun (Proprietary) Limited **Meropa:** Meropa Leisure and Entertainment (Proprietary) Limited **MVG:** Most Valued Guest **Ocfish:** Ocfish Holding Company (Proprietary) Limited **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 **Sun International Investments No. 2:** Sun International Investments No. 2 Limited **SunWest:** SunWest International (Proprietary) Limited **Teemane:** Teemane (Proprietary) Limited **Western Cape Casino Resort Manco:** Western Cape Casino Resort Manco (Proprietary) Limited

Financial highlights

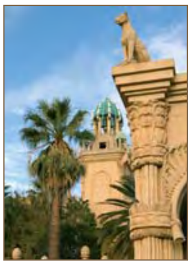
for the years ended 30 June





		2007 Rm	2006 Rm	Change %
Trading				
(including adjusted headline earnings adjustments)				
Revenue		**6 937**	5 949	17
Earnings before interest, taxation, depreciation and amortisation *(EBITDA)*		**2 561**	2 015	27
Profit from operations		**1 969**	1 480	33
Profit before taxation		**1 750**	1 363	28
Adjusted headline earnings		**814**	602	35
Ordinary share performance				
Diluted adjusted headline earnings per share	*(cents)*	**719**	539	33
Dividends per share	*(cents)*	**400**	290	38
Financial ratios				
Return to equity shareholders	*(%)*	**30**	19	
Interest bearing debt to total shareholders' funds	*(%)*	**119**	61	
Borrowings to EBITDA	*(times)*	**1,39**	1,15	
EDITDA to interest	*(times)*	**12,1**	12,8	
Market share price at 30 June	*(Rands)*	**147,00**	83,60	


500
5000
CASINO



Our corporate focus

Hotels, resorts & casinos

Sun International Limited invests in and manages businesses in the hotel, resort and casino industry.

The group is specifically focused on the development, operation and management of hotels, resorts and casinos. We will continue to position ourselves to take advantage of opportunities in those markets where we can achieve a strong market position benefiting from our innovation and depth of experience.





South African operations

CAROUSEL

100%

MORULA

100%

SUN CITY

100%

NALEDI SUN

100%

AFRISUN GAUTENG
Carnival City

Voting Interest: 70%
Economic Interest: 86%

AFRISUN KZN
Sibaya

Voting Interest: 54%
Economic Interest: 61%

EMFULENI
Boardwalk Casino
Fish River Sun

Voting Interest: 60%
Economic Interest: 78%

MANGAUNG SUN
Windmill Casino

Voting Interest: 70%
Economic Interest: 74%

MEROPA
Meropa Casino

Voting Interest: 45%
Economic Interest: 71%

SUNWEST
GrandWest
The Table Bay

Voting Interest: 56%
Economic Interest: 71%

TEEMANE
Flamingo Casino

Voting Interest: 49%
Economic Interest: 77%

TRANSUN
Wild Coast Sun

Voting Interest: 70%
Economic Interest: 70%

WORCESTER
Golden Valley Casino

Voting Interest: 40%
Economic Interest: 40%

Other Southern African operations

BOTSWANA

80%

Gaborone Sun Hotel and Casino
Letsatsi Casino
Marang Casino
Menateng Casino

LESOTHO

47% / 49%

Lesotho Sun
Maseru Sun

NAMIBIA

100%

Kalahari Sands Hotel and Casino

SWAZILAND

51%

Royal Swazi Sun Hotel and Casino
Ezulwini Sun Hotel
Lugogo Sun Hotel

ZAMBIA

100%

Royal Livingstone
Zambezi Sun

Management activities

100%	SIML	50%	Kimberley Manco
38%	Gauteng Manco	50%	Mangaung Manco
27%	Western Cape Manco	50%	Meropa Manco
35%	Emfuleni Manco	50%	Wild Coast Sun Manco
29%	Afrisun KZN Manco	50%	Winelands Casino Manco

Note: Unless otherwise indicated the voting and economic interest of the entities are the same.

Chairman's report

Buddy Hawton

6 The investment we make in our people contributes significantly to our ability to retain our market leadership position.

ECONOMIC CONDITIONS

The past year in our country was a period characterised by a strong requirement for resources, increased infrastructure investment and sustained consumer demand. These conditions, together with an increase in inbound tourism, underpinned the performance of the group over the past year.

EXCELLENT PERFORMANCE CONTINUES

An excellent performance for the year was achieved by our casinos, hotels and resorts.

The group achieved strong growth in revenue, which was 17% ahead of last year at R6,9 billion. The growth in revenue was advanced by a full year's trading from the Windmill Casino in Bloemfontein which opened in September 2005, the opening of the Golden Valley Casino in Worcester in November 2006, further strong contributions from the casino properties, together with pleasing increases in occupancy and achieved room rates at our hotels and resorts.

EBITDA at R2,6 billion is 27% higher than the R2,0 billion achieved in the 2006 financial year. The EBITDA margin improved from 34% last year to 37% in the current year. Diluted adjusted headline earnings per share of 719 cents per share were 33% ahead of last year.

The board increased the dividends for the year to 400 cents per share which is a 38% growth on last year and in excess of the adjusted headline earnings per share growth rate.

DEVELOPMENTS

The group invested significantly in new constructions and refurbishments. These include an upgrade to the non-smoking casino at GrandWest, the Golden Valley Hotel in Worcester and the Sun City Main Hotel.

STRATEGIC INITIATIVES

The thrust of our strategic initiatives revolve around maintaining the competitive advantages we have established in our core businesses and expanding our operations geographically.

We continue to focus on IT and innovation with a view to improving the experience of our customers at our numerous facilities and also providing the group with improvements in marketing, operational and financial information.

The present legislation relating to the restrictions on the granting of additional gaming licences in South Africa is serving as the primary catalyst for the group to seek new opportunities internationally in its areas of business.

INTERNATIONAL EXPANSION

The involvement of the group in the Chilean opportunity remains subject to that country's regulator approving the application. On approval, the group will contribute US$45 million for a 40% equity interest in the venture, and will in addition benefit from development management and long term consultancy agreements. The project is estimated to cost US$200 million. Construction on the project has commenced and the casino component is scheduled for opening in September 2008.

Good progress has been made in respect of the opportunity in Lagos, Nigeria. The group will acquire for US$38 million a 49% interest in the existing Federal Palace Hotel property on Victoria Island. The estimated cost including refurbishing and additions is US$120 million. The group will benefit from long term development and management agreements.

The Port Ghalib project located on the Red Sea coastline in Egypt, for which the group has operational management responsibility, is planned to open at the end of 2007.

The Casino Advisory Control Panel's recommendation to locate a super casino in Manchester in the United Kingdom did not obtain the approval from the British Parliament. The British Prime Minister has publicly indicated that the issue of granting licences for the establishment of large regional casinos is most unlikely to be progressed in the near future.

ACQUISITION OF REAL AFRICA HOLDINGS

Sun International acquired a controlling interest of 61,3% in Real Africa Holdings on 15 September 2006. It is the intention of the group to increase its shareholding in the company subject to availability of shares at acceptable price levels.

SHARE BUY BACK

The share buy back was successfully concluded on 30 July 2007 resulting in the purchase of 14,5% of the group's share capital at an average price of R145,35 per share. The transaction was funded by way of a R2,0 billion issue of preference shares, together with funds sourced from internally generated cash flows. The group will continue to explore the need to improve returns to shareholders while also actively seeking expansion opportunities.

BLACK ECONOMIC EMPOWERMENT AND OUR PARTNERSHIPS IN THE GAMING OPERATIONS

Our success in attaining numerous licences in the regulated gambling industry in South Africa has enabled us to significantly enhance the wealth and influence of our various BEE partners throughout the country. This wealth creation has increased substantially with the growth and performance of our operations and in many instances the group continues to assist our partners by providing them with facilitated funding.

We have committed considerable resource and effort in fulfilling our intention to increase SunWest's principal partner, GPI's share in the business. The parties have recently signed binding agreements and are in the process of implementing a transaction providing GPI with the opportunity of increasing its economic interest to 30% in SunWest, by acquiring an additional 6,5% shareholding in SunWest from Sun International and being granted an option over a further 5% shareholding in SunWest.

The new B-BBEE Code was promulgated earlier in the year and the group is currently participating in an initiative with CASA to measure all member casinos against the code. The verification process has been challenging particularly in the areas of skills development and procurement. Good progress has been made in assessing all our casino properties to enable the group to establish accurate measures to be used as a basis for future progress in the area of transformation.

CORPORATE GOVERNANCE

Corporate governance in the group is of a high standard and we continue to strive toward improving our practices.

Considerable emphasis is placed on the identification and management of risks facing the group and our risk management philosophy is well embedded in all our processes. Our risk committee is effectively contributing to this process.

SOCIAL RESPONSIBILITY AND SUSTAINABILITY

The group remains focused in ensuring that we operate our gaming activities in a responsible manner and that there is strict adherence within the group to the standards that have been implemented with regard to problem gambling.

We actively support the communities in which the group operates by working with community members with the objective of promoting the upliftment and socio-economic development of these communities. The group contributes 2% of group net profits after tax to its corporate social investment projects.

Good progress has been made towards meeting our sustainable development goals over the past year.

OUR PEOPLE

The investment we make in our people contributes significantly to our ability to retain our market leadership position in the gaming and leisure sector. We have been able to attract and retain key people in the organisation.

We are committed to achieving our employment equity, training and development and affirmative procurement targets and have made good inroads in this area.

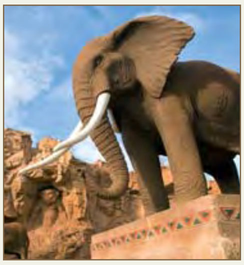
I would like to thank the non-executive directors, the management and all our people for their support, commitment and hard work, which has undoubtedly contributed to the group being able to achieve this excellent performance.

PROSPECTS FOR 2007

The economic outlook remains positive in the year ahead despite the higher levels of inflation and interest rates which are likely to temper the growth in consumer spending. Real growth in disposable income is nevertheless anticipated, as is continued growth in inbound tourism.

The group expects good growth in EBITDA from our hotels, resorts and casinos in the coming year. However, the additional financing costs attributable to the share buy back implemented in July 2007 will significantly impact on the growth in adjusted headline earnings per share.

It is the intention of the group to continue increasing the dividends paid to shareholders.



Buddy Hawton
Chairman

The Palace of the Lost City

Chief Executive's report

David Coutts-Trotter

It remains our foremost objective to be one of the most admired companies in South Africa, and to be the example for others to follow, 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.

This past year has been an exciting one in which we have benefited from a buoyant economy. Sun International has performed well in this environment and we again anticipate real growth in disposable income to continue in the year ahead.

With the impact yet to be felt of the rise in interest rates, rising producer and consumer price inflation, and a concerning skills shortage, the coming years will be challenging, although they do not alter the generally positive economic outlook being forecast for the country.

This scenario has informed the development of our strategic imperatives going forward, including a renewed focus on growth and expansion, measures to retain our leadership position in the tourism and leisure market, and a comprehensive programme to entrench and enhance our corporate reputation, brand and image among our key stakeholders, who are the DNA of a successful modern business such as ours.

We have continued to invest in the five main focus areas which we believe give us competitive advantage in the marketplace: human capital development, customer management, marketing and promotional activity, infrastructure and product research and development.

It remains our foremost objective to be one of the most admired companies in South Africa, and to be the example for others to follow, 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 AND OPERATING PERFORMANCE

The group achieved an excellent performance in its gaming operations which benefited from high levels of disposable income and continuing consumer confidence. Our gaming operations were not only able to grow revenue and maintain or improve market share, but were also able to continue to achieve higher margins through further efficiencies.

The hotel and resorts division enjoyed a much improved year with our premier properties Sun City, Table Bay and the Royal Livingstone at Victoria Falls benefiting from an increased number of foreign visitors and stronger local demand.

The group achieved strong growth in revenues that were 17% ahead of the previous year at R6,9 billion.

Gaming revenues were up 18% to R5,4 billion with slot and table revenues 20% and 8% ahead of last year respectively. The strong revenue growth in gaming can be attributed in part to a full year's trading from the Windmill Casino in Bloemfontein, the opening of the Golden Valley Casino in Worcester in November 2006, and strong growth in contributions from Sibaya, Meropa, Morula and Botswana. The strength in the slots business is due in part to our aggressive reinvestment in new slots product, the group's unique jackpot together with other product developments and innovative promotions.

Rooms revenue of R776 million was 14% ahead of the previous year. The overall group occupancy of 74% was 3 percentage points ahead of last year and the average room rate improved 7% to R792, primarily due to good growth in the international individual tourism market.

Costs were well controlled and the EBITDA margin improved 3 percentage points to 37%, with EBITDA up 27% to R2,6 billion.

Adjusted headline earnings of R814 million were 35% above last year. The diluted adjusted headline earnings per share of 719 cents were 33% ahead of last year.

Our improved profitability has resulted in an enhanced return on equity that increased 11 percentage points to 30% and return on net assets that increased 6 percentage points to 32%.

BALANCE SHEET

The group has for some time explored ways of improving our balance sheet structure particularly in light of the strong growth in cash flows and equity value over the last few years. In this regard the group completed a major share buy back on 30 July 2007, acquiring 16% of its equity at a total cost of R2,3 billion. The transaction was funded by way of a R2,0 billion redeemable preference share issue which has substantially improved the gearing of the group, although financing costs will increase in the forthcoming year due to this increased debt. Management will continue to look to optimise the balance sheet to maximise returns to equity shareholders.

LEGISLATIVE DEVELOPMENTS

The National Gambling Amendment Bill currently before Parliament seeks to amend the National Gambling Act of 2004 to provide for the regulation of interactive gambling. The Bill was introduced to the Portfolio Committee on Trade and Industry on 8 August 2007 and at the time of writing, has passed its second reading in the House of Assembly. CASA made a constructive contribution to the debate surrounding the Bill during its passage through public hearings conducted by the Portfolio Committee on Trade and Industry. The regulation of interactive gambling may provide some longer term opportunity for the group although no significant impacts are anticipated in the next few years.

A number of unlicensed casino operators in the North West Province have been trading illegally for a number of years. The industry is challenging the matter before the courts which is likely to be heard in 2008.

Bingo operators in KwaZulu-Natal (KZN) have requested the KZN Gambling Board to issue a ruling to allow them to operate electronic bingo terminals (EBTs). Allied to this, the High Court in Pretoria is scheduled to hear an application by casino operators in Gauteng to review a decision by the Gauteng Gambling Board to license EBTs in Gauteng. CASA is representing the industry in opposing these applications.

CASA continues to perform an important role as industry spokesperson and advocate to a wide range of interest groups. It has established a sound reputation among its domestic stakeholders and international counterparts and enjoys strong support from its members.

BRAND DEVELOPMENT AND POSITIONING

Sun International positions itself as a successful leisure group offering superior gaming, hotel, resort and entertainment experiences, which exceed our customers' expectations and our competitors' offerings. Sun International's values are today well entrenched and have come to symbolise luxury, imagination, energy, adventure and elegance.

We strive 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.

CUSTOMER MANAGEMENT

Sun International will continue to focus on its mission to cherish the customer. The group has worked hard to maintain and build its reputation for meeting and exceeding customer expectations. We have embarked on an extensive customer management strategy and programme, with a renewed focus on customer-centricity, that will guide and coordinate these efforts over the next three to four years. We are keen to "do more" to ensure that our customers consistently receive memorable, quality Sun International experiences that are based on their needs and in line with our brand promise.

Indicative of the importance we place on customer management, we recently appointed the group's first ever chief customer officer, reporting directly to me as chief executive. And while customers are the responsibility of every person at Sun International, our chief customer officer will champion our customer management strategy throughout the group.

The customer management strategy fundamentally underpins our business strategy and supports the achievement of the group's vision and goals. It outlines the enablement of the right service to be delivered to the right customers in the right way at the right time and will provide direction and focus. It is a complex, long-term, ongoing journey that aims to create market differentiation through Sun International's ability to manage customer relationships more effectively.

Our strategy focuses on getting the fundamentals right every time and making it as easy as possible for our customers to do business with us. In the next few years, we will increase our investment in:

- **Our People:** empowering them to deliver those memorable experiences
- **Our Technology and Information:** enabling our staff with the right information and tools to facilitate customer requests and interactions, and
- **Our Processes:** ensuring consistency, innovation and continuous improvement to address customer requirements.

It further focuses on treating different customers differently, matched to their unique needs and expectations and it aims to customise our product offering to meet customer needs, to engage and interact on a more personal level. The delivery of superior service and customer experiences should be to the mutual benefit of the business and its customers.

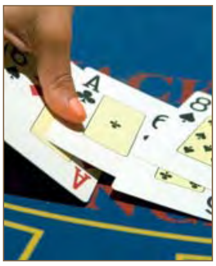
A significant initiative to align all of our staff with our brand promise is progressing well and will be rolled out to all the properties commencing in early 2008. Various technology solutions have been identified to assist in the relationship management component of the project.

GAMING

We remain South Africa's leading casino operator with a market share of 43%.

Meropa

GrandWest



The Golden Valley Casino in Worcester opened at the end of November 2006 with 183 slot machines. A 98 room hotel planned for completion in April 2008 will complement the Worcester property's gaming and entertainment facilities.

The seventh Gauteng licence was awarded at Krugersdorp on the West Rand and will be operated by a competitor. This will expand the Gauteng market but will also impact on the existing operations reliant on the West Rand market. Carnival City is likely to remain largely unaffected by this new operation, which is planned to open later this year.

GrandWest enjoyed another strong trading performance and the property achieved revenue growth of 14%, increasing EBITDA by 16% to R693 million. The overall R450 million expansion at GrandWest is nearing completion with the new smoking Privé, external walkway and fast food areas having opened to the public in early December 2006 and the 1 124 slot smoking casino and 1 471 bay parkade opened during June 2007. The current work in progress is proceeding according to plan with the existing casino floor currently undergoing refurbishment and upgrading and due for completion by the end of September. The new entertainment facilities, including Ten Pin Bowling and the 5 000 seat multi-purpose indoor arena, are scheduled to open towards the end of October 2007.

The group has been assisting certain BEE empowerment consortia in their endeavours to obtain gaming licences.

Carnival City achieved revenue growth of 16% while EBITDA increased 24% to R333 million. The Gauteng market grew 14,6% for the year against Carnival City's gaming revenue growth of 14,9%. Carnival City, together with Morula, maintained their share of the Gauteng market at 21,9%.

An additional 57 rooms were opened at Carnival City in April, within the estimated cost of R50 million, which have enhanced the product offering and competitiveness of this property. A R82 million multi-level parkade for over 1 000 vehicles is scheduled for completion in May 2008.

Sibaya had an excellent year, generating revenues of R684 million and EBITDA of R247 million, 17% and 41% up on last year respectively, with the EBITDA margin growing 6 percentage points to 36%. Gaming revenues in the KZN market grew by 21,2% and Sibaya generated growth of 23,5% in its gaming revenues over the same period. Sibaya increased its share of the KZN market to 35%.

The R80 million 118 room Sibaya Lodge opened in October 2006 and has already become very popular. The development of the nearby King Chaka International Airport will provide strong impetus to the development of the Sibaya precinct which augurs well for the longer term prospects of our business in the area.

The Boardwalk in Port Elizabeth traded strongly with revenues 13% higher and EBITDA up 19% to R179 million. Major projects being developed and proposed in and around Port Elizabeth will provide a solid foundation for future leisure industry growth.

The Windmill Casino in Bloemfontein enjoyed a very strong first full year of trading and achieved revenues of R184 million and an EBITDA of R77 million for the year.

Both Carousel and Morula continued to contribute strongly, achieving an aggregate revenue of R526 million and an EBITDA of R144 million. These were 19% and 27% ahead of last year respectively.

Meropa enjoyed another successful year, benefiting from the vibrant commercial activity in and around Polokwane and generating revenues of R199 million and an EBITDA of R83 million. This represented growth of 25% and 36% respectively.

The group has been assisting certain BEE empowerment consortia in their endeavours to obtain gaming licences. An application for a casino in Kuruman in the Northern Cape has been successful while the result of an application in Burgersfort in the Limpopo Province has still to be announced.

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 is South Africa's leading destination resort and conference venue. The property achieved an occupancy rate of 79% for the year, four percentage points ahead of last year. The resort's 19% increase in EBITDA to R190 million was particularly pleasing given the disruptions brought about by the refurbishment programme.

The R260 million Sun City Main Hotel refurbishment commenced in February 2007. The first phase comprising of 170 rooms will be completed in November 2007, with the balance due for completion by November 2008. The Cabanas room refurbishment was completed in February 2007.

The Table Bay, at the V&A Waterfront, improved occupancy by two percentage points to 72% at an average room rate of R1 558, up 11%. Greater numbers of foreign visitors and increased demand in the normally low trading months added to the performance.

The Royal Livingstone and the Zambezi Sun located in Zambia is the premier destination at the Victoria Falls, a World Heritage site of global interest and significance. The resort achieved an occupancy rate of 74%, six percentage points ahead of last year. Room revenue was 16% up in US dollar terms with much of this increase attributable to international visitor growth. EBITDA grew by 70% to R51 million, a very strong performance.

The Gaborone Sun in Botswana enjoyed an improved trading environment and grew market share following the recent refurbishment of the casino, public areas and rooms. The Kalahari Sands in Windhoek, Namibia, continued to trade below our expectations following the casino refurbishment in 2006. In an endeavour to improve performance, greater emphasis is being given to its marketing and promotion.

TECHNOLOGY AND PRODUCT DEVELOPMENT

The group's proprietary casino management system (CMS) is approaching its end of life and we are evaluating a replacement. The current enhanced CMS continues to deliver value to us and will provide a sufficient resource until such time as a replacement is implemented around 2010. The group functionality of the MVG loyalty programme has been significantly enhanced allowing customers to transfer points and cash balances between group operated casinos.

The OPERA hospitality system (reservations and front office systems) was selected as a replacement for FIDELIO and stands to benefit the group through enhanced efficiencies and better yield management. The new central reservations system was installed on schedule in October 2006 while the respective property systems will be rolled out sequentially with group-wide implementation due to be completed by March 2008.

The relationship marketing project (part of our customer management strategy) has progressed well with the selection of software designed to provide key customer "touch points" and a single view of the customer via a new image database. This database will essentially act as a repository for key customer information sourced from many disparate databases and systems currently spread across the group. A preferred vendor has been selected to supply the software and related services.

INTERNATIONAL EXPANSION

We have had an active year investigating and assessing potential international expansion.

The group announced in March 2007 that it had entered into an agreement with International Group of Gaming and

Resorts Chile SA and Novomatic AG to acquire a 40% equity interest in a Chilean entity (San Francisco Investment SA). This entity holds a 15 year casino licence with a 70 km exclusivity zone in Region VI, located approximately 55 km south of Chile's capital city, Santiago.

Our participation in the project is subject to the final approval of the Chilean regulator, the Superintendencia de Casinos de Juego. The approximately US$ 200 million development comprises a casino with 1 500 slot machines and 80 tables, a large regional conference centre, a 150 room hotel, bars and restaurants, and other entertainment facilities. Once established it will undoubtedly be the premier gaming destination in Chile.

Good progress has been made in progressing our aspirations to secure a significant business opportunity in Nigeria. We are presently finalising agreements with

Boardwalk

our partners in Lagos and are in the process of finalising the casino licence.

Sun International will have a 49% interest in the existing Federal Palace Hotel property on Victoria Island, which has 394 rooms in two hotels and will also benefit from development and long-term management agreements. The property will be substantially refurbished and upgraded, adding a casino with 500 slot machines and 24 tables, a conference centre, restaurants and other entertainment facilities. The estimated cost of the project is US$120 million.

Sun International has undertaken to assume operational responsibility for the existing hotels from October 2007 and to provide bridging finance of US$10 million in order to commence the furnishing of the recently constructed hotel.

Port Ghalib

The hotels at Port Ghalib located on the Red Sea, for which the group has a management agreement, are anticipated to open at the end of 2007. The development comprises a deluxe hotel and two four star hotels totalling 948 rooms and an international convention centre.

The opportunity in the United Kingdom has not materialised following the failure of Parliament to ratify the original decision to award the country's single regional licence to Manchester. We will continue to monitor the situation in that jurisdiction.

Considerable time and effort was spent in investigating a potential project on the outskirts of Moscow. However, the revised gambling dispensation subsequently introduced in the Russian Federation has effectively prohibited casino developments in the Moscow region by only permitting casinos to operate in four zones remote from the city and other major urban markets. We will keep abreast with gaming policy developments in Russia.

The group continues to investigate other international opportunities.

CAPITAL EXPENDITURE AND FUNDING

Capital expenditure of R1,3 billion has been committed for the year ahead for completion of the GrandWest expansion (R111 million), the Golden Valley Lodge (R65 million), the Sun City Main Hotel refurbishment (R146 million) and R82 million for a multi-level parkade at Carnival City. R180 million has been budgeted for the Carousel which includes R150 million for the conversion of the staff village into a 'holiday club' facility, as well as, a R30 million upgrade to the entrance and mall of the casino. The 'holiday club' development is subject to viability discussions with the operators.

The remaining committed expenditure relates mainly to the replacement of operating assets, slot machines, IT equipment and software, together with minor refurbishments. Funding of capital expenditure will be sourced from both existing and new loan facilities, as well as internally generated funds.

The group has certain 'conditionally authorised' commitments of R2,3 billion which includes the US$200 million casino project in Chile and the US$120 million Nigerian project.

The group has certain 'conditionally authorised' commitments of R2,3 billion which includes the US$200 million casino project in Chile and the US$120 million Nigerian project. In the case of Chile, the regulator must grant final approval of Sun International as a shareholder and manager of the development, while in Nigeria the development is subject to the finalisation of the casino licence.

The equity component of these two investments will be funded from existing group internal resources while the debt funding of these projects will be from new facilities.

EMPOWERMENT

During the course of 2006 the industry, under the auspices of CASA, commissioned Empowerdex to carry out an independent study to assess its compliance with the various casino licence conditions imposed by the provincial licensing authorities at the time of licensing and its B-BBEE achievements in terms of the final Codes of Good Practice.

The Empowerdex study commenced in September 2006 in terms of the Codes of Good Practice as they existed at the time. Despite having made significant progress in its survey, considerably revised Final Codes were gazetted in February of this year, resulting in a considerable amount of the work that had already been completed by that time having to be revised. The Department of Trade and Industry released an interpretative guide to the Final Codes in June 2007 and it is likely that further clarifications will be issued in the future. The Empowerdex study is nearing completion and will be available during this financial year.

The industry intends meeting with the various provincial licensing authorities in South Africa in the near future to agree targets i.e. specific dates and B-BBEE status levels to be reached.

The group has given special attention to empowerment from an ownership perspective. This was strengthened last year with the conclusion of the arrangements with the Dinokana Consortium, which has been further enhanced and improved by the acquisition of RAH in September 2006 and the share buy back which was effected at the end of July 2007.

The interests of Dinokana and the SIEST now constitute 11% of the ownership of Sun International Limited following the share buy back. The effective BEE economic ownership of the group's various operations in South Africa is more significant, ranging from around 25% to as high as 67%.

The SIEST was expanded in 2006 to include employees based beyond South Africa and now includes more than 7 000 participants. Distributions totalling R27,2 million were made to employee participants (R3 751 per employee) during the current year.

Our commitment to a new order in the ownership and management of our country's tourism and leisure assets and operations also find expression in our continuing programme to create opportunities for previously disadvantaged executives and employees to rise within the organisation. Black South Africans have been appointed to senior positions within Sun International, and we continue to invest heavily in human resources development, training and mentoring.

SUSTAINABILITY

Sun International places a high priority on contributing constructively to the well-being of those communities in areas in which we operate, recognising as we do the necessity to share with our stakeholders the opportunities and wealth which our business does and will 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 market leader, we aim to be South Africa's most ethical and accountable gaming company, and believe we have a special duty to promote a culture of responsible gambling. Sun International conceptualised and founded seven years ago the National Responsible Gambling Programme (NRGP), today supported by all sectors of the industry and a programme which is acknowledged internationally and by local regulators to be among the foremost of its type in the world.

Central to our understanding of good corporate citizenship is our commitment to sustainable development. Apart from the implementation of internationally recognised environmental management systems, the group actively participates in the Heritage environmental rating programme which commits us to high and demanding standards in respect of responsible tourism and business practice.

Sustainability, of course, goes further than social and environmental impacts. Importantly, it necessarily includes the economic impact that we have on society, its quality of life and the sustainable creation of wealth and alleviation of poverty, in those communities where we operate.

This was amply demonstrated in a recent research study by UCT based economists into the broad impact of our Zambian operations on that country's economy, and society more generally. The study reported that since the opening of the Royal Livingstone and the Zambezi Sun in 2000, visitor numbers to Livingstone have increased 1900%, or 320% per year. Tourism which was moribund prior to 2000, has contributed US$400 million to regional gross domestic product in just six years, and 15 000 direct and indirect new jobs have been created in Zambia.

The resort has significantly acted as a catalyst for other major new investment in public and private infrastructure in the area and has been responsible for a wide variety of new hotels and lodges, new retail, public utility spending, and investments by tourism operators.

From ghost town to thriving regional tourism centre, Livingstone is an international success story for the tourism industry.

THE TEAM

The group has enjoyed a most successful year and this performance was due, in no small measure, to a dedicated

Cascades

and loyal management team, supported by passionate and hard working staff that delivered excellent results. My thanks go to them for their commitment and effort.

The new projects that are being developed will bring a variety of new and exciting challenges to the management team. We will be operating in new environments and this brings with it a number of unique challenges and demands.

To this end we have been able to extend the services of Philip Georgas, Divisional Director: Resorts who will focus on the successful opening and establishment of the Port Ghalib project in Egypt. Graham Wood, who has been with the group for the past ten years most recently as the Director: Operations for the Sun City resort, has been appointed Divisional Director: Resorts (Designate) and will be responsible for all the group's existing resort operations, including the new Nigerian property. Graham will succeed Philip when he retires in the middle of 2008.

The operations of the Chilean project will be overseen by Kurt Peter, Divisional Director: Gaming South who will relinquish some of his local gaming operational responsibilities to Tristan Kaatze, Divisional Director: Gaming North.

The Director of Human Resources, Joe Lukwago-Mugerwa, resigned from the group with effect from 31 August 2007, and we are in the process of restructuring the human resources division. To this end we will be enhancing specific skills in the area of training and bolstering the team in the employee relations area. We recently appointed a new Director of Human Resources who will take office in January 2008.

This past year has been notable for the appointment of the first two women as general managers of casino properties in our group.

This past year has been notable for the appointment of the first two women as general managers of casino properties in our group, and they join other women who have been promoted to senior management in our corporate structures. The advancement of women into senior positions within the group is a priority.

Of particular note this year we celebrated the service of two senior executives, Garth Collins and Silvia Bailes, who have been with the group (or its formative parts) for 40 and 30 years respectively. It is this kind of service and dedication that makes Sun International exceptional.

In this and previous years, the success of Sun International is based firmly on the industry, loyalty and passion of our people, at all levels within the organisation. Ours is a capable and committed team.

FUTURE FOCUS

Our group has agreed on a goal-driven strategy going forward which aims to exploit our competitive advantages in terms of innovation in product development, customer management, focused expansion, and our continuing investment in our people to deliver consistently good results.

Our roadmap towards 2010 and beyond, is defined by our determination to be a formidable competitor in the international and domestic marketplace.

But at the same time, as market leader, we will work equally hard to preserve, improve and maintain our status as a champion in South Africa, and elsewhere, of accountability, ethical business conduct, corporate governance and social responsibility.

This is the sum of our values, which guide our activities, inform our business philosophy, and we believe, will provide for our sustainable future.

David Coutts-Trotter
Chief Executive


HOLLYWOOD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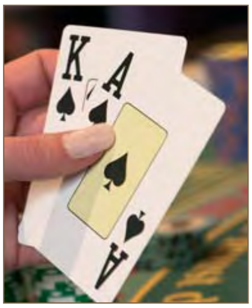


Review of operations

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.

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

	For the years ending 31 March						
Sector	**2007 Actual Rm**	%	2006 Actual Rm	%	2005 Actual Rm	%	2004 Actual Rm
Casino	**11 727**	16	10 135	15	8 788	20	7 330
Lottery	**2 146**	<3>	2 218	1	2 186	<15>	2 564
Horse racing	**1 318**	12	1 175	2	1 156	34	860
LPM	**348**	>100	167	>100	23	>100	10
Bingo	**64**	>100	28	12	25	<17>	30
Total	**15 603**	14	13 723	13	12 178	13	10 794
Casino	**75%**		74%		72%		68%
Lottery	**14%**		16%		18%		24%
Horse racing	**9%**		9%		10%		8%
LPM	**2%**		1%		–		–
Bingo	**–**		–		–		–
Total	**100%**		100%		100%		100%

Sources: National & Provincial Gambling Boards, Sun International and Uthingo.

Casinos enjoy the largest share of the overall gaming market at 75%, up from 74% last year and this sector continues to show very strong growth of 16%, slightly ahead of the prior year growth of 15%.

Good growth in the horse racing, sports betting and LPM sectors offset a decline in the national lottery, which was suspended for the last quarter of the year to 31 March 2007.

Despite this, the overall gaming market grew by 14%, an improvement of 1% compared to the prior year.

SUN INTERNATIONAL'S SHARE OF THE CASINO GAMING MARKET

The group's overall share of the market remained in line with the previous year in terms of gross gaming revenues

Sun International's share of South African gaming market

	By gross gaming revenue (GGR) to 31 March		By total gaming positions at 31 March	
Province	**2007 %**	2006 %	**2007 %**	2006 %
Eastern Cape	**72**	73	**76**	74
Free State	**60**	57	**52**	62
Gauteng	**22**	18	**28**	24
KwaZulu-Natal	**35**	35	**30**	29
Limpopo	**87**	86	**71**	67
Mpumalanga	**–**	–	**–**	–
North West	**70**	75	**76**	81
Northern Cape	**88**	88	**60**	58
Western Cape	**81**	82	**69**	66
Total Group	**43**	43	**44**	42

- Positions are equivalent to one per slot and six per table.
- Estimated GGR utilised in respect of the Free State, Limpopo, North West and Northern Cape.
- Comparative estimates have been amended to reflect actual results.
- Sources include: National Gambling Board, provincial gambling boards and Sun International.

Morula

although the number of gaming positions operated by the group changed in most of the provinces. This was evident in the Eastern Cape, Limpopo and Northern Cape provinces where the group's casinos increased capacity to existing footprints. The inclusion of Morula in Gauteng from 1 April 2006 has consequently reduced the number of positions in the North West Province and the number of positions held by the group in the Free State diminished with the opening of a competitor casino in Bethlehem. The opening of the Golden Valley Casino increased the number of positions in the Western Cape.

Market shares were affected in the various provinces as a result of new casinos opening and the relative revenue growth of competitors. The group increased its share of the Gauteng market (up four percentage points) as a result of Morula being incorporated into Gauteng from the North West (down five percentage points). In the Free State, market share improved three percentage points with Windmill operational for the full twelve months compared to nine months last year. In the Western and Eastern Cape competitor revenues grew faster than those from the group's operations. GrandWest was hampered by capacity constraints.

CASINO LICENCES

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

34 of the 40 licences available in South Africa are now operational and the group holds 13 of these.

Four licences have been allocated: Gauteng (Krugersdorp), Northern Cape (Kuruman), and Eastern Cape (Queenstown and Mthatha). Construction of the Krugersdorp casino is well underway and it is expected to open in December 2007. Construction of the Kuruman, Queenstown and Mthatha casinos has not commenced.

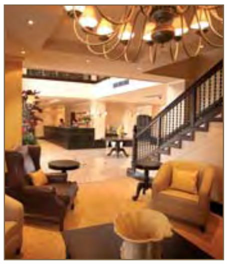
There are three unallocated licences. One of these licences relates to Burgersfort in the Limpopo Province, where the group and its partner submitted a bid for this licence. If the application is successful, Sun International will have a 30% equity interest. Public hearings have taken place but the preferred bidder has not yet been announced by the regulator. The other outstanding licence relates to Mpumalanga and no announcement has been made in respect of this licence.

There is one more licence to be issued in the Free State. This licence is currently held by SISA (Naledi Sun) pending allocation of the Sasolburg licence which will result in the closure of Naledi Sun. The Sasolburg licence is the subject of a legal action.

Casino licences in South Africa at March 2007

Province	Total	Sun International	Competitors Licences trading	Licences allocated	Unallocated
Eastern Cape	5	2	1	2	–
Free State	4	2	2	–	–
Gauteng	7	2	4	1	–
KwaZulu-Natal	5	1	4	–	–
Limpopo	3	1	1	–	1
Mpumalanga	4	–	3	–	1
North West	4	2	2	–	–
Northern Cape	3	1	–	1	1
Western Cape	5	2	3	–	–
Total	40	13	20	4	3


Windmill



COMPETITORS

Activity by our major competitors has been lively.

Tsogo Sun completed the extension at MonteCasino in Gauteng, including a 1 900 seat theatre, additional restaurants and a three star hotel, and also completed the hotel at the Suncoast Casino in Durban. MonteCasino have also been testing a ticket-in-ticket-out coinless slot system in response to our coinless smartcard system and are also planning an extension to their Salon Prive.

Gold Reef Resorts completed a major refurbishment of their Gold Reef City casino including a new smoking casino and additional entertainment facilities. They will also open the 752 slot, 26 table Silverstar casino near Krugersdorp in December 2007. It is not anticipated that this casino will have a major impact on our group revenues.

Peermont Global completed their delisting from the JSE and also opened a small casino, the Frontier Inn, in Bethlehem in the Free State.

Competitors in Gauteng have all enhanced their entertainment offerings at MonteCasino, Emperors Palace and Gold Reef City. In recognition of this, Carnival City recently completed a 57 room expansion of its Carnival Club hotel and has commenced construction of a 1 000 bay multi-level parkade. Carnival City's Big Top arena has an extremely exciting entertainment line-up for the coming year and will continue to be one of the leading entertainment venues in Gauteng.

GAMING MARKETING

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 and games are on our casino floors, customer service is of the highest standard, promotions are innovative and exciting, and that we provide our customers with high quality entertainment and a comprehensive range of food and beverage facilities. Above all, we make sure that this is properly communicated to our customers. Joint marketing campaigns between the group's casinos and resorts allow Sun International to reward customers with innovative promotions and offers, and to realise economies of scale made possible by the group's size and geographical spread.

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MVG Programme

The MVG programme is a key element of the group's customer management strategy to provide a consistently excellent guest experience at all our properties. It is the premier casino rewards program in Africa and compares well against international programmes of this type.

The programme has four levels offering distinctive privileges to members at all of the group's hotels resorts and casinos, with benefits becoming increasingly valuable as customers progress upward through each level.

MVG customer segments

Category	Points threshold	Customers by category 2007 %	2006 %
Platinum	4 250	**2**	2
Gold	450	**17**	16
Silver	50	**25**	24
Maroon	Free	**56**	58

The MVG Platinum card qualifies our top rated 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 acknowledgement of their patronage. The Platinum Card is highly valued by our customers and continues to be the best performing sector of our customer base.

The MVG programme lies at the heart of Sun International's gaming marketing efforts and the group makes it a priority to listen very closely to the requirements of our MVGs and to enhance the programme wherever possible.

To this end, we enhanced the group wide functionality of the programme during the year under review. This functionality, easily the most requested by our MVGs, will allow cardholders to use their MVG cards, points and cash more conveniently as they move around the group's casinos in South Africa. This is an enormous improvement to the MVG experience.

In another significant development, the Relationship Marketing Project is well underway and is due for completion at the end of 2008. This long-term project will provide the group with new customer database technology, starting with the MVG database and incorporating other customer databases in future phases. This will afford MVGs even better recognition when they visit any of the group's properties and will allow the group to communicate better with them. New database technology will also provide tools to improve segmentation and targeting and identify new revenue generating opportunities in our data.

We will continue to invest in customer acquisition, retention and reactivation through our MVG programme, which currently has over 540 000 active customers of which two-thirds have been active over the past year and provides us with a distinct competitive advantage over our competitors.

Major Marketing Campaigns

Gaming marketing continues to be characterised by very high levels of promotional activity at all group casinos.

Marketing plans and strategies for each casino are critically evaluated to ensure that they are appropriate for the market in which the casino operates. Particular attention is paid to the competitive Gauteng and Durban markets. With continued focus on a valuable experience, each aspect of the marketing mix is designed to provide innovation, fun and variety.

The year was marked by even more focus on high value customers with the ongoing introduction of new games and promotions designed to keep the levels of excitement and interest high. The advent of 'themed games', often based on recognisable movies or other popular culture icons provide a differentiated platform from which to launch new product and promotions, for example, the extremely popular 'Top Gun' slot machine. Considerably more emphasis was placed on communicating new product to the existing customer base.

In the prior year we reported on the successful national introduction of the 'Hollywood Slots' range of branded slots products that are exclusive to Sun International. These games continued to receive excellent support from our customers and they rank among the most popular on our gaming floors. A number of enhancements to the product range were introduced, culminating in the launch of the 'Star Wars' themed games in November 2006. This national launch was coordinated across all the South African based casinos and was supported by a variety of both national (TV, press) and regional (direct mail, press, outdoor and radio) media and promotional campaigns.

Sun International continues to develop proprietary promotional intellectual properties that are used across the casinos in both slots and tables disciplines. These are used to drive the mechanics of promotions and bring innovation and fun to the gaming floor. 'Mystery Jackpots' – launched nationally three years ago and now vastly enhanced – and 'Chain Reaction' – introduced this year – are such examples.

In the tables games arena, Sun International continues to explore and introduce appropriate opportunities for games enhancement. The introduction of 'Blackjack Switch' at GrandWest and The Boardwalk, as well as the introduction of 'Poker Pro' at Carnival City bear testament to this.

Tables tournaments are an important part of the product offering to tables players. Sun International continues to lead in this field with our annual 'Black Diamond' blackjack and 'Black Pearl' roulette tournaments, both carrying a R1 million first prize. Regional heats are conducted throughout southern Africa. The finals are hosted at Sun City and Wild Coast Sun respectively.

Other major marketing initiatives during the year included the launch of the Lethabong Tavern at Morula in October 2006. This African urban bar is extremely popular and has attracted a host of new customers to the property. October 2006 also saw the launch of the new Sibaya Lodge. The launch of the Golden Valley Casino in Worcester in November 2006 raised considerable interest in the local market, with strong awareness for the property being achieved. The completion of the 57 new rooms at the Carnival City hotel took place in April 2007 and immediately saw strong demand from MVGs. The year ended with the opening of the superb new smoking casino at GrandWest in June 2007.

Sun International Privé Magazine

Reader research has revealed that our Sun International Privé magazine is very popular with our top customers. Their level of interaction with this high quality lifestyle and gaming magazine will see its importance growing.

Sun International continues to develop proprietary promotional intellectual properties that are used across the casinos in both slots and tables disciplines.

Entertainment

The group has continued to focus on improving entertainment at our casino properties. Entertainment is a key component of the gaming experience and considerable effort has gone into improving its quality, variety and frequency.

The group hosted many local musicians and acts including Don Laka, Dr Victor, Eden, Judith Sephuma, Steve Hofmeyer, Nianell, Selaelo Seloto, Kurt Darren, Watershed, Women of Jazz, Chris Chameleon, Barry Hilton, Freshly Ground, Malaika, Mafikizolo, Jimmy Dludlu and other major South African acts.

Several international acts appeared in our casinos. Among these were Shaggy, Patrizio, Helmut Lotti, Cliff Richard, Randy Crawford and Joe Sample, India Arie and Oleta Adams, Il Divo, Anna Visi and John Legend.

Illusionists Philippart and Anja performed in the Izulu Theatre at Sibaya, Musiekfees 5 and the Chippendales in the Big Top at Carnival City and Sun City hosted Miss South Africa and the very popular South African Music Awards in the Superbowl.

The new 5 000 seat multi-purpose indoor arena at GrandWest opens in October 2007. This magnificent venue is expected to become the premier choice for entertainment in Cape Town and will see major local and international superstars appearing there.

Growing the gaming market

Of growing importance to the business are the 'Black Diamonds', a nationally accepted descriptor of the expanding black middle class in South Africa. Our ongoing research positively reinforces the decision to actively position the group and its properties favourably in the minds of this growing audience. This will ensure that we are well placed to realise significant growth in our revenues from this sector of the population.

PRODUCT OFFERING

Sun International continues to be aggressive with its slot machine replacement and upgrade strategy in all properties. Slot performance is closely monitored ensuring games are changed to suit customer preferences. We pride ourselves on being the gaming product leader in South Africa and our casino floors are regularly refreshed to keep them exciting and to make a great first impression.

Signage design changed to a more generic application, allowing the operators to adapt machines or games with minimum fuss. Digital displays mounted within the signs portray gaming information, promotional events, jackpot and mystery jackpot values.

New slots games introduced during the year include Major Jackpot, Men In Black, Top Gun, Three Kingdom Wars, King Kong, Jackpot Deluxe, Monopoly Big Event and Party Time. These themed games have all proved to be very popular.

Carousel

Hollywood Slots remains extremely popular, paying over R100 million in jackpots since inception in December 2005. New themes are added to this uniquely branded suite of product on a regular basis thus ensuring that we provide our customers with an exciting suite of games using icon movies and characters, particularly during the past year with the excellent reception of the Star Wars slots. A further exciting new range of machines will be introduced towards the end of 2007.

Research & development (R&D)

Sun International remains the only gaming company in southern Africa with a comprehensive R&D function that helps us to maintain our competitive edge.

Our R&D mission is to continue maintaining our position as the leader in gaming product through brand positioning, exclusive product ranges, service innovations and by fully understanding and meeting customer needs and expectations.

Our R&D serves to introduce exciting new slots and tables games into our casinos after identifying the best products available worldwide, or through the development of our own exclusive games. We also create customer attractions and bonus features, and source tools to enhance the customer experience.

Mystery Jackpots

The Mystery Jackpot system allows our operations the flexibility to promote on a small or large scale by offering single or multiple level jackpots across the entire floor or only on selected groups of machines. The mystery system offers cash values and prizes such as cars, holidays, tickets or entries to mystery draws.

Wide Area Progressive Jackpots

Sun International is the only casino group in South Africa to offer wide area progressive machines. A new wide area progressive machine concept, known as 'Sun Pot' will be introduced before the end of the 2007 calendar year.

This concept is exclusive to Sun International and has been developed in-house.

Sun Games

Sun International develops its own proprietary slots games and table side bets.

Additional Sun Games will be introduced as part of our server-based gaming suite that should be available for play by mid 2008, subject to requisite regulatory approvals.

Product offering on the tables

During the course of the past year, a number of new games were considered and tested at certain properties. This allows the company to assess the acceptance of proposed new gaming enhancements and measure the potential long-term benefits of introducing such games as regular choices to customers.

Due to the popularity of traditional 'Texas Hold 'Em' poker internationally and in South Africa, it was decided to introduce this game at Carnival City in December 2006. Advances in technology have made it possible to offer this game in an electronic format which has allowed for a number of efficiencies to be achieved. Customer reaction to the game in this format has been very positive.

GrandWest introduced a bet variant game to traditional Blackjack called 'Blackjack Switch'. Customer response to this game has been exceptionally positive.

Due to the popularity of the Perfect Pairs side bet to Blackjack, the game rules have been amended, allowing customers playing behind the box owner to also place this side bet.

Tables management assesses table game developments and game variations globally for games with the potential to improve and strengthen the tables game offering and provide a more exciting customer experience.

THE CASINO OF THE FUTURE

Our vision of the 'casino of the future' remains unchanged. This includes traditional land based slots linked to a central server to conveniently provide customers with a greater variety of games, customer selected bonusing, 'participation gaming' that allows customers to play against one another and collective play, and internet based gaming.

The casino of the future allows the customer to have one account attached to all types of play. Customers select their own profile, denomination, game and choose how they would wish to be communicated with.

Sun International is well positioned to implement a live test of its server based gaming offering shortly. The group already offers 'Pay for Fun' to MVG customers via our internet site.




Review of operations

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

CUSTOMER PROFILE

The international customer base of Sun International's hotels and resorts comprises foreign inclusive travellers (FITs), MICE (meetings, incentives, conferences and exhibitions) and leisure group travellers. We have focused particularly on the significant emerging tourism markets of Brazil, India, China and Russia, with all these markets yielding good growth year on year. Partnerships with the direct sales channels remain key in ensuring that our hotels and resorts continue to enjoy a healthy market share of inbound tourist arrivals.

Locally, Sun International customers consist of corporate business and group travellers, leisure and gaming guests. Group bookings are generated via our direct corporate sales force complemented by travel agents and professional conference/event organisers.

LOCAL AND INTERNATIONAL MARKET STATISTICS

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

	2007	2006
Resorts room nights available (000's)	1 080	1 102
Resorts room nights sold (000's)	818	794
Occupancies achieved (%)	75,7	72,0
Local room nights sold (000's)	577	553
Occupancies achieved (%)	53,4	50,2
International room nights sold (000's)	241	241
Occupancies achieved (%)	22,3	21,8

Occupancies at the group's hotels and resorts improved to 76%, four percentage points ahead of last year. Sun City, the Table Bay Hotel and The Falls Resort in Zambia were the major contributors to this growth.

The average room rate achieved of R880 increased by 9% over last year. International and local rates increased on average by 11% and 8% respectively. The overall rate increase achieved was substantially higher than the previous year's 4% due to:

- Higher yielding international room night sales in the Royal Livingstone and Zambezi Sun increased by 17% and 25% respectively.
- Despite a slight decline in the international volumes at the Table Bay, the property was able to yield a far superior international room rate, which saw an increase of 11%. A similar strategy was adopted at Sun City which also saw an overall increase in the international rate of 11%.
- National Sales had an extremely successful year, generating volume growths in excess of 20% mainly as a result of the buoyant local economy. This growth was also facilitated by the alignment of the sales force to focus on key accounts as opposed to business segments and sources. Sports and promotions have adopted a strategic focus on core entertainment and sporting events such as golf tournaments, beauty pageants and festival events.
- The increase in demand together with the strategy to yield higher rates resulted in a decline in volume in the lower yielding Escape and Sunscapes/Winter Warmer market segments.

The impact of the main hotel refurbishment at Sun City, which commenced in February 2007, resulted in a decline in available inventory of 21 500 room nights. This translated into a decline of 12 300 room nights sold. Through our rooms merchandising process, the resort recorded 360 000 room nights sold, only 200 less than those sold in the prior year. Due to the decline in available room nights, resort occupancy increased by four percentage points to 79% against the prior year.

The Royal Livingstone and Zambezi Sun at the Victoria Falls had another very successful year, achieving a six percentage point increase in occupancy to 74%. Growth was evident in all the major segments but significant within the international segment, which saw an increase in volume of 20%.

Table Bay Hotel's occupancy rate increased by two percentage points to 72%, a reflection of the continued demand for Cape Town, particularly during the traditionally low season winter months.

DEVELOPMENTS AND REFURBISHMENTS

Sun City

The Cabanas rooms softs refurbishment was completed in February 2007 at a final cost of R24 million.

The extensive refurbishment to the Main Hotel commenced in February 2007, with the first phase (170 rooms) projected to be complete by November 2007. The second phase of the refurbishment will be completed between February and November 2008. The total cost of the entire refurbishment is estimated at R260 million, including the replacement of major infrastructure and back-of-house refurbishment.

The final phase of the Superbowl refurbishment was completed in the year at a cost of R7 million. This included seating and flooring.

The Table Bay

During the year, the corridor carpets, the lounge softs and carpets and the convention centre carpets were all replaced at a cost of R3 million.

Egypt

The Sun International Port Ghalib project has gained momentum and opening is estimated to be at the end of 2007. Sun International has a long-term management contract for three hotels – the deluxe The Palace at Port Ghalib and the four star Sahara Sun Sands and Sahara Sun Oasis hotels – totalling 948 rooms, as well as a 1 000 seat International Convention Centre. The greater Port Ghalib project includes a 1 000 berth international marina, several residential developments, a 1,2 km corniche with food and beverage and retail outlets and a traditional Egyptian souk, and the Marsa Alam International Airport five minutes away from the resort.

MARKETING STRATEGY

Our hotels and resorts marketing and public relations philosophy has had a strong emphasis on building and leveraging the Sun International brand. This has been an exciting challenge as we continually need to address competitive advantages to reinforce our position as a formidable competitor within the industry. This is achieved by fully understanding the needs of all our stakeholders both locally and internationally. We remain proactive in delivering innovative, world class services and leisure experiences through state-of-the-art technology, creative internal and external communication, relevant pricing and irresistible product offerings.

Our marketing strategy has been a strong blend of new direct sales efforts, brand building initiatives, creative and significant public relations initiatives and a meaningful move forward in the e-commerce marketing arena.

International marketing offices

The international marketing offices expanded in Italy and Spain, moving from representation to dedicated Sun International offices. Expanding on the drive for MICE business, a dedicated MICE manager was recruited in the UK office to ensure complete representation of all properties.

Route of the African Sun

The high yielding Route of the African Sun package will be further enhanced by the launch and incorporation of the Egyptian properties in March 2008. This popular package will now include The Table Bay in Cape Town, The Palace of the Lost City at Sun City, the Royal Livingstone in Zambia and the Palace at Port Ghalib in Egypt.

Dreams

Dreams was initially set up as a local tour operator dedicated to selling Sun International's Zambian resort at Victoria Falls for both FIT and group bookings. These properties contributed 85% of the business with the other group properties contributing the remaining 15%. Dreams generates market demand through tailored marketing campaigns and constant contact with the retail travel trade. As a licensed 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. Volumes increased by 37% over the prior year.

Our marketing strategy has been a strong blend of new direct sales efforts, brand building initiatives, creative and significant public relations initiatives and a meaningful move forward in the e-commerce marketing arena.

Internet

The integrated digital strategy was further enhanced with campaigns targeting specific segments with a call to action linking to the Sun International website. The effectiveness of the virtual campaigns was further expanded with a rollout into Africa, allowing for greater brand and property exposure in line with an interactive sales brochure.

The strategy behind the website is to create continued brand awareness to increase acquisition and retain a growing online customer database. A more user-friendly consumer focused website is scheduled for launch in November 2007.

Major events

The Nedbank Golf Challenge (NGC) remains the most popular tournament on the South African golfing calendar and it consistently attracts the world's best golfers. The NGC secures massive television exposure for Sun City with an estimated 1,4 billion viewers. SuperSport has the local exclusive broadcast rights and the ever growing international exposure is considerable. Setanta Sports (UK, Ireland), Fox Australia, Golf Channel (USA & Canada), Sony India, Jupiter Golf (Japan) and many other major sports channels cover the four-day event resulting in hundreds of millions of dollars in publicity. It is estimated that last year's Nedbank Golf Challenge

The Royal Livingstone

generated the equivalent of approximately R80 million in local print and broadcast exposure. This is a significant return on investment.

The Women's World Cup of Golf was held in January 2007 at the Gary Player Country Club at Sun City. The success of the event has been reflected in growing global television audiences and interest.

These figures are attributed to local and international television viewers, print, radio and website hits. These

Sun International Dreams

DISCOVER THE HIDDEN MEANING

are impressive, given that the event is only three years old. The tournament has been staged at Sun City for the past two years, and is set to return once again from 14-20 January 2008 with support coming from local telecommunications giant Telkom and the North West Province.

The Superbowl glittered in its platinum setting at the combined 2006 Miss South Africa and Miss SA Teen pageants held in December 2006 at Sun City. The Superbowl is the ideal platform to introduce South Africa to the finalists of both pageants, together with the symphony of entertainment laid on by Kabelo, Unathi, The Bala

Brothers, Hi 5 and Brandon October. This year's production eclipsed previous events in a celebration of style.

At this year's POSI+IVE 2007 event, Sun International proved its ability to deliver the best entertainment in Africa, rivalling even the most glamorous events in Europe. The charity fundraiser sponsored by Vodacom and Mercedes Benz, in aid of the Tapologo AIDS Hospice near Sun City, Noah in KwaZulu-Natal, St Michaels Hospice in Cape Town and Missionvale Care Centre in Port Elizabeth, was held on Friday 15 June in the Sun City Superbowl. Fashionistas, South Africa's A list, Jozi's elite and international and local media were presented with a visual feast of fashion, food and art while being rocked to the headline cameo performances of John Legend, Ismael Lo, Freshlyground, the Mahotella Queens and Wonderboom, among others.

Review of operations

INFORMATION TECHNOLOGY

GENERAL OPERATIONAL OVERVIEW

The past year has been one of ongoing focus on the consolidation of the maturity of the IT operational environment, coupled with continuous improvement in the overall IT governance and best practices, as well as a focus on large scale group projects.

The careful management of change to the IT infrastructure across the group has also been a contributing factor to the improved stability of systems. Currently there are few unauthorised changes, due to the wide adoption of the managed changed process via the IT Change Board.

The group has during the past year increased its efforts in respect of human capital development, including refining the current recruitment process, enhancing the induction programs and personalised career development plans, as well as focusing on the ongoing training (and appraisal) of IT engineering staff and management. Considering the group's unique IT skills requirements and the 24/7 working environment, coupled with the ongoing growth of the business, recruiting and retaining good staff are challenging within the context of a dramatic shortage of IT skills in South Africa.

Key performance statistics for the past year are as follows:

- Overall availability of IT services: 99,84% (99,76%)
- Percentage adherence to service level agreements: 98% (95%)
- Average time taken to restore significant customer facing outages: 42 minutes (60 minutes)
- User satisfaction with IT services: 82,4% (80,5%).

STRATEGIC DIRECTION

The past few years have been focused on ensuring the group delivers its IT services within the context of global best practice and within a transparent and efficient manner. We will ensure that the IT services within the group follows the 'continuous improvement' ethos on an annual basis in order to remain current and relevant to our customers.

The major focus and strategy going forward will be to create a future proof and agile information centric technology platform that easily supports the new business requirements. The development of this platform will mainly be driven out by means of strategic projects, particularly within the customer management arena. The establishment of the customer as a strategic group asset requires that the information related to the customer flows




freely across the enterprise. The two areas particularly relevant to this goal are to be found within the information and integration architecture domains.

Information architecture

While the group focused on the harvesting of value from its key transactional and customer applications (an application centric approach) in the past, there has not been sufficient emphasis on the management of quality data across the enterprise and the translation of this data into valuable information, particularly in respect of our customers. The focus has therefore turned to supporting business with new information architecture inclusive of strategies and processes (information centric) to create operational agility. This architectural approach supports the development of services in accordance with service orientated architecture principles. In addition, a great deal of focus is being applied to customer data integration, as a component of master data management. This will ensure that the best quality customer information is delivered to business at all key customer interaction points so as to be able to improve the overall customer service offering and experience.

Enterprise data integration

A second strategic initiative is to replace all existing (starting with customer applications) system interfaces with a new data messaging system across all properties. The ability to draw the relevant customer information from many disparate systems across the group is a complex task, which will be facilitated by a new enterprise application to be known as the enterprise messaging system (EMS). This middleware integration layer forms part of the larger services orientated architecture initiative mentioned above, which is currently underway.

The group's application integration needs grew as has its data integration requirements. We are at a point where we require a better way to integrate many diverse applications across the group and have thus looked to EMS. The group aims to improve consistency in business processes across the group's many properties and customer touch points, which to date has been difficult to achieve.

REVIEW OF MAJOR GROUP PROJECTS

The key projects reported on in the 2006 report are progressing well, with some having been completed and others still in progress. These include:

Microsoft Active Directory Services (AD)

The migration to AD will be completed by December 2007. This initiative is aligned with the new Microsoft Enterprise Licensing agreement signed in June 2007. This new agreement will add further value to the group's strategic decision to use Microsoft for the core operating systems and related technology.

In addition, the proposed implementation of Microsoft's operational management toolkit (Systems Centre Operations Manager & Configuration Manager) will greatly enhance the group's ability to manage its distributed server and desktop environments, which in turn will ensure the correct security is applied, as well as facilitate a predictable and sustainable cost of ownership.

Group connectivity (Wide Area Network)

This new outsourced service has been fully implemented with great success – the group now enjoys twice the existing bandwidth (with full redundancy) at less than the previous operating cost.

OPERA hospitality systems

This major project is proceeding according to the approved program, albeit with some settling in challenges. The new central reservations system went live on 16 October 2006, with the respective property systems following sequentially thereafter. The largest property installation, Sun City, is complete, with the balance of the group wide implementation scheduled for completion by March 2008. This is a little later than originally envisaged, due mainly to the complexity of the various new systems being implemented. The project is still within the forecast cost of R22 million.

Relationship marketing

The relationship marketing project (one of the projects to enable the customer management strategy and focus of the group) is progressing well and will provide the group with technology which will be able to display a 'single view' of our customers. The solution also includes a campaign management tool, which will enhance our current marketing capability.

These two new business applications (single view of the customer and campaign management) will draw their information from a new single image customer database (SICD). The SICD will act as a repository for key customer information sourced from many disparate databases and systems currently spread across the group, utilising the new enterprise data messaging system discussed previously.

Contact centre

A second major technology enabling project under the customer management program is the enhancement of the group's contact centre. The intention is to create a 'single point of contact' for our customers, offering the effective facilitation of customer interactions and service requests, across various communication channels. It will also aim to support and enable the properties with value added services, for example outbound data cleaning capabilities.

This project will span a period of approximately three years, with the first phase seeking to enhance and leverage the existing call centre platform. The foundation and functionality created through the single view of the customer desktop application and the SICD will be leveraged in the future contact centre.

Casino Management System

Group wide MVG functionality project

The goal of this project was to enable the group's MVG cardholders to seamlessly transact (using their smart card) at any Sun International casino. They can now use the cash purse and MVG point balances anywhere, regardless of where the cash was originally loaded onto the card, or where the points were earned. The final phase of the project was completed in April 2007, at an overall cost of R7 million. The results to date are most gratifying with 68% of 'foreign casino' MVG card transactions, representing some 28 000 transactions, now performed automatically at the slot machines and not the cash desk as was previously the case.

New casino management system to replace the current CMS

We reported last year that good progress had been made with the requirements definition for a new system which would replace the group's ageing proprietary system, CMS. Currently, CMS still embodies some of the best features in any casino software solution available globally. We also noted last year that a system functionality gap analysis had commenced with the preferred vendor. We have since been notified by this vendor that they are not in a position to provide us with the required new functionality within the 2010 timeframe set by the group. Therefore, we are in the process of reassessing the various options available to us, including ongoing engagement with preferred vendors. It is, however, likely that we will need to extend the December 2010 replacement timeline to a later date. In the interim, CMS continues to deliver substantial value to the group's gaming operations and a programme of work is underway to extend its longevity.

Review of operations

OUR PEOPLE

Sun International's continued success and growth is directly attributed to our talented and dedicated employees and our host of service providers who deliver consistently high standards throughout our operations.

We seek to attract, retain and motivate our diverse workforce by ensuring that all our employees are fairly remunerated, with access to equal opportunity and meaningful development, adding value not only to our business, but also to the communities where they live and in which we operate.

EMPLOYMENT EQUITY

The group continues to review strategies that will enable equitable representation of designated groups in all occupational levels and categories in the workplace. This is intended to promote equal opportunity, diversity and elimination of barriers that have been identified and have an impact on the progress on employment equity. The focus is not only to increase the number of designated groups in the group, but also to enable an environment of growth and development that will ensure equitable representation in the core functions of the business and therefore achieving various other human capital objectives.

TRAINING AND DEVELOPMENT

Subscribing to internationally recognised training methodologies promotes the improvement in skills levels of employees within the group. Focused ongoing training and development initiatives aligned to individual career paths ensure staff growth and development, benefiting productivity and leading to an enhanced customer experience.

REMUNERATION

In order to employ the best possible talent, the remuneration policy of the group is structured to attract, retain and incentivise employees. It rewards performance that meets the interests of both the group and its shareholders. We attract individuals with superior skills and potential by remunerating above the average market norms and retain key personnel by rewarding and remunerating them commensurately.

In order to ensure that our remuneration strategy remains competitive, we participate in reputable executive surveys on a bi-annual basis, as well as, annual general staff surveys and industry surveys. Fairness of pay is also achieved by ensuring internal equity of remuneration.

Executive and senior management remuneration comprise both guaranteed and variable elements. Variable remuneration is in the form of participation in an Executive Bonus Scheme, comprising Economic Value Added and EBITDA elements. Additionally, and where appropriate, executives also participate in group share schemes. As a general guideline, remuneration levels are set between the median and upper quartile (Q3) for comparable positions in the market. Additionally, the group provides appropriate benefits, including retirement, death and disability cover, medical funding and financial assistance towards housing and personal development.

SUN INTERNATIONAL EMPLOYEE SHARE TRUST

During this financial year, employees continued to benefit from the good performance of the company through bi-annual income distributions made from the Trust. The participation of staff in the Trust was broadened to incorporate employees outside South Africa. This participation continues to be a major source of empowerment for all eligible employees and this has been further enhanced through the share buy back increasing direct employee ownership in the group by 0,9 percentage points to 6,3%.

Further detail of relevant employee policies and procedures is included in the Sustainability section of this report.

Sun International group people count (%)

	Black*			White		
Band	Male	Female	**Total**	Male	Female	**Total**
Executive Management	16,7	0,0	**16,7**	79,2	4,1	**83,3**
Senior Management	11,2	4.5	**15,7**	68,6	15,7	**84,3**
Middle Management	18,3	7,2	**25,5**	60,6	13,9	**74,5**
Junior Management	42,2	25,2	**67,4**	18,8	13,8	**32,6**
Staff – Supervisory	40,9	52,5	**93,4**	2,3	4,3	**6,6**
Staff – General	47,7	50,9	**98,6**	0,7	0,7	**1,4**
Grand Total	40,7	43,3	**84,0**	9,1	6,9	**16,0**

** Black includes Africans, Coloureds and Indians.*

Employees continued to benefit from the good performance of the company through bi-annual income distributions made from the Trust.

Sun International headcount per broadband and age group (%)

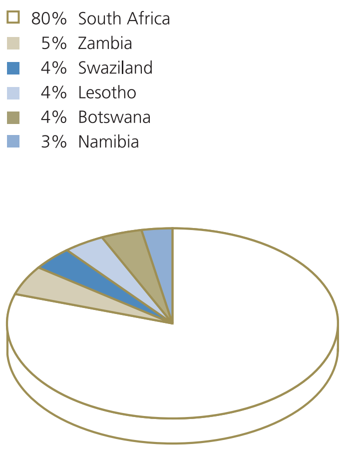
Band	Up to 20	21 – 30	31 – 40	41 – 50	51 – 60	60 plus
Executive Management	0,00	2,65	27,43	51,33	17,70	0,89
Management	0,04	25,91	42,67	24,02	7,19	0,17
Non-management	2,70	38,69	30,28	22,91	5,32	0,10
Grand total	1,90	34,52	33,82	23,61	6,02	0,13

Sun International headcount per race and age group (%)

Race	Up to 20	21 – 30	31 – 40	41 – 50	51 – 60	60 plus
Black*	1,90	35,74	33,10	23,72	5,49	0,05
White	1,85	28,12	37,61	23,07	8,83	0,52
Grand total	1,90	34,52	33,82	23,61	6,02	0,13

* *Black includes Africans, Coloureds and Indians.*

Empolyee split – geographic



Chief Financial Officer's review

Rob Becker

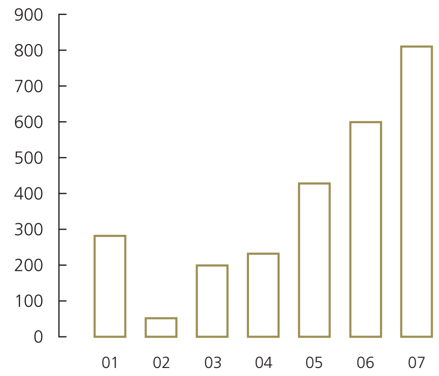
Diluted adjusted headline earnings of 719 cents per share were 33% ahead of last year resulting in the fifth consecutive year that the group has achieved an adjusted headline earnings per share growth rate in excess of 30%.

FINANCIAL PERFORMANCE

The group has once again achieved strong growth in revenue and earnings as a result of continued growth in casino revenue and further improvement in margins. Diluted adjusted headline earnings of 719 cents per share were 33% ahead of last year resulting in the fifth consecutive year that the group has achieved an adjusted headline earnings per share growth rate in excess of 30%.

The income statement on page 146 has 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 below.

Adjusted headline earnings (Rm)



	2007 Rm	% change	2006 Rm
Revenue	6 937	17	5 949
Casino	5 359	18	4 543
Slots	4 609	20	3 848
Tables	750	8	695
Rooms	776	14	681
Food and beverage	479	4	459
Other	323	21	266
Direct costs	(2 780)	(12)	(2 487)
Casino – Levies and VAT	(1 133)	(20)	(948)
– Other	(907)	(10)	(822)
Rooms	(164)	(9)	(150)
Food and beverage	(378)	1	(381)
Other	(198)	(6)	(186)
Gross profit	4 157	20	3 462
Indirect costs	(1 596)	(10)	(1 447)
EBITDA	2 561	27	2 015
Depreciation and amortisation	(518)	(10)	(473)
Property and equipment rental	(74)	(19)	(62)
Operating profit	1 969	33	1 480
Foreign exchange (losses)/profits	(8)	(120)	41
Interest income	77	4	74
Interest expense	(288)	(24)	(232)
Profit before taxation	1 750	28	1 363
Taxation	(654)	(30)	(502)
Profit after taxation	1 096	27	861
Minority interests	(282)	(9)	(259)
Adjusted headline earnings	814	35	602
Headline and adjusted headline earnings adjustments	(16)	(105)	331
Profit attributable to ordinary shareholders	798	(14%)	933

GrandWest

Improved levels of disposable income, the relatively stable economic environment, the introduction of exciting products, new casino openings and the refurbishment of older properties helped the group achieve an 18% growth in gaming revenue for the third consecutive year.

Rooms revenue of R776 million was 14% ahead of the previous year. The overall group occupancy of 74% was 3 percentage points ahead of last year and the average room rate improved 7% to R792 mainly due to good growth in the international individual tourism market.

The gross margin at 59,9% was 1,7 percentage points up on last year. Direct costs excluding gaming levies and VAT were 7% up on last year, significantly below the 17% growth in overall revenues. Gaming levies, which were 20% up on last year, continue to grow ahead of the growth in gaming revenue as a result of fiscal drag.

Indirect costs increases have been contained at 10% contributing to the group EBITDA margin improvement of 3 percentage points to 37% and an increase of 27% in EBITDA to R2,6 billion.

Profit before taxation at R1 750 million was 28% ahead of last year. Depreciation and amortisation charges were 10% up on the previous year while the net interest charge has increased by R53 million over last year to R211 million arising primarily from additional funding requirements following the acquisition of 61,3% of RAH in September 2006 and the purchase of 899 400 shares in the first half of the year. Foreign exchange losses of R8 million in the current year and last year's profits of R41 million relate primarily to exchange rate movements on converting offshore cash balances.

Taxation at R654 million was 30% more than the previous year. The overall effective tax rate was 37,4%, 0,6 percentage points higher than last year. The non-deductibility for taxation purposes of certain significant costs in our business, including casino bid costs, depreciation on non-hotel buildings, preference share dividends, plus the STC on significantly increased dividend payments, result in the effective tax rate remaining above the statutory tax rate.

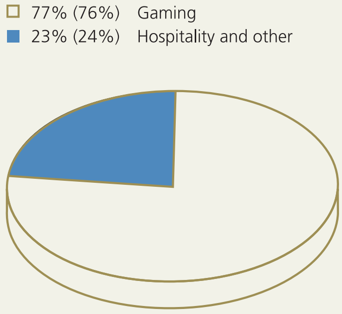
Net headline and adjusted headline earnings adjustments of R16 million include the realisation of fair value gains on KZL shares of R84 million, pre-opening expenses of R8 million, the pension fund surplus recognition of R10 million resulting from the adoption of IFRIC14 and the impairment of the group's investment in the Cape Town International Convention Centre (CTICC) of R97 million, as a result of the CTICC impairing the carrying value of its buildings. The investment is carried at its impaired value as its fair value cannot be reliably determined.

Employee Share Trusts have not been consolidated in the above disclosure on the basis that the group does not receive any of the economic benefits from the trusts.

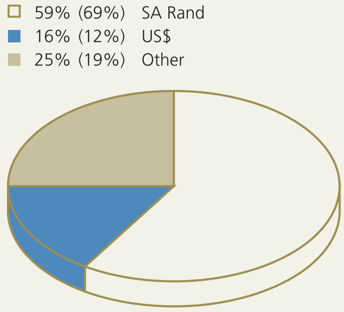
Adjusted headline earnings of R814 million were 35% above the previous year and diluted adjusted headline earnings per share of 719 cents were 33% ahead of last year.

The board has declared dividends of 400 cents per share, 38% above those of last year. This is in line with the group's stated intention of increasing the dividend growth rate above that of the earnings growth rate.

Revenue – 2007 (2006)



Net assets – 2007 (2006)



KEY STATISTICS

Key statistics – Rooms

	Notes	Number of hotel rooms		Average occupancy %		Average room rate Rands	
		2007	2006	**2007**	2006	**2007**	2006
GrandWest		**39**	39	**86**	90	**276**	234
Sun City	1	**1 131**	1 301	**79**	75	**1 048**	977
Sibaya	2	**154**	36	**63**	91	**317**	189
Carnival City		**105**	48	**82**	93	**258**	199
Wild Coast		**246**	246	**99**	98	**279**	281
Carousel		**57**	57	**85**	76	**236**	276
Morula	3	**72**	59	**84**	82	**254**	260
Table Bay		**329**	329	**72**	70	**1 558**	1 409
Swaziland		**411**	411	**69**	59	**374**	377
Botswana		**196**	196	**72**	60	**447**	434
Naledi Sun		**30**	30	**62**	65	**221**	207
Zambia		**363**	363	**74**	68	**1 106**	893
Namibia		**173**	173	**69**	68	**423**	383
Lesotho/Maseru		**262**	262	**52**	45	**514**	460
		3 525	3 550	**74**	71	**792**	737

Notes
1. Adjusted for 170 room refurbishment of the Sun City Main Hotel.
2. Includes the additional 118 rooms added to inventory during the year.
3. All rooms fully operational following the refurbishments in 2006.

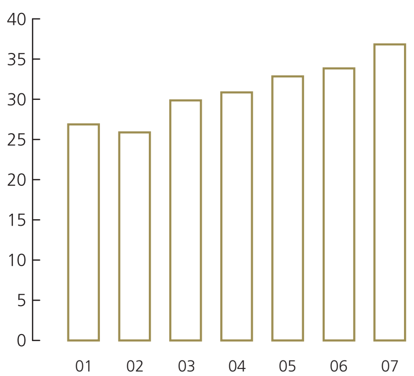
Key statistics – Casino

	Weighted average number of slot machines for year		Win per machine per month R'000		Weighted average number of gaming tables for year		Win per table per month R'000	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
GrandWest	**2 013**	1 831	**59**	56	**68**	61	**264**	255
Sun City	**601**	599	**37**	32	**38**	38	**155**	151
Carnival City	**1 750**	1 750	**38**	32	**60**	60	**189**	155
Sibaya	**1 016**	955	**44**	38	**35**	37	**366**	293
Boardwalk	**800**	779	**42**	38	**21**	21	**164**	163
Wild Coast	**438**	438	**34**	30	**13**	14	**173**	128
Carousel	**700**	693	**31**	26	**14**	15	**206**	168
Morula	**506**	507	**33**	28	**11**	11	**112**	105
Swaziland	**155**	149	**29**	27	**13**	14	**107**	108
Botswana	**285**	239	**19**	17	**10**	9	**109**	111
Meropa	**337**	293	**45**	40	**12**	15	**151**	128
Flamingo	**228**	225	**43**	37	**9**	9	**104**	100
Windmill	**300**	193	**44**	40	**12**	8	**214**	227
Golden Valley	**107**	–	**36**	–	**–**	–	**–**	–
Naledi Sun	**150**	188	**12**	31	**–**	–	**–**	–
Zambia	**–**	–		–	**–**	–	**–**	–
Namibia	**150**	141	**32**	34	**10**	10	**122**	110
Lesotho	**175**	176	**27**	25	**8**	8	**70**	75
	9 711	9 156	**41**	37	**330**	330	**200**	179

OPERATING UNIT REVIEW

	Revenue		EBITDA		Operating profit	
Rm	**2007**	2006	**2007**	2006	**2007**	2006
GrandWest	**1 595**	1 398	**693**	600	**594**	504
Sun City	**1 059**	965	**190**	160	**89**	79
Carnival City	**908**	786	**333**	268	**268**	209
Sibaya	**684**	586	**247**	175	**181**	114
Boardwalk	**435**	384	**179**	151	**151**	122
Carousel	**295**	251	**88**	69	**65**	46
Wild Coast	**274**	237	**55**	46	**39**	30
Morula	**231**	190	**56**	44	**32**	23
Meropa	**199**	159	**83**	61	**68**	45
Windmill	**184**	112	**77**	40	**60**	29
Zambia	**181**	140	**51**	30	**33**	16
Table Bay	**173**	154	**63**	52	**34**	18
Swaziland	**148**	140	**19**	14	**10**	6
Flamingo	**125**	108	**47**	39	**37**	27
Botswana	**118**	93	**34**	24	**19**	16
Namibia	**102**	95	**29**	25	**10**	10
Lesotho	**92**	79	**17**	11	**7**	7
Golden Valley	**46**	–	**14**	–	**6**	–
Management activities	**586**	482	**278**	221	**269**	211
Central office and other operations	**64**	52	**8**	(15)	**(3)**	(32)
Elimination	**(562)**	(462)	**–**	–	**–**	–
					1 969	1480
Other income	**–**	–	**–**	–	**85**	216
Other expenses	**–**	–	**–**	–	**(117)**	(247)
	6 937	5 949	**2 561**	2 015	**1 937**	1 449

EBITDA margin (%)



Gaming

GrandWest generated revenue growth of 14% over last year and EBITDA grew 16% to R693 million, reflecting further improvement in operating margins despite the higher effective casino levies. GrandWest's contribution to group revenue was in line with last year at 23% however, its share of EBITDA was 3 percentage points down at 27%.

Carnival City continued to perform well, with revenue growth of 16% over last year, while EBITDA of R333 million grew 24% on improved margins. The group's share of the Gauteng market, which includes Morula, remained in line with the previous year at 22%.

Sibaya achieved revenues of R684 million and EBITDA of R247 million, 17% and 41% ahead of last year respectively. The improvement in EBITDA margin of 6 percentage points to 36% was primarily due to an improvement in efficiencies, while the exclusion of food and beverage revenues, as a consequence of a change in the outsourcing contract, accounted for two percentage points of the margin improvement. Sibaya retained its share of the KwaZulu-Natal market at 35%.

Boardwalk continued to trade well, achieving revenue and EBITDA growth of 13% and 19% respectively. The EBITDA margin at 41,1% was 1,8 percentage points above the prior year.

The **Windmill Casino** performed exceptionally well achieving revenue and EBITDA growth for the comparable nine month period to 30 June 2007 of 27% and 50% respectively. The EBITDA margin at 41,8% was 6,1 percentage points above last year.

The **Golden Valley Casino** achieved revenue of R46 million and EBITDA of R14 million at an EBITDA margin of 29,7% for its first seven months of trading.

Hotels and resorts

Sun City achieved an occupancy of 79% (75%) and the average room rate of R1 048 was 7% ahead of last year. The resort generated an EBITDA of R190 million, 19% ahead of last year, which is particularly pleasing given the closure of 170 rooms in February 2007 as part of the main hotel refurbishment programme.

The **Table Bay** achieved an occupancy rate of 72% (70%) for the year, while the average room rate of R1 558 was 11% ahead of the previous year. The EBITDA contribution of R63 million improved 21% as a result of better margins.

The Royal Livingstone and Zambezi Sun achieved an aggregate occupancy of 74% (68%), and an average room rate of US$154, 11% ahead of last year. Revenue was 16% ahead in US dollar terms, with much of the growth attributable to a further increase in international visitors.

Trading in Botswana improved significantly during the year as a result of an improvement in the economy and a higher market share, following the refurbishment programme to the casino, rooms and certain public areas in 2006.

MANAGEMENT ACTIVITIES

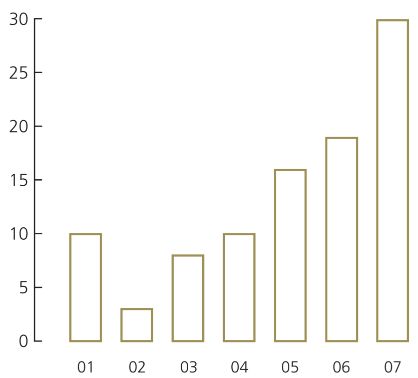
Management fee income of R586 million was 22% ahead of the previous year, reflecting the higher revenues and improved profitability of the group's operations. EBITDA of R278 million was 26% higher than last year and a margin of 47% (46%) was achieved. Costs of R41 million (R28 million) were incurred during the year in respect of pursuing opportunities in Africa, Chile, the United Kingdom and Russia.

ACCOUNTING POLICIES

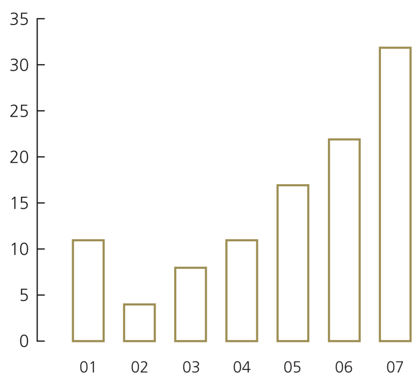
The International Accounting Standards Board continues to revise accounting standards with the intention of improving existing International Financial Reporting Standards (IFRS). The accounting policies applied to the consolidated financial statements are consistent with those as set out in the annual financial statements for the year ended 30 June 2006 except for the adoption of the interpretation as set out below:

IFRIC Interpretation 14 – IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their

Return to equity shareholders (%)



Return on shareholders' funds (%)



Interaction ("IFRIC 14") was issued in July 2007, effective for financial years commencing on or after 1 January 2008. Sun International has early adopted IFRIC 14, based on which the directors have determined that Sun International does not have an unconditional right to a refund of the surplus existing in the Sun International Pension Fund (SIPF) as at 30 June 2007. However, certain future economic benefits are considered to be available to the group in this regard and accordingly an asset of R10 million has been recognised at 30 June 2007.

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 are expected to have a material impact on the group. These new standards and interpretations are dealt with more fully on page 143.

RETURNS

Return to equity shareholders improved to 30% from 19% in the previous year. The returns were however significantly enhanced on the acquisition of RAH as a result of taking the premium paid of R852 million directly to equity in terms of IAS27 (revised) whereby premiums paid and profits and/or losses on transactions with minorities are recognised directly in equity. This set off against equity is reflected in the reduction in NAV per share from R29,13 to R22,45 per share at 30 June 2007.

Returns in future years will be further enhanced by the share buy back concluded in July 2007. This results in a significant reduction in shareholders funds due to the cancellation of the shares acquired through the buy back and the recognition of the treasury shares acquired during the year in equity.

Investors in Sun International shares have received a five year compounded return of 42% per annum.

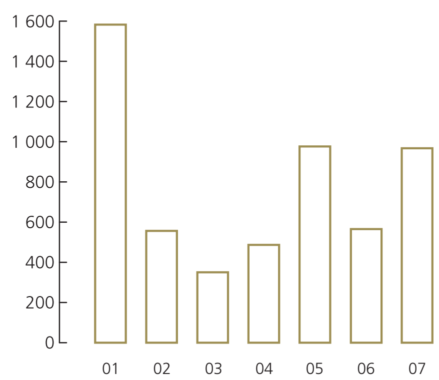
BALANCE SHEET

Ordinary shareholders' funds

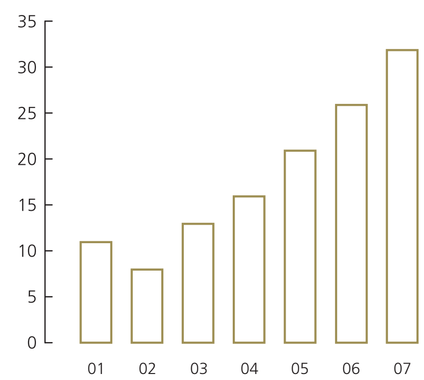
Ordinary shareholders equity decreased by R735 million. The significant movements are summarised in the table below:

		Rm
Share capital, treasury shares and treasury options		(242)
– Buy back of 899 400 Sun International shares at an average price of R102,03 per share	(92)	
– Treasury share options acquired on exercising by participants	(150)	
Distributable and other reserves		(493)
– Share based payment expense (net of deferred tax adjustment)	11	
– Realisation of gains on KZL shares	(84)	
– FCTR movement for the year	(9)	
– Net premium paid on acquisition of minorities' interests	(864)	
– Profit attributable to ordinary shareholders	798	
– Ordinary shareholders dividends	(357)	
– Other movements	12	

Capital expenditure (Rm)



Return on net assets (%)



The number of shares in issue and used for 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 2006	117 718	117 718	117 718
Share buy back	(900)	(624)	(624)
	116 818	117 094	117 094
Treasury shares – held by subsidiary	(5 788)	(5 788)	(5 788)
– held by employee share trusts		(6 442)	
Number of shares at 30 June 2007	111 030	104 864	111 306
Dilutive share options		1 936	1 936
Number of shares for dilutive calculation at 30 June 2007	111 030	106 800	113 242
Shares acquired in 30 July 2007 buy back	(16 085)	(14 793)	(14 793)
Expected number of shares for dilutive calculation at 30 June 2008	94 945	92 007	98 449

**The shares held by the employee share trusts are not deducted from the issued amount as the group does not receive the economic benefits of these trusts.*

CAPITAL EXPENDITURE

Capital expenditure incurred during the year was as follows:

	Rm
Expansionary:	
GrandWest	346
Golden Valley Casino and Hotel	99
Sibaya Lodge	30
Carnival City Hotel extension	47
	522
Major refurbishment:	
Sun City Main Hotel	66
Expansionary and major refurbishment spend	**588**
Ongoing asset replacement and minor refurbishments	384
Total capital expenditure	**972**

CAPITAL COMMITMENTS

Capital commitments at 30 June 2007 totalled R3 596 million as follows:

	Rm
International expansionary projects	
Chile	1 406
Nigeria	844
	2 250
Expansionary projects	
GrandWest	111
Carnival City	100
Golden Valley Casino and Hotel	65
Carousel	180
Other	31
	487
Major upgrades and refurbishments of properties	
Sun City	146
Lesotho	58
Swaziland	24
Other	39
	267
Ongoing asset replacement and minor refurbishments	
Casino equipment replacement	204
IT equipment	129
Other	259
	592
Total capital commitments	3 596

Wild Coast Sun

International expansionary projects totalling R2,25 billion which have been conditionally committed include the US$200 million casino project in Chile as well as the US$120 million expansion and development of the Nigerian opportunity. In the case of Chile, the expenditure is conditional on the regulator approving Sun International as a shareholder of the development while in Nigeria the development is subject to the finalisation of the casino licence and agreements.

The funding of these projects will be from new facilities which will be raised in the respective countries in which the development is being undertaken. The equity components of Chile (US$45 million) and Nigeria (US$38 million) will be funded from existing internal resources.

Other major projects include the completion of the GrandWest expansion, the hotel at the Golden Valley and the Sun City Main Hotel refurbishment. Additional expansionary expenditure for 2008 includes the construction of a R82 million multi-level parkade at Carnival City. An amount of R180 million has been approved for the Carousel which includes R150 million for the conversion of the staff village into a 'holiday club' facility as well as a R30 million upgrade to the entrance and mall of the casino.

The remaining expenditure committed relates mainly to the replacement of operating assets and slot machines, IT equipment and software, and minor refurbishments. Funding of capital expenditure will be sourced from both existing and new loan facilities, as well as, internally generated funds.

BORROWINGS

Excluding the consolidation of the Employee Share Trusts, interest bearing debt to EBITDA increased from 1,06 to 1,31 and EBITDA to net interest decreased from 12,8 to 12,1 times at 30 June 2007. The movement in these ratios is attributed mainly to the funding of the acquisition of 61,3% of RAH in September 2006.

The group's borrowings, before consolidating the Employee Share Trusts, increased by R1,2 billion due largely to the acquisition of RAH, the R100 million share buy back and the spend on expansionary and refurbishment projects of R0,6 billion. The group's borrowings are summarised below:

Third party borrowings

Rm	**30 June 2007**	30 June 2006
SunWest	**448**	332
Emfuleni Resorts	**133**	154
Afrisun KZN	**434**	473
Meropa	**61**	69
Teemane	**48**	42
Afrisun Gauteng	**266**	231
Mangaung Sun	**44**	95
Worcester Casino (Pty) Ltd	**131**	–
Central Office	**1 787**	734
	3 352	2 130
Employee Share Trusts	**194**	196
	3 546	2 326

As at 30 June 2007, interest rates on 19% (2006: 51%) of the group's borrowings were fixed. 100% (2006: 31%) of these rates were fixed for periods longer than 12 months.

Borrowing facilities of the group total R5,4 billion of which R3 546 million was utilised at 30 June 2007. Preference share funding in the amount of R2 billion was obtained to fund the share buy back concluded on 30 July 2007 and other banking facilities were reduced by R509 million following the preference share issue. The existing facilities and cash flows from operations are in excess of our funding requirement for ongoing commitments.

Debt covenants and gearing capacity

In terms of the preference share funding raised for the share buy back concluded on 30 July 2007 the group has agreed to the following principal debt covenants:

- Debt to EBITDA of 3,5 times in 2008 and 3 times thereafter
- EBITDA to interest of 3 times

The calculation of the covenants and the group debt capacity for the year ended 30 June 2007 and the pro-forma calculations are set out below:

	30 June 2007		
Rm	Before	Change	After
EBITDA	2 561	–	2 561
Interest expense	288	203	491
Debt	3 352	2 338	5 690
EBITDA to interest	8,9	–	5,2
Debt: EBITDA	1,3	(0,9)	2,2
Debt capacity (at 3 times EBITDA)	4 331	(2 338)	1,993

In terms of the covenants agreed to, debt excludes the borrowings and interest of the Employee Share Trusts. The calculations clearly show that the group is operating well within the covenants and still has capacity to raise an additional R2 billion on the assumption that there is no further income contribution from new projects.

CASH FLOW

Cash generated by operations increased by 28% to R2 608 million. The increase in borrowings of R1,1 billion was principally used to fund the acquisition of RAH shares and the share buy back. The net cash retained from operations after the increased dividend, taxation and interest payments was more than sufficient to fund the group's remaining investing activities and outflow from financing activities and as a result cash on hand increased by R333 million.

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

Rm	2007	Change	2006
Cash retained from operating activities	1 904		1 435
Less: interest paid	(288)		(232)
replacement of PPE	(450)		(354)
Free cash flow	1 166	37%	849
Dividends paid to shareholders	(581)		(498)
Cash available for expansion	585		351

Free cash flow at R1 166 million was 37% up on last year. Cash of R585 million was retained in the business to fund expansion projects.

DIVIDENDS

The group's stated intention has been to increase dividends at a rate in excess of the rate of growth in adjusted headline earnings per share. The R2,3 billion share buy back is projected to be earnings enhancing in the medium term, although the increase in funding costs in the year ahead will significantly impact adjusted headline earnings. The group however intends increasing dividends in the year ahead and it remains the intention over the medium term to continue to increase dividends at a rate ahead of the rate of growth in adjusted headline earnings per share.

CORPORATE FINANCE ACTIVITIES

The following transactions took place in the financial year:

KZL disposals

The group's remaining KZL shares were disposed of for US$19 million in September 2006 in terms of the offer to KZL shareholders.

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 owns 61,3% of the RAH shares in issue. The total consideration paid for the RAH shares including costs amounted to R1 183 million. The excess of the purchase consideration of R852 million was 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 increased as summarised below:

	% held before acquisition*	% held after acquisition*
SunWest	58,8	67,4
Afrisun Gauteng	70,0	82,9
Emfuleni Resorts	70,2	76,6
Afrisun KZN	55,9	62,9
Gauteng Casino Resort Manco	20,0	39,0
Western Cape Casino Resort Manco	20,0	26,7
Emfuleni Casino Resort Manco	20,0	26,7
Afrisun KZN Manco	20,0	26,7

**Excludes the shareholding of the Employee Share Trusts and before the SunWest proposed shareholding changes detailed below.*

The other major assets of RAH at the date of acquisition included Ocfish and a 45% interest in Life Esidimeni. Ocfish was disposed of for R338 million and the proceeds were distributed to shareholders in October 2006. The acquisition consideration was settled utilising new borrowing facilities of R988 million and cash resources of R195 million.

Share buy back concluded during the year

During the first half of the year, the group purchased 899 400 shares at an average price of R102,03. The shares have been delisted from the Johannesburg Stock Exchange and represented 0,76% of the group's issued share capital.

POST BALANCE SHEET EVENTS

Share buy back

On 30 July 2007 the company purchased 16 084 833 of its shares for a total consideration of R2 338 million. The repurchased shares have been dealt with as follows:

	Number of shares 000'	Value Rm
Delisted and cancelled	11 324	1 646
Held as treasury shares	4 761	692
	16 085	2 338

Carnival City

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

Settlement of litigation

On 27 July 2007 SISA agreed to an out of court settlement with Afrisun Leisure in respect of the claim brought against SISA by Afrisun Leisure. The claim was settled at R110 million and the legal proceedings have subsequently been withdrawn by Afrisun Leisure. As a result of SISA's shareholding in RAH, and capital gains taxation incurred by Afrisun Leisure, the net effective cost to the group amounts to R72 million.

Disposal of Life Esidimeni

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

BLACK ECONOMIC EMPOWERMENT

Developments regarding shareholding in SunWest

Shareholding in SunWest

On 17 August 2007 the group entered into binding agreements with GPI whereby GPI will acquire an additional 4% shareholding in SunWest from Sun International for R83,4 million and be granted an option by Sun International over 2,46% of SunWest at a price of R425 per share up to 31 December 2007 and thereafter at fair market value. In addition a further option of up to a 5% shareholding, at R165 per share, is to be granted by SunWest in exchange for a lock in of between 25-35% of GPI's BEE shareholders. GPI have also agreed to redeem the balance of the existing preference shares of R58,8 million subscribed for by SISA. The transactions are subject to a number of conditions precedent, including various regulatory approvals.

On implementation of all of the above transactions SISA's effective shareholding in SunWest will reduce from 67,4% to 58,5% and GPI will have an economic interest in SunWest of 30%. In addition, the voting control will be returned to the group's empowerment partner through GPI. All major decisions continue to require the support and consent of the two major shareholders, SISA and GPI.

BEE partner share options

In terms of the various casino licence bid undertakings, the group granted share options over the respective casino company shares to its empowerment partners. The options enable the empowerment partners to increase their economic interest in the appropriate company after the initial capital subscription. The table below sets out the group's economic interest and percentage interest still under option.

	% economic interest	% under option
Afrisun KZN	57,5	5,6
Teemane	75,1	27,8
Mangaung Sun	70,0	9,0

BEE shareholding

The table below sets out the direct BEE shareholding in the group (post the 31 July 2007 buy back and before the GPI transaction) and its subsidiaries:

Company	Empowerment partner		% holding
Sun International Limited	SIEST	Sun International Employee Share Trust	6,3
	SIBEMT	Trust formed for the benefit of Sun International senior black managers	0,5
	Dinokana (Excluding SIEST)	Broad-based North West Province BEE grouping led by Lereko	4,2
	Other – identified by Empowerdex		6,4
Subsidiaries			
SunWest	GPI	Broad-based Western Cape empowerment grouping	19,1
	SIEST		3,5
	Other PDI minorities		0,9
Afrisun Gauteng	Afrisun East Rand Community Trust	Trust formed for the benefit of the local community	3,4
	SIEST		3,5
Afrisun KZN	Dolcoast	Broad-based KwaZulu-Natal BEE grouping	22,4
	Afrisun KZN Community Development Trust	Trust formed for the benefit of the local community	5,5
	SIEST		3,5
	Other PDI minorities		0,6
Emfuleni	Zonwabise	Broad-based Eastern Cape empowerment grouping	20,3
	SIEST		3,5
Meropa	Domba	Polokwane based BEE grouping	28,9
	SIEST		3,5
Teemane	Meriting	Northern Cape based BEE grouping	21,4
	SIEST		3,5
Mangaung	Etapele	Free State based BEE grouping	15,4
	Thabo Community Development Trust	Trust formed for the benefit of the communities in the Thaba'Nchu and Botshabelo areas effected after transfer of the Thaba'Nchu casino licence to Bloemfontein	11,1
	SIEST		3,5
Transkei	Mbizana Community Development Trust	Trust formed for the benefit of the Mbizana community	30,0
Worcester	GPI		36,7
	Breede River Valley Community Trust	Trust established for the benefit of the Breede River Valley community	3,9
	SIEST		3,5

The group's overall BEE shareholding has been estimated at 33%. 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

Seven year review

	GROUP						
	2007	2006	2005	2004	2003	2002	2001
CONSOLIDATED INCOME STATEMENTS Rm							
Revenue	**6 937**	5 949	5 139	4 476	4 214	3 719	3 174
EBITDA	**2 561**	2 015	1 672	1 407	1 283	962	872
Depreciation and amortisation	**(518)**	(473)	(439)	(430)	(424)	(391)	(295)
Property and equipment rental	**(74)**	(62)	(71)	(81)	(86)	(68)	(63)
Profit from operations	**1 969**	1 480	1 162	896	773	503	514
Foreign exchange (losses)/profits	**(8)**	41	18	(21)	(18)	16	26
Interest income	**77**	74	73	59	53	23	32
Operating profits	**2 038**	1 595	1 253	934	808	542	572
Interest expense	**(288)**	(232)	(241)	(277)	(297)	(295)	(136)
Profit before taxation	**1 750**	1 363	1 012	657	511	247	436
Taxation	**(654)**	(502)	(379)	(235)	(202)	(94)	(73)
Profit after taxation	**1 096**	861	633	422	309	153	363
Share of associates' (losses)/profits	**–**	–	(1)	3	38	24	107
Minorities' interests	**(282)**	(259)	(202)	(192)	(147)	(88)	(187)
Adjusted headline earnings	**814**	602	430	233	200	89	283

Note:
- All adjusted headline earnings adjustments have been included to provide a more meaningful comparison of historical operating performance.
- 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 these have been classified as discontinuing operations.
- The 2001 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.

	GROUP						
	2007	2006	2005	2004	2003	2002	2001
CONSOLIDATED BALANCE SHEETS Rm							
ASSETS							
Non-current assets							
Property, plant and equipment	**5 883**	5 407	5 265	4 777	4 595	4 798	4 695
Intangible assets	**361**	395	433	479	517	575	433
Investments, loans and other	**238**	460	631	614	774	1 854	2 108
	6 482	6 262	6 329	5 870	5 886	7 227	7 236
Current assets							
Inventory	**32**	35	31	30	36	29	23
Accounts, loans receivable and other	**367**	304	322	320	450	351	380
Non-current assets held-for-sale	**164**	–	–	–	–	–	–
Available-for-sale investment	**–**	183	287	390	364	507	–
Cash and cash equivalents	**1 089**	756	589	477	349	286	238
	1 652	1 278	1 229	1 217	1 199	1 173	641
Total assets	**8 134**	7 540	7 558	7 087	7 085	8 400	7 877
EQUITY AND LIABILITIES							
Capital and reserves							
Ordinary shareholders' equity	**2 348**	3 083	3 151	2 290	2 264	2 799	2 736
Minorities' interests	**642**	742	693	1 454	1 600	1 657	1 673
	2 990	3 825	3 844	3 744	3 864	4 456	4 409
Non-current liabilities							
Deferred tax	**394**	408	360	364	403	395	376
Borrowings	**2 271**	1 458	1 584	1 760	1 699	2 438	1 858
Other non-current liabilities	**139**	125	90	40	40	–	–
	2 804	1 991	2 034	2 164	2 142	2 833	2 234
Current liabilities							
Accounts payable, accruals and provisions	**922**	734	736	661	731	674	695
Borrowings	**1 275**	868	747	341	296	359	435
Taxation	**143**	122	197	177	52	78	104
	2 340	1 724	1 680	1 179	1 079	1 111	1 234
Total liabilities	**5 144**	3 715	3 714	3 343	3 221	3 944	3 468
Total equity and liabilities	**8 134**	7 540	7 558	7 087	7 085	8 400	7 877

Note
– The 2001 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

		GROUP STATISTICS						
		2007	2006	2005	2004	2003	2002	2001
ORDINARY SHARE PERFORMANCE								
Shares in issue	000's	**111 030**	111 930	116 393	90 050	90 050	90 050	90 050
Diluted adjusted weighted average number of shares in issue	000's	**113 242**	111 556	106 080	82 233	91 761	91 695	89 571
Diluted adjusted headline earnings per share	cents	**718**	539	405	284	218	97	316
Dividends per share*	cents	**400**	290	200	125	75	–	–
Dividend cover	times	**1,8**	1,9	2,0	2,3	2,9	–	–
Dividend payout	%	**56**	54	49	44	34	–	–
Net asset value per share	Rand	**22,45**	27,55	27,08	25,42	25,14	31,08	30,38
Market capitalisation at 30 June	Rm	**16 321**	9 357	7 199	3 647	2 620	2 611	3 242
Market capitalisation/net asset value	times	**7.0**	3.0	2.3	1.6	1.2	0.9	1.2
PROFITABILITY AND ASSET MANAGEMENT								
EBITDA margin	%	**37**	34	33	31	30	26	27
Effective tax rate	%	**37**	37	37	36	40	38	17
Return on net assets	%	**32**	26	21	16	13	8	11
Return on shareholders' funds	%	**32**	22	17	11	8	4	11
Return to equity shareholders	%	**30**	19	16	10	8	3	10
LIQUIDITY AND LEVERAGE								
Cash generated by operations	Rm	**2 616**	2 046	1 773	1 312	1 214	890	1 053
EBITDA to interest	times	**12,1**	12,8	10,0	6,5	5,3	3,5	8,4
Borrowings to EBITDA	times	**1,39**	1,15	1,39	1,49	1,55	2,91	2,63
Total shareholders' funds to total assets	%	**37**	51	51	55	56	53	56
Current ratio	:1	**0.7**	0.7	0.7	1.0	1.1	1.1	0.5

** Includes interim dividends paid and final dividends declared for the year.*

Note: All ratios have been calculated including adjusted headline earnings adjustments.

DEFINITIONS

EBITDA: Earnings before interest, 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.

EBITDA to interest: EBITDA divided by net interest.

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.

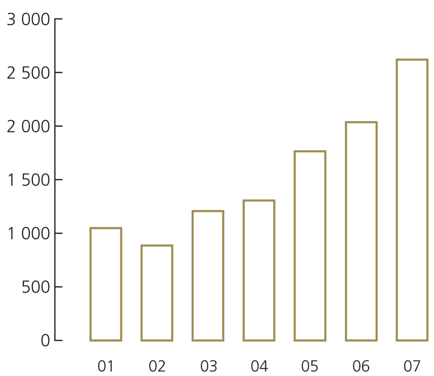
Return to equity shareholders: Adjusted headline earnings attributable to ordinary shareholders expressed as a percentage of average ordinary shareholders' equity.

GROUP STATISTICS

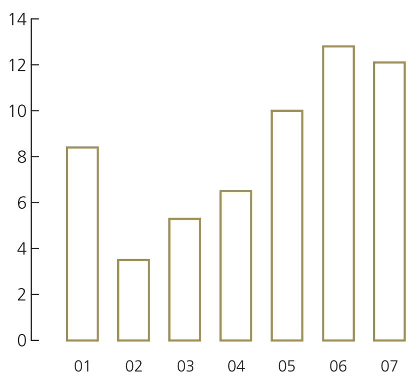
		2007	2006	2005	2004	2003	2002	2001
STOCK EXCHANGE PERFORMANCE								
Market price	Rand							
– at 30 June		**147,00**	83,60	61,85	40,50	29,10	29,00	36,00
– highest		**166,00**	101,01	69,00	43,00	32,00	36,50	38,00
– lowest		**84,00**	61,75	38,00	29,00	24,00	19,75	27,00
– weighted average		**121,51**	81,9	53,7	38,17	26,28	26,73	31,97
Sun International share price index	#	**408**	232	172	113	81	81	100
JSE consumer services index	#	**440**	298	238	144	99	98	100
Closing price earnings multiple	times	**20**	16	15	14	14	30	11
Closing dividend yield	%	**2,7**	3,5	3,2	3,1	2,6	–	–
Volume of shares traded	000	**45 907**	50 520	43 087	15 970	18 960	33 262	25 040
Volume of shares traded as a percentage of shares in issue	%	**41**	45	37	18	21	37	28
Value of shares traded	Rm	**5 578**	4 138	2 314	610	498	889	801
Number of transactions		**17 014**	11 913	7 073	2 180	1 767	2 770	3 976
GROWTH								
Reported growth per share	%							
– diluted adjusted headline earnings		**33**	33	43	30	125	(69)	19
– dividends		**38**	45	60	67	–	–	(100)
Real growth per share	%							
– diluted adjusted headline earnings		**25**	27	38	24	110	(72)	12
– dividends		**30**	39	55	59	–	–	(100)
Consumer price index	#	**140**	132	126	122	116	109	100
EMPLOYEES								
Number of employees at 30 June		**8 414**	8 440	7 723	8 024	8 433	8 787	9 326
Average number of employees		**8 427**	8 082	7 874	8 229	8 610	9 057	8 830
Revenue per employee	R000	**823**	736	653	544	489	411	359
Wealth created per employee	R000	**606**	525	490	371	334	260	247

 # Base for indices: 2001 = 100

Cash generated by operations (Rm)



EBITDA to interest (Times)



Sustainability report

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.

EMPLOYEES, HEALTH & SAFETY | CUSTOMERS | SHAREHOLDERS | SOCIETY & COMMUNITY
SUPPLIERS | GOVERNMENT & REGULATORS | ENVIRONMENT | ETHICS

Vision and strategy

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

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

To 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.

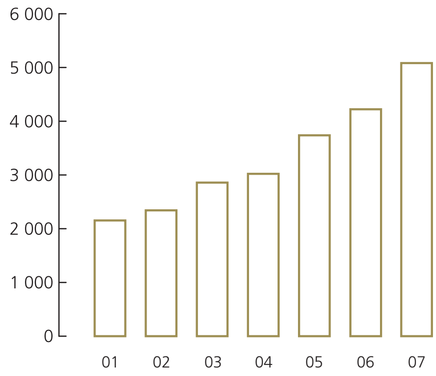
We will at all times remain mindful of our responsibility towards all our stakeholders, including the communities we serve.'




Value added statement

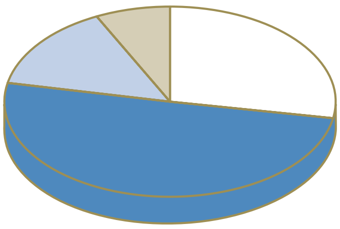
	Group 2007 Rm	2006 Rm	Change %
CASH GENERATED			
Cash derived from revenue	6 915	5 965	
Income from investments	77	74	
Cash value generated	6 992	6 039	16
Paid to suppliers for materials and services	(1 877)	(1 783)	
Pre-opening expenses	(8)	(13)	
Total cash value added	5 107	4 243	20
CASH DISTRIBUTED TO STAKEHOLDERS			
Employees	(1 111)	(1 011)	10
Government taxes	(2 015)	(1 723)	17
Shareholders	(581)	(498)	17
Lenders	(292)	(232)	26
	(3 999)	(3 464)	15
Cash retained in the business to fund replacement of assets, facilitate future growth and repay borrowings	1 108	779	42
RECONCILIATION WITH CASH GENERATION			
Total cash value added (above)	5 107	4 243	
Add: Pre-opening expenditure	8	13	
Less: Employee remuneration	(1 111)	(1 011)	
Employee tax	(178)	(177)	
Income from investments	(77)	(74)	
Levies and VAT on casino revenue	(1 133)	(948)	
Cash generated by operations (per cash flow statement)	2 616	2 046	
GOVERNMENT TAXES SUMMARY			
Income tax	(594)	(493)	
PAYE	(178)	(177)	
Levies and VAT on casino revenue	(1 133)	(948)	
Secondary tax on companies	(95)	(62)	
Other taxes	(15)	(43)	
	(2 015)	(1 723)	

Total cash value added (Rm)



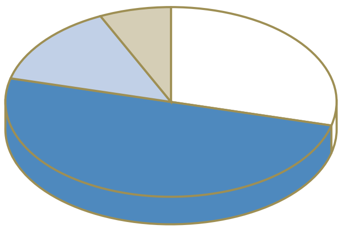
Cash distribution to stakeholders – 2007

- 28% Employees
- 50% State taxes
- 15% Shareholders
- 7% Lenders



Cash distribution to stakeholders – 2006

- 29% Employees
- 50% State taxes
- 14% Shareholders
- 7% Lenders



Employees, health & safety

EMPLOYEE TRAINING AND DEVELOPMENT

Employee training and development is the responsibility of line managers, facilitated by either the employment equity or training committee at each business unit.

It is the committee's responsibility to help raise skills levels within the group by:

- Determining training interventions required;
- Identifying suitable service providers, both internal and external; and
- Ensuring 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 R39 million in internal and external education, training and development interventions during the financial year. These interventions ensure both the group's competitive edge in the gaming and hospitality industry, as well as compliance with relevant legislation and commitments.

Training costs as a percentage of payroll

	2007	2006	2005	2004	2003
Payroll (Rm)	**1 289**	1 188	1 073	983	962
Total training (Rm)	**39***	37*	31*	24	19
% of payroll (%)	**3,0**	3,1	2,9	2,4	2,0

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

2008 TARGETS

Total training spend as % of payroll = 3,0%
Black training spend as % of payroll = 2,4%

SKILLS DEVELOPMENT IMPLEMENTATION

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

The Gaming and Lotteries Chamber has identified skills development priorities in the following areas:

- Management & Leadership (M & L)
- Client Service (CS)
- Information Technology (IT)
- Legislative Compliance (LC)
- Employee Development (ED)
- Technical Skills (TS)
- Support & Administrative Skills (S & A)

A Workplace Skills Plan (WSP) for South African units, comprising the skills development initiatives identified to contribute to achieving the organisation's business objectives and to individual development needs, has been submitted to THETA for the forthcoming year.

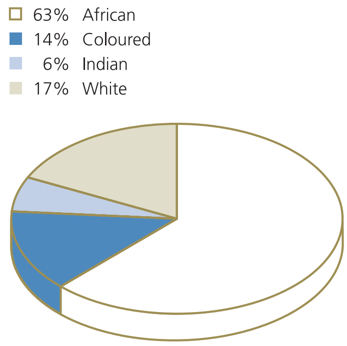
The submission of the Annual Training Report confirming the successful implementation of the previous year's WSP enabled Sun International to access skills development grants from THETA under the levy grant scheme.

	Rm
Skills development levy paid	7,9
Grants received from THETA	<4,7>
Net group funding	3,2

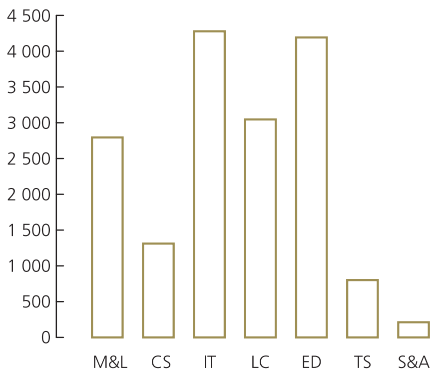
The group received the maximum recovery of 60% from THETA.

Across the organisation, 6 248 people were beneficiaries of training programmes/modules conducted during the financial year and in line with our employment equity goals, 83% of the delegates were black and 50% were female. The group conducted 21 019 education and training interventions during the year.

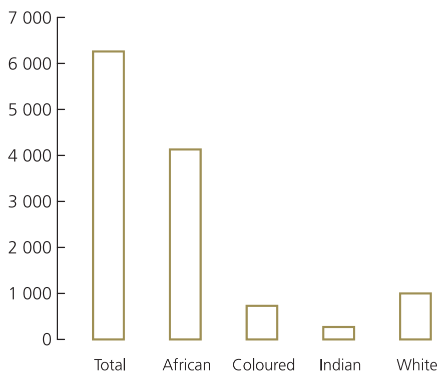
Total training interventions



WSP skills development priorities
Year to 31 March 2007
Number of courses by area



Total individuals trained



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

Management and leadership

The group's various management and leadership programmes together constitute a broad accelerated development initiative that includes the Sun International Strategic Leadership Programme, the Sun International Business Leadership Programme, the Sun International Leadership Programme, the Gaming Management Development Programme, the Slots Accelerated Management Development Programme, the Management Development Programme and Supervisory Development Programme. The overall objective of these programmes is to fast track the development of business leaders for our group and society in an effort to forward South Africa's transformation imperative and to address some of the critical skills shortages in our industry.

Sun International Strategic Leadership Programme (SISLP)

Sun International, together with the University of Cape Town's Graduate School of Business (GSB), implemented a senior level executive development programme targeted at the level of general manager and direct reports. Focusing on issues pertinent to devising strategic perspectives and providing high level leadership, nominations for the programme were sourced directly from the chief executive and the divisional directors.

18 delegates attended the first programme and given their extremely positive response to the programme, it was presented again to a further 17 delegates in August 2007.

Sun International Business Leadership Programme (SIBLP)

The SIBLP was conducted in February 2006 at the GSB, with 24 delegates attending. The delegates' final assessment takes the form of individual presentations to their respective divisional director and unit general managers six months after 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.

The SILP is aligned to the National Certificate in Management NQF Level 5, registered with the Services Sector Education Training Authority (Services SETA), and 11 delegates achieved the full qualification, concluding the programme with individual presentations to the chief executive and the divisional directors.

Gaming Management Development Programme (GMDP)

The GMDP is a collaborative process involving the Group Training and Development Department, Gaming Management and external training providers. The programme extends over a period of 24 months and comprises six gaming specific modules delivered on a central basis, plus a presentation to a select panel of executive management. The current programme started in March for nine delegates who were required to submit business plans and undergo assessments before final selection.

Slots Accelerated Management Development Programme (SAMDP)

The objective of the 18 month SAMDP is to identify individuals who demonstrate the potential to move into senior levels of slots management and to accelerate their development and career advancement. Ten delegates started the programme in February 2007, during which they will be required to achieve the following specific outcomes:

- Complete projects after each module to prove specific job related competencies; and
- Complete an operational management presentation demonstrating an integrated understanding of concepts covered during the programme.

Supervisory Development Programmes (SDP)

The development of supervisors takes various forms and 1 162 supervisor training interventions were held during the course of the year. 29 learners were accepted onto the one-year National Certificate in Management, NQF Level 3 Learnership registered with Services SETA. The THETA agreed to fund the Learnership at R10 000 per learner which also allows for a R50 000 tax rebate per learner.

Graduate Management Trainee Programme (GMTP)

To retain market leadership in an industry short of management talent, the group conducts a two-year Graduate Management Trainee Programme designed to fast track individuals into management positions. During the period under review, five new delegates were accepted into the programme, 2 trainees have started their second year and a further five 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 is also available at our computer training centres. Now in the second year of a three-year project, there are currently 1 302 delegates working towards their certificates. This project will help ensure consistency in end user computer skills within the group as well as reduce current end user support costs.

IT learnerships

The group partnered with an external training provider, Torque-IT, to host 13 learners for six months who were completing their Learnership in Certicate in IT Systems, NQF Level 5. On completion of the Learnership, three were employed full time and further six received short term contracts. Based on this success, more learners will be given the opportunity to complete their Learnerships with Sun International in the coming year.

Legislative compliance

Induction/group orientation

The human resources department is responsible for ensuring that new employees receive general company induction and orientation. This takes the form of presentations and discussions, written copies of company information, all relevant policies and personal introduction to other employees as soon as possible after commencing employment with Sun International.

Responsible gambling training

All three Responsible Gambling Programmes (RGP) have been updated to reflect the latest research conducted by the National Responsible Gambling Programme and five Train the Trainer courses were conducted across the group. Over 1 000 delegates attended the various RGP during this period.

Technical skills

Using training material designed by the Training and Development specialists, line managers conduct the majority of 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 can obtain training related documents, 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, starting July 2006 and January 2007 respectively, for 31 delegates. This two-month internal programme is targeted at Gaming Technicians and utilises specialists within the group together with external presenters from gaming equipment providers.

External training

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

Bursaries and scholarships

Bursaries are currently in place for two students at the University of Western Cape. Three students have been accepted onto 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, has continued during the 2007 academic year. Sun International has, apart from funding all administration costs, continued with the Bursary Fund for the one remaining student.

TRANSFORMATION

Black Economic Empowerment

The B-BBEE Final codes of Good Practice were gazetted in February 2007 and there are various changes that have given impetus to an external verification exercise. This exercise is being conducted by EmpowerDex, on behalf of the CASA members, of which Sun International is one. The exercise will enable the development of strategies to ensure achievements of our B-BBEE goals and objectives.

The Financial Mail Survey rating by EmpowerDex in 2007 ranked Sun International as the 21st most empowered of the Top 200 JSE listed companies. The changes in the codes had an impact on the ranking as the measurement criteria and compliance targets changed significantly. The table below shows the score achieved by Sun International in each of the elements of the BEE scorecard:

Category	BEE score target	SI score
Ownership	20	16,3
Management	10	2,2
Employment equity	15	4,9
Skills development	15	4,6
Preferential procurement	20	11,0
Enterprise development	15	15
Socio-economic development	5	5
Overall	100	59,0

EMPLOYMENT EQUITY

Amended Employment Equity Regulations were published and effected by the Department of Labour in August 2006. These required additional reporting on employment equity, and included reporting on representation of employees in occupational levels, categories and in core and support functions.

Employment Equity Committees continue to operate at our South African operations and are consistently empowered through training and awareness so they can effectively contribute to the transformation process in the group. Initiatives are also put in place to ensure alignment of employment equity with skills development.

The alignment of the B-BBEE Codes of Good Practice relating to management, employment equity and skills development to employment equity requires more focus on designated groups and various strategies will need to be put in place to ensure achievement of various objectives in this respect.

EMPLOYMENT EQUITY PROGRESS REPORT (SOUTH AFRICAN EMPLOYEES)

		Designated							Non-designated			Grand total
		Male			Female				Male	Foreign nationals		
EQ employee class	Occupational levels	A	C	I	A	C	I	W	W	Male	Female	
Permanent	1. Top management	2	1	–	–	–	–	1	16	2	–	22
	2. Senior management	3	–	5	–	2	1	14	38	9	–	72
	3. Professionally qualified and experienced specialists & mid-management	23	5	7	5	4	4	28	111	24	5	216
	4. Skilled technical and academically qualified workers, junior management, supervisors, foremen & superintendents	466	142	109	252	95	53	282	363	37	24	1 823
	5. Semi-skilled & discretionary decision making	1 278	298	99	1 736	364	109	208	116	12	22	4 242
	6. Unskilled & defined decision making	139	9	1	162	10	–	5	5	–	–	331
Permanent total		1 911	455	221	2 155	475	167	538	649	84	51	6 706
Non-permanent employees	All	43	18	1	28	7	7	25	20	6	4	159
Grand total		**1 954**	**473**	**222**	**2 183**	**482**	**174**	**563**	**669**	**90**	**55**	**6 865**

Key: A = African C = Coloured I = Indian W = White

The group approaches employee relations issues inclusively, preferring to engage in constructive dialogue on substantive issues that impact employees.

SUCCESSION PLANNING

The remuneration and nomination committee is responsible for succession planning at executive level while at unit level, succession plans are compiled and co-ordinated centrally at group level. Central to all succession planning is the group's overall BEE and employment equity strategy. Line managers together with human resource managers are responsible for human capital planning to ensure that training and development interventions address that the multiple objectives of skills development, succession planning and employment equity are achieved.

EMPLOYEE RELATIONS

The group supports and upholds an equitable workplace where all the legislative rights of employees are confirmed and articulated in our general approach to employee relations, its various policy documents and workplace procedures.

From an employee relations perspective the past year was challenging due to the national strike that took place at all the group's unionised South African units when negotiations on substantive issues including wages broke down in September 2006. Relations did however remain reasonably cordial between the group and the South Africa Catering, Commercial and Allied Workers Union (SACCAWU) during the two-month strike. The group has subsequently put various interventions in place to restore and enhance the relationship with SACCAWU and this objective is well on its way to being achieved.

The group approaches employee relations issues inclusively, preferring to engage in constructive dialogue on substantive issues that impact employees.

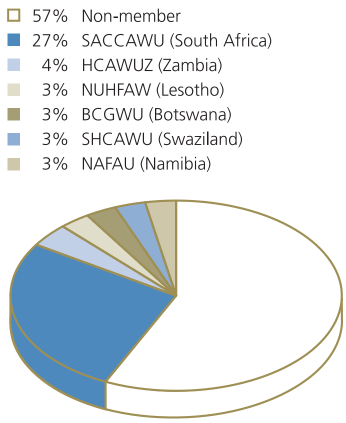
The group will continue to strive for a relationship based approach with organised labour, which is currently represented by six recognised trade unions.

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

UNION MEMBERSHIP

The group has formal relationship agreements in place with six recognised trade unions. Currently, 43% of the company's employees are members of registered and recognised trade unions, the majority of these represented by SACCAWU.

Union membership as a percentage of total group workforce



The group continues with relationship building exercises on a regular basis between full time shop stewards, office bearers of the various unions and management representatives. Valuable interaction takes place at these sessions and the group believes that they are vital to ensure a continued strong relationship with all organised labour partners.

At the end of the reporting period, union membership within the group amounted to 2,340 employees in South African operations (28% of the workforce) and 1 241 employees in its non-South African operations (71% of the workforce).

EMPLOYEE RELATIONS TRAINING AND DEVELOPMENT

During the reporting period, 1 428 employee relations training interventions at all levels in the organisation took place. This was almost double the number of training interventions put in place in the previous year. Apart from the group's normal five-day Management Employee Relations Procedure training, the rollout of the Supervisory Employee Relations Programme continued in the last year.

The focus continues to be equipping line managers and supervisors with the necessary competencies to deal fairly with misconduct and incapacity related procedures. It is the group's intention to commence with more strategically focused employee relations training including conflict management and conflict resolution skills training.

SUBSTANTIVE NEGOTIATIONS

As previously reported, the 2006/7 substantive negotiations with SACCAWU broke down in September 2006 and unfortunately the dispute was not able to be resolved after referral to the Commission for Conciliation Mediation and Arbitration. A two-month strike ensued at 10 of the group's 15 South African units. This was the first industrial action in over a decade at the group's South African units. Contingency plans were triggered so as to minimise the impact on the group's affected operations and customers.

On 22 November 2006, a three-year substantive agreement was reached on all the principal issues. Apart from the wage component the agreement also provided for the following:

- An extension of the current bargaining unit; and
- Continuance of the current practice regarding averaging hours of work.

Additionally, the agreement granted increases in respect of night shift allowances, the home ownership subsidy scheme and the available loan amounts on the educational assistance scheme.

The parties also agreed that, subject to the relevant approaches and regulatory processes, the group will once again make it possible for staff, if they so wish, to transfer from the Sun International Retirement Funds to the SACCAWU National Provident fund. This complex arrangement is currently being processed.

The three-year duration of the substantive agreement will provide a period of stability without the pressure and potential conflict of annual wage negotiations, something that will further promote sound workplace relations.

The group has implemented a number of relationship related interventions including a relationship by objectives workshop held between management and SACCAWU as well as various further interactive processes at both a group and unit level with SACCAWU.

The group has also started to address certain of the matters referred to secondary negotiations and resolution on some of the referred matters has already been reached.

During the last year substantive negotiations were successfully concluded at the following non-South African operations:

- Lesotho
- Namibia (two-year agreement)
- Swaziland (two-year agreement)
- Zambia
- Botswana

LABOUR TURNOVER

Formal resignations amounted to 10,6% of the average number of employees employed during the year. Turnover is monitored regularly and given the industry standards and prevailing circumstances, is well within industry norms. The turnover figure is consistent with the average figures reported in recent years.

SECONDARY NEGOTIATIONS

The group is continuously engaged in an interactive process with all organised labour parties in order to ensure a continuation of a stable employee relations climate. Through these processes various agreements are concluded with organised labour so as to meet the aspirations of employees and to seek to continuously improve the employee relations environment.

Recently, agreement on certain significant items including parental rights has been reached with SACCAWU. The company is also in the process of finalising arrangements with SACCAWU in terms of job evaluations and traditional healers.

ORGANISATIONAL RIGHTS/RELATIONSHIP AGREEMENT

During the past year no new recognition agreements were signed. The centralised bargaining structure agreed in the prior year continues to operate well. The structure still recognises the various individual requirements, needs and circumstances of each individual unit.

SEXUAL HARASSMENT

Various Train-the-Trainer courses were conducted during the year to equip human resource practitioners and line managers with the necessary skills to conduct training sessions aimed at assisting staff in dealing with cases of sexual harassment in the workplace. This training is in the process of being rolled out to all levels of staff in the workplace (inclusive of certain of the group's service providers and concessionaires).

COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION (CCMA) PROCESSES

The group has contracted an external party to supply all its CCMA notifications and set-downs in electronic format. This will ensure and enhance the receipt and processing of CCMA cases throughout the group.

SECTORIAL DETERMINATION

During the year, the group was involved in a task team consisting of both business and organised labour, which was set up by the Department of Labour to investigate and recommend changes to the old Sectorial Determination for the Hospitality sector. The final recommendations were submitted to the Employment Conditions Commission in order for them to approve the final Sectorial Determination. The final determination has been promulgated and has had no significant impact as group policies were largely compliant with most of the requirements. The determination was also brought to the attention of the group's service providers to ensure their compliance.

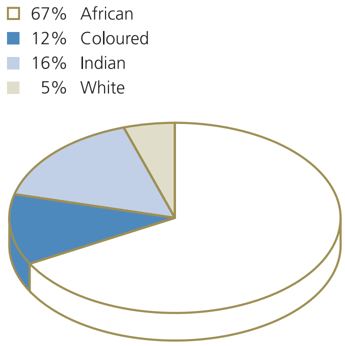
OWNERSHIP

Sun International Employee Share Trust

The SIEST provides an excellent opportunity for all employees to benefit when Sun International, through the combined efforts of its employees, performs well. The SIEST now owns an effective 5,3% of the company's shares at 30 June 2007 and this increased to 6,3% following the share buy back on 30 July 2007. The SIEST owns up to 3,5% in a number of the group's subsidiaries. The estimated net value (after borrowings) of the combined equity holdings of the SIEST is currently R1.1 billion or over R150 000 per employee.

Since its establishment in 2003, the trust has enabled employees to share in the benefits of the good performance of the group and has empowered them and encouraged a spirit of ownership. All permanent full time and permanent 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. The SIEST is able to acquire interests in other Sun International group companies from time to time.

Trust participation



The SIEST now has more than 7 000 employees as beneficiaries who, through their participation in the share trust, benefit by way of income distributions. These distributions are made in equal shares to eligible employees recorded as such at the date of distribution. The trust distributes dividends received by it (net of loan repayments and other liabilities) twice a year.

Two dividend distributions totalling R27,2 million were made by the SIEST to employees during the current financial year. The first was in October 2006 amounting to R12,8 million and the second in April 2007 amounting to R14,4 million representing an annual distribution per eligible employee of R3 751 (2006: R2 474).

The SIEST is administered by a board of trustees (currently 18), of whom 13 have been elected by employees from amongst their number, and three nominated by Sun International, including professional advisers from the group's investment bankers and legal advisers.

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 0,4% interest in Sun International Limited held through Dinokana.

EMPLOYEE WELL-BEING

Employee Assistance Programmes at the majority of our properties provide employees with emotional as well as practical support on a variety of personal issues. These include health care, 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. They also help promote the importance of a healthy lifestyle and positive mindset.

We believe that the well-being of our employees is vital if we are to retain a motivated and productive workforce that delivers world-class service to our customers.

Experience of our HIV/AIDS programme has borne out the need to approach such programmes from an overall wellness angle to ensure all employees are conscious of the benefit of taking care of their health. Investigations are ongoing to ascertain how this can best be implemented to ensure a more holistic strategy is put into place for the group.

HIV/AIDS

During the year, our HIV/Aids programme that benefits all employees who are not members of a medical aid has been accessed by a number of eligible employees.

The programme is managed by an external organisation – Aid For Aids – 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.

Communication on the programme's benefits continues in all units and there is a constant review of the programme to ensure it is relevant and addresses the needs of employees.

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 dependents, to have access to anti-retroviral medication as well as counselling and disease management programmes;
- Encouraging 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 and other opportunistic infections;
- Provision of access to free condoms and the advantage of their use in the prevention of the contraction of AIDS;
- 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; and
- Placing posters, pamphlets; stickers, and booklets on AIDS on notice boards as part of overall awareness.

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 14 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, and organisation structures and staff news-letters. The site also acts as an interactive medium where employees can, for example, complete documentation online. In addition it acts as a repository for group documentation and procedures.

Our Induction Programmes aim to equip all new employees with appropriate knowledge to help them integrate into the group and settle into their new jobs. Training managers or human resources managers provide information about the group's values, mission statement, property specific as well as group wide policies and procedures, AIDS awareness training, sexual harassment awareness, as well as an overview of the group's structure.

Team and departmental meetings, e-mailing of staff notices across the group, management roadshows, notice board communication, various addresses as well as annual strategic report back sessions to group executives by the chief executive and executive directors, keep staff informed of major developments within the company.

Open lines of communication with the trade union SACCAWU contributes to a productive consultative relationship.

We also acknowledge the need for feedback from our staff and regular employee opinion surveys are conducted. The results thereof are communicated to management and staff and provide management with an insight into areas requiring improvement and development.

HUMAN CAPITAL MANAGEMENT SYSTEM (HCMS)

The group has commenced the upgrade to a Windows based payroll system and the system will be implemented at all business units by the end of the next financial year.

Upon completion of the payroll system upgrade, we will commence with the planning phase of the upgrade to our HCMS and until then, we will use the current functionality and reporting tools to their full capacity.

OCCUPATIONAL HEALTH AND SAFETY (OH&S)

Policy and objective

The group strives to provide and maintain a working environment that is safe and without risk to the health of its employees. From a group perspective, properties are expected to be compliant with OH&S related legislation applicable in their respective countries of operation. During the past year, sixteen of our properties maintained OH&S systems compliant with principles of either Occupational Health Safety Assessment series 18001 or National Occupational Safety Association.

Operational framework

All our properties have suitably qualified personnel responsible for OH&S management who report to the unit general manager. At larger properties, this role is assigned to a dedicated OH&S manager and at smaller properties this role is a shared responsibility. The group has a designated Group Occupational Health, Safety and Environmental Officer.

OH&S Committees are in place at all the properties who meet frequently reporting all significant OH&S issues. Our goals for the current year are to establish OH&S key performance areas for properties as a group standard and measure management performance against these criteria

Each of our properties is responsible for taking steps considered to be practicable to eliminate or mitigate any potential hazards to the safety or health of employees before resorting to personal protective equipment. All properties have identified OH&S hazards and established precautionary and protective measures.

Compliance

The Board is responsible for group compliance with the Occupational Health and Safety Act (No 85 of 1993) and its regulations. The monitoring of this compliance is conducted by the internal audit department with a group standardised approach ensuring legal compliance assessments were undertaken at all our properties.

Procedures and training

Our properties must have procedures in place to control the hazards and risks that have been identified and to ensure legal compliance. These range from work instructions and standard operating practices to planned job observations.

It is the responsibility of the properties to provide information, instructions, training and supervision, as far as is reasonably practicable, to ensure the safety and occupational health of their employees.

Incidents

Properties are held responsible for compliance regarding accidents, incidents and occupational health of their employees. All our units have, via an external consultancy, a reporting system in place whereby incidents and injuries are reported. Incident statistics include those relating to external contractors, concessionaires as well as guests.

Customers

Our customer management strategy touches on many aspects and disciplines of our business including training, leadership, technologies, our properties, product, sales and marketing.

Sun International operates a leading collection of luxury hotels and resorts in southern Africa and has 43% of a highly competitive and vibrant casino gaming market in South Africa. Sun International's entrenched focus on providing a superior guest experience at all of its properties is what differentiates the group from its competitors.

Over the past year we have put significant focus into improving all aspects of our customer relationships and in this regard have put in place a comprehensive Customer Management (CM) strategy. This strategy touches on many aspects and disciplines of our business including training, leadership, technologies, our properties, product, sales and marketing.

OUR CUSTOMER MANAGEMENT STRATEGY

Sun International defines CM as a customer-centric business strategy that consists of:

- A customer strategy that improves our understanding of our customers' wants and needs and that informs the areas of sales, marketing and service; and
- A customer relationship management strategy, which is the operational strategy and implementation plan that clearly outlines the various identified initiatives and projects, needed to enable the business to become more customer-centric and act on the Customer Strategy.

The CM strategy focuses on treating different customers differently and is an ongoing process of identifying and creating value for individual customers. It aims to customise the Sun International offerings to meet customer needs, to engage and interact on a more personal level and to retain customers of value for the group.

The group has defined and embarked on a long-term strategy to create differentiation through our ability to effectively manage our customers':

- Perceptions;
- Interactions;
- Relationships;
- Experiences; and
- Relevance to their requirements.

Perceptions

Crucial to our customers are the values that the Sun International brand has come to reflect. Based on an investment in development, service and customer focus, today this world class brand inspires trust among our customers. The Sun International brand 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.

Interactions

Sun International customers interact with the group at numerous touch points including hotel receptions, MVG desks, on casino floors, contact centres and direct sales. Engaging with our customers in an appropriate manner at each touch point is hugely important. This has become increasingly complex and difficult to enable, monitor and manage, when customers' needs continue to increase for:

- A bigger choice of interaction channels and engagement points;
- Recognition and personalisation across the group's various properties;
- Faster service and turn-around times;
- Informed and customised service delivery;
- Professional, friendly and knowledgeable staff; and
- Resolution of the service request i.e. achieve a specific outcome

'One size fits all' is no longer relevant and due to the complex nature of our business (choice of properties, range of facilities and activities, etc.) and our customer requirements for human intervention, our interactions will always be 'people intensive'. Our aim will be to make it as easy as possible for customers to do business with us and we will invest in giving our staff the necessary training, streamlining processes and enabling them through relevant customer information.

Creating a single view of our customers will supply our staff with access to comprehensive and relevant customer information. It will enable customer-facing staff to better acknowledge and recognise our guests, customise our offerings, enable the different business processes, and improve the efficiency and effectiveness of our service offerings in order to always deliver memorable Sun International experiences.

Relationships

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 admired MVG Programme, one of the most valuable customer management systems and assets in the international gambling industry. With more than 540 000 active cardholders it is also one of the largest loyalty programmes of its kind.

The MVG Programme, launched in 1994, is today one of the leading loyalty programmes in southern Africa, and 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 valued guests.

MVGs 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 our casinos. In the near future, we will review, update and extend the MVG programme to a broader customer base.

In recent years, new technological enhancements such as the recent improvement to group wide functionality, now allow MVG cardholders to seamlessly transact across all Sun International casinos. As part of the CM programme, initiatives within the customer database and improvement in our campaign management capability will keep the group at the forefront of database marketing. The technology solution will assist us in targeting, developing and delivering more appropriate communication messages and enable us to continue with our quest to create sustainable revenue growth through building lasting relationships with our customers.

Experiences

At Sun International our customer-centric vision is to deliver consistent, memorable, quality experiences to our customers that are based on their requirements, so as to ensure that they will be 'delighted' every time they engage with our staff. We will strive to enable and empower our staff to deliver on those experiences that our customers want and have fun in doing so.

We are committed to improvements in existing and the development of new operational processes in order to successfully deliver these experiences. We are about to embark on a group wide service excellence initiative.

This initiative will focus on all of our people taking ownership for delivering on the brand promise and working together to achieve common goals being, in the collective, total alignment with the Sun International brand. This is not to say that the unique character of each of our properties, and the individuality of each member of our staff, will be compromised, but it is about creating motivated and inspired teams that work together toward achieving the common goal of delighting our customers. It will be a process of continuous improvement that will endure for several years and continue to remind us of the quality of service delivery that is in our brand promise.

Being accountable to customers is also about measuring and ensuring customers have a quality experience each and every time they visit a Sun International property. Currently the group employs a number of research devices to ensure that appropriate levels of quality are maintained. Results of all these research and customer audit processes constitute a key element in our continuous improvement and employee training.

Relevance

One of the most important initiatives of the CM programme is the deployment of customer insight across the group to enable the delivery of Sun International experiences. We must understand our customer better, their needs, perceptions and expectations. Applying this knowledge to supply customers with the right communication, targeted marketing campaigns, improved offerings and appropriate service delivery, are imperatives in our journey to becoming more relevant. We view the building of Sun International's customer insight as a key differentiator in our future service delivery capability.

Our efforts to become even more in touch with customer needs will focus on:

- Capturing and collecting quality customer data that will assist us to identify, understand and segment key consumer groups more effectively;
- Integrating and consolidating disparate sources of consumer data into a central data repository;
- Turning data into marketing insight, and insight into actions;
- Applying insight and innovation to sales, marketing, products and service to more accurately address customer needs; and
- Reaching the right consumers with the right message, through the right channel at the right time i.e. relevance.

In addition to comprehensive database analysis that 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 of its customer base, has been an ongoing study into the potential and preferences of the black market in South Africa. Research and data analysis will in future become more aligned to support our businesses with real customer insights.

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 importantly a high level of accountability in terms of the promotion of responsible gambling, with measures to address problem and compulsive gambling. All Sun International staff is 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 well-being.

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.

RESPONSIBLE GAMBLING

Our focus on providing the highest standards of customer service and the best possible guest experience also means understanding our high level of accountability to our customers. This is important with regard to various issues such as player protection, environmental integrity, safety and security, and importantly, an ethical, pro-active and responsible approach to social issues.

This is why, as market leader, Sun International in 2000 conceptualised and developed the National Responsible Gambling Programme (NRGP). Now involving all sectors of the gambling industry, the NRGP is a comprehensive response to the complex question of problem gambling, and one which has received wide international acclaim.

The NRGP is the only national initiative in the world funded to this degree by the private sector, and the only one internationally in which treatment, research and education are integrated in a single initiative. It is also the only programme of its type in the world which is jointly controlled by government and industry in a unique public/private sector partnership.

This model, and the fact that contributions are voluntary, yet substantial, is unique among gambling jurisdictions worldwide, and is one which is now likely to be introduced in the United Kingdom and in other countries. This reflects creditably and well on South Africa, and in the leadership of its gambling industry.

During the six years since the establishment of the NRGP:

- Some 7 300 callers to the 24/7 toll-free counselling line (0800 006 008) have been referred for free treatment by a medical professional; on average some 90 per month. More than 2 400 have received assistance telephonically.
- The multilingual treatment network, comprising nearly 60 medical professionals, has been extended to 39 towns and cities in southern Africa.
- Africa's most comprehensive research study into gambling behaviour, and the incidence of problem gambling, was published.
- An extensive public advocacy campaign to promote responsible gambling has been implemented, including Africa's first ever education campaign aimed at adolescents and senior citizens.
- The NRGP substantially exceeded its TAP (targeted access and procurement) empowerment targets. 73% of all its procurement was placed with the disadvantaged sector (against a target 33%) while 84% of NRGP counsellors and clinical psychologists are HDIs.
- Employees trained in these six years in one or more of the group's three-level training programmes are as follows:

  RGP1 : 9 698
  RGP2 : 5 524
  RGP3 : 903
- During the year under review, Sun International's contribution to the NRGP was R4,5 million, excluding the cost of the group's extensive investment in customer education.

PERFORMANCE MONITORING

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 Shopper 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 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 the brand promise.

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

Shareholders

As a policy Sun International strives to provide shareholders with information pertinent to the group of a financial and non-financial nature 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 that may be 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) has been expanded to include an investor relations portal containing information which is of interest to stakeholders, including copies of latest press releases and announcements, the interim, quarterly and year end results publications, the annual report, and archive containing past reports and announcements.

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 any 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.

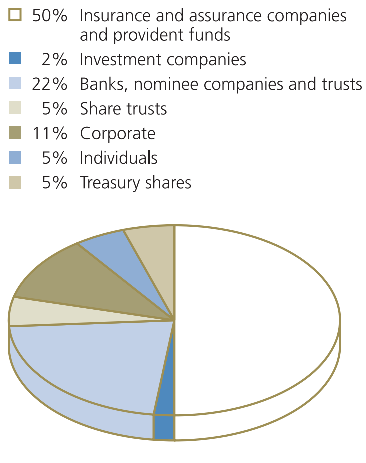
Management encourages and appreciates the feedback received from shareholders, analysts and fund managers regarding the usefulness, quality and extent of the group's reporting and communication process.

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 2007 Sun International was ranked number 46 in the FTSE/JSE All Share Index with a market capitalisation of approximately R17,7 billion and a 100% free float and number 23 in the FTSE/JSE 25 Industrial Index.

Types of shareholders at 30 June 2007



Category	Number of shareholders	Number of shares owned	% of total issued shares
Size of shareholding			
1 – 1 000 shares	3 057	1 071 162	0,92
1 001 – 10 000 shares	886	2 845 754	2,44
10 001 – 100 000 shares	347	12 830 912	10,98
100 001 – 1 000 000 shares	146	42 831 251	36,66
1 000 001 shares and over	26	51 451 046	44,04
	4 462	111 030 125	95,04
Treasury shares	1	5 788 482	4,96
	4 463	**116 818 607**	**100,00**

Ten largest beneficial shareholders at 30 June 2007	Number of shares owned	% of total issued shares
Allan Gray	15 943 912	13,65
Old Mutual Group	6 476 888	5,54
SIEST	5 970 767*	5,11
Sun International Investments No. 2 (treasury shares)	5 788 482	4,96
Dinokana	4 471 648	3,83
Investment Solutions	3 808 272	3,26
Transnet Pension Fund	3 771 164	3,23
Sanlam	2 411 359	2,06
Morgan Stanley	2 032 917	1,74
Mines Pension Fund	1 984 897	1,70
	52 660 306	**45,08**

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

Top 10 fund managers	Number of shares	% of total issued shares
Allan Gray Asset Management	43 365 241	37,12
Old Mutual Investment Group	6 344 718	5,43
JP Morgan Chase	6 199 083	5,31
State Street Bank & Trust Co	4 191 970	3,59
Sanlam Investment Management	3 162 378	2,71
Regarding Capital Management	2 214 211	1,90
RMB Asset Management	2 164 831	1,85
Morgan Stanley	2 032 917	1,74
Mellon Bank	1 759 239	1,51
Coronation Fund Managers	1 544 481	1,32
	72 979 069	**62,48**

Shareholder spread (beneficial) at 30 June 2007	Number of shareholders	% of total issued shares
Public:	**4 432**	**75,25**
Non-public:		
Directors of the company and its subsidiaries	28	1,03
Employee Share Trusts	1	5,11
Own holdings – treasury shares	1	4,96
Shareholders beneficially interested in 10% or more of the issued shares	1	**13,65**
	4 463	100,00

Society & community

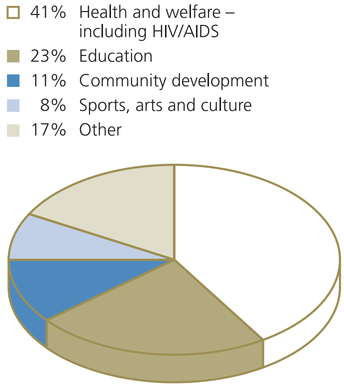
POLICY AND DELIVERY STRUCTURES

Sun International continues to promote sustainable development through the corporate social investment (CSI) initiatives, which are effected through the 2% allocation of annual profit after tax. The CSI policy, which is constantly reviewed, aims to ensure we have clear focus areas that will result in engaging in initiatives that are relevant, have visible impact, and will be sustainable into the future.

Governance structures at each unit comprise CSI Committees who not only ensure identification of projects in communities, but also encourage voluntary involvement and participation by employees in various projects and initiatives. The CSI committees, comprising various elected management and line staff representatives, identify and sanction suitable projects in line with policy.

Group level CSI continues to be primarily directed at national projects, organisations or charities that are of interest, or significance, to the group as a whole. Unit level CSI funding is directed at locally or regionally significant organisations or causes. The need to go beyond our mainly urban catchment areas and ensure development in

Corporate social investment spend by category



Sun International continues to promote sustainable development through the corporate social investment (CSI) initiatives, which are effected through the 2% allocation of annual profit after tax.

the rural areas has also been identified so as to ensure an even greater impact on the community.

At a national level, Sun International continues to support the following:

The Sports Trust

Sun International continues to contribute to the Sports Trust whose projects committee makes recommendations on projects to be supported during the year. Some of the major projects that benefited from the Sports Trust include:

- **SuperKids Cricket Club**
  The supply of cricket equipment to the club and the promotion of cricket among the youth and primary school in the Western Cape.

- **Itireleng Skills Development Programme**
  Sports equipment supplied to promote and develop youths in Soweto. Itireleng is a community service wing of the Grace Bible Church in Soweto.

- **Mudinane S. School** Sports equipment supplied to introduce and promote sports in this rural area in Limpopo.

- **Hoops 4 Hope**
  Construction of a basketball court at Mzamomhle Primary to benefit surrounding schools and clubs in the Western Cape.

- **Kwamdakane Community**
  Soccer equipment and kit supplied to 16 teams to promote football in KwaZulu-Natal.

- **Monwayisi Surf Lifesaving Club**
  Lifesaving equipment, inflatable rescue boat, rescue crafts and Malibu boards supplied in Western Cape.

- **Tshimo School Of Dancing**
  Supply of ballroom equipment and purchase of dance uniforms to benefit children (6 – 18 years) from the Pretoria West area.

SASCOC – Paralympics

The group is one of the major sponsors of the South African Paralympic team that will compete in Beijing in 2008. The Paralympics Sponsor's forum, which includes Sun International, Vodacom, Pick 'n Pay, Daimler Chrysler, Nedbank, Coca Cola, SAA, Sasol, Telkom, and Puma, ensures South Africa will be well represented at this prestigious international event.

Arts and Culture Trust

As founding members of the Arts and Culture Trust, Sun International continues to play a role in the development of Arts and Culture in the community. This programme is also undertaken in partnership with other companies in South Africa, ensuring that the trust can be sustained.

Reach For A Dream

Each Hollywood Slot Jackpot hit at our properties results in a R500 contribution to Reach for a Dream. Hospitalised children and those who have life-threatening diseases have their dreams fulfilled as a result of this relationship and brings smiles and joy to them and their families.

National Sea Rescue Institute (NSRI)

The NSRI continues to have impact in the communities in our coastal resorts that depend on the sea for their livelihood and recreation. The NSRI provides a service to the public at no charge and assistance to the organisation enables it to continue providing this critical to service to the community and visitors.

Donations made this year assisted with operational expenses of a rescue base and boat. The NSRI has a sound donor base which ensures its sustainability.

South African Chefs Association

The South African Chefs Association continues to deliver value in terms of developing skills that are critical to the tourism sector.

REGIONAL PROJECTS AND INITIATIVES

The major CSI focus areas for Sun International are health and welfare, including HIV/Aids, and education. Where appropriate, public/private partnerships are in place as they are a catalyst to ensuring sustainability and enhance community impact.

Some of the medium and long-term projects and sponsorships include the Tapologo Aids Hospice, Soundtrack 4 Life, Blisters for Bread, Eziko Cooking Project, Pilanesberg Wildlife Trust, Bloemfontein Hospice, Faranani hydroponic project, crèche Reneilwe and the Mahatma Gandhi Crisis Centre.

Tapologo Aids Hospice

Sun International continues to play a major role in the Tapologo HIV/AIDS Programme near Sun City in the North West Province. 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 have a holistic approach to HIV/AIDS.

During this financial year, Sun International contributed more than R3 million towards various aspects of the project. In addition, the Posi+ive initiative once again enabled a major fundraising drive and the funds raised will help in the management of the Tapologo Programme.

Projects, donations and sponsorships which were undertaken by our units at regional level have supported our relevant focus areas to increase the impact on communities and ensure sustainability. Among these are:

The Ubuntu House

This is much needed house of safety for abandoned babies in the Western Cape. A long-term funding strategy is in place to ensure the house always has necessary resources.

Mbizana Trust/UNISA satellite campus

A milestone was achieved in the Eastern Cape with the opening of a satellite campus at our Wild Coast resort, in partnership with the Mbizana Trust and UNISA. This has ensured that a significant number of students in the community and in surrounding areas now have access to higher education closer to their homes and will also enable our own employees to have access to programmes provided by Unisa. Long-term benefits




will be the potential for the company to fill leadership positions from the communities and alleviate poverty and unemployment.

Western Cape Education Foundation – Khanya Project

This project exposes disadvantaged learners to computers, information technology and e-learning. This addresses a specific need in the community and has a direct impact in that children who would not normally have access to technology are now exposed at an early age. The partnership with the Department of Education and school boards ensures that this project will be sustained into the future. The schools that have benefited from this initiative now have state-of-the-art computer laboratories and ensure curriculum delivery through technology, reaching more learners.

Blisters for Bread

This project complements educational initiatives in the Western Cape by providing funding to feed thousands of school children who would otherwise be going to school on empty stomachs. The organisation that runs this feeding scheme has a sound donor base and is well supported by government and other private organisations. This is another example of a project where partnering with relevant organisations ensures major impact in the community.

Bloemfontein Hospice

In order to capacitate the care providers in this hospice, equipment was purchased to enable effective training. The equipment will enable various role players to assist in delivering training to care providers on a continuous basis.

Pilanesberg Wildlife Trust

This trust ensures improvement in wildlife activities in the Pilanesberg Game reserve where our local and international guests can appreciate nature. The community also benefits through receiving a percentage of the gate takings by visitors.

Mahatma Gandhi Crisis Centre

This facility in KwaZulu-Natal helps victims of abuse who are in need of counselling, support and treatment. The centre is able to support other government departments and NGOs that would not otherwise be able to cope with the demand for such services.

Limpopo Youth Orchestra

A group of young disadvantaged children were assisted as part of a community development initiative in Limpopo. This has exposed children to music, taught them how to play a musical instrument and assists in keeping them off the street.

Matshidiso Lsen School

This is an institution for learners with special needs and disabled learners, based on the East Rand. The provision of sewing machines, hydro foam machines and brick laying machines to the school has enabled the development of skills and encouraged self-sufficiency and employability.

Emmanuel's Haven

This Eastern Cape haven has facilities for counselling, care giving and training. A hydroponics farm in the property produces vegetables that are sold to assist sustainability.

- **Eziko Cooking School**

  In the Western Cape, the tourist influx has resulted in the need to have more skilled employees in the hospitality industry. This project enables trainees from the school to be placed within Sun International for internship. The societal impact is seen as a result of entry into active employment by a number of students who would otherwise be unemployed.

- **Sentahle Home Based Care Centre**

  In Limpopo, the community of Ga-Maje now have a community centre where they can access various services, designed to alleviate the effects of HIV/Aids. Orphans and the aged can also come to this centre to seek assistance with receiving grants from the government. In addition care givers are trained at the centre.

CSI IN OTHER SOUTHERN AFRICAN COUNTRIES

This financial year, our operations outside South Africa also carried out a number of CSI initiatives, including the following:

- **Botswana – Tsholofelong Refuge and Kamogelo Orphanage**

  We provided financial assistance to facilitate service provision at the Tsholofelong Centre which is a rehabilitation centre for street children. The children are fed, counselled and supported and, where appropriate, reunited with their families. The Kamogelo Orphanage is located in a semi-urban area and is a day care centre for Aids orphans. Donations in kind were given to assist the orphanage in its operations.

- **Namibia – Mount Sinai Centre**

  This centre assists HIV positive mothers in the community. It focuses on the education of HIV positive mothers and provides formula milk and food hampers for the babies to ensure their access to the necessary nutrition. We supported the centre through donating milk and fund raising.

- **Lesotho – Beautiful Gate Home**

  The Beautiful Gate home was completed during this financial year and the clinic will help alleviate the scourge of HIV/AIDS and other diseases.

  Mantsa SE Children's home, which is a home for orphaned and vulnerable children, received assistance in kind in the form of operating equipment.

- **Swaziland**

  We continued to provide food to orphans and other vulnerable children in the area, and conducted community cleaning campaigns to encourage the community to take care of the environment, and made a donation to the Homeless Society.

- **Zambia – Mukuni Basic School and Lubasi Orphanage**

  We continue to play a key role in meeting various needs of the community in Livingstone. Sustainable projects that have been in place include the hydroponics farm, the Mukuni Basic School and the Lubasi Orphanage.

  A partnership with Stellergenes enabled the building of a library and provision of chairs and tables for the Mukuni Basic School. Electrical appliances were also donated.

  40 orphans who reside in the Lubasi Orphanage were able to continue with their education as their school fees were paid for the year. Recreational shelters were also built at the orphanage for the benefit of the children.

Various other donations, sponsorships and ongoing assistance and projects

In order to address various community needs in areas surrounding our operations, numerous other initiatives are in place on a continuous basis. Our employees are also encouraged to participate in identifying projects in their communities and becoming volunteers in these projects.

Suppliers

The Sun International's BEE procurement spend achieved a score of 44%. Our target using the new "broad-based" measures remains 50%.

BEE PROCUREMENT

Sun International Group Procurement continued to apply the "narrow based" assessment (ownership and directors) of black economic empowerment in procurement. However, the group will be moving to using the "broad-based" measures as enunciated in the Final B-BBEE Codes gazetted by government in February 2007.

The group will now be recalibrating its supplier database to incorporate the new "broad-based" requirements and in terms of this initiative, CASA members have agreed to share data on suppliers, to increase efficiencies and reduce the costs and time to complete this significant exercise. Given that many companies have not yet begun to consider the B-BBEE Codes and that no agencies are yet accredited to provide ratings in terms of the B-BBEE Codes, this exercise will likely take a couple of years to complete.

Sun International has thus aligned all definitions with the latest codes, has increased the scope of suppliers being scored and has ensured consistency of scoring among suppliers.

The supplier scores are consolidated at each Sun International unit, allowing each unit to take remedial steps where necessary. Unit scores are then aggregated by Group Procurement, in order to arrive at a BEE score for the Sun International Group.

ACHIEVEMENTS

BEE Procurement targets were originally set in the financial year ending June 2004 at 25% increasing each year to an ultimate target of 50% in 2008. These targets have been exceeded in successive financial years, with BEE procurement figures coming in at 33%, 42% and 46% for the financial years ending June 2004, 2005 and 2006 respectively.

The ultimate target of 50% was set for the current financial year to June 2007. Despite the expansion in scope and some more stringent measures that have been implemented, the Sun International's BEE procurement spend achieved a score of 44%. Our target using the new "broad-based" measures remains 50% albeit that this will take longer to achieve as explained above.

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 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 supply, pricing and a significant weighting in favour of BEE rating. 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 SME 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.

Finally, Sun International Group Procurement has introduced a method of assessing suppliers in terms of environmental compliance. This enables Sun International to encourage suppliers to become aware of their environmental responsibilities and to strive to improve their compliance to environmental regulations and best practice.

Government & regulators

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.

Sun International operates in a highly regulated environment. In terms of the Constitution of South Africa, parliament 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 (the Act) and legislation enacted by each of the nine provinces. The provincial licensing 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 operate a casino. Attached to casino licences are 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.

CASINO ASSOCIATION OF SOUTH AFRICA

CASA was formed in 2003 by the groups whose operating companies hold the 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, as well as the office of the Chief Executive Officer of CASA. Sun International is an active participant in the affairs of CASA.

CASA contributes significantly in the areas of research and information dissemination regarding the casino sector to the public, the media, regulators and a host of political and other decision makers. CASA's CEO has established meaningful relations with a number of counterpart associations in various parts of the world and organisations in South Africa.

NATIONAL RESPONSIBLE GAMBLING PROGRAMME (NRGP)

There is a constructive and active working relationship with the NRGP, the internationally acclaimed public/private sector partnership which focuses on problem gambling research, education and treatment. The casino sector contributed some 85% of the NRGP's overall budget, with the balance provided by the horse racing, bingo and limited payout machine industries.

TOURISM BUSINESS COUNCIL OF SOUTH AFRICA (TBCSA)

TBCSA conducts 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 enhance 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 importance have been collated. The HILG has focused itself on skills development in the hospitality industry in the build up to the 2010 FIFA World Cup to be held in South Africa.

LEGISLATIVE DEVELOPMENTS

The past year saw the publication of a National Gambling Act Amendment Bill, 2006, which intends to legalise and regulate, among other things, the conduct of interactive gambling in South Africa. The industry body, CASA, submitted extensive comments on the Bill, which were subsequently workshopped with representatives of the Department of Trade and Industry as the responsible government body.

At a provincial level, the Mpumalanga Gaming Amendment Act, 2005 was passed during October 2006 and brings about, among other considerations, consistencies with other provincial gambling legislation and the National Gambling Act. The Western Cape Fifteenth Gambling and Racing Amendment Act, 2006 was published in December 2006 with a corresponding objective of streamlining the statute with the National Act as well as providing for other legislative efficiencies. The Western Cape gambling regulations are undergoing similar sets of refinements and amendments.

In summary, there have not been any significant legislative developments during the past year. This could be attributed, in part at least, to the levels of maturity and sophistication of legislation achieved both nationally and provincially.

Environment

INTRODUCTION

The environmental performance of the group has been detailed to provide an indication of the group's commitment to improved environmental responsibility and sustainable business practice.

The introduction of a single environmental management system across the group and improved operating and resource management standards have contributed to positioning Sun International as Africa's only environmentally certified hospitality and gaming company.

ENVIRONMENTAL MANAGEMENT SYSTEM

Sun International has made significant advancements in respect of its environmental commitments. The group has established a baseline environmental performance matrix while implementing the Heritage Environmental Rating Programme across all operational areas.

Although the Hotels and Resorts Division had already been participating in the Heritage Programme prior to the last reporting period, full group participation in this independent environmental management programme only took place from July 2006.

In order to ensure that operations such as GrandWest, Wild Coast and the Boardwalk complied with casino licensing conditions in respect of environmental performance, the Heritage Programme was further enhanced and improved prior to group implementation to ensure ISO 14 000 compliance by all Sun International properties. Each property was subsequently benchmarked against the programme's revised standards.

The Sun International environmental management system has been implemented at almost all South and southern African operations and in the coming year, the remaining South African units (Golden Valley Casino and Sibaya

Lodge), international properties and the central office will be incorporated as part of its overall environmental strategy.

GOVERNANCE AND AWARENESS

Greater awareness of the group's environmental status has been achieved across its supplier and associate base through the distribution of appropriate declaration forms and good progress has been made towards identifying goods, services and suppliers that fail to adhere to the group environmental standards.

The development and introduction of a group environmental procurement policy will lead to improved identification and rating of services, products and suppliers to Sun International and ensure greater compliance with internationally accepted standards of environmentally responsible procurement. As part of the process, products that could pose risk to the group including items such as genetically modified foods and harmful food additives and preservatives will be identified and replaced with more suitable alternatives.

There has been a marked improvement in respect of senior management involvement in environmental management strategies and active participation by general managers in unit-specific environmental committees (Green Teams) has resulted in more effective implementation of the overall group environmental management system.

The development of group and unit specific environmental legal registers was identified as a governance shortcoming and following the benchmarking and implementation process of the past year, comprehensive environmental legal registers are now in the process of being introduced in all Sun International properties. The legal registers have been site specified to ensure compliance with all national, regional, provincial and local legislation, regulations and by-laws in order to reduce and manage environmental risk by the group. The process will be completed during September 2007.

With effect from 2008, the Sun International Group Environmental Policy will be compiled in full compliance with the GRI G3 (Global Reporting Initiatives Number 3) reporting standard in an effort to ensure international competitiveness and acceptance. During the coming year, the necessary systems, procedures and data will be introduced to ensure full and improved reporting compliance and quarterly reports on environmental performance will reflect the new standard.

AUDITS AND PERFORMANCE MANAGEMENT

The table below reflects the status attained for each of the resorts division's properties. The Wild Coast is the first resort in South Africa to achieve platinum status.

Resort	Status
Sun City	Gold
Table Bay	Gold
Wild Coast	Platinum
Swaziland	Gold
Gaborone	Silver
Zambia	Gold
Kalahari	Silver
Fish River	Gold
Zimbali	Gold

During the year, a standardised resource management and reporting platform was implemented at each of the group's properties to ensure more accurate and effective management of standards.

In order to formalise and improve the audit process, a group audit protocol has been developed to provide guidelines for the management and environmental teams at each property. It has, in most cases, resulted in improved commitment and involvement from all levels of management.

During the audit and review assessments, each property is provided with advice, support and assistance to ensure the most effective application of group standards and good progress has been made towards developing the necessary skills within the group to provide ongoing management of the systems. During the past year, on site 'Green Team' training interventions have been undertaken at all properties and further regular training and development workshops and sessions have been scheduled.

In addition to the external audits and reviews undertaken by Heritage, Group Internal Audit has conducted a number of environmental audits against the Heritage standard. This has proved invaluable in ensuring the correct application and implementation of Heritage standards and in identifying areas of non-compliance and improvement where necessary.

SKILLS DEVELOPMENT AND TRAINING

One of the issues identified in the 2006 report was the need for greater environmental awareness and management development programmes. During the year – and as a direct result of the benchmark process undertaken by the group – a range of environmental awareness and skills development training initiatives for management and staff have been provided by the Heritage Programme.

The development and training of the Green Teams has been completed and effective structures have been created at each property to ensure the ongoing management of environmental issues at unit level.

The need for dedicated environmental officers at each property has been identified as a critical success factor in achieving the desired level of compliance due to the high level of administrative support required at the programme's Gold and Platinum levels.

COMMUNICATION AND MARKETING

Marketing of the environmental status of the group has not been as prominent as it could have been during the last year. While visible promotion of the status of specific properties has improved and is encouraged, a corporate branding and marketing strategy will need to be developed in 2007 in order to take full advantage of the fact that Sun International is Africa's only environmentally independently certified hospitality and gaming group.

BIODIVERSITY MANAGEMENT

The group operates properties across the region, and a number of the resorts and gaming operations have been identified as having varying levels of impact on their surrounding environment. Among the more significant examples:

- Royal Livingstone/Zambezi Sun – Zambia: located within the boundaries of the Musi Oa Tunya National Park, a World Heritage Site;
- Carousel – North West Province: situated alongside the recently declared Dinokeng conservancy which has been earmarked for development as a national park;
- Wild Coast/Fish River – Eastern Cape: located on the Pondoland coast with specific coastal management impacts;
- Flamingo – Kimberly: located alongside the Kamfersdam, a proclaimed wetland and flamingo breeding ground; and
- Sun City – North West Province: located alongside and within the Pilanesberg National Park.

The past year has seen the implementation of more effective policies and controls designed to protect and manage the biodiversity of each property and in turn, to reduce the impacts that the continued operation of Sun International properties have on the environment.

Among the significant changes made to biodiversity protection in the past year, the following are particularly noteworthy:

- Carousel – erected a game fence around the property to secure resident game and to improve the management of the area's biodiversity. This has reduced incidents of poaching; restored the integrity of the area and eliminated the risk posed by unmanaged game crossing the N1 national highway;
- Royal Livingstone/Zambezi Sun – have employed an additional two game wardens to manage and protect the resident game. The close relationship between Sun International and the Zambian Wildlife Authority has ensured greater protection and management of this World Heritage Site;
- Wild Coast – has provided skills training and support in partnership with the local community to ensure the protection of historically important and sensitive coastal archaeological sites that were being damaged by fishermen as a result of uncontrolled access; and
- Sun City – implemented a highly successful Vervet monkey management programme to reduce the number of guest/monkey incidents at the complex. Through greater staff training and guest awareness initiatives, management has managed to reduce the risk posed by the monkeys without the need for culling or relocation.

During the year, more accurate data has been collected on the presence of illegal alien and invader species on group properties, while at the same time greater efforts have been made to increase the level of indigenous species found.

Detailed fauna and flora policies and management strategies have been established at affected properties to ensure greater awareness of the presence of exotics, alien invader species and other undesirable plants. A concerted and managed programme aimed at the identification, eradication, removal and replacement of these plants in a planned and environmentally responsible manner is



The introduction of a single environmental management system across the group and improved operating and resource management standards have contributed to positioning Sun International as Africa's only environmentally certified hospitality and gaming company.

currently in place and joint efforts, with amongst others the 'Working for Water' project in South Africa, have produced good results.

During the year no significant environmental incidents were experienced at any Sun International properties. Improved risk management systems have been developed for all properties and comprehensive strategies are in place for the identification and management of potential environmental risks.

DESIGN AND CONSTRUCTION

The past year has seen continued development and refurbishment activities being undertaken across the group. The development of the Golden Valley Casino near Worcester and the completion of Sibaya Lodge were undertaken with due regard for the respective Environmental Impact Assessment recommendations, while refurbishments and improvements to other units raised the overall environmental standards of the units in question.

Considerable effort has been made during 2007 to meet some of the resource management targets set in 2006. The introduction of independent metering systems for water and energy has increased during the year, with Sun City, Wild Coast, Fish River and others reporting improved consumption data. Improved efficiency and reduced resource use has been possible as a result of the replacement and upgrading of technical and mechanical equipment across the group.

Building Management Systems (BMS) were installed or upgraded at the Carousel, Sun City, Carnival City and other properties to reduce energy consumption and improve management processes, while the application of maximum demand and load shed technology has been successfully applied in properties that have not yet been upgraded.

The presence of asbestos has been identified at certain older properties and while not present in any significant quantity, the safe removal of asbestos has been identified as a medium-term target for the group.

RESOURCE CONSUMPTION PATTERNS

While definitive data on resource consumption patterns over the past year were not available at the time of this report, due in part to delays in the establishment of a uniform reporting standard and some initial interpretative differences, indications are that in spite of increased occupancies and resource input costs, the group has managed to achieve savings in certain resource consumption levels.

Energy

The rising cost of electricity in South Africa over the past year has resulted in increased operational costs, but through the application and management of energy use and improved environmental performance, the increases have largely been offset through reductions in terms of consumption at a number of properties.

Continued energy cost increases in the coming year are unavoidable due to various national and regional factors and steps have been taken to manage energy consumption at all properties through a combination of various measures including:

- Increased use of energy efficient lighting systems such as compact fluorescent lamp and light emitting diode technologies;
- Improved management of energy use;
- Maximum demand management systems; and
- Energy awareness campaigns for staff and guests.

Worldwide demand and supply of petroleum products has resulted in price adjustments and increased costs to the group and while greater management of fuel and oil use has managed these costs, they remain a challenge for the foreseeable future.

Diesel use for power back-up generators has resulted in increased fuel consumption in some units but this has been kept as low as possible through improved energy management strategies and improved storage systems in most cases. The presence of fuels and oils on Sun International properties poses particular environmental risks and over the past year an effort has been made to identify and mitigate any potential risks through:

- Ensuring the integrity of storage facilities and refuel points in an effort to minimise contamination risk;
- Improved management of fuel stocks and the implementation of accurate hazardous materials registers; and
- A review of all licences and storage permits.

Coal, diesel and oil fired boilers are used at some southern African properties and the past year has seen improved management of direct environmental impacts including air emission levels, contamination and waste at the relevant units.

Energy reduction targets have been established at each property as part of their overall environmental management plans. The group continues to investigate sustainable energy alternatives in an effort to reduce and manage energy consumption patterns and costs.

Air quality

Over the past year, there has been increased awareness of air quality issues across the group and strategies to address outstanding issues related to air quality. A group wide Legionella management programme was implemented over the past year and regular testing of hot and cold water, air handling equipment and water features are now undertaken at all properties.

The use of chlorofluorocarbon coolants and propellants has been discontinued across the group in the past year and all refrigerants and coolants now used comply with international treaties and standards. Although group greenhouse gas emission levels have not previously been measured, by the end of 2007 more detailed reporting emission levels will be undertaken and the 2008 report will reflect this aspect in more detail.

Water

Group properties obtain water from a number of sources including river, borehole and municipal sources and the past year has seen considerable savings being achieved through improved management and awareness levels.

Improved irrigation management and increased use of grey water for irrigation at most properties across the group has resulted in reduced demand on potable sources. In addition to this, reductions were achieved through:

- The installation of independent water meters which has led to more accurate billing and consumption processes;
- Identification and repair of leaks and replacement of ageing and damaged piping;
- Installation of water saving devices in public toilets, bathrooms and back-of-house areas including dual-flush systems, aerators, flow restrictors and other technologies;
- Improved management of air handling equipment and chiller units;
- Improved awareness programmes for staff, visitors and guests including in-room and back-of-house notices and signage;
- Replacement and upgrading of laundry equipment; and
- Identification of unit specific water use patterns and the development of reduction strategies and policies.

The legal status of boreholes and extraction systems at all properties has been addressed and the pumping of water from natural sources is now managed in a more responsible and sustainable manner across the group.

Waste management

Sun International properties generated an estimated five thousand tons of waste over the past year through normal operations and the activities of concessioned businesses at certain units.

Improved waste management systems at all properties has resulted in increased recovery levels and we are pleased to report that recycling, recovery and reuse levels in the group have increased to approximately 27%. While still below international standards and group targets, ongoing efforts to reduce landfill waste are resulting in greater awareness of the issues faced by the group and a target for improved recovery and recycling by group properties has been set at 40% for the year ending December 2008.

OVERALL GROUP PERFORMANCE

The past year has seen a consolidation of environmental performance standards and an overall improvement in respect of group environmental compliance. The latest performance ratings are:

Category	Benchmark %	**2007 %**	2006 %	Change %
Procurement	75	**61**	56	+5
Business partnerships	70	**53**	46	+7
Design and construction	70	**70**	66	+4
Transport	65	**61**	59	+2
Fauna and flora	75	**63**	49	+14
Communications and marketing	75	**57**	48	+9
Noise management	80	**83**	90	-7
Energy management	75	**68**	64	+4
Water management	75	**68**	65	+3
Waste management	75	**45**	54	-9
Air quality management	75	**49**	59	-10
Overall performance	87	**70**	60	+10

ENVIRONMENTAL PERFORMANCE GOALS FOR 2008

The following environmental goals and targets have been set for the coming year:

- To complete the EMS implementation programme in all properties and activities associated with the group;
- To improve environmental awareness levels and skills development for employees of the group;
- To improve resource monitoring and reporting systems for more accurate reporting results;
- To achieve group environmental performance targets by December 2008;
- To introduce environmental performance compliance strategies for all service providers, concessionaires and business/retail partners;
- To incorporate environmental and sustainability aspects into the group marketing policy;
- To increase public awareness and visibility of the group corporate environmental and sustainability policies;
- To report on group environmental performance in line with G3 reporting standards in 2008;
- To implement the 'green building' policy in all new developments;
- To undertake a comprehensive audit of all bio-diverse and environmentally sensitive areas affected by the group's operations by July 2008;
- To investigate greater use of alternate energy sources and to improve existing alternative energy use within the group; and
- To increase waste recovery and management levels at all units.

ENVIRONMENTAL MANAGEMENT TARGETS AND GOALS

Sun International had set a number of environmental targets and goals last year and the following table provides an indication of performance in this regard.

Goal	Status
Provide Environmental Management Training for middle management	Completed
Ensure legal registers are in place at all properties	Due for completion by end October 2007
Complete the implementation of a 'green building' policy and strategy to be applied at new developments	Ongoing and due for completion by November 2007
To review the corporate Environmental Policy and to expand it into a Sustainability Policy	Ongoing
Set corporate objectives and targets for sustainable development and communicate these to all properties	Ongoing
Investigate developments in sustainable tourism and responsible tourism and formulate a strategy for the group	Completed
Develop a strategy for sustainability reporting in line with the Global Reporting Initiative (GR) and King II Code of Corporate Governance	Currently being finalised
Review the EMS implementation and effectiveness of its operation at facilities where the system has been in place for two to four years	Completed
Finalise a corporate Responsible Purchasing Policy and Procedures	Completed
Investigate water and energy conservation measures, set guidelines and roll-out programme	Completed
Develop environmental awareness training kits for use at various units	Completed
To establish a calendar of environmental events and initiate associated awareness activities	Completed
Identify events that deal with sustainable development challenges and trends	Ongoing
Implement a system that allows for the measuring, monitoring and reduction of waste	Completed

Ethics

The group intends to enhance 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 company.

CODE OF ETHICS

Management and staff are expected to commit to the highest ethical standards of conduct. The company's internal code of ethics (refer page 128) 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 intends to enhance 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 and other interested parties may call anonymously. Any crime or incident of fraud or malpractice within the group that might be reported to ethics line is brought to the attention of the Chief Executive.

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

FINANCIAL INTELLIGENCE CENTRE ACT

Money laundering remains a global problem. Due to the increasing sophistication of technical and electronic financial systems, opportunities of money laundering have escalated and so has the potential to finance undesirable activities.

This has resulted in renewed attention from governments to establish legislation to curb this potential. In South Africa the relevant legislation is effected through the Financial Intelligence Centre Act (FICA) and the Protection of Constitutional Democracy against Terrorist and Related Activities Act (POCDATARA). The group has an obligation to assist the country in preventing and curbing attempts at money laundering and the financing of undesirable activities.

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

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

It is of utmost importance to the group to maintain and protect its image in society and in the regulatory environment. This is of particular relevance to the gaming industry and is directly linked to the casino licence requirements to which the group must ensure compliance.

Directorate and administration

Non-executive chairman

1. DA (Buddy) Hawton (70)†*

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, and chairman of Woolworths Holdings Limited, RAH and RRHL. 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).

Executive directors

2. DC (David) Coutts-Trotter (45)Δ

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, RAH and RRHL. He completed articles with PricewaterhouseCoopers Inc and has over ten years' experience in the hotel, resorts and gaming industries.

3. RP (Rob) Becker (45)Δ

Chief Financial Officer

BAcc, CA(SA), MBA

Appointed to the board in 2005 and is a director of various group companies, including SIML and RAH. 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.

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Non-executive directors

4. GR (Graham) Rosenthal (63)†#Δ

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 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.

5. IN (Nigel) Matthews (62)†*Δ

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 is also chairman of the SIEST. Previously chairman of Sentry Group Limited and managing director of Holiday Inns Limited.

6. Dr NN (Lulu) Gwagwa (48)Δ

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

Appointed to the board in 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, Massmart, DBSA, Lereko Investments and Dinokana.

7. MV (Valli) Moosa (50)

B Sc (Mathematics, Physics)

Appointed to the board in 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. He is presently a national executive committee member of the ANC and currently holds directorships, inter alia, in Lereko Investments (executive chairman), Dinokana, Eskom Holdings (chairman), Imperial Holdings and Sanlam and is president of the World Conservation Union (IUCN).

† *Independent director*
* *Member of the remuneration and nomination committee*
\# *Member of the audit committee*
Δ *Member of the risk committee*

8. E (Eddy) Oblowitz (50)†#

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.

9. DM (David) Nurek (57)†#Δ

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, Distell Group Limited, Aspen Pharmacare Holdings Limited, Lewis Group Limited, JCI Limited and Randgold & Exploration Company Limited. Served as chairman of the legal firm Sonnenberg Hoffman & Galombik until June 2000.

10. M P (Mike) Egan (52)†*#

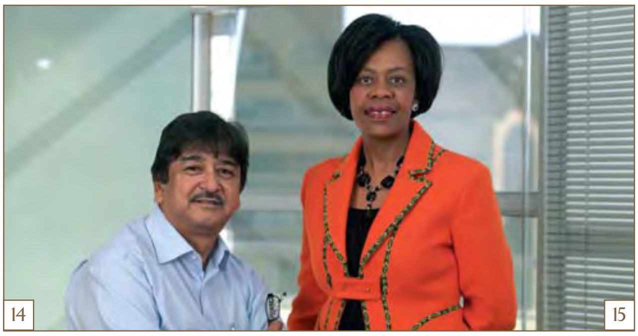
BCom, CTA, CA(SA)

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.

11. L (Leslie) Boyd (70)†*

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 Tongaat Hulett Limited. 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.

12. PL (Leon) Campher (59)†*

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.

13. PEI (Peter) Swartz (66)

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) Ltd. 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.

14. H (Hassen) Adams (55)

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.

15. LM (Louisa) Mojela (51)

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 chairman of Afrisun Leisure, 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.

Management – Directors (SIML)

1. DC (David) Coutts-Trotter (45)
Chief Executive

2. RP (Rob) Becker (45)
Chief Financial Officer

3. J (Joe) Lukwago-Mugerwa (52)
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. Resigned on 31 August 2007.

4. DS (Des) Whitcher (48)
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.

5. S (Sean) Montgomery (45)
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 17 years' experience in the construction and property development industry, including 11 years' experience in leisure, hotel, gaming and resort development.

6. J (Jaco) Coetzee (49)
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.

7. TC (Tristan) Kaatze (46)
Divisional director: gaming north

BCom, BCompt(Hons), CA(SA)

Tristan Kaatze rejoined Sun International in 2000 as commercial manager: gaming north, and was appointed general manager of the Sugarmill Casino/Sibaya in 2002 and as divisional director: gaming north in 2005. He has 19 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.

8. JA (John) Lee (50)
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 well-being thereof. Articled with PricewaterhouseCoopers Inc.

9. KRE (Kurt) Peter (52)
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 over 30 years' experience in the hospitality and gaming industry.

10. G (Garth) Collins (60)

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 40 years' experience in the hotel, resorts and gaming industries and was previously a director of the Holiday Inn group for several years.

11. DR (Khati) Mokhobo (42)

New business development director

BCom, BAcc, ACMA, CA(SA)

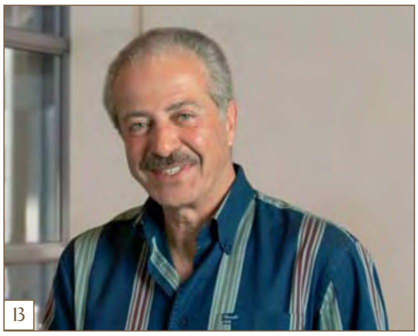
Khati Mokhobo joined Sun International in 2005 to oversee the group's expansion in new casino licences and other properties outside of South Africa. He was one of the founding members of the auditing and forensic services firm, Gobodo Incorporated, in which role he consulted extensively to the various 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.

12. CS (Clarence) Benjamin (47)

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.



13. PG (Philip) Georgas (64)

Divisional director: resorts

Philip Georgas joined the Sun International group in 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.

14. PR (Rob) Hellings (53)

Finance director: SIML

BCom, BCompt(Hons), CA(SA)

Rob Hellings joined Sun International at 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.

15. HJ (Hendrik) Brand (51)

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.

Group secretary

16. SA (Silvia) Bailes (53)

Group secretary

FCIS, FCIBM

Silvia Bailes joined Sun International at 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 levels.

Administration

SUN INTERNATIONAL LIMITED

Incorporated in the Republic of South Africa
Registration number 1967/007528/06
Share code: SUI, ISIN: ZAE000097580

- **Group secretary:**
  SA Bailes FCIS, FCIBM
- **Auditors:**
  PricewaterhouseCoopers Inc
- **Principal bankers:**
  Nedbank Limited
  The Standard Bank of South Africa Limited
  ABSA Bank Limited
  The Rand Merchant Bank division of FirstRand Bank Limited
- **Corporate law advisors and attorneys:**
  Edward Nathan Sonnenbergs Inc
  Hofmeyr Herbstein & Gihwala Inc
- **Sponsor:**
  Investec Bank Limited
- **Registered office:**
  27 Fredman Drive, Sandown, Sandton 2031, Gauteng,
  Republic of South Africa
  (PO Box 782121, Sandton 2146, Republic of South Africa)
  Telephone (+2711) 780 7000, Telefax (+2711) 780 7716
  website: www.suninternational.com

- **Transfer secretaries:**
  Computershare Investor Services 2004 (Pty) Limited
  Ground Floor, 70 Marshall Street, Johannesburg 2001
  Gauteng, Republic of South Africa
  (PO Box 61051, Marshalltown 2107, Republic of South Africa)

Corporate governance report

OUR COMMITMENT

The Sun International group remains 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, and acknowledges that transformation at all levels is a fundamental business imperative.

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

- continued to be ranked highly amongst South Africa's Top 200 JSE companies for its contribution to broad based empowerment in the Financial Mail's Empowerdex Top Empowerment Companies;
- was again selected as one of South Africa's Top 100 companies of 2006 in the Sunday Times Business Times survey;
- was ranked number 5 in the Financial Mail Top Companies 2007 report;
- was awarded the first Chairman's Award for its commitment to environmental and sustainable business practice in the annual IMVELO Awards, in recognition for its commitment, achievement and contribution to responsible tourism;
- was selected as a finalist in the 'Excellent Category' for the 2007 Excellence in Corporate Reporting Survey Awards;
- was nominated as one of South Africa's Top Empowered Companies for 2006/07 by Impumelelo as a result of its contribution to B-BBEE and Transformation.




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 form an integral part of each director's conditions of appointment.

The charter regulates and deals with, inter alia:

- board leadership, and defines the separate responsibilities of the chairman and the chief executive;
- 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. 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 of the board for a further term, 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 106 and 107, to provide judgement independent of management on material board issues. The composition of the board appears on pages 106 and 107 of the annual report. There have been no changes in the directorate during the financial year and to the date of this report.

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.

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

Succession planning for the purposes of identifying, developing and advancing future leaders and executives of the group is an ongoing element of the board's responsibility which is carried out through the remuneration and nomination committee.

Board and committee evaluations

The board evaluates its own performance, processes and procedures in terms of a self-evaluation process every two years. The last evaluation took place in 2006. 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 are also reviewed by way of self-evaluations every two years. The last evaluation of the committees also took place in 2006. 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 regular 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, deal with and review, inter alia, strategic and key issues, financial issues, 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 by the board on a quarterly basis.

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

Directors are required 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 meetings.

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

Six board meetings were held during the 2007 financial year and a further three since then and to the date of this report. Details of attendance by each director are as follows:

	4 July 2006 (strategy)	28 Aug 2006 (quarterly)	24 Nov 2006 (quarterly)	20 Feb 2007 (quarterly)	22 May 2007 (quarterly)	1 June 2007 (ad hoc)	3 July 2007 (strategy)	4 July 2007 (ad hoc)	29 Aug 2007 (quarterly)
DA Hawton	✓	✓	✓	✓	✓	✓	✓	✓	✓
DC Coutts-Trotter	✓	✓	✓	✓	✓	✓	✓	✓	✓
H Adams	X	✓	✓	✓	✓	*	✓	*	✓
RP Becker	✓	✓	✓	✓	✓	✓	✓	✓	✓
L Boyd	✓	✓	✓	✓	✓	✓	✓	✓	✓
PL Campher	✓	✓	✓	✓	✓	✓	✓	✓	✓
MP Egan	✓	✓	✓	✓	✓	✓	✓	✓	✓
NN Gwagwa	✓	✓	✓	✓	✓	✓	✓	✓	✓
IN Matthews	✓	✓	✓	✓	✓	✓	✓	✓	✓
LM Mojela	✓	✓	✓	✓	X	*	✓	✓	✓
MV Moosa	✓	✓	✓	✓	✓	✓	✓	✓	✓
DM Nurek	✓	✓	✓	✓	✓	✓	✓	✓	✓
E Oblowitz	X	✓	X	✓	✓	✓	X	X	✓
GR Rosenthal	✓	✓	✓	✓	✓	✓	✓	✓	✓
PEI Swartz	✓	✓	✓	✓	✓	*	✓	✓	✓

✓ *present*
X *apologies*
* *recused*

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. These are reviewed and amendments approved 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 are established throughout the group from time to time to, inter alia, oversee issues of an operational, day-to-day management nature, including e-business and technology operational activity and governance.

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 and preliminary reports and annual financial statements, including the valuation of unlisted investments and loans and going concern statements, prior to submission to the board;
- 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 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 2007 financial year and a further two since then and to the date of this report. Details of attendance by each member are as follows:

	24 Aug 2006 (year end)	18 Sept 2006 (financial statements)	19 Feb 2007 (interim)	21 May 2007 (planning)	27 Aug 2007 (year end)	17 Sept 2007 (financial statements)
MP Egan	✓	✓	✓	✓	✓	✓
DM Nurek	✓	✓	✓	✓	✓	✓
E Oblowitz	✓	✓	✓	✓	✓	✓
GR Rosenthal	✓	✓	✓	✓	✓	✓

✓ present

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 required to be appointed chairman of the committee.

The remuneration and nomination committee reviews the design and structure of executive director and senior executive salary packages and policies, incentive schemes and share incentive programmes to ensure they motivate sustained high performance throughout the group. The committee also 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 122.

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;
- ensure consideration is given to succession planning in the group;
- review and determine the remuneration of the chief executive, and his 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 schemes.

Flamingo

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 were reviewed during the year.

The remuneration and nomination committee is required to meet formally at least twice a year. Four remuneration and nomination committee meetings were held during the 2007 financial year and a further one since then and to the date of this report. Details of attendance by each member are as follows:

	28 Aug 2006	20 Feb 2007	22 May 2007	1 June 2007	27 Aug 2007
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 other independent non-executive directors, Messrs IN Matthews and GR Rosenthal. Dr NN Gwagwa was appointed to the committee on 29 August 2007. The committee is operational in nature, accordingly other members comprise representatives from the group's management company, SIML, and members during the year included 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) (resigned 31 August 2007), Mr DR Mokhobo (new business development director), Mr S Montgomery (development director), Mr KRE Peter (divisional director: gaming south), Mr PT Reinecke (gaming director) (retired 31 October 2006) 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 reviewed annually 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. Three 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:

	4 Jul 2006	19 Feb 2007	15 May 2007	3 Jul 2007
DM Nurek	✓	✓	✓	✓
SA Bailes	✓	✓	✓	✓
RP Becker	✓	✓	✓	✓
HJ Brand	✓	✓	✓	✓
J Coetzee*	✓	✓	✓	✓
G Collins	✓	✓	✓	✓
DC Coutts-Trotter	✓	✓	✓	✓
PG Georgas	✓	X	✓	✓
NN Gwagwa**	n/a	n/a	n/a	n/a
PR Hellings	✓	✓	✓	✓
TC Kaatze	✓	✓	✓	✓
JA Lee	✓	✓	✓	✓
J Lukwago-Mugerwa***	✓	✓	✓	X
IN Matthews	✓	✓	✓	✓
DR Mokhobo	✓	✓	✓	✓
S Montgomery	✓	✓	✓	✓
KRE Peter*	✓	X	✓	✓
PT Reinecke****	✓	n/a	n/a	n/a
GR Rosenthal	✓	✓	✓	✓
DS Whitcher*	✓	✓	✓	✓

✓ present
X apologies
n/a not applicable
* appointed to the risk committee on 4 July 2006
** appointed to the risk committee on 29 August 2007
*** resigned from the risk committee on 31 August 2007
**** retired from the risk committee on 31 October 2006

The chairman of the risk committee is required to attend 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. Through a process of communication and application to all business units this policy has been successfully embedded throughout the group:

'The directors of Sun International Limited have committed the company to a process of risk management that is aligned to the principles of the King 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 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.

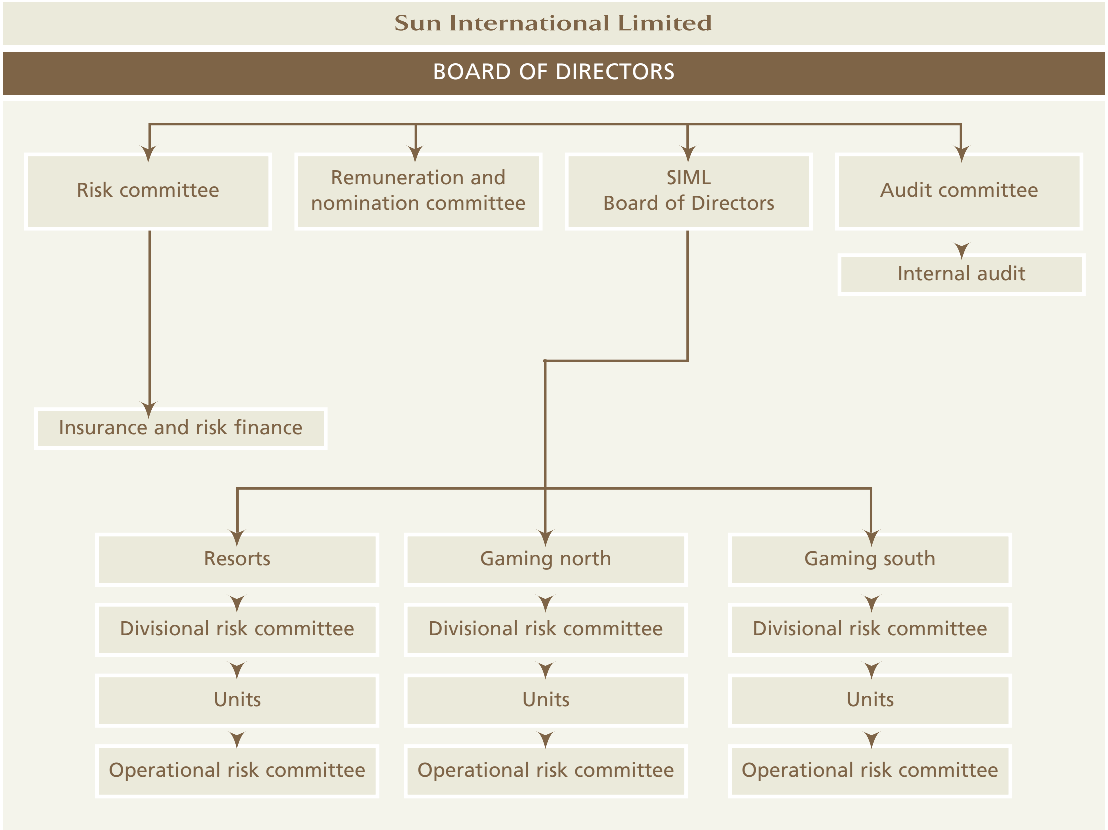
Every employee has a part to play in this important endeavour and in achieving these aims.'

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 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 once again 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. Divisional risk management committees and operational

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



risk management committees at each unit review their risks at their risk committee meetings once a quarter and minute 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;
- pressures for empowerment charters within the industry;
- limited casino growth opportunities in South Africa and market maturity; 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.

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

The group's annual internal audit plan incorporates the outcomes of the enterprise risk management process and the top risks in the group have been incorporated into the internal audit plan and 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 Gambling 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 Gambling Programme compliance, operational safety and health and environmental audits. Risk assessment is co-ordinated with the board's assessment of risk through interaction between internal audit, the audit and risk committees which also minimises duplication of effort. The director of internal audit reports at all audit and risk committee meetings and has unrestricted access to the chairmen of the company and the audit and risk committees. The appointment or dismissal of the director of internal audit is with the concurrence of the audit committee.

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.

Financial Intelligence Centre Act

Money laundering remains a global problem. Due to the increasing sophistication of technical and electronic financial systems, opportunities for money laundering have increased as has the potential for undetected terrorist financing activities.

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

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

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

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

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 presented by management, the directors have recorded that they have reasonable expectation that the company and the group have adequate resources and the ability to continue in operation for the foreseeable future. For these reasons, the financial statements have been prepared on a going concern basis.

Directors' responsibility for annual financial statements

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

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 AND PLANS 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 is adopted by all South African operations, and where possible and practical from a taxation and regulatory standpoint, by the rest of the southern African operations. All increments are 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 options held by executive directors in terms of their participation in the Sun International Limited Employee Share Option Scheme as at 30 June 2007.

	Date of grant	Exercise price R	Number of options held 30 June 2006	Options exercised during year ended 30 June 2007	Number of options held 30 June 2007	Lapse date	Number of options vesting 30 June 2007
RP Becker	30.06.2005	61,825	200 000	–	200 000	30.06.2015	100 000
DC Coutts-Trotter	04.12.2001	22,975	4 375	(4 375)	–	04.12.2011	–
	06.03.2003	26,500	8 750	(8 750)	–	06.03.2013	–
	01.08.2003	31,555	85 625	(26 875)	58 750	01.08.2013	35 313
	12.09.2003	32,950	37 500	–	37 500	12.09.2013	28 125
	25.11.2003	39,005	56 250	–	56 250	25.11.2013	42 187
	01.09.2004	40,950	46 875	–	46 875	01.09.2014	23 437
	30.06.2005	61,825	46 875	–	46 875	30.06.2015	23 437
			286 250	(40 000)	246 250		152 499
			486 250	(40 000)	446 250		252 499

Share incentive schemes

Due to changes in the regulatory environment and best practice, it has been determined that the existing share option scheme is no longer appropriate and accordingly no further options will be granted under this scheme. The share option scheme will nevertheless remain in place for options already granted under the scheme, until such time as these options are exercised or lapse.

In line with latest practice the group has adopted three share plans, based on equity settled EGP (Equity Growth Plan), a CSP (Conditional Share Plan) and a DBP (Deferred Bonus Plan), which 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 pre-determined or relative total shareholder return.

Awards made to executive directors under share plans as at 30 June 2007

	Plan	Date of grant	Grant price R	Number of grants held 30 June 2006	Number of grants made during year ended 30 June 2007	Number of grants held 30 June 2007
DC Coutts-Trotter	EGP	30.06.2006	82,74	27 919	–	27 919
	EGP	29.06.2007	149,55	–	16 550	16 550
						44 469
RP Becker	EGP	30.06.2006	82,74	12 551	–	12 551
	EGP	29.06.2007	149,55	–	8 305	8 305
						20 856
DC Coutts-Trotter	CSP	30.06.2006	82,74	35 533	–	35 533
	CSP	29.06.2007	149,55	–	21 063	21 063
						56 596
RP Becker	CSP	30.06.2006	82,74	18 972	–	18 972
	CSP	29.06.2007	149,55	–	12 277	12 277
						31 249
DC Coutts-Trotter	DBP	20.09.2006	95,14	–	13 210	13 210
RP Becker	DBP	20.09.2006	95,14	–	3 798	3 798

Executive directors and selected senior employees of SIML participate in certain or all of these new plans. Awards under the EGP, CSP and DBP have been made in the past two years.

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.

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*

	Salary R	Bonus Gross R	Bonus Deferred *** R	Retirement contributions R	Other benefits**** R	Total annual remuneration R
Executive directors						
2007						
DC Coutts-Trotter	3 332 550	5 364 559	(1 922 642)	581 357	286 093	7 641 917
RP Becker	1 869 162	2 134 001	(765 122)	434 700	111 138	3 783 879
	5 201 712	**7 498 560**	**(2 687 764)**	**1 016 057**	**397 231**	**11 425 796**
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**

	Consultancy fees (subsidiary)	Directors', committee and trustee fees (subsidiaries and trusts)	Directors' fees R	Committee fees R	**Total 2007 R**	Total 2006 R
Non-executive directors						
DA Hawton		90 832	875 000	95 000	**1 060 832**	915 000
H Adams	207 000	50 000	148 000	–	**405 000**	344 000
L Boyd			148 000	48 000	**196 000**	185 000
PL Campher		50 000	148 000	48 000	**246 000**	185 000
MP Egan		10 000	148 000	175 000	**333 000**	305 000
NN Gwagwa		59 332	148 000	–	**207 332**	82 274
IN Matthews		30 000	148 000	90 000	**268 000**	225 000
LM Mojela			148 000	–	**148 000**	140 000
MV Moosa		90 832	148 000	–	**238 832**	82 274
DM Nurek			148 000	149 000	**297 000**	280 000
E Oblowitz			148 000	64 000	**212 000**	200 000
GR Rosenthal			148 000	106 000	**254 000**	240 000
PEI Swartz			148 000	–	**148 000**	152 000
	207 000	**380 996**	**2 651 000**	**775 000**	**4 013 996**	**3 335 548**
Executive directors						
DC Coutts-Trotter		131 744#			131 744	20 000#
RP Becker		151 451#			151 451	
	207 000	**664 191**	**2 651 000**	**775 000**	**4 297 191**	**3 355 548**

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

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

** Excludes a non-recurrent 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. 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 exercised	Date of grant	Exercise price R	Exercise date	Exercise/ market price R	Gains on exercise of share options R
DC Coutts-Trotter	4 375	04.12.2001	22,975	08.05.2007	154,36	574 809
	8 750	06.03.2003	26,500	08.05.2007	154,36	1 118 775
	11 875	01.08.2003	31,555	08.05.2007	154,36	1 458 309
	15 000	01.08.2003	31,555	08.05.2007	154,23	1 840 125
						4 992 018

Share option grants and share plan awards

		2007 Number	2007 * Value R	2007 ** Expense recognised during year R	2006 Number	2006 * Value R	2006 ** Expense recognised during year R
PD Bacon:	Options	n/a	n/a	n/a	75 000	1 856 625	1 986 183
						1 856 625	1 986 183
DC Coutts-Trotter:	Options			**409 486**			831 336
	EGP	**16 550**	**707 678**	**183 893**	27 919	551 679	–
	CSP	**21 063**	**1 703 997**	**484 552**	35 533	1 453 655	–
	DBP	**13 210**	**1 256 774**	**338 583**	–	–	–
			3 668 449	**1 416 514**		2 005 334	831 336
RP Becker:	Options			**781 667**			1 505 667
	EGP	**8 305**	**355 122**	**82 669**	12 551	248 008	–
	CSP	**12 277**	**993 209**	**258 715**	18 972	776 145	–
	DBP	**3 798**	**361 335**	**97 346**	–	–	–
			1 709 666	**1 220 397**		1 024 153	1 505 667
			5 378 115	**2 636 911**		4 886 112	4 323 186

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

Proposed increases in the level of fees payable to the non-executive directors for 2008 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.

R	Proposed 2008	Approved 2007
Services as directors		
fees: – chairman of the board	932 000	875 000
– directors	157 500	148 000
Audit committee		
fees: – chairman	136 000	127 000
– members	68 000	64 000
Remuneration and nomination committee		
fees: – chairman	102 000	95 000
– members	51 000	48 000
Risk committee		
fees: – chairman	91 000	85 000
– members	45 500	42 000

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 page 81 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 and safety and environmental management are set out on pages 82 and 98 to 104 respectively.

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 128 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.



Golden Valley

Code of ethics

The group recognises the vested interest 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 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.

Financial statements

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Directors' approval

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

DA Hawton
Chairman

DC Coutts-Trotter
Chief Executive

Group secretary's certificate

TO THE MEMBERS OF SUN INTERNATIONAL LIMITED

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

SA Bailes
Group Secretary

15 October 2007

Report of the independent auditors

TO THE MEMBERS OF SUN INTERNATIONAL LIMITED

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

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc
Director: DB von Hoesslin
Registered Auditor
Johannesburg

15 October 2007

Report of the directors

for the year ended 30 June 2007

NATURE OF BUSINESS

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

EARNINGS

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

Segmental information is set out on pages 150 to 151.

DIVIDENDS

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

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

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

REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

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

SHARE CAPITAL

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

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

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

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

SHARE INCENTIVE SCHEMES

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

SUBSIDIARIES

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

BORROWING CAPACITY

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

DIRECTORS AND GROUP SECRETARY

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

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

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

As at 30 June 2007, the directors of the company beneficially held, directly or indirectly, 1 176 315 (2006: 1 141 064) ordinary shares in the issued capital of the company, as follows:

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

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

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

Ordinary shares acquired

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

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

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

HOLDING COMPANY

The company has no holding or ultimate holding company.

SPECIAL RESOLUTIONS PASSED BY THE COMPANY AND ITS SUBSIDIARIES

Company

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

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

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

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

Subsidiaries

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

Report of the directors

for the year ended 30 June 2007

- *Sun International Investments No. 2*

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

- *SISA*

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

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

POST BALANCE SHEET EVENTS

- Settlement of Afrisun Leisure litigation

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

- Share buy back

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

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

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

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

- Shareholding in SunWest

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

- Disposal of Life Esidimeni

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

Accounting policies

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

BASIS OF PREPARATION

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

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

GROUP ACCOUNTING

Subsidiaries

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

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

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

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

The company accounts for subsidiary undertakings at cost.

Transactions with minority shareholders

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

Special purpose entities

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

INTANGIBLE ASSETS

Goodwill

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

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

Other intangible assets

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

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

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

FOREIGN CURRENCY TRANSLATION

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in South African Rands which is the company's functional and presentation currency.

Transactions and balances

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

Foreign entities

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

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

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

PROPERTY, PLANT AND EQUIPMENT

Freehold land is included at cost.

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

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

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

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

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

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

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

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. However, costs that are directly associated with identifiable and unique software products controlled by the group and which have probable economic benefits exceeding the costs beyond one year are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of the relevant overheads. Expenditure which enhances or extends the performance of these assets beyond their original specifications is recognised as a capital improvement and added to the original cost of the asset.

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

IMPAIRMENT OF ASSETS

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

PRE-OPENING EXPENDITURE

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

INVENTORY

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

TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less a provision for impairment. This provision is based on a review of all outstanding amounts at year end and is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Bad debts are written off during the year in which they are identified.

CASH AND CASH EQUIVALENTS

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

TRADE PAYABLES

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

FINANCIAL INSTRUMENTS

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

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

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

FINANCIAL ASSETS

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

Loans and receivables

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

Available-for-sale investments

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

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

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

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

NON CURRENT ASSETS HELD FOR SALE

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

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

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

DEFERRED TAX

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

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

SECONDARY TAXATION

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

LEASES

Leases of assets where the group assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding lease obligations, net of finance charges, are included in borrowings. The interest element of the lease payment is charged to the income statement over the lease period. The assets acquired under finance leasing contracts are depreciated over the shorter of the useful life of the asset or the lease period. Where a lease has an option to be renewed the renewal period is considered when the period over which the asset will be depreciated is determined.

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

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

BORROWINGS

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

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

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

EMPLOYEE BENEFITS

Defined benefit scheme

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

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

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

Defined contribution scheme

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

Post-retirement medical aid contributions

The group provides limited post-retirement health-care benefits to eligible employees. The entitlement to these benefits is conditional upon the employee remaining in service up to retirement age and the employee must have joined the group before 30 June 2003. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are recognised in the income statement. These obligations are valued annually by independent qualified actuaries.

Share based payments

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

PROVISIONS

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

SHARE CAPITAL

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

External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from the proceeds, net of income taxes, in equity. Share issue costs incurred directly in connection with a business combination are included in the cost of acquisition.

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

REVENUE RECOGNITION

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

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

DIVIDEND DISTRIBUTIONS

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

Accounting policies

SEGMENTAL REPORTING

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

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

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Critical accounting estimates and assumptions

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

Asset useful lives and residual values

Property, plant and equipment is depreciated over its useful life taking into account residual values where appropriate. The actual useful lives of the assets and residual values are assessed annually. In re-assessing asset useful lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Treatment of levies and VAT on casino revenue

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

Impairment of assets

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

Future cash flows expected to be generated by the assets are projected, taking into account market conditions and the expected useful lives of assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value. If the information to project future cash flows is not available or could not be reliably estimated, management uses the best alternative information available to estimate a possible impairment.

Valuation of derivatives and other financial instruments

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

Consolidation of subsidiaries and special purpose entities

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

Pension fund asset

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

ACCOUNTING POLICY DEVELOPMENTS

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

Amendments to published standards effective in 2007

IAS 19 (Amendment), Employee Benefits

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

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

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

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

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

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

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

Standards, amendments and interpretations not yet effective

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

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

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

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

IFRS 8, Operating Segments

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

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

IFRIC 10, Interim Financial Reporting and Impairment

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

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

IFRIC 11, IFRS 2 – Group and Treasury Share Transactions

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

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

IFRIC 12, Service Concession Arrangements

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

This interpretation is not applicable to the group.

IFRIC 13, Customer Loyalty Programme

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

The group currently complies with the interpretation.

Income statements

for the year ended 30 June

Company 2006 Rm	Company 2007 Rm		Notes	Group 2007 Rm	Group 2006 Rm
		Continuing operations			
491	**656**	**Revenue**		**6 937**	5 949
–	**–**	Casino		**5 359**	4 543
–	**–**	Rooms		**776**	681
491	**656**	Food, beverage and other		**802**	725
–	**–**	Other income	2	**85**	216
–	**–**	Employee costs	3	**(1 307)**	(1 214)
–	**–**	Levies and VAT on casino revenue		**(1 133)**	(948)
–	**–**	Depreciation and amortisation	4	**(518)**	(473)
–	**–**	Promotional and marketing costs		**(577)**	(509)
–	**–**	Consumables and services		**(683)**	(587)
–	**–**	Property and equipment rental		**(74)**	(62)
–	**–**	Property costs		**(224)**	(222)
(4)	**(7)**	Other operational costs		**(472)**	(482)
–	**–**	Impairment of investment		**(97)**	–
(211)	**–**	BEE transaction charge		**–**	(219)
276	**649**	**Operating profit**	5	**1 937**	1 449
–	**–**	Foreign exchange (losses)/profits		**(10)**	52
28	**21**	Interest income	6	**77**	74
(36)	**(35)**	Interest expense	7	**(313)**	(250)
268	**635**	**Profit before taxation**		**1 691**	1 325
(2)	**1**	Taxation	8	**(669)**	(517)
266	**636**	**Profit from continuing operations**		**1 022**	808
		Discontinued operations			
384	**–**	Profit from discontinued operations	9	**–**	387
650	**636**	**Profit**		**1 022**	1 195
		Attributable to:			
		Minorities		**224**	262
		Ordinary shareholders		**798**	933
				1 022	1 195

Balance sheets

as at 30 June

Company 2006 Rm	Company 2007 Rm		Notes	Group 2007 Rm	Group 2006 Rm
		ASSETS			
		Non current assets			
–	**–**	Property, plant and equipment	13	**5 883**	5 407
–	**–**	Intangible assets	14	**361**	395
2 514	**2 527**	Investments in subsidiaries	15		
–	**–**	Available-for-sale investment	16	**44**	141
684	**689**	Loans and receivables	17	**159**	302
-	**–**	Pension fund asset	18	**10**	–
5	**–**	Deferred tax	24	**25**	17
3 203	**3 216**			**6 482**	6 262
		Current assets			
–	**–**	Available-for-sale investment	16	**–**	183
–	**–**	Non current asset held for sale	19	**164**	–
158	**308**	Loans and receivables	17	**1**	5
–	**–**	Inventory	20	**32**	35
21	**–**	Accounts receivable	21	**354**	290
3	**7**	Taxation		**12**	9
–	**–**	Cash and cash equivalents		**1 089**	756
182	**315**			**1 652**	1 278
3 385	**3 531**	**Total assets**		**8 134**	7 540
		EQUITY AND LIABILITIES			
		Capital and reserves			
3 046	**3 222**	Ordinary shareholders' equity		**2 348**	3 083
–	**–**	Minorities' interests		**642**	742
3 046	**3 222**			**2 990**	3 825
		Non current liabilities			
–	**1**	Deferred tax	24	**394**	408
262	**267**	Borrowings	25	**2 271**	1 458
–	**–**	Other non current liabilities	26	**139**	125
262	**268**			**2 804**	1 991
		Current liabilities			
24	**22**	Accounts payable and accruals	27	**862**	683
–	**–**	Provisions	28	**60**	51
53	**19**	Borrowings	25	**1 275**	868
–	**–**	Taxation		**143**	122
77	**41**			**2 340**	1 724
339	**309**	**Total liabilities**		**5 144**	3 715
3 385	**3 531**	**Total equity and liabilities**		**8 134**	7 540

Cash flow statements

for the year ended 30 June

Company 2006 Rm	Company 2007 Rm		Notes	Group 2007 Rm	Group 2006 Rm
		Cash flows from operating activities			
		Cash receipts from customers		**6 915**	5 965
		Cash paid to suppliers, government and employees		**(4 299)**	(3 919)
(14)	**–**	Cash generated/(utilised) by operations	30.1	**2 616**	2 046
–	**–**	Pre-opening expenses		**(8)**	(13)
(30)	**(4)**	Taxation paid	30.2	**(704)**	(598)
(44)	**(4)**	*Net cash inflow/(outflow) from operating activities*		**1 904**	1 435
		Cash flows from investing activities			
		Purchase of property, plant and equipment			
–	**–**	Expansion		**(522)**	(214)
–	**–**	Replacement		**(450)**	(354)
–	**–**	Purchase of intangible assets		**(2)**	(1)
–	**–**	Proceeds on disposal of property, plant and equipment		**8**	11
–	**–**	Proceeds on disposal of operations		**–**	17
–	**–**	Proceeds on disposal of shares in subsidiaries	30.3	**37**	4
(5)	**–**	Purchase of additional shares in subsidiaries	30.4	**(952)**	(25)
513	**677**	Investment income	30.5	**77**	74
–	**(5)**	Other non current investments and loans made		**(15)**	(57)
34	**–**	Other non current investments and loans realised		**302**	209
542	**672**	*Net cash (outflow)/inflow from investing activities*		**(1 517)**	(336)
		Cash flows from financing activities			
(138)	**(29)**	Increase/(decrease) in borrowings	30.6	**1 067**	3
(30)	**(18)**	Interest paid	30.7	**(292)**	(232)
(279)	**(379)**	Dividends paid	30.8	**(581)**	(498)
22	**(92)**	(Decrease)/increase in share capital		**(92)**	22
(73)	**(150)**	Purchase of treasury shares and share options		**(150)**	(266)
–	**–**	Increase in minority shareholder funding		**–**	19
(498)	**(668)**	*Net cash outflow from financing activities*		**(48)**	(952)
–	**–**	Effects of exchange rate changes on cash and cash equivalents		**(6)**	11
–	**–**	**Net increase in cash and cash equivalents**		**333**	158
–	**–**	Cash and cash equivalents at the beginning of the year		**756**	589
		Cash of operations previously equity accounted		**–**	9
–	**–**	**Cash and cash equivalents at the end of the year**	30.9	**1 089**	756

Statements of changes in shareholders' equity

for the year ended 30 June

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

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

Notes to the annual financial statements

for the year ended 30 June

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

Notes to the annual financial statements

for the year ended 30 June

	Discontinued operations		Segment results		Assets		Liabilities		Capital expenditure	
	2007 Rm	2006 Rm	**2007 Rm**	2006 Rm	**2007 Rm**	2006 Rm	**2007 Rm**	2006 Rm	**2007 Rm**	2006 Rm
			1 469	1 126	**4 420**	3 936	**533**	390	**757**	349
			594	504	**1 395**	1 116	**147**	112	**431**	62
			268	209	**655**	628	**100**	79	**101**	68
			181	114	**870**	885	**87**	75	**43**	54
			151	122	**338**	344	**43**	30	**22**	21
			65	46	**341**	339	**34**	24	**10**	18
			32	23	**152**	127	**28**	18	**21**	10
			68	45	**157**	153	**19**	13	**14**	9
			60	29	**181**	193	**17**	13	**9**	99
			37	27	**98**	100	**12**	10	**8**	7
			7	7	**60**	51	**23**	16	**1**	1
			6	–	**173**	–	**23**	–	**97**	–
			234	175	**2 413**	2 186	**447**	311	**202**	141
			89	79	**1 505**	1 288	**291**	210	**145**	59
			39	30	**196**	198	**33**	17	**15**	15
			34	18	**147**	163	**24**	19	**8**	5
			10	6	**86**	77	**20**	13	**9**	4
			33	16	**334**	328	**42**	24	**10**	9
			10	10	**49**	41	**14**	10	**9**	20
			19	16	**96**	91	**23**	18	**6**	29
			269	211	**654**	260	**20**	56	**11**	–
		378	**(35)**	315	**610**	1 132	**61**	102	**2**	78
		378	**(3)**	346	**610**	1 132	**61**	102	**2**	78
			85	216						
			(117)	(247)						
	–	378	**1 937**	1 827	**8 097**	7 514	**1 061**	859	**972**	568
		9		9						
			(246)	(124)						
			(669)	(517)	**12**	9	**143**	122		
			(224)	(262)						
					25	17	**394**	408		
							3 546	2 326		
	–	387	**798**	933	**8 134**	7 540	**5 144**	3 715	**972**	568

Notes to the annual financial statements

for the year ended 30 June

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

Notes to the annual financial statements

for the year ended 30 June

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

Ster Century Middle East

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

City Lodge Hotels Limited

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

Notes to the annual financial statements

for the year ended 30 June

	Group 2007 Rm	Group 2006 Rm	Company 2007 Rm	Company 2006 Rm
10. EBITDA RECONCILIATION				
Operating profit	**1 937**	1 449		
Depreciation and amortisation	**518**	473		
Other income	**(85)**	(216)		
BEE transaction charge	**–**	219		
Property and equipment rental	**74**	62		
Indirect taxes relating to prior years	**–**	(11)		
Loss on disposal of property, plant and equipment	**6**	10		
Impairment provision reversal	**(4)**	–		
Impairment of investment	**97**	–		
Pension fund surplus recognition	**(10)**	–		
Pre-opening expenses	**8**	13		
Reversal of Employee Share Trusts' consolidation*	**20**	16		
EBITDA	**2 561**	2 015		

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

	Group 2007 Rm	Group 2006 Rm	Company 2007 Rm	Company 2006 Rm
11. EARNINGS PER SHARE				
Profit attributable to ordinary shareholders	**798**	933		
Headline earnings adjustments	**99**	(490)		
Impairment of investment	**97**	–		
Loss on disposal of property, plant and equipment	**6**	10		
Impairment provision reversal	**(4)**	–		
Profit on disposal of City Lodge	**–**	(392)		
Currency translation reserve realised	**–**	(108)		
Taxation relief on the above items	**2**	22		
Minorities' interests in the above items	**(30)**	2		
Headline earnings	**869**	467		
Adjusted headline earnings adjustments	**(85)**	102		
Pre-opening expenses	**8**	13		
Realisation of fair value gains on KZL shares	**(84)**	(83)		
Foreign exchange losses/(profits) on intercompany loans	**2**	(11)		
Fair value adjustments on loan origination	**(1)**	(25)		
Pension fund surplus recognition	**(10)**	–		
Indirect taxes relating to prior years	**–**	(11)		
BEE transaction charge	**–**	219		
Taxation relief on the above items	**12**	14		
Minorities' interests in the above items	**(3)**	16		
Reversal of Employee Share Trusts' consolidation	**21**	20		
Results from discontinued operations	**–**	(17)		
Adjusted headline earnings	**814**	602		
Number of shares for EPS calculation (000's)				
Weighted average number of shares in issue	**104 864**	107 056		
Adjustment for dilutive share options	**1 936**	1 338		
	106 800	108 394		

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for the year ended 30 June

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

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

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

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

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

Notes to the annual financial statements

for the year ended 30 June

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

Notes to the annual financial statements

for the year ended 30 June

13. PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

13. PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

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

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

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

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

Notes to the annual financial statements

for the year ended 30 June

	Group 2007 Rm	Group 2006 Rm	Company 2007 Rm	Company 2006 Rm
14. INTANGIBLE ASSETS				
Cost				
Sun International name*	**72**	72		
Bid costs	**524**	514		
Management contracts	**18**	18		
Lease premiums	**35**	35		
	649	639		
Accumulated amortisation				
Bid costs	**(271)**	(228)		
Management contracts	**(1)**	(1)		
Lease premiums	**(16)**	(15)		
	(288)	(244)		
Net carrying value				
Sun International name*	**72**	72		
Bid costs	**253**	286		
Management contracts	**17**	17		
Lease premiums	**19**	20		
	361	395		
Movements on intangible assets				
Balance at beginning of year	**395**	433		
Bid costs incurred	**10**	1		
Reclassification from property, plant and equipment	**–**	7		
Amortised during the year	**(44)**	(46)		
Bid costs and management contracts	**(43)**	(43)		
Lease premiums	**(1)**	(3)		
	361	395		

**The Sun International name is classified as an indefinite life intangible asset as the group believes that it will benefit from the name for an indefinite period. The name was tested for impairment by discounting 5 years of projected cash flows on relevant management contracts. Discount rates were based on the risk free rate of the appropriate country, a standard risk premium and a country risk premium and ranged from 13,4% to 17,9%. In determining the growth rates applied in the impairment calculations, consideration was given to the location of the business, including economic and political facts and circumstances. There has been no indication of impairment.*

	Group 2007 Rm	Group 2006 Rm	Company 2007 Rm	Company 2006 Rm
15. INVESTMENTS IN SUBSIDIARIES				
Shares at cost				
Balance at beginning of year			**2 514**	2 484
Additional investment in subsidiaries			**2**	4
Employee share based payments			**11**	26
Balance at end of year			**2 527**	2 514

The interests of the company in the aggregate pre tax net profits and losses of its subsidiaries amounted to R1 209 million (2006: R938 million) and R11 million (2006: R39 million) respectively and post tax net profits and losses of its subsidiaries amounted to R694 million (2006: R661 million) and R11 million (2006: R3 million) respectively.

	Group 2007 Rm	Group 2006 Rm	Company 2007 Rm	Company 2006 Rm
16. AVAILABLE-FOR-SALE INVESTMENTS				
Available-for-sale investments comprise:				
KZL	**–**	183	**–**	–
Cape Town International Convention Centre Company (Proprietary) Limited	**44**	141	**–**	–
	44	324	**–**	–
Current portion	**–**	(183)	**–**	–
	44	141	**–**	–
Movement on available-for-sale investments:				
Balance at beginning of year	**324**	428	**–**	–
Currency translation adjustments	**–**	8	**–**	–
Disposals	**(183)**	(189)	**–**	–
Impairment	**(97)**	–	**–**	–
Write up of KZL to market value	**–**	77	**–**	–
	44	324	**–**	–
Director's valuation of unlisted investment	**44**	141	**–**	–
Market value of listed investment	**–**	183	**–**	–
	44	324	**–**	–

The 24,8% (2006: 24,8%) investment in the unlisted Cape Town International Convention Centre Company (Proprietary) Limited forms part of the group's bid commitments in the Western Cape. This investment has been impaired during the year based on the Cape Town Convention Centre Company impairing the carrying value of its buildings. An impairment charge of R97 million has been recognised. This investment is carried at its impaired value as its fair value cannot be reliably determined.

	Group 2007 Rm	Group 2006 Rm	Company 2007 Rm	Company 2006 Rm
17. LOANS AND RECEIVABLES				
Other assets				
Ordinary shares in RAH	**–**	39	**–**	–
Loans				
Share incentive schemes	**–**	–	**308**	158
Preference share funding of empowerment partners	**149**	262	**–**	–
Loans to subsidiaries			**689**	684
Other loans	**11**	6	**–**	–
	160	307	**997**	842
Current portion	**(1)**	(5)	**(308)**	(158)
	159	302	**689**	684
Loans are due over the following financial years:				
2007		5		158
2008	**1**	–	**308**	–
2009	**25**	–	**–**	–
2010	**35**	–	**–**	–
2011	**–**	–	**–**	–
2012 onwards	**99**	263	**689**	684
	160	268	**997**	842

	Group 2007 %	Group 2006 %	Company 2007 %	Company 2006 %
17. LOANS AND RECEIVABLES (continued)				
The weighted average interest and dividend rates were as follows:				
Share incentive schemes	**–**	–	**NIB**	NIB
Preference share funding of empowerment partners*	**9,9**	8,5	**–**	–
Loans to subsidiaries			**3,2**	3,2
Other loans	**8,8**	2,3	**–**	–
Weighted average	**9,9**	8,3	**2,6**	2,6

**These rates are linked to the prime bank overdraft rate.*

NIB – Non interest bearing

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

18. RETIREMENT BENEFIT INFORMATION

Valuation in terms of the Financial Services Board guidelines

A valuation of the defined benefit fund was carried out on 1 July 2004, the group's surplus apportionment date, by an independent firm of consulting actuaries. The fund was found to have a surplus of R29,8 million, which the trustees have designated as a solvency reserve in terms of circular PF 117 issued by the Financial Services Board (FSB). Circular PF 117 deals, amongst other issues, with the allocation of assets to solvency reserves. Any allocation of assets to contingency reserves reduces the amount of surplus available for distribution to former members and other stakeholders. The valuation has been approved by the FSB. The results of the valuation are summarised below:

	Group 2007 Rm	Group 2006 Rm
Present value of funded obligations	**(189)**	(189)
Fair value of fund assets	**219**	219
Surplus before contingency reserve	**30**	30
Contingency reserve	**(30)**	(30)
Surplus available for distribution	**–**	–

The group carries out statutory actuarial valuations every three years. The next valuation will be undertaken effective 1 July 2007.

	Group 2007 Rm	2006 Rm
18. RETIREMENT BENEFIT INFORMATION (continued)		
IAS 19 valuation		
The surplus calculated in terms of IAS 19: Employee benefits is presented below. It should be noted that this valuation is performed on a different basis to the valuation in terms of the FSB guidelines.		
The amount recognised in the balance sheet is determined as follows:		
Present value of funded obligations	**(237)**	(205)
Balance at beginning of year	**(205)**	(178)
Current service cost	**(8)**	(8)
Interest cost	**(17)**	(15)
Contributions by plan participants	**(3)**	(3)
Actuarial losses	**(14)**	(16)
Benefits paid	**10**	15
Fair value of plan assets	**449**	340
Balance at beginning of year	**340**	246
Expected return on plan assets	**28**	21
Actuarial gains	**81**	78
Employer contributions	**7**	7
Contributions by plan participants	**3**	3
Benefits paid	**(10)**	(15)
Present value of retirement benefit surplus	**212**	135
Less: application of asset ceiling	**(202)**	(135)
	10	–

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

The present value of the retirement benefit surplus at 30 June 2005 and 2004 were R67 million and R47 million respectively.

	2007 Rm	2006 Rm
The amounts recognised in the income statement are as follows:		
Current service cost	**8**	8
Interest cost	**17**	15
Expected return on plan assets	**(28)**	(21)
Net actuarial gains recognised during the year	**(67)**	(62)
Effect of asset ceiling	**70**	70
Total (refer note 3)	**–**	10

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

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	Group 2007 %	Group 2006 %	Company 2007	Company 2006
18. RETIREMENT BENEFIT INFORMATION (continued)				
The principal actuarial assumptions used were as follows:				
Discount rate	**8,00**	8,25		
Expected return on plan assets	**8,00**	8,25		
Future salary increases	**8,00**	6,50		
Future pension increases	**4,00**	4,50		
Plan assets comprise:				
Listed equity investments	**74**	76		
Bonds	**21**	19		
Other	**5**	5		
Pension plan assets include the company's ordinary shares with a fair value of R8 million (2006: R4 million).				
The expected return on plan assets has been set equal to the discount rate used to value the defined benefit obligations of the fund.				
Expected contributions to post-employment benefit plans for the year ending 30 June 2008 approximate R10 million.				
Experience adjustment on plan liabilities	**6**	8		
Experience adjustment on plan assets	**18**	23		

	Group 2007 Rm	Group 2006 Rm	Company 2007 Rm	Company 2006 Rm
19. NON CURRENT ASSET HELD FOR SALE				
Life Esidimeni	**164**	–	**–**	–
As part of the acquisition of RAH, the group acquired a 45% equity interest in Life Esidimeni. The group stated its intention to dispose of this investment as it is not part of the core business of the group. The investment was valued by the directors based on the potential proceeds less capital gains tax and a provision for the litigation in respect of the Life Care Group Pension fund. Refer note 38.4.				
20. INVENTORY				
Merchandise	**5**	2	**–**	–
Consumables and hotel stocks	**27**	33	**–**	–
	32	35	**–**	–

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for the year ended 30 June

	Group		Company	
	2007 **Rm**	2006 Rm	**2007** **Rm**	2006 Rm
21. ACCOUNTS RECEIVABLE				
Trade receivables	**145**	123	**–**	–
Less impairment	**(9)**	(9)	**–**	–
Net trade receivables	**136**	114	**–**	–
Prepayments	**68**	76	**–**	–
VAT	**36**	18	**–**	1
Receivables from subsidiaries			**–**	20
Share option scheme and discontinued share purchase scheme	**–**	16	**–**	–
Sun International Vacation Club Association	**–**	12	**–**	–
Other receivables	**114**	54	**–**	–
	354	290	**–**	21

The fair value of accounts receivables approximates their carrying value.

	Group		Company	
	2007 **Rm**	2006 Rm	**2007** **Rm**	2006 Rm
22. SHARE CAPITAL AND PREMIUM				
Authorised				
150 000 000 (2006: 150 000 000) ordinary shares of 8 cents each	**12**	12	**12**	12
100 000 000 (2006: 100 000 000) variable rate cumulative redeemable preference shares of 1 cent each	**1**	1	**1**	1
Issued				
Share capital	**9**	9	**9**	9
Share premium	**1 542**	1 634	**1 542**	1 634
Treasury shares	**(692)**	(692)		
– Shares held by the group	**(415)**	(415)		
– Shares held by Employee Share Trusts	**(277)**	(277)		
Treasury share options	**(312)**	(162)		
	547	789	**1 551**	1 643

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

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

Notes to the annual financial statements

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

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

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

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

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

Notes to the annual financial statements

for the year ended 30 June

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

	Rm	Rm	**Rm**	Rm
As at 30 June 2007, interest rates on 19% (2006: 51%) of the group's borrowings were fixed. 100% (2006: 31%) of these fixed borrowings were for periods longer than 12 months. The interest rates other than on the V&A loan, approximate those currently available to the group in the market.				
Redeemable preference shares:				
Dinokana	**194**	194	**–**	–
SISA	**1 000**	–	**–**	–
Mahogany Rose Investments 46 (Proprietary) Limited	**94**	–	**–**	–
Afrisun Leisure	**46**		**–**	–
	1 334	194	**–**	–

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

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

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

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

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

Notes to the annual financial statements

for the year ended 30 June

	Group		Company	
	2007	2006	**2007**	2006
	Rm	Rm	**Rm**	Rm
26. OTHER NON CURRENT LIABILITIES				
Straight lining of operating leases	**20**	11	**–**	–
Deferred income	**48**	52	**–**	–
Post retirement medical aid liability	**75**	66	**–**	–
	143	129	**–**	–
Current portion	**(4)**	(4)	**–**	–
	139	125	**–**	–

Deferred income

Deferred income represents sales proceeds in respect of the second phase Vacation Club units constructed at Sun City. This revenue is recognised over the 15 year period of the members' contracts.

Post retirement medical benefits

The group contributes towards the post retirement medical aid contributions of eligible employees employed by the group as at 30 June 2003. Employees who join the group after 1 July 2003 will not be entitled to any co-payment subsidy from the group upon retirement. Employees are eligible for such benefits on retirement based upon the number of completed years of service. The method of accounting and valuation are similar to those used for defined benefit schemes. The actuarial valuation to determine the liability is performed annually.

The amounts recognised in the balance sheet were determined as follows:

	2007 Rm	2006 Rm
Present value of unfunded obligations	**75**	66

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

	2007 Rm	2006 Rm
Movement in unfunded obligation:		
Benefit obligation at beginning of year	**66**	53
Associates now consolidated	**–**	2
Interest cost	**6**	4
Current service cost	**4**	3
Actuarial loss	**–**	5
Benefits paid	**(1)**	(1)
Benefit obligation at end of year	**75**	66

	2007 Rm	2006 Rm
The amounts recognised in the income statement are as follows:		
Current service cost	**4**	3
Interest cost	**6**	4
Net actuarial losses	**–**	5
Total	**10**	12

	Group		Company	
	2007	2006	**2007**	2006
	%	%		
26. OTHER NON CURRENT LIABILITIES (continued)				
The effect of a 1% movement in the assumed retirement cost trend rate were as follows:				
The effect of a 1% increase relates to increasing the long-term future inflation assumption from 4,5% per annum to 5,5% per annum and hence reducing the gap between the discount rate and the inflation rate from 3,5% per annum to 2,5% per annum. The resultant increase in the liability is equal to R18,1 million, or 24,2% and the resultant increase in the total of the service and interest costs is R2,7 million.				
The effect of a decrease of 1% relates to reducing the long-term future inflation assumption from 4,5% per annum to 3,5% per annum and hence widening the gap between the discount rate and the inflation rate from 3,5% per annum to 4,5% per annum. The resultant reduction in the liability is equal to R13,9 million, or 18,5% and the resultant reduction in the total of the service and interest costs is R2 million.				
Expected contributions to post-employment benefit plans for the year ending 30 June 2008 are R10 million.				
The principal actuarial assumptions used for accounting purposes were:				
Discount rate	**8,00**	8,50		
Price inflation allowed by group	**4,50**	5,00		

	Rm	Rm	**Rm**	Rm
27. ACCOUNTS PAYABLE AND ACCRUALS				
Trade payables	**162**	94	**–**	–
Accrued expenses	**663**	460	**–**	–
Capital creditors	**11**	27	**–**	–
Other payables	**26**	102	**22**	24
	862	683	**22**	24

The fair value of accounts payable approximate their carrying value.

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

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

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

29. ACQUISITION OF RAH

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

Notes to the annual financial statements

for the year ended 30 June

	Group % before acquisition*	Group %after acquisition*
29. ACQUISITION OF RAH (continued)		
As a result of the acquisition, the group's effective interest in a number of its subsidiaries increased as summarised below:		
SunWest	58,8	67,4
Afrisun Gauteng	70,0	82,9
Emfuleni Resorts	70,2	76,6
Afrisun KZN	55,9	62,9
Gauteng Casino Resort Manco	20,0	39,0
Western Cape Casino Resort Manco	20,0	26,7
Emfuleni Casino Resorts Manco	20,0	26,7
Afrisun KZN Manco	20,0	26,7

** Excludes the shareholding of the Employee Share Trusts.*

Details of net assets acquired and premium paid for the non controlling interest are as follows:

	Rm
Purchase consideration	
Cash paid in the current year	941
Cash paid during the prior year	37
Total purchase consideration	978
Share of minorities' interests purchased	(108)
Fair value of other net assets acquired	(18)
Reserve for non-controlling interest	852

The assets and liabilities as of 15 September 2006 arising from the acquisition and their fair values as determined by the group are as follows:

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

30. CASH FLOW INFORMATION

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

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

31. FINANCIAL INSTRUMENTS

(i) Financial risk management

Foreign exchange risk

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

Credit risk

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

Interest rate risk

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

Liquidity risk

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

	Group 2007 Rm	Group 2006 Rm

32. CONTINGENT LIABILITIES

(i) In the event of default by the current tenants, the group will be liable for lease liabilities relating to the Mmabatho staff flats and the Taung flats. The Mmabatho staff flats' current rental is R4,3 million per annum, escalating at 11% per annum and expires on 30 November 2011. The Taung flats' current rental is R2,7 million per annum, escalating at 11% per annum and expires on 31 October 2010.

(ii) The group has granted a put option in respect of preference share funding provided by institutions to certain of the group's empowerment partners. Preference share funding amounting to R20 million (2006: R20 million) has effectively been underwritten.

(iii) Group companies have guaranteed borrowing facilities of certain group subsidiaries in which the group has less than 100% shareholding. The group has therefore effectively underwritten the minorities' share of these facilities in the amount of R341 million (2006: R350 million).

Contingent liabilities which the group has incurred in relation to its previous interest in associates:

(i) The group's 73,3% held subsidiary, RRHL, together with Primedia Limited have jointly and severally guaranteed two (2006: three) operating leases of SCE whose annual rental amounts to US$3 million (2006: US$5,8 million). At 30 June 2007 the maximum exposure is US$30,3 million (2006: US$43,5 million).

(ii) In addition, RRHL together with Primedia has jointly and severally guaranteed an operating lease of SCME whose annual rental amounts to US$1,8 million (2006: US$1,8 million). At 30 June the maximum exposure is US$ 11,1 million (2006: US$ 11,8 million).

33. CAPITAL EXPENDITURE AND RENTAL COMMITMENTS

	Group 2007 Rm	Group 2006 Rm
Capital commitments		
Contracted	**385**	223
Authorised by the directors but not contracted	**961**	1 053
Conditionally authorised*	**2 250**	–
	3 596	1 276
To be spent in the forthcoming financial year	**1 192**	970
To be spent thereafter	**2 404**	306
	3 596	1 276

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

**Conditionally authorised in respect of Chile and Nigeria projects.*

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for the year ended 30 June

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

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for the year ended 30 June

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

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

Share based compensation granted
Share option scheme
All share options and grants were awarded to key management on the same terms and conditions as those offered to other employees of the group.

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

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

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

	Rm	Rm
Gain on sale of interests by key management		
SunWest	**–**	2
Sun International Limited	**1**	–
	1	2

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for the year ended 30 June

	Group 2007 R'000	2006 R'000
34. RELATED PARTY TRANSACTIONS (continued)		
(ii) Shareholding of key management (continued)		
Dividends received by key management		
Sun International Limited	**966**	885
Afrisun Gauteng	**146**	121
Emfuleni Resorts	**908**	724
Afrisun KZN	**1 187**	535
SunWest	**3 756**	4 860
National Casino Resort Manco Holdings (Proprietary) Limited	**1 277**	1 627
Teemane	**427**	–
	8 667	8 752

(iii) Other commercial transactions with related parties

Interest in timeshare

Certain members of key management own timeshare at Sun City, which was acquired at market prices.

Interests in concessionaires and service providers by key management

Key management have the following interests:

- A 11% holding in San Squires (Proprietary) Limited who paid a rental of R8 799 506 (2006: R5 407 461).
- A 50% holding in Cape Town Fish Market who paid rental of R1 228 592 (2006: R1 086 356).
- A 100% holding in Nadesons (Proprietary) Limited who received consulting fees of R250 515 (2006: R239 400) from GrandWest.
- A 22% holding in ASCH Consulting Engineering (Proprietary) Limited who received consulting fees of R6 061 881 (2006: R400 410).
- A 30% holding in Proman Project Management Services (Proprietary) Limited who received consulting fees of R5 438 526 (2006: R3 991 138).
- A 40% holding in Grandpark (Proprietary) Limited who received fees of R93 180 (2006: R272 141).

	Rm	Rm
(iv) Loans to related parties		
Loans to SCE and SCME		
Balance at beginning of year	**–**	4
Repaid	**–**	(4)
Balance at end of year	**–**	–

(v) Other related party relationships.

Management agreements are in place between SIML and various group companies. A management fee is charged by SIML in respect of management services rendered.

The group's ownership of subsidiaries is set out on page 187 of this annual report.

Notes to the annual financial statements

for the year ended 30 June

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

36. SHARE INCENTIVE SCHEMES

(i) Share option scheme

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

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

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

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

36. SHARE INCENTIVE SCHEMES (continued)

(i) Share option scheme (continued)

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

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

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

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

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

Principal assumptions used were as follows:	
Exit multiple	1,8
Volatility	400-day
Exit rate	5%

Notes to the annual financial statements

for the year ended 30 June

36. SHARE INCENTIVE SCHEMES (continued)

(ii) Conditional share plan (CSP)

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

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

(iii) Equity growth plan (EGP)

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

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

36. SHARE INCENTIVE SCHEMES (continued)

(iv) Deferred Bonus Plan (DBP)

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

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

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

All share incentive schemes are equity settled.

37. EMPLOYEE SHARE TRUSTS

These trusts have been consolidated in the group's financial statements.

Sun International Employee Share Trust

The Sun International Employee Share Trust was established to enable eligible employees to share in the success of the group through share ownership. The share scheme excludes participants of any other group share incentive scheme. Eligible employees will benefit from income and growth distributions made by the trust.

The trust is funded through interest-free loans from the participating companies in the group. These loans have been fair valued and imputed interest at 12% per annum is recognised over the expected loan period. Loans will be repaid through dividend flows and proceeds on the disposal of the underlying investments held by the trust.

The trust is controlled by its trustees. The majority of the trustees are representatives elected by and from the employees belonging to the trust. The company has no beneficial interest in and has no control over the trust. The group does not share in any economic benefits from the trust.

The economic interest held by the trust in group companies is set out below:

	Group 2007 %	Group 2006 %
Afrisun Gauteng	**3,5**	3,5
Emfuleni Resorts	**3,5**	3,5
SunWest	**3,5**	3,5
Meropa	**3,5**	3,5
Teemane	**3,5**	3,5
Afrisun KZN	**3,5**	3,5
Mangaung Sun	**3,5**	3,5
Sun International Limited – direct	**2,3**	2,3
– indirect	**3,0**	3,0

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

38. POST BALANCE SHEET EVENTS

38.1 Share buy back

On 30 July 2007 the company purchased 16 084 833 of its shares for a total consideration of R2 338 million. The purchased shares have been dealt with as follows:

	Number of shares 000's	Value Rm
Delisted and cancelled	11 324	1 646
Held as treasury shares	4 761	692
	16 085	2 338

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

38. POST BALANCE SHEET EVENTS (continued)

38.2 Settlement of litigation

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

38.3 Shareholding in SunWest

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

38.4 Disposal of Life Esidimeni

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

Interest in principal subsidiaries

for the year ended 30 June

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

* *Country of incorporation*
(1) South Africa (2) Botswana (3) Swaziland (4) Lesotho (5) Namibia (6) Panama (7) Bermuda (8) Zambia (9) Registered as an external company in South Africa.
** *Amount of share capital is stated in US$.*
*** *Amount of share capital stated in Botswana Pula.*

Notice of annual general meeting

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

1. **Ordinary resolution number 1 – adoption of annual financial statements**
   To receive and adopt the annual financial statements for the year ended 30 June 2007.

2. **Ordinary resolutions numbers 2.1 to 2.5**
   To re-elect Messrs H Adams and L Boyd, Ms LM Mojela, Messrs E Oblowitz and PEI Swartz as directors by way of separate resolutions, who retire in accordance with the provisions of the company's articles of association. (Please refer to pages 106 and 107 of the annual report for a brief CV of each director standing for re-election.)

3. **Ordinary resolutions numbers 3.1 to 3.8 – directors' fees**
   To approve fees payable to the non-executive directors in respect of the financial year ending 30 June 2008, as follows:

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

SPECIAL BUSINESS

4. **Special resolution – General authority to repurchase shares**
   To consider and, if deemed fit, to pass, with or without modification, the following special resolution:

   'RESOLVED that the directors be and are hereby authorised to approve and implement the acquisition by the company (or a subsidiary of the company up to a maximum of 10% (ten percent) of the number of issued ordinary shares of the company), of ordinary shares issued by the company by way of a general authority, which shall only be valid until the company's next annual general meeting, unless it is then renewed, provided that it shall not extend beyond 15 (fifteen) months from the date of the passing of the special resolution, whichever period is the shorter, in terms of the Companies Act 1973, and the rules and requirements of the JSE Limited (JSE) which provide, inter alia, that the company may only make a general repurchase of its ordinary shares subject to:

   – the repurchase being implemented through the order book operated by the JSE trading system, without prior understanding or arrangement between the company and the counterparty;

   – the company being authorised thereto by its articles of association;

   – repurchases not being made at a price greater than 10% (ten percent) above the weighted average of the market value of the ordinary shares for the 5 (five) business days immediately preceding the date on which the transaction was effected;

   – an announcement being published as soon as the company has repurchased ordinary shares constituting, on a cumulative basis, 3% (three percent) of the initial number of ordinary shares, and for each 3% (three percent) in aggregate of the initial number of ordinary shares repurchased thereafter, containing full details of such repurchases;

   – repurchases not exceeding 20% (twenty percent) in aggregate of the company's issued ordinary share capital in any one financial year;

   – the company's sponsor confirming the adequacy of the company's working capital for purposes of undertaking the repurchase of ordinary shares in writing to the JSE upon entering the market to proceed with the repurchase;

   – the company remaining in compliance with paragraphs 3.37 to 3.41 of the JSE Listings Requirements concerning shareholder spread after such repurchase;

   – the company and/or its subsidiaries not repurchasing securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements, unless it has in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been disclosed in an announcement published on SENS prior to the commencement of the prohibited period; and

   – the company only appointing one agent to effect any repurchases on its behalf.'

Notice of annual general meeting

The directors, having considered the effects of the repurchase of the maximum number of ordinary shares in terms of the 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 106 to 109;
- major beneficial shareholders – page 89;
- directors' interests in ordinary shares – page 132 and 133;
- share capital of the company – page 164 and 165.

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

Directors' responsibility statement

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

Material changes

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

The directors have no specific intention, at present, for the company to repurchase any of its shares but consider that such a general authority should be put in place should an opportunity present itself to do so during the year which is in the best interests of the company and its shareholders.

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

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

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

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

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

By order of the board

SA BAILES

Group Secretary

5 November 2007

Postal address

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

Delivery address

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

Instructions on signing and lodging the form of proxy

NOTES:

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

A proxy need not be a member of Sun International.

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

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

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

Sun International
Limited

Form of proxy

Annual General Meeting

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

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

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

I/We (please print) ______________________________

of (please print) ______________________________

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

1. ______________________________ or failing him/her

2. ______________________________ or failing him/her

3. the chairman of the annual general meeting

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

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

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

Form of proxy

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

Signed this ______ day of ______ 2007

Signature of member(s) ______

Assisted by me (where applicable) ______

Please read the notes and instructions on page 190.

Shareholders' diary

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

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

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