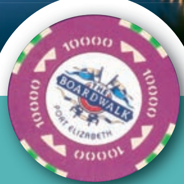
# SUN INTERNATIONAL LIMITED




# Profit and dividend announcement

## for the year ended 30 June 2011

- ♠ REVENUE +12%
- ♦ EBITDA +1%
- ♣ ADJUSTED HEPS +1%
- ♥ CASH GENERATED BY OPERATIONS +16%
- ♠ FINAL DIVIDEND PER SHARE OF 120 CENTS

Sun International

A Million Thrills. One Destination.

# Group statements of comprehensive income
## for the year ended 30 June

| R million | 2011 Reviewed | % change | 2010 Restated# |
|---|---|---|---|
| **Revenue** | | | |
| Casino | **6 981** | 12 | 6 212 |
| Rooms | **904** | 5 | 857 |
| Food, beverage and other | **1 007** | 13 | 892 |
| | **8 892** | 12 | 7 961 |
| Less: promotional allowances | **(241)** | | (164) |
| | **8 651** | | 7 797 |
| Insurance proceeds | **–** | | 180 |
| Consumables and services | **(956)** | | (846) |
| Depreciation and amortisation | **(769)** | | (685) |
| Employee costs | **(1 809)** | | (1 646) |
| Levies and VAT on casino revenue | **(1 583)** | | (1 364) |
| Promotional and marketing costs | **(643)** | | (614) |
| Property and equipment rental | **(81)** | | (114) |
| Property costs | **(425)** | | (351) |
| SFIR minority equity option | **(75)** | | – |
| Other operational costs | **(700)** | | (728) |
| **Operating profit** | **1 610** | (1) | 1 629 |
| Foreign exchange losses | **(66)** | | (15) |
| Interest income | **43** | | 60 |
| Interest expense | **(496)** | | (566) |
| Share of associate's loss | **–** | | (3) |
| **Profit before tax** | **1 091** | | 1 105 |
| Tax | **(515)** | | (448) |
| **Profit for the year** | **576** | (12) | 657 |
| | | | |
| Other comprehensive income: | | | |
| Net loss on cash flow hedges | **–** | | (10) |
| Tax on net loss on cash flow hedges | **–** | | 2 |
| Transfer of hedging reserve to statement of comprehensive income | **13** | | 87 |
| Tax on transfer of hedging reserve to statement of comprehensive income | **(3)** | | (19) |
| Currency translation differences | **15** | | (90) |
| **Total comprehensive income for the year** | **601** | | 627 |

## Group statements of comprehensive income for the year ended 30 June continued

| R million | 2011 Reviewed | % change | 2010 Restated# |
|---|---|---|---|
| **Profit for the year attributable to:** | | | |
| Minorities | **143** | | 150 |
| Ordinary shareholders | **433** | | 507 |
| | **576** | | 657 |
| **Total comprehensive income for the year attributable to:** | | | |
| Minorities | **146** | | 142 |
| Ordinary shareholders | **455** | (6) | 485 |
| | **601** | | 627 |

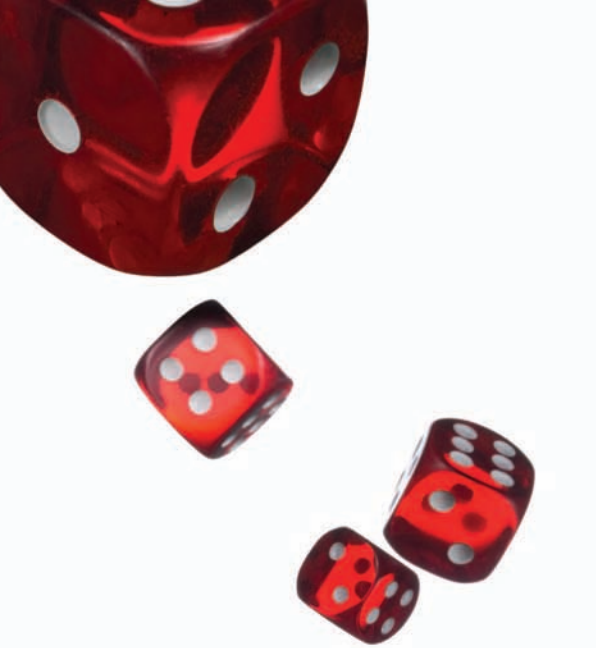
# In terms of IAS 19: Employee Benefits, a long term liability relating to long service awards of R167 million (2010: R156 million, 2009: R144 million) has been recognised in the statement of financial position as at 30 June 2011. The impact on retained earnings (2010: R93 million, 2009: R87 million reduction), minorities (2010: R19 million, 2009: R17 million reduction) and deferred tax liability (2010: R44 million, 2009: R40 million reduction) have been restated and the operating profit and tax adjusted accordingly.

| | 2011 Cents per share | % change | 2010 Cents per share |
|---|---|---|---|
| Earnings per share | | | |
| – basic | **461** | | 545 |
| – diluted | **456** | (15) | 539 |
| Headline earnings | | | |
| – basic | **461** | | 561 |
| – diluted | **456** | (18) | 555 |
| Dividends per share | **200** | | 100 |

The prior year's basic and diluted earnings and headline earnings per share, declined by 7c as a result of the restatement.

# Group statements of financial position
at 30 June

| R million | 2011 Reviewed | 2010 Restated# | 2009 Restated# |
|---|---|---|---|
| **ASSETS** | | | |
| **Non current assets** | | | |
| Property, plant and equipment | **8 868** | 8 909 | 7 878 |
| Intangible assets | **440** | 349 | 382 |
| Available-for-sale investment | **48** | 48 | 48 |
| Loans and receivables | **35** | 45 | 49 |
| Pension fund asset | **35** | 30 | 31 |
| Deferred tax | **126** | 95 | 85 |
| | **9 552** | 9 476 | 8 473 |
| **Current assets** | | | |
| Loans and receivables | **18** | 31 | 184 |
| Accounts receivable and other | **461** | 639 | 536 |
| Cash and cash equivalents | **738** | 721 | 794 |
| | **1 217** | 1 391 | 1 514 |
| **Non current assets held for sale** | **76** | – | – |
| **Total assets** | **10 845** | 10 867 | 9 987 |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and reserves** | | | |
| Ordinary shareholders' equity | **1 517** | 1 117 | 482 |
| Minorities' interests | **1 300** | 1 378 | 1 003 |
| | **2 817** | 2 495 | 1 485 |
| **Non current liabilities** | | | |
| Deferred tax | **468** | 452 | 378 |
| Borrowings | **2 936** | 3 940 | 4 525 |
| Other non current liabilities | **420** | 357 | 377 |
| | **3 824** | 4 749 | 5 280 |
| **Current liabilities** | | | |
| Accounts payable and other | **1 200** | 1 273 | 1 240 |
| Borrowings | **2 972** | 2 350 | 1 982 |
| | **4 172** | 3 623 | 3 222 |
| **Non current liabilities held for sale** | **32** | – | – |
| **Total liabilities** | **8 028** | 8 372 | 8 502 |
| **Total equity and liabilities** | **10 845** | 10 867 | 9 987 |



# Condensed group statements of cash flows
## for the year ended 30 June

| R million | 2011 Reviewed | 2010 Audited |
|---|---|---|
| **Cash generated by operations before:** | **2 602** | 2 416 |
| Working capital changes | **111** | (70) |
| **Cash generated by operations** | **2 713** | 2 346 |
| Tax paid | **(527)** | (519) |
| **Cash retained from operating activities** | **2 186** | 1 827 |
| Cash utilised in investing activities | **(966)** | (1 236) |
| Cash realised from investing activities | **94** | 164 |
| Net cash outflow from financing activities | **(1 271)** | (819) |
| Effect of exchange rates upon cash and cash equivalents | **(22)** | (9) |
| **Increase/(decrease) in cash and cash equivalents** | **21** | (73) |
| **Movement in cash per the statement of financial position** | **17** | (73) |
| Assets held for sale | **4** | – |
| **Total movement in cash** | **21** | (73) |

# Condensed group statements of changes in equity

| R million | Ordinary share-holders' equity | Minorities' interests | Total equity |
|---|---|---|---|
| **FOR THE YEAR ENDED 30 JUNE 2011 (REVIEWED)** | | | |
| **Balance at 30 June 2010** | **1 117** | **1 378** | **2 495** |
| Total comprehensive income for the year | **455** | **146** | **601** |
| SFIR minority equity option | **75** | **–** | **75** |
| Deemed treasury shares purchased | **(1)** | **–** | **(1)** |
| Deemed treasury shares disposed | **5** | **–** | **5** |
| Treasury share options purchased | **(16)** | **–** | **(16)** |
| Shares disposed by Dinokana | **13** | **–** | **13** |
| Employee share based payments | **41** | **–** | **41** |
| Delivery of share awards | **(3)** | **–** | **(3)** |
| Acquisition of minorities' interests | **1** | **37** | **38** |
| Dividends paid | **(170)** | **(261)** | **(431)** |
| Balance at 30 June 2011 | **1 517** | **1 300** | **2 817** |
| **FOR THE YEAR ENDED 30 JUNE 2010 (AUDITED)** | | | |
| **Balance at 30 June 2009 as previously stated** | **569** | **1 020** | **1 589** |
| Accrual for long service awards | (87) | (17) | (104) |
| **Restated balance at 30 June 2009** | **482** | **1 003** | **1 485** |
| Total comprehensive income for the year | 485 | 142 | 627 |
| Share issue | 39 | – | 39 |
| Deemed treasury shares purchased | (1) | – | (1) |
| Deemed treasury shares disposed | 2 | – | 2 |
| Treasury share options purchased | (40) | – | (40) |
| Treasury share options exercised | 79 | – | 79 |
| Shares disposed by Dinokana | 55 | – | 55 |
| Employee share based payments | 37 | – | 37 |
| Delivery of share awards | (4) | – | (4) |
| Acquisition of minorities' interests | (28) | (6) | (34) |
| Increase in minorities funding | 11 | 266 | 277 |
| Acquisition of subsidiary | – | 219 | 219 |
| Dividends paid | – | (246) | (246) |
| **Balance at 30 June 2010** | **1 117** | **1 378** | **2 495** |

# Supplementary information
## for the year ended 30 June

| R million | 2011 Reviewed | % change | 2010 Restated# |
|---|---|---|---|
| **EBITDA RECONCILIATION** | | | |
| **Operating profit** | **1 610** | (1) | 1 629 |
| Monticello insurance deductible* | **–** | | 59 |
| Depreciation and amortisation | **769** | | 685 |
| Property and equipment rental | **81** | | 114 |
| Net (profit)/loss on disposal of property, plant and equipment* | **(1)** | | 1 |
| Profit on disposal of investments* | **–** | | (2) |
| Pre-opening expenses* | **–** | | 28 |
| Pension fund deficit | **–** | | 1 |
| SFIR minority equity option | **75** | | – |
| Reversal of Employee Share Trusts' consolidation* | **21** | | 18 |
| EBITDA | **2 555** | 1 | 2 533 |
| EBITDA margin (%)(i) | **29** | | 32 |
| **HEADLINE EARNINGS AND ADJUSTED HEADLINE EARNINGS RECONCILIATION** | | | |
| **Profit attributable to ordinary shareholders** | **433** | (15) | 507 |
| **Headline earnings adjustments** | **(1)** | | 36 |
| Net (profit)/loss on disposal of property, plant and equipment | **(1)** | | 1 |
| Profit on disposal of investments | **–** | | (2) |
| Monticello insurance deductible relating to asset reinstatement | **–** | | 37 |
| Tax on the above items | **(3)** | | (4) |
| Minorities' interests on the above items | **4** | | (17) |
| **Headline earnings** | **433** | (17) | 522 |
| **Adjusted headline earnings adjustments** | **87** | | 52 |
| Pre-opening expenses | **–** | | 28 |
| Pension fund deficit | **–** | | 1 |
| Monticello insurance deductible relating to business interruption | **–** | | 22 |
| SFIR minority equity option | **75** | | – |
| Foreign exchange losses on intercompany loans | **12** | | 1 |
| Tax on the above items | **(2)** | | (9) |
| SARS tax refund | **–** | | (53) |
| Tax on share premium distributions received | **–** | | (2) |
| CGT | **8** | | – |
| Tax on termination of contract | **(5)** | | – |
| Minorities' interests on the above items | **(27)** | | (22) |
| Reversal of Employee Share Trusts' consolidation(ii) | **18** | | 18 |
| **Adjusted headline earnings** | **512** | 1 | 506 |

| | 2011 Reviewed | % change | 2010 Restated# |
|---|---|---|---|
| **Number of shares ('000)** | | | |
| – in issue | **93 877** | | 93 700 |
| – for EPS calculation | **93 826** | | 92 967 |
| – for diluted EPS calculation | **94 949** | | 93 982 |
| – for adjusted headline EPS calculation(ii) | **100 546** | | 100 040 |
| – for diluted adjusted headline EPS calculation(ii) | **101 669** | | 101 055 |
| **Earnings per share (cents)** | | | |
| – basic earnings per share | **461** | (15) | 545 |
| – headline earnings per share | **461** | (18) | 561 |
| – adjusted headline earnings per share | **509** | 1 | 506 |
| – diluted basic earnings per share | **456** | (15) | 539 |
| – diluted headline earnings per share | **456** | (18) | 555 |
| – diluted adjusted headline earnings per share | **504** | 1 | 501 |
| **Tax rate reconciliation (%)** | | | |
| Effective tax rate | **47** | | 41 |
| SFIR minority equity option | **(2)** | | – |
| Preference share dividends | **(4)** | | (5) |
| STC | **(7)** | | (7) |
| Prior year over-provisions | **1** | | 7 |
| Foreign taxes | **(1)** | | (1) |
| CGT | **(1)** | | – |
| Other | **(5)** | | (7) |
| SA corporate tax rate | **28** | | 28 |
| EBITDA to interest (times) | **5.6** | | 5.0 |
| Borrowings to EBITDA (times) | **2.31** | | 2.41 |
| Net asset value per share (Rand) | **16.16** | | 12.91 |
| Capital expenditure (R million) | **924** | | 1 031 |
| Capital commitments (R million) | | | |
| – contracted | **913** | | 289 |
| – authorised but not contracted | **948** | | 880 |
| – conditionally authorised | **–** | | 986 |
| | **1 861** | | 2 155 |

(i) The EBITDA margin has been calculated on revenue before deducting promotional allowances.
(ii) The consolidation of the Employee Share Trust is reversed in the calculation of adjusted headline earnings as the group does not receive the economic benefits of the trust.

## Accounting policies

The condensed consolidated financial information for the year ended 30 June 2011 has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) and the presentation and disclosure requirements of IAS 34 – Interim Financial Reporting and AC500 standards issued by the Accounting Practices Board. The accounting policies applied are consistent with those adopted in the financial statements for the year ended 30 June 2010.

## Review opinion

The condensed consolidated financial information for the year ended 30 June 2011 has been reviewed by the group's auditors, PricewaterhouseCoopers Inc. This review has been conducted in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", and their unmodified review opinion is available for inspection at the company's registered office.

## Earnings and dividend

In a difficult and challenging environment, both in terms of economic activity levels and the leisure industry specifically, the group achieved satisfactory results for the year to 30 June 2011.

Revenue for the year increased by 12% to R8.9 billion. Comparable revenue (excluding the Federal Palace and adjusting Monticello for the business interruption in 2010) was 5% ahead of the previous year. Casino revenue was 12% ahead of last year at R7.0 billion, while comparable casino revenue was 7% better. Rooms revenue increased by 5%, and food, beverage and other revenues increased by 13%.

Promotional allowances, which comprise mostly subsidised room nights, increased by 47% on last year, primarily due to the Monticello hotel being open for the full year and increased casino promotional activity at Sun City in the light of weak hospitality demand.

EBITDA of R2.6 billion was 1% above last year, while the EBITDA margin declined 3 percentage points to 29%. Excluding Monticello and the Federal Palace, total operating costs have increased by 5%, despite property and employee costs increasing by 15% and 8% respectively.

The results include a charge of R75 million in terms of IFRS 2 – Share Based Payments, which results from an extension to an option previously granted to the minority shareholders to subscribe for their portion of the additional capital contributed to SFI Resorts SA (Monticello).

Fluctuations in the Rand, Chilean Peso and Nigerian Naira against the US Dollar during the year resulted in a net foreign exchange loss of R66 million compared to a R15 million loss last year.

Net interest paid decreased by 10% to R453 million as a result of lower prevailing interest rates and a decline in borrowings.

Tax at R515 million increased by 15% in comparison to last year as a result of the refund received in the prior year. The effective tax rate excluding the minority equity option charge, non-deductible preference share dividends, STC, CGT and prior year over-provisions was 36% (2010:36%).

Adjusted headline earnings of R512 million was 1% ahead of last year, while diluted adjusted headline earnings per share of 504 cents was 1% ahead of last year.

The board has declared a final dividend of 120 cents per share.

## Segmental analysis

| R million | 2011 Revenue | 2010 Revenue | 2011 EBITDA | 2010 Restated# EBITDA | 2011 Operating profit | 2010 Restated# Operating profit |
|---|---|---|---|---|---|---|
| GrandWest | **1 652** | 1 582 | **625** | 614 | **493** | 470 |
| Sun City | **1 198** | 1 160 | **155** | 173 | **40** | 61 |
| Monticello† | **1 064** | 881 | **156** | 99 | **22** | (3) |
| Carnival City | **973** | 965 | **295** | 303 | **209** | 214 |
| Sibaya | **904** | 849 | **310** | 296 | **240** | 222 |
| Boardwalk | **429** | 414 | **162** | 160 | **130** | 130 |
| Carousel | **308** | 310 | **66** | 77 | **36** | 47 |
| Wild Coast Sun | **288** | 287 | **26** | 48 | **(1)** | 26 |
| Meropa | **266** | 236 | **113** | 98 | **94** | 81 |
| Morula | **256** | 254 | **41** | 51 | **21** | 31 |
| Windmill | **220** | 193 | **79** | 71 | **60** | 52 |
| Swaziland | **167** | 166 | **(2)** | 7 | **(11)** | (3) |
| Botswana | **164** | 156 | **49** | 48 | **38** | 37 |
| Table Bay | **160** | 167 | **27** | 35 | **2** | 9 |
| Federal Palace | **149** | 11 | **10** | 4 | **(12)** | 2 |
| Zambia | **147** | 149 | **27** | 26 | **11** | 8 |
| Flamingo | **131** | 127 | **35** | 38 | **23** | 26 |
| Golden Valley | **123** | 112 | **31** | 27 | **11** | 9 |
| Kalahari Sands | **110** | 123 | **17** | 34 | **(2)** | 13 |
| Lesotho | **109** | 93 | **15** | 12 | **3** | 5 |
| Other operating segments | **39** | 40 | **(17)** | (12) | **(18)** | (14) |
| Management activities | **612** | 607 | **332** | 333 | **317** | 320 |
| Total operating segments | **9 469** | 8 882 | **2 552** | 2 542 | **1 706** | 1 743 |
| Central office and other | **–** | – | **3** | (9) | **(1)** | (9) |
| Eliminations | **(577)** | (575) | **–** | – | **–** | – |
| Other expenses(iv) | **–** | – | **–** | – | **(95)** | (105) |
| Monticello (business interruption) | **–** | (346) | **–** | – | **–** | – |
| | **8 892** | 7 961 | **2 555** | 2 533 | **1 610** | 1 629 |
| Promotional allowances | **(241)** | (164) | **–** | – | **–** | – |
| | **8 651** | 7 797 | **2 555** | 2 533 | **1 610** | 1 629 |

† Impacted by business interruption – see commentary on Monticello.
(iv) Refer to EBITDA reconciliation denoted *.

# Gaming

Satisfactory growth in gaming revenue was achieved in this difficult trading environment with comparable revenue from gaming increasing by 5% on last year. Our South African customers continued to feel the economic pressures; however in general, average visits and spend per customer were marginally up.

**GrandWest** continued to be impacted by the depressed regional economy and achieved revenue of R1 652 million and EBITDA of R625 million, which were 4% and 2% ahead of last year respectively. The EBITDA margin declined 1.0 percentage point to 37.8%.

**Monticello**, despite increased competition, achieved satisfactory results benefiting from a relatively strong Chilean economy and further growth in the propensity to gamble within the region. Revenue increased by 21% to R1 064 million over estimated revenues for 2010 (based on eight months of actual revenues and four months of insurance claim). EBITDA of R156 million increased by 58% in comparison to last year and as a result the EBITDA margin increased by 3.4 percentage points to 14.7%.

**Carnival City's** revenue of R973 million was 1% ahead of last year reflecting the weak Gauteng market, and EBITDA declined by 3% to R295 million. The EBITDA margin of 30.3% was 1.1 percentage points below last year. Carnival City's market share declined marginally from 16.4% last year to 16.3% in the current year, while the group's share of the Gauteng market for the year declined from 20.6% to 20.4%.

**Sibaya** performed satisfactorily, increasing revenue by 6% to R904 million. EBITDA of R310 million was 5% ahead of last year, while the EBITDA margin declined by 0.6 percentage points to 34.3%. Sibaya's share of the Kwazulu-Natal market at 35.5% was in line with the previous year.

**Boardwalk's** revenue increased 4% to R429 million and EBITDA by 1% to R162 million. The EBITDA margin declined 0.9 percentage point to 37.8%.

# Hotels and resorts

Demand for hotel accommodation remained weak globally as well as in South Africa, particularly in the luxury end of the market where the group is predominantly positioned. In light of this the group's performance was reasonable with rooms revenue of R904 million, up 5% from last year in part due to the full year's trading of Federal Palace. Overall group occupancy was down 1 percentage point at 66% and the average room rate of R912 was just 2% ahead of last year.

**Sun City's** room occupancy was 3 percentage points lower at 66% while the average room rate was in line with last year at R1 322. EBITDA declined by 10% to R155 million. The lower EBITDA was primarily the result of stagnant occupancies, higher casino promotional costs and increased property and energy costs.

**The Table Bay** achieved an occupancy of 48% (53%) and the average room rate increased marginally in the current year to R2 060. As a result, EBITDA declined by 23% to R27 million.

**The Royal Livingstone and Zambezi Sun** achieved an aggregate occupancy of 45% (49%) at an average room rate of US$198, a 5% increase compared to last year. In US dollars, EBITDA was 13% above the previous year.

**The Botswana operations** achieved revenue of R164 million and EBITDA of R49 million, which was 5% and 2% above last year respectively.

**The Federal Palace** generated revenue of R149 million and EBITDA of R10 million for the current year. Occupancies of 63% were achieved at an average room rate of US$256. The gaming revenue for the year was R49 million.

# Management activities

Management fees and related income of R612 million was 1% above last year, while EBITDA of R332 million was in line with last year.

# Financial position

The group's borrowings decreased by R380 million to R5.9 billion at 30 June 2011.

| R million | 30 June 2011 Borrowings | 30 June 2011 Intragroup borrowings | 30 June 2011 Third party borrowings | 30 June 2010 Third party borrowings |
|---|---|---|---|---|
| SunWest International (Pty) Ltd | **715** | **–** | **715** | 741 |
| SFI Resorts SA (Chile) | **656** | **(89)** | **567** | 692 |
| Afrisun Gauteng (Pty) Ltd | **492** | **–** | **492** | 394 |
| Afrisun KZN (Pty) Ltd | **390** | **–** | **390** | 446 |
| The Tourist Company of Nigeria Plc ("TCN") | **301** | **(103)** | **198** | 227 |
| Transkei Sun International Ltd | **210** | **(204)** | **6** | – |
| Mangaung Sun (Pty) Ltd | **158** | **–** | **158** | 80 |
| Worcester Casino (Pty) Ltd | **143** | **–** | **143** | 174 |
| Meropa Leisure and Entertainment (Pty) Ltd | **105** | **–** | **105** | 110 |
| Teemane (Pty) Ltd | **74** | **–** | **74** | 68 |
| Emfuleni Resorts (Pty) Ltd | **72** | **–** | **72** | 5 |
| Lesotho Sun (Pty) Ltd | **33** | **(24)** | **9** | – |
| Sun International (Botswana) (Pty) Ltd | **5** | **–** | **5** | – |
| Sands Hotels Holdings (Namibia) (Pty) Ltd | **2** | **–** | **2** | – |
| Swazispa Holdings Limited | **2** | **–** | **2** | – |
| Central office | **2 337** | **420** | **2 757** | 3 128 |
| | **5 695** | **–** | **5 695** | 6 065 |
| Employee Share Trusts | **215** | **–** | **215** | 225 |
| | **5 910** | **–** | **5 910** | 6 290 |
| Swazispa Holdings Limited (disclosed as held for sale) | **(2)** | **–** | **(2)** | – |
| Borrowings per statement of financial position | **5 908** | **–** | **5 908** | 6 290 |

## Capital expenditure incurred during the year

| R million | |
|---|---|
| **Expansionary** | |
| Boardwalk | 119 |
| Windmill | 26 |
| Wild Coast Sun | 24 |
| Monticello | 20 |
| Federal Palace | 12 |
| | **201** |
| **Refurbishment** | |
| Wild Coast Sun | 138 |
| Kalahari Sands | 81 |
| Lesotho | 4 |
| Carousel | 6 |
| Zambia | 1 |
| | **230** |
| **Other ongoing asset replacement** | **493** |
| **Total capital expenditure** | **924** |

## IFRS 3 (Revised) – Business combination

The purchase price allocation (PPA) for the investment in the TCN was finalised during the year under review. The results of the provisional and final PPA are set out below:

| R million | **Provisional** | **Final** |
|---|---|---|
| Property, plant and equipment | 798 | 861 |
| Current assets | 92 | 92 |
| Deferred tax | (13) | (77) |
| Current liabilities | (443) | (443) |
| Net assets | 434 | 433 |
| Minorities' interests | (220) | (219) |
| Net assets acquired | 214 | 214 |
| Previously held associate at fair value | (93) | (93) |
| Consideration settled in cash | 121 | 121 |
| Cash and cash equivalents | (65) | (65) |
| Cash outflow | 56 | 56 |

An independent external valuer was used to determine the fair value of vacant land based on the open market valuation, and the discounted cash flow valuation methodology was used to finalise the value of the buildings and infrastructure. This resulted in property, plant and equipment increasing by R63 million, with a R161 million increase in buildings and infrastructure offset by a reduction in the land value of R98 million. Additional deferred tax of R64 million has been raised in accordance with IFRS 3. The 30 June 2010 statement of financial position has been restated accordingly.



## IFRS 5 – Non current assets held for sale

The group is negotiating to dispose of its Swaziland interests, consequently the investment is disclosed as a non current asset held for sale.

# Major capital expenditure projects

## Wild Coast Sun

The second phase of the Wild Coast refurbishment project, completed in December 2010, took the total complement of refurbished rooms to 111. The third phase commenced in January 2011, comprising not only the refurbishment of an additional 182 bedrooms, the convention centre (already completed), and main kitchen, but also the construction of a world class waterpark. The total estimated capital expenditure remains at R400 million with final completion scheduled for mid-2012.

## Kalahari Sands

The refurbishment of 173 hotel rooms, the buffet restaurant, kitchen, and back of house areas was completed during the year. The estimated capital expenditure remained unchanged at R89 million.

## Boardwalk

Having been awarded a further exclusive gaming license for 15 years, the expansion of the facilities at Boardwalk commenced in November 2010. The construction of the 870 bay parkade, new conference centre and 135 room five star hotel is underway and the estimated completion date is December 2012. The conversion of the existing conference centre into the new smoking casino is well underway with an anticipated opening in December 2011. It is anticipated that R595 million will be spent in the 2012 financial year, and the balance of R272 million thereafter.

# GrandWest exclusivity

GrandWest's initial 10-year casino exclusivity in the Cape Metropole expired during December 2010. The Provincial Government of the Western Cape is still considering whether to permit one of the casino licence holders in the Western Cape to relocate to the Cape Metropole and has engaged interested stakeholders before taking a final decision.

There remains insufficient information to assess the potential impact on GrandWest's revenue and profitability.

# Restructure of Sun International and GPI's common interests

As previously advised to shareholders, Sun International and Grand Parade Investments Limited ("GPI") have agreed to the restructure of certain of their common interests.

Sun International and GPI have agreed to align their interests in SunWest International (Proprietary) Limited and Worcester Casino (Proprietary) Limited through a set of indivisibly inter-related transactions that will result in Sun International indirectly owning the majority of voting shares in these two companies and the entering into of new management and royalty agreements with them.

The proposed restructure may also result in Sun International indirectly acquiring all of the shares in Real Africa Holdings Limited ("RAH") which Sun International does not already own. This would create a single listed point of entry into the Sun International Group.

Following these transactions, Sun International will have increased its economic interests in the following subsidiaries as follows:

| | **Sun International effective shareholding** | |
|---|---|---|
| | **Before** | **After** |
| SunWest International (Pty) Ltd operating as GrandWest and Table Bay | 59.7% | 69.8% |
| Worcester Casino (Pty) Ltd operating as Golden Valley | 45.3% | 66.7% |
| Afrisun Gauteng (Pty) Ltd operating as Carnival City | 84.4% | 91.6% |
| Afrisun KZN (Pty) Ltd operating as Sibaya | 56.1% | 60.7% |
| Emfuleni Resorts (Pty) Ltd operating as Boardwalk | 62.2% | 64.5% |
| Gauteng Casino Resorts Manco (Pty) Ltd | 44.6% | 56.7% |
| Afrisun KZN Manco (Pty) Ltd | 30.7% | 34.5% |

The transaction was approved by Sun International shareholders on 26 August 2011 but remains subject to regulatory and GPI shareholder approvals. It is anticipated that these approvals will be received by the end of October following which the offer to RAH shareholders will be launched. Further announcements will be made in due course.

# Directorate

Ms Bridgette Modise has been appointed as an independent non-executive director and Ms Kelebogile Mazwai, the group's Human Resources Director, has been appointed as an executive director. Both appointments are effective 1 September 2011. Mr Mike Egan, having served on the board for 19 years and Mr Eddy Oblowitz, having served on the board for 9 years have indicated that they will no longer be available to serve as non – executive directors from the date of the forthcoming annual general meeting.

# Outlook

The economic environment impacting the group remain generally negative globally and in South Africa, hence hospitality and gaming revenues are only expected to improve marginally in the year ahead. Monticello and the Federal Palace are forecast to continue to increase their contribution to the group's results. Margins are likely to stabilise and growth in adjusted headline earnings per share is consequently anticipated for the year ahead.

The group is actively pursuing further growth opportunities in its current markets and other emerging markets.

The outlook has not been reviewed or reported on by the company's auditors.

For and on behalf of the board

| **MV Moosa** | **DC Coutts-Trotter** |
|---|---|
| Chairman | Chief Executive |

**Registered office:** 27 Fredman Drive, Sandown, Sandton 2196

**Sponsor:** Investec Bank Limited

**Transfer secretaries:** Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Johannesburg 2001

**Directors:** MV Moosa (Chairman), IN Matthews (Lead Independent Director), DC Coutts-Trotter (Chief Executive)*, RP Becker (Chief Financial Officer)*, ZBM Bassa, PL Campher, MP Egan, Dr NN Gwagwa, BLM Makgabo-Fiskerstrand, LM Mojela, DM Nurek, E Oblowitz, GR Rosenthal. *Executive

**Group Secretary:** CA Reddiar

26 August 2011

# Declaration of dividend

Notice is hereby given that a dividend of 120 cents per share for the year ended 30 June 2011 has been declared, payable to shareholders recorded in the register of the company at the close of business on the record date appearing below. The salient dates applicable to the dividend are as follows:

| | **2011** |
|---|---|
| Last day to trade cum dividend | Friday, 16 September |
| First day to trade ex dividend | Monday, 19 September |
| Record date | Friday, 23 September |
| Payment date | Monday, 26 September |

No share certificates may be dematerialised or rematerialised between Monday, 19 September and Friday, 23 September both days inclusive. Dividend cheques will be posted and electronic payments made, where applicable, to certificated shareholders on the payment date. Dematerialised shareholders will have their accounts with their Central Securities Depository Participant or broker credited on the payment date.

By order of the board

**CA Reddiar**
Group Secretary

29 August 2011

GRANDWEST

THE PALACE OF THE LOST CITY

www.suninternational.com

("Sun International" or "the group" or "the company")
Reg nr: 1967/007528/06, Share code: SUI, ISIN: ZAE 000097580