



PROFIT AND
DIVIDEND
ANNOUNCEMENT
*for the year ended
30 June 2014*

Sun International Limited

REVENUE UP	+5.4%
First half	+3.6%
Second half	+7.4%
EBITDA UP	+4.5%
First half	-5.2%
Second half	+15.8%

ADJUSTED HEPS DOWN	-7.3%
First half	-18.5%
Second half	+8.1%
FINAL GROSS CASH DIVIDEND OF <i>155 cents</i> PER SHARE	



Sun International

A Million Thrills. One Destination.

Condensed group statements of comprehensive income

Year ended 30 June

R million	2014 Reviewed	% change	2013 Restated
Revenue			
Casino	8 469	3	8 195
Rooms	1 114	16	957
Food, beverage and other	1 242	11	1 115
	10 825	5	10 267
Consumables and services	(1 205)		(1 130)
Depreciation and amortisation	(958)		(851)
Employee costs	(2 544)		(2 272)
Levies and VAT on casino revenue	(2 003)		(1 917)
Promotional and marketing costs	(718)		(717)
Property and equipment rentals	(148)		(128)
Property costs	(580)		(541)
Other operational costs	(990)		(831)
Operating profit	1 679	(11)	1 880
Foreign exchange profits	12		57
Interest income	25		31
Interest expense	(550)		(505)
Profit before tax	1 166	(20)	1 463
Tax	(417)		(473)
Profit for the year	749	(24)	990
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of post employment benefit obligations	17		16
Tax on remeasurements of post employment benefit obligations	(5)		(4)
<i>Items that may be reclassified to profit or loss</i>			
Net profit on cash flow hedges	1		3
Tax on net profit on cash flow hedges	–		(1)
Transfer of hedging reserve to statements of comprehensive income	4		2
Tax on transfer of hedging reserve to statements of comprehensive income	(1)		–
Currency translation reserve	(45)		550
Total comprehensive income for the year	720		1 556



THE BOARDWALK

Eastern Cape

The Boardwalk is the most exciting leisure attraction in the Eastern Cape, offering 24-hour entertainment and superior conference space.

Year ended 30 June

R million	2014 Reviewed	% change	2013 Restated
Profit for the year attributable to:			
Minorities	231		293
Ordinary shareholders	518		697
	749		990
Total comprehensive income for the year attributable to:			
Minorities	221		592
Ordinary shareholders	499		964
	720		1 556
	Cents per share	% change	Cents per share
Earnings per share			
– basic	555		753
– diluted	553	(26)	749

Condensed group statements of financial position

R million	Year ended 30 June	
	2014 Reviewed	2013 Restated
ASSETS		
Non current assets		
Property, plant and equipment	11 380	10 594
Intangible assets	721	494
Available-for-sale investment	48	48
Loans and receivables	10	13
Pension fund asset	45	29
Deferred tax	249	214
	12 453	11 392
Current assets		
Loans and receivables	4	52
Tax	42	41
Accounts receivable and other	614	557
Cash and cash equivalents	958	1 024
	1 618	1 674
Total assets	14 071	13 066
EQUITY AND LIABILITIES		
Capital and reserves		
Ordinary shareholders' equity	1 497	2 033
Minorities' interests	491	1 632
	1 988	3 665
Non current liabilities		
Deferred tax	460	501
Borrowings	3 772	3 753
Other non current liabilities	2 316	440
	6 548	4 694
Current liabilities		
Tax	79	69
Accounts payable and other	1 646	1 472
Borrowings	3 810	3 166
	5 535	4 707
Total liabilities	12 083	9 401
Total equity and liabilities	14 071	13 066



Condensed group statements of cash flows

R million	Year ended 30 June	
	2014 Reviewed	2013 Restated
Cash generated by operations before:	3 086	2 912
Working capital changes	98	168
Cash generated by operations	3 184	3 080
Tax paid	(494)	(498)
Cash generated by operating activities	2 690	2 582
Settlement of long services award obligation	(40)	(120)
Net cash generated by operating activities	2 650	2 462
Cash utilised in investing activities	(2 189)	(1 300)
Cash realised from investing activities	65	75
Net cash outflow from financing activities	(600)	(1 031)
Effect of exchange rates upon cash and cash equivalents	8	65
(Decrease)/increase in cash and cash equivalents	(66)	271
Cash and cash equivalents at beginning of the year	1 024	753
Cash and cash equivalents at end of the year	958	1 024

Group statements of changes in equity

R million	Share capital and premium	Treasury shares and share options	Foreign currency translation reserve	Share based payment reserve
Reviewed				
FOR THE YEAR ENDED 30 JUNE 2014				
Balance as at 30 June 2013	309	(1 781)	482	86
Total comprehensive income for the year	–	–	(33)	–
Treasury share options purchased	–	(29)	–	–
Net deemed treasury shares purchased	–	(32)	–	–
Vested shares	–	13	–	(13)
Employee share based payments	–	–	–	53
Release of share based payment reserve	–	–	–	(14)
Monticello acquisition consideration	–	–	–	–
Minority share capital reduction	–	–	–	–
Delivery of share awards	–	–	–	–
Acquisition of minorities' interests	–	–	–	–
Dividends paid	–	–	–	–
Balance at 30 June 2014	309	(1 829)	449	112
Restated				
FOR THE YEAR ENDED 30 JUNE 2013				
Balance at 30 June 2012 as previously reported	277	(1 600)	228	161
Adjustments due to full consolidation of Dinokana	–	(187)	–	–
Restated balance as at 30 June 2012	277	(1 787)	228	161
Total comprehensive income for the year	–	–	254	–
Treasury share options purchased	–	(34)	–	–
Treasury share options exercised	–	29	–	–
Shares issued	32	–	–	–
Net deemed treasury shares purchased	–	(3)	–	–
Vested shares	–	14	–	(14)
Employee share based payments	–	–	–	46
Release of share based payment reserve	–	–	–	(32)
Release of SFIR equity option reserve	–	–	–	(75)
Delivery of share awards	–	–	–	–
Acquisition of minorities' interests	–	–	–	–
Dividends paid	–	–	–	–
Balance at 30 June 2013	309	(1 781)	482	86

Available-for-sale reserve	Other reserves	Reserve for non-controlling interests	Hedging reserve	Retained earnings	Ordinary share-holders' equity	Minorities' interests	Total equity
4	–	(2 219)	1	5 151	2 033	1 632	3 665
–	–	–	2	530	499	221	720
–	–	–	–	–	(29)	–	(29)
–	–	–	–	–	(32)	–	(32)
–	–	–	–	–	–	–	–
–	–	–	–	–	53	–	53
–	–	–	–	14	–	–	–
–	(673)	–	–	–	(673)	(1 014)	(1 687)
–	–	–	–	–	–	(84)	(84)
–	–	–	–	(7)	(7)	–	(7)
–	–	(107)	–	–	(107)	(15)	(122)
–	–	–	–	(240)	(240)	(249)	(489)
4	(673)	(2 326)	3	5 448	1 497	491	1 988
4	–	(2 206)	(2)	4 634	1 496	1 227	2 723
–	–	–	–	–	(187)	(51)	(238)
4	–	(2 206)	(2)	4 634	1 309	1 176	2 485
–	–	–	3	707	964	592	1 556
–	–	–	–	–	(34)	–	(34)
–	–	–	–	–	29	–	29
–	–	–	–	–	32	–	32
–	–	–	–	–	(3)	–	(3)
–	–	–	–	–	–	–	–
–	–	–	–	–	46	–	46
–	–	–	–	32	–	–	–
–	–	–	–	33	(42)	42	–
–	–	–	–	(11)	(11)	–	(11)
–	–	(13)	–	8	(5)	95	90
–	–	–	–	(252)	(252)	(273)	(525)
4	–	(2 219)	1	5 151	2 033	1 632	3 665

Supplementary information

Year ended 30 June

R million	2014 Reviewed	% change	2013 Restated
EBITDA RECONCILIATION			
Operating profit	1 679	(11)	1 880
Depreciation and amortisation	958		851
Property and equipment rentals	148		104
Pre-opening Maslow lease rentals*	–		24
Net profit on disposal of property, plant and equipment*	(9)		–
Impairment of Maslow assets*	39		–
Pre-opening expenses*	36		37
Restructure costs*	165		–
Termination of BEE shareholder options*	16		–
Employee benefits*	–		(15)
Insurance Captive Trust Distribution*	(25)		–
Other*	13		4
Reversal of Employee Share Trusts' consolidation*	32		35
EBITDA	3 052	5	2 920
EBITDA margin (%)	28		28
HEADLINE EARNINGS AND ADJUSTED HEADLINE EARNINGS RECONCILIATION			
Profit attributable to ordinary shareholders	518	(26)	697
Headline earnings adjustments	30		–
Net profit on disposal of property, plant and equipment	(9)		–
Impairment of Maslow assets	39		–
Tax relief on the above items	(15)		–
Minorities' interests on the above items	(3)		–
Headline earnings	530	(24)	697
Adjusted headline earnings adjustments	192		12
Pre-opening expenses	36		37
Termination of BEE shareholder options	16		–
Pre-opening Maslow lease rentals	–		24
Employee benefits	–		(15)
Restructure costs	165		–
Insurance Captive Trust Distribution	(25)		–
Other	13		4
Foreign exchange profits on intercompany loans	(13)		(38)
Tax on the above items	(44)		(1)
Minorities' interests on the above items	(18)		(2)
Reversal of Employee Share Trusts' consolidation ^①	23		24
Adjusted headline earnings	683	(6)	730

Year ended 30 June

R million	2014 Reviewed	% change	2013 Restated
Number of shares ('000)			
– in issue	93 047		93 234
– for EPS calculation	93 301		92 589
– for diluted EPS calculation	93 718		93 110
– for adjusted headline EPS calculation ⁽ⁱ⁾	103 912		102 991
– for diluted adjusted headline EPS calculation ⁽ⁱ⁾	104 329		103 512
Earnings per share (cents)			
– basic earnings per share	555	(26)	753
– headline earnings per share	568	(25)	753
– adjusted headline earnings per share	657	(7)	709
– diluted basic earnings per share	553	(26)	749
– diluted headline earnings per share	566	(24)	749
– diluted adjusted headline earnings per share	655	(7)	705
Tax rate reconciliation (%)			
Effective tax rate	36		32
Preference share dividends	(4)		(3)
Prior year under-provisions	2		–
Foreign taxes	–		1
Withholding taxes	(2)		–
Exempt Income	1		–
Capital allowances and disallowed expenditure	(5)		(2)
SA corporate tax rate	28		28
EBITDA to interest (times)	5.8		6.5
Annualised borrowings to EBITDA (times)	2.5		2.4
Net asset value per share (Rand)	16.09		21.81
Capital expenditure	2 083		1 300
Capital commitments			
– contracted	630		183
– authorised but not contracted	1 374		1 259
	2 004		1 442

* Items identified above are included as other expenses and other income in the segmental analysis.

(i) 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.



REVIEW OPINION

The condensed consolidated financial information for the year ended 30 June 2014 has been reviewed by the group's auditors, PricewaterhouseCoopers Inc. This review has been conducted in accordance with the 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.

REVIEW OF THE YEAR

Over the past year the group has made significant progress with its strategic objectives as set out in the 2013 integrated annual report. These objectives included a number of key deliverables and revenue growth and cost cutting initiatives, the benefit of which can clearly be seen in the second half of the 2014 financial year where revenue growth improved and margins were significantly better than that of the first half. This was supplemented in recent months by a strong recovery at Monticello which was severely impacted by the smoking ban implemented in Chile in March 2013.

Revenue for the year ended 30 June 2014 was 5.4% ahead of last year at R10.8 billion, reflecting a significant turnaround in the second half in which revenue was up 7.4% compared to 3.6% in the first half of the year. EBITDA for the year was 5% ahead at R3.1 billion, with EBITDA growth of 16% achieved in the second half offsetting the 5% decline in the first half. The EBITDA margin for the year was marginally below last year at 28.2%, however in the second half it improved to 28.8%. This was achieved after absorbing additional gaming taxes and levies – on a like-for-like basis the second half EBITDA margin would have been 29.2%.

Depreciation and amortisation increased by 13% due to additional depreciation charges from the new property openings (Boardwalk and Maslow hotels) and the implementation of the group's enterprise gaming system ("EGS").

Employee costs which were 12% up on last year included restructuring costs of R165 million. Excluding these costs, employee costs were only up 5% for the year. Property and equipment rentals increased due to higher variable rentals on the Maslow and Table Bay.

Other operational costs included a number of one-off charges, however excluding these charges they were still up 16%. The increase is attributable to higher IT costs (relating to the implementation of the group's new EGS gaming system and software licence increases due to the weaker Rand), significant increases in rates and taxes, increased CSI and Socio Economic Development contributions and a full years trading at both the Boardwalk and Maslow hotels.

Net interest paid of R525 million was 11% ahead of last year due to no longer capitalising interest on the Boardwalk and Maslow developments, higher average debt as a result of these developments and higher local interest rates.

The tax charge of R417 million decreased in line with profitability. The effective tax rate, excluding non-deductible preference share dividends and withholding taxes was 30% (2013: 29%). The increase is due to the prior year including the reversal of tax over-provisions and the effect of other foreign taxes.

Adjusted headline earnings of R683 million and diluted adjusted headline earnings per share of 655 cents were 6% and 7% below last year, respectively.

In light of the improved trading in the second half, and taking cognisance of the number of expansion projects under consideration, the board has declared a final dividend of 155 cents (2013: 155 cents). This brings the total dividend for the 2014 financial year to 245 cents (2013: 265 cents).

Segmental analysis

R million	REVENUE		EBITDA		EBITDA MARGIN (%)		OPERATING PROFIT	
	Year ended 30 June		Year ended 30 June*		Year ended 30 June		Year ended 30 June	
	2014	2013	2014	2013	2014	2013	2014	2013
South African Operations	8 266	7 788	2 334	2 201	28.2	28.3	1 562	1 568
GrandWest	2 020	1 866	833	788	41.2	42.2	723	690
Sun City	1 403	1 291	176	162	12.5	12.5	38	39
Sibaya	1 095	1 040	398	361	36.3	34.7	318	292
Carnival City	1 042	1 061	312	315	29.9	29.7	217	231
Boardwalk	554	496	168	142	30.3	28.6	87	71
Wild Coast Sun	400	389	70	65	17.5	16.7	22	24
Carousel	311	322	56	64	18.0	19.9	24	37
Meropa	278	292	106	114	38.1	39.0	86	96
Windmill	257	255	96	93	37.4	36.5	77	77
Table Bay	233	181	50	22	21.5	12.2	23	2
Morula	208	230	16	26	7.7	11.3	(2)	10
Flamingo	152	152	49	44	32.2	28.9	37	33
Worcester	144	128	27	28	18.8	21.9	13	14
Maslow	113	41	6	(6)	5.3	(14.6)	(70)	(29)
Other operating segments	56	44	(29)	(17)	(51.8)	(38.6)	(31)	(19)
Other African Operations	1 071	948	195	173	18.2	18.2	68	68
Zambia	222	182	52	41	23.4	22.5	30	23
Federal Palace	216	198	28	40	13.0	20.2	(21)	8
Botswana	186	178	44	50	23.7	28.1	31	39
Swaziland	172	161	13	8	7.6	5.0	8	2
Kalahari Sands	148	111	39	18	26.4	16.2	15	(6)
Lesotho	127	118	19	16	15.0	13.6	5	2
Monticello	1 443	1 498	303	318	21.0	21.2	126	149
Management activities	612	610	248	245	40.5	40.2	216	197
Total operating segments	11 392	10 844	3 080	2 937	27.0	27.1	1 972	1 982
Central office and other eliminations	(567)	(577)	(28)	(17)	–	–	(26)	(17)
Other income ⁽ⁱⁱ⁾	–	–	–	–	–	–	–	21
Other expenses ⁽ⁱⁱ⁾	–	–	–	–	–	–	(267)	(106)
	10 825	10 267	3 052	2 920	28.2	28.4	1 679	1 880

* Adjusted for remeasurements of post employment obligations.

(ii) Refer to EBITDA reconciliation denoted*

REVENUE SEGMENTAL ANALYSIS

Revenue by region and nature is set out below:

R million	GAMING		ROOMS		F&B & OTHER		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013
South Africa*	6 738 4%	6 457	764 17%	652	809 14%	712	8 311 6%	7 821
First half	3 371 3%	3 286	379 30%	292	406 13%	360	4 156 6%	3 938
Second half	3 367 6%	3 171	385 7%	360	403 14%	352	4 155 7%	3 883
Other African	428 11%	385	342 13%	303	301 16%	260	1 071 13%	948
First half	222 15%	193	175 15%	152	152 16%	131	549 15%	476
Second half	206 7%	192	167 11%	151	149 16%	129	522 11%	472
Monticello	1 303 (4%)	1 353	8 300%	2	132 (8%)	143	1 443 (4%)	1 498
First half	628 (14%)	729	4 –	–	70 (10%)	78	702 (13%)	807
Second half	675 8%	624	4 100%	2	62 (5%)	65	741 7%	691
	8 469 3%	8 195	1 114 16%	957	1 242 11%	1 115	10 825 5%	10 267

* Includes Management activities and Central office and other eliminations.

The improvement in gaming revenue growth in the second half of the year in South Africa and Monticello is clearly demonstrated in the table above. Monticello has continued to recover from the smoking ban instituted in March 2013 and on a like-for-like basis (March to June) gaming revenues in Chilean Pesos are up 23% on last year and 2.4% below revenue levels in the pre-smoking ban era.

Rooms' revenue grew strongly, with the first half assisted by the opening of the Boardwalk and Maslow hotels in December 2012 and January 2013 respectively. On a comparative basis rooms' revenue was up 10% for the year. Key properties' occupancies and average daily rates ("ADRs") are set out below:

	OCCUPANCY		ADR	
	2014	2013	2014	2013
Sun City	64.3%	63.6%	R1 639	R1 616
Wild Coast Sun	80.6%	78.3%	R445	R647
The Table Bay Hotel	68.3%	53.0%	R2 121	R2 086
The Maslow	56.0%	36.3%	R1 098	R1 130
Royal Livingstone and Zambezi Sun	43.1%	39.8%	R1 965	R1 827
Gaborone Sun	71.6%	77.4%	R889	R792
The Federal Palace	63.8%	67.6%	R2 486	R2 142

OPERATIONAL REVIEW

South African Properties

GrandWest revenue was 8% ahead of last year at R2 020 million. EBITDA however increased by only 6% due to a 2% increase (an additional R26 million) in gaming levies with effect from 1 September 2013, which were increased in lieu of GrandWest's ongoing exclusivity. Cost savings helped offset the increase in levies and as a result the EBITDA margin only declined 1.0% to 41.2%.

Sun City revenue at R1.4 billion and EBITDA at R176 million were up 9% on last year. The current year included R12 million sales costs relating to the refurbished phase 1 Vacation Club units. If excluded EBITDA would have been up 16%. Although costs are recognised when incurred, the revenue from the sale of Vacation Club units (R105 million achieved to date) is deferred and will be recognised over the 10 year contract period. The casino continues to do well with revenue up 16% to R519 million. Room's revenue was only up 1% at R434 million due to weak local demand.

Sibaya revenue was 5% up at R1 095 million and through excellent cost containment EBITDA increased by 10% to R398 million, despite an increase in gaming levies in November 2012 which resulted in an additional cost of R4.1 million. The EBITDA margin improved by 1.6% to 36.3%. Sibaya's 35.9% share of the KwaZulu-Natal gaming market was 0.6% higher than last year.

Carnival City revenue declined 2% for the year to R1 042 million. While Carnival City continues to be impacted by increased competition from Electronic Bingo Terminals ("EBTs") and Limited Payout Machines ("LPMs") it has refocused its marketing efforts and is starting to gain market share which in the second half of the year increased 1% to 15.0%. EBITDA was down 1% for the year, despite a strong second half performance that saw revenues increase by 3% and, due to cost savings, EBITDA for the second half of the year improved by 10%.

Boardwalk revenue increased 12% to R554 million, with casino revenue 8% up to R512 million. The property is starting to benefit from the new hotel but its gaming business is going to face competition in the future from EBT operations that have opened and will be opening in its catchment area. Through excellent cost control the Boardwalk increased EBITDA 18% and the EBITDA margin 1.7% to 30.3%.

In the group's hotel operations, **The Table Bay Hotel** achieved excellent revenue growth with revenues up 29% to R233 million driven by a 40% increase in international room nights sold which accounted for 73% of rooms' revenue. EBITDA was up 127% to R50 million (2013: R22 million) with the EBITDA margin improving 9.3% to 21.5%.

The recently opened **Maslow** has established itself in the Johannesburg corporate market and managed to achieve a profit before rentals and depreciation. The high rental charge due to accounting straight lining over the period of the lease results in an operating loss.

African Properties

The Royal Livingstone and **Zambezi Sun's** revenue in local currency was up 15% with EBITDA up 21%. In Rands, revenue at R222 million and EBITDA at R52 million were up 22% and 27% respectively. The improvement in revenue is due to an increase in conferences and events hosted at the properties.

The Federal Palace experienced a decline in hospitality revenues due to the opening of two 180 room 5 star hotels in Lagos and the continued political turmoil in the country. Gaming revenue was maintained in line with the prior year. EBITDA declined 40% in local currency to NGN421 million (R28 million). The outbreak of the Ebola virus in West Africa is likely to impact trading at the Federal Palace in the year ahead.

Latin America

Monticello has been dealing with the severely negative impact of anti-smoking legislation which caused revenue at the half year to be down by 22%. Due to corrective action taken, the second half was however significantly improved with casino revenue up 10%. The revenue recovery is partly due to customers getting use to the new laws but primarily due to the construction and opening of four new smoking decks in September and October of last year. Overall for the year revenue was down 8% on last year at CLP74.2 billion, but despite the significant drop in revenue the reduction in EBITDA

for the year was contained to 8.8% (CLP15.7 billion). The recovery in revenues in recent months and a comprehensive restructure of the business resulted in EBITDA in the second half of the year increasing by 56% to CLP9.5 billion on last year at an EBITDA margin of 24.8%, which creates a positive outlook for the year ahead.

MANAGEMENT ACTIVITIES

Management fees and related income at R612 million were in line with last year with EBITDA up 1% at R248 million. Revenue and EBITDA in the prior year included R24 million of revenue and R19 million of EBITDA relating to the Afrisun Gauteng and Teemane Manco contracts which were cancelled in the prior year as part of an initiative to simplify the group structure.

FINANCIAL POSITION

The group's borrowings at 30 June 2014 of R7.6 billion are R663 million above last year. The increase in borrowings is primarily due to the Ocean Club Casino development in Panama (R719 million) as well as the raising of R120 million preference funding to acquire the remaining 23.2% interest in Afrisun Leisure not already owned, partly offset by strong cash flows generated by operations.

R million	30 June 2014	30 June 2013
SunWest (GrandWest and Table Bay)	821	721
Ocean Club Inc (Ocean Club Casino – Panama)	719	–
Emfuleni (Boardwalk and Fish River Sun)	657	708
Afrisun Gauteng (Carnival City)	575	539
SFI Resorts (Monticello)	556	553
The Tourist Company of Nigeria (Federal Palace)	362	497
Afrisun KZN (Sibaya)	357	318
Transkei Sun (Wild Coast Sun)	337	349
Worcester (Golden Valley)	128	135
Meropa	118	118
Mangaung Sun (Windmill)	98	162
Teemane (Flamingo)	69	66
Swazispa	16	23
Lesotho Sun	2	16
Sands Hotels (Kalahari Sands)	–	14
Sun International Botswana (Gaborone Sun)	–	2
Central office	2 256	2 210
	7 071	6 431
Employee Share Trusts	511	488
	7 582	6 919

Capital expenditure incurred during the year

R million

Expansionary	
Ocean Club Casino	672
	672
Refurbishment	
Sun City	179
Zambia (Royal Livingstone)	14
Table Bay	9
	202
Ongoing asset replacement*	878
Enterprise Gaming System	268
Enterprise Resource Planning	63
Total capital expenditure	2 083

* Ongoing asset replacement relates primarily to the replacement of gaming and IT equipment.

Forecast project capital expenditure

The table below sets out the capital expenditure on major projects and the expected timing thereof:

R million	Total	Spend to date	30 June	
			2015	2016
Ocean Club Casino	1 135	672	463	–
Sun City Vacation Club	300	179	121	–
Sun City Casino	50	–	50	–
Sun City Cabanas	100	–	40	60
Enterprise Gaming System	647	501	146	–
Enterprise Resource Planning System	157	67	63	27
	2 389	1 419	883	87

ACCOUNTING POLICIES

The condensed consolidated financial information for the year ended 30 June 2014 has been prepared in accordance with the requirements of the JSE Limited Listings Requirements and the South African Companies Act No 71 of 2008. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts, the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and must also, as a minimum, contain the information required by IAS 34 "Interim Financial Reporting". The accounting policies applied are consistent with those adopted in the financial statements for the year ended 30 June 2013, except for the adoption of IFRS 10: Consolidated Financial Statements and IAS 19: Employee Benefits which are effective for year ends beginning on or after 1 January 2013. The impact of these standards is set out in the restatement note below.

Prior year restatement

In terms of IFRS 10: Consolidated Financial Statements, Dinokana Proprietary Limited ("Dinokana") is deemed to be a subsidiary of Sun International. This has resulted in the restatement of the 30 June 2013 results. Dinokana is now consolidated as a subsidiary whereas previously 49% of Dinokana was proportionately consolidated.

The effect of the restatement on the 30 June 2013 statement of financial position is as follows:

R million	As previously reported	Consolidation of Dinokana	Restated
Non current borrowings	6 670	249	6 919
Treasury shares	(1 594)	(187)	(1 781)
Minorities interest	1 693	(61)	1 632
Cash and cash equivalents	1 023	1	1 024

The effect of the restatement on the 30 June 2013 statement of comprehensive income is as follows:

	As previously reported	Consolidation of Dinokana	Restated
Interest expense	(486)	(19)	(505)
Profit for the year attributable to minorities	314	(19)	295

The consolidation of Dinokana has also resulted in a further 3 427 077 Sun International shares being recognised as treasury shares.

In terms of IAS 19: Employee Benefits, remeasurements of post employment benefit obligations should be included in other comprehensive income and no longer in profit and loss. The effect of the change on the 30 June 2013 statement of comprehensive income is as follows:

	As previously reported	Effective change	Restated
Employee benefits	(2 256)	(16)	(2 272)
Tax	(477)	4	(473)
Profit for the year attributable to minorities	295	(2)	293

Acquisition of Powerbet Gaming Proprietary Limited

On 30 October 2013, the group acquired a 100% shareholding in Powerbet Gaming Proprietary Limited ("Powerbet").

A purchase price allocation has been performed in the results to 30 June 2014 as set out below:

	R million
Assets and liabilities acquired:	
Intangibles (Software)	18
Accounts receivable	1
Cash and cash equivalents	3
Deferred tax	(3)
Accounts payable and accruals	(3)
	16
Consideration settled in cash	(30)
Goodwill recognised	14
Net cash outflow	(27)

The business was purchased as an entry into the online market and as entry into the fast growing sports betting industry. The acquisition enables the group to gain invaluable experience given the expected legalisation of online gaming in South Africa.

Goodwill arises from the acquisition of an experienced management team as well as an existing customer base.

UPDATE ON STRATEGIC INITIATIVES

Initiatives to improve operational performance

Various revenue enhancing/cost saving initiatives have been implemented over the past year with the benefits of many of these initiatives reflecting in the group's performance over the past six months.

The sections 189 and 189A restructuring process as announced on SENS on 29 January 2014 is still ongoing and has taken longer than expected due to extensive but constructive consultation with the unions and affected parties. The process is now in its final stages and should be completed by the end of September 2014.

To date the group has received, and is processing, applications from 630 employees seeking voluntary retrenchment as well as 100 employees wishing to take early retirement. In addition to the R53 million already incurred on staff restructuring a provision of R112 million has been raised in the 2014 accounts for the voluntary retrenchments and early retirements. Further costs relating to the remaining retrenchments will be expensed in the 2015 financial year, however, these are likely to be lower than originally anticipated due to the natural attrition of staff leaving since the restructure was announced.

Existing assets

GrandWest

It was announced on 13 May 2014 that the group has concluded a transaction which will see Grand Parade Investments Limited ("GPI") exit its investments in SunWest and Worcester. Tsogo Sun Holdings Limited ("Tsogo") will acquire a 40% shareholding in both properties including the acquisition from Sun International of a 14.9% interest in each of SunWest and Worcester for a combined cash consideration of R635 million. GPI has, since inception, been the primary BEE stakeholder in SunWest and Worcester and wishes to monetise its stake in these assets in order to pursue other interests. Tsogo has limited exposure to the Western Cape metropolitan markets and wishes to enhance its presence in this market.



Sun International and GPI are of the considered view that Tsogo is the only party that can provide similar BEE ownership credentials to that of GPI and furthermore Tsogo has the financial capability to implement a transaction of this magnitude.

Tsogo will have representation on the board of directors of SunWest and Worcester, however it will have no operational responsibility or interaction as all operations will continue to be managed by Sun International Management Limited under each of its existing management contracts.

The proposed transaction is subject to competition commission and gambling board approval and the relevant submissions have been made. Shareholders voted in favour of the transaction at the general meeting held on 22 August 2014.

Amendment of the Morula casino licence

During April 2014, public hearings were held in relation to the group's application (previously announced) to amend its Morula licence to allow the relocation of the licence to Menlyn Maine on the east side of Pretoria. On the 31st of July 2014, the Gauteng Gambling Board ("GGB") announced that the group's application had been approved thereby permitting the relocation of the casino from Mabopane to Menlyn. The approval is subject to conditions that are reflective of the commitments made in the application.

Detailed planning of the R3 billion development will now commence in conjunction with further engagement with the GGB to conclude detailed agreements for the amendment of the Morula licence conditions.

Notification has been received of certain legal objections to the proposed relocation and development and these are being addressed. Once the amendments to the Morula licence are issued by the GGB and in the absence of any legal impediment the detailed planning and construction of the casino is anticipated to take approximately 36 months.

Sun City

The R300 million refurbishment of the Sun City phase 1 Vacation Club is well under way with R179 million spent and an expected completion date of November 2014. Sales of Vacation Club units of R105 million were achieved by 30 June 2014. With the completed units we now have the ability to offer “try and buy” options which should expedite sales.

With encouraging growth in casino revenue we have commenced the refurbishment of the main casino at an estimated cost of R50 million. The refurbishment will include a significant modernisation of the casino floor and will include the development of food and beverage outlets in and around the casino to improve the gaming and entertainment experience.

A long overdue R100 million refurbishment of the popular Cabanas hotel will also commence shortly and will be phased over the next two financial years. Further plans for the resort, in particular the convention and conferencing aspects of the business, are under consideration.

Monticello

As announced on SENS on 2 July 2014 Sun International, on 30 June 2014, reached agreement to acquire a further 54.7% interest in Monticello for approximately US\$114 million giving the group an effective 98.9% interest. In addition, Sun International will acquire shareholder loans and cash of approximately US\$32 million.

The acquisition provides the group with the opportunity to positively leverage its investment in Monticello, which is well entrenched as the leading gaming and entertainment destination in Chile. It provides the opportunity for Sun International to acquire an increased economic interest in, and gain strategic control over, what is regarded as one of Latam’s best casinos. The transaction acts as a catalyst for the establishment of a portfolio of premier assets in the region as well as providing the platform for further growth and consolidation of Sun International’s strategic position in the casino industry.

The purchase is subject to Chilean Gambling Board approval and the relevant submission has been made, together with Shareholder approval.

An accrual of R1 687 million has been raised in non current liabilities for the purchase consideration.

Disposal of a majority interest in our African portfolio to the Minor Group

As announced on SENS on 18 August 2014, Sun International has entered into agreements with Minor International Pcl (“Minor”), a large global company with investments in hotels, restaurants and lifestyle brands whereby Sun International will dispose of a significant portion of its African portfolio to Minor. The interests Sun International will dispose of and its shareholding pre and post the transaction is set out in the table below:

EFFECTIVE OWNERSHIP			
	Pre the transaction	% disposed	Post the transaction
Gaborone Sun	80%	80%	16%
Kalahari Sands	100%	80%	20%
Lesotho Sun and Maseru Sun	47%	80%	9%
Royal Swazi and Ezulwini Sun	51%	80%	10%
Royal Livingstone and Zambezi Sun	100%	50%	50%

On conclusion of the transaction the Royal Livingstone and Zambezi Sun will be accounted for as a joint venture, Gaborone Sun and Kalahari Sands as associates and Lesotho Sun, Maseru Sun, Royal Swazi and Ezulwini Sun as available-for-sale assets. The collective purchase consideration amounts to R664 million plus the face value of any shareholder loans.

Sun International will continue to manage the casino operations situated at each of the assets and Minor will assume day-to-day management responsibility for the hotel operations other than in Zambia, which will be jointly managed under a joint venture arrangement. The agreements reached cater for a sharing of management fees, the marketing of the properties, and the provision by Sun International of support services. Starting with the existing African assets it is the intention of the alliance to explore other hotel and gaming opportunities in particular those that may arise in Africa and Asia.

NEW AREAS AND NEW PRODUCTS

South Africa

Online sports betting

The acquisition of Powerbet Gaming Proprietary Limited was concluded on 31 October 2013 and the new Sunbet site was launched. While still small, business levels have grown strongly within an industry that is fast growing. Strategically, Sunbet provides an entry to internet based gaming in anticipation of online gaming being legalised at some point in the future and gives the group the ability to launch the brand in the market.

GPI Slots

As announced on SENS on 13 May 2014, Sun International will acquire up to a 70% interest in GPI Slots. GPI Slots is the holding company of GPI's limited payout gaming operations that own and operate LPMs. Given the fast growing nature of the LPM and EBT industry in South Africa and the negative impact thereof on the group's traditional casino business, a strategic decision was taken to look for opportunities to enter this space.

The acquisition will be made in three tranches with an initial acquisition of a 25.1% interest in GPI Slots for a cash consideration of R225 million plus 25.1% of the face value of shareholder loans. The group has options to acquire a further 25% interest in one year's time and an additional 20% one year thereafter.

The relevant submissions to the Competition Commission and gambling boards have been made. While the regulatory process may still take some time we expect all approvals to be received by November 2014. Shareholders voted in favour of the transaction at the general meeting held on 22 August 2014.

Latin America

Panama

The development of the casino and apartments in the Trump Ocean Club International Hotel and Tower in Panama City, Panama is nearing completion with an expected opening on 12 September 2014. The development remains within the estimated cost of US\$105 million.

Once complete the casino will have approximately 600 slot machines and 32 tables allocated between the main floor casino component located on the ground floor and the Privé situated on the top floor overlooking the Panama Canal and the City. Both facilities will have entertainment and food and beverage offerings.

Colombia

The group's application for a casino licence in Cartagena, Colombia was approved by the Colombian gaming regulator on 28 July 2014. This paves the way for the group's proposed casino, which forms part of a mixed use development in Cartagena. The casino, which will be developed at a cost of US\$30 million, will have 310 slots machines and 16 tables. The group will lease the casino component of the development which includes a 284 room, 5 star InterContinental hotel, convention centre, shops, theatres, apartments and offices. Whilst relatively small, this opportunity is viewed as a low risk entry into the very attractive Colombian market. We are starting to mobilise the construction company and expect the casino to open in 2015.

DIRECTORATE

The Board is pleased to announce the appointment of Mr Enrique Cibie as a non-executive director to the board with effect from 22 August 2014. Enrique is a Chilean national and currently serves as a non-executive director on various boards in Chile, having previously served as the chief executive of various multi-national and Chilean companies. With the group's increasing exposure to Latin America, Enrique's experiences and in-depth knowledge of business in Latin America will be of significant value to the group.

OUTLOOK

Over the past year there has been little change in the trading environment which remains subdued and minimal improvement is expected in the medium term. Despite the poor economic conditions, the second half of the financial year has reflected an encouraging improvement in both revenue and EBITDA as a result of the revenue enhancing and cost cutting initiatives implemented during the year and the significantly improved trading of Monticello. The benefit of these initiatives should continue to have a positive effect in the new financial year, in particular the imminent conclusion of the restructure in South Africa. As can be expected these initiatives have brought about significant change in the group and a key focus of management in the year ahead will be ensuring that the benefits achieved are sustainable. The group will also benefit from the opening of the Ocean Club Casino in September 2014.

On balance, the group is confident that it will achieve growth in both EBITDA and adjusted headline earnings in the 2015 financial year.

The forward looking information above has not been reviewed or reported on by the company's auditors.

INVESTOR PRESENTATION

An investor presentation which contains further strategic and financial information will be made available on the Company's website www.suninternational.com at 08h00 on 26 August 2014.

For and on behalf of the board

MV Moosa
Chairman

GE Stephens
Chief Executive

Registered office:

6 Sandown Valley Crescent, Sandown, Sandton 2196

Sponsor:

Rand Merchant Bank (a division of FirstRand Bank Limited)

Transfer secretaries:

Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Johannesburg 2001

The profit announcement was prepared under the supervision of the CFO, AM Leeming; BCom, BAcc, CA(SA).

Directors:

MV Moosa (*Chairman*), IN Matthews (*Lead Independent Director*), GE Stephens (*Chief Executive*)*, PD Bacon, ZBM Bassa, E Cibie, AM Leeming (*Chief Financial Officer*)*, PL Campher, Dr NN Gwagwa, BLM Makgabo-Fiskerstrand, KH Mazwai*, B Modise, LM Mojela, GR Rosenthal

* *Executive*

Group Secretary:

CA Reddiar

25 August 2014

DECLARATION OF FINAL CASH DIVIDEND

Notice is hereby given that a gross final cash dividend of 155 cents per share (131.75 cents net of dividend withholding tax) for the year ended 30 June 2014 has been declared, payable to shareholders recorded in the register of the company at the close of business on the record date appearing below. This dividend has been declared out of income reserves. The number of ordinary shares in issue at the date of this declaration is 114 129 455 including 10 149 477 treasury shares. The company has no STC credits to be utilised to offset against the 15% dividend withholding tax. The salient dates applicable to the final dividend are as follows:

2014

Last day to trade <i>cum</i> final dividend	Friday, 12 September
First to trade <i>ex</i> final dividend	Monday, 15 September
Record date	Friday, 19 September
Payment date	Monday, 22 September

No share certificates may be dematerialised or rematerialised between Monday, 15 September 2014 and Friday, 19 September 2014 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.

Sun International Limited's tax reference number is: 9875/186/71/1.

By order of the board

CA Reddiar
Group Secretary

25 August 2014



("Sun International" or "the group" or "the company") **Registration number:** 1967/007528/06 **Share code:** SUI **ISIN:** ZAE 000097580

www.suninternational.com