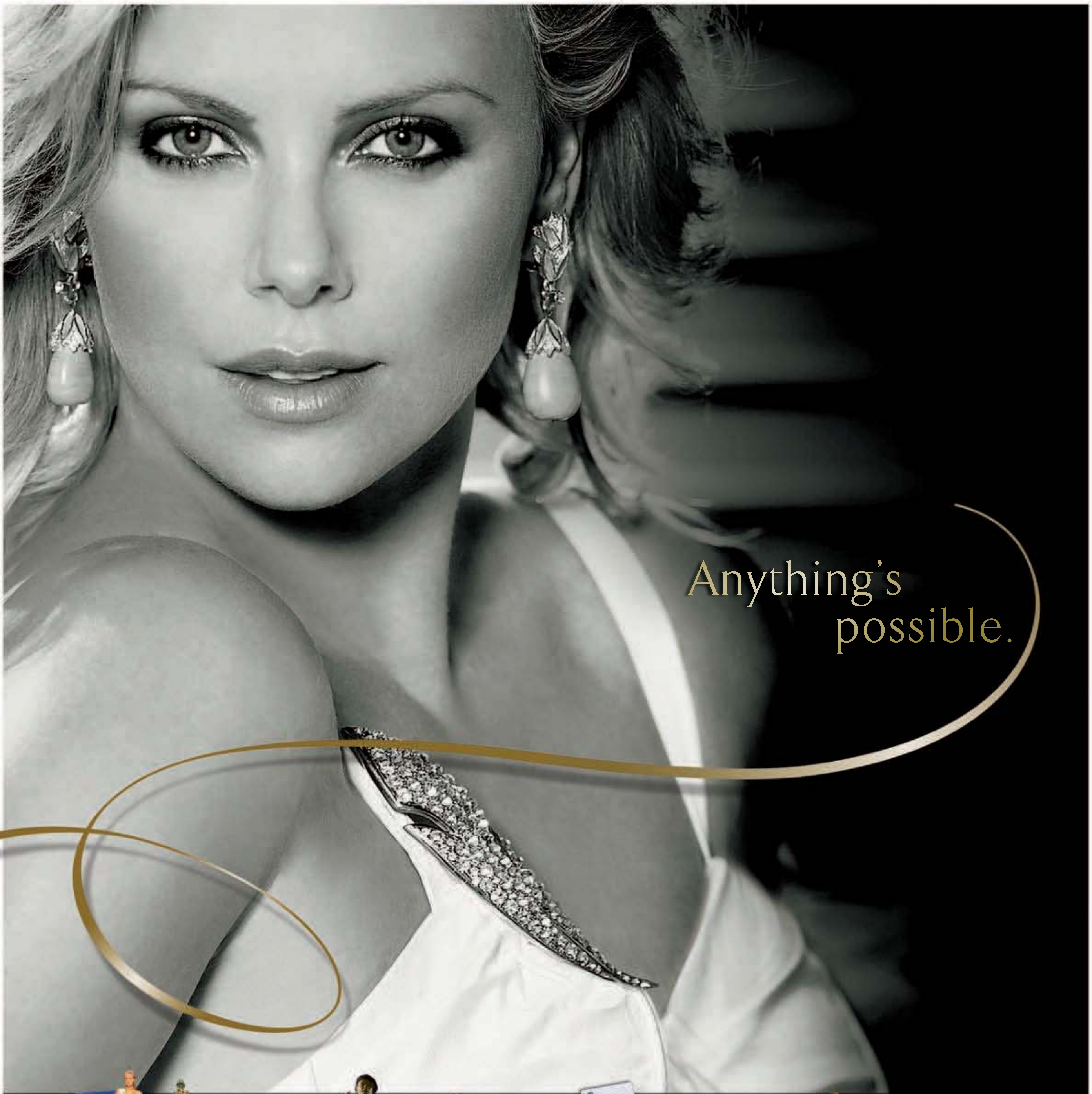

Anything's possible.

Annual Report 2008

Sun International

A Million Thrills. One Destination.

Our Mission

'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.'

Sun International

A Million Thrills. One Destination.

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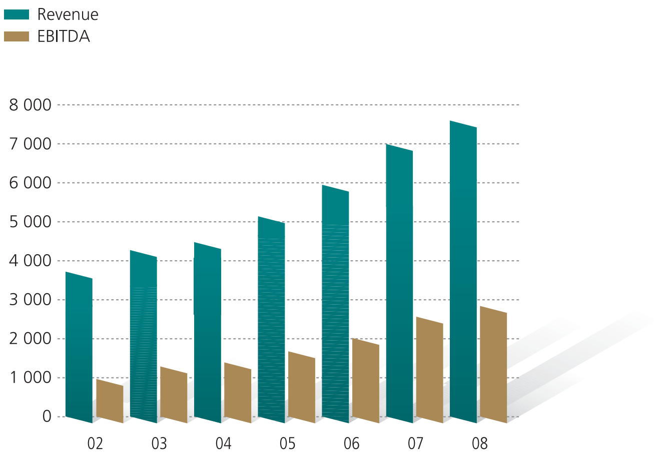
ABBREVIATIONS: **Afrisun Gauteng:** Afrisun Gauteng (Proprietary) Limited **Afrisun KZN Manco:** Afrisun KZN Manco (Proprietary) Limited **Afrisun Leisure:** Afrisun Leisure Investments (Proprietary) Limited **BBBEE:** Broad-Based Black Economic Empowerment **BEE:** Black Economic Empowerment **CASA:** Casino Association of South Africa **City Lodge:** City Lodge Hotels Limited **Company:** Sun International Limited **CSP:** Conditional Share Plan **DBP:** Deferred Bonus Plan **Dinokana:** Dinokana Investments (Proprietary) Limited **EBITDA:** Earnings before interest, tax, depreciation and amortisation **EGP:** Equity Growth Plan **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 **JSE:** Johannesburg Stock Exchange Limited **KZL:** Kerzner International Limited **Life Esidimeni:** Life Esidimeni Group Holdings (Proprietary) Limited **Mahogony Rose:** Mahogony Rose Investments 46 (Proprietary) Limited **Mangaung Sun:** Mangaung Sun (Proprietary) Limited **Meropa:** Meropa Leisure and Entertainment (Proprietary) Limited **MVG:** Most Valued Guest **NAV:** Net Asset Value **Ocfish:** Ocfish Holding Company (Proprietary) Limited **PAYE:** Pay As You Earn **PPI:** Previously Disadvantaged Individuals **RAH:** Real Africa Holdings Limited **RRHL:** Royale Resorts Holdings Limited **RSP:** Restricted Share Plan **SCE:** Ster Century Europe Limited **SCME:** Ster Century Middle East Holdings Limited **SENS:** Security Exchange News Service **SFI Resorts:** SFI Resorts SA **SIBEMT:** Sun International Black Executive Management Trust **SIEST:** Sun International Employee Share Trust **SIL:** Sun International Limited **SIML:** Sun International Management Limited **SISA:** Sun International (South Africa) Limited **STC:** Secondary Tax on Companies **Sun International Investments No. 2:** Sun International Investments No. 2 Limited **SunWest:** SunWest International (Proprietary) Limited **TCOE:** Total Cost of Employment **Teemane:** Teemane (Proprietary) Limited **V&A:** Victoria & Alfred Waterfront (Proprietary) Limited **VAT:** Value Added Tax **Western Cape Casino Resort Manco:** Western Cape Casino Resort Manco (Proprietary) Limited **Wild Coast Sun:** Transkei Sun International Limited **Worcester:** Worcester Casino (Proprietary) Limited

FINANCIAL HIGHLIGHTS

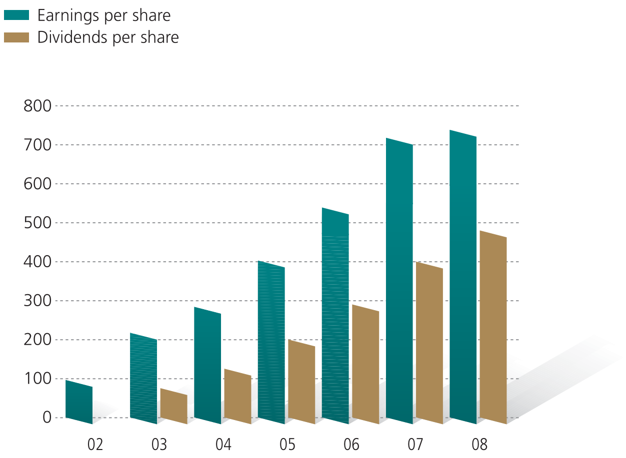
for the year ended 30 June

		2008 Rm	2007 Rm	Change %
TRADING (including adjusted headline earnings adjustments)				
Revenue		**7 618**	6 937	10
EBITDA		**2 836**	2 561	11
Profit from operations		**2 166**	1 969	10
Profit before tax		**1 732**	1 750	(1)
Adjusted headline earnings		**720**	814	(12)
ORDINARY SHARE PERFORMANCE				
Diluted adjusted headline earnings per share	(cents)	**739**	719	3
Dividends per share	(cents)	**480**	400	20
FINANCIAL RATIOS				
Borrowings to EBITDA	(times)	**2,16**	1,39	
EBITDA to interest	(times)	**5,8**	12,1	
MARKET SHARE PRICE AT 30 JUNE	(Rands)	**88,00**	147,00	

REVENUE AND EBITDA (Rm)



ADJUSTED HEADLINE EARNINGS AND DIVIDENDS PER SHARE (cents)



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.

THE SUN INTERNATIONAL LIMITED GROUP

South African operations

CAROUSEL
100%

MORULA
100%

SUN CITY
100%

NALEDI SUN
100%

AFRISUN GAUTENG
Carnival City

85%	Voting Interest
84%	Economic Interest

AFRISUN KZN
Sibaya

63%	Voting Interest
56%	Economic Interest

EMFULENI
Boardwalk
Fish River Sun

64%	Voting Interest
74%	Economic Interest

MANGAUNG SUN
Windmill

70%	Economic Interest

MEROPA
Meropa

45%	Voting Interest
68%	Economic Interest

SUNWEST
GrandWest
The Table Bay

50%	Voting Interest
63%	Economic Interest

TEEMANE
Flamingo

49%	Voting Interest
74%	Economic Interest

TRANSUN
Wild Coast Sun

70%	Economic Interest

WORCESTER
Golden Valley

48%	Voting Interest
43%	Economic Interest

Other Southern African operations

BOTSWANA

80%

Gaborone Sun
Letsatsi
Marang
Menateng

LESOTHO

47%

Lesotho Sun
Maseru Sun

NAMIBIA

100%

Kalahari Sands

SWAZILAND

51%

Royal Swazi Spa
Ezulwini Sun
Lugogo Sun

ZAMBIA

100%

Royal Livingstone
Zambezi Sun

Management activities

100%	SIML	50%	Kimberley Manco
44%	Gauteng Manco	50%	Mangaung Manco
29%	Western Cape Manco	50%	Meropa Manco
37%	Emfuleni Manco	50%	Wild Coast Sun Manco
30%	Afrisun KZN Manco	50%	Winelands Casino Manco

Notes:

Economic interest excludes shares held by the SIEST.

Voting interest indicates effective control.

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

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CHAIRMAN'S REPORT

Buddy Hawton

ECONOMIC CONDITIONS

The past year was characterised by challenging economic conditions. Continued increases in food prices, energy costs and interest rates have significantly impacted consumer spending patterns and available disposable income.

The casino operations in South Africa were impacted by this trend, but despite this, acceptable results were achieved for the year. The hotels and resorts operations have experienced a pleasing increase in inbound tourism with resultant strong occupancies.

A CHALLENGING TRADING YEAR

The group achieved reasonable growth in revenue, which at R7,6 billion was 10% ahead of last year. Gaming revenue grew 9% and hospitality and other revenue 12%. EBITDA of R2,8 billion was 11% up on last year and the EBITDA margin improved from 36,9% to 37,2%.

The group's net interest charge increased by R286 million over last year to R522 million, arising primarily from the additional funding in respect of the R2,3 billion share buy back in July 2007 and higher prevailing interest rates.

The past year was characterised by challenging economic conditions... but despite this, acceptable results were achieved for the year.

Chairman's report continued

Construction of the Monticello casino project located to the south of Santiago in Chile is progressing well with the casino opening in October 2008.

THE LOST CITY, Golf course

MORULA

Adjusted headline earnings of R720 million were 12% below the previous year due primarily to the increased borrowing costs. However, diluted adjusted headline earnings per share of 739 cents were 3% ahead of last year due to the lower number of shares in issue following the share buy back.

The board has declared dividends for the year of 480 cents per share, 20% ahead of last year and aligned with the group's stated intention to continue increasing the dividends payable to shareholders.

LOCAL DEVELOPMENTS

The group completed a number of developments, including the expanded GrandWest casino and facilities costing R450 million, the 98 room Golden Valley Lodge in Worcester at a cost of R65 million and the 1 000-vehicle multi-level parkade at Carnival City at a cost of R85 million. The second phase of the Sun City Main Hotel refurbishment comprising 170 rooms and certain back of house areas is due for completion in November 2008.

INTERNATIONAL EXPANSION

Construction of the Monticello casino project located to the south of Santiago in Chile is progressing well with the casino opening in October 2008. The retail and entertainment elements will open in December 2008 and the 150 room hotel in May 2009.

The total estimated project cost has been revised to US$236 million, principally due to the significant strengthening of the Chilean Peso against the US Dollar.

The existing Federal Palace Towers Hotel on Victoria Island, Lagos, Nigeria, has been under the group's management since October 2007. The refurbished 150 room Federal Palace Hotel was officially opened on 1 August 2008. Sun International provided a loan of US$10 million to complete this refurbishment.

The terms of the gaming licence have been finalised with the Lagos State authorities and the enabling regulations are in the process of being approved by the State Legislature. The licence is expected to be issued shortly, following which the group will acquire a 49,5% equity interest in the business for US$38 million. This project will provide the group with an entry into a fast developing and relatively affluent section of the Nigerian market and will further diversify our earnings from a geographical perspective.

REAL AFRICA HOLDINGS

Sun International acquired a controlling interest in RAH on 15 September 2006. The group accumulated an additional 4,4% in RAH during the year, resulting in its total shareholding increasing to 65,7%.

THE TABLE BAY

SIBAYA. Lodge

GPI acquired a shareholding of 30,6% in RAH during the year which has resulted in the free float of RAH reducing to 3,7%, a matter which is under consideration.

SHARE BUY BACK

The share buy back was concluded on 30 July 2007, resulting in the purchase by the group of 16 084 833 shares at a price of R145,35 per share. The transaction was funded by way of a R2 billion issue of preference shares and internally generated cash flows.

BLACK ECONOMIC EMPOWERMENT AND OUR PARTNERSHIPS

We are committed to the transformation of the group through broad-based empowerment and have various partners at operational level as well as at group level, where the Dinokana consortium has a shareholding in Sun International Limited. In addition, employees participate in the success of the group through the Sun International Employee Share Trust.

Our success in attaining a number of 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 over the past few years in line with the growth and performance of our operations.

We have committed considerable resource and effort in fulfilling the previously stated intention of increasing our partner's, GPI, interest in SunWest, the group's most significant business. GPI acquired an additional 4% in SunWest from SISA for R83,4 million on 28 November 2007, and exercised its option from SISA over 2,46% in SunWest at R425 per share on 14 December 2007. The option granted by SunWest for GPI to acquire a further 5% in SunWest at R165 per share, which expires in 2010, was partially exercised on 15 August 2008, resulting in GPI subscribing for 560 000 shares representing eighty percent of the option. The group's effective economic interest in SunWest after the exercise of the entire option will be 59,9%.

Compliance with the BBBEE Codes has been a priority over the past year and to this end the industry together with CASA have engaged the Provincial Licensing Authorities in an endeavour to arrive at industry goals over an acceptable period.

CORPORATE GOVERNANCE

Sun International remains committed to and endorses the application of the principles of good corporate practices and

conduct. 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.

The Sun International 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 the group observes its broader obligations to society in terms of environmental, economic and social sustainability, and an acknowledgment that transformation at all levels is a fundamental business imperative.

SOCIAL RESPONSIBILITY AND SUSTAINABILITY

Sun International believes 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.

We actively support the communities in which we operate by working with community members to promote upliftment and socio-economic development. The group contributes 2% of net profits to its corporate social investment projects. The group is developing its approach to enterprise development and will continue to identify suitable projects requiring support.

Increased consumer awareness of global environmental issues and the growing demand for environmentally responsible tourism products worldwide has led to greater management commitment to sustainability. Improved staff and guest awareness has resulted in some significant achievements and the group's environmental management remains ahead of any of its competitors. The need for more efficient use of resources in addressing the challenges created by climate change remains an immediate objective.

DIRECTORATE

Leslie Boyd passed away on 28 March 2008. He will be remembered for his knowledge, incisiveness and contribution and will be greatly missed by his colleagues on the board.

Peter Swartz and Hassen Adams resigned from the board on 11 February and 26 August 2008 respectively and the board thanks them for their contributions to the group. Sadly, Peter Swartz passed away on 23 September 2008.

OUR PEOPLE

The investment we make in our people contributes significantly to our ability to retain market leadership in the gaming and leisure sector. The global demand for key human resources makes it increasingly challenging to retain such people in the organisation and the group has not been immune to this challenge. We are confident that we will continue to attract and retain key people in the organisation.

We are making progress in achieving our employment equity targets and are committed to the ongoing training and development of our employees.

I would like to thank the non-executive directors, the management and all our people for their support, commitment and hard work during this challenging year.

PROSPECTS FOR 2009

Trading conditions in the group's South African casino operations are expected to remain challenging in the year ahead. With the international tourism market remaining relatively buoyant, the group should however benefit from an improved contribution from hotels and resorts.

The Chilean and Nigerian operations are expected to contribute in the year ahead to significant growth in revenue and EBITDA. The increased capital charges relating to these investments will however temper growth in adjusted headline earnings per share.

It remains the intention of the group to continue increasing the dividends payable to shareholders at a rate ahead of earnings per share growth.

Buddy Hawton
Chairman

CHIEF EXECUTIVE'S REPORT

David Coutts-Trotter

TRADING AND GROUP OPERATING PERFORMANCE

The past year has seen a slowing in South Africa's economic growth and growth in consumer spending. Increasing inflation, in particular energy costs, food costs and higher interest rates have impacted on disposable income and consumer spending patterns. These factors have affected gaming revenues in South Africa and the rate of growth in these revenues has slowed throughout the year.

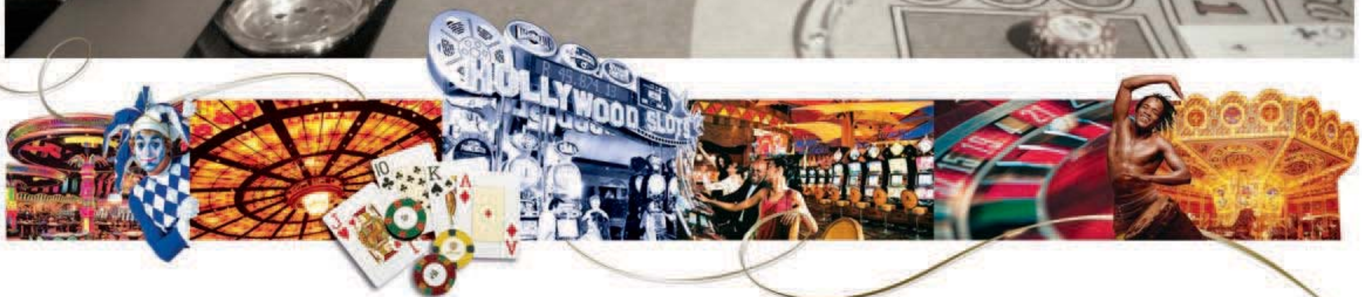
Notwithstanding this, the group performed satisfactorily.

The group achieved growth in revenue which at R7,6 billion was 10% ahead of last year. Gaming revenues increased by 9% to R5,8 billion, with slot and table revenues up 9% and 12% respectively. Rooms revenues grew 14% over last year.

The group's management activities continued to contribute strongly and generated a greater proportion of earnings to the group. Management activities are now the second largest contributor to group profitability, accounting for 13% of EBITDA.

Costs for the group were well controlled and the overall EBITDA margin improved slightly to 37,2%, resulting in an 11% increase in EBITDA to R2,8 billion.

Our goal is to be one of the most admired companies in South Africa and an example others follow. We are and will remain the formidable competitor.



CASINOS AND GAMING

OPERATIONAL OVERVIEW

	Revenue Rm		EBITDA Rm		EBITDA margin %	
	2008	2007	**2008**	2007	**2008**	2007
GrandWest	**1 756**	1 595	**734**	693	**41,8**	43,4
Carnival City	**954**	908	**329**	333	**34,5**	36,7
Sibaya	**782**	684	**294**	247	**37,6**	36,1
Boardwalk	**451**	435	**185**	179	**41,0**	41,1
Other gaming operations	**1 285**	1 172	**396**	382	**30,8**	32,6
	5 228	4 794	**1 938**	1 834	**37,1**	38,3

The R450 million GrandWest expansion was completed in the first half of the financial year, with the multipurpose arena and the refurbished non-smoking casino opening in October and December 2007 respectively.

EBITDA margins in the gaming division declined by 1,2 percentage points to 37,1% due mainly to higher effective gaming taxes as a consequence of 'fiscal drag', the higher costs associated with the enlarged GrandWest operation and higher costs of energy, property rates and taxes and security. Sibaya improved its EBITDA margin as a result of increased market share and a full year's contribution from the Sibaya Lodge.

GrandWest achieved revenue growth of 10%. The EBITDA margin of 41,8% was 1,6 percentage points below last year due to the higher costs associated with the enlarged casino and entertainment facilities, as well as higher effective casino levies.

Carnival City had a challenging year due to the economic environment and a more competitive local market following the opening of the seventh casino in Gauteng. Revenue grew by 5% and the EBITDA margin declined to 34,5% from 36,7% in the previous year. The group's share of the Gauteng market for the year was 20,9% which, although 0,5 percentage points below last year, is positive when compared to the 1,4 percentage points decline in the group's effective share of gaming positions in the province. The new multi-level parkade should improve Carnival City's position in the very competitive Gauteng market.

Sibaya performed strongly with revenue up 14%. EBITDA grew 19% and the EBITDA margin increased by 1,5 percentage points to 37,6%. Sibaya continued to improve its overall share of the KwaZulu-Natal market, which at 36% was one percentage point ahead of the previous year.

Boardwalk's revenue grew 4%, reflecting the difficult economic environment in the Eastern Cape. At 41,0%, the EBITDA margin remained in line with last year as a result of tighter cost control.

LOCAL DEVELOPMENTS

The R450 million GrandWest expansion was completed in the first half of the financial year, with the multipurpose arena and the refurbished non-smoking casino opening in October and December 2007 respectively. The enlarged casino floor, which was completed at the end of the 2007 financial year, together with the additional facilities and attractions, will provide GrandWest with an excellent base from which to grow into the future.

The R65 million 98 room Golden Valley Lodge in Worcester successfully opened to the public in March 2008 and trading at the casino has improved markedly as a result.

GOLDEN VALLEY

The 1 000-vehicle multi-level parkade at Carnival City was opened to customers in June 2008 and the improved access was completed two months later, at a total cost of R85 million.

In Lesotho the conceptual planning of the Lesotho Sun refurbishment continues with work anticipated to start around November 2008. The projected spend on the refurbishment of the property is R160 million over the next two financial years.

The Boardwalk's casino licence in Zone 1 of the Eastern Cape expires in October 2010. The Eastern Cape Gambling and Betting Board (ECGBB) recently issued a draft request for proposals (RFP) for a casino licence in that zone. The terms of the RFP are onerous, requiring inter alia a minimum new investment of R750 million and local empowerment ownership of 35%. The requirement will result in significant dilution to the existing shareholders who in addition, will be required to facilitate the funding of this shareholding. Proposals are expected to be submitted by December, with the announcement of the preferred bidder scheduled for June 2009.

GAMING INDUSTRY IN SOUTH AFRICA

The competitive gaming environment in South Africa has traditionally included casinos, horse-racing and sports betting, bingo, the national lottery and limited payout machines. Online gambling, although currently illegal in South Africa, is increasingly active in the country and is fast becoming a significant competitor.

Chief Executive's report continued

FLAMINGO

WILD COAST SUN

South African gaming market revenue

Sector	**2008 Rm**	%	2007 Rm	%	2006 Rm
Casino	**13 095**	12	11 715	16	10 101
Lottery	**805***	(62)	2 146	(3)	2 218
Horse racing	**1 631**	12	1 456	24	1 175
LPM	**489**	39	352	>100	167
Bingo	**94**	48	64	>100	28
Total	**16 114**	2	15 733	15	13 689
Percentages	**%**		%		%
Casino	**81**		74		74
Lottery	**5**		14		16
Horse racing	**10**		9		9
LPM	**3**		2		1
Bingo	**1**		1		–
Total	**100**		100		100

Statistics are for the year ended 31 March.
Online revenues are excluded.
Sources: National & Provincial Gambling Boards, Sun International, Uthingo and Gidani.
LPM – Limited Payout Machines.
** Includes 9 months trading.*

It is included in our market analysis as an estimate for the first time this year.

Casinos

Silverstar, the new casino on the West Rand in Gauteng opened in December 2007 with 752 slot machines and 26 tables. The hotel and certain other facilities opened in March 2008.

The group's Golden Valley Casino in Worcester and Peermont Global's Frontier Inn in Bethlehem both traded for a full year.

National Lottery

The National Lottery resumed operations in October 2007 and the figures in the table above are thus for nine months. Notwithstanding this, revenues are well below historic levels and it is likely to take some time before they return to previous levels.

Horse racing

Horse racing continues to grow well.

Sun International's share of the South African gaming market						
	GGR			Total number of gaming positions		
Province	**2008**	2007	2006	**2008**	2007	2006
Gauteng	**21%**	21%	18%	**25%**	28%	24%
Western Cape	**82%**	81%	82%	**72%**	69%	66%
Eastern Cape	**76%**	77%	78%	**76%**	76%	74%
Northern Cape	**88%**	88%	87%	**60%**	60%	58%
Free State	**59%**	60%	57%	**50%**	52%	62%
Mpumalanga	**–**	–	–	**–**	–	–
North West	**70%**	70%	75%	**75%**	76%	81%
Limpopo	**88%**	87%	86%	**73%**	71%	67%
KwaZulu-Natal	**36%**	35%	35%	**30%**	30%	29%
South Africa	**44%**	44%	43%	**43%**	44%	42%

Statistics are for the year ended 31 March.
Positions are 1 per slot machine and 6 per table.
GCR for Free State, Limpopo, North West & Northern Cape estimated by Sun International as provincial figures are not available.
Sources: National and Provincial Gambling Boards and Sun International.

LPMs

LPMs are now available in five provinces: Limpopo, Western Cape, Eastern Cape, Mpumalanga and, recently, KwaZulu-Natal. Growth in this sector remains strong as new sites are rolled out.

Bingo

Growth in the bingo sector has arisen mainly from the advent of the so-called 'bingo machines', which in reality are slot machines and not bingo as defined by gaming law. Legal action taken by CASA has seen two judgements which will effectively disallow the operation of these machines under a bingo licence.

Market share

The group has maintained its 44% share of the overall Gross Gaming Revenue (GGR) of the South African casino market. This is despite a 1% drop from 44% to 43% fair share of the gaming positions as a result of the opening of the Silverstar Casino on the West Rand of Gauteng.

The group fared reasonably well in the two major competitive markets of Gauteng (Carnival City and Morula) and KwaZulu-Natal (Sibaya). In Gauteng the group's share of GGR declined slightly from 21,4% for the year ended June 2007 to 20,9% for the year ended June 2008. However at the same time, fair share in gaming positions declined from 28% to 25%.

Sibaya's share of the KwaZulu-Natal casino market grew from 35% for the year ended June 2007 to 36% for the current financial year. Sibaya has enjoyed an improvement in market share in both slots and tables. The tables increase has been more marked, with a growth in revenue from the Salon Privé.

Casino licences

The group currently holds 13 of the 40 casino licences in South Africa of which 38 of the 40 licences have now been issued with two licences still to be awarded in Limpopo and Mpumalanga.

The group and its partner submitted a bid for the third casino licence in Limpopo which was to have been situated at Burgersfort.

Casino licences in South Africa at 31 March 2008					
			Competitors		
Province	Total	Sun International	Licences trading	Licences allocated	Unallocated
Gauteng	7	2	5	–	–
Western Cape	5	2	3	–	–
Eastern Cape	5	2	2	1	–
Northern Cape	3	1	1	1	–
Free State	4	2	2	–	–
Mpumalanga	4	–	3	–	1
North West	4	2	2	–	–
Limpopo	3	1	1	–	1
KwaZulu-Natal	5	1	4	–	–
Total	**40**	**13**	**23**	**2**	**2**

Chief Executive's report continued

Our new brand promise of delivering our customers 'A Million Thrills' is centred around each unit's programme to offer a diverse range of high quality entertainment, superior and passionate service and innovative products and promotions.

The regulator ruled that none of the bids submitted for this licence met their requirements and therefore, the process to award this licence would be re-started in the near future.

No announcement has been made in respect of the unallocated licence in Mpumalanga.

There is also one licence in the Free State to be reissued. This licence is currently held by Sun International (Naledi Sun) pending the award of the Sasolburg licence which will result in the closure of Naledi Sun. The Sasolburg licence is currently the subject of legal action.

GAMING MARKETING

Major marketing campaigns

The past year was focused on further strategic development on all aspects of customer acquisition, retention and reactivation.

Our new brand promise of delivering our customers 'A Million Thrills' is centred around each unit's programme to offer a diverse range of high quality entertainment, superior and passionate service and innovative products and promotions. This is especially important given the high visitation rate of many of our customers, and especially those in the highly competitive markets of Gauteng and KwaZulu-Natal.

Particular cognisance is taken of the fact that many customers seek a variety of entertainment options at casinos, and our programmes need to cater to this need. The successful introduction of the Grand Arena at GrandWest and the Jembe Tavern at Meropa has enhanced our ability to deliver in this area.

Product diversity and customer desire to play new games will consistently drive innovation in games and gaming promotions. Apart from games supplied by recognised international manufacturers, ongoing development of proprietary intellectual properties for promotional purposes continues and provides added value to the gaming experience.

A group-wide slots promotion, the 'World Series of Slots' was launched across all casino properties during the second half of the year, with a combined prize pool of over R13 million and a first prize of R2,5 million. The promotional tournament attracted over 11 000 participants, with the finals held at Sun City where some 500 customers were hosted to a weekend of entertainment and gaming activity.

In the tables gaming arena, tournaments and games add-ons continue to provide interest and variety to the main menu of games. The worldwide explosion of 'Texas Hold-em Poker' has seen many of our casinos introducing poker tournaments to attract poker players and certain casinos have introduced permanent poker tables. The annual R1 million first prize Black Diamond Black Jack and Black Pearl roulette tournaments continue to be well supported as does the US$1,5 million poker tournament at Sun City.

Sun International Privé magazine

Privé magazine continues to enhance brand perceptions, especially in light of the launch of the 'A Million Thrills. One Destination' brand campaign. Ongoing reader research allows us to enhance Privé's popularity with our top customers and better guide editorial content.

Establishment of marketing in Chile

With the development of the Monticello casino south of Santiago in Chile, significant emphasis has been placed on the establishment of a marketing team suited to the Chilean market. Training for key

members of this local team has been conducted over the course of many weeks in South Africa.

Extensive research into the entertainment and gaming profiles of potential customers has been conducted which will assist in the formulation of strategies to ensure the correct mix of product, promotions and communications.

Entertainment

The highlight of the year was the opening of the Grand Arena at GrandWest Casino in October 2007. This 5 200-seat state-of-the-art arena, together with the existing 5 800-seat Superbowl at Sun City and 3 500-seat Big Top Arena at Carnival City, gives Sun International the advantage of presenting both visiting and

local entertainers exclusively within our venues in the main centres of the country.

The Grand Arena's opening artist was the powerful and popular international star Mary J Blige, followed by superstar Enrique Iglesias, giving Cape Town a concentrated taste of what to expect from this new premier entertainment venue. In November, Jethro Tull, Foreigner and Pat Metheny were among the international artists on stage, and each of these also played in the Big Top Arena at Carnival City.

Big international names were once again a feature throughout the year, and our arenas played host to Gladys Knight, Pink, Joe Cocker, Dana Winner, the Village People, Sister Sledge, James Blunt, Joe Jackson, Counting Crows and Regina Belle, as well as the beautiful former member of Destiny's Child, Kelly Rowland, who rallied to the Aids cause at the Sun City Superbowl for the Posi+ive Events.

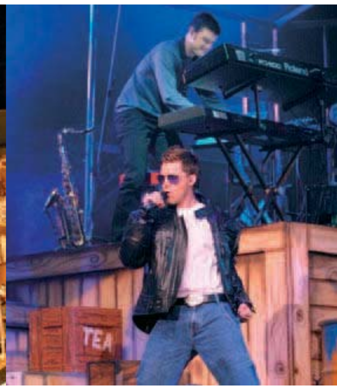
American comedian and TV and big screen star Chris Rock broke SA box office records on a tour co-promoted by Sun International. Chris sold out seven shows in South Africa, appearing in front of over 32 000 fans in the space of six days. Six of these shows were held at the Sun City Superbowl, Big Top Arena and Grand Arena, with the seventh at the ICC in Durban in conjunction with Sibaya casino.

Local talent again featured prominently in our casinos, with notable theatre runs of Umoja at the iZulu Theatre at Sibaya casino and Let There Be Rock at the Extravaganza Theatre at Sun City. Centrestage Productions performed several shows during the year at the Vodacom Amphitheatre at the Boardwalk casino, Steve Hofmeyr recorded Dis Hoe Dit Is at the Mardi Gras Theatre at Sun City, and Skouspel expanded to fill two weekends at Sun City's Superbowl.

In addition to these, the group's casinos also hosted the following local artists, amongst others: Kruna, Trevor Gumbi, Loyiso, Bala

The Grand Arena's opening artist was the powerful and popular international star Mary J Blige, followed by superstar Enrique Iglesias, giving Cape Town a concentrated taste of what to expect from this new premier entertainment venue.

GRANDWEST, Grand Arena



SUN CITY SUPERBOWL, 'Let there be Rock' concert

SIBAYA, Izulu Theatre

Brothers, Eugene Khoza, Lerato Moloisane, Madima Madhuva, David Kau, Lucia Mthiyane, Incha, Trevor Noah, Oliver Mthukudzi, Stimela, Roni Modimola, Malaika, Denimm, Tshepo Mogale, HHP (Hip Hop Pantsula), Dr Victor, Loyiso Gola, Budhaza, Dawnay, Lira, Freshly Ground, Jamali, Gang of Instrumentals, Oupa Makhubela, Selaelo Selota, Zane Adams, Neo Muyanga, Swazi Dlamini and Concord Nkabinde.

Sun International has always been one of the most prominent players in the entertainment market in South Africa and is very well placed to bring regular guests and the South African public bigger and better events, many exclusively within our venues, in the coming years.

MVG programme

Sun International's MVG programme is the group's gaming customer loyalty programme. It has some 365 000 active members and is available in all group casinos. There are four card tiers, the highest of which is the Platinum card, followed by Gold, Silver and Maroon.

MVG members are rewarded for their play on slots and tables and all levels receive valuable benefits, rewards and special offers. These are also available at the group's hotels and resorts.

The MVG programme is an integral part of the group's customer management strategy. The MVG database forms the initial core of the new Single Image Customer Database, and the new campaign management system will manage communication to this customer base. Through this the group will gain new insights into this extremely valuable customer segment.

Around 366 000 MVG cardholders played in Sun International casinos during the year under review, representing an increase of 2% on the previous year.

Of these active players, 2% were Platinum cardholders, 16% were Gold, 24% were Silver and 58% were Maroon. There has been a slight reduction in the absolute numbers of Platinum and Gold cardholders as a result of a tightening economy with a number of cardholders moving to lower card tiers and some out of the programme.

Despite this, revenue contribution from the programme has remained resilient with tracked play increasing by 14% over the previous year. The Platinum and Gold cards were the best performing sectors, providing 84% of MVG derived revenue, 2% behind last year.

Chief Executive's report continued

MVG Customer segments

Card	Points threshold	2008 Active customers	2008 Revenue contribution	2007 Active customers	2007 Revenue contribution
Platinum	4 500	**2%**	**42%**	2%	43%
Gold	475	**16%**	**42%**	17%	43%
Silver	50	**24%**	**10%**	25%	9%
Maroon	Free	**58%**	**6%**	56%	5%

Points threshold is indicative of the level of play or handle the customer generates.

Relationship Marketing Project

The Relationship Marketing Project which the group announced last year is making good progress. This project will deliver a new customer database which will provide a single view of the customer, and a new campaign management system. This project forms an important part, and indeed the foundation of the group's larger customer management strategy.

The new customer database is complete and is populated with MVG customer data, while the associated data management tools are in place and functioning very well. We have also significantly upgraded our customer data security processes internally and externally.

The Microsoft Dynamics CRM product was selected for the new campaign management system. This has been customised to suit the database marketing processes to the extent that we will be able to largely decentralise these processes in the gaming operations. The development of this product is complete.

All of the components are being tested together prior to commencing deployment at our major properties, as planned, towards the end of 2008.

LEGAL MATTERS

The National Gambling Amendment Act, 2008, which deals with the regulation of online gambling among other issues, was assented to by the President during July 2008 but has not yet been brought into effect. The Amendment Act is not expected to come into effect in the near future as the tax and levy structure to apply to the online gambling industry is still to be researched and formulated by means of a statutory instrument. In addition, the Amendment Act makes provision for regulations to be issued and these are expected to be formulated and promulgated to coincide with the effective date of the Amendment Act.

The Pretoria High Court has handed down judgement in the matter of the unlicenced operators in the North West, the effect of which is that they are not entitled to conduct their gambling machine businesses. An application for leave to appeal has been lodged by the operators, although a hearing date has not yet been set.

Two cases have been heard with regard to electronic bingo terminals (EBTs). In Gauteng, casino operators sought a review and setting aside of the decision of the Gauteng Gambling Board to permit the licensing of EBTs under bingo licences. The Pretoria High Court has handed down judgement in favour of the casino operators, the effect of which is that EBTs may not be operated under bingo licences. An application for leave to appeal has been noted. In the second EBT matter, the High Court in Pietermaritzburg has handed down its judgement and has also found in favour of the industry and in this case also the provincial licensing authority. An application for leave to appeal has been brought.

Legal advice obtained from Senior and Junior Counsel has been not to seek to obtain rulings to enforce the current judgements in all three matters mentioned above, and instead, to seek to expedite the allocation of hearing dates of the application for leave to appeal in each matter.

CASA continues to perform an important role as industry spokesman, has a sound reputation among its stakeholders and enjoys strong support from its members.

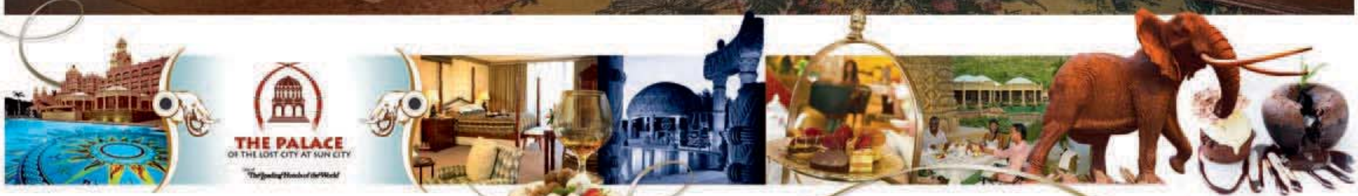
The group is attempting to resolve a number of land claims with the Department of Land Affairs. In the case of the Wild Coast Sun, a set of settlement proposals has been extended to the land claimants and no conclusive response has been received. The Regional Land Claims Commissioner appears to be seeking clarity on the guidance it should offer to the parties.

In the case of the Fish River Sun land claim, the court has been requested to allocate dates for hearing this matter, however, no progress has been made during the year.

HOTELS AND RESORTS

OPERATIONAL OVERVIEW

	Revenue Rm		EBITDA Rm		EBITDA margin %	
	2008	2007	**2008**	2007	**2008**	2007
Sun City	**1 147**	1 059	**223**	190	**19,4**	17,9
Wild Coast Sun	**299**	274	**62**	55	**20,7**	20,1
Zambia	**208**	181	**63**	51	**30,3**	28,2
Table Bay	**197**	173	**69**	63	**35,0**	36,4
Other hotels and resorts operations	**428**	368	**105**	82	**24,5**	22,3
	2 279	2 055	**522**	441	**22,9**	21,5



The hotels and resorts division contributed strongly throughout the year and improved EBITDA margins by 1,4 percentage points to 22,9%. The premier properties – Sun City, Table Bay and the Royal Livingstone – benefited from increased foreign demand which translated into higher occupancies and rates.

Sun City achieved an occupancy rate of 84% which was 5 percentage points ahead of the previous year and an average room rate of R1 157, which was 10% ahead of last year. Good cost control resulted in an improved margin, and EBITDA was 17% ahead of the previous year.

Occupancies at the group's hotels and resorts improved to 79% and the average room rate increased by 10% over last year.

The Table Bay achieved occupancies of 74% compared to 72% last year and an average room rate of R1 739 which was 12% ahead of the previous year. EBITDA was 10% above the previous year reflecting a small deterioration in margin as a consequence of higher property rates and taxes.

The Royal Livingstone and Zambezi Sun achieved an aggregate occupancy of 76% compared to 74% last year at an average room rate of US$178, which was 16% ahead of the previous year. This growth in revenues can primarily be attributed to the growing popularity of the resort with international visitors.

LOCAL DEVELOPMENTS

The second phase of the Sun City Main Hotel refurbishment comprising 170 rooms and certain back of house areas is due for completion by November 2008. The cost of the total refurbishment is expected to be within the original estimate of R260 million.

The group is evaluating various alternatives for a major upgrade of its operations in Swaziland. In Namibia, the Kalahari Sands will be undergoing an extensive R54 million rooms refurbishment which will include upgrades to the bathrooms as well as corridors.

The Wild Coast Sun's casino licence expires on 31 August 2009. The group has submitted its application for a new licence to the Eastern Cape Gambling and Betting Board (ECGBB). The bid proposal includes a R340 million upgrade and expansion of the resort, including the refurbishment of all the rooms, enhanced conference facilities and upgrades to the public areas as well as an exciting water park. The announcement of the ECGBB decision is scheduled for October 2008.

MARKETING

Customer profile

The majority of the international visitors to the group's hotels and resorts comprise FITs (foreign individual travellers) and MICE (meetings, incentives, conferences and exhibitions) guests.

In our domestic markets, the customer base remains in the corporate business arena, group travellers and leisure and gaming guests. This business is secured through intensive marketing campaigns, direct corporate sales intervention, travel agents and the growing professional conference and event organiser industry.

Local and international market statistics

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

Hotels and resorts occupancies and rates	**2008**	2007
Total resort room nights available (000's)	**1 058**	1 080
Total resort room nights sold (000's)	**837**	818
Total resort occupancies achieved (%)	**79,1**	75,7
Local room nights sold (000's)	**573**	577
Local occupancies achieved (%)	**54,2**	53,4
International room nights sold (000's)	**264**	241
International occupancies achieved (%)	**24,9**	22,3

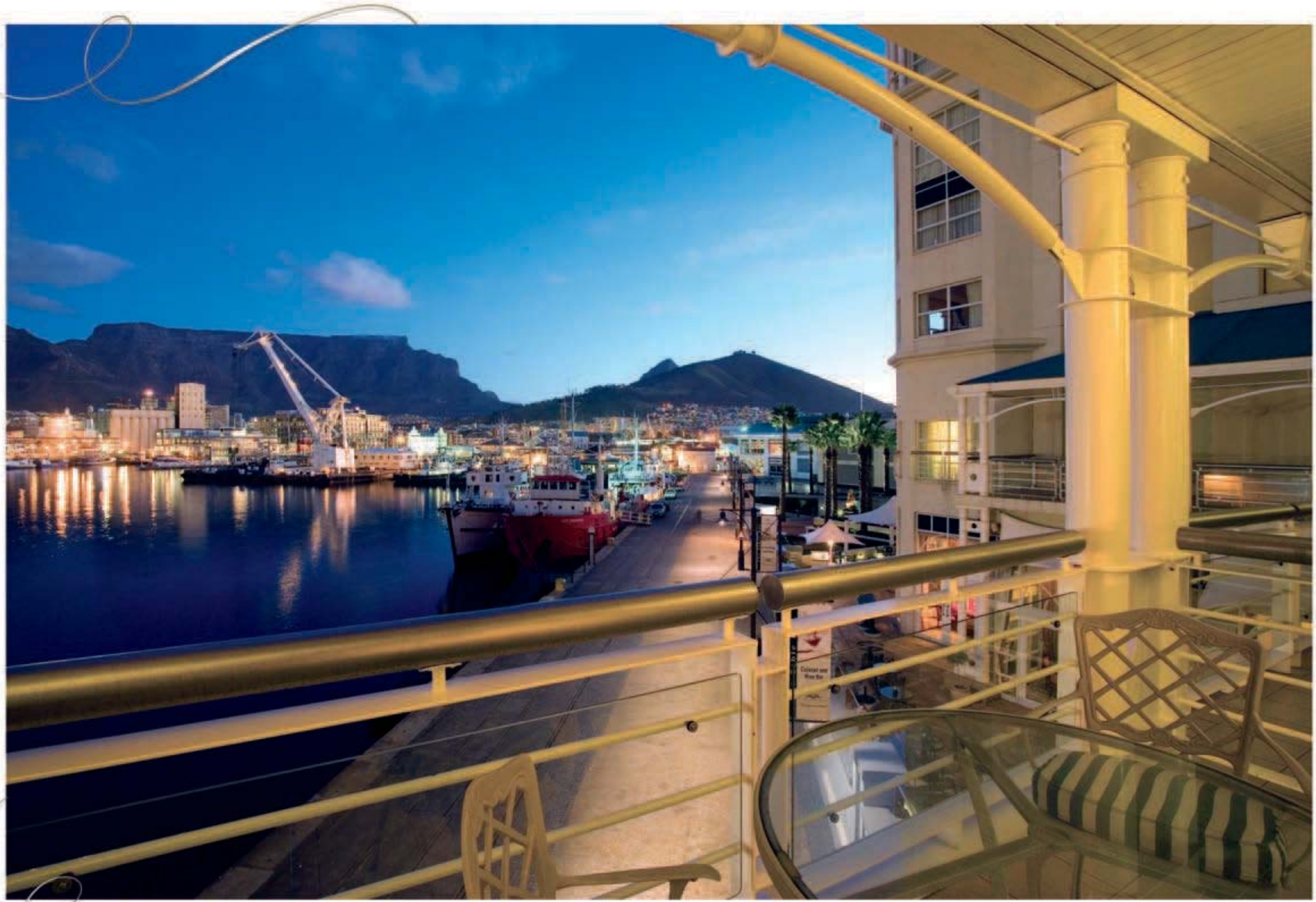
Occupancies at the group's hotels and resorts improved to 79%, three percentage points ahead of last year. While most properties reflected moderate growth, Gaborone Sun and Kalahari Sands were major contributors.

The average room rate achieved of R966 increased by 10% over last year. Good growth was generated through international sales with increases of 10% and 13% in room sales and rate respectively. This growth is particularly evident at Sun City, Table Bay, Royal Livingstone and the Zambezi Sun. Southern Africa remains a sought after destination and the group's international sales network has been effective in achieving revenue growth of 23%.

International marketing offices

Through focused and targeted marketing strategies, our international offices continue to deliver good growth and the key focus has been to attract the MICE business into the hotels and resorts operations.

The United Kingdom remains the largest market for the group, accounting for 25% of international sales revenue, followed by USA and Germany. The strategy of focusing on the emerging tourism markets of Brazil, Russia, India and China has yielded double digit growth year on year from these markets and improved market share of inbound tourist arrivals due to enhanced relationships with direct sales channels.



As occupancies edge higher, a strong focus on yield management will become more important in achieving sustained revenue growth.

Route of the African Sun

The Route of the African Sun is an effective platform to market some of our premier hotels, particularly the Table Bay, the Palace of the Lost City and the Royal Livingstone. The package has received wide coverage in trade shows, exhibitions and extensive publicity through our media partners.

Dreams

Dreams, our in-house tour operator, was originally established to sell our Zambian properties. However, as occupancies increased, this has been expanded to include all of our hotels and resorts. Relationships have been secured with the retail travel agents who are key to a successful sales and marketing cycle and our offering is further enhanced by media advertising.

New software is currently being installed which will package flights, activities and accommodation via our website.

Route of the African Sun

Dreams
THERE'S ONE WAITING FOR YOU

POSI+IVE once again delivered a magnificent fusion of fashion, food, art and music with a cameo performance by superstar Kelly Rowland.

NEDBANK GOLF CHALLENGE

MISS SA PAGEANT

POSI+IVE CONCERT. Kelly Rowland, Danny K and Incha

Internet

Our website content was enhanced in March 2008, featuring Charlize Theron, which further reinforced our brand. Further upgrades to the site are currently in place to enable real-time accommodation reservations.

The current Sunscape database was stimulated by monthly updates of events and promotions through consistent e-mail campaigns and special rates geared towards valley periods.

Major events

The Nedbank Golf Challenge remains the most popular event on the South African golfing calendar and a major South African social highlight.

The tournament consistently attracts the world's best golfers. Supersport has the local exclusive broadcast rights and growing international coverage is extremely important in maintaining Sun City and Sun International at the forefront of desirable destinations. Setanta Sports (UK and Ireland), Fox Australia, Golf Channel (USA and Canada), Sony India, Jupiter Golf (Japan) and many other major sports channels cover this four-day event, resulting in an estimated 1,4 billion viewers and millions of dollars in publicity not only for the Sun City resort, but for South Africa as a tourist destination. Locally, attendance figures continue to rise. The extensive publicity received both locally and internationally reflects the substantial effort in hosting this tournament.

Sun City again hosted The Women's World Cup of Golf sponsored by Telkom and the North West Province. This event is gaining momentum, bringing with it some of the world's greatest women golfers. The success of this tournament is reflected in increased global television audiences and interest.

The Miss SA and Miss SA Teen pageants were again key events with the crowning ceremonies being held at a banquet in the Sun City Superbowl.

POSI+IVE once again delivered a magnificent fusion of fashion, food, art and music with a cameo performance by superstar Kelly Rowland. Other entertainers included local diva Lira, Incha – the 11 year old wonder of the violin, and Danny K. Fashion included amazing collections from local designers Marianne Fassler and Sun Goddess among many others. Headline to the fashion extravaganza was South African born Marc Bouwer, whose collection was particularly well received. Marc, now living in the US, dresses world famous red carpet celebrities, including Charlize Theron.

Chief Executive's report continued

NIGERIA, Federal Palace Hotel

CHILE, Monticello Grand Casino and Entertainment World

INTERNATIONAL EXPANSION

CHILE

Construction of the Monticello casino project located to the south of Santiago in Chile is progressing well, with the casino opening in October 2008. The retail and entertainment elements will open three months later and the 150 room hotel in May 2009.

The total estimated project cost has been revised to US$236 million, principally due to the significant strengthening of the Chilean Peso against the US Dollar.

The project spend to 30 June 2008 was US$96 million which has been funded by Sun International and its major partner Novomatic AG by way of loans. During August 2008, the company was formally capitalised and eight year funding secured.

NIGERIA

The existing Federal Palace Towers Hotel on Victoria Island, Lagos has been under the group's management since October 2007. The refurbished 150 room Federal Palace Hotel was officially opened on 1 August 2008. Sun International provided a loan of US$10 million to complete this refurbishment.

The terms of the gaming licence have been finalised with the Lagos State authorities and the enabling regulations are in the process of being approved by the State Legislature. The licence is expected to be issued shortly, following which the group will acquire a 49,5% equity interest in the operation. It is now the intention to establish a temporary casino of 200 slots and 10 tables within the Federal Palace Hotel and to open this early in 2009.

The 230 room Federal Palace Towers Hotel will continue to trade until December 2008, after which it will be closed for a comprehensive upgrade, together with the construction of a permanent casino (300 slots and 24 tables), as well as additional restaurants, meeting and entertainment facilities and a spa. The inclusion of the temporary casino in the project has increased the total cost to US$167 million, of which US$90 million will be funded by debt facilities. Opening of these facilities is anticipated by the end of 2010.

EGYPT

The group had a collaborative relationship with the MA Kharafi group to assist in the development of the Port Ghalib resort. It has been amicably decided to end the relationship which became effective 31 July 2008. The resort, located at Marsa Alam in Egypt on the Red Sea, became successfully established and operational under the guidance of Sun International.

BRAND DEVELOPMENT AND CUSTOMER MANAGEMENT

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 well entrenched and have come to symbolise luxury, imagination, energy, adventure and elegance.

We strive to retain market leadership through innovation, an obsession with service excellence and the delivery of unique, market-leading and customer-focused products.

During the year, the group reinforced its brand identity through the introduction of the pay-off line 'A Million Thrills. One Destination', which was enhanced by Oscar-winning actress Charlize Theron. This campaign will run over the next three years in all major media, including television.

CUSTOMER MANAGEMENT

The group has continued to build its reputation for meeting and exceeding customer expectations. We are currently implementing an extensive customer management strategy and programme, which will guide and co-ordinate our efforts over the next three to four years. We are committed to doing more to ensure that our customers consistently receive memorable, quality Sun International experiences which are based on their needs and in line with our brand promise.

The customer management strategy underpins our business strategy and supports the achievement of the group's vision and goals, providing both direction and focus. It enables the right service to be delivered to the right customers in the right way at the right time. 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 customer to do business with us. In the next few years, we will increase our investment in:

- Our people: empowering them to deliver memorable experiences
- Our technology and information: providing our staff with the right information and tools to facilitate customer requests and interactions
- Our processes: ensuring consistency, innovation and continuous improvement to address customer requirements

The strategy further focuses on treating different customers differently, matched to their unique needs and expectations. It therefore aims to customise our product offering to meet customer needs and to engage and interact on a more personal level.

Aligning staff to the new brand promise has progressed well through various internal initiatives and communications. These projects are not only aimed at Sun International employees but also at our outsourced service providers and concessionaires who interact with our customers. We estimate that 21 000 people will be exposed to the new brand promise training and 'touch point' initiatives.

THE SUN INTERNATIONAL BRAND

In line with initiatives to build positive perceptions of our brand and deliver on the promise we are making our customers, a new Sun International brand promise was created and launched.

The promise of exceptional experiences that our customers will have each time they visit one of our properties is encapsulated in our new brand promise of 'A Million Thrills. One Destination'.

An enhanced identity for the group and its properties was developed. This has resulted in a new and consistent theme being applied across all operating entities with each one retaining its own unique identity.

Phase one saw the roll-out of this at individual property level which was largely completed by the end of December 2007.

The second phase was the production of a multi-media brand campaign for Sun International featuring Charlize Theron, who epitomises the confidence and star qualities inherent in our brand and our aspirations as a forward-looking, ambitious, South African-based international business. This was first flighted in April 2008.

This campaign captured the imagination of South Africans, evidenced by the numerous publicity reports and industry comments, including discussion, debate and comparisons to arguably South Africa's most famous TV commercial 'We will rock you!'

INFORMATION TECHNOLOGY

GOVERNANCE AND GENERAL OPERATIONAL REVIEW

The level of IT governance within the group has matured to the extent that it is now embedded as part of the overall business process within the organisation. Some relevant aspects are:

- The establishment of a group IT steering committee, chaired by the Chief Executive, which is mandated to provide strategic direction to the organisation with regard to technology and information, and which seeks to leverage the business value of the group's technology investments.
- The security of the group's networks and related systems continuously improves, with no major violations having occurred.

Chief Executive's report continued

- SunIT has commenced a programme to further enhance the protection of customer and other sensitive information by means of sophisticated encryption and controlled access.
- Overall, the group IT internal audit scores reflect an improving operating environment, and thus operational risk profile.
- The group's customer management programme will include a focus on master data management with the strengthening of data ownership (via data custodians) and data stewardship (via online data correction). In addition, data cleansing will be automated as far as is possible.

The operational environment continues to be stable and improves continuously. Key measures include (prior year in brackets):

Overall availability of IT services	99,8% (99,8%)
– Casinos	99,9%
– Hotels and resorts	99,8%
Average time to restore significant customer facing outages	62 minutes (63 minutes)
User satisfaction with IT services	92,1% (82,4%)

The network infrastructure is one of the cornerstones of operational excellence and significant work goes into ensuring the stability and agility of our networks. This will become even more important with the rapid convergence of casino product and technology, as well as customer demands for new online services and instant gratification.

ENTERPRISE ARCHITECTURE

Over a number of years, the group has developed a solid architecture strategy with clearly articulated architectural principles. These are a key component of the technology and information management strategy and business processes. The improvement in business processes is managed mainly through key projects and will mature throughout the organisation over time.

Service orientated architecture principles have also been embraced by the group and applied where business value is evident.

INFORMATION ARCHITECTURE, MASTER DATA MANAGEMENT AND INTEGRATION

The past year has seen substantial effort in the area of information management and integration. The new Sun International Customer Database (SICD), currently under construction, is a Master Data Management (MDM) solution that creates a single view of Sun International customers by consolidating, standardising and distributing customer information between multiple business applications. Data between the various applications and SICD is handled by the TIBCO data integration solution or 'enterprise service bus'. TIBCO, a well known data integration solutions provider who has mature products in the enterprise data messaging space, was selected by the group as its preferred vendor approximately 18 months ago.

The SICD is the first implementation of the Initiate MDM solution in South Africa, but more importantly, the first implementation of an enterprise data management solution at Sun International. This is significant, as it requires the same customer data to be accurately represented in multiple applications.

REVIEW OF MAJOR GROUP PROJECTS

The following major milestones were successfully concluded in the year:

- The migration to Microsoft Active Directory has been completed. This consolidates the Microsoft operating platform within the group and will facilitate an improvement in information and technology security, as well as the overall user experience. The Microsoft Systems Center operational tools (Configuration and Operations Manager respectively) are in the process of being implemented to create an environment of proactive IT management and consistency throughout the group.
- The OPERA hospitality suite of systems was fully rolled out by year end. The group now has an integrated enterprise-wide real-time hospitality solution in line with global best practice. The IDEAS revenue management solution, which works closely with OPERA, is in the process of being evaluated at Sun City. It is envisaged that following a successful result, this solution will be implemented at all the group's key hotel properties.

The relationship marketing programme is making good progress:

- The first phase of the SICD, referred to above, is complete. The final solution is scheduled for completion by December 2008. Two new applications will both use this new SICD as their source of group customer information:
  - The new campaign management solution is currently being installed at the group's major casino and resort properties, with the remainder of the properties installed by June 2009.
  - The new Single View of the Customer (SVC) solution has been designed and configured and is currently being tested, with release to the business scheduled in the third quarter of the 2009 financial year.

CONTACT CENTRE

The group plans to establish a new contact centre, supported by appropriate technology, which can provide a 24/7 single point of contact for our customers. An ability to interact with the group in a manner that suits the guest is key, including voice, email, SMS and fax. The SVC application is therefore a major enabler for the contact centre agents in respect of the recognition and interaction of guests.

This project will be undertaken in three phases, the first of which is underway and seeks to improve the efficiency of the current reservations office. The second phase will support the relationship marketing programme and the final phase is planned for the medium term, with the establishment of a full service national contact centre.

NEW CASINO MANAGEMENT SYSTEM

The group continues to consider a number of options with regard to future gaming systems and during the course of the next financial year will finalise these options and begin evaluation and final selection. In the interim, the current software solution delivers value to the group and should be in a position to support the gaming operations well past 2010.

SUSTAINABLE DEVELOPMENT

Sun International places a high priority on contributing constructively to the wellbeing of communities in areas in which we operate, recognising the need to share opportunities and wealth which our business creates.

This year the groups detailed sustainability report has been incorporated into a separate publication which is published on the website and available in hard copy on request from the group secretary.

Our approach to BBBEE is borne of this philosophy, as is our extensive Corporate Social Investment programme (currently including certain enterprise development type initiatives). Implemented at both the corporate and unit level, we currently commit 2% of profit after tax for this purpose.

Strategically, the group intends increasing this commitment over the next five years to 4% of profit after tax by 2013, but will be separating this contribution into Enterprise Development with 3% with the remaining 1% allocated to Corporate Social Investment projects.

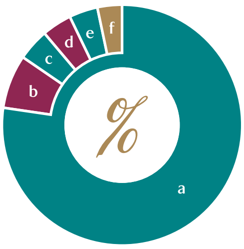
As market leader we aim to be South Africa's most ethical and accountable gaming company, and believe we have a special duty to promote a culture of responsible gambling. Sun International conceptualised and founded the National Responsible Gambling Programme (NRGP) that is today supported by most sectors of the industry. The programme 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

Chief Executive's report continued

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.



EMPLOYEE SPLIT – GEOGRAPHIC

Countries
a) South Africa 77,3%
b) Zambia 7,2%
c) Swaziland 4,3%
d) Botswana 4,0%
e) Lesotho 3,9%
f) Namibia 3,3%

BLACK ECONOMIC EMPOWERMENT

INDUSTRY APPROACH

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 (PLAs) at the time of licensing and its BBBEE achievements in terms of the 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, considerably revised final codes were gazetted in February 2007, 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 interpretive guide to the final codes in June 2007.

Group people count

	Black			White		
Band	Male %	Female %	Total %	Male %	Female %	Total %
Top Management	9	5	14	82	4	86
Senior Management	13	7	20	65	15	80
Middle Management	21	10	31	53	16	69
Skilled Tech/Supv/Jnr Mgt	45	26	71	17	12	29
Discretionary Decision Making	42	52	94	2	4	6
Defined Decision Making	52	47	99	1	–	1
	43	43	86	8	6	14

Headcount per broadband and age group (%)

Band	0 – 20	21 – 30	31 – 40	41 – 50	51 – 60	60 +
Executive Management	–	2	28	48	21	1
Management	–	27	40	25	8	–
Non	2	40	30	22	6	–
Total	2	36	33	23	6	–

Headcount per race and age group (%)

Race	0 – 20	21 – 30	31 – 40	41 – 50	51 – 60	60 +
Black	1	38	32	23	6	–
White	1	26	37	25	11	–
Total	1	36	33	23	7	–

The industry together with CASA has held a number of meetings with the various PLAs in an effort to achieve a common approach for the adoption of the final codes by the industry. The intention is to agree BBBEE targets and specific dates by which these targets should be reached.

The group has decided to use the score from the CASA EmpowerDex exercise to identify elements of the BBBEE scorecard which required improvement. The areas identified include training and development, employment equity, enterprise development as well as procurement.

Chief Executive's report continued

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 could have an impact on the progress of 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 achieve various other human capital objectives.

The group has given special attention to empowerment from an ownership perspective.

The direct interests of Dinokana, together with the SIEST, now constitute 12,1% of the ownership of Sun International Limited following the share buy back and the acquisition of an additional one million Sun International shares by Dinokana during June 2008. The effective BEE economic ownership of the group's various entities in South Africa is more significant, ranging from around 25% to as high as 67%.

Our commitment to a new order in the ownership and management of our country's tourism and leisure assets and operations also finds expression in our continuing programme to create advancement opportunities for previously disadvantaged executives and employees. Currently 26% of our senior management and 65% of our junior management and key technical specialists are black South Africans. We continue to invest heavily in human resources development, training, coaching and mentoring.

HUMAN RESOURCES

STRATEGIC INITIATIVES

Sun International's continued growth and success is directly attributable 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.

The group has spent some time assessing and evaluating its human resource practices and this has resulted in focus in certain strategic areas. This includes the integration of talent management to enable the company to concentrate not only on individual development but also organisational development. Other key focus areas include performance management, learning and development incorporating the development of leadership and finally, engagement and transformation.

Performance management – a project team has been established to evaluate the current performance management system and to research, design and implement a new performance management system appropriate for the group.

Learning and development – a new learning and development manager has been appointed and the current offering and structure is being critically evaluated. Learning and development will be aligned to work more closely with human resources in order to develop and deliver talent driven learning programmes.

A new employee satisfaction and engagement index and methodology has been designed for implementation throughout the group. Employee engagement drives greater performance and retention which is critical to the success of the customer management programme currently being effected throughout the group.

The group has spent considerable time on internal brand alignment through the 'One Sun Project' and is in the process of 'touching' and training all employees and service providers in the group.

REMUNERATION

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

In order to ensure that our remuneration strategy remains competitive, we participate in reputable bi-annual executive surveys and in annual general staff surveys and industry surveys. Pay fairness is also achieved by ensuring internal equity of remuneration.

Executive and senior management remuneration comprises both guaranteed and variable elements. Variable remuneration is in the form of participation in an Executive Bonus Scheme (EBS), comprising Economic Value Added (EVA) and EBITDA elements. Additionally, and where appropriate, executives also participate in group shares 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 through bi-annual dividend distributions made from the Trust, and participation in the Trust was broadened to incorporate employees outside South Africa. Participation is a major source of empowerment for all eligible employees and this has been further enhanced through the share buy back, increasing direct employee ownership to 6.7%.

Further detail of relevant employee policies and procedures is included in a separate sustainability report.

The SIEST includes more than 7 300 participants and distributions totalling R37,8 million were made to employee participants (R5 115 per employee) during the current year.

THE TEAM

A number of changes took place in the senior management team during the year under review. Philip Georgas, Divisional Director: Resorts retired in June after 12 years with the group. Philip was instrumental in transforming Sun City and establishing the Zambian operations into a highly successful resort. Kurt Peter, formerly Divisional Director: Gaming South, was appointed to take his position. Kurt has had extensive experience operating resorts and was based both at Sun City and GrandWest for some time. In September 2008 Mervyn Naidoo was appointed Divisional Director: Gaming South to replace Kurt. Mervyn has extensive experience in opening new operations and has been the general manager of the Boardwalk casino for the past two years.

Kele Mazwai was appointed Director: Group Human Resources in January 2008. Kele has had extensive experience as a human resources practitioner in a variety of environments and industries.

FUTURE FOCUS

Our goal is to be one of the most admired companies in South Africa and an example others follow. We are and will remain the formidable competitor.

We will focus on growth, protecting what we have and investing in our stakeholders.

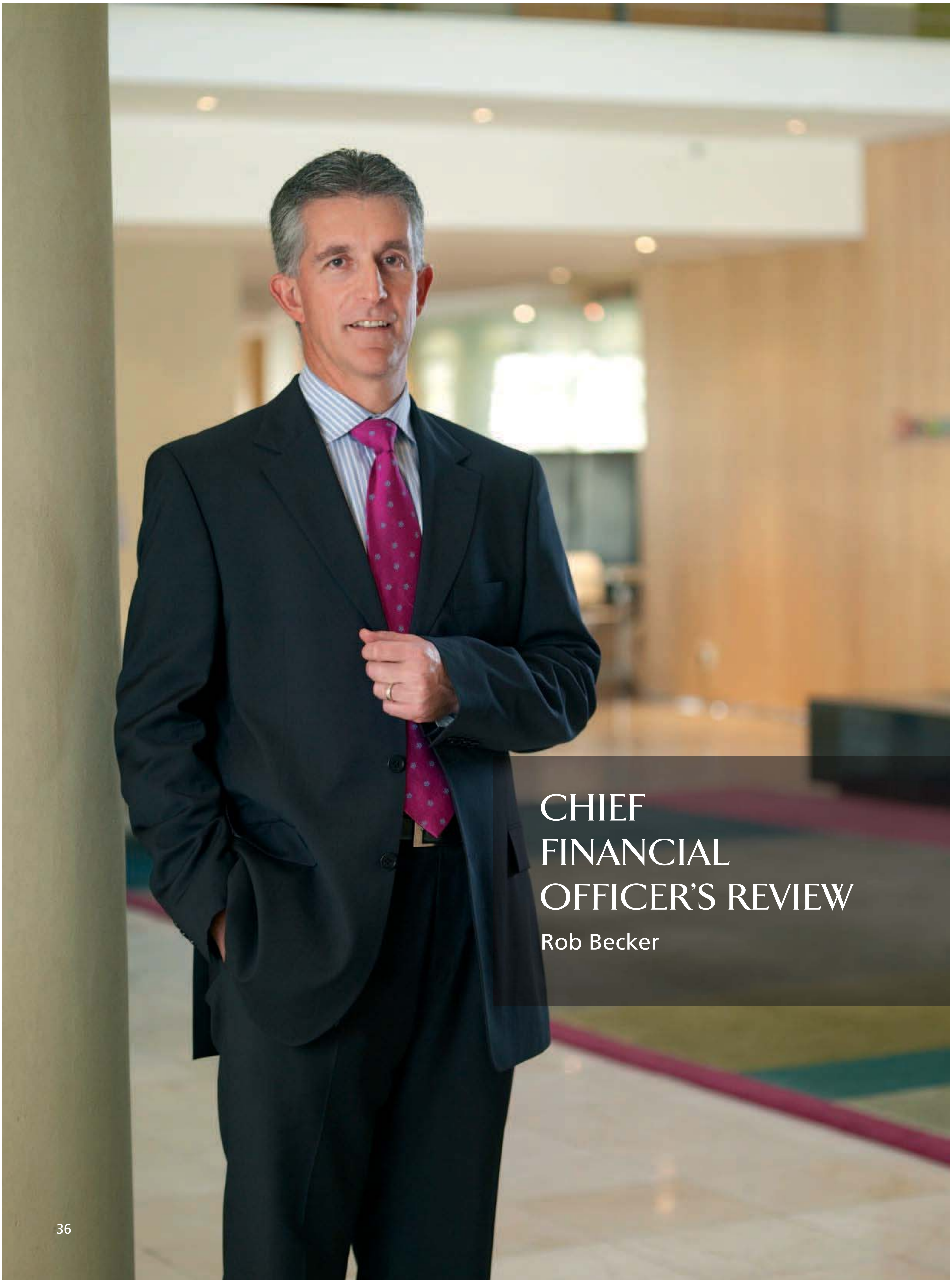
Our growth will be generated predominantly from Africa and Latin America.

We will protect what we have through continued regulatory compliance, and by focusing on our gaming licence renewals and refurbishments.

Our investment in our stakeholders will continue through customer management and the development of our people. We are rolling out our human resources realignment programme with particular focus on learning and development, transformation and improved communication.

Our goal will be achieved through our values which encompass pride and passion, a sense of fun, courage and ethical behaviour that is built on respect and teamwork.

David Coutts-Trotter
Chief Executive



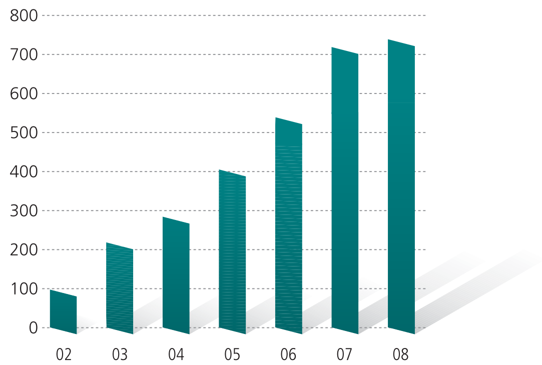
CHIEF FINANCIAL OFFICER'S REVIEW

Rob Becker

FINANCIAL PERFORMANCE

The group achieved satisfactory growth in revenue and EBITDA despite the tough trading environment experienced over the last year. Adjusted headline earnings of R720 million were 12% below the previous year primarily due to the increased interest charge as a result of the share buy back in July 2007. Diluted adjusted headline earnings per share of 739 cents were 3% ahead of last year due to the lower number of shares in issue as a result of the share buy back.

DILUTED ADJUSTED HEADLINE EARNINGS PER SHARE (Cents)



The board has declared dividends totalling 480 cents per share. This is 20% ahead of last year's dividends, and in line with the group's stated intention to continue increasing the dividends payable to shareholders.

Chief Financial Officer's review continued

The income statements on page 98 have been presented on the basis of the group's election to disclose items of income and expenditure by nature in terms of IAS 1. 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:

	2008 Rm	%	2007 Rm
Revenue	**7 618**	**10**	**6 937**
Casino	**5 845**	9	5 359
Slots	**5 002**	9	4 609
Tables	**843**	12	750
Rooms	**881**	14	776
Food and beverage	**528**	10	479
Other	**364**	13	323
Direct costs	**(3 098)**	**(11)**	**(2 780)**
Casino – Levies and VAT	**(1 244)**	(10)	(1 133)
– Other	**(1 026)**	(13)	(907)
Rooms	**(190)**	(16)	(164)
Food and beverage	**(418)**	(11)	(378)
Other	**(220)**	(11)	(198)
Gross profit	**4 520**	**9**	**4 157**
Indirect costs	**(1 684)**	(6)	(1 596)
EBITDA	**2 836**	**11**	**2 561**
Depreciation and amortisation	**(568)**	(10)	(518)
Property and equipment rental	**(102)**	(38)	(74)
Operating profit	**2 166**	**10**	**1 969**
Foreign exchange profits/(losses)	**58**	>100	(8)
Interest income	**79**	3	77
Interest expense	**(571)**	(98)	(288)
Profit before tax	**1 732**	**(1)**	**1 750**
Tax	**(714)**	(9)	(654)
Profit after tax	**1 018**	**(7)**	**1 096**
Minorities' interests	**(298)**	(6)	(282)
Adjusted headline earnings	**720**	**(12)**	**814**
Headline and adjusted headline earnings adjustments	**(263)**	>(100)	(16)
Profit attributable to ordinary shareholders	**457**	**(43)**	**798**

The impact of the tough economic environment on disposable income and consumer spending resulted in a slowdown in gaming revenue growth to 9% following three consecutive years of over 18% growth in these revenues.

Rooms revenue of R881 million was 14% ahead of the previous year with overall occupancy of 76% (74%) and the average room rate achieved of R850 ahead by 7%. The good revenue performance by the hotels and resorts was attributable to strong growth in international visitor numbers across all major market segments.

The gross margin at 59,3% was 0,6 percentage points down on last year. The decrease is due to increased direct marketing and promotional expenses. Gaming levies were 10% up on last year and continue to grow ahead of the growth in gaming revenue, primarily as a result of fiscal drag.

CAROUSEL

ZAMBEZI SUN

Indirect costs increases have been contained at 6%, resulting in the group EBITDA margin improvement of 0,3 percentage points to 37,2% and an increase of 11% in EBITDA to R2,8 billion.

Profit before tax at R1 732 million was 1% below last year. Depreciation and amortisation charges were 10% up on the previous year while the net interest charge has increased by R281 million over last year to R492 million arising primarily from the additional preference share funding in respect of the R2,3 billion share buy back on 30 July 2007 and higher prevailing interest rates. Rand weakness during the year resulted in an exchange gain of R58 million, compared with a loss of R8 million in the previous year. Exchange gains and losses relate primarily to exchange rate movements on converting foreign cash balances.

Tax at R714 million was 9% higher than last year. The overall effective tax rate increased significantly to 41,2% primarily due to the significant additional preference share dividends. The non-deductibility for tax purposes of these dividends together with certain material costs in our business, which include casino bid costs, depreciation on non-hotel buildings, plus STC on dividend payments will result in the effective tax rate remaining above the statutory tax rate.

Headline and adjusted headline earnings adjustments of R263 million include the BEE transaction charge of R182 million which reflects the difference between the price at which GPI was granted an option over 5% of the equity in SunWest and the estimated fair value, tax on share premium distributions of R48 million, pre-opening expenses of R8 million, a pension fund surplus recognition of R12 million and the realisation of the Zimbali management contract of R13 million.

The Employee Share Trusts have not been consolidated in terms of SIC12 in the above disclosure on the basis that the group does not receive any of the economic benefits from the trusts.

The board has declared dividends totalling 480 cents per share. This is 20% ahead of last year's dividends, and in line with the group's stated intention to continue increasing the dividends payable to shareholders.

REVENUE – 2008 (2007)

a) Gaming 77% (77%)
b) Hospitality and other ...23% (23%)

EBITDA – 2008 (2007)

a) Gaming 68% (72%)
b) Hospitality and other ...32% (28%)

Chief Financial Officer's review continued

KEY STATISTICS

Rooms

	Notes	Number of hotel rooms 2008	Number of hotel rooms 2007	Average occupancy % 2008	Average occupancy % 2007	Average room rate Rands 2008	Average room rate Rands 2007
GrandWest		**39**	39	**94**	86	**212**	276
Sun City	1	**1 131**	1 131	**84**	79	**1 157**	1 048
Sibaya		**154**	154	**84**	63	**362**	317
Carnival City		**105**	105	**91**	82	**262**	258
Wild Coast Sun		**246**	246	**95**	99	**300**	279
Carousel		**57**	57	**86**	85	**260**	236
Morula		**72**	72	**90**	84	**264**	254
Table Bay		**329**	329	**74**	72	**1 739**	1 558
Swaziland		**411**	411	**64**	69	**376**	374
Botswana		**196**	196	**84**	72	**488**	447
Naledi Sun		**30**	30	**61**	62	**247**	221
Zambia		**363**	363	**76**	74	**1 280**	1 106
Namibia		**173**	173	**77**	69	**427**	423
Golden Valley	2	**98**	–	**35**	–	**353**	–
Lesotho		**262**	262	**54**	52	**561**	514
		3 666	3 568	**76**	74	**850**	792

Notes:

1. Adjusted for 170 room refurbishment of the Sun City Main Hotel.

2. Golden Valley Lodge in Worcester was opened in March 2008.

Casinos

	Weighted average number of slot machines for year 2008	Weighted average number of slot machines for year 2007	Win per machine per month R'000 2008	Win per machine per month R'000 2007	Weighted average number of gaming tables for year 2008	Weighted average number of gaming tables for year 2007	Win per table per month R'000 2008	Win per table per month R'000 2007
GrandWest	**2 523**	2 013	**51**	59	**64**	68	**336**	264
Sun City	**601**	601	**41**	37	**38**	38	**152**	155
Carnival City	**1 738**	1 750	**40**	38	**60**	60	**191**	189
Sibaya	**1 024**	1 016	**49**	44	**35**	35	**435**	366
Boardwalk	**796**	800	**44**	42	**23**	21	**151**	164
Wild Coast Sun	**438**	438	**37**	34	**13**	13	**191**	173
Carousel	**700**	700	**34**	31	**17**	14	**165**	206
Morula	**510**	506	**34**	33	**10**	11	**124**	112
Swaziland	**152**	155	**31**	29	**13**	13	**116**	107
Botswana	**285**	285	**23**	19	**10**	10	**207**	109
Meropa	**382**	337	**44**	45	**15**	12	**123**	151
Flamingo	**235**	228	**42**	43	**9**	9	**110**	104
Windmill	**300**	300	**47**	44	**13**	12	**209**	214
Golden Valley	**218**	107	**34**	36	**–**	–	**–**	–
Naledi Sun	**150**	150	**12**	12	**–**	–	**–**	–
Namibia	**152**	150	**37**	32	**10**	10	**143**	122
Lesotho	**169**	175	**29**	27	**8**	8	**62**	70
	10 373	9 711	**42**	41	**338**	334	**222**	200

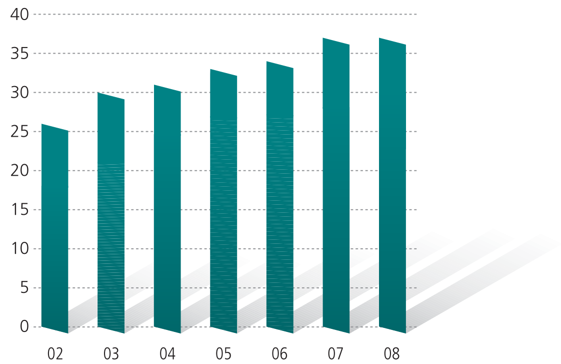
Operating units review						
	Revenues		EBITDA		Operating profit	
Rm	**2008**	2007	**2008**	2007	**2008**	2007
GrandWest	**1 756**	1 595	**734**	693	**591**	594
Sun City	**1 147**	1 059	**223**	190	**115**	89
Carnival City	**954**	908	**329**	333	**252**	268
Sibaya	**782**	684	**294**	247	**224**	181
Boardwalk	**451**	435	**185**	179	**156**	151
Carousel	**318**	295	**91**	88	**66**	65
Wild Coast Sun	**299**	274	**62**	55	**47**	39
Morula	**243**	231	**55**	56	**31**	32
Meropa	**215**	199	**86**	83	**69**	68
Zambia	**208**	181	**63**	51	**45**	33
Windmill	**198**	184	**80**	77	**62**	60
Table Bay	**197**	173	**69**	63	**36**	34
Swaziland	**157**	148	**21**	19	**12**	10
Botswana	**151**	118	**51**	34	**39**	19
Flamingo	**127**	125	**44**	47	**33**	37
Namibia	**120**	102	**33**	29	**18**	10
Lesotho	**97**	92	**16**	17	**12**	7
Golden Valley	**87**	46	**24**	14	**10**	6
Management activities	**659**	586	**380**	278	**371**	269
Central office & other	**65**	64	**(4)**	8	**(23)**	(3)
Eliminations	**(613)**	(562)	**–**	–	**–**	–
					2 166	1 969
Other income					**13**	85
Other expenses					**(229)**	(117)
	7 618	6 937	**2 836**	2 561	**1 950**	1 937

Gaming

GrandWest achieved revenue growth of 10% and an EBITDA margin of 42% which was one percentage point below last year due to higher costs associated with the enlarged casino and entertainment facilities, as well as higher effective casino levies. GrandWest's contribution to group revenue was in line with last year at 23% however its share of EBITDA was down by one percentage point to 26%.

Carnival City had a challenging year as a result of less buoyant economic conditions and a more competitive local market following the opening of the seventh casino in Gauteng. As a consequence of these conditions, revenue grew by 5% and the EBITDA margin declined to 35%. The group's share of the Gauteng market for the year was 20,9% which, although

EBITDA MARGIN (%)



Chief Financial Officer's review continued

0,5 percentage points below last year, is positive when compared to the 1,4 percentage points decline in the group's effective share of gaming positions in the province.

Sibaya performed strongly with revenue up 14%, EBITDA up 19% and a 2 percentage point increase in the EBITDA margin to 38%. Sibaya grew its share of the provincial market by one percentage point to 36%.

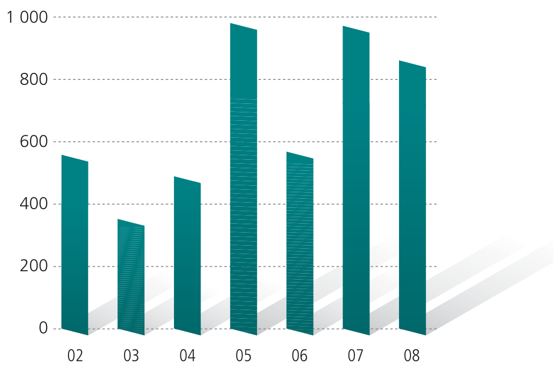
Boardwalk's revenue grew 4%, reflecting the difficult economic environment in the Eastern Cape, but maintained the EBITDA margin at 41% following good cost control.

The Golden Valley casino achieved revenue of R87 million and EBITDA of R24 million at an EBITDA margin of 28% for its first full year of trading. Gaming revenue since the opening of Golden Valley Lodge in March 2008 has improved markedly on last year with casino revenue up 60% for the quarter to June 2008.

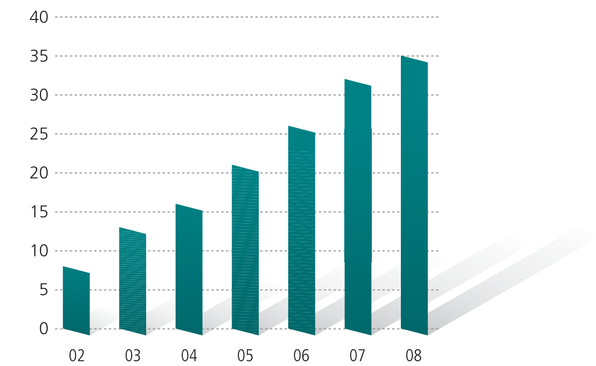
Hotels and resorts

Sun City achieved an occupancy rate of 84% (79%) and an average room rate of R1 157, 10% ahead of last year. Improved cost control resulted in an increased margin and EBITDA which was 17% ahead of the previous year.

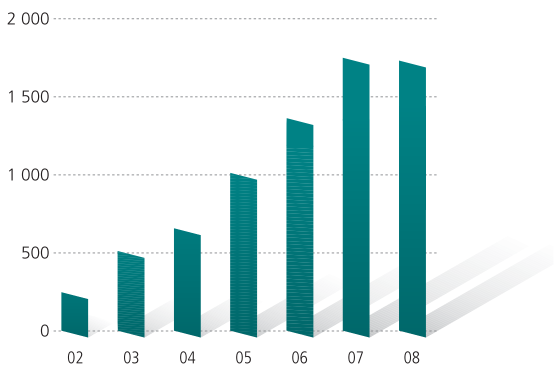
CAPITAL EXPENDITURE (Rm)



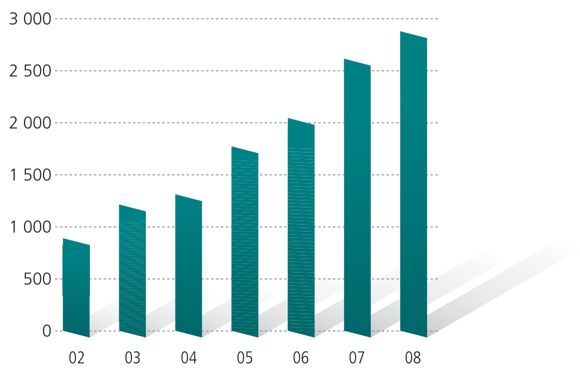
RETURN ON NET ASSETS (%)



PROFIT BEFORE TAX (Rm)



CASH GENERATED BY OPERATIONS (Rm)



The Table Bay grew occupancies two percentage points to 74% and the average room rate by 12% to R1 739. EBITDA was 10% above the previous year reflecting a small deterioration in margin as a consequence of higher property rates and taxes.

The Royal Livingstone and Zambezi Sun grew aggregate occupancy to 76% (74%) at an average room rate of US$178 (+16%) as the resort gained popularity with international visitors.

MANAGEMENT ACTIVITIES

Management fee income grew 12%, reflecting significantly higher development and technical fees as a result of the Monticello casino project in Chile. EBITDA was up 37% and the EBITDA margin improved substantially from 47% to 58% largely due to higher fees and lower project investigation costs (R28 million vs R41 million) in light of both the Russian and United Kingdom opportunities no longer being pursued.

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 2007 except for the adoption of IFRS 7 as set out below:

IFRS 7 Financial instruments: Disclosures, and a complementary amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures, was adopted as at 1 July 2007, and has resulted in new disclosures relating to financial instruments. These disclosure requirements have been included in the financial statements.

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 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 pages 96 and 97.

RETURNS

The calculation of return to equity shareholders is of limited relevance due to the significant reduction in shareholder funds resulting from cancelling part of the shares acquired through the buy back and recognising the treasury shares acquired during the year in equity. This set off against equity is reflected in the reduction in NAV per share from R22,45 to R1,35 per share at 30 June 2008.

Investors in Sun International shares have received an effective 22% compounded return over the last five years.

BALANCE SHEET

Ordinary shareholders' funds

Ordinary shareholders' equity decreased by R2 229 million. The significant movements are summarised in the table below:

	Rm
Share capital and premium, treasury shares and treasury share options	(2 378)
– Buy back of 16 084 833 Sun International shares at a price of R145,35 per share	(2 235)
– Additional Sun International shares bought by Dinokana	(44)
– Treasury share options acquired on exercising by participants	(99)
Distributable and other reserves	149
– Share based payment expense (net of deferred tax adjustment)	28
– FCTR movement for the year	59
– Premium paid on acquisition of minorities' interests	(186)
– Profit on sale of shares and share of option granted to GPI	268
– Other profit on sale of shares to minorities	21
– Profit attributable to ordinary shareholders	457
– Ordinary shareholders dividends	(387)
– Portion of share buy back treated as a distribution of reserves	(111)
Ordinary shareholders' funds	**(2 229)**

Chief Financial Officer's review continued

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

	Number of shares (000's)		
	In issue*	Weighted headline EPS	Weighted adjusted headline EPS
Shares in issue at 30 June 2007	116 818	116 818	116 818
Shares bought back and cancelled	(11 324)	(10 392)	(10 392)
	105 494	106 426	106 426
Treasury shares – held by subsidiary	(10 549)	(10 158)	(10 158)
– held by Employee Share Trusts		(6 442)	
Number of shares at 30 June 2008	94 945	89 826	96 268
Dilutive share options		1 202	1 202
Number of shares for dilutive calculation at 30 June 2008	**94 945**	**91 028**	**97 470**

* *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	94
Carnival City	85
Golden Valley Lodge	59
Meropa	16
	254
Refurbishment	
Sun City Main Hotel	160
Ongoing asset replacement	447
Total capital expenditure	**861**

CAPITAL COMMITMENTS

Capital commitments at 30 June 2008 totalled R3 173 million as follows:

	Rm
Expansion projects	
Chile	1 052
Nigeria	1 232
Carnival City	13
Golden Valley Lodge	7
	2 304
Major upgrades and refurbishments of properties	
Sun City	122
Lesotho	150
Namibia	49
Carousel	31
	352
Ongoing asset replacement and minor refurbishments	
Casino equipment replacement	123
IT equipment	78
Other	316
	517
Total capital commitments	**3 173**

Expansion projects include US$140 million of the US$236 million Monticello casino project in Chile as well as US$157 million of the US$167 million expansion and development of the Federal Palace Hotels in Nigeria.

Other major projects include the completion of the second phase of the Sun City Main Hotel refurbishment comprising 170 rooms and certain back of house areas which is due for completion by November 2008, the complete refurbishment of the Lesotho Sun Hotel and Casino and the refurbishment of the Kalahari Sands Hotel rooms.

The remaining committed expenditure relates mainly to the replacement of operating assets and slot machines, IT equipment

Chief Financial Officer's review continued

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

The group's borrowings have increased by R2,6 billion to R6,1 billion mainly due to the share buy back completed on 30 July 2007 when the group acquired 16 084 833 shares at a price of R145,35 per share.

Third party borrowings Rm	30 June 2008	30 June 2007
SunWest	**759**	448
Afrisun Gauteng	**454**	266
Afrisun KZN	**447**	434
Worcester	**200**	131
Emfuleni	**119**	133
Meropa	**117**	61
Teemane	**69**	48
Mangaung	**10**	44
Central office	**3 675**	1 787
	5 850	3 352
Employee Share Trusts	**248**	194
	6 098	3 546

As at 30 June 2008, interest rates on 11% (2007:19%) of the group's borrowings were fixed. 92% (2007:93%) of these rates were fixed for periods longer than 12 months.

Borrowing facilities of the group total R7,1 billion of which R6,1 billion was utilised at 30 June 2008. Additional facilities have been arranged for the Chile project and the funding required for the Nigerian project is in the process of being negotiated. The 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 calculations of the covenants and the group debt capacity for the year ended 30 June 2008 are set out below:

EBITDA (Rm)	2 836
Interest expense (Rm)	571
Debt (Rm)	5 850
EBITDA to interest (times)	5,0
Debt:EBITDA (times)	2,1
Additional debt capacity (at 3 times EBITDA) (Rm)	2 658

Excluding the consolidation of the Employee Share Trusts, which are excluded in terms of the covenants agreed to, interest bearing debt to EBITDA increased from 1,3 to 2,1 and EBITDA to net interest decreased from 8,9 to 5,0 times at 30 June 2008. The calculations clearly show that the group is operating well within the covenants and still has capacity to raise an additional R2,7 billion on the conservative assumption that there is no further contribution from new projects.

CASH FLOW

Cash generated by operations increased by 10% to R2 880 million. The increase in borrowings of R2,6 billion was principally used to fund the share buy back. The net cash retained from operations after the increased dividend, tax and interest payments was R239 million short of that required to fund the group's remaining investing activities and outflow from financing activities and as a result cash on hand decreased.

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

Rm	2008	%	2007
Cash retained from operating activities	**2 089**		1 904
Less: interest paid	**(571)**		(288)
replacement of PPE	**(607)**		(450)
Free cash flow	**911**	(22)	1 166
Dividends paid			
Shareholders	**(387)**		(357)
Minorities	**(292)**		(224)
Share premium distribution to minorities	**(88)**		–
Cash available for expansion	**144**		585

Free cash flow at R911 million was 22% down on last year due to the higher interest charge as a result of the share buy back and increased replacement of property, plant and equipment. Cash of R144 million was retained in the business to fund expansion projects.

DIVIDENDS

It remains the intention of the group to continue increasing dividends payable to shareholders at a rate ahead of adjusted earnings per share growth.

CORPORATE FINANCE ACTIVITIES

The following transactions took place in the financial year:

Share buy back

On 30 July 2007 the company purchased 16 084 833 of its shares for a total consideration of R2 346 million. The repurchased shares have been dealt with as follows:

	Number of shares 000's	Value Rm
Delisted and cancelled	11 324	1 654
Held as treasury shares	4 761	692
	16 085	2 346

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 shares were cancelled against share capital (R0,9 million), share premium (R1 542 million) and distributable reserves (R111 million).

Acquisition of additional shares in RAH

During the year the group purchased a further 16 million shares in RAH for a purchase consideration of R75 million increasing its interest in RAH from 61,3% to 65,7%.

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 tax incurred by Afrisun Leisure, the net effective cost to the group amounts to R72 million.

Sale of Life Esidimeni

RAH disposed of its 45% interest in Life Esidimeni 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 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 for the balance of the warranty given.

POST BALANCE SHEET EVENTS

Changes to shareholding in SunWest

The option granted by SunWest for GPI to acquire a further 5% in SunWest at R165 per share, which expires in 2010, was partially exercised on 15 August 2008, resulting in GPI subscribing for 560 000 shares representing eighty percent of the option. As a result, the group's effective economic interest in SunWest will decline to 60,5% from 62,9% and after the exercise of the entire option will decline to 59,9%.

Capitalisation of SFI Resorts

SFI Resorts is the holding company of the Monticello casino project in Chile. On 20 August 2008 the group acquired its effective 40% interest in SFI Resorts by contributing equity of US$38,5 million. On opening of the casino, Sun International will contribute a further amount of US$6 million. The loan from the group to SFI Resorts, which at year end was US$54 million, has been fully repaid out of the proceeds of eight year bank funding raised by SFI Resorts in the amount of US$120 million. The balance of the capital expenditure will be funded through internally generated cash flows and short term debt financing.

Consequently, with effect from 20 August 2008 the results of SFI Resorts will be consolidated.

BLACK ECONOMIC EMPOWERMENT

BEE partner share options

In terms of the various casino licence bid undertakings, the group had 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 amount of that interest that is still subject to dilution:

	Economic interest %	Under option %
Afrisun KZN	57,5	3,0
Teemane	75,1	27,8
Mangaung Sun	70,0	9,0

Purchase of Sun International shares by Dinokana

During June 2008 Dinokana purchased a further one million Sun International shares at an average price of R90,68 per share thereby increasing Dinokana's shareholding in Sun International to 9,3%.

Chief Financial Officer's review continued

BEE shareholding

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

Company	Empowerment partner		% holding
Sun International Limited*	SIEST	Sun International Employee Share Trust	11,2
	SIBEMT	Trust formed for the benefit of Sun International senior black managers	0,9
	Dinokana (excluding SIEST and SIBEMT)	Broad-based North West Province BEE grouping led by Lereko	7,9
Subsidiaries			
SunWest#	GPI	Broad-based Western Cape empowerment grouping	29,2
	SIEST		3,3
	Other PDI minorities		0,2
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	5,6
	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 Sun	Etapele	Free State based BEE grouping	15,4
	Thabo Community Development Trust	Trust formed for the benefit of the communities in the Thaba'Nchu and Botshabelo areas affected after transfer of the Thaba'Nchu casino licence to Bloemfontein	11,1
	SIEST		3,5
Wild Coast Sun	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 empowerment shareholding in Sun International has been calculated excluding mandated investments in terms of the BEE codes.*
 # Empowerment shareholdings are after the exercise by GPI of its options over 560 000 shares in SunWest in July 2008.

The group's overall BEE shareholding has been estimated at 41%. 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. The direct BEE ownership in Sun International includes the exclusion of the 40% mandated investments allowable in terms of the BEE codes.

Rob Becker
Chief Financial Officer

SEVEN YEAR REVIEW

	GROUP						
	2008	2007	2006	2005	2004	2003	2002
CONSOLIDATED INCOME STATEMENTS (Rm)							
Revenue	**7 618**	6 937	5 949	5 139	4 476	4 214	3 719
EBITDA	**2 836**	2 561	2 015	1 672	1 407	1 283	962
Depreciation and amortisation	**(568)**	(518)	(473)	(439)	(430)	(424)	(391)
Property and equipment rental	**(102)**	(74)	(62)	(71)	(81)	(86)	(68)
Profit from operations	**2 166**	1 969	1 480	1 162	896	773	503
Foreign exchange profits/(losses)	**58**	(8)	41	18	(21)	(18)	16
Interest income	**79**	77	74	73	59	53	23
Operating profits	**2 303**	2 038	1 595	1 253	934	808	542
Interest expense	**(571)**	(288)	(232)	(241)	(277)	(297)	(295)
Profit before tax	**1 732**	1 750	1 363	1 012	657	511	247
Tax	**(714)**	(654)	(502)	(379)	(235)	(202)	(94)
Profit after tax	**1 018**	1 096	861	633	422	309	153
Share of associates' (losses)/profits	**–**	–	–	(1)	3	38	24
Minorities' interests	**(298)**	(282)	(259)	(202)	(192)	(147)	(88)
Adjusted headline earnings	**720**	814	602	430	233	200	89

Notes:
- 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 2002 to 2004 depreciation and amortisation charges have not been restated for the change in IAS 16.
- 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						
	2008	2007	2006	2005	2004	2003	2002
CONSOLIDATED BALANCE SHEETS (Rm)							
ASSETS							
Non current assets							
Property, plant and equipment	**6 229**	5 883	5 407	5 265	4 777	4 595	4 798
Intangible assets	**308**	361	395	433	479	517	575
Investments, loans and other	**173**	238	460	631	614	774	1 854
	6 710	6 482	6 262	6 329	5 870	5 886	7 227
Current assets							
Inventory	**41**	32	35	31	30	36	29
Accounts and loans receivable	**1 031**	367	304	322	320	450	351
Non current assets held for sale	**–**	164	–	–	–	–	–
Available-for-sale investment	**–**	–	183	287	390	364	507
Cash and cash equivalents	**850**	1 089	756	589	477	349	286
	1 922	1 652	1 278	1 229	1 217	1 199	1 173
Total assets	**8 632**	8 134	7 540	7 558	7 087	7 085	8 400
EQUITY AND LIABILITIES							
Capital and reserves							
Ordinary shareholders' equity	**119**	2 348	3 083	3 151	2 290	2 264	2 799
Minorities' interests	**546**	642	742	693	1 454	1 600	1 657
	665	2 990	3 825	3 844	3 744	3 864	4 456
Non current liabilities							
Deferred tax	**412**	394	408	360	364	403	395
Borrowings	**3 821**	2 271	1 458	1 584	1 760	1 699	2 438
Other non current liabilities	**162**	139	125	90	40	40	–
Tax	**48**	–	–	–	–	–	–
	4 443	2 804	1 991	2 034	2 164	2 142	2 833
Current liabilities							
Accounts payable, accruals and provisions	**1 136**	922	734	736	661	731	674
Borrowings	**2 277**	1 275	868	747	341	296	359
Tax	**111**	143	122	197	177	52	78
	3 524	2 340	1 724	1 680	1 179	1 079	1 111
Total liabilities	**7 967**	5 144	3 715	3 714	3 343	3 221	3 944
Total equity and liabilities	**8 632**	8 134	7 540	7 558	7 087	7 085	8 400

Notes:
- The 2002 to 2004 property, plant and equipment balances have not been restated for the change in IAS 16.
- 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.

Seven year review continued

		GROUP STATISTICS						
		2008	2007	2006	2005	2004	2003	2002
ORDINARY SHARE PERFORMANCE								
Shares in issue	000's	**94 945**	111 030	111 930	116 393	90 050	90 050	90 050
Diluted adjusted weighted average number of shares in issue	000's	**97 470**	113 242	111 556	106 080	82 233	91 761	91 695
Diluted adjusted headline earnings per share	cents	**739**	719	539	405	284	218	97
Dividends per share*	cents	**480**	400	290	200	125	75	–
Dividend cover	times	**1,5**	1,8	1,9	2,0	2,3	2,9	–
Dividend payout	%	**65**	56	54	49	44	34	–
Net asset value per share	Rand	**1,35**	22,45	27,55	27,08	25,42	25,14	31,08
Market capitalisation at 30 June	Rm	**8 355**	16 321	9 357	7 199	3 647	2 620	2 611
Market capitalisation/net asset value	times	**70,2**	7,0	3,0	2,3	1,6	1,2	0,9
PROFITABILITY AND ASSET MANAGEMENT								
EBITDA margin	%	**37**	37	34	33	31	30	26
Effective tax rate	%	**41**	37	37	37	36	40	38
Return on net assets	%	**35**	32	26	21	16	13	8
Return on shareholders' funds	%	**56**	32	22	17	11	8	4
Return to equity shareholders	%	**58**	30	19	16	10	8	3
LIQUIDITY AND LEVERAGE								
Cash generated by operations	Rm	**2 880**	2 616	2 046	1 773	1 312	1 214	890
EBITDA to interest	times	**5,8**	12,1	12,8	10,0	6,5	5,3	3,5
Borrowings to EBITDA	times	**2,16**	1,39	1,15	1,39	1,49	1,55	2,91
Total shareholders' funds to total assets	%	**8**	37	51	51	55	56	53
Current ratio	:1	**0,5**	0,7	0,7	0,7	1,0	1,1	1,1

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

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

DEFINITIONS

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

EBITDA margin: EBITDA expressed as a percentage of revenue.

EBITDA to interest: EBITDA divided by net interest.

Effective tax rate: Tax per the income statement expressed as a percentage of profit before tax.

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.

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

Dividend cover: Diluted 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 diluted 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.

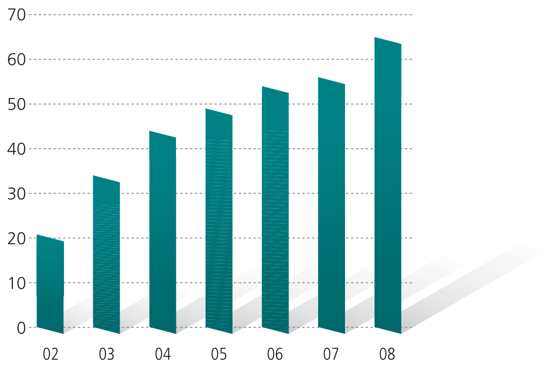
Return on shareholders' funds: Profit after tax and share of associate companies' profits expressed as a percentage of average shareholders' funds.

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

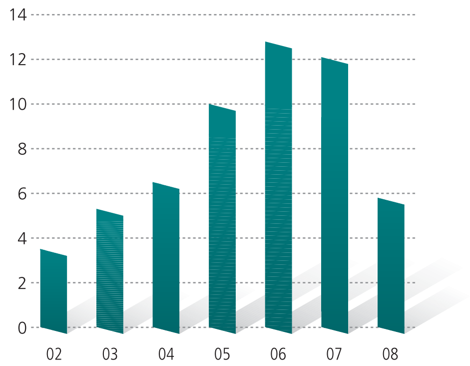
GROUP STATISTICS		2008	2007	2006	2005	2004	2003	2002
STOCK EXCHANGE PERFORMANCE								
Market price	Rand							
– at 30 June		**88,00**	147,00	83,60	61,85	40,50	29,10	29,00
– highest		**165,00**	166,00	101,01	69,00	43,00	32,00	36,50
– lowest		**85,00**	84,00	61,75	38,00	29,00	24,00	19,75
– weighted average		**138,67**	121,51	81,90	53,70	38,17	26,28	26,73
Sun International share price index	#	**303**	507	288	213	140	100	100
JSE consumer services index	#	**349**	457	310	247	164	112	100
Closing price earnings multiple	times	**12**	20	16	15	14	14	30
Closing dividend yield	%	**5,5**	2,7	3,5	3,2	3,1	2,6	–
Volume of shares traded	000	**52 026**	45 907	50 520	43 087	15 970	18 960	33 262
Volume of shares traded as a percentage of shares in issue	%	**55**	41	45	37	18	21	37
Value of shares traded	Rm	**7 214**	5 578	4 138	2 314	610	498	889
Number of transactions		**37 586**	17 014	11 913	7 073	2 180	1 767	2 770
GROWTH								
Reported growth per share	%							
– diluted adjusted headline earnings		**3**	33	33	43	30	125	(69)
– dividends		**20**	38	45	60	67	–	–
Real growth per share	%							
– diluted adjusted headline earnings		**(8)**	25	27	38	24	110	(72)
– dividends		**8**	30	39	55	59	–	–
Consumer price index	#	**144**	129	121	116	112	106	100
EMPLOYEES								
Number of permanent employees at 30 June		**8 678**	8 414	8 440	7 723	8 024	8 433	8 787
Average number of permanent employees		**8 546**	8 427	8 082	7 874	8 229	8 610	9 057
Revenue per employee	R000	**891**	823	736	653	544	489	411
Wealth created per employee	R000	**651**	606	525	490	371	334	260

 # Base for indices: 2002 = 100

DIVIDEND PAYOUT (%)

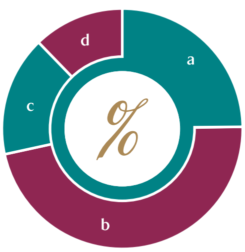


EBITDA TO INTEREST (Times)



VALUE ADDED STATEMENTS

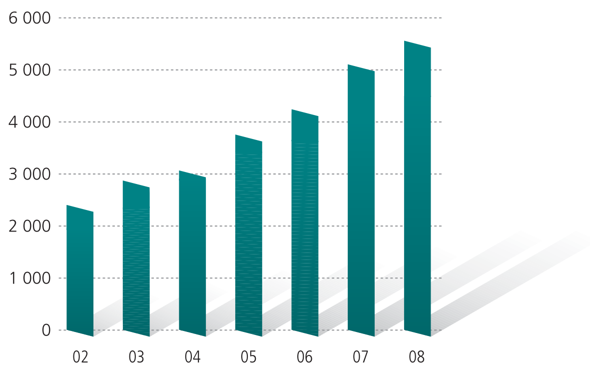
	GROUP		
	2008 Rm	2007 Rm	Change %
CASH GENERATED			
Cash derived from revenue	**7 535**	6 915	
Income from investments	**79**	77	
Cash value generated	**7 614**	6 992	9
Paid to suppliers for materials and services	**(2 044)**	(1 877)	
Pre-opening expenses	**(8)**	(8)	
Total cash value added	**5 562**	5 107	9
CASH DISTRIBUTED TO STAKEHOLDERS			
Employees	**(1 173)**	(1 111)	6
Government taxes	**(2 221)**	(2 015)	10
Shareholders	**(767)**	(581)	32
Lenders	**(580)**	(292)	99
	(4 741)	(3 999)	19
Cash retained in the business to fund replacement of assets, facilitate future growth and repay borrowings	**821**	1 108	(26)
RECONCILIATION WITH CASH GENERATION			
Total cash value added (above)	**5 562**	5 107	
Pre-opening expenses	**8**	8	
Employee remuneration	**(1 173)**	(1 111)	
Employee tax	**(194)**	(178)	
Income from investments	**(79)**	(77)	
Levies and VAT on casino revenue	**(1 244)**	(1 133)	
Cash generated by operations (per group cash flow statements)	**2 880**	2 616	10
GOVERNMENT TAXES SUMMARY			
Income tax	**(593)**	(594)	
PAYE	**(194)**	(178)	
Levies and VAT on casino revenue	**(1 244)**	(1 133)	
STC	**(118)**	(95)	
Other taxes	**(72)**	(15)	
	(2 221)	(2 015)	10



CASH DISTRIBUTION TO STAKEHOLDERS – 2008 (2007)

a) Employees 25% (28%)
b) State taxes....................47% (50%)
c) Shareholders.................16% (15%)
d) Lenders.........................12% (7%)

TOTAL CASH VALUE ADDED (Rm)



CARNIVAL CITY

GRANDWEST

CODE OF ETHICS

The group recognises the vested interest of all stakeholders in the manner in which its various businesses are conducted and is committed to ethical behaviour at all levels of the organisation. This code of ethics will assist in fulfilling our responsibility to all stakeholders.

The group will act in a way that will earn it and its subsidiaries the reputation of being:

- Committed to integrity and honesty in everything it does.
- Consistent in fulfilling its moral and legal obligations.
- Committed to sustainability and integrated social, environmental and economic performance.
- Supportive of loyalty and long-standing relationships.
- Protective of the quality of its services and products.
- Non-political and non-sectarian in all its activities.
- Committed to supporting responsible gambling.

As regards its people resources, the group is committed to enlightened employment policies and practices whereby:

- Discrimination and sexual harassment are not tolerated.
- Conflicts of interest are actively managed.
- Training and skills development is emphasised and encouraged.

SHAREHOLDERS

Category	Number of shareholders	Number of shares owned	% of total issued shares
Size of shareholding			
1 – 1 000 shares	3 341	1 087 662	1,03
1 001 – 10 000 shares	898	2 698 516	2,56
10 001 – 100 000 shares	306	11 693 827	11,08
100 001 – 1 000 000 shares	134	37 365 376	35,42
1 000 001 shares and over	19	42 099 911	39,91
	4 698	94 945 292	90,00
Treasury shares	1	10 549 477	10,00
	4 699	**105 494 769**	**100,00**

Ten largest beneficial shareholders at 30 June 2008	Number of shares owned	% of total issued shares
Sun International Investments No. 2 (treasury shares)	10 549 477	10,00
SIEST	6 400 767*	6,07
State Street Bank & Trust Co	5 073 057	4,81
Dinokana	5 041 648	4,78
Sanlam	3 795 017	3,60
Old Mutual Group	3 571 090	3,38
JP Morgan Chase Bank	2 338 571	2,21
Transnet Pension Fund	1 887 395	1,79
Mellon Bank	1 666 796	1,58
Namibian Government Institutions Pension Fund	957 302	0,91
	41 281 120	**39,13**

** Includes an effective interest in 3 803 348 shares held indirectly through Dinokana.*

Top 10 fund managers	Number of shares	% of total issued shares
Allan Gray Asset Management	36 859 294	34,94
Regarding Capital Management	4 419 602	4,19
Sanlam Investment Management	4 384 084	4,16
Investec Asset Management	2 048 583	1,94
Coronation Fund Managers	1 146 696	1,09
Old Mutual Investment Group	885 406	0,84
Kagiso Asset Management	828 223	0,78
Peregrine Asset Management	617 588	0,58
Foord Asset Management	570 199	0,54
ING Bank Global Custody	558 227	0,53
	52 317 902	**49,59**

Shareholder spread (beneficial) at 30 June 2008	Number of shareholders	% of total issued shares
Public	**4 670**	**82,08**
Non-public		
Directors of the company and its subsidiaries	26	1,35
Employee Share Trusts	2	6,57
Own holdings – treasury shares	1	10,00
	4 699	**100,00**

GOLDEN VALLEY LODGE

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, 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 long-term value creation, at all times observing the group's broader obligations to society in terms of environmental, economic and social sustainability, with transformation at all levels remaining 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:

- was again selected as one of South Africa's Top 100 companies of 2007 in the Sunday Times/Business Times survey;
- was ranked number 12 in the Financial Mail Top Companies 2008 report;
- was ranked 1st in the gaming and leisure sector in the Top 500 South Africa's best companies;
- was the winner of the 2007 (JSE/ICSA) Annual Reports Award in the MidCap category;
- continued to be ranked highly amongst the JSE listed companies in the Financial Mail top empowerment survey by EmpowerDex.

Corporate governance report continued

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.

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 in terms of the articles of association, is subject to annual election from amongst its members. Mr Hawton has, following the recommendation of the remuneration and nomination committee after an informal evaluation of his performance, been re-elected chairman of the board in respect of the financial year ending 30 June 2009.

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 ten non-executive directors, of whom seven 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 78 and 79, to provide judgement independent of management on material board issues. The composition of the board appears on pages 78 and 79 of the annual report and changes in the directorate during the financial year and to the date of this report on page 88.

Chief executive and delegation of authority

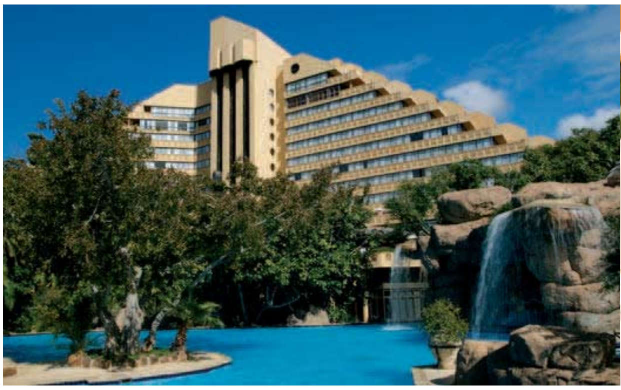
The board's governance and management functions are linked through the chief executive, who is tasked with the running of the business and the implementation of the policies and strategies adopted by the board. All board authority conferred on management is delegated through the chief executive and the 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.

Corporate governance report continued



CASCADES, Sun City

SUN CITY HOTEL

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 having been carried out in 2008. 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 evaluations also having taken place in 2008. Action plans to improve outcomes, where necessary, or to implement suggestions for improvements made by the directors or committee members, have been implemented 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 at the discretion of the board and the remuneration and nomination committee.

Induction of directors

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

Access to company information and confidentiality

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

Independent professional advice and company secretary

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

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

Directors' and officers' liability insurance

Directors' and officers' liability insurance cover is in place.

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 2008 financial year and a further two since then and to the date of this report. Details of attendance by each director are as follows:

	3 July 2007 (strategy)	4 July 2007 (ad hoc)	29 Aug 2007 (quarterly)	27 Nov 2007 (quarterly)	6 March 2008 (quarterly)	29 May 2008 (quarterly)	1 July 2008 (strategy)	28 Aug 2008 (quarterly)
DA Hawton	√	√	√	√	√	√	√	√
DC Coutts-Trotter	√	√	√	√	√	√	√	√
H Adams**	√	*	√	√	√	√•	*	n/a
RP Becker	√	√	√	√	√	√	√	√
L Boyd***	√	√	√	√	√	n/a	n/a	n/a
PL Campher	√	√	√	√	√	√	√	√
MP Egan	√	√	√	√	√	√	√	X
NN Gwagwa	√	√	√	√	√	X	√	√
IN Matthews	√	√	√	√	X	√	√	√
LM Mojela	√	√	√	√	√	√	X	√
MV Moosa	√	√	√	√	√	√	√	√
DM Nurek	√	√	√	X	√	√	√	√
E Oblowitz	X	X	√	√	√	√	√	√
GR Rosenthal	√	√	√	√	√	√	√	√
PEI Swartz****	√	√	√	X	n/a	n/a	n/a	n/a

√ *present*
X *apologies*
n/a *not applicable*
• *recused for part of the meeting*
* *recused*
** *resigned 26 August 2008*
*** *deceased 28 March 2008*
**** *resigned 11 February 2008*

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

The audit committee has been re-appointed by the board for the financial year ending 30 June 2009. Mr GR Rosenthal was appointed chairman of the committee on 1 July 2008 in place of Mr MP Egan, who resigned as chairman on that date but remains a member of the committee.

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 committee also performs all the functions required to be performed by an audit committee, including as required by section 270A of the Companies Act and under 270A(1) on behalf of all subsidiaries other than those whose boards have determined to appoint their own committees.

The mandate of the audit committee includes:

- nomination of the external auditors annually for appointment by shareholders, determination of fees and terms of engagement;
- evaluation of the independence and effectiveness of the external auditors, consideration of nature and extent of non-audit services rendered by them to the group and the pre-approval of proposed contracts for such services in terms of the policy established by the committee;
- 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;
- dealing with internal or external complaints relating to accounting practices, internal audit or to the content or auditing of the financial statements;
- review and evaluation of the internal audit activities and plan, annual review of the internal audit mandate, ensuring adequate resourcing, ensuring co-ordination between internal and external audit, ensuring appropriate action by management in the event of major deficiencies or breakdowns in controls or procedures, and considering the appointment of the head of internal audit;
- consideration of major findings of internal investigations and management's responses;
- monitoring of compliance with the group's code of conduct and significant breaches thereof;
- review of the adequacy of the systems of internal control and any legal matters which could significantly impact on the group's financial statements;
- review of compliance with the King Code and JSE Listings Requirements in so far as these relate to the financial statements; and
- evaluation of its own performance and effectiveness every two years.

All members of the audit committee are independent non-executive directors and are financially literate. The committee is appointed by the board annually in advance prior to the end of each financial year. 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 2008 financial year and a further two since then and to the date of this report. Details of attendance by each member are as follows:

	27 Aug 2007 (year end)	17 Sept 2007 (financial statements)	29 Feb 2008 (interim)	6 May 2008 (planning)	26 Aug 2008 (year end)	23 Sept 2008 (financial statements)
GR Rosenthal	√	√	√	√	√	√
MP Egan	√	√	√	√	√	√
DM Nurek	√	√	√	√	√	√
E Oblowitz	√	√	X	√	√	√

√ *present*
X *apologies*

The audit committee has adopted written terms of reference approved by the board and has satisfied its responsibilities in compliance therewith in all material respects during the financial year. Its terms of reference were reviewed and amended by the board during the year to ensure compliance with changes brought about by the implentation of the Corporate Laws Amendment Act which became effective in December 2007.

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, Mr DM Nurek, who is also a member of the audit committee and through the director of internal audit, Mr CS Benjamin, who also provides the audit committee with reports on the performance of risk management.

Risk committee

Composition: The committee is chaired by Mr DM 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 three other non-executive directors, Dr NN Gwagwa (appointed on 29 August 2007) and Messrs IN Matthews and GR Rosenthal, of whom two are independent.

The committee is operational in nature, accordingly other members comprise representatives from the group's management company, SIML, namely Mr HJ Brand (legal affairs director), Mr J Coetzee (director: gaming compliance and tables), Mr G Collins (director: gaming operations), Mr PG Georgas (divisional director: resorts) (retired 30 June 2008), Mr PR Hellings (finance director), Mr TC Kaatze (divisional director: gaming north), Mr JA Lee (e-business & technology director and chief information officer), Mr J Lukwago-Mugerwa (group human resources director) (resigned 31 August 2007), Ms KH Mazwai (group human resources director) (appointed on 6 March 2008), Mr DR Mokhobo (new business development director), Mr S Montgomery (development director), Mr KRE Peter (divisional director: gaming south) 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.

Corporate governance report continued



FISH RIVER SUN

THE PALACE OF THE LOST CITY

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:

	3 July 2007	29 Feb 2008	6 May 2008	1 July 2008
DM Nurek	√	√	√	√
SA Bailes	√	√	√	√
RP Becker	√	√	√	√
HJ Brand	√	√	√	√
J Coetzee	√	√	√	X
G Collins	√	√	X	√
DC Coutts-Trotter	√	√	√	√
PG Georgas*	√	X	X	n/a
NN Gwagwa**	n/a	√	√	√
PR Hellings	√	√	√	√
TC Kaatze	√	√	√	√
JA Lee	√	√	√	√
J Lukwago-Mugerwa***	X	n/a	n/a	n/a
IN Matthews	√	√	√	√
KH Mazwai****	n/a	†	√	√
DR Mokhobo	√	X	√	√
S Montgomery	√	√	√	√
KRE Peter	√	X	√	√
GR Rosenthal	√	√	√	√
DS Whitcher	√	√	√	√

√ *present*
X *apologies*
† *by invitation*
n/a *not applicable*
* *retired from the risk committee on 30 June 2008*
** *appointed to the risk committee on 29 August 2007*
*** *resigned from the risk committee on 31 August 2007*
**** *appointed to the risk committee on 6 March 2008*

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.'

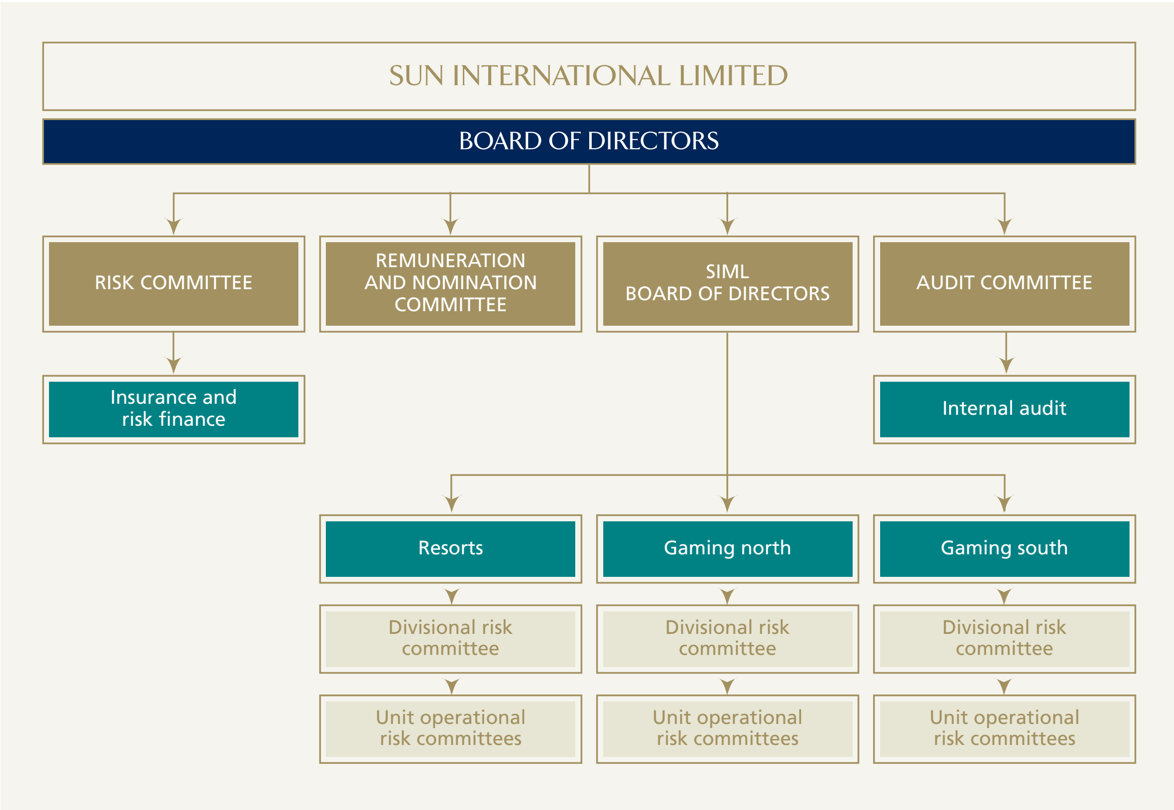
The group pursues strategies aimed at maximising long term shareholder value. The risks to which the group's existing businesses are exposed are continuously identified and mitigated in terms of a group process that allocates responsibility, determines the action to be taken and monitors compliance with 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 40 risks was updated and each risk reviewed, re-ranked and documented. The review process also explored the possibility of new risks having entered the risk environment, and these were defined and ranked in the same way as existing risks. The register continues to be updated on an annual basis, or as often as circumstances necessitate. Ownership of each risk remains the responsibility of assigned senior executives, who report on progress made with agreed action plans and existing internal controls. The top 20 risks are monitored by the SIML board on a quarterly basis. The SIML board submits a risk management report to the risk committee twice a year focusing on the top 20 risks. Each division drafts a risk management submission to the SIML board quarterly, focusing on the top 10 risks facing the division. Divisional risk management committees and operational 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.

Corporate governance report continued

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



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.

Corporate governance report continued

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 (FICA)

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 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 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 and in the manner required by the Companies Act.

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.

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 in the separate sustainability report.

COMMUNICATIONS

The board strives to provide its stakeholders, including shareholders, employees, government, regulatory bodies, industry analysts, prospective investors and the media with relevant and accurate information, promptly and transparently. In this connection, the regulatory requirements regarding the dissemination of information are strictly observed.

ENVIRONMENTAL AND OCCUPATIONAL HEALTH AND SAFETY

The board is responsible for compliance with the occupational health and safety regulations and environmental health standards.

Compliance with the occupational health and safety requirements is monitored by the internal audit department. The policies adopted by the group with regard to health, safety and environmental management are set out in the separate sustainability report.

CODE OF ETHICS

The group has revised and adopted a new code of ethics during the year. The code 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 55 of this report.

The group has also redefined and broadened its whistle blowing and fraud response policies during the year. These are encapsulated in clear guidelines which are being disseminated throughout the group. These are intended to provide an infrastructure and mechanism for protected disclosure of criminal, legal, health and safety, environmental, discriminatory, and other improprieties by colleagues, other stakeholders or employers, as well as fraud and misconduct, to executive management for investigation, action and mitigation, without fear of occupational detriment.

Employees who are aware of any crime or fraud within the group may also 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.

REMUNERATION REPORT

The Sun International remuneration strategy ensures the creation of an appropriate competitive base to attract and retain employees of the right calibre and skills, rewarding employees fairly and equitably, and motivating them to achieve the highest levels of performance in alignment with Sun International's strategic objectives.

The board and remuneration and nomination committee present their remuneration report setting out information applicable to executive remuneration, directors' fees, pension and other benefits, short, medium and long term bonus incentive remuneration and share incentive plans. The information provided in this report has been approved by the board on the recommendation of the committee.

REMUNERATION AND NOMINATION COMMITTEE

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

Mr Moosa was appointed a member of the committee on 1 March 2008. Mr L Boyd served on the committee until 28 March 2008. All members of the committee, with the exception of Mr MV Moosa, 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, bonus incentive schemes and share incentive programmes to ensure they motivate sustained high performance throughout the group and retain the key executives within 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 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, including the annual appointment of the audit committee and if necessary make recommendations to the board on its composition, the appointment of new executive and non-executive directors, the size, diversity and demographics of the board, including the recommendation for the re-election of retiring directors;
- ensure consideration is given to succession planning in the group;
- appraise the performance of the chief executive annually as a pre-requisite for the review and determination of his remuneration, 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 and to report on the review to the board;

- review compulsory group employee benefits and costs relevant thereto, and ensure the proper administration of the company's share incentive plans; and
- review the levels of authority of the chief executive.

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 and amended by the board during the year.

The remuneration and nomination committee is required to meet formally at least twice a year. Three remuneration and nomination committee meetings were held during the 2008 financial year and a further one since then and to the date of this report. Details of attendance by each member are as follows:

	27 Aug 2007	28 Feb 2008	28 May 2008	26 Aug 2008
DA Hawton	√	√	√	√
L Boyd*	√	X	n/a	n/a
PL Campher	√	X	√	√
MP Egan	√	√	√	√
IN Matthews	√	√	√	√
MV Moosa**	n/a	n/a	√	√

√ *present*
X *apologies*
n/a *not applicable*
* *deceased 28 March 2008*
** *appointed to the remuneration and nomination committee on 1 March 2008*

REMUNERATION PHILOSOPHY

The Sun International remuneration strategy ensures the creation of an appropriate competitive base to attract and retain employees of the right calibre and skills, rewarding employees fairly and equitably, and motivating them to achieve the highest levels of performance in alignment with Sun International's strategic objectives.

It is Sun International's philosophy to adopt best practice and ensure that overall remuneration takes account of current trends whilst at all times complying with prevailing legislation.

Sun International is committed to providing remuneration that attracts, retains and motivates staff and assists in developing a high performance culture and provides a measure of flexibility within the package structure. 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 group's operations. All increments are based on guaranteed package (TCOE) taking into account projected inflation, internal equity, the external market, performance and affordability. Remuneration levels are competitive compared to the market and the remuneration process provides for equitable pay that is fair, consistent and transparent, but differentiates between average and excellent performers, thus remunerating people according to their contribution.

REMUNERATION STRUCTURE

Guaranteed remuneration

Sun International's policy is to compensate executive managers on a guaranteed package basis between the median and upper quartile (Q3) of the relevant remuneration market. Remuneration scales are benchmarked and are generally structured so that midpoints equate to the upper quartile levels.

Remuneration is quoted on an annual basis, paid monthly and split between benefits and cash. The cash portion of the individual's guaranteed package will vary according to the value of benefits utilised and deductions.

Through the remuneration and nomination committee, Sun International reviews its remuneration strategy on a regular basis and benchmarks itself against companies of similar size as well as the relevant markets 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 (see below).

Retirement funding and healthcare benefits

Executives also participate in the membership of a company appointed retirement fund which is compulsory for all permanent employees. In South Africa, they participate as members of a restricted membership in-house defined contribution provident fund offering both retirement funding and insured benefits. A small number of executives remain members of a closed defined benefit pension fund.

Remuneration report continued

Membership of a company appointed medical aid is compulsory and in South Africa executives belong to a restricted membership scheme offering a variety of plans.

Variable remuneration

In addition to paying market related guaranteed packages, the remuneration strategy at the executive and senior management level also comprises variable remuneration in the form of bonus incentive schemes and share incentive plans.

The primary bonus incentive scheme comprises participation in the executive bonus scheme (EBS), comprising 'EVA®' (economic value added) and 'EBITDA' target components.

Additionally, and where appropriate, executives also participate in share incentive plans in the form of share plans which are subject to pre-determined performance criteria, as applicable.

Executive Bonus Scheme

The EBS is a target-based scheme that defines the required performance criteria in terms of maximising long-term growth and return on investment (EVA®) as well as short-term cash flow (EBITDA), with amounts payable at varying levels of achievement against criteria determined by the committee prior to the commencement of the financial year. This scheme aligns shareholder and management objectives by providing participants with fair and equitable short-term incentives, reinforcing and derived from unit, divisional and group objectives, dependent on where the participant is employed.

Participants of the EBS are primarily senior managers and executives. Uniform parameters are used to determine eligibility and participation levels and individual bonuses are calculated as a percentage of guaranteed remuneration.

70% of the EBS bonus is derived from EVA performance and 30% from EBITDA achievement. The EBS also incorporates a bonus bank mechanism as one third of bonuses in excess of target are paid to participants and two thirds are deferred to a bonus bank for payment up to the target percentages in years when targets are not met. The bonus bank attracts interest and serves as a retention mechanism as it is forfeited upon resignation or dismissal.

SHARE INCENTIVE PLANS

Share option scheme

Due to changes in the regulatory environment and best practice, the existing share option scheme is no longer appropriate and accordingly no further options have been granted under this scheme since 30 June 2006. The share option scheme nevertheless remains in place for options already granted under the scheme, until such time as these options are exercised or lapse.

Share plans

In line with latest practice and the approval of shareholders at the 2005 annual general meeting, 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),

Share options held by executive directors in terms of their participation in the Sun International Limited Employee Share Incentive Scheme as at 30 June 2008

	Date of grant	Exercise price R	No. of options held 30 June 2007	**Options exercised during year ended 30 June 2008**	**No. of options held 30 June 2008**	Lapse date	**No. of options vested 30 June 2008**
RP Becker	30.06.2005	61,825	200 000	–	**200 000**	30.06.2015	**150 000**
DC Coutts-Trotter	01.08.2003	31,555	58 750	–	**58 750**	01.08.2013	**58 750**
	12.09.2003	32,950	37 500	–	**37 500**	12.09.2013	**37 500**
	25.11.2003	39,005	56 250	–	**56 250**	25.11.2013	**56 250**
	01.09.2004	40,950	46 875	–	**46 875**	01.09.2014	**35 156**
	30.06.2005	61,825	46 875	–	**46 875**	30.06.2015	**35 156**
			246 250	–	**246 250**		**222 812**
			446 250	–	**446 250**		**372 812**

which support the principle of alignment of management and shareholder interests, with performance conditions governing the vesting of the plan instruments.

Executive directors and selected senior employees of SIML participate in certain or all of these plans. Awards under the EGP, CSP and DBP have been made annually since 30 June 2006.

Equity growth plan

The purpose of the EGP is to provide senior executives with the opportunity to acquire shares in the company through the grant of conditional EGP rights, which are rights to receive shares equal in value to the appreciation of the company's 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 pre-determined performance conditions over a 3 year performance period. These performance conditions are determined by the remuneration and nomination committee in respect of each annual grant. Grants under this plan were made in 2006, 2007 and 2008 and the performance conditions applied in each year were that adjusted headline earnings per share should increase by 2% per annum above CPI over the 3 year performance period, calculated from the date of each grant. The performance condition is tested 3 years from the date of grant and if the condition is met, the EGP rights granted under the specific grant become exercisable. If this performance test fails, re-testing of the performance condition is permitted on the 4th and 5th anniversaries of the date of grant at a further increase of 2% per annum above CPI and should re-testing fail at this point, all EGP's granted under the particular grant will lapse.

Conditional share plan

The purpose of the CSP is to provide senior executives with the opportunity to acquire shares in the company, by way of conditional awards which are subject to the fulfilment of predetermined performance conditions on the expiry of a 3 year performance period. The performance conditions are determined by the remuneration and nomination committee in respect of each annual grant.

The conditional shares will vest after the 3 year performance period if, and to the extent that, the performance conditions have been satisfied, and provided the executive is still in the employment of the group.

The performance condition imposed with regard to the 2006, 2007 and 2008 grants related to company total shareholder return (TSR) over a 3 year period, relative to the TSR of constituents in the INDI 25 index and gambling/hotels sub-sectors of the travel and leisure sector that have a market capitalisation of greater than R1 billion (2006) or 10% of Sun International's market capitalisation (2007 and 2008).

The conditional awards are subject to vesting conditions as follows:

If the TSR over the performance period ranks:

- within the upper quartile of the comparator group, then the whole conditional award, which is subject to the TSR condition, will become unconditional and will vest;
- at the median TSR of the comparator group, then 30% (thirty percent) of the conditional award will become unconditional and will vest. The remainder of the conditional award subject to the TSR condition will lapse and will be of no further force or effect;
- less than the upper quartile rank of the comparator group and ranks greater than the median of the comparator group, then the percentage of the conditional award, subject to the TSR condition, which becomes unconditional and will vest, will be linearly apportioned between 30% and 100% as the ranking of the TSR increases from the median to the upper quartile of the comparator group. The remainder of the conditional award, subject to the TSR condition will lapse and will be of no further force or effect;
- less than the median TSR of the comparator group then the whole of the conditional award, subject to the TSR condition will lapse and will be of no force or effect whatsoever.

Deferred bonus plan

The purpose of the DBP is to encourage senior executives to use part of their after tax annual bonus (EBS) awarded for acquiring shares in the company in exchange for an uplift in the number of shares received. The plan also has a retention effect and encourages share ownership in the company. Awards under the DBP have been made in 2006, 2007 and in 2008, subsequent to the financial year end.

The remuneration and nomination committee simultaneously invites participation in a conditional matching award. The matching award will entitle the executive to an equal number of free shares matching the number of DBP shares still held on the vesting date. The matching award is conditional on continued employment until the vesting date which is for a 3 year period and these DBP shares remaining in a seperate controlled account for the duration of the period. The executive remains the full owner of the DBP shares for the duration of the period and enjoys all shareholder rights. DBP shares may be withdrawn from the controlled account at any time, but the matching award will not be made on DBP shares withdrawn.

The vesting of the matching award is not subject to any performance conditions.

Remuneration report continued

Proposed new RSP (Restricted Share Plan)

The board of directors, on the recommendation of the remuneration and nomination committee, proposes the adoption of a new share plan to be known as the Restricted Share Plan (RSP).

The RSP is to be operated in conjunction with the three existing share plans i.e. the EGP, CSP and DBP, to complement and enhance Sun International's ability to retain key staff and to assist in securing the services of key new senior executives. Although the share plans currently in operation are considered appropriate for regular annual awards, the RSP is considered necessary:

- to permit the issue of awards as a retention mechanism from time to time and particularly under present circumstances where the group faces significant retention risks with respect to key talent, and as prevailing market conditions have impaired the ability of the existing share plans to act as a retention mechanism; and
- to permit once-off awards for new appointments to assist in the recruitment of key executives which invariably requires compensation to address value forfeited on resignation from a previous employer.

Rewards under the RSP are therefore not intended to be regular annual awards, but will be made in the case of the appointment of a new employee or, in the case of specific retention, to key employees including executive directors of the group.

Awards under the RSP comprise the grant of 'forfeitable' shares in Sun International, on the basis that the employee will forfeit the shares if he ceases to be employed by the group due to resignation or dismissal before the expiry of a three or five year vesting period. In the case of a three year vesting period, 100% of the award will vest subject to the vesting condition that the participant is still in the employ of the group on the expiry of the three year vesting period. In the case of awards subject to a five year vesting period, the awards will be subject to staggered vesting and continued employment on the expiry of the following vesting periods:

- 50% after three years;
- 25% after four years; and
- 25% after five years.

As the forfeitable shares will be held for the benefit of the employee, in a controlled account, he will be entitled to all shareholder rights applicable to those shares, namely the right to dividends and to voting at general meetings of the company. In the event that the shares are forfeited due to resignation or dismissal, any dividends received prior to the forfeiture are to be repaid.

The intent of the RSP will be to purchase shares in the market to settle the awards although the company also has the alternative to settle awards by the issue of shares should this become necessary. Any allotments under the RSP will be limited to the number of shares placed under the specific control of the directors for purposes of the existing share plans at the 2005 annual general meeting, namely 10 780 000 shares, and although shareholders will be requested to amend the specific authority to include shares allotted under the RSP, no increase in the number of shares specifically set aside is considered necessary to accommodate the new RSP as this limit is considered sufficient for at least the next five years.

The salient features applicable to the RSP appear in the notice of annual general meeting and annexure thereto forming part of this annual report.

Proposed amendments to existing share plans

The existing share plans limit the individual 'face values' of annual awards to any one participant as follows:

- CSP – 70% OF TCOE;
- DBP – 30% OF TCOE;
- EGP – 70% OF TCOE.

The overall limit per individual per year is an 'expected value' of the aggregate awards of 100% of TCOE.

Recommendation will be made to members at the forthcoming annual general meeting to amend the three share plans to delete the individual plan award limits and to inrease the aggregate expected value limit per annum from 100% of TCOE to 200% of TCOE so as to give the remuneration and nomination committee greater flexibility when addressing incentivisation and retention issues.

In terms of the approvals granted by members at the 2005 annual general meeting the overall cumulative maximum number of shares that may be allotted per individual under the three existing share plans (and subsequently the four share plans) over a period of time is currently 1 078 026 shares. It is proposed that this overall individual limit remain unchanged.

Certain other amendments relating to the existing provisions of the three share plans relative to the maximum number of shares that may be utilised for purposes of the share plans or that may be held by any one individual to comply with the new provisions of the JSE's Listings Requirements, will also be proposed at the annual general meeting, as well as to the DBP allowing DBP shares to be encumbered subject to the provisions of section 43 of the Securities Services Act. Details of these amendments also appear in the notice of annual general meeting and annexure thereto forming part of this annual report.

Awards made to executive directors under share plans as at 30 June 2008

	Share plan	Date of grant	Grant price R	Number of grants held 30 June 2007	**Number of grants made during year ended 30 June 2008**	**Number of grants held 30 June 2008**
DC Coutts-Trotter	EGP	30.06.2006	82,74	27 919	**–**	**27 919**
	EGP	29.06.2007	149,55	16 550	**–**	**16 550**
	EGP	30.06.2008	90,47	–	**29 682**	**29 682**
				44 469	**29 682**	**74 151**
RP Becker	EGP	30.06.2006	82,74	12 551	**–**	**12 551**
	EGP	29.06.2007	149,55	8 305	**–**	**8 305**
	EGP	30.06.2008	90,47	–	**15 209**	**15 209**
				20 856	**15 209**	**36 065**
DC Coutts-Trotter	CSP	30.06.2006	82,74	35 533	**–**	**35 533**
	CSP	29.06.2007	149,55	21 063	**–**	**21 063**
	CSP	30.06.2008	90,47	–	**37 778**	**37 778**
				56 596	**37 778**	**94 374**
RP Becker	CSP	30.06.2006	82,74	18 972	**–**	**18 972**
	CSP	29.06.2007	149,55	12 277	**–**	**12 277**
	CSP	30.06.2008	90,47	–	**22 637**	**22 637**
				31 249	**22 637**	**53 886**
DC Coutts-Trotter	DBP	20.09.2006	95,14	13 210	**–**	**13 210**
	DBP	11.10.2007	149,15	–	**8 932**	**8 932**
				13 210	**8 932**	**22 142**
RP Becker	DBP	20.09.2006	95,14	3 798	**–**	**3 798**
	DBP	11.10.2007	149,15	–	**3 611**	**3 611**
				3 798	**3 611**	**7 409**

Share option grants and share plan awards

		2008			2007		
		Number	*** Value R**	**** Expense recognised during year R**	Number	* Value R	** Expense recognised during year R
DC Coutts-Trotter	Options			**159 801**			409 486
	EGP	**29 682**	**612 636**	**419 769**	16 550	707 678	183 893
	CSP	**37 778**	**1 329 786**	**1 052 551**	21 063	1 703 997	484 552
	DBP	**8 932**	**1 335 870**	**738 906**	13 210	1 256 774	338 583
			3 278 292	**2 371 027**		3 668 449	1 416 514
RP Becker	Options			**419 667**			781 667
	EGP	**15 209**	**313 914**	**201 036**	8 305	355 122	82 669
	CSP	**22 637**	**796 822**	**589 785**	12 277	993 209	258 715
	DBP	**3 611**	**540 061**	**249 805**	3 798	361 335	97 346
			1 650 797	**1 460 293**		1 709 666	1 220 397
			4 929 089	**3 831 320**		5 378 115	2 636 911

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

** *Expense recognised during the year in respect of grants calculated in terms of IFRS 2.*

Remuneration report continued

EMOLUMENTS

Executive directors' remuneration

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 executive directors of the company by the company and its subsidiaries*

R	Salary	Bonus Gross	Bonus Deferred**	Retirement contributions	Other benefits***	Total annual remuneration
Executive directors						
2008						
DC Coutts-Trotter	3 587 801	4 406 878	(479 751)	622 866	289 333	8 427 127
RP Becker	2 102 022	1 859 920	(196 666)	486 000	111 978	4 363 254
	5 689 823	**6 266 798**	**(676 417)**	**1 108 866**	**401 311**	**12 790 381**
Directors' fees received from subsidiaries and waived in favour of their holding companies						
DC Coutts-Trotter						120 000
RP Becker						162 118
						282 118
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
Directors' fees received from subsidiaries and waived in favour of their holding companies						
DC Coutts-Trotter						131 744
RP Becker						151 451
						283 195

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

** *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 comprise travel allowances and medical aid contributions.*

Non-executive directors' remuneration

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.

Paid to non-executive directors by the company and its subsidiaries						
R	Consultancy fees (subsidiary)	Directors', committee and trustee fees (subsidiaries and trusts)	Directors' fees	Committee fees	**Total 2008**	Total 2007
DA Hawton		120 000	932 000	102 000	**1 154 000**	1 060 832
H Adams	238 050	60 000	157 500	–	**455 550**	405 000
L Boyd		–	118 125	38 250	**156 375**	196 000
PL Campher		50 000	157 500	51 000	**258 500**	246 000
MP Egan		10 000	157 500	187 000	**354 500**	333 000
NN Gwagwa		110 000	157 500	38 205	**305 705**	207 332
IN Matthews		30 000	157 500	96 500	**284 000**	268 000
LM Mojela		51 875*	157 500	–	**209 375**	148 000
MV Moosa		80 000	157 500	12 750	**250 250**	238 832
DM Nurek		–	157 500	159 000	**316 500**	297 000
E Oblowitz		–	157 500	68 000	**225 500**	212 000
GR Rosenthal		–	157 500	113 500	**271 000**	254 000
PEI Swartz		–	96 923	–	**96 923**	148 000
	238 050	511 875	2 722 048	866 205	**4 338 178**	4 013 996

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

Proposed increases in the level of fees payable to the non-executive directors for 2009 appear in the table alongside. 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 2009**	Approved 2008
Services as directors – fees:		
– chairman of the board	**1 006 600**	932 000
– directors	**170 100**	157 500
Audit committee fees:		
– chairman	**146 800**	136 000
– members	**73 400**	68 000
Remuneration and nomination committee fees:		
– chairman	**110 200**	102 000
– members	**55 100**	51 000
Risk committee fees:		
– chairman	**98 300**	91 000
– members	**49 100**	45 500

Directorate and Administration

from left to right

NON-EXECUTIVE CHAIRMAN

DA (Buddy) Hawton (71)†*

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 Nampak Limited and chairman of Woolworths Holdings Limited, RAH and RRHL. He previously held directorships in City Lodge Hotels Limited, Altron Limited, Standard Bank Group Limited, Liberty Group Limited, Liberty Holdings 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

DC (David) Coutts-Trotter (46)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, RRHL and SFI Resorts. He completed articles with PricewaterhouseCoopers Inc and has over ten years' experience in the hotel, resorts and gaming industries.

RP (Rob) Becker (46)Δ

Chief Financial Officer

BAcc, CA(SA), MBA

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

from left to right

MP (Mike) Egan (53)†*#

BCom, CTA, CA(SA)

Appointed to the board in 1992. Mike Egan has extensive experience in the leisure, film and entertainment industries in South Africa, through the group's former investment in those industries, which was divested of in 1997. He was previously managing director of Interleisure Limited which, inter alia, owned and operated the brands of Ster-Kinekor and Computicket. At the end of 1997 he became a non-executive member of the board and has since been an active private equity investor in the film distribution, cinema and related entertainment industries.

Dr NN (Lulu) Gwagwa (49)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 DBSA, DataPro, Dinokana, FirstRand, Lereko Investments, Massmart, Tsebo Outsourcing and Vox Telecom and was previously on the board of ACSA and RAH.

LM (Louisa) Mojela (52)

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, Adcorp Holdings, Distell Group 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 and as a director of Ericsson SA.

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

from left to right

PL (Leon) Campher (60)†*

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, Brimstone Investments Corp Limited, Safex Clearing Company (Pty) Limited and Amalgamated Appliance Holdings Limited (chairman), 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.

E (Eddy) Oblowitz (51)†#

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.

MV (Valli) Moosa (51)

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 and as chairman of Eskom Holdings from 2005 to 2008. He is presently a national executive committee member of the ANC and currently holds directorships, inter alia, in Anglo Platinum, Lereko Investments (executive chairman), Dinokana, Imperial Holdings, RAH and Sanlam and is president of the World Conservation Union (IUCN).

from left to right

IN (Nigel) Matthews (63)†*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, The Fuel Group (Pty) Limited (chairman) and is also chairman of the SIEST. Previously chairman of Sentry Group Limited and Lenco Holdings Limited and managing director of Holiday Inns Limited.

GR (Graham) Rosenthal (64)†#Δ

CA(SA)

Appointed to the board in 2002. Graham Rosenthal is a non-executive member of various audit committees, including Macsteel Service Centres, 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.

DM (David) Nurek (58)†#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, Distell Group Limited, Aspen Pharmacare Holdings Limited and Lewis Group Limited. Served as chairman of the legal firm Sonnenberg Hoffman & Galombik until June 2000.

H (Hassen) Adams (56)

HND Pr Tech Eng Civil Engineering

Appointed to the board in 2004 and resigned on 26 August 2008. 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.

Directorate and Administration continued

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MANAGEMENT – DIRECTORS (SIML)

1. DC (David) Coutts-Trotter (46)
Chief Executive

2. RP (Rob) Becker (46)
Chief Financial Officer

3. DS (Des) Whitcher (49)
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 in 1981, 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

4. TC (Tristan) Kaatze (47)
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 20 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 Mangaung Sun, Meropa and Teemane.

5. KRE (Kurt) Peter (53)
Divisional director: Resorts
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 which position he held until 1 September 2008 when he was promoted to divisional director: resorts, with responsibility 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. He has over 30 years' experience in the hospitality and gaming industry.

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. CS (Clarence) Benjamin (48)
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.

8. DR (Khati) Mokhobo (43)
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, during which time he has been responsible for the group's expansion into Nigeria. 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.

9. KH (Kele) Mazwai (39)
Group human resources director
BBus Admin, BCom, BCom (Hons), MBA

Kele Mazwai joined Sun International in 2008 and has 16 years' experience in human resources management. She joined MNet, Supersport and Oracle as human resources manager in 1999 and was appointed human resources director in 2003, prior to which she held various positions with PG Autoglass, Markhams, Woolworths and the Department of Foreign Affairs.

10. S (Sean) Montgomery (46)
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 18 years' experience in the construction and property development industry, including 12 years' experience in leisure, hotel, gaming and resort development, during which he has also been responsible, inter alia, for the development and construction of the group's projects in Chile and Nigeria.

11. PG (Philip) Georgas (65)
Divisional director: Resorts
Philip Georgas joined the Sun International group in June 1996 and retired on 30 June 2008. During his period with the group he was responsible for the management of the resorts operations and the sales and marketing functions.

12. JA (John) Lee (51)
E-business & Technology Director and Chief information officer
BCom, CA(SA)

John Lee joined Sun International in 1986 as a divisional finance executive and was promoted to business development director in 1995 which position he held until 2001 when he was appointed to his current role. He has responsibility for the strategy, governance, best practices and policies of the group's e-business and information technology functions, including enterprise project execution. Articled with Pricewaterhouse-Coopers Inc.

13. HJ (Hendrik) Brand (52)
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.

14. G (Garth) Collins (61)
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 over 40 years' experience in the hotel, resorts and gaming industries and was previously a director of the Holiday Inn group for several years.

15. PR (Rob) Hellings (54)
Finance director: SIML
BCom, BCompt(Hons), CA(SA)

Rob Hellings joined Sun International on its inception in 1983 as group accountant. He holds directorships in various group companies and is responsible for the financial affairs of SIML. He completed his articles with PricewaterhouseCoopers Inc and has 25 years' experience in the hotel, resorts and gaming industries.

GROUP SECRETARY

16. SA (Silvia) Bailes (54)
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.


GRANDWEST

SUN CITY

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:**
  ABSA Bank Limited
  Nedbank Limited
  The Rand Merchant Bank division of FirstRand Bank Limited
  The Standard Bank of South Africa Limited
- **Corporate law advisors and attorneys:**
  Edward Nathan Sonnenbergs
- **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 (Pty) Limited
  Ground Floor, 70 Marshall Street, Johannesburg 2001
  Gauteng, Republic of South Africa
  PO Box 61051, Marshalltown 2107, Republic of South Africa

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DIRECTORS' APPROVAL

The annual financial statements which appear on pages 87 to 144, the corporate governance report on pages 57 to 69 and the remuneration report on pages 70 to 77 were approved by the board of directors on 23 October 2008 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 2008 and that all such returns are true, correct and up to date.

SA Bailes
Group Secretary

23 October 2008

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 2008, 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 87 to 144.

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 2008, 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

23 October 2008

REPORT OF THE DIRECTORS

for the year ended 30 June 2008

NATURE OF BUSINESS

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

EARNINGS

The results of the group and the company are set out in the income statements on pages 98 and 136.

Segmental information is set out on pages 102 and 103.

DIVIDENDS

Dividends totalling 480 cents per share (2007: 400 cents) have been declared by the directors in respect of the year under review, as follows:

Interim, declared 6 March 2008, paid 7 April 2008:	222 cents
Final, declared 28 August 2008, paid 29 September 2008:	258 cents

The final dividend referred to above will be accounted for in the 2009 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 and the chief financial officer's review commencing on pages 6, 12 and 36 respectively.

SHARE CAPITAL

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 issued ordinary share capital.

The purchased ordinary shares were dealt with as follows:

	Number of ordinary shares	Rm
Delisted and cancelled	11 323 838	1 654
Held as treasury shares by Sun International Investments No. 2	4 760 995	692
	16 084 833	2 346

The number of ordinary shares remaining in issue after the purchase amounts to 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 ('the preference shares'), issued for a consideration of R2 001 million, together with funding sourced from internally generated cash flows. 150 000 preference shares were redeemed on 30 June 2008, for R150 million.

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; and
- 10 780 000 ordinary shares for purposes of the share plans.

Shareholders will be requested to consider the passing of an ordinary resolution at the forthcoming annual general meeting amending the specific authority to allot and issue 10 780 000 ordinary shares for purposes of the three existing share plans (CSP, DBP and EGP) to include the new RSP referred to below.

Details of the authorised and issued share capital appear in note 20 to the group financial statements.

SHARE INCENTIVE SCHEMES

Particulars relating to options under the share option scheme and awards under the share plans are given in note 33 to the group financial statements.

Shareholders will be requested to consider the passing of an ordinary resolution adopting a new share plan (RSP), the salient features of which appear in the notice of annual general meeting and annexure thereto.

Report of the directors continued
for the year ended 30 June 2008

SUBSIDIARIES

Particulars relating to interests in principal subsidiaries appear on page 144.

BORROWING CAPACITY

The company's borrowings are not restricted in terms of the articles of association. The debt covenants and group debt capacity appear in the chief financial officer's review on page 46.

DIRECTORS AND GROUP SECRETARY

The names of the directors in office at the date of this report appear on pages 78 and 79 and particulars of the group secretary on page 82.

The following changes in the directorate have taken place during the financial year and to the date of this report:

Name of director	Nature of change	Date of change
Mr PEI Swartz	Resigned	11 February 2008
Mr L Boyd	Deceased	28 March 2008
Mr H Adams	Resigned	26 August 2008

In terms of the company's articles of association Messrs RP Becker, PL Campher, MP Egan and IN Matthews are required to retire from office at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

As at 30 June 2008, the directors of the company beneficially held, directly or indirectly, 1 385 323 (2007: 1 176 315) ordinary shares in the issued capital of the company, as follows:

	2008	2007
RP Becker	**77 409**	3 798
L Boyd	**n/a**	1 000
DC Coutts-Trotter	**229 895**	141 488
NN Gwagwa	***297 723**	*264 063
DA Hawton	**101 141**	120 406
IN Matthews	**2 723**	3 242
MV Moosa	***669 876**	*638 151
DM Nurek	**5 000**	–
E Oblowitz	**1 556**	1 852
PEI Swartz	**n/a**	2 315
	1 385 323	1 176 315

** The effective holdings of 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	7 125
DC Coutts-Trotter	16 308
	23 433

HOLDING COMPANY

The company has no holding or ultimate holding company.

SPECIAL RESOLUTIONS PASSED BY THE COMPANY AND ITS SUBSIDIARIES

Company

At the 2007 annual general meeting a special resolution was passed renewing 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.

Subsidiaries

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

POST BALANCE SHEET EVENTS

Changes to the shareholding in SunWest

The option granted by SunWest for GPI to acquire a further 5% in SunWest at R165 per share, which expires in 2010, was partially exercised on 15 August 2008, resulting in GPI subscribing for 560 000 shares representing eighty percent of the option. As a result, the group's effective economic interest in SunWest will decline to 60,5% from 62,9% and after the exercise of the entire option will decline to 59,9%.

Capitalisation of SFI Resorts

On 20 August 2008, the group acquired an effective 40% interest in SFI Resorts by contributing equity of US$38,5 million. On opening of the casino, Sun International will contribute a further amount of US$6 million. The loan from the group to SFI Resorts, which at year end was US$54 million, has been fully repaid out of the proceeds of eight year bank funding raised by SFI Resorts in the amount of US$120 million.

Consequently, with effect from 20 August 2008 the results of SFI Resorts will be consolidated.

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 under the heading '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 is exposed to the risk incident to the activities thereof. SPEs are consolidated in the same manner as subsidiaries when the substance of the relationship indicates that the SPE is controlled by the group.

INTANGIBLE ASSETS

Goodwill

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

Accounting policies continued

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 group'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 annually, 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 measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial year in which they are incurred.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. However, costs that are directly associated with identifiable and unique software products controlled by the group and which have probable economic benefits exceeding the costs beyond one year are recognised as 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 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 in the notes. 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.

CASH AND CASH EQUIVALENTS

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

FINANCIAL INSTRUMENTS

Financial instruments carried at balance sheet date include the available-for-sale investment, loans and receivables, accounts receivable, cash and cash equivalents, borrowings and accounts payable and accruals.

Financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition financial instruments are measured as described below.

Financial assets

The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The financial assets carried at balance sheet date are classified as 'Loans and receivables' and 'Available-for-sale' investments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non current assets. The group's loans and receivables comprise 'Loans and receivables', 'Accounts receivable' (excluding VAT and prepayments) and 'Cash and cash equivalents'.

Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method.

Available-for-sale investments

Available-for-sale investments are financial assets specifically designated as available-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.

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

Accounting policies continued

available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are transferred to the income statement.

All purchases and sales of financial assets are recognised on the trade date, which is the date that the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A provision for impairment is established where there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the loans or receivables. Significant financial difficulties of the counterparty, and default or delinquency in payments are considered indicators that the loan or receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a loan or receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited in the income statement.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in fair value of a financial asset below its cost is considered an indicator that the asset is impaired. If any such evidence exists the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) is recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

Financial liabilities

The group's financial liabilities at balance sheet date include 'Borrowings' and 'Accounts payable and accruals' (excluding VAT and employee related payables). These financial liabilities are subsequently measured at amortised cost using the effective interest method. Financial liabilities are included in current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

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 tax.

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 TAX ON COMPANIES

STC is provided in respect of dividends declared on ordinary shares net of dividends received or receivable and is recognised as a tax 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 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 plans

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 healthcare benefits to eligible employees. The entitlement to these benefits is usually conditional upon the employee remaining in service up to retirement age and the employee must have joined the group before 30 June 2003. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are recognised in the 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

Accounting policies continued

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. 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.

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 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.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

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

Asset useful lives and residual values

Property, plant and equipment is depreciated over its useful life taking into account residual values where appropriate. The actual useful lives of 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 casino levies and VAT on casino revenue

The group regards the national VAT levied on gaming win to be comparable with the gaming levies 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 the 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

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

ACCOUNTING POLICY DEVELOPMENTS

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

Standards, amendments and interpretations effective in 2008

IFRS 7 Financial Instruments: Disclosures, and a Complementary Amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures

This statement, which was adopted as at 1 July 2007, introduces new disclosures relating to financial instruments. These disclosure requirements have been included in the financial statements.

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.

Accounting policies continued

The interpretation has been adopted by the group and will impact 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 had no impact on the financial statements.

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

IAS 1 (Revised) Presentation of Financial Statements
The main objective of IAS 1 was to aggregate information in the financial statements on the basis of shared characteristics.

The changes relate to disclosure in the financial statements and are unlikely to have a significant impact on the group's financial statements. These changes are effective for the financial year commencing on 1 July 2009.

IAS 23 (Revised) Borrowing Costs
Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset and may no longer be expensed. Other borrowing costs are recognised as an expense.

The group has previously capitalised borrowing costs and therefore no impact is expected.

IAS 27 (Revised) Consolidated and Separate Financial Statements
The IAS 27 amendments relate, primarily, to accounting for non-controlling interests and the loss of control of a subsidiary.

The group already applies the economic entity model in its financial statements and therefore management believes there will be limited effects from the application of IAS 27R.

IAS 27R and IFRS 3R Business Combinations have to be adopted in the same period. Both these standards are effective for the period commencing on 1 July 2009.

IFRS 2 Amended Share Based Payments Vesting Conditions and Cancellations
IFRS 2 was amended to provide more clarity on vesting conditions and cancellations. The effect of the amendment is applicable to the group but no impact is currently expected.

IFRS 3 (Revised) Business Combinations
The objective of the revised IFRS 3 is to enhance the relevance, reliability and comparability of the information that an entity provides in its financial statements about a business combination and its effects. It does that by establishing principles and requirements for how an acquirer:

(a) Recognises and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree;
(b) Recognises and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and
(c) Determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination.

As the standard will only be applicable to acquisitions on or after 1 July 2009, no effect has yet been considered.

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 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 awards 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 and it will therefore have no impact.

Annual Improvements Project

The IASB decided to initiate an annual improvements project in 2007 as a method of making necessary, but non-urgent, amendments to IFRS that will not be included as part of another major project. The IASB's objective was to ease the burden for all concerned.

Unless otherwise specified, the amendments are effective for annual periods beginning on or after 1 January 2009, although entities are permitted to adopt them earlier.

The following standards have been affected by the project:

- IFRS 5 Non Current Assets Held for Sale and Discontinued operations
- IAS 1 Presentation of Financial Statements
- IAS 16 Property, Plant and Equipment
- IAS 19 Employee Benefits
- IAS 20 Accounting for Government Grants and Disclosure of Government Assistance
- IAS 23 Borrowing Costs
- IAS 27 Consolidated and Separate Financial Statements
- IAS 28 Investments in Associates
- IAS 29 Financial Reporting in Hyperinflationary Economies
- IAS 31 Interests in Joint Ventures
- IAS 36 Impairment of Assets
- IAS 38 Intangible Assets
- IAS 39 Financial Instruments: Recognition and Measurement
- IAS 40 Investment Property
- IAS 41 Agriculture

Management is currently considering the effect of these changes.

GROUP INCOME STATEMENTS

for the year ended 30 June

	Notes	2008 Rm	2007 Rm
Revenue		**7 618**	6 937
Casino		**5 845**	5 359
Rooms		**881**	776
Food, beverage and other		**892**	802
Other income	2	**13**	85
Employee costs	3	**(1 388)**	(1 307)
Levies and VAT on casino revenue		**(1 244)**	(1 133)
Depreciation and amortisation	4	**(568)**	(518)
Promotional and marketing costs		**(639)**	(577)
Consumables and services		**(777)**	(683)
Property and equipment rental		**(102)**	(74)
Property costs		**(252)**	(224)
Other operational costs		**(529)**	(472)
Impairment of investment		**–**	(97)
BEE transaction charge		**(182)**	–
Operating profit	5	**1 950**	1 937
Foreign exchange profits/(losses)		**69**	(10)
Interest income	6	**79**	77
Interest expense	7	**(601)**	(313)
Profit before tax		**1 497**	1 691
Tax	8	**(784)**	(669)
Profit		**713**	1 022
Attributable to:			
Minorities		**256**	224
Ordinary shareholders		**457**	798
		713	1 022
Earnings per share			
Basic (cents per share)	10	**509**	761
Diluted (cents per share)	10	**502**	747

GROUP BALANCE SHEETS

as at 30 June

	Notes	2008 Rm	2007 Rm
ASSETS			
Non current assets			
Property, plant and equipment	12	**6 229**	5 883
Intangible assets	13	**308**	361
Available-for-sale investment	14	**44**	44
Loans and receivables	15	**76**	159
Pension fund asset	16	**22**	10
Deferred tax	22	**31**	25
		6 710	6 482
Current assets			
Non current asset held for sale	17	**–**	164
Loans and receivables	15	**501**	1
Inventory	18	**41**	32
Accounts receivable	19	**486**	354
Tax		**44**	12
Cash and cash equivalents		**850**	1 089
		1 922	1 652
Total assets		**8 632**	8 134
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary shareholders' equity		**119**	2 348
Minorities' interests		**546**	642
		665	2 990
Non current liabilities			
Deferred tax	22	**412**	394
Borrowings	23	**3 821**	2 271
Other non current liabilities	24	**162**	139
Tax		**48**	–
		4 443	2 804
Current liabilities			
Accounts payable and accruals	25	**1 060**	862
Provisions	26	**76**	60
Borrowings	23	**2 277**	1 275
Tax		**111**	143
		3 524	2 340
Total liabilities		**7 967**	5 144
Total equity and liabilities		**8 632**	8 134

GROUP CASH FLOW STATEMENTS

for the year ended 30 June

	Notes	2008 Rm	2007 Rm
Cash flows from operating activities			
Cash receipts from customers		**7 535**	6 915
Cash paid to suppliers, government and employees		**(4 655)**	(4 299)
Cash generated by operations	27.1	**2 880**	2 616
Pre-opening expenses		**(8)**	(8)
Tax paid	27.2	**(783)**	(704)
Net cash inflow from operating activities		**2 089**	1 904
Cash flows from investing activities			
Purchase of property, plant and equipment			
Expansion		**(254)**	(522)
Replacement		**(607)**	(450)
Purchase of intangible assets		**(6)**	(2)
Proceeds on disposal of property, plant and equipment		**28**	8
Proceeds on disposal of shares in subsidiaries	27.3	**208**	37
Purchase of shares in subsidiaries	27.4	**(265)**	(952)
Investment income	27.5	**79**	77
Other non current investments and loans made		**(416)**	(15)
Other non current investments and loans realised		**169**	302
Net cash outflow from investing activities		**(1 064)**	(1 517)
Cash flows from financing activities			
Increase in borrowings	27.6	**2 531**	1 067
Interest paid	27.7	**(580)**	(292)
Dividends paid	27.8	**(679)**	(581)
Share premium distributions paid to minorities		**(88)**	–
Decrease in share capital		**(2 346)**	(92)
Purchase of treasury shares and share options		**(143)**	(150)
Net cash outflow from financing activities		**(1 305)**	(48)
Effects of exchange rate changes on cash and cash equivalents		**41**	(6)
Net (decrease)/increase in cash and cash equivalents		**(239)**	333
Cash and cash equivalents at beginning of year		**1 089**	756
Cash and cash equivalents at end of year	27.9	**850**	1 089

GROUP STATEMENTS OF CHANGES IN 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
Balance at 1 July 2006		**9**	**1 634**	**(692)**	**(162)**	**159**	**62**	**84**	**(719)**	**2 708**	**3 083**	**742**	**3 825**
Share buy back	20		(92)								**(92)**		**(92)**
Treasury share options purchased	20				(150)						**(150)**		**(150)**
Employee share based payments	33						18				**18**		**18**
Deferred tax on employee share based payments	22						(7)				**(7)**		**(7)**
Fair value adjustment								(84)			**(84)**		**(84)**
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	11									(357)	**(357)**	(224)	**(581)**
Other										12	**12**		**12**
Balance at 30 June 2007		**9**	**1 542**	**(692)**	**(312)**	**150**	**73**	**–**	**(1 583)**	**3 161**	**2 348**	**642**	**2 990**
Share buy back	20	(1)	(1 542)	(692)						(111)	**(2 346)**		**(2 346)**
Shares purchased by Dinokana	20			(44)							**(44)**		**(44)**
Treasury share options purchased	20				(99)						**(99)**		**(99)**
Employee share based payments	33						21				**21**		**21**
Deferred tax on employee share based payments	22						7				**7**		**7**
BEE transaction charge									121		**121**	61	**182**
Acquisition of minorities' interests									(186)		**(186)**	(80)	**(266)**
Disposal of interests to minorities									168		**168**	40	**208**
Currency translation differences						59					**59**	7	**66**
Profit										457	**457**	256	**713**
Dividends paid	11									(387)	**(387)**	(292)	**(679)**
Share premium distribution to minorities											**–**	(88)	**(88)**
Balance at 30 June 2008		**8**	**–**	**(1 428)**	**(411)**	**209**	**101**	**–**	**(1 480)**	**3 120**	**119**	**546**	**665**

** Reserve for non-controlling interests relates to the premium paid on purchases of minorities' interests and profits and losses on disposals of interests to minorities.*

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 30 June

	Revenues 2008 Rm	Revenues 2007 Rm	EBITDA 2008 Rm	EBITDA 2007 Rm	Depreciation and amortisation 2008 Rm	Depreciation and amortisation 2007 Rm
1. SEGMENTAL ANALYSIS						
Gaming units	**5 228**	4 794	**1 938**	1 834	**379**	332
GrandWest	**1 756**	1 595	**734**	693	**120**	90
Carnival City	**954**	908	**329**	333	**64**	56
Sibaya	**782**	684	**294**	247	**62**	59
Boardwalk	**451**	435	**185**	179	**29**	28
Carousel	**318**	295	**91**	88	**23**	22
Morula	**243**	231	**55**	56	**22**	23
Meropa	**215**	199	**86**	83	**15**	13
Windmill	**198**	184	**80**	77	**17**	15
Flamingo	**127**	125	**44**	47	**10**	10
Lesotho	**97**	92	**16**	17	**4**	9
Worcester	**87**	46	**24**	14	**13**	7
Hotels and resorts units	**2 279**	2 055	**522**	441	**175**	174
Sun City	**1 147**	1 059	**223**	190	**105**	101
Wild Coast Sun	**299**	274	**62**	55	**15**	15
Zambia	**208**	181	**63**	51	**16**	16
Table Bay	**197**	173	**69**	63	**15**	14
Swaziland	**157**	148	**21**	19	**9**	9
Botswana	**151**	118	**51**	34	**8**	11
Namibia	**120**	102	**33**	29	**7**	8
Management activities	**659**	586	**380**	278	**10**	9
Other	**(548)**	(498)	**(4)**	8	**4**	3
Central office and other	**65**	64	**(4)**	8	**4**	3
Elimination of intragroup	**(613)**	(562)				
Other income						
Other expenses						
Total	**7 618**	6 937	**2 836**	2 561	**568**	518
Other						
Net interest expense and foreign exchange profits						
Tax						
Minorities' interests						
Deferred tax						
Borrowings						
	7 618	6 937	**2 836**	2 561	**568**	518

Operating profit		Segment results		Assets		Liabilities		Capital expenditure	
2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
Rm	Rm	**Rm**	Rm	**Rm**	Rm	**Rm**	Rm	**Rm**	Rm
1 506	1 469	**1 506**	1 469	**4 622**	4 420	**595**	533	**573**	757
591	594	**591**	594	**1 503**	1 395	**160**	147	**234**	431
252	268	**252**	268	**721**	655	**120**	100	**136**	101
224	181	**224**	181	**831**	870	**96**	87	**29**	43
156	151	**156**	151	**321**	338	**42**	43	**15**	22
66	65	**66**	65	**344**	341	**38**	34	**17**	10
31	32	**31**	32	**146**	152	**35**	28	**29**	21
69	68	**69**	68	**173**	157	**21**	19	**33**	14
62	60	**62**	60	**192**	181	**17**	17	**9**	9
33	37	**33**	37	**99**	98	**12**	12	**7**	8
12	7	**12**	7	**68**	60	**18**	23	**2**	1
10	6	**10**	6	**224**	173	**36**	23	**62**	97
312	234	**312**	234	**2 544**	2 413	**569**	447	**266**	202
115	89	**115**	89	**1 577**	1 505	**395**	291	**200**	145
47	39	**47**	39	**190**	196	**36**	33	**14**	15
45	33	**45**	33	**365**	334	**36**	42	**15**	10
36	34	**36**	34	**141**	147	**32**	24	**10**	8
12	10	**12**	10	**87**	86	**22**	20	**9**	9
39	19	**39**	19	**115**	96	**28**	23	**8**	6
18	10	**18**	10	**69**	49	**20**	14	**10**	9
371	269	**371**	269	**681**	654	**202**	180	**18**	11
(239)	(35)	**(239)**	(35)	**710**	610	**(68)**	(99)	**4**	2
(23)	(3)	**(23)**	(3)	**710**	610	**139**	74	**4**	2
						(207)	(173)		
13	85	**13**	85						
(229)	(117)	**(229)**	(117)						
1 950	1 937	**1 950**	1 937	**8 557**	8 097	**1 298**	1 061	**861**	972
		(453)	(246)						
		(784)	(669)	**44**	12	**159**	143		
		(256)	(224)						
				31	25	**412**	394		
						6 098	3 546		
1 950	1 937	**457**	798	**8 632**	8 134	**7 967**	5 144	**861**	972

Sun International Group

Notes to the group financial statements continued

for the year ended 30 June

	2008 Rm	2007 Rm
2. OTHER INCOME		
Realisation of fair value gains on KZL shares	**–**	84
Fair value adjustment on loan origination	**–**	1
Realisation of Zimbali management contract	**13**	–
	13	85
3. EMPLOYEE COSTS		
Salaries, wages, bonuses and other benefits	**(1 248)**	(1 168)
Pension costs – defined contribution plans	**(124)**	(121)
– defined benefit plans (refer note 16)	**5**	–
contributions paid	**(7)**	(10)
pension fund surplus recognition	**12**	10
Employee share based payments (refer note 33)	**(21)**	(18)
	(1 388)	(1 307)
Number of employees at the end of the year	**9 097**	9 047
Permanent employees	**8 678**	8 414
Scheduled employees	**419**	633
4. DEPRECIATION AND AMORTISATION		
Property, plant and equipment (refer note 12)	**(522)**	(474)
Intangible assets (refer note 13)	**(46)**	(44)
	(568)	(518)
5. OPERATING PROFIT IS STATED AFTER CHARGING THE FOLLOWING:		
Operating lease charges		
Plant, vehicles and equipment	**(30)**	(16)
Auditor's remuneration	**(14)**	(12)
Audit fees	**(11)**	(10)
Fees for other services	**(2)**	(1)
Expenses	**(1)**	(1)
Professional fees	**(12)**	(21)
Loss on disposal of property, plant and equipment	**(1)**	(6)
Write-off of management contract	**(13)**	–
6. INTEREST INCOME		
Interest earned on cash and cash equivalents	**67**	59
Preference share dividends	**12**	18
	79	77
7. INTEREST EXPENSE		
Interest paid on borrowings	**(289)**	(243)
Preference share dividends	**(294)**	(65)
Imputed interest on loans payable	**(21)**	(21)
Capitalised to property, plant and equipment	**3**	16
	(601)	(313)

	2008 Rm	2007 Rm
8. TAX		
Normal tax – South African	**(555)**	(541)
– foreign	**(39)**	(18)
	(594)	(559)
Current tax – this year	**(563)**	(590)
– prior years	**(17)**	3
Deferred tax – this year	**(23)**	30
– prior years	**(2)**	(2)
– adjustment due to change in statutory tax rate	**11**	–
Secondary tax on companies	**(118)**	(95)
Capital gains tax	**(70)**	(12)
Other taxes	**(2)**	(3)
	(784)	(669)
Estimated tax losses available for set off against future taxable income	**60**	125
Unutilised STC credits	**148**	34
Reconciliation of rate of tax		
Standard rate – South African	**28,0%**	29,0%
Adjusted for:		
Exempt income and disallowable expenses	**11,1%**	6,4%
Tax losses	**(0,1)%**	(0,5)%
Foreign tax rate variations	**0,3%**	–
Prior year under provision	**1,3%**	–
Secondary tax on companies	**7,9%**	5,6%
Capital gains tax	**4,6%**	(0,7)%
Other taxes	**0,1%**	(0,2)%
Change in standard tax rate	**(0,8)%**	–
Effective tax rate	**52,4%**	39,6%
9. EBITDA RECONCILIATION		
Operating profit	**1 950**	1 937
Depreciation and amortisation	**568**	518
Other income	**(13)**	(85)
Pension fund surplus recognition	**(12)**	(10)
BEE transaction charge	**182**	–
Property and equipment rental	**102**	74
Net loss on disposal of property, plant and equipment	**1**	6
Write-off of management contract	**13**	–
Impairment provision reversal	**–**	(4)
Ster Century guarantee provision	**3**	–
Profit on disposal of investments	**(4)**	–
Impairment of investment	**–**	97
Pre-opening expenses	**8**	8
Reversal of Employee Share Trusts' consolidation*	**38**	20
EBITDA	**2 836**	2 561

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

Sun International Group

Notes to the group financial statements continued

for the year ended 30 June

	2008 Rm	2007 Rm
10. EARNINGS PER SHARE		
Profit attributable to ordinary shareholders	**457**	798
Headline earnings adjustments	**10**	99
Net loss on disposal of property, plant and equipment	**1**	6
Write-off of management contract	**13**	–
Impairment provision reversal	**–**	(4)
Profit on disposal of investments	**(4)**	–
Impairment of investment	**–**	97
Tax relief on the above items	**5**	2
Minorities' interests in the above items	**(1)**	(30)
Headline earnings	**471**	869
Adjusted headline earnings adjustments	**157**	(85)
Pre-opening expenses	**8**	8
Realisation of management contract	**(13)**	–
Realisation of fair value gains on KZL shares	**–**	(84)
Pension fund surplus recognition	**(12)**	(10)
Foreign exchange (profits)/losses on intercompany loans	**(11)**	2
Ster Century guarantee provision	**3**	–
Fair value adjustments on loan origination	**–**	(1)
BEE transaction charge	**182**	–
Tax relief on the above items	**20**	12
Tax on share premium distributions received	**48**	–
Minorities' interests in the above items	**(15)**	(3)
Reversal of Employee Share Trusts' consolidation	**39**	21
Adjusted headline earnings	**720**	814
Number of shares for diluted EPS calculation (000's)		
Weighted average number of shares in issue	**89 826**	104 864
Adjustment for dilutive share options	**1 202**	1 936
Diluted weighted average number of shares in issue	**91 028**	106 800
Number of shares for diluted adjusted HEPS calculation (000's)		
Weighted average number of shares in issue	**89 826**	104 864
Treasury shares held by Employee Share Trusts	**6 442**	6 442
Adjusted weighted average number of shares in issue	**96 268**	111 306
Adjustment for dilutive share options	**1 202**	1 936
Diluted adjusted weighted average number of shares in issue	**97 470**	113 242
Earnings per share (cents)		
Basic	**509**	761
Headline	**524**	829
Adjusted headline	**748**	731
Diluted earnings per share (cents)		
Basic	**502**	747
Headline	**517**	814
Adjusted headline	**739**	719

	2008 Rm	2007 Rm
10. EARNINGS PER SHARE (continued)		
Earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue.		
Adjusted headline earnings include adjustments made for certain items of income or expense. These adjustments include pre-opening expenses and material items considered to be outside 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 performed to determine the 'unpurchased' shares to be added to the ordinary shares outstanding for the purpose of computing the dilution.		
11. DIVIDENDS PAID		
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)
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)
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.	**(196)**	
An interim dividend in respect of the 2008 financial year of 222 cents per share was declared on 6 March 2008 and paid on 7 April 2008.	**(191)**	
	(387)	(357)
A final dividend of 258 cents per share for the year ended 30 June 2008 was declared on 28 August 2008 and paid on 29 September 2008.		
12. PROPERTY, PLANT AND EQUIPMENT		
Net carrying value		
Freehold land and buildings	**2 799**	2 635
Leasehold land and buildings	**1 081**	1 034
Infrastructure	**558**	563
Plant and machinery	**293**	267
Equipment	**842**	821
Furniture and fittings	**325**	298
Vehicles	**13**	12
Operating equipment	**93**	79
Capital work in progress	**225**	174
	6 229	5 883

Notes to the group financial statements continued

for the year ended 30 June

12. PROPERTY, PLANT AND EQUIPMENT (continued)

2008 Rm	Cost					
Asset type	Opening	Exchange adjustments	Additions	Disposals and write-offs	Reclassi-fications	Closing
Freehold land and buildings	**3 122**	**30**	**209**	**(1)**	**3**	**3 363**
Leasehold land and buildings	**1 463**	**5**	**101**	**(11)**	**–**	**1 558**
Infrastructure	**793**	**4**	**23**	**(1)**	**1**	**820**
Plant and machinery	**546**	**2**	**58**	**(3)**	**–**	**603**
Equipment	**1 706**	**5**	**282**	**(114)**	**(4)**	**1 875**
Furniture and fittings	**741**	**8**	**96**	**(26)**	**1**	**820**
Vehicles	**45**	**–**	**7**	**(2)**	**–**	**50**
Operating equipment	**79**	**2**	**32**	**(20)**	**–**	**93**
Capital work in progress	**174**	**–**	**53**	**(1)**	**(1)**	**225**
	8 669	**56**	**861**	**(179)**	**–**	**9 407**

Rm	Accumulated depreciation				
Asset type	Opening	Exchange adjustments	Depreciation on disposals	Depreciation	Closing
Freehold land and buildings	**(487)**	**(7)**	**1**	**(71)**	**(564)**
Leasehold land and buildings	**(429)**	**(1)**	**11**	**(58)**	**(477)**
Infrastructure	**(230)**	**(1)**	**1**	**(32)**	**(262)**
Plant and machinery	**(279)**	**(1)**	**3**	**(33)**	**(310)**
Equipment	**(885)**	**(3)**	**108**	**(253)**	**(1 033)**
Furniture and fittings	**(443)**	**(5)**	**22**	**(69)**	**(495)**
Vehicles	**(33)**	**–**	**2**	**(6)**	**(37)**
	(2 786)	**(18)**	**148**	**(522)**	**(3 178)**

Net carrying value of property and equipment held under finance leases is R161 million (2007: R171 million).

A copy of the register of properties is available for inspection at the registered office of the company.

Borrowing costs of R3 million (2007: R16 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 483 million (2007: R1 208 million) which are not depreciated, as the residual value is deemed to approximate the carrying value.

12. PROPERTY, PLANT AND EQUIPMENT (continued)

2007 Rm	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	Depreciation on disposals	Depreciation	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)

Sun International Group

Notes to the group financial statements continued

for the year ended 30 June

	2008 Rm	2007 Rm
13. INTANGIBLE ASSETS		
Cost		
Sun International name*	**72**	72
Bid costs	**530**	524
Management contracts	**5**	18
Lease premiums	**35**	35
	642	649
Accumulated amortisation		
Bid costs	**(316)**	(271)
Management contracts	**(1)**	(1)
Lease premiums	**(17)**	(16)
	(334)	(288)
Net carrying value		
Sun International name*	**72**	72
Bid costs	**214**	253
Management contracts	**4**	17
Lease premiums	**18**	19
	308	361
Movements on intangible assets		
Balance at beginning of year	**361**	395
Bid costs incurred	**6**	10
Write-off of management contract	**(13)**	–
Amortised during the year	**(46)**	(44)
Bid costs and management contracts	**(45)**	(43)
Lease premiums	**(1)**	(1)
	308	361

* *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 asset 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.*

	2008 Rm	2007 Rm
14. AVAILABLE-FOR-SALE INVESTMENT		
Available-for-sale investment comprises:		
Cape Town International Convention Centre Company (Proprietary) Limited (CTICC)	**44**	44
Movement on available-for-sale investment:		
Balance at beginning of year	**44**	324
Disposals	**–**	(183)
Impairment	**–**	(97)
	44	44
Directors' valuation	**44**	44

The 24,8% (2007: 24,8%) investment in the unlisted CTICC was part of the group's bid commitments in the Western Cape. This investment was impaired in the previous year based on the CTICC impairing the carrying value of its buildings. This investment is carried at its impaired value and its fair value cannot be reliably determined, as the group has limited access to the financial information of the company.

	2008 Rm	2007 Rm
15. LOANS AND RECEIVABLES		
Loans		
Preference share funding of empowerment partners	**74**	149
Loan to SFI Resorts	**426**	8
Other loans	**77**	3
	577	160
Current portion	**(501)**	(1)
	76	159
Loans are due over the following periods:		
Less than 1 year	**501**	1
1 – 2 years	**16**	25
2 – 3 years	**28**	35
3 – 4 years	**–**	–
4 years and onwards	**32**	99
	577	160
The weighted average interest and dividend rates were as follows:		
Preference share funding of empowerment partners*	**11,6%**	9,9%
Loan to SFI Resorts	**7,5%**	7,5%
Other loans	**6,4%**	8,8%
Weighted average	**7,1%**	9,9%

** These rates are linked to the prime bank overdraft rate.*

The preference share funding of empowerment partners and other loans are fully performing. Credit risk arising from the preference share funding is regarded as low and the loans will be repaid through dividend flows and proceeds on the disposal of the underlying investments held by the empowerment partners.

The loan to SFI Resorts was repaid subsequent to year end (refer note 35.2).

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

16. 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 2007 (2007: 1 July 2004), by an independent firm of consulting actuaries. The fund was found to have a surplus of R236,2 million (2007: R29,8 million), of which R96,4 million (2007: R29,8 million) has been designated as a solvency reserve by the trustees 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 2004 surplus apportionment valuation was approved by the FSB. The results of the valuation are summarised below:

	2008 Rm	2007 Rm
Present value of funded obligations	**(271)**	(189)
Fair value of fund assets	**507**	219
Surplus before contingency reserve	**236**	30
Contingency reserve	**(96)**	(30)
Surplus	**140**	–

The group carries out statutory actuarial valuations every three years. The next valuation will be effective 1 July 2010.

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Notes to the group financial statements continued

for the year ended 30 June

	2008 Rm	2007 Rm
16. 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	**(281)**	(237)
Balance at beginning of year	**(237)**	(205)
Current service cost	**(8)**	(8)
Interest cost	**(19)**	(17)
Contributions by plan participants	**(3)**	(3)
Actuarial losses	**(27)**	(14)
Benefits paid	**13**	10
Fair value of plan assets	**452**	449
Balance at beginning of year	**449**	340
Expected return on plan assets	**36**	28
Actuarial (loss)/gain	**(30)**	81
Employer contributions	**7**	7
Contributions by plan participants	**3**	3
Benefits paid	**(13)**	(10)
Present value of retirement benefit surplus	**171**	212
Less: application of asset ceiling	**(149)**	(202)
Pension fund asset	**22**	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 surplus of the fund for the current and prior years is as follows:

	2008 Rm	2007 Rm	2006 Rm
Present value of funded obligations	**(281)**	(237)	(205)
Fair value of plan assets	**452**	449	340
Surplus	**171**	212	135
Experience adjustment on plan obligations	**10%**	6%	8%
Experience adjustment on plan assets	**(7%)**	18%	23%

	2008 Rm	2007 Rm
16. RETIREMENT BENEFIT INFORMATION (continued)		
The amounts recognised in the income statement are as follows:		
Current service cost	**8**	8
Interest cost	**19**	17
Expected return on plan assets	**(36)**	(28)
Net actuarial loss/(gain)	**57**	(67)
Effect of asset ceiling	**(53)**	70
Total (refer note 3)	**(5)**	–
The actual return on plan assets was R6 million (2007: R109 million).		
The principal actuarial assumptions used were as follows:		
Discount rate	**10,75%**	8,00%
Inflation rate	**7,50%**	4,50%
Expected return on plan assets	**10,75%**	8,00%
Future salary increases	**9,00%**	8,00%
Future pension increases	**7,50%**	4,00%
The average life expectancy in years of a member retiring at age 60 on the balance sheet date is as follows:		
Male	**19,4**	19,4
Female	**24,2**	24,2
The average life expectancy in years of a member retiring at age 60, 20 years after the balance sheet date is as follows:		
Male	**19,4**	19,4
Female	**24,2**	24,2
Plan assets comprise:		
Listed equity investments	**71%**	74%
Bonds	**21%**	21%
Other	**8%**	5%
Pension plan assets include the company's ordinary shares with a fair value of R5 million (2007: R8 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 2009 approximate R22 million.		
17. NON CURRENT ASSET HELD FOR SALE		
Life Esidimeni	**–**	164
The group's 45% equity interest in Life Esidimeni, held through RAH, was disposed of for R180 million on 10 October 2007.		
18. INVENTORY		
Merchandise	**8**	5
Consumables and hotel stocks	**33**	27
	41	32

Sun International Group

Notes to the group financial statements continued

for the year ended 30 June

	2008 Rm	2007 Rm
19. ACCOUNTS RECEIVABLE		
Financial instruments		
Trade receivables	**229**	145
Less impairment	**(10)**	(9)
Net trade receivables	**219**	136
Other receivables	**155**	114
	374	250
Non financial instruments		
Prepayments	**71**	68
VAT	**41**	36
	486	354

The fair value of trade and other receivables approximates their carrying value.

The company has recognised a provision of R10 million (2007: R9 million) for the impairment of its trade receivables during the year ended 30 June 2008. The company has not utilised the provision for impaired receivables during the year ended 30 June 2008 (2007: Rnil). The creation and usage of the provision for impaired receivables has been included in other operational costs in the income statement.

Other receivables are expected to be fully recoverable. The trade receivables which are fully performing and past due but not impaired relate to customers that have a good track record with the company in terms of recoverability.

The aging of trade receivables at the reporting date was:

	Gross Rm	Impairment Rm
2008		
Fully performing	**160**	–
Past due by 1 to 30 days	**31**	–
Past due by 31 to 60 days	**13**	–
Past due by 61 to 90 days	**4**	–
Past due by more than 90 days	**21**	(10)
	229	(10)
2007		
Fully performing	**95**	–
Past due by 1 to 30 days	**25**	–
Past due by 31 to 60 days	**6**	–
Past due by 61 to 90 days	**5**	(2)
Past due by more than 90 days	**14**	(7)
	145	(9)

	2008 Rm	2007 Rm
20. SHARE CAPITAL AND PREMIUM		
Authorised		
150 000 000 (2007:150 000 000) ordinary shares of 8 cents each	**12**	12
100 000 000 (2007:100 000 000) variable rate cumulative redeemable preference shares of 1 cent each	**1**	1
*Issued**		
Share capital	**8**	9
Share premium	**–**	1 542
Treasury shares	**(1 428)**	(692)
Held by subsidiary	**(1 107)**	(415)
Held by Employee Share Trusts	**(321)**	(277)
Treasury share options	**(411)**	(312)
	(1 831)	547

* *The issued preference shares have been included in borrowings in note 23.*

During the year, the group purchased 16 084 833 shares at a price of R145,35 per share. Of these shares, 11 323 838 have been delisted from the JSE which represented 9,7% 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 EGP, CSP and DBP.

	2008		2007	
	Number of shares	Rm	Number of shares	Rm
Movement during the year				
Statutory shares in issue	**105 494 769**	**8**	116 818 607	1 551
Balance at beginning of year	**116 818 607**	**1 551**	117 718 007	1 643
Shares bought back and cancelled	**(11 323 838)**	**(1 543)**	(899 400)	(92)
Treasury shares and share options	**(17 480 944)**	**(1 839)**	(12 229 949)	(1 004)
Balance at beginning of year	**(12 229 949)**	**(1 004)**	(12 229 949)	(854)
Treasury shares purchased	**(4 760 995)**	**(692)**	–	–
Treasury shares purchased by Dinokana	**(490 000)**	**(44)**	–	–
Treasury share options purchased	**–**	**(99)**	–	(150)
Closing balance	**88 013 825**	**(1 831)**	104 588 658	547
Treasury shares:				
Held by subsidiary	**10 549 477**	**1 107**	5 788 482	415
Held by Employee Share Trusts	**6 931 467**	**321**	6 441 467	277
	17 480 944	**1 428**	12 229 949	692

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Notes to the group financial statements continued

for the year ended 30 June

	2008 Rm	2007 Rm
21. RETAINED EARNINGS		
Retained earnings at the end of the year comprise:		
Company	**2 141**	1 598
Subsidiaries and equity investments	**979**	1 563
	3 120	3 161
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 10% of the dividend declared.		
22. DEFERRED TAX		
Balance at beginning of year	**369**	391
Income statement charge/(credit) for year	**23**	(30)
Prior year under provision	**2**	2
Adjustment due to change in statutory tax rate	**(11)**	–
Currency translation adjustments	**5**	(1)
(Credited)/charged directly to equity	**(7)**	7
Balance at end of year	**381**	369
Deferred tax arises from the following temporary differences:		
Deferred tax liabilities		
Accelerated asset allowances		
Balance at beginning of year	**412**	453
Currency translation adjustments	**3**	–
Adjustment due to change in statutory tax rate	**(12)**	–
Charged/(credited) to income statement	**18**	(41)
	421	412
Deferred tax assets		
Assessable losses	**(19)**	(4)
Balance at beginning of year	**(4)**	–
Currency translation adjustments	**(1)**	–
Credited to income statement	**(14)**	(4)
Prepayments	**–**	–
Balance at beginning of year	**–**	(8)
Charged to income statement	**–**	8
Disallowed accruals and provisions	**(47)**	(67)
Balance at beginning of year	**(67)**	(83)
Currency translation adjustments	**3**	(1)
(Credited)/charged directly to equity	**(7)**	7
Adjustment due to change in statutory tax rate	**2**	–
Charged to income statement	**22**	10
Fair value adjustments	**26**	28
Balance at beginning of year	**28**	29
Adjustment due to change in statutory tax rate	**(1)**	–
Credited to income statement	**(1)**	(1)
	(40)	(43)
Net deferred tax liability	**381**	369
Aggregate assets and liabilities on subsidiary company basis:		
Deferred tax assets	**(31)**	(25)
Deferred tax liabilities	**412**	394
	381	369

	2008 Rm	2007 Rm
23. BORROWINGS		
Non current		
Term facilities	**135**	322
V&A loan	**312**	302
Redeemable preference shares	**3 093**	1 334
Lease liabilities	**186**	227
Vacation Club members	**95**	86
	3 821	2 271
Current		
Short term banking facilities	**2 158**	1 067
Term facilities	**65**	163
Lease liabilities	**54**	45
	2 277	1 275
Total borrowings	**6 098**	3 546
Secured	**240**	329
Unsecured	**5 858**	3 217
	6 098	3 546
The fair value of borrowings approximate their carrying values except for the V&A loan which has a fair value of R313 million (2007: R362 million). The fair value has been determined on a discounted cash flow basis using a discount rate of 12% (2007: 10%).		
The carrying amounts of the borrowings are denominated in Rand.		
Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.		
Net book value of property, plant and equipment encumbered by secured loans	**561**	572
Borrowings are repayable as follows:		
6 months or less	**102**	647
6 months – 1 year	**2 175**	628
1 – 2 years	**99**	157
2 – 3 years	**105**	152
3 – 4 years	**1 086**	327
4 years and onwards	**2 531**	1 635
	6 098	3 546
Interest rates		
Year end interest and dividend rates are as follows:		
Short term banking facilities	**13,4%**	10,3%
Term facilities	**13,0%**	11,0%
V&A loan	**12,2%**	12,2%
Redeemable preference shares	**10,3%**	8,7%
Lease liabilities	**11,9%**	11,9%
Vacation Club members	**11,3%**	11,3%
Weighted average	**11,6%**	10,2%

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Notes to the group financial statements continued

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	2008 Rm	2007 Rm
23. BORROWINGS (continued)		
As at 30 June 2008, interest rates on 11% (2007: 19%) of the group's borrowings were fixed. 92% (2007: 93%) 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:		
SIL	**1 851**	–
SISA	**1 000**	1 000
Mahogony Rose	**8**	94
Afrisun Leisure	**30**	46
Dinokana	**204**	194
	3 093	1 334

Preference dividends on the SIL preference shares are payable semi-annually on 31 March and 30 September and are calculated at a rate of 67% of the bank prime overdraft rate. The preference shares are redeemable on 31 March 2011.

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.

Preference dividends on the Dinokana preference shares are payable semi-annually on 31 March and 30 September and are calculated at a rate of 74% (2007: 72%) of the bank prime overdraft rate. The preference shares are redeemable on 3 December 2010.

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

The group had unutilised borrowing facilities of R1 016 million (2007: R1 875 million) at 30 June 2008. All undrawn borrowing facilities are renewable annually and none have 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 are payable as follows:

	2008 Rm	2007 Rm
Gross minimum lease payments:		
No later than 1 year	**81**	75
Later than 1 year and no later than 5 years	**222**	282
Later than 5 years	**–**	4
	303	361

	2008 Rm	2007 Rm
23. BORROWINGS (continued)		
Capitalised lease liabilities (continued)		
Imputed interest:		
No later than 1 year	**(27)**	(30)
Later than 1 year and no later than 5 years	**(36)**	(59)
Later than 5 years	**–**	–
	(63)	(89)
Net capital payments of finance lease liabilities	**240**	272
Net carrying value of assets held under finance leases	**161**	171
24. OTHER NON CURRENT LIABILITIES		
Straight lining of operating leases	**23**	20
Deferred income	**43**	48
Interchange provision	**14**	–
Post-retirement medical aid liability	**86**	75
	166	143
Current portion	**(4)**	(4)
	162	139

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.

Interchange provision
The interchange provision represents the group's portion of the estimated cost of constructing an interchange off the N1 highway in Worcester. This forms part of the group's bid commitment for the Golden Valley Casino.

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:

	2008 Rm	2007 Rm
Present value of unfunded obligations	**86**	75

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

	2008 Rm	2007 Rm
Movement in unfunded obligation:		
Benefit obligation at beginning of year	**75**	66
Interest cost	**6**	6
Current service cost	**4**	4
Actuarial loss	**3**	–
Benefits paid	**(2)**	(1)
Benefit obligation at end of year	**86**	75
The amounts recognised in the income statement are as follows:		
Current service cost	**4**	4
Interest cost	**6**	6
Actuarial loss	**3**	–
Total	**13**	10

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Notes to the group financial statements continued

for the year ended 30 June

	2008 Rm	2007 Rm
24. OTHER NON CURRENT LIABILITIES (continued)		
Post-retirement medical benefits (continued)		
The effect of a 1% movement in the assumed retirement cost trend rate was as follows:		
The effect of a 1% increase relates to increasing the long term future inflation assumption from 7,5% per annum to 8,5% per annum and hence reducing the gap between the discount rate and the inflation rate from 3,25% per annum to 2,25% per annum. The resultant increase in the liability is equal to R20,2 million, or 23,5% and the resultant increase in the total of the service and interest costs is R3,5 million.		
The effect of a decrease of 1% relates to reducing the long term future inflation assumption from 7,5% per annum to 6,5% per annum and hence widening the gap between the discount rate and the inflation rate from 3,25% per annum to 4,25% per annum. The resultant reduction in the liability is equal to R15,6 million, or 18,0% and the resultant reduction in the total of the service and interest costs is R2,6 million.		
Expected contributions to post-employment benefit plans for the year ending 30 June 2009 are R14 million.		
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	**10,75%**	8,00%
Price inflation allowed by group	**7,50%**	4,50%
The average life expectancy in years of a qualifying employee retiring at age 60 on the balance sheet date is as follows:		
Male	**19,4**	19,4
Female	**24,2**	24,2
The average life expectancy in years of a qualifying employee retiring at age 60, 20 years after the balance sheet date is as follows:		
Male	**19,4**	19,4
Female	**24,2**	24,2
25. ACCOUNTS PAYABLE AND ACCRUALS		
Financial instruments		
Trade payables	**160**	162
Accrued expenses	**536**	416
Interest payable	**12**	14
Capital creditors	**46**	11
Other payables	**40**	26
	794	629
Non financial instruments		
VAT	**50**	34
Employee related accruals	**216**	199
	1 060	862
The fair value of accounts payable and accruals approximate their carrying value.		

	2008 Rm	2007 Rm
26. PROVISIONS		
Movements on provisions		
Balance at beginning of year:		
Lease commitments and property closure costs	**12**	13
Progressive jackpots	**44**	38
Retrenchment and restructure costs	**4**	–
	60	51
Created during the year:		
Lease commitments and property closure costs	**2**	10
Net progressive jackpots	**–**	6
Retrenchment and restructure costs	**–**	4
Ster Century guarantee	**4**	–
Life Esidimeni pension liability	**18**	–
	24	20
Utilised during the year:		
Lease commitments and property closure costs	**(2)**	(11)
Net progressive jackpots	**(4)**	–
Retrenchment and restructure costs	**(2)**	–
	(8)	(11)
Balance at end of year:		
Lease commitments and property closure costs	**12**	12
Progressive jackpots	**40**	44
Retrenchment and restructure costs	**2**	4
Ster Century guarantee	**4**	–
Life Esidimeni pension liability	**18**	–
	76	60

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.

Retrenchment and restructure costs
The provision represents costs which the group expects to incur on restructuring of certain properties.

Ster Century guarantee
The provision relates to the group's share of a claim made by Heron City for €507,000 in respect of a guarantee given by Royale Resorts and Primedia for the rental obligations of SCE cinemas in Spain that SCE sold to Cine Alcobendas.

Life Esidimeni pension liability
In terms of the sale agreement of Life Esidimeni, RAH has warranted its share of the pension fund exposure in the company which is capped at the proceeds from the sale. The group has raised a provision of R18 million for its share of the provision held in Life Esidimeni, however, a contingent liability exists for the balance of the warranty given.

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Notes to the group financial statements continued

for the year ended 30 June

	2008 Rm	2007 Rm
27. CASH FLOW INFORMATION		
27.1 Cash generated by operations		
Operating profit	**1 950**	1 937
Non cash items and items dealt with separately:		
Depreciation and amortisation	**568**	518
Net loss on disposal of property, plant and equipment	**1**	6
Profit on disposal of investments	**(4)**	–
Write-off of management contract	**13**	–
Realised fair value gains on KZL shares	**–**	(84)
Impairment of investment	**–**	97
Pension fund surplus recognition	**(12)**	(10)
BEE transaction charge	**182**	–
Pre-opening expenses	**8**	8
Foreign exchange profits/(losses)	**69**	(10)
Fair value adjustment on loan origination	**–**	(1)
Unrealised foreign exchange (profits)/losses on intercompany loans	**(11)**	2
Deferred income released	**(5)**	(4)
Employee share based payments	**21**	18
Post-retirement medical aid	**13**	10
Other items	**19**	9
Cash generated by operations before working capital changes	**2 812**	2 496
Working capital changes	**68**	120
Inventory	**(7)**	3
Accounts receivable	**(114)**	(64)
Accounts payable, accruals and provisions	**189**	181
	2 880	2 616
27.2 Tax paid		
Liability at beginning of year	**(131)**	(113)
Current tax provided (refer note 8)	**(580)**	(587)
CGT and STC	**(190)**	(110)
Other taxes	**3**	(25)
Liability at end of year	**115**	131
	(783)	(704)
27.3 Proceeds on disposal of shares in subsidiaries		
SunWest	**197**	–
Teemane	**–**	2
Afrisun KZN	**11**	35
	208	37
27.4 Purchase of shares in subsidiaries		
RAH	**(75)**	(912)
SunWest	**(35)**	–
Emfuleni	**(40)**	–
Afrisun Leisure	**(77)**	–
Other subsidiaries	**(38)**	(40)
	(265)	(952)
27.5 Investment income		
Interest income	**79**	77

	2008 Rm	2007 Rm
27. CASH FLOW INFORMATION (continued)		
27.6 Increase in borrowings		
Increase in borrowings	**2 149**	1 399
Decrease in borrowings	**(709)**	(786)
Increase in short term banking facilities	**1 091**	620
Acquisition of RAH	**–**	(166)
	2 531	1 067
27.7 Interest paid		
Interest expense	**(601)**	(313)
Imputed interest on loans payable	**21**	21
	(580)	(292)
27.8 Dividends paid		
To shareholders	**(387)**	(357)
To minorities in subsidiaries	**(292)**	(224)
	(679)	(581)
27.9 Cash and cash equivalents consist of:		
Cash at bank	**727**	983
Cash floats	**123**	106
	850	1 089

Sun International Group

Notes to the group financial statements continued

for the year ended 30 June

28. FINANCIAL INSTRUMENTS

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group at all times maintains adequate committed credit facilities in order to meet all its commitments as and when they fall due. Repayments of borrowings are structured to match the expected cash flows from operations to which they relate.

The following are the contractual undiscounted maturities of financial liabilities (including principle and interest payments) presented in Rand:

	On demand or not exceeding 6 months Rm	More than 6 months but not exceeding 1 year Rm	More than 1 year but not exceeding 2 years Rm	More than 2 years but not exceeding 5 years Rm	More than 5 years Rm
2008					
Term facilities	**65**	**19**	**54**	**58**	**69**
V&A loan	**15**	**15**	**33**	**116**	**589**
Redeemable preference shares	**158**	**159**	**326**	**3 702**	**–**
Lease liabilities	**41**	**41**	**74**	**144**	**–**
Vacation Club members	**–**	**–**	**–**	**90**	**99**
Short term banking facilities	**84**	**2 352**	**–**	**–**	**–**
Trade payables	**160**	**–**	**–**	**–**	**–**
Accrued expenses	**536**	**–**	**–**	**–**	**–**
Interest payable	**12**	**–**	**–**	**–**	**–**
Capital creditors	**46**	**–**	**–**	**–**	**–**
Other payables	**40**	**–**	**–**	**–**	**–**
	1 157	**2 586**	**487**	**4 110**	**757**
2007					
Term facilities	198	67	105	198	–
V&A loan	14	14	30	107	631
Redeemable preference shares	55	57	115	1 610	–
Lease liabilities	40	40	84	217	4
Vacation Club members	–	–	–	90	99
Short term banking facilities	587	529	–	–	–
Trade payables	162	–	–	–	–
Accrued expenses	416	–	–	–	–
Interest payable	14	–	–	–	–
Capital creditors	11	–	–	–	–
Other payables	26	–	–	–	–
	1 523	707	334	2 222	734

Credit risk

Credit risk arises from loans and receivables, accounts receivable (excluding prepayments and VAT), and cash and cash equivalents. Trade debtors consist mainly of large tour operators. The granting of credit is controlled by application and account limits. Cash investments are only placed with high quality financial institutions.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet (net of impairment losses where relevant). Refer to note 19 for the ageing of trade receivable balances.

The group has no significant concentrations of credit risk with respect to trade receivables. Credit risk with respect to loans and receivables is disclosed in note 15.

	2008 Rm	2007 Rm
28. FINANCIAL INSTRUMENTS (continued)		
Market risk		
Market risk includes foreign currency risk, interest rate risk and other price risk. The group's exposure to other price risk is limited as the group does not have material investments which are subject to changes in equity prices.		
(a) Foreign currency risk		
The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to US Dollar, Sterling and Botswana Pula.		
Included in the balance sheet are the following amounts denominated in currencies other than the functional currency of the group (Rand):		
Financial assets		
US Dollar	**846**	803
Sterling	**53**	40
Botswana Pula	**39**	24
Financial liabilities		
US Dollar	**42**	38
Sterling	**6**	5
Botswana Pula	**14**	12
Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate in Rand due to changes in foreign exchange rates.		
The group manages its foreign currency risk by ensuring that the net foreign currency exposure remains within acceptable levels. Companies in the group use foreign exchange contracts (FECs) to hedge certain of their exposures to foreign currency risk. The group has no material FECs outstanding at year end.		
Foreign currency sensitivity		
A 10% strengthening in the Rand against the US Dollar and Sterling at 30 June 2008 would decrease profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2007.		
US Dollar	**(56)**	(62)
Sterling	**(3)**	(2)
A 10% weakening in the Rand against these currencies at 30 June 2008 would have an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.		

Sun International Group

Notes to the group financial statements continued

for the year ended 30 June

	2008 Rm	2007 Rm
28. FINANCIAL INSTRUMENTS (continued)		
Market risk (continued)		
(b) Cash flow interest rate risk		
The group's cash flow interest rate risk arises from cash and cash equivalents and variable rate borrowings. The group is not exposed to fair value interest rate risk as the group does not have any fixed interest bearing financial instruments carried at fair value.		
The group manages interest rate risk by entering into short and long term debt instruments with a combination of fixed and variable interest rates. The interest rate characteristics of new and refinanced debt instruments are restructured according to expected movements in interest rates (refer note 23).		
Interest rate sensitivity A movement of 1% in interest rates at the reporting date would (decrease)/increase profit before tax by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2007.		
Increase of 1%	**(49)**	(24)
Decrease of 1%	**49**	24

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide benefits for its stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust this capital structure, the group may issue new shares, adjust the amount of dividends paid to shareholders, return capital to shareholders or buy back existing shares.

The board of directors monitors the level of capital, which the group defines as total share capital, share premium, treasury shares and treasury share options.

There were no changes to the group's approach to capital management during the year.

The group is not subject to externally imposed capital requirements.

29. 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 R4,8 million (2007: R4,3 million) per annum, escalating at 11% per annum and expires on 30 November 2011. The Taung flats' current rental is R3,0 million (2007: R2,7 million) per annum, escalating at 11% per annum and expires on 31 October 2010.

(ii) 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 R502 million (2007: R341 million).

(iii) In terms of the sale agreement of Life Esidimeni, RAH has warranted its share of the pension fund exposure in the company which is capped at the proceeds from the sale amounting to R180 million. The group has raised a provision of R18 million for its share of the provision held in Life Esidimeni, however a contingent liability exists for the balance of the warranty given.

Contingent liabilities which the group has incurred in relation to its previous interest in associates:

(i) The group's 73,3% held subsidiary, Royale Resorts Holding Limited (RRHL), together with Primedia Limited have jointly and severally guaranteed two (2007: two) operating leases of Ster Century Europe whose rental amounts to US$3,9 million (2007: US$3,0 million) annually. At 30 June 2008 the maximum exposure is US$32,9 million (2007: US$30,3 million).

(ii) In addition, RRHL together with Primedia have jointly and severally guaranteed one operating lease of Ster Century Middle East (SCME) whose rental amounts to US$1,8 million (2007: US$1,8 million) annually. At 30 June 2008 the maximum exposure is US$9,0 million (2007: US$11,1 million).

	2008 Rm	2007 Rm
30. CAPITAL EXPENDITURE AND RENTAL COMMITMENTS		
Capital commitments		
Contracted	**1 168**	385
Authorised by the directors but not contracted	**2 005**	961
Conditionally authorised*	**–**	2 250
	3 173	3 596
To be spent in the forthcoming financial year	**2 227**	1 192
To be spent thereafter	**946**	2 404
	3 173	3 596

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.*

Rental commitments

The group has the following material rental agreements as at 30 June 2008:

(i) For the group's head office in Sandton, expiring on 31 May 2014, with an annual rental of R11,0 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 R7,3 million escalating at 11% per annum.

(iii) For phase 5 of the Thaba'Nchu Sun staff flats with the annual rental of R1 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 R1,4 million, expiring in February 2009.

(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 R8,0 million, escalating at 11% per year. The group has the option to renew the lease to August 2020.

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

	2008 Rm	2007 Rm
No later than 1 year	**31**	30
Later than 1 year and no later than 5 years	**75**	85
Later than 5 years	**32**	48
	138	163

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	2008 Rm	2007 Rm
31. 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**		
Non-executive directors		
Fees	**4**	3
Executive directors		
Basic remuneration	**6**	5
Bonuses/performance related payments	**6**	5
Retirement contributions	**1**	1
Fair value of options expensed	**4**	3
	17	14
	21	17
Other key management		
Basic remuneration	**16**	17
Bonuses/performance related payments	**12**	15
Retirement contributions	**3**	3
Other benefits	**6**	3
Fair value of options expensed	**2**	5
	39	43

Details of individual directors' emoluments and share options are set out on pages 72, 75, 76 and 77 respectively of this report.

Share based compensation granted
Share option scheme
All share options and grants were awarded to key management on the same terms and conditions as those offered to other employees of the group.

Directors
No share options were granted to the executive directors of the group during 2008 (2007: nil). The number of share options held by executive directors at the end of the year was 446 250 (2007: 446 250).

Other key management
The number of share options held by other key management at the end of the year was 746 292 (2007: 953 252).

Equity growth plan
Directors
The aggregate number of grants made to the executive directors of the group during 2008 was 44 891 (2007: 24 855) at a grant price of R90,47 (2007: R149,55). The number of grants held by executive directors of the group at the end of the year was 110 216 (2007: 65 325).

Other key management
The aggregate number of grants made to the other key management of the group during 2008 was 100 339 (2007: 44 209) at a grant price of R90,47 (2007: R149,55). The number of grants held by other key management of the group at the end of the year was 211 943 (2007: 125 738).

	2008	2007

31. RELATED PARTY TRANSACTIONS (continued)

(i) Key management compensation (continued)

Conditional share plan

Directors

The aggregate number of grants made to executive directors of the group during 2008 was 60 415 (2007: 33 340) at a grant price of R90,47 (2007: R149,55). The number of grants held by executive directors of the group at the end of the year was 148 260 (2007: 87 845).

Other key management

The aggregate number of grants made to the other key management of the group during 2008 was 136 442 (2007: 66 752) at a grant price of R90,47 (2007: R149,55). The number of grants held by other key management of the group at the end of the year was 316 997 (2007: 190 124).

Deferred bonus plan

Directors

The aggregate number of grants made to the executive directors of the group during 2008 was 12 543 (2007: 17 008) at a grant price of R149,56 (2007: R95,14). The number of grants held by executive directors of the group at the end of the year was 29 551 (2007: 17 008).

Other key management

The aggregate number of grants made to the other key management of the group during 2008 was 14 947 (2007: 22 400) at a grant price of R149,56 (2007: R95,14). The number of grants held by other key management of the group at the end of the year was 34 606 (2007: 22 400).

(ii) Shareholding of key management

	2008	2007
Percentage holding by key management		
Sun International Limited	**1,6%**	1,1%
Afrisun Gauteng	**0,1%**	0,1%
Emfuleni Resorts	**–**	1,5%
Afrisun KZN	**1,5%**	2,0%
SunWest	**0,7%**	1,1%
National Casino Resort Manco Holdings	**11,4%**	11,4%
Teemane	**0,7%**	0,9%
	Rm	Rm
Gain on sale of interests by key management		
Emfuleni Resorts	**20**	–
SunWest	**13**	–
Sun International Limited	**5**	1
	38	1
	R'000	R'000
Dividends received by key management		
Sun International Limited	**1 627**	966
Afrisun Gauteng	**112**	146
Emfuleni Resorts	**586**	908
Afrisun KZN	**2 048**	1 187
SunWest	**1 925**	3 756
National Casino Resort Manco Holdings	**1 915**	1 277
Teemane	**74**	427
	8 287	8 667

Notes to the group financial statements continued

for the year ended 30 June

31. RELATED PARTY TRANSACTIONS (continued)

(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 which paid a rental of R4 504 659 (2007: R8 799 506).
- A 50% holding in Cape Town Fish Market which paid a rental of R1 307 628 (2007: R1 228 592).
- A 100% holding in Nadesons (Proprietary) Limited which received consulting fees of R246 599 (2007: R250 515).
- A 22% holding in ASCH Consulting Engineering (Proprietary) Limited which received consulting fees of R4 511 249 (2007: R6 061 881).
- A 30% holding in Proman Project Management Services (Proprietary) Limited which received consulting fees of R4 353 660 (2007: R5 438 526).
- A 40% holding in Grandpark (Proprietary) Limited which received fees of R306 083 (2007: R93 180).

(iv) Other related party relationships

Management agreements are in place between SIML and various group companies. A management fee is charged by SIML in respect of management services rendered.

The group's ownership of subsidiaries is set out on page 144 of this annual report.

	2008 Rm	2007 Rm
32. 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	**(16)**	(21)
Reinsurance recovery income	**7**	2

33. SHARE INCENTIVE SCHEMES

All share schemes are equity settled.

(i) Share option scheme

In prior years share options were granted to executive directors and to employees. Movements in the number of share options outstanding are as follows:

	2008		2007	
	Number of shares	**Average price**	Number of shares	Average price
Balance at beginning of year	**4 084 982**	**43,80**	6 180 865	42,30
Cancelled	**(46 317)**	**47,98**	(98 288)	47,98
Exercised	**(805 075)**	**37,74**	(1 997 595)	38,97
Balance at end of year	**3 233 590**	**44,84**	4 084 982	43,80
Options held by Share Option Trust				
Balance at beginning of year	**5 855 672**	**27,55**	3 838 389	24,27
Purchased from employees	**805 075**	**37,74**	1 997 595	38,97
Re-issued options cancelled	**4 500**	**23,93**	19 688	21,37
Balance at end of year	**6 665 247**	**28,33**	5 855 672	27,55
	9 898 837	**33,20**	9 940 654	34,23

33. SHARE INCENTIVE SCHEMES (continued)

(i) Share option scheme (continued)

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	Average price R
1999	2009	20 000	20 000	19,05
2000	2010	44 052	44 052	19,54
2001	2011	79 067	79 067	30,92
2002	2012	87 377	87 377	22,98
2003	2013	170 385	170 385	26,35
2004	2014	1 413 771	1 413 771	35,92
2005	2015	1 357 063	942 063	58,55
2006	2016	61 875	20 625	74,00
Balance at 30 June 2008		**3 233 590**	**2 777 340**	**44,84**
Balance at 30 June 2007		4 084 982	2 214 982	43,80

Share options held by the Share Option Trust at the end of the year have the following terms:

Financial year of grant	Financial year of lapse	Options held	Average price R
1999	2009	530 341	19,26
2000	2010	317 291	20,29
2001	2011	572 618	30,81
2002	2012	579 597	22,92
2003	2013	848 716	20,41
2004	2014	3 011 680	25,90
2005	2015	709 379	53,83
2006	2016	95 625	80,98
Balance at 30 June 2008		**6 665 247**	**28,33**
Balance at 30 June 2007		5 855 672	27,55

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 at the date of granting those options.

Notes to the group financial statements continued

for the year ended 30 June

33. 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 sector that have a market capitalisation of greater than R1 billion. No awards vest if the group's TSR falls below the median TSR of the comparator group while all the awards vest if the group's TSR falls within the upper quartile. Between the median and upper quartile the CSP awards vest linearly as the ranking of the group's TSR increases.

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

	2008		2007	
	Number of grants	**Weighted average grant price R**	Number of grants	Weighted average grant price R
Balance at beginning of year	**322 109**	**107,65**	205 027	82,74
Cancelled	**(13 040)**	**121,11**	(1 350)	82,74
Granted	**228 729**	**90,47**	118 432	149,55
Balance at end of year	**537 798**	**106,72**	322 109	107,65
Exercisable at end of year	**–**	**–**	–	–
Share grants outstanding at the end of the year vest on the following dates, subject to fulfilment of performance conditions:				
Year ending on 30 June				
2009	**198 127**	**82,74**	203 677	82,74
2010	**110 942**	**149,55**	118 432	149,55
2011	**228 729**	**90,47**	–	–

33. SHARE INCENTIVE SCHEMES (continued)

(iii) Equity growth plan (EGP)

EGP rights provide senior executives with the opportunity to acquire shares in Sun International Limited through the grant of conditional EGP rights, which are rights to receive shares equal in value to the appreciation of the Sun International Limited share price between the date on which the conditional EGP rights are granted and the date on which they are exercised, subject to the fulfilment of predetermined performance conditions over a specified performance period. The performance condition applied to the grants is that the group's adjusted headline earnings per share should increase by 2 percent per annum above inflation over a three-year performance period. If the performance condition is not met at the end of 3 years it is retested at the end of 4 and 5 years from the date of grant.

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

	2008		2007	
	Number of grants	**Weighted average grant price R**	Number of grants	Weighted average grant price R
Balance at beginning of year	**934 083**	**109,84**	604 399	82,74
Cancelled	**(73 673)**	**107,01**	(22 000)	82,74
Granted	**627 872**	**90,47**	351 684	149,55
Balance at end of year	**1 488 282**	**106,72**	934 083	109,84
Exercisable at end of year	**–**	**–**	–	–
Share grants outstanding at the end of the year become exercisable on the following dates, subject to fulfilment of performance conditions:				
Year ending on 30 June				
2009	**535 399**	**82,74**	582 399	82,74
2010	**325 011**	**149,55**	351 684	149,55
2011	**627 872**	**90,47**	–	–

Notes to the group financial statements continued

for the year ended 30 June

33. 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 still being held by the participant at the end of the three year period.

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

	2008		2007	
	Number of awards	**Weighted average award price R**	Number of awards	Weighted average award price R
Balance at beginning of year	**57 114**	**95,14**	–	–
Cancelled	**(10 581)**	**110,92**	–	–
Granted	**41 693**	**149,56**	57 114	95,14
Balance at end of year	**88 226**	**118,96**	57 114	95,14
Exercisable at end of year	**–**	**–**	–	–
DBP shares held at the end of the year entitle particpants to matching awards on the following dates:				
Year ending on 30 June				
2010	**49 602**	**95,14**	57 114	95,14
2011	**38 624**	**149,56**	–	–

Valuation of share incentive grants

The fair value of share incentive grants made during the year was estimated using the binomial asset pricing model. The table below sets out the valuation thereof and the assumptions used to value the grants:

	CSP	EGP	DBP
2008			
Weighted average grant price	**R90,47**	**R90,47**	**R149,56**
Weighted average 400-day volatility	**27,4%**	**27,4%**	**n/a**
Weigthed average long term risk rate	**12,4%**	**12,2%**	**n/a**
Weigthed average dividend yield	**6,0%**	**6,0%**	**n/a**
Valuation	**R8 million**	**R13 million**	**R6 million**
2007			
Weighted average grant price	R149,55	R149,55	R95,14
Weighted average 400-day volatility	30,2%	30,2%	n/a
Weigthed average long term risk rate	9,9%	9,9%	n/a
Weigthed average dividend yield	3,0%	3,0%	n/a
Valuation	R10 million	R15 million	R5 million

The employee share based payment expense for the year was R21 million (2007: R18 million).

34. 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 the economic benefits of the trust.

The economic interest held by the trust in group companies is set out below:

	2008	2007
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	**2,5%**	2,3%
– indirect	**3,6%**	3,0%

Sun International Black Executive Management Trust (SIBEMT)

As a further commitment to BEE and to assist the Sun International group in retaining black managerial staff, to attract new black talent and to contribute towards the creation of sustainable black leadership, a trust was formed for the benefit of current and future South African black management of the group. Permanent employees of the Sun International group, who occupy management grade levels, and are black South Africans are eligible to participate in the SIBEMT. The group does not share in the economic benefits of the trust.

	2008	2007
The economic interest held by the trust in group companies is set out below:		
Sun International Limited – direct	**0,5%**	0,4%

35. POST BALANCE SHEET EVENTS

35.1 Changes to the shareholding in SunWest

The option granted by SunWest for GPI to acquire a further 5% in SunWest at R165 per share, which expires in 2010, was partially exercised on 15 August 2008, resulting in GPI subscribing for 560 000 shares representing eighty percent of the option. As a result, the group's effective economic interest in SunWest will decline to 60,5% from 62,9% and after the exercise of the entire option will decline to 59,9%.

35.2 Capitalisation of SFI Resorts

On 20 August 2008, the group acquired its effective 40% interest in SFI Resorts by contributing equity of US$38,5 million. On opening of the casino, Sun International will pay a further amount of US$6 million. The loan from the group to SFI Resorts, which at year end was US$54 million, has been fully repaid out of the proceeds of eight year bank funding raised by SFI Resorts in the amount of US$120 million.

Consequently, with effect from 20 August 2008, the results of SFI Resorts will be consolidated.

Sun International Limited

COMPANY INCOME STATEMENTS

for the year ended 30 June

	Notes	2008 Rm	2007 Rm
Revenue		**1 222**	656
Other		**1 222**	656
Other operational costs		**(5)**	(7)
Operating profit	1	**1 217**	649
Interest income	2	**46**	21
Interest expense	3	**(201)**	(35)
Profit before tax		**1 062**	635
Tax	4	**7**	1
Profit		**1 069**	636

COMPANY BALANCE SHEETS

as at 30 June

	Notes	2008 Rm	2007 Rm
ASSETS			
Non current assets			
Investments in subsidiaries	6	**2 562**	2 527
Loans and receivables	7	**1 386**	689
Deferred tax	9	**7**	–
		3 955	3 216
Current assets			
Loans and receivables	7	**480**	308
Tax		**15**	7
		495	315
Total assets		**4 450**	3 531
EQUITY AND LIABILITIES			
Capital and reserves			
Shareholder funds		**2 250**	3 222
		2 250	3 222
Non current liabilities			
Deferred tax	9	**–**	1
Borrowings	10	**2 122**	267
		2 122	268
Current liabilities			
Accounts payable and accruals	11	**71**	22
Borrowings	10	**7**	19
		78	41
Total liabilities		**2 200**	309
Total equity and liabilities		**4 450**	3 531

COMPANY CASH FLOW STATEMENTS

for the year ended 30 June

	Notes	2008 Rm	2007 Rm
Cash flows from operating activities			
Cash generated by operations	12.1	**44**	–
Tax paid	12.2	**(2)**	(4)
Net cash inflow/(outflow) from operating activities		**42**	(4)
Cash flows from investing activities			
Purchase of additional shares in subsidiaries		**(14)**	–
Investment income	12.3	**1 247**	677
Other non current investments and loans made		**(749)**	(5)
Net cash inflow from investing activities		**484**	672
Cash flows from financing activities			
Increase/(decrease) in borrowings	12.4	**1 839**	(29)
Interest paid	12.5	**(197)**	(18)
Dividends paid	5	**(415)**	(379)
Decrease in share capital		**(1 654)**	(92)
Purchase of treasury shares and share options		**(99)**	(150)
Net cash outflow from financing activities		**(526)**	(668)
Net increase in cash and cash equivalents		**–**	–
Cash and cash equivalents at beginning of year		**–**	–
Cash and cash equivalents at end of year		**–**	–

COMPANY STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June

	Notes	Share capital Rm	Share premium Rm	Share based payment reserve Rm	Retained earnings Rm	Total equity Rm
Balance at 1 July 2006		**9**	**1 634**	**62**	**1 341**	**3 046**
Share buy back	8		(92)			(92)
Employee share based payments				18		18
Deferred tax on employee share based payments	9			(7)		(7)
Profit					636	636
Dividends paid	5				(379)	(379)
Balance at 30 June 2007		**9**	**1 542**	**73**	**1 598**	**3 222**
Share buy back	8	(1)	(1 542)		(111)	(1 654)
Employee share based payments				21		21
Deferred tax on employee share based payments	9			7		7
Profit					1 069	1 069
Dividends paid	5				(415)	(415)
Balance at 30 June 2008		**8**	**–**	**101**	**2 141**	**2 250**

Sun International Limited

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 30 June

		2008 Rm	2007 Rm
1.	**OPERATING PROFIT IS STATED AFTER CREDITING THE FOLLOWING:**		
	Dividend income	**1 222**	656
2.	**INTEREST INCOME**		
	Interest earned on loans and receivables	**22**	20
	Interest earned on cash and cash equivalents	**3**	1
	Imputed interest on loans receivable	**21**	–
		46	21
3.	**INTEREST EXPENSE**		
	Interest paid on borrowings	**(19)**	(18)
	Preference share dividends	**(178)**	–
	Imputed interest on loans payable	**(4)**	(17)
		(201)	(35)
4.	**TAX**		
	Normal tax – South African	**7**	1
	Current tax – this year	**3**	(2)
	– prior years	**3**	2
	Deferred tax – this year	**1**	1
		7	1
	Reconciliation of rate of tax		
	Standard rate – South African	**28,0%**	29,0%
	Adjusted for:		
	Exempt income and disallowable expenses	**(28,9)%**	(28,7)%
	Prior year under/(over) provision	**0,3%**	(0,5)%
	Effective tax rate	**(0,6)%**	(0,2)%
5.	**DIVIDENDS PAID**		
	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.		(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.		(206)
	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.	**(204)**	
	An interim dividend in respect of the 2008 financial year of 222 cents per share was declared on 6 March 2008 and paid on 7 April 2008.	**(211)**	
		(415)	(379)
	A final dividend of 258 cents per share for the year ended 30 June 2008 was declared on 28 August 2008 and paid on 29 September 2008.		

	2008 Rm	2007 Rm
6. INVESTMENTS IN SUBSIDIARIES		
Shares at cost		
Balance at beginning of year	**2 527**	2 514
Additional investment in subsidiaries	**14**	2
Employee share based payments	**21**	11
Balance at end of year	**2 562**	2 527

The interests of the company in the aggregate pre tax net profits and losses of its subsidiaries amounted to R1 521 million (2007: R1 209 million) and R6 million (2007: R11 million) respectively and post tax net profits and losses of its subsidiaries amounted to R870 million (2007: R694 million) and R4 million (2007: R11 million) respectively.

The company has entered into subordination agreements with certain of its subsidiary companies.

	2008 Rm	2007 Rm
7. LOANS AND RECEIVABLES		
Loans		
Share incentive schemes	**407**	308
Loans to subsidiaries	**1 386**	689
Other	**73**	–
	1 866	997
Current portion	**(480)**	(308)
	1 386	689
Loans are due over the following periods:		
Less than 1 year	**480**	308
1 – 2 year	**–**	–
2 – 3 years	**–**	–
3 – 4 years	**–**	–
4 years and onwards	**1 386**	689
	1 866	997
The weighted average interest rates were as follows:		
Share incentive schemes	**NIB**	NIB
Loans to subsidiaries	**3,7%**	3,2%
Other	**NIB**	–
Weighted average	**1,6%**	2,6%

NIB – Non interest bearing

The loans are fully performing with the associated credit risk considered to be low.

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

Sun International Limited

Notes to the company financial statements continued

for the year ended 30 June

	2008 Rm	2007 Rm
8. SHARE CAPITAL AND PREMIUM		
Authorised		
150 000 000 (2007: 150 000 000) ordinary shares of 8 cents each	**12**	12
100 000 000 (2007: 100 000 000) variable rate cumulative redeemable preference shares of 1 cent each	**1**	1
*Issued**		
Share capital	**8**	9
Share premium	**–**	1 542
	8	1 551

* *The issued preference shares have been included in borrowings in note 10.*

During the year, the group purchased 16 084 833 shares at a price of R145,35 per share. Of these shares, 11 323 838 have been delisted from the JSE which represented 9,7% of the company'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 EGP, CSP and DBP.

	2008		2007	
	Number of shares	**Rm**	Number of shares	Rm
Movement during the year				
Statutory shares in issue				
Balance at beginning of year	**116 818 607**	**1 551**	117 718 007	1 643
Shares bought back and cancelled	**(11 323 838)**	**(1 543)**	(899 400)	(92)
Balance at end of year	**105 494 769**	**8**	116 818 607	1 551

	2008 Rm	2007 Rm
9. DEFERRED TAX		
Balance at beginning of year	**1**	(5)
Income statement credit for year	**(1)**	(1)
(Credited)/charged directly to equity	**(7)**	7
Balance at end of year	**(7)**	1
Deferred tax arises from the following temporary differences:		
Deferred tax assets		
Disallowed accruals and provisions	**–**	7
Balance at beginning of year	**7**	–
(Charged)/credited directly to equity	**(7)**	7
Fair value adjustments	**(7)**	(6)
Balance at beginning of year	**(6)**	(5)
Credited to income statement	**(1)**	(1)
Net deferred tax (asset)/liability	**(7)**	1

	2008 Rm	2007 Rm
10. BORROWINGS		
Non current		
Redeemable preference shares	**1 851**	–
V&A loan	**271**	267
	2 122	267
Current		
Overdraft	**7**	19
Total borrowings	**2 129**	286

All borrowings are unsecured.

The fair value of borrowings approximate their carrying values except for the V&A loan which has a fair value of R209 million (2007: R241 million). The fair value has been determined on a discounted cash flow basis using a discount rate of 12% (2007: 10%).

The carrying amounts of the borrowings are denominated in Rand.

The borrowings are repayable over the following periods:	2008 Rm	2007 Rm
Less than 6 months	**7**	19
6 months – 1 year	**–**	–
1 – 2 years	**–**	–
2 – 3 years	**–**	–
3 – 4 years	**–**	–
4 years and onwards	**2 122**	267
	2 129	286

The following are the contractual undiscounted maturities of financial liabilities (including principle and interest payments) presented in Rands:

	On demand or not exceeding 6 months Rm	More than 6 months but not exceeding 1 year Rm	More than 1 year but not exceeding 2 years Rm	More than 2 years but not exceeding 5 years Rm	More than 5 years Rm
2008					
Borrowings	**113**	**106**	**214**	**2 328**	**584**
Accounts payable and accruals	**71**	**–**	**–**	**–**	**–**
	184	**106**	**214**	**2 328**	**584**
2007					
Borrowings	28	9	20	71	612
Accounts payable and accruals	22	–	–	–	–
	50	9	20	71	612

Sun International Limited

Notes to the company financial statements continued

for the year ended 30 June

	2008 Rm	2007 Rm
10. BORROWINGS (continued)		
Interest rates		
Year end interest and dividend rates are as follows:		
Redeemable preference shares	**10,4%**	–
V&A loan	**8,3%**	8,3%
Overdraft	**13,0%**	10,5%
Weighted average	**8,9%**	8,0%
As at 30 June 2008, interest rates on 13% (2007: 93%) of the company's borrowings were fixed. 100% (2007: 100%) 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.		
A movement of 1% in interest rates at the reporting date would (decrease)/increase profit before tax by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2007.		
Increase of 1%	**(20)**	–
Decrease of 1%	**20**	–
A register of non current loans is available for inspection at the registered office of the company.		
The company's borrowings are not restricted by its articles of association.		
11. ACCOUNTS PAYABLE AND ACCRUALS		
Financial instruments		
Preference share dividends	**47**	–
Other payables	**24**	22
	71	22
The fair value of accounts payable and accruals approximate their carrying value.		
12. CASH FLOW INFORMATION		
12.1 Cash generated by operations		
Operating profit	**1 217**	649
Non cash items and items dealt with separately:		
Dividend income	**(1 222)**	(656)
Other items	**–**	(16)
Cash utilised by operations before working capital changes	**(5)**	(23)
Working capital changes	**49**	23
Accounts receivable	**–**	21
Accounts payable and accruals	**49**	2
	44	–
12.2 Tax paid		
Overpayment at beginning of year	**7**	3
Current tax credited to the income statement (refer note 4)	**6**	–
Overpayment at end of year	**(15)**	(7)
	(2)	(4)

	2008 Rm	2007 Rm
12. CASH FLOW INFORMATION (continued)		
12.3 Investment income		
Dividends received	**1 222**	656
Interest income	**46**	21
Imputed interest on loans receivable	**(21)**	–
	1 247	677
12.4 Increase/(decrease) in borrowings		
Increase in borrowings	**1 855**	5
Decrease in bank overdrafts	**(12)**	(34)
Imputed interest on loans payable	**(4)**	–
	1 839	(29)
12.5 Interest paid		
Interest expense	**(201)**	(35)
Imputed interest on loans payable	**4**	17
	(197)	(18)

13. CONTINGENT LIABILITY

Sun International Limited has issued a guarantee in favour of ABSA Bank Limited in respect of the loan facilities entered into with Worcester Casino (Pty) Limited up to the maximum amount of R200 million.

INTEREST IN PRINCIPAL SUBSIDIARIES

as at 30 June

		Amount of issued capital	Effective holding		Interest of holding company			
					Shares		Indebtedness	
		2008	2008	2007	2008	2007	2008	2007
		R000's	%	%	Rm	Rm	Rm	Rm
SUBSIDIARIES	*							
Unlisted								
Afrisun Gauteng (Pty) Limited	(1)	**188**	**87**	86	**–**	–	**–**	–
Afrisun KZN (Pty) Limited	(1)	**133**	**60**	61	**–**	–	**–**	–
Afrisun KZN Manco (Pty) Limited	(1)	**1**	**30**	29	**–**	–	**–**	–
Afrisun Leisure Investments (Pty) Limited	(1)	**54**	**49**	41	**–**	–	**–**	–
Emfuleni Casino Resorts Manco (Pty) Limited	(1)	**–**	**37**	35	**–**	–	**–**	–
Emfuleni Resorts (Pty) Limited	(1)	**85**	**81**	78	**–**	–	**–**	–
Gauteng Casino Resort Manco (Pty) Limited	(1)	**1**	**44**	38	**–**	–	**–**	–
Kimberley Casino Resort Manco (Pty) Limited	(1)	**–**	**50**	50	**–**	–	**–**	–
Lesotho Sun (Pty) Limited	(4)	**1**	**49**	49	**–**	–	**–**	–
Mahogony Rose Investments 46 (Pty) Limited	(1)	**–**	**100**	100	**–**	–	**–**	–
Mangaung Casino Resort Manco (Pty) Limited	(1)	**1**	**50**	50	**–**	–	**–**	–
Mangaung Sun (Pty) Limited	(1)	**134**	**74**	74	**–**	–	**–**	–
Meropa Casino Resort Manco (Pty) Limited	(1)	**1**	**50**	50	**–**	–	**–**	–
Meropa Leisure and Entertainment (Pty) Limited	(1)	**38**	**71**	71	**–**	–	**–**	–
National Casino Resort Manco Holdings (Pty) Limited	(1)	**2**	**83**	83	**14**	7	**–**	–
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	**–**	–	**1 115**	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	**101**	73	**–**	–
Sun International Travel (Pty) Limited	(1)	**–**	**100**	100	**–**	–	**–**	–
SunWest International (Pty) Limited	(1)	**337**	**66**	71	**–**	–	**271**	267
Teemane (Pty) Limited	(1)	**28**	**77**	77	**–**	–	**–**	–
Transkei Sun International Limited	(1)	**14 495**	**70**	70	**–**	–	**–**	–
Western Cape Casino Resort Manco (Pty) Limited	(1)	**–**	**29**	27	**–**	–	**–**	–
Wild Coast Sun Manco (Pty) Limited	(1)	**1**	**50**	50	**–**	–	**–**	–
Winelands Casino Manco (Pty) Limited	(1)	**–**	**50**	50	**–**	–	**–**	–
Worcester Casino (Pty) Limited	(1)	**1**	**46**	40	**–**	–	**–**	–
Listed								
Swazispa Holdings Limited	(3)	**3 497**	**51**	51	**–**	–	**–**	–
Real Africa Holdings Limited	(1)	**3 718**	**64**	61	**–**	–	**–**	–
					2 562	2 527	**1 386**	689

* *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 Dollar.*

*** *Amount of share capital stated in Botswana Pula.*

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the twenty-fourth 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, 25 November 2008 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 2008.

2. Ordinary resolutions numbers 2.1 to 2.4

To re-elect Messrs RP Becker, PL Campher, MP Egan and IN Matthews 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 78 and 79 of the annual report for a brief CV of each director standing for re-election.)

3. Ordinary resolution number 3 – directors' fees

To approve fees payable to the non-executive directors for their services as directors or as members of the committees in respect of the financial year ending 30 June 2009, as proposed in the remuneration report on page 77.

4. Ordinary resolution number 4 – re-appointment of auditors

To re-appoint PricewaterhouseCoopers Inc as independent registered auditor of the company to hold office until the conclusion of the next annual general meeting in acccordance with the audit committee's nomination, it being noted that Mr DB von Hoesslin is the individual registered auditor and member of the aforegoing firm who undertakes the audit.

SPECIAL BUSINESS

5. Ordinary resolution number 5 – adoption of new share plan

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

'RESOLVED that the company adopt and approve the Sun International Limited Restricted Share Plan 2008, in accordance with the salient features appearing on the annexure to this notice of annual general meeting, the details of which are incorporated in separate plan rules which have been initialled by the chairman of the annual general meeting for the purpose of identification and have been approved by the JSE Limited.'

The plan rules referred to in the aforegoing ordinary resolution number 5 are available for inspection during normal business hours at the registered office of the company.

In terms of the JSE Listings Requirements ordinary resolution number 5 must be passed by a 75% majority of the votes cast by shareholders present or represented by proxy at the annual general meeting.

6. Ordinary resolution number 6 – amendments to share plans

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

'RESOLVED that:

- the Sun International Limited Conditional Share Plan 2005 be and is hereby amended in accordance with the First Addendum to the Sun International Limited Conditional Share Plan 2005 the contents of which appear in the annexure to this notice of annual general meeting and which has been approved by the JSE Limited;
- the Sun International Limited Deferred Bonus Plan 2005 be and is hereby amended in accordance with the First Addendum to the Sun International Limited Deferred Bonus Plan 2005 the contents of which appear in the annexure to this notice of annual general meeting and which has been approved by the JSE Limited;
- the Sun International Limited Equity Growth Plan 2005 be and is hereby amended in accordance with the First Addendum to the Sun International Limited Equity Growth Plan 2005, the contents of which appear in the annexure to this notice of annual general meeting and which has been approved by the JSE Limited.'

Ordinary resolution number 6, if passed, will have the effect of amending the aforegoing share plans by:

- deleting the annual 'face value' limit of awards granted to any one participant which are currently limited to 70% of TCOE in respect of the Sun International Limited Equity Growth Plan 2005 and the Sun International Limited Conditional Share Plan 2005, and 30% of TCOE in respect of the Sun International Limited Deferred Bonus Plan 2005, and increasing the aggregate annual 'expected value' limit of awards per individual in respect of the three plans from 100% to 200% of TCOE, thereby giving the remuneration and nomination committee greater flexibility when addressing incentivisation and retention issues;

Notice of annual general meeting continued

- amending the existing provisions relating to the aggregate maximum number of shares which may be utilised for purposes of the share plans or that may be held by any one individual to comply with the new provisions of the JSE's Listings Requirements; and
- in the case of the Sun International Limited Deferred Bonus Plan 2005 only, to allow DBP shares held in escrow to be encumbered in favour of third parties provided this is in accordance with the provisions of section 43 of the Securities Services Act 2004.

In terms of the JSE Limited's Listings Requirements ordinary resolution number 6 must be passed by a 75% majority of the votes cast by shareholders present or represented by proxy at the annual general meeting.

7. Ordinary resolution number 7 – authority for the directors to implement the new share plan and amendments to the share plans

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

'RESOLVED that the directors of the company be and are hereby authorised to do all such things as may be necessary for and incidental to the implementation of ordinary resolutions numbers 5 and 6 including, but not limited to, the signature of the new plan rules and the Addenda to the various share plans as well as all related or ancillary documents.'

8. Ordinary resolution number 8 – amendment of specific authority placing shares under the control of the directors to include new share plan

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

'RESOLVED that, subject to the passing of ordinary resolution number 5, the ordinary resolution passed on 29 November 2005 placing 10 780 000 (ten million seven hundred and eighty thousand) ordinary shares with a par value of 8 cents each in the authorised but unissued share capital of the company under the control of the directors as a specific authority in terms of section 221(2) of the Companies Act 1973 ('the Act') with the power to allot and issue these shares in accordance with and for the purposes of the Sun International Limited Equity Growth Plan 2005, the Sun International Limited Conditional Share Plan 2005 and the Sun International Limited Deferred Bonus Plan 2005 be and it is hereby amended to extend the specific authority in terms of section 221(2) of the Act granted to the directors in that ordinary resolution to include the power to allot and issue 10 780 000 (ten million seven hundred and eighty thousand) ordinary shares not merely in accordance with and for the purposes of the Sun International Limited Equity Growth Plan 2005, the Sun International Limited Conditional Share Plan 2005 and the Sun International Limited Deferred Bonus Plan 2005, but also in accordance with and for purposes of the new Sun International Limited Restricted Share Plan 2008, subject to the provisions of the Act and the JSE Limited's Listings Requirements.'

Ordinary resolution number 8, if passed, will have the effect of enabling the directors to allot and issue shares for purposes of the new Sun International Limited Restricted Share Plan 2008 out of the existing 10 780 000 shares already under the control of the directors as a specific authority for purposes of the three existing share plans, without need to increase the overall maximum limit.

9. 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 by 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 under-standing 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.'

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 78 to 81;
- major beneficial shareholders – page 56;
- directors' interests in ordinary shares – page 88; and
- share capital of the company – page 140.

The directors in office whose names appear on pages 78 and 79 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 in office, whose names appear on pages 78 and 79 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.

Notice of annual general meeting continued

The directors consider that such a general authority should be put in place should an opportunity present itself for the company or a subsidiary thereof to purchase any of its shares during the year, which is in the best interests of the company and its shareholders.

The reason for and effect of 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 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 (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

3 November 2008

Postal address
Computershare Investor Services (Proprietary) Limited
PO Box 61051, Marshalltown 2107, Gauteng, Republic of South Africa

Delivery address
Computershare Investor Services (Proprietary) Limited
Ground Floor, 70 Marshall Street, Johannesburg, Gauteng, Republic of South Africa

ANNEXURE TO NOTICE OF THE TWENTY-FOURTH ANNUAL GENERAL MEETING OF MEMBERS OF SUN INTERNATIONAL LIMITED TO BE HELD IN THE BOARDROOM, 4TH FLOOR, 27 FREDMAN DRIVE, SANDOWN, SANDTON, GAUTENG, REPUBLIC OF SOUTH AFRICA, ON TUESDAY, 25 NOVEMBER 2008 AT 09:00

1. ORDINARY RESOLUTION NUMBER 5 – ADOPTION OF NEW SHARE PLAN

Salient features of the new Sun International Limited Restricted Share Plan 2008

Introduction

The board of directors, on the recommendation of the remuneration and nomination committee, proposes the adoption of a new share plan to be known as the Restricted Share Plan (RSP), to be operated together with its three existing Share Plans, i.e the EGP, the CSP and the DBP, to complement and enhance the ability of the Company to retain key staff and to assist in securing the services of key new senior executives. Although the Share Plans currently in operation are considered appropriate for regular annual awards, the RSP is considered necessary:

- to permit the issue of awards as a retention mechanism from time to time and particularly under present circumstances where the Group faces significant retention risks with respect to key talent, and as prevailing market conditions have impaired the ability of the existing share plans to act as a retention mechanism; and
- to permit once-off awards for new appointments, to assist in the recruitment of key executives which invariably requires compensation to address value forfeited on resignation from a previous employer.

The RSP will include participation by new employees on their appointment or, in the case of specific retention, key employees, including executive directors of the Group. The purpose of the RSP is to provide an incentive for their continuing relationship with the Group, by providing them with the opportunity of receiving Shares in the Company.

Awards will be made as Forfeitable Share Awards, namely the Award of Forfeitable Shares subject to forfeiture in certain circumstances.

The primary intent of the new RSP will be to purchase Shares in the market to settle the Awards although there is also the alternative to Settle Awards by the issue of Shares should this become necessary. In any case, the Company will be limited to Allocate no more Shares than the limit approved under the existing Share Plans, namely 10 780 000 (ten million seven hundred and eighty thousand) Shares, in settlement of the new RSP, and the three existing Share Plans.

Glossary of terms

Act the Companies Act, 61 of 1973, as amended;

Acceptance the written acceptance of an Award and 'Accepted' shall bear a corresponding meaning;

Agent the person or entity appointed by the Committee from time to time to hold Forfeitable Shares in trust on behalf of Participants;

Allocated for purposes of setting the RSP limits, shall mean one Share allocated per Award made;

Award an award of a Forfeitable Share Award, and 'Awarded' shall bear a similar meaning;

Committee the Remuneration and Nomination Committee of the board of directors of the Company or any other duly authorised committee of the board of directors of the Company constituted by it for purposes of the RSP, the members of which do not hold any executive office with any Employer Company

Company Sun International Limited (Registration Number 1967/007528/06);

Employee a person eligible for participation in the RSP, namely any senior employee with significant managerial or other responsibility holding full-time salaried employment or office, including any executive director of any Employer Company in the Group, who is not within 36 months of Retirement, or a person to whom an offer of employment is to be made, as determined from time to time by the Committee in its absolute discretion but excluding any non-executive director;

Employer Company a company in the Group to which an Employee or Participant is providing or is to provide employment services;

Forfeitable Share Award an award of a specified number of Forfeitable Shares to the Participant on terms that he may forfeit the Forfeitable Shares on the conditions set out in the Award Certificate;

Forfeitable Shares the Shares comprised in the Forfeitable Share Award and registered in the name of the Participant or held for his benefit in dematerialised form;

Group the Company, its direct and indirect Subsidiary Companies and associated companies from time to time;

Annexure to notice of annual general meeting continued

Share Plans includes the following share plans, namely the Equity Growth Plan 2005 (EGP), the Conditional Share Plan 2005 (CSP) and the Deferred Bonus Plan 2005 (DBP);

Participant an Employee to whom an Award has been made in terms of this RSP and who has accepted such Award;

Reconstruction or Takeover any takeover, merger or reconstruction however effected, including a reverse takeover, reorganisation or scheme of arrangement sanctioned by the court, or any other corporate action but does not include any event which consists of or is part of an internal reconstruction of the Company or Employer Company or which does not involve any change of Control of the Company;

Retirement in relation to an Employee, the date with effect from which a Participant retires from the employment of an Employer Company as specified in the Employer Company's retirement policy and the applicable rules of the Employer Company's retirement funds;

RSP Sun International Limited Restricted Share Plan 2008;

Settlement delivery by the Employer Company of the required number of Forfeitable Shares to which a Participant is entitled pursuant to the making and Acceptance by the Participant of the Forfeitable Share Award;

Share ordinary shares with a par value of 8 (eight) cents each (or as adjusted) in the capital of the Company acquired by a Participant under the RSP and includes any shares or securities acquired as taking into account a change in Control or variation in share capital which are attributable to such ordinary shares representing them following the change in Control or variation in share capital;

Subsidiary Companies or Subsidiary 'Subsidiary' as defined in the Act; or 'Subsidiary' as defined in Accounting Statement AC132 (Consolidated financial statements and accounting for investments in subsidiaries);

Vesting Condition the condition of continued employment to be met for the duration of the Vesting Period up to and including the Vesting Date;

Vesting Date the date on which a Participant becomes unconditionally entitled to the Forfeitable Shares free of any restrictions and forfeiture on the expiry of the Vesting Period, but subject to the provisions applying on termination of employment, and 'Vest', 'Vesting' and 'Vested' shall be construed accordingly;

Vesting Period the period or periods between the Award Date and the Vesting Date during which the Vesting Condition will apply, being a minimum of three years and a maximum of five years from the Award Date, as stated in the Award Certificate.

Salient features of the RSP

Awards are not intended to be regular annual awards, but will be made in the case of the appointment of a new Employee or in the case of particular retention risks to key talent.

A Forfeitable Share Award is an award of a specified number of Forfeitable Shares on the terms that the Participant may forfeit the Forfeitable Shares if he ceases to be an Employee due to resignation or dismissal of an Employer Company before the Vesting Date.

Following the Acceptance and Settlement of the Award, the Committee will procure that the Shares are held by the Agent for the absolute benefit of the Participants as owners of the Forfeitable Shares. The Forfeitable Shares may not be disposed of or otherwise encumbered at any time from the date of their Settlement to and including the Vesting Date. Except for the abovementioned restrictions, the Participant has all other shareholder rights, namely the right to dividends and voting in respect of the Forfeitable Shares from the Settlement thereof. However, in the event that Forfeitable Shares are forfeited due to resignation or dismissal, all dividends received prior to the forfeiture are to be repaid.

Eligibility

Directors and Employees of the Group or persons to whom offers of employment are to be made, as determined from time to time by the Committee in its absolute discretion, are eligible to participate in the RSP. The Employer Companies will recommend participation in the RSP to the Committee.

Vesting Condition

The Vesting Condition for all Participants is that the Participant remains in the employment of the Group for the duration of the Vesting Period until the Vesting Date.

A three-year or five-year Vesting Period is envisaged. In the case of Awards subject to a three-year Vesting Period, 100% of the Award will Vest subject to the Vesting Condition that the Participant is still in the employ of the Group on expiry of the three-year Vesting Period, subject to special rules that apply on termination of employment in certain circumstances.

In the case of Awards subject to a five-year Vesting Period, the Awards will be subject to staggered Vesting Periods and will also be subject to the condition of continued employment on the expiry of the following Vesting Periods:

- 50% after three years;
- 25% after four years;
- 25% after five years.

Limits

Overall Company limit

The aggregate number of Shares which may be allocated under the RSP and the three existing share plans shall not exceed the limit approved under the existing Share Plans, namely 10 780 000 (ten million seven hundred and eighty thousand) shares.

The limit referred to above shall include new Shares issued by the Company in settlement of this RSP and the Share Plans operated by the Company.

The limit referred to above shall exclude the following:

- Shares purchased in the market in settlement of this RSP, and the Share Plans operated by the Company; and
- Shares Allocated under the RSP and the Share Plans which are not subsequently Settled to a Participant as a result of the forfeiture thereof.

Individual limit

The maximum number of Shares Allocated in respect of all unvested Awards awarded to any Participant in respect of this RSP and any other shares that have been allocated in respect of the Share Plans, shall not exceed 1 078 026 (one million seventy eight thousand and twenty six) shares.

Cessation of employment and death

General

If a Participant's employment with any Employer Company terminates for any reason other than the reasons set out in the paragraph below before the Vesting Date, all his Forfeitable Shares shall be forfeited. All dividends that have been paid to the Participant in respect of the Forfeitable Shares that have been forfeited must be repaid by the Participant. By Acceptance of the terms of the Award Certificate, the Participant will explicitly give his consent that his Employer Company can deduct the cash value of such dividends from his last pay cheque or from any other amounts owing to him by the Employer Company, if his last pay cheque is insufficient.

Retrenchment, death, ill health, disability or termination of employment for any other reason which the Committee may consider appropriate

If a Participant's employment with any Employer Company terminates before the Vesting Date due to his redundancy, ill health, disability, death or any other circumstances which the Committee may in its absolute discretion consider appropriate, the Committee shall by written notice to the Participant deem all or a proportion of his Unvested Awards to Vest on the date of termination. The number of Shares that Vest shall be calculated as soon as practicable, and notified to the Participant.

Change of Control and delisting

In the event of a Reconstruction or Takeover, the Participant shall be entitled to the same rights and be subject to the same conditions under this RSP as if no Reconstruction or Takeover has taken place, unless the Committee in its absolute discretion determines otherwise.

If there is an internal reconstruction or other event which does not involve any change in the ultimate Control of the Company, and therefore is not a Reconstruction or Takeover, or if any other event happens which may affect Forfeitable Share Awards, including the Shares ceasing to be listed on the JSE, the Committee may take such action as it considers appropriate to protect the interests of Participants, including converting Forfeitable Share Awards into forfeitable share awards in respect of shares in one or more other companies, provided the Participant is no worse off.

Where necessary, in respect of any such adjustments, the Auditors, acting as experts and not as arbitrators and whose decision shall be final and binding on all persons affected thereby, shall confirm to the Committee in writing that these are calculated on a non-prejudicial basis. Any adjustments made will be reported on the Company's annual financial statements in the year during which the adjustment is made.

'Control' shall mean in relation to the Company, that some or other natural person, company, close corporation or other juristic person or corporate entity, charity, partnership, trust, joint venture, syndicate, or other association of persons or entities, individually or collectively:

- owns or own, directly or indirectly, over 50% of the Shares of the Company;

Annexure to notice of annual general meeting continued

- controls or control, directly or indirectly, over 50% of the voting rights, in relation to the Shares of the Company, exercisable by members in general meeting or otherwise of the Company; or
- are entitled, directly or indirectly, to appoint a majority of the board of the Company, or to appoint or remove directors having a majority of the votes exercisable at meetings of the board of the Company.

Variation in share capital

In the event of a rights issue, capitalisation issue, unbundling, any other corporate action or other event affecting the share capital of the Company, a demerger (in whatever form) or in the event of the Company making distributions including a distribution in specie or a payment in terms of section 90 of the Act (other than a dividend paid in the ordinary course of business out of the current year's retained earnings) or in terms of a repurchase of Shares before the Vesting Date, the Committee shall make such adjustment to the number of Forfeitable Shares comprised in the relevant Forfeitable Share Award as it thinks appropriate. Such adjustment should place the Participant in no worse position as he was prior to the rights issue, capitalisation issue, unbundling, other corporate action or other event affecting the share capital of the Company, a demerger (in whatever form) or in the event of the Company making distributions including a distribution in specie or a payment in terms of section 90 of the Act (other than a dividend paid in the ordinary course of business out of the current year's retained earnings) or in terms of a repurchase of Shares before the Vesting Date.

Where necessary, in respect of any such adjustments, the Auditors, acting as experts and not as arbitrators and whose decision shall be final and binding on all persons affected thereby, shall confirm to the Committee in writing that these are calculated on a non-prejudicial basis. Any adjustments made will be reported on the Company's annual financial statements in the year during which the adjustment is made.

Amendments to the RSP

Except as provided below the provisions relating to:

- the rights attaching to Forfeitable Shares;
- eligibility to participate in the RSP;
- the procedure to be adopted in respect of the vesting of an Award in the event of termination of employment and/or Retirement;
- the adjustment of Awards in the event of a variation of capital of the Company;
- the basis upon which Awards are made;
- the limitations on benefits or maximum entitlements; and
- the terms of this clause

may not be amended without the prior approval by ordinary resolution of shareholders of the Company in general meeting and the JSE, save that the votes of Employees participating in the RSP shall be excluded.

The Committee may make minor amendments for ease of the administration of the RSP, to comply with or take account of the provisions of any proposed or existing legislation or to obtain or maintain favourable taxation or regulatory treatment of any Company in any Employer Company or any present or future Participant.

2. ORDINARY RESOLUTION NUMBER 6 – AMENDMENTS TO SHARE PLANS

First Addendum (the 'Addendum') to the Sun International Limited Conditional Share Plan 2005 adopted at the annual general meeting of Sun International Limited held at Sandton on 29 November 2005 (the 'Conditional Share Plan')

1. The Conditional Share Plan is hereby amended as follows:

1.1. by the insertion of the words 'the Restricted Share Plan,' before the word 'the' in the fourth line of clause 5.1 and after the word 'Plan,' in the third last line of clause 5.1;

1.2. by the insertion of the words 'the Restricted Share Plan,' after the word 'under' in the third line of clause 5.2.1;

1.3. by the deletion of clause 5.2.2 in its entirety;

1.4. by the insertion of the figures and words '200% (two hundred percent) of' after the word 'exceed' in the penultimate line of clause 5.2.3;

1.5. by the deletion of clause 5.3 in its entirety and its replacement with the following:

'5.3 Exclusions

In the event that any of the Shares that have been allocated in respect of a Conditional Award (or a Matching Award in terms of the Deferred Bonus Plan or an EGP Right in terms of the Equity Growth Plan or a Forfeitable Share Award in terms of the Restricted Share Plan) are not subsequently transferred or issued to the relevant Participant for any reason whatsoever, including without limitation, by reason of the operation of the provisions of clause 7, such Shares shall be added back to the pool of unallocated Shares and shall not be taken into account for the purpose of calculating the limits set out in this clause 5.'; and

1.6. by the deletion of the words 'and deliver' in the sixth line of clause 10 and their replacement with the words '…Shares in the market and to deliver such…'

2. Save as set out this Addendum, the Conditional Share Plan shall be unamended and shall continue in full force and effect.

3. This Addendum was duly adopted at the annual general meeting of Sun International Limited held at Sandton on 25 November 2008 and was available for inspection for at least 21 (twenty one) days prior to such annual general meeting.

DA Hawton
Chairman of annual general meeting

First Addendum (the 'Addendum') to the Sun International Limited Equity Growth Plan 2005 adopted at the annual general meeting of Sun International Limited held at Sandton on 29 November 2005 (the 'Equity Growth Plan')

1. The Equity Growth Plan is hereby amended as follows:

1.1. by the insertion of the words 'the Restricted Share Plan,' before the word 'the' in the fourth line of clause 5.1 and after the word 'Plan,' in the penultimate line of clause 5.1;

1.2. by the insertion of the words 'the Restricted Share Plan,' after the word 'under' in the third line of clause 5.2.1;

1.3. by the deletion of clause 5.2.2 in its entirety;

1.4. by the insertion of the figures and words '200% (two hundred percent) of' after the word 'exceed' in the penultimate line of clause 5.2.3;

1.5. by the deletion of clause 5.3 in its entirety and its replacement with the following:

'5.3 Exclusions
In the event that any of the Shares that have been allocated in respect of an EGP Right (or a Matching Award in terms of the Deferred Bonus Plan or a Conditional Award in terms of the Conditional Share Plan or a Forfeitable Share Award in terms of the Restricted Share Plan) are not subsequently transferred or issued to the relevant Participant for any reason whatsoever, including without limitation, by reason of the operation of the provisions of clause 10, such Shares shall be added back to the pool of unallocated Shares and shall not be taken into account for the purpose of calculating the limits set out in this clause 5.'; and

1.6. by the deletion of the words 'and deliver' in the fifth line of clause 9 and their replacement with the words '…Shares in the market and to deliver such…'

2. Save as set out this Addendum, the Equity Growth Plan shall be unamended and shall continue in full force and effect.

3. This Addendum was duly adopted at the annual general meeting of Sun International Limited held at Sandton on 25 November 2008 and was available for inspection for at least 21 (twenty one) days prior to such annual general meeting.

DA Hawton
Chairman of annual general meeting

Annexure to notice of annual general meeting continued

First Addendum (the 'Addendum') to the Sun International Limited Deferred Bonus Plan 2005 adopted at the annual general meeting of Sun International Limited held at Sandton on 29 November 2005 (the 'Deferred Bonus Plan')

1. The Deferred Bonus Plan is hereby amended as follows:-

1.1. by the insertion of the words 'the Restricted Share Plan,' before the word 'the' in the fourth line of clause 5.1 and after the word 'Plan,' in the third last line of clause 5.1;

1.2. by the insertion of the words 'the Restricted Share Plan,' after the word 'under' in the third line of clause 5.2.1;

1.3. by the deletion of clause 5.2.2 in its entirety;

1.4. by the insertion of the figures and words '200% (two hundred percent) of' after the word 'exceed' in the penultimate line of clause 5.2.3;

1.5. by the deletion of clause 5.3 in its entirety and its replacement with the following:

'5.3 Exclusions
In the event that any of the Shares that have been allocated in respect of a Matching Award (or a Conditional Award in terms of the Conditional Share Plan or an EGP Right in terms of the Equity Growth Plan or a Forfeitable Share Award in terms of the Restricted Share Plan) are not subsequently transferred or issued to the relevant Participant for any reason whatsoever, including without limitation, by reason of the operation of the provisions of clause 11, such Shares shall be added back to the pool of unallocated Shares and shall not be taken into account for the purpose of calculating the limits set out in this clause 5.';

1.6. by the insertion of the following words after the word 'party' in the third line of clause 7.4:

'other than in accordance with the provisions of section 43 of the Securities Services Act 2004 (as amended from time to time)'; and

1.7. by the deletion of the words 'and deliver' in the fifth line of clause 10 and their replacement with the words '…Shares in the market and to deliver such…'

2. Save as set out this Addendum, the Deferred Bonus Plan shall be unamended and shall continue in full force and effect.

3. This Addendum was duly adopted at the annual general meeting of Sun International Limited held at Sandton on 25 November 2008 and was available for inspection for at least 21 (twenty one) days prior to such annual general meeting.

DA Hawton
Chairman of annual general meeting

Sun International Limited
(Incorporated in the Republic of South Africa)
(Registration number 1967/007528/06)
Share code: SUI ISIN: ZAE000097580
('Sun International' or 'the company')

FORM OF PROXY

Annual General Meeting

For use by Sun International shareholders holding ordinary shares in certificated form or recorded on the company's sub-register in electronic dematerialised form in 'own name' at the twenty-fourth annual general meeting of shareholders of the company to be held on Tuesday, 25 November 2008 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, 24 November 2008. This must be done in terms of the agreement entered into between the dematerialised shareholder and their CSDP or broker. If the CSDP or broker, as the case may be, does not obtain instructions from such dematerialised shareholder, it will be obliged to act in terms of the mandate furnished to it, or if the mandate is silent in this regard, to abstain from voting. Such dematerialised shareholder, other than own name dematerialised shareholder, must not complete this form of proxy and should read note 10 overleaf.

I/We (please print)

of (please print)

being the holder/s of ordinary shares in the company, appoint (see note 1)

1. or failing him/her

2. or failing him/her

3. the chairman of the annual general meeting

as my/our proxy to act for me/us and on my/our behalf at the annual general meeting, which will be held for the purpose of considering and if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against the resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name/s in accordance with the following instructions (see note 2):

Note: Voting on all resolutions will be conducted by way of a poll. On a poll a member is entitled to one vote for each ordinary share held.

Resolution Ref	For	Against	Abstain
1. Adoption of annual financial statements			
2. Re-election of directors:			
2.1 Mr RP Becker			
2.2 Mr PL Campher			
2.3 Mr MP Egan			
2.4 Mr IN Matthews			
3. Directors' fees			
4. Re-appointment of auditors			
5. Adoption of new share plan			
6. Amendments to share plans			
7. Authority for the directors to implement the new share plan and amendments to the share plans			

Form of proxy continued

Resolution Ref	For	Against	Abstain
8. Amendment of specific authority placing shares under the control of the directors to include new share plan			
9. Special resolution: general authority to repurchase shares			

Signed this	day of	2008
Signature of member(s)		
Assisted by me (where applicable)		

Please read the notes and instructions alongside.

INSTRUCTIONS ON SIGNING AND LODGING THE FORM OF PROXY

NOTES:

A shareholder 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 shareholder of Sun International.

Every person present and entitled to vote at the annual general meeting as a shareholder 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 ordinary shares such person holds or represents, but in the event of a poll, a shareholder holding ordinary shares will be entitled to only one vote per ordinary share held.

Please insert the relevant number of Sun International ordinary 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 ordinary 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 ordinary shares exercisable by you, indicate the number of Sun International ordinary 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 (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, 24 November 2008.
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 shareholders who hold ordinary 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.

SHAREHOLDERS' DIARY

Annual general meeting	Tuesday, 25 November 2008 – 09:00 Boardroom, 4th Floor, 27 Fredman Drive, Sandown, Sandton, Gauteng, Republic of South Africa

Reports/Activity	**2009**
Announcement of interim results and declaration of interim dividend for half year ended 31 December 2008	February
Interim dividend – payable on or about	March
Quarterly business update – results for 9 months to 31 March 2009	May
Announcement of reviewed annual results and declaration of final dividend for the year ended 30 June 2009	August
Final dividend – payable on or about	September
Quarterly business update – results for 3 months to 30 September 2009	November
2009 annual report published	October
Annual general meeting	November