



Financial Statements

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Directors' approval

The annual financial statements which appear on pages 105 to 145 and the corporate governance report on pages 83 to 101 were approved by the board of directors on 25 October 2005 and signed on its behalf by:

DA Hawton
Chairman

PD BACON
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 2005 and that all such returns are true, correct and up to date.



SA Bailes
Group Secretary

25 October 2005

Report of the independent auditors

TO THE MEMBERS OF SUN INTERNATIONAL LIMITED

We have audited the annual financial statements of Sun International Limited and its subsidiaries that are set out on pages 105 to 145 for the year ended 30 June 2005. These financial statements are the responsibility of the directors of the company. Our responsibility is to express an opinion on these financial statements based on our audit.

SCOPE

We conducted our audit in accordance with statements of South African Auditing Standards. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- Examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- Assessing the accounting principles used and significant estimates made by management; and
- Evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

AUDIT OPINION

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company and the group at 30 June 2005 and the results of their operations, and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and International Financial Reporting Standards, and in the manner required by the South African Companies Act, 1973.



PricewaterhouseCoopers Inc.
Chartered Accountants (SA)
Registered Accountants and Auditors
Johannesburg

25 October 2005

Report of the directors

for the year ended 30 June 2005

NATURE OF BUSINESS

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

EARNINGS

The results of the company and the group are set out in the income statements on page 112.

Segmental information is set out on pages 116 to 117.

DIVIDENDS

Dividends totalling 200 cents per share (2004: 125 cents) have been declared by the directors in respect of the year under review, as follows:

Interim, declared 7 March 2005, paid 4 April 2005	90 cents
Final, declared 30 August 2005, paid 26 September 2005	110 cents

The final dividend referred to above will be accounted for in the 2006 annual financial statements as it was declared subsequent to the year end.

REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

Detailed commentary on the nature of business of the company and its subsidiaries and associates, acquisitions, disposals, future developments and prospects of the group are given in the chairman's report, the chief executive's report, review of operations and the chief financial officers' review commencing on pages 6, 8, 17 and 35 respectively.

SHARE CAPITAL

26 342 597 ordinary shares with a par value of 8 cents each were issued on 16 August 2004 for a total consideration of R1 065 558 048 to the minority shareholders of SISA following the scheme of arrangement in terms of section 311 of the Companies Act proposed by the company between SISA and its shareholders.

Details of the authorised and issued share capital appear in note 19 to the annual financial statements.

11 639 200 ordinary shares in the unissued share capital of the company are 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.

SHARE OPTION SCHEME

Particulars relating to options under the share option scheme are given in note 32 to the annual financial statements.

SUBSIDIARIES AND ASSOCIATES

Particulars relating to interests in principal subsidiaries and associates appear on page 145.

BORROWING CAPACITY

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

DIRECTORS AND GROUP SECRETARY

The names of the directors (pages 78 and 79) in office at the date of this report, as well as particulars of the group secretary (page 81).

Ms LM Mojela and Messrs H Adams and PEI Swartz were appointed non-executive directors on 1 September 2004 and Mr RP Becker as an executive director on 30 July 2005.

In terms of the company's articles of association, Messrs RP Becker, L Boyd, DC Coutts-Trotter, 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 2005, the directors of the company beneficially held, indirectly, 279 141 (2004: 318 460) shares in the issued capital of the company, as follows:

	2005	2004
DC Coutts-Trotter	138 500	130 000
DA Hawton	135 141	131 137
IN Matthews	3 500	1 500
SC Mildenhall	n/a	55 823
PEI Swartz	2 000	n/a
	279 141	318 460

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



Report of the directors (continued)

Shares acquired

E Oblowitz 2 000

Shares acquired from directors by two wholly-owned subsidiaries of the company pursuant to the scheme of arrangement proposed by those subsidiaries:

DC Coutts-Trotter	10 222
DA Hawton	9 973
IN Matthews	258
PEI Swartz	185
	20 638

Shares acquired and disposed of pursuant to the exercise of share options under the share option scheme:

PD Bacon	256 313
DA Hawton	187 500
	443 813

HOLDING COMPANY

Sun International has no holding or ultimate holding company.

SPECIAL RESOLUTIONS PASSED BY THE COMPANY AND ITS SUBSIDIARIES

Company

- The general authority granted to the directors to approve and implement the acquisition by the company (or a subsidiary of the company) of up to 20% of the company's issued ordinary shares in any one financial year was renewed at the 2004 annual general meeting.
- Specific authority was granted in August 2005 for two wholly-owned subsidiaries of the company to acquire, on a pro rata basis, ordinary shares in the issued capital of the company from shareholders for a consideration of R627 072 754 in terms of a scheme of arrangement in terms of section 311 of the Companies Act, proposed by the subsidiaries between the company and its shareholders.

Subsidiaries

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

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 Statements of South African Generally Accepted Accounting Practice and International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below. The policies used in preparing the financial statements are consistent with those of the previous year except as indicated in the paragraph on "Changes in accounting policies".

The group has adopted the South African Rand as its reporting currency. Notwithstanding the South African Rand reporting currency, the group measures separately the transactions of each material operation using the particular currency of the primary economic environment in which the operation conducts its business.

Preparation of the financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

GROUP ACCOUNTING

Subsidiaries

Subsidiaries are those entities over which the group has an interest of more than half of the voting rights or otherwise has 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. All inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless costs cannot be recovered.

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

the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

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

The company accounts for subsidiary undertakings at cost.

Transactions with minority shareholders

Acquisitions of minorities' interests in the group's subsidiaries are accounted for as equity transactions and the excess of the purchase consideration over the carrying value of net assets acquired is recognised directly in equity. Profits and losses arising on transactions with minorities are recognised directly in equity.

Associates

Companies over which the group has significant influence but not control, are accounted for by the equity method of accounting. Unrealised gains on transactions between the group and these companies are eliminated to the extent of the group's interest in these companies; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Equity accounting is discontinued when the carrying amount of the investment in these companies reaches zero, unless the group has incurred obligations or guaranteed obligations in respect of these companies. In such cases the share of losses accounted for are transferred to provisions.

The company accounts for associated entities at cost.

Special purpose entities

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

INTANGIBLE ASSETS

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net assets of the acquired subsidiary/associate at the initial date of acquisition. Goodwill on acquisition of associates is included in the investments in these companies. The carrying value of goodwill is assessed for impairment on an annual basis.

Other intangible assets

Indefinite life intangible assets are assessed annually for impairment.

Expenditure on leasehold premiums and successful gaming licence bids, acquired tradenames and trademarks and acquired management contracts are capitalised and amortised using the straight-line method over their useful lives, but not exceeding 20 years. Intangible assets are not revalued.



Accounting policies (continued)

FOREIGN CURRENCY TRANSLATION

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 are translated into South African Rands as follows:

- Assets and liabilities, at rates of exchange ruling at balance sheet date.
- Income, expenditure and cash flow items at weighted average rates.
- Premiums on transactions with minorities and fair value adjustments arising from the acquisition of a foreign entity are reported using the exchange rate at the date of 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 cost and depreciated over periods deemed appropriate to reduce book values to estimated residual values over their useful lives. Depreciation is calculated on the straight-line method. The principal annual depreciation rates used are as follows:

Freehold and leasehold hotel and casino properties	2 to 4%
Fixed plant and machinery	15%
Casino equipment	15 to 25%
Computer equipment and software	25 to 33%
Vehicles	25%
Furniture, fixtures, fittings and other equipment	15 to 20%

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

Generally, costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. However, costs that are directly associated with identifiable and unique software products controlled by the group and which have probable economic benefits exceeding the costs beyond one year are recognised as assets. Direct costs include staff costs of the software development team and an appropriate portion of the relevant overheads. Expenditure, which enhances or

extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software.

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 identified as an exceptional item. 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, less applicable variable selling expenses.

FINANCIAL INSTRUMENTS

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

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently are measured at their fair value. Changes in fair value of any derivative instruments are recognised in the income statement. Changes in fair value of derivative financial instruments that are designated and effective as cash flow hedges are recognised directly in equity.

Amounts deferred in equity are recognised in the income statement in the same period in which the hedged firm commitment or forecasted transaction affects net profit or loss.

The fair value of publicly traded derivatives is based on quoted market prices at the balance sheet date. The effective value of

interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date. Quoted market prices or dealer quotes for the specific or similar instruments are used for long term borrowings. Other techniques, such as the discounted value of estimated future cash flows, are used to determine fair value for the remaining financial instruments. The face value of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

TRADE RECEIVABLES

Trade receivables are carried at original invoice amount, less a provision for impairment. This provision is based on a review of all outstanding amounts at year end and is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms. Bad debts are written off during the year in which they are identified.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the balance sheet at cost. 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.

INVESTMENTS

The group's investments are classified as loans and receivables made by the group and available-for-sale assets. Loans and receivables originated by the group are included in non current assets. The portion of loans and receivables that is receivable during the next 12 months is included in current assets.

Other investments are classified as available-for-sale. 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 or unless they will need to be sold, in which case they are included in current assets. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

All purchases and sales of investments are recognised on the trade date, which is the date that the group commits to purchase or sell the asset. Cost of purchase includes transaction costs. Available-for-sale investments are subsequently carried at fair value, whilst loans and receivables originated by the group are carried at amortised cost using the effective interest rate method. Realised and unrealised gains and losses arising from changes in the fair value of available-for-sale investments are included in the income statement in the period in which they arise.

DEFERRED TAXATION

Deferred taxation is provided, 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. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Currently enacted or substantively enacted tax rates at the balance sheet date are used to determine deferred taxation.

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

SECONDARY TAXATION

Secondary tax on companies is provided in respect of dividend payments net of dividends received or receivable and is recognised as a taxation charge for the year in which the dividend is declared.

LEASES

Leases of assets where the group assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at inception at the estimated present value of the underlying 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.

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 are recognised initially at gross proceeds. 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.



Accounting policies (continued)

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. Secondary tax on companies is accrued on recognition of the expense.

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

EMPLOYEE BENEFITS

Pension obligations

The group operates one defined benefit plan and a number of defined contribution plans, the assets of which are generally held in separate trustee-administered funds. The plans are generally funded by payments from employees and by the relevant group companies, taking account of the recommendations of independent qualified actuaries.

For the defined benefit plan, pension costs are assessed using the projected unit credit method: the cost of providing pensions is charged to the income statement so as to spread the regular cost over the service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the plan every three years. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of government securities, which have terms to maturity approximating the term of the related liability. All actuarial gains and losses are spread forward over the average remaining service lives of employees.

The group's contributions to defined contribution plans are charged to the income statement in the period to which the contributions relate.

Post-retirement medical aid contributions

The group contributes towards the post-retirement medical aid contributions of eligible employees. The method of accounting and frequency of valuations are similar to those used for deferred benefit schemes. The actuarial valuation to determine the liability is performed annually.

Share-based payments

The group operates an equity-settled, share-based compensation plan. The fair value of services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. 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, net of tax, in equity from the proceeds. Share issue costs incurred directly in connection with a business combination are included in the cost of acquisition.

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

REVENUE RECOGNITION

Revenue includes income derived from hotel trading, casino winnings, entertainment revenues, restaurant revenues, 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 customers. VAT on all other revenue transactions is excluded from revenue. Revenue is recognised on the accrual basis.

EXCEPTIONAL ITEMS

Exceptional items are material items which derive from events or transactions that fall within the ordinary activities of the group and which individually or, if of a similar type, in aggregate, need to be disclosed separately by virtue of their size, nature or incidence.

SEGMENTAL REPORTING

The primary segmental reporting has been prepared based on the group's method of internal reporting, which disaggregates its business by operating unit. Segmental information is set out in note 1 to the annual financial statements. Further operating and financial performance information has been included as part of the chief financial officer's review.

CHANGES IN ACCOUNTING POLICIES

All changes in accounting policies have been made in accordance with the transitional provisions in the respective standards.

IAS27 (revised) – Consolidated and Separate Financial Statements

The group has elected to early adopt IAS27 (revised) and in terms thereof has elected to adopt the economic entity model in accounting for transactions with minority shareholders. This model requires all premiums paid and profits and/or losses on transactions with minorities to be recognised directly in equity. Previously the excess of the cost of acquiring an additional interest in a subsidiary over the fair value of the acquired identifiable net assets was recorded as an intangible asset and profits and losses arising on transactions with minorities were recognised in the income statement. The goodwill and value attributed to management contracts, which arose on the acquisition of minority interests in group subsidiaries, has therefore been recognised directly in equity. The directors are of the opinion that using the economic entity model to account for transactions with minorities will provide users of the financial statements with information that is more comparable, relevant and reliable.

IFRS2 – Share-based payments

The early adoption of IFRS2 requires the group to value and expense share options granted after 7 November 2002 over their vesting periods.

IAS38 – Intangible assets

In terms of IAS38, intangible assets with an indefinite life are no longer amortised but are subject to an annual impairment test. Accumulated amortisation as at 30 June 2004 has been set-off against the cost of the indefinite life intangible assets. In the prior year, amortisation of R6 million was charged to the income statement.

The effect of the changes in the accounting policies on the distributable reserves at 30 June 2004:

	<i>R'000</i>
Distributable reserves as previously reported at 30 June 2004	1 836 943
Adjustments to years prior to the year ended 30 June 2004	(206 896)
Transactions with minorities	
– management contracts	(69 802)
– goodwill	(135 973)
Share option cost	(1 121)
Adjustments relating to the year ended 30 June 2004	(186 423)
Transactions with minorities	
– goodwill	(190 238)
Reversal of amortisation	
– management contracts	11 741
– goodwill	8 107
Share option cost	(16 033)
Distributable reserves restated as at 30 June 2004	1 443 624

The effect of the changes in the accounting policies on distributable reserves during the current year:

	<i>R'000</i>
Premium paid on transactions with minorities	(529 119)
Profit arising on disposal of interests to minorities	17 214
Share option cost	(19 124)
Decrease in distributable reserves for the year ended 2005	(531 029)

The effect of the changes in the accounting policies on basic earnings and adjusted headline earnings and earnings per share:

	<i>2005 R'000</i>	<i>2004 R'000</i>
Share option cost	(19 124)	(16 033)
Amortisation of management contracts	–	11 741
Decrease in basic earnings and adjusted headline earnings	(19 124)	(4 292)
Decrease in basic earnings per share (cents)	(17)	(5)
Decrease in fully diluted adjusted headline earnings per share	(18)	(5)

Income statements

for the year ended 30 June

Company			Group	
2004 R000's	2005 R000's		2005 R000's	2004 R000's
103 568	430 499	Revenue	5 139 552	4 476 606
-	-	Casino	3 857 464	3 261 545
-	-	Rooms	623 452	620 830
-	-	Food and beverage	405 475	383 799
103 568	430 499	Other	253 161	210 432
-	-	Direct costs	(2 161 511)	(1 908 260)
-	-	Casino – Levies and VAT	(798 658)	(661 773)
-	-	– Other	(720 532)	(660 181)
-	-	Rooms	(144 119)	(138 856)
-	-	Food and beverage	(338 390)	(310 717)
-	-	Other	(159 812)	(136 733)
103 568	430 499	Gross profit	2 978 041	2 568 346
(5 622)	(7 311)	Indirect costs	(1 306 763)	(1 161 339)
(4 853)	(5 558)	Administration and general	(658 510)	(558 264)
(769)	(1 753)	Marketing	(304 820)	(280 462)
-	-	Property	(343 433)	(322 613)
97 946	423 188	EBITDA	1 671 278	1 407 007
(7 126)	-	Depreciation and amortisation	(437 645)	(437 054)
-	-	Property and equipment rentals	(70 478)	(80 669)
(66)	(4 592)	Exceptional items	252 732	335 888
90 754	418 596	Operating profit	1 415 887	1 225 172
-	-	Foreign exchange profits/(losses)	34 926	(75 843)
41 868	33 267	Interest income	79 451	63 422
41 868	33 267	Continuing operations	79 451	59 540
-	-	Discontinuing operations	-	3 882
(47 514)	(44 310)	Interest expense	(249 634)	(277 143)
85 108	407 553	Profit before equity accounted earnings	1 280 630	935 608
-	-	Share of associates' profits	73 210	59 480
-	-	Continuing operations	779	5 143
-	-	Discontinuing operations	72 431	54 337
85 108	407 553	Profit before taxation	1 353 840	995 088
(7 537)	(10 415)	Taxation	(406 093)	(270 271)
(7 537)	(10 415)	Continuing operations	(381 169)	(249 801)
-	-	Discontinuing operations	(24 924)	(20 470)
77 571	397 138	Profit after taxation	947 747	724 817
		Attributable to:		
		Minority interest	238 932	285 481
		Ordinary shareholders	708 815	439 336
			947 747	724 817
		Earnings per share (cents)		
		Basic earnings per share	627	488
		Headline earnings per share	534	418
		Adjusted headline earnings per share	417	287
		Fully diluted earnings per share (cents)		
		Basic earnings per share	618	483
		Headline earnings per share	527	414
		Adjusted headline earnings per share	411	284

Balance sheets

as at 30 June

Company			Group	
2004 R000's	2005 R000's	Notes	2005 R000's	2004 R000's
		ASSETS		
		Non current assets		
-	-	Property, plant and equipment	5 311 418	4 776 619
-	-	Intangible assets	432 600	478 824
1 209 432	2 483 949	Investments in subsidiaries		
211 676	211 676	Investments in associates	232 051	220 100
284	-	Available-for-sale investments	140 754	142 514
310 363	283 038	Other non current assets	336 135	251 731
355	886	Deferred taxation	-	-
1 732 110	2 979 549		6 452 958	5 869 788
		Current assets		
-	-	Inventory	30 836	29 665
41 367	25 170	Accounts receivable	338 430	313 605
-	-	Available-for-sale investments	287 175	390 195
65 230	113 846	Loans receivable	15 672	6 844
-	6 127	Taxation	-	-
-	-	Cash and cash equivalents	589 223	477 083
106 597	145 143		1 261 336	1 217 392
1 838 707	3 124 692	Total assets	7 714 294	7 087 180
		EQUITY AND LIABILITIES		
		Capital and reserves		
555 175	1 620 732	Share capital and premium	1 533 042	504 485
-	-	Foreign currency translation reserve	248 322	324 150
17 154	36 278	Share-based payment reserve	36 278	17 154
770 635	969 905	Retained earnings	1 442 666	1 443 624
1 342 964	2 626 915	Ordinary shareholders' equity	3 260 308	2 289 413
-	-	Minority interest	749 238	1 454 509
1 342 964	2 626 915		4 009 546	3 743 922
		Non current liabilities		
-	-	Deferred taxation	352 698	364 035
447 253	459 442	Borrowings	1 583 726	1 759 696
-	-	Other non current liabilities	90 481	40 304
447 253	459 442		2 026 905	2 164 035
		Current liabilities		
13 940	27 463	Accounts payable and accruals	681 118	605 748
-	-	Provisions	53 563	55 221
34 119	10 872	Borrowings	746 546	341 007
431	-	Taxation	196 616	177 247
48 490	38 335		1 677 843	1 179 223
495 743	497 777	Total liabilities	3 704 748	3 343 258
1 838 707	3 124 692	Total equity and liabilities	7 714 294	7 087 180



Statements of changes in shareholders' equity

for the year ended 30 June

	Notes	Share capital R000's	Share premium R000's	Share-based payment reserve R000's	Foreign currency translation reserve R000's	Retained earnings R000's	Minority interest R000's	Total R000's
GROUP								
Balance at 1 July 2003		7 204	547 971	–	635 600	1 278 774	1 600 275	4 069 824
Effect of adoption of IFRS2 and IAS27 (revised)				1 121		(206 896)		(205 775)
Restated balance at 1 July 2003		7 204	547 971	1 121	635 600	1 071 878	1 600 275	3 864 049
Treasury share options	19		(50 690)					(50 690)
Share option cost	32			16 033				16 033
Additional minority funding							38 368	38 368
Acquisition of minorities' interests						(190 238)	(414 347)	(604 585)
Disposal of interests to minorities						208 196	124 792	332 988
Currency translation differences								
– movement for the year					(129 033)		(33 134)	(162 167)
– realised during the year					(182 417)			(182 417)
Net profit for the year						439 336	285 481	724 817
Dividends paid	9					(85 548)	(146 926)	(232 474)
Balance at 30 June 2004		7 204	497 281	17 154	324 150	1 443 624	1 454 509	3 743 922
Issue of shares	19	2 107	1 063 450					1 065 557
Treasury share options	19		(37 000)					(37 000)
Share option cost	32			19 124				19 124
Additional minority funding							125 233	125 233
Acquisition of minorities' interests						(529 119)	(910 243)	(1 439 362)
Disposal of interests to minorities						17 214	30 822	48 036
Currency translation differences								
– movement for the year					27 929		6 949	34 878
– realised during the year					(103 757)			(103 757)
Net profit for the year						708 815	238 932	947 747
Dividends paid	9					(197 868)	(196 964)	(394 832)
Balance at 30 June 2005		9 311	1 523 731	36 278	248 322	1 442 666	749 238	4 009 546
COMPANY								
Balance at 1 July 2003		7 204	547 971	–		778 612		1 333 787
Effect of adoption of IFRS2				1 121				1 121
Restated balance at 1 July 2003		7 204	547 971	1 121		778 612		1 334 908
Share option cost	32			16 033				16 033
Net profit for the year						77 571		77 571
Dividends paid	9					(85 548)		(85 548)
Balance at 30 June 2004		7 204	547 971	17 154		770 635		1 342 964
Issue of shares	19	2 107	1 063 450					1 065 557
Share option cost	32			19 124				19 124
Net profit for the year						397 138		397 138
Dividends paid	9					(197 868)		(197 868)
Balance at 30 June 2005		9 311	1 611 421	36 278		969 905		2 626 915



Notes to the annual financial statements

for the year ended 30 June

	Revenues (Rm)		EBITDA (Rm)		Depreciation and amortisation (Rm)		Operating profits before exceptional items (Rm)	
	2005	2004	2005	2004	2005	2004	2005	2004
1 SEGMENTAL ANALYSIS								
GrandWest	1 193	1 006	501	400	96	97	402	303
Sun City	902	818	139	128	73	57	65	70
Carnival City	697	570	227	180	53	62	171	115
Sibaya/Sugarmill	484	363	148	118	46	35	85	56
Boardwalk	334	281	129	102	30	33	99	69
Wild Coast Sun	223	202	45	37	14	16	31	21
Carousel	198	175	44	39	14	12	25	20
Morula	158	145	27	26	12	6	15	21
Meropa	142	118	54	40	16	17	36	23
Swaziland	135	134	25	18	8	6	18	12
Table Bay	134	138	43	42	10	12	15	12
Zambia	119	96	22	14	16	17	6	(3)
Botswana	112	122	35	43	6	6	26	35
Namibia	96	89	29	29	6	5	17	19
Flamingo	89	78	31	26	13	13	18	12
Thaba'Nchu and Naledi Sun	85	77	12	9	4	8	2	(4)
Sun International Management Central office and other	316	251	110	102	11	18	100	85
Elimination of intragroup revenues	95	100	50	54	10	17	32	23
	(373)	(287)						-
Total	5 139	4 476	1 671	1 407	438	437	1 163	889
Associates								
Lesotho SCE								
SCME								
City Lodge								
Net interest expense and foreign exchange profit								
Taxation								
Minority interest								
Deferred taxation								
Borrowings								
	5 139	4 476	1 671	1 407	438	437	1 163	889

<i>Exceptional items (Rm)</i>		<i>Segmental result (Rm)</i>		<i>Assets (Rm)</i>		<i>Liabilities (Rm)</i>		<i>Capital expenditure (Rm)</i>	
<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>
8	-	410	303	1 328	1 250	90	74	22	22
-	-	65	70	1 819	1 233	205	127	215	80
-	-	171	115	611	638	53	43	31	19
(4)	-	81	56	900	534	63	69	452	261
-	-	99	69	362	374	29	22	18	13
-	-	31	21	182	164	11	46	8	7
(1)	-	24	20	373	292	20	15	78	7
-	-	15	21	143	66	18	12	85	14
-	-	36	23	148	164	11	7	4	3
-	-	18	12	81	90	13	22	9	15
-	(42)	15	(30)	189	195	20	26	13	1
-	-	6	(3)	310	299	15	12	3	4
-	-	26	35	61	73	12	13	6	6
-	-	17	19	31	33	6	6	3	8
-	-	18	12	98	113	8	5	5	1
-	-	2	(4)	35	28	16	17	2	1
(5)	-	95	85	167	213	114	82	4	-
255	378	287	401	638	1 107	121	104	25	27
			-						
253	336	1 416	1 225	7 476	6 866	825	702	983	489
		73	59	232	221	-	-		
		1	5	10	11	-	-		
		-	-	1	1	-	-		
		-	(5)	-	-	-	-		
		72	59	221	209	-	-		
		(135)	(290)			197	177		
		(406)	(270)			353	364		
		(239)	(285)			2 330	2 100		
253	336	709	439	7 714	7 087	3 705	3 343	983	489

Notes to the annual financial statements (continued)

for the year ended 30 June

	Group		Company	
	2005 R000's	2004 R000's	2005 R000's	2004 R000's
2 EBITDA IS STATED AFTER (CHARGING)/ CREDITING THE FOLLOWING:				
Operating lease charges				
Plant, vehicles and equipment	(14 041)	(21 837)	-	(1 381)
Auditors' remuneration	(7 835)	(7 154)	(617)	(630)
Audit fees	(6 791)	(6 259)	(614)	(618)
Fees for other services	(867)	(813)	-	-
Expenses	(177)	(82)	(3)	(12)
Professional fees	(14 979)	(11 232)	(1 981)	(141)
Profit on disposal of property, plant and equipment	848	3 637	-	-
Dividend income			430 499	82 756
Subsidiaries			394 829	61 908
Discontinuing associates			35 670	20 848
Staff costs	(1 091 629)	(998 892)	-	(82 791)
Salaries and wages	(957 781)	(896 240)	-	(74 207)
Pension costs – defined contribution plans	(106 435)	(76 382)	-	(7 694)
– defined benefit plans	(8 289)	(10 237)	-	(890)
Share option cost	(19 124)	(16 033)	-	-
Number of employees at the end of the year	7 723	8 024		
3 DEPRECIATION AND AMORTISATION				
Property, plant and equipment (refer note 11)	(392 318)	(378 415)	-	(7 126)
Intangible assets (refer note 12)	(45 327)	(50 363)	-	-
Associate goodwill (refer note 14)	-	(8 276)	-	-
	(437 645)	(437 054)	-	(7 126)
4 EXCEPTIONAL ITEMS				
Pre-opening expenses	(18 586)	(2 399)	-	-
Write up of KZL to market value	85 858	183 426	-	-
Impairment of investments in discontinuing operations	-	(20 088)	-	-
Profit realised on discontinued share purchase scheme	6 202	30 575	-	-
Impairment of property, plant and equipment	(1 099)	(4 040)	-	-
Fair value adjustment on loan origination	42 994	(34 003)	(183)	(66)
Indirect taxes relating to prior years	(13 879)	-	(4 409)	-
Net profit on sale and closure of operations	15 164	-	-	-
Currency translation reserve realised	103 757	182 417	-	-
Profit on share option scheme	32 321	-	-	-
	252 732	335 888	(4 592)	(66)
5 INTEREST INCOME				
Interest earned on cash and cash equivalents	53 252	41 757	18 518	24 696
Preference share dividends	17 988	13 932	2 562	4 745
Imputed interest on loans receivable	8 211	7 733	12 187	12 427
	79 451	63 422	33 267	41 868

for the year ended 30 June

	<i>Group</i>		<i>Company</i>	
	2005 <i>R000's</i>	<i>2004</i> <i>R000's</i>	2005 <i>R000's</i>	<i>2004</i> <i>R000's</i>
6 INTEREST EXPENSE				
Interest paid on borrowings	(240 610)	(252 159)	(18 083)	(18 948)
Preference share dividends	(18 358)	(24 546)	(14 040)	(16 139)
Imputed interest on loans payable	(14 173)	(15 983)	(12 187)	(12 427)
Capitalised to property, plant and equipment	23 507	15 545	-	-
	(249 634)	(277 143)	(44 310)	(47 514)
7 SHARE OF ASSOCIATES' PROFITS				
Dividend income	35 670	25 230		
Continuing operations	-	4 382		
Discontinuing operations	35 670	20 848		
Equity retained profits	11 939	11 944		
Continuing operations	102	(1 075)		
Discontinuing operations	11 837	13 019		
Associates' taxation	25 601	22 306		
Continuing operations	677	1 836		
Discontinuing operations	24 924	20 470		
	73 210	59 480		
8 TAXATION				
Normal taxation – South African	(310 972)	(169 508)	(4 527)	1 257
– Foreign	(19 154)	(26 157)	-	-
	(330 126)	(195 665)	(4 527)	1 257
Current taxation – this year	(340 466)	(213 405)	(235)	7 291
– prior years	(2 045)	(21 746)	(4 823)	-
Deferred taxation – this year	(3 581)	12 000	(141)	(6 044)
– prior years	3 821	27 486	684	10
– adjustment due to change in tax rate	12 145	-	(12)	-
Associates' taxation	(25 601)	(22 306)	-	-
Secondary tax on companies	(45 938)	(21 998)	(752)	-
Capital gains tax	(5 452)	(24 428)	(5 136)	(8 794)
Other taxes	1 024	(5 874)	-	-
	(406 093)	(270 271)	(10 415)	(7 537)
Estimated tax losses available for set off against future taxable income	173 323	184 011	-	-
Utilised to offset temporary differences	(38 803)	(14 457)	-	-
Utilised to create deferred tax assets	-	(23 053)	-	-
	134 520	146 500	-	-



Notes to the annual financial statements (continued)

for the year ended 30 June

	Group		Company	
	2005 R000's	2004 R000's	2005 R000's	2004 R000's
8 TAXATION continued				
Reconciliation of rate of taxation	%	%	%	%
Standard rate – South Africa	29,0	30,0	29,0	30,0
Adjusted for:				
Exempt income	(0,4)	(0,4)	(28,9)	(31,4)
Foreign tax rate variations	-	(0,1)	-	-
Tax losses	(0,4)	0,1	-	-
Prior year (over)/under provision	(0,5)	(0,1)	1,3	-
Secondary tax on companies	3,4	1,2	1,0	-
Capital gains tax	(0,4)	(4,2)	0,2	10,3
Associates' taxation	0,3	0,4	-	-
Other tax charges	(0,1)	0,3	-	-
Deferred tax rate adjustment	(0,9)	-	-	-
Effective tax rate	30,0	27,2	2,6	8,9
9 DIVIDENDS PAID				
A final dividend of 50 cents per share for the year ended 30 June 2003 was declared on 29 August 2003 and paid on 29 September 2003		(45 025)		(45 025)
Interim dividend in respect of the 2004 financial year of 45 cents per share declared on 4 March 2004 and paid on 5 April 2004		(40 523)		(40 523)
A final dividend of 80 cents per share for the year ended 30 June 2004 was declared on 31 August 2004 and paid on 1 October 2004	(93 114)		(93 114)	
Interim dividend in respect of the 2005 financial year of 90 cents per share declared on 7 March 2005 and paid on 4 April 2005	(104 754)		(104 754)	
	(197 868)	(85 548)	(197 868)	(85 548)
A final dividend of 110 cents per share for the year ended 30 June 2005 was declared on 30 August 2005 and paid on 26 September 2005.				

for the year ended 30 June

	<i>Group</i>		<i>Company</i>	
	2005 <i>R000's</i>	2004 <i>R000's</i>	2005 <i>R000's</i>	2004 <i>R000's</i>
10 EARNINGS PER SHARE				
Attributable profit per the income statement	708 815	439 336		
Headline earnings adjustments	(118 670)	(153 650)		
Goodwill amortisation (included in depreciation and amortisation)	-	8 276		
Net profit on sale and closure of operations	(15 164)	-		
Impairment of investments in discontinuing operations	-	20 088		
Impairment of property, plant and equipment	1 099	4 040		
Net profit on sale of property, plant and equipment	(848)	(3 637)		
Currency translation reserve realised	(103 757)	(182 417)		
Taxation relief on the above items	4 398	24 428		
Minority interests in the above items	9 760	66 497		
Headline earnings	604 303	376 611		
Adjusted headline earnings adjustments	(163 771)	(125 999)		
Pre-opening expenses	18 586	2 399		
Write up of KZL to market value	(85 858)	(183 426)		
Foreign exchange losses on inter-company loans	(16 716)	55 482		
Fair value adjustments on loan origination	(42 994)	34 003		
Indirect taxes relating to prior years	13 879	-		
Tax rate change on deferred taxation opening balance	(12 145)	-		
Earnings from discontinuing operations	-	(3 882)		
Profit on share option scheme	(32 321)	-		
Profit realised on discontinued share purchase scheme	(6 202)	(30 575)		
Associate adjusted headline earnings adjustments	(72 431)	(54 337)		
Profits from discontinuing operations*	(72 431)	(54 337)		
Taxation relief on the above items	44 261	10 273		
Minority interests in the above items	22 643	26 807		
Adjusted headline earnings	435 005	233 355		
Number of shares for EPS calculation (000's)				
Weighted average number of shares in issue	113 100	90 050		
Adjustment for dilutive share options	1 570	892		
	114 670	90 942		
Number of shares for adjusted HEPS calculation (000's)				
Weighted average number of shares in issue	113 100	90 050		
Adjustment for share buyback*	(8 709)	(8 709)		
Adjusted weighted average number of shares in issue	104 391	81 341		
Adjustment for dilutive share options	1 570	892		
Fully diluted adjusted weighted average number of shares in issue	105 961	82 233		
Earnings per share (cents)				
Basic earnings per share	627	488		
Headline earnings per share	534	418		
Adjusted headline earnings per share	417	287		
Fully diluted earnings per share (cents)				
Basic earnings per share	618	483		
Headline earnings per share	527	414		
Adjusted headline earnings per share	411	284		



Notes to the annual financial statements (continued)

for the year ended 30 June

	<i>Group</i>		<i>Company</i>	
	2005 <i>R000's</i>	<i>2004</i> <i>R000's</i>	2005 <i>R000's</i>	<i>2004</i> <i>R000's</i>
10 EARNINGS PER SHARE continued				
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.				
Earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue.				
For the fully 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 attaching to the outstanding share options. This calculation is done to determine the "unpurchased" shares to be added to the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to net profit or loss.				
* In accordance with the group's practice of excluding discontinuing operations from adjusted headline earnings per share the results from City Lodge have been excluded. The number of shares used in the adjusted HEPS calculation has been reduced by 8 709 000 to reflect the anticipated number of Sun International shares that are likely to be acquired through the scheme of arrangement announced on 23 March 2005. (A share price of R72 per Sun International share was used to calculate the effective number of shares to be acquired.)				
11 PROPERTY, PLANT AND EQUIPMENT				
At year end				
Cost:				
Freehold property	2 738 185	2 137 233	-	-
Leasehold property	2 242 341	2 085 062	-	-
Plant and equipment	2 579 920	2 373 281	-	-
Capital work in progress	68 765	394 510	-	-
	7 629 211	6 990 086	-	-
Accumulated depreciation:				
Freehold property	(212 777)	(173 086)	-	-
Leasehold property	(507 612)	(476 606)	-	-
Plant and equipment	(1 597 404)	(1 563 775)	-	-
	(2 317 793)	(2 213 467)	-	-
Net carrying value:				
Freehold property	2 525 408	1 964 147	-	-
Leasehold property	1 734 729	1 608 456	-	-
Plant and equipment	982 516	809 506	-	-
Capital work in progress	68 765	394 510	-	-
	5 311 418	4 776 619	-	-
Net carrying value of property held under finance lease	190 586	195 203	-	-

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

for the year ended 30 June

	<i>Group</i>		<i>Company</i>	
	2005 <i>R000's</i>	<i>2004</i> <i>R000's</i>	2005 <i>R000's</i>	<i>2004</i> <i>R000's</i>
11 PROPERTY, PLANT AND EQUIPMENT continued				
Movements for the year				
Additions:				
Freehold property	365 587	17 753	-	-
Leasehold property	160 171	52 695	-	-
Plant and equipment	429 780	174 066	-	-
Capital work in progress	21 050	251 329	-	-
	976 588	495 843	-	-
Operating equipment net acquisition/(utilisation):				
Plant and equipment	5 265	(12 727)	-	-
Capitalisation of long term property leases:				
Freehold property	-	99 435	-	-
Leasehold property	-	99 565	-	-
	-	199 000	-	-
Disposals and asset impairments:				
Freehold property	(55 296)	(16 694)	-	-
Leasehold property	(3 366)	(2 788)	-	-
Plant and equipment	(15 859)	(8 708)	-	(24 715)
	(74 521)	(28 190)	-	(24 715)
Transfers from work in progress:				
Freehold property	318 541	10 724	-	-
Plant and equipment	28 123	8 180	-	-
Capital work in progress	(346 664)	(37 921)	-	-
Reclassified to intangible assets	-	(19 017)	-	-
Reclassifications:				
Freehold property	(16 442)	-	-	-
Leasehold property	3 807	(18 479)	-	-
Plant and equipment	14 234	18 479	-	-
Reclassified from intangible assets	1 599	-	-	-
Currency translation adjustments:				
Freehold property	(1 551)	(11 665)	-	-
Leasehold property	18 532	(51 754)	-	-
Plant and equipment	1 336	(11 012)	-	-
Capital work in progress	(131)	(460)	-	-
	18 186	(74 891)	-	-
Depreciation:				
Freehold property	(49 578)	(40 928)	-	-
Leasehold property	(52 871)	(42 206)	-	-
Plant and equipment	(289 869)	(295 281)	-	(7 126)
	(392 318)	(378 415)	-	(7 126)
Total movements for the year	534 799	181 603	-	(31 841)

Borrowing costs of R23 507 000 (2004: R15 545 000) 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.



Notes to the annual financial statements (continued)

for the year ended 30 June

	<i>Group</i>		<i>Company</i>	
	2005 <i>R000's</i>	<i>2004</i> <i>R000's</i>	2005 <i>R000's</i>	<i>2004</i> <i>R000's</i>
12 INTANGIBLE ASSETS				
Cost:				
Bid costs	505 983	506 880		
Sun International name*	71 627	79 711		
Management contracts	18 085	18 085		
Lease premiums	35 090	35 090		
	630 785	639 766		
Accumulated amortisation:				
Bid costs	(186 102)	(144 799)		
Sun International name*	-	(8 084)		
Management contracts	(1 082)	(725)		
Lease premiums	(11 001)	(7 334)		
	(198 185)	(160 942)		
Net carrying value:				
Bid costs	319 881	362 081		
Sun International name*	71 627	71 627		
Management contracts	17 003	17 360		
Lease premiums	24 089	27 756		
	432 600	478 824		
Movements on intangible assets:				
Balance at the beginning of the year	478 824	517 217		
Bid costs incurred	702	5 958		
Currency translation adjustments	-	(13 005)		
Bid costs	-	(1 821)		
Sun International name*	-	(11 184)		
Reclassification (to)/ from property, plant and equipment	(1 599)	19 017		
Amortised during the year	(45 327)	(50 363)		
Bid costs	(41 303)	(39 898)		
Management contracts	(357)	(357)		
Sun International name*	-	(6 441)		
Lease premiums	(3 667)	(3 667)		
	432 600	478 824		

* The Sun International name is classified as an indefinite life intangible asset.

for the year ended 30 June

	Group		Company	
	2005 R000's	2004 R000's	2005 R000's	2004 R000's
13 INVESTMENTS IN SUBSIDIARIES				
Shares at cost				
Balance at beginning of the year			1 209 432	1 187 188
Distribution of subsidiary capital			(177 500)	-
Additional investment in Sun International (South Africa) Limited			1 432 893	6 211
Share option cost			19 124	16 033
Balance at end of the year			2 483 949	1 209 432
The interests of the company in the aggregate profit and losses of its subsidiaries amounted to R556 million (2004: R769 million) and R30 million (2004: R86 million) respectively.				
14 INVESTMENTS IN ASSOCIATES				
Investment in associates comprise:				
Shares at cost less amortised goodwill	110 972	110 972	211 676	211 676
Listed	50 816	50 816	211 676	211 676
Unlisted	2 784	2 784	-	-
Goodwill	57 372	57 372	-	-
Retained earnings	121 079	109 128	-	-
	232 051	220 100	211 676	211 676
Valuation:				
Directors' valuation of unlisted associates	17 473	32 400		
Market value of listed associates	610 785	416 148		
	628 258	448 548		
Movements on associates:				
Balance at beginning of the year	220 100	211 074	211 676	211 676
SCME reclassified as provision for liabilities and charges	-	(29 994)	-	-
Additional investment	-	49 510	-	-
Goodwill amortised	-	(8 276)	-	-
Impairment of investment in SCME	-	(17 398)	-	-
Currency translation adjustments	12	3 240	-	-
Associate profits	47 609	37 174	-	-
Share of profit before tax	73 210	59 480	-	-
Share of tax	(25 601)	(22 306)	-	-
Dividends received	(35 670)	(25 230)	-	-
Balance at end of the year	232 051	220 100	211 676	211 676

A listing of the group's interest in its principal equity investments is given on page 145.
There were no material changes in the interests held in the equity investments in 2005 or 2004.



Notes to the annual financial statements (continued)

for the year ended 30 June

	<i>Group</i>		<i>Company</i>	
	2005 R000's	2004 R000's	2005 R000's	2004 R000's
14 INVESTMENTS IN ASSOCIATES continued				
DISCONTINUING OPERATIONS				
Ster Century Middle East				
SCME has been treated as a discontinuing operation as a result of the group's decision to exit this investment. As at 30 June 2005, SCME operated cinemas in Jordan and the United Arab Emirates.				
City Lodge Hotels Limited				
Approval was obtained from Sun International shareholders at the scheme and general meeting held on 29 August 2005 for the disposal of the group's 38,6% shareholding in City Lodge to Sun International shareholders in exchange for Sun International shares. Consequently, City Lodge has been treated as a discontinuing operation. The net carrying value of the group's investment in City Lodge is R221 million (2004: R209 million).				
Summarised balance sheet of City Lodge Hotels Limited				
Assets				
Property, plant and equipment	436 970	439 857		
Investments and loans	38 336	37 361		
Deferred taxation	4 137	4 022		
Current assets	82 544	48 986		
	561 987	530 226		
Equity and liabilities				
Shareholders' funds	422 136	394 079		
Non current borrowings	54 537	61 116		
Deferred taxation	43 774	42 390		
Current liabilities	41 540	32 641		
	561 987	530 226		
Summarised income statement of City Lodge Hotels Limited				
Revenue	390 934	335 844		
EBITDA	205 131	173 824		
Depreciation	(24 406)	(23 157)		
Net interest received/(paid)	3 654	(565)		
Profit before taxation	184 379	150 102		
Taxation	(64 552)	(52 510)		
Profit after taxation	119 827	97 592		
Income from joint venture	2 802	2 964		
Earnings attributable to ordinary shareholders	122 629	100 556		
Fully diluted earnings per share (cents)	288	237		
Market price per share (Rand)	37,50	25,55		

for the year ended 30 June

	<i>Group</i>		<i>Company</i>	
	2005 <i>R000's</i>	<i>2004</i> <i>R000's</i>	2005 <i>R000's</i>	<i>2004</i> <i>R000's</i>
15 AVAILABLE-FOR-SALE INVESTMENTS				
Available-for-sale investments comprise:				
KZL	287 175	390 195	-	-
Cape Town International Convention Centre Company (Proprietary) Limited	140 735	140 735	-	-
Other	19	1 779	-	284
	427 929	532 709	-	284
Current portion	(287 175)	(390 195)	-	-
	140 754	142 514	-	284
Movement on available-for-sale investments				
Balance at the beginning of the year	532 709	699 357	284	284
Currency translation adjustments	22 129	(94 652)	-	-
Additions	-	202	-	-
Disposals	(212 767)	(255 624)	(284)	-
Write up of KZL to market value	85 858	183 426	-	-
	427 929	532 709	-	284
Directors' valuation of unlisted investments	140 754	142 514		
Market value of listed investment	287 175	390 195		
	427 929	532 709		
The group's investment in KZL comprises 756 554 (2004: 1 333 779) shares which are traded on the New York Stock Exchange and its fair value is determined with reference to the market price.				
The investment in Cape Town International Convention Centre Company (Proprietary) Limited of 24,8% forms part of the group's bid commitments in the Western Cape. This investment is carried at cost as its fair value cannot be reliably estimated due to its short trading history.				
16 OTHER NON CURRENT ASSETS				
Loans				
Sun International Employee Share Trust (refer note 33)	81 064	71 803	3 596	3 110
Share incentive schemes	-	-	83 846	47 730
Preference share funding of empowerment partners	248 315	179 928	-	-
Loan funding of empowerment partners	-	4 008	-	-
Preference shares in subsidiaries	-	-	30 000	37 500
Loans to subsidiaries	-	-	279 442	287 253
Loan to SCE and SCME	3 672	1 236	-	-
Other loans	18 756	1 600	-	-
	351 807	258 575	396 884	375 593
Current portion	(15 672)	(6 844)	(113 846)	(65 230)
	336 135	251 731	283 038	310 363



Notes to the annual financial statements (continued)

for the year ended 30 June

	<i>Group</i>		<i>Company</i>	
	2005 <i>R000's</i>	<i>2004</i> <i>R000's</i>	2005 <i>R000's</i>	<i>2004</i> <i>R000's</i>
16 OTHER NON CURRENT ASSETS continued				
Loans are due over the following financial years:				
2006	15 672	6 844	113 846	65 230
2007	5 000	-	-	-
2008	-	-	-	40 000
2009	-	-	-	-
2010 onwards	250 071	179 928	279 442	267 253
	270 743	186 772	393 288	372 483
Other loans with no fixed repayment terms:				
Sun International Employee Share Trust	81 064	71 803	3 596	3 110
	351 807	258 575	396 884	375 593
The weighted average interest and dividend rates were as follows:	%	%	%	%
Sun International Employee Share Trust [#]	12,0	12,0	12,0	12,0
Share incentive schemes	-	-	NIB	NIB
Preference share funding of empowerment partners*	7,7	8,9	-	-
Loan funding of empowerment partners	-	11,5	-	-
Preference shares in subsidiaries*	-	-	7,9	8,6
Loans to subsidiaries	-	-	13,4	13,4
Loans to SCE and SCME	-	6,7	-	-
Other loans	7,7	-	-	-
	8,7	9,7	10,1	11,2
* These rates are linked to the prime bank overdraft rate.				
[#] The loans to the Sun International Employee Share Trust are 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.				
NIB – Non interest bearing				
17 INVENTORY				
Merchandise	1 740	2 477		
Consumables and hotel stocks	29 096	27 188		
	30 836	29 665		
18 ACCOUNTS RECEIVABLE				
Trade receivables	127 320	109 737	-	88
Less provision for impairment	(6 440)	(6 584)	-	-
Net trade receivables	120 880	103 153	-	88
Prepayments	52 095	59 622	-	-
VAT	22 889	43 767	-	-
Capital debtors	10 359	13 674	-	-
Receivables from subsidiaries	-	-	23 383	27 723
Share option scheme and discontinued share purchase scheme	48 008	30 575	-	-
Sun International Vacation Club Association	19 024	-	-	-
Other receivables	65 175	62 814	1 787	13 556
	338 430	313 605	25 170	41 367

for the year ended 30 June

	<i>Group</i>		<i>Company</i>	
	2005 <i>R000's</i>	<i>2004</i> <i>R000's</i>	2005 <i>R000's</i>	<i>2004</i> <i>R000's</i>
19 SHARE CAPITAL AND PREMIUM				
Authorised 150 000 000 (2004:150 000 000) ordinary shares of 8 cents each	12 000	12 000	12 000	12 000
100 000 000 (2004:100 000 000) variable rate cumulative redeemable preference shares of 1 cent each	1 000	1 000	1 000	1 000
Issued*				
116 392 903 (2004: 90 050 306) ordinary shares of 8 cents each	9 311	7 204	9 311	7 204
Share premium	1 611 421	547 971	1 611 421	547 971
Treasury share options	(87 690)	(50 690)		
	1 533 042	504 485	1 620 732	555 175
<p>* The issued preference shares have been included in borrowings in note 22.</p> <p>On 16 August 2004, 26 342 597 shares were issued for a consideration of R1 065 million for the purposes of acquiring the minorities' interest in SISA. Treasury share options represent the beneficial interest of the company in options held by the share option scheme which has been consolidated.</p> <p>11 639 200 shares have been placed under the specific control of the directors to allot and issue in terms of the Companies Act, for the purposes of the share option scheme.</p> <p>Options Details of options under the share option scheme are disclosed under note 32.</p>				
20 RETAINED EARNINGS				
Retained earnings at the end of the year comprise:				
Company	969 905	770 635	969 905	770 635
Subsidiaries and equity investments	472 761	672 989	-	-
	1 442 666	1 443 624	969 905	770 635
Any future dividend declarations out of the retained earnings of the company or any of its subsidiaries incorporated in South Africa will be subject to STC, to the extent that STC credits are not available, at the prescribed rate which is currently 12,5% of the dividend declared.				



Notes to the annual financial statements (continued)

for the year ended 30 June

	<i>Group</i>		<i>Company</i>	
	2005 <i>R000's</i>	<i>2004</i> <i>R000's</i>	2005 <i>R000's</i>	<i>2004</i> <i>R000's</i>
21 DEFERRED TAXATION				
Balance at the beginning of the year	364 035	403 143	(355)	(6 389)
Income statement (credit)/charge for the year	(240)	(39 486)	(543)	6 034
Currency translation adjustments	1 048	378	-	-
Adjustment due to tax rate change	(12 145)	-	12	-
Balance at the end of the year	352 698	364 035	(886)	(355)
Deferred taxation arises from the following timing differences:				
Deferred tax liabilities				
Accelerated asset allowances	433 008	448 964	-	-
Balance at the beginning of the year	448 964	490 166	-	-
Currency translation adjustments	1 001	(2 764)	-	-
Credited to income statement	(16 957)	(38 438)	-	-
Prepayments	(4 113)	5 891	-	-
Balance at the beginning of the year	5 891	1 657	-	11
(Credited)/charged to income statement	(10 004)	4 234	-	(11)
	428 895	454 855	-	-
Deferred tax assets				
Assessed losses	-	(11 253)	-	-
Balance at the beginning of the year	(11 253)	(23 589)	-	-
Charged to income statement	11 253	12 336	-	-
Disallowed accruals and provisions	(65 459)	(56 746)	(242)	(335)
Balance at the beginning of the year	(56 746)	(57 861)	(335)	(5 590)
Currency translation adjustments	47	3 142	-	-
(Credited)/charged to income statement	(8 760)	(2 027)	93	5 255
Fair value adjustments	(10 738)	(22 821)	(644)	(20)
Balance at the beginning of the year	(22 821)	(7 230)	(20)	(810)
Charged/(credited) to income statement	12 083	(15 591)	(624)	790
	(76 197)	(90 820)	(886)	(355)
Net deferred tax liability/(asset)	352 698	364 035	(886)	(355)

for the year ended 30 June

	Group		Company	
	2005 R000's	2004 R000's	2005 R000's	2004 R000's
22 BORROWINGS				
Non current:				
Term banking facilities	760 310	693 853	-	-
General banking facilities	75 034	292 763	-	-
Transnet loan	279 442	267 253	279 442	267 253
Redeemable preference shares	180 000	230 000	180 000	180 000
Lease liabilities	228 377	235 562	-	-
Vacation Club members	60 563	40 265	-	-
	1 583 726	1 759 696	459 442	447 253
Current:				
Bank overdrafts	64 462	63 014	10 872	34 119
Term banking facilities	296 810	258 318	-	-
General banking facilities	325 639	-	-	-
Redeemable preference shares	50 000	12 500	-	-
Lease liabilities	9 635	7 175	-	-
	746 546	341 007	10 872	34 119
Total borrowings	2 330 272	2 100 703	470 314	481 372
Secured	1 384 829	1 563 656	-	-
Unsecured	945 443	537 047	470 314	481 372
	2 330 272	2 100 703	470 314	481 372
Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.				
Net book value of property, plant and equipment encumbered by secured loans	1 736 388	1 915 162	-	-
The non current borrowings are repayable over the following financial years:				
2006		464 015		-
2007	535 869	426 075	180 000	180 000
2008	214 871	127 919	-	-
2009	180 973	84 417	-	-
2010 onwards	652 013	657 270	279 442	267 253
	1 583 726	1 759 696	459 442	447 253
Year-end interest rates	%	%	%	%
Bank overdraft	9,8	10,5	9,5	10,5
Term banking facilities	9,4	11,5	-	-
General banking facilities	8,9	9,9	-	-
Transnet loan	12,2	12,2	12,2	12,2
Redeemable preference shares	7,5	8,2	7,4	8,0
Lease liabilities	12,7	12,6	-	-
Vacation Club members	11,1	11,7	-	-
Weighted average	9,9	11,1	10,3	10,5

Interest rates

As at 30 June 2005, interest rates on 68% (2004: 70%) of the group's borrowings were fixed. 32% (2004: 32%) of these fixed borrowings were fixed for periods longer than 12 months. The interest rates on fixed borrowings approximate those currently available to the group in the market.



Notes to the annual financial statements (continued)

for the year ended 30 June

	<i>Group</i>		<i>Company</i>	
	2005 <i>R000's</i>	<i>2004</i> <i>R000's</i>	2005 <i>R000's</i>	<i>2004</i> <i>R000's</i>
22 BORROWINGS continued				
Redeemable preference shares:				
Sun International Limited	180 000	180 000	180 000	180 000
SunWest International (Proprietary) Limited	50 000	62 500	-	-
	230 000	242 500	180 000	180 000
Dividends on the preference shares are payable semi-annually on 31 July and 31 January. Dividends are payable at 70% and 75% of the bank prime overdraft rate for the Sun International and SunWest preference shares respectively. The Sun International preference share redemption date is 1 July 2006. The balance of SunWest preference shares may be redeemed on or after 31 January 2006 but by no later than 31 January 2008.				
A register of non current loans is available for inspection at the registered office of the company. The group had unutilised borrowing facilities of R700 million (2004: R911 million) at 30 June 2005. The company's borrowings are not restricted by its articles of association.				
Capitalised lease liabilities				
Finance lease liabilities are primarily for buildings. At the time of entering into the capital lease arrangements, the commitments are recorded at the present value using applicable interest rates. As of June 2005, the aggregate amounts of lease payments and the related imputed interest under the capitalised lease contracts payable in each of the next five financial years and thereafter are as follows:				
Aggregated lease payments payable for the year ended 30 June:				
2005		37 295		
2006	38 848	38 348		
2007	42 820	42 320		
2008	47 462	46 962		
2009	52 683	52 183		
2010	58 478	58 028		
Thereafter	134 797	134 797		
	375 088	409 933		
Imputed interest for the year ended 30 June:				
2005		(30 120)		
2006	(29 213)	(29 213)		
2007	(27 668)	(27 668)		
2008	(25 316)	(25 316)		
2009	(21 981)	(21 981)		
2010	(17 458)	(17 458)		
Thereafter	(15 440)	(15 440)		
	(137 076)	(167 196)		
Net capital payments	238 012	242 737		

for the year ended 30 June

	<i>Group</i>		<i>Company</i>	
	2005 <i>R000's</i>	<i>2004</i> <i>R000's</i>	2005 <i>R000's</i>	<i>2004</i> <i>R000's</i>
23 OTHER NON CURRENT LIABILITIES				
Operating leases	6 847	-	-	-
Deferred income	33 833	-	-	-
Post-retirement medical aid liability	52 292	40 304	-	-
	92 972	40 304	-	-
Current portion	(2 491)	-	-	-
	90 481	40 304	-	-
Deferred income				
Deferred income represents net sales proceeds in respect of the new Vacation Club units constructed at Sun City. This revenue will be recognised over the 15-year period of the members' contracts.				
Post-retirement medical benefits				
The company 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.				
Movement of liability:				
Benefit obligation at beginning of the year	40 304	40 022		
Interest cost	4 102	3 806		
Current service cost	2 555	2 622		
Actuarial loss/(gain)	6 135	(5 414)		
Benefits paid	(804)	(732)		
Benefit obligation at end of the year	52 292	40 304		
The principal actuarial assumptions used for accounting purposes were:				
Discount rate	7,75	9,50		
Price inflation allowed by group	4,00	5,00		
24 ACCOUNTS PAYABLE AND ACCRUALS				
Trade payables	116 704	66 787	-	-
Accrued expenses	490 567	416 332	5 677	6 058
Capital creditors	4 712	22 499	-	-
Other payables	73 629	109 291	21 786	7 882
	685 612	614 909	27 463	13 940



Notes to the annual financial statements (continued)

for the year ended 30 June

	<i>Group</i>		<i>Company</i>	
	2005 <i>R000's</i>	<i>2004</i> <i>R000's</i>	2005 <i>R000's</i>	<i>2004</i> <i>R000's</i>
25 PROVISIONS				
Movements on provisions				
Balance at the beginning of the year:				
Lease commitments and property closure costs	12 346	58 686		
Equity accounted losses	-	29 994		
Progressive jackpots	33 714	23 069		
	46 060	111 949		
Created during the year:				
Equity accounted losses	-	5 358		
Net movement in progressive jackpots	6 849	10 735		
	6 849	16 093		
Utilised during the year:				
Lease commitments and property closure costs	(3 737)	(46 161)		
Equity accounted losses	-	(35 352)		
	(3 737)	(81 513)		
Currency translation adjustments	(103)	(269)		
Balance at the end of the year:				
Lease commitments and property closure costs	8 609	12 346		
Progressive jackpots	40 460	33 714		
	49 069	46 060		

Lease commitments and property closure costs

The provision represents estimated property closure costs. The provision is evaluated at each year end based on the revised net present value at the time.

Progressive jackpots

Provision is made for progressive jackpots greater than R100 000. It 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.

for the year ended 30 June

	<i>Group</i>		<i>Company</i>	
	2005 <i>R000's</i>	2004 <i>R000's</i>	2005 <i>R000's</i>	2004 <i>R000's</i>
26 CASH FLOW INFORMATION				
26.1 Cash generated/(utilised) by operations				
Operating profit	1 415 887	1 225 172	418 596	90 754
Non cash items and items dealt with separately:				
Dividend income	–	–	(430 499)	(82 756)
Depreciation and amortisation	437 645	437 054	–	7 126
Profit on disposal of property, plant and equipment	(848)	(3 637)	–	–
Exceptional items of a non-cash nature	(285 197)	(338 835)	4 592	66
Pre-opening expenses	18 586	2 399	–	–
Foreign exchange profits/(losses)	34 926	(75 843)	–	–
Unrealised foreign exchange (profits)/losses	(16 716)	55 482	–	–
Deferred income	33 833	–	–	–
Share option cost	19 124	16 033	–	–
Post-retirement medical aid	11 988	282	–	–
Other	527	(4 219)	–	–
Cash generated/(utilised) by operations before working capital changes	1 669 755	1 313 888	(7 311)	15 190
Working capital changes	113 263	(1 645)	25 311	(56 248)
Inventory	(698)	4 712	–	–
Accounts receivable	14 409	322	16 197	8 985
Accounts payable and accruals	99 552	(6 679)	9 114	(65 233)
	1 783 018	1 312 243	18 000	(41 058)
26.2 Investment income				
Dividends received:				
Associates	35 670	25 230	35 670	20 848
Subsidiaries			394 829	61 908
Interest income	79 451	63 422	33 267	41 868
Imputed interest on loans receivable	(8 211)	(7 733)	(12 187)	(12 427)
	106 910	80 919	451 579	112 197
26.3 Interest paid				
Interest expense	(249 634)	(277 143)	(44 310)	(47 514)
Imputed interest on loans payable	14 173	15 983	12 187	12 427
	(235 461)	(261 160)	(32 123)	(35 087)
26.4 Taxation paid				
Liability at the beginning of the year	(177 247)	(51 876)	(431)	(6 929)
Current tax provided (refer note 8)	(342 511)	(235 151)	(5 058)	7 291
Other taxes (refer note 8)	(50 366)	(52 300)	(5 888)	(8 794)
Currency translation adjustment	(200)	1 163		
Liability/(overpayment) at the end of the year	196 616	177 247	(6 127)	431
	(373 708)	(160 917)	(17 504)	(8 001)
26.5 Dividends paid				
To shareholders	(197 868)	(85 548)	(197 868)	(85 548)
To minorities in subsidiaries	(196 964)	(146 926)	–	–
	(394 832)	(232 474)	(197 868)	(85 548)



Notes to the annual financial statements (continued)

for the year ended 30 June

	Group		Company	
	2005 R000's	2004 R000's	2005 R000's	2004 R000's
26 CASH FLOW INFORMATION continued				
26.6 Proceeds on disposal of shares in subsidiaries				
Emfuleni Resorts (Proprietary) Limited	5 759	34 039	-	-
Transkei Sun International Limited	25 510	-	-	-
Afrisun Gauteng (Proprietary) Limited	-	141 328	-	-
SunWest International (Proprietary) Limited	1 495	159 084	-	-
	32 764	334 451	-	-
26.7 Purchase of additional shares in subsidiaries				
SISA	(367 282)	(565 368)	(367 282)	(6 211)
Increase in investment in SISA	(1 432 839)	(565 368)	(1 432 839)	(6 211)
Settled by issue of shares	1 065 557	-	1 065 557	-
Other subsidiaries	(6 830)	(3 830)	-	-
	(374 112)	(569 198)	(367 282)	(6 211)
26.8 Increase/(decrease) in borrowings				
Increase/(decrease) in borrowings	238 618	(240 461)	(183)	(1 769)
Increase/(decrease) in bank overdrafts	23 881	59 223	(23 247)	34 049
	262 499	(181 238)	(23 430)	32 280

27 RETIREMENT BENEFIT INFORMATION

Group companies operate one pension scheme, which was closed to new employees in 1995, and a number of provident schemes which are available to all employees including the executive directors and are financed by the company and employee contributions to separate trustee-administered funds. 97% (2004: 90%) of employees were members of one of these schemes as at 30 June 2005.

The group contributed R114,7 million (2004: R86,6 million) to these schemes during the year on behalf of employees.

The pension scheme is a defined benefit fund, which requires an actuarial valuation every three years. The remaining four funds are defined contribution funds. Funds registered in South Africa are governed by the South African Pension Funds Act, 1956.

Contributions to the pension scheme are charged against profits and are based upon actuarial advice following the periodic valuations of the funds.

for the year ended 30 June

	Group		Company	
	2005 R000's	2004 R000's	2005 R000's	2004 R000's
27 RETIREMENT BENEFIT INFORMATION continued				
Valuation in terms of the Financial Services Board guidelines				
The latest valuation of the Sun International Pension Fund was carried out at 1 July 2004, the group's surplus appointment date, by an independent firm of consulting actuaries. The fund was found to have a surplus of R29,8 million, which in terms of circular PF 117 issued by the Financial Services Board (FSB), the Trustees have designated it as a solvency reserve within the fund as at the valuation date. Circular PF 117 deals, amongst other issues, with the allocation of assets to contingency reserve accounts. Any allocation of assets to contingency reserves reduces the amount of surplus available for distribution to former members and other stakeholders. The valuation has not yet been approved by the FSB. The results of the valuation are summarised below:				
Present value of funded obligations	(188 786)			
Fair value of plan assets	218 613			
Surplus before contingency reserve	29 827			
Contingency reserve	(29 827)			
Surplus available for distribution	-			
Comparative figures have not been presented as the potential surplus for apportionment is determined with reference to the surplus apportionment date of 1 July 2004.				
IAS19 valuation				
The surplus calculated in terms of IAS19: Employee benefits is presented below. It should be noted that this valuation is performed on a different basis than the valuation in terms of the Financial Services Board guidelines.				
No assets have been recognised in respect of the surplus in the Sun International Pension Fund as the apportionment process has not yet been completed.				
Surplus on the defined benefit plan				
Present value of funded obligations	(177 517)	(131 610)		
Fair value of plan assets	245 076	179 419		
	67 559	47 809		
Unrecognised actuarial gains	11 864	24 504		
Surplus at the end of the year	79 423	72 313		
Movement on surplus				
Balance at the beginning of the year	72 313	65 601		
Contributions paid	9 891	10 297		
Other expenses included in staff costs	(2 781)	(3 585)		
Current service cost	(7 323)	(7 602)		
Interest cost	(12 503)	(10 662)		
Expected return on plan assets	17 045	14 679		
Balance at the end of the year	79 423	72 313		
The principal actuarial assumptions used were as follows:				
	%	%		
Discount rate	8,25	9,50		
Expected return on plan assets	9,50	9,00		
Future salary increases	5,50	6,50		
Future pension increases	4,25	5,50		

Notes to the annual financial statements (continued)

for the year ended 30 June

	<i>Group</i>		<i>Company</i>	
	2005 <i>R000's</i>	<i>2004</i> <i>R000's</i>	2005 <i>R000's</i>	<i>2004</i> <i>R000's</i>
28 FINANCIAL INSTRUMENTS				
(i) Financial risk management				
Foreign exchange risk				
The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to US Dollars, Sterling and Euros. Companies in the group use foreign exchange contracts to hedge certain of their exposures to foreign currency risk. The group has a number of investments in foreign entities, whose net assets are exposed to currency exposures. This exposure is partly managed through borrowings denominated in the relevant foreign currencies.				
Credit risk				
The group has no significant concentrations of credit risk. Derivative instruments are entered into with, and cash is placed with established financial institutions. The credit exposure of derivatives are represented by the net fair values of the contracts.				
Interest rate risk				
The group uses hedging instruments comprising interest rate swaps, forward rate agreements and foreign exchange contracts in order to address interest rate exposure and risk.				
Liquidity risk				
The group at all times maintains adequate committed credit facilities in order to meet all its commitments as and when they fall due. Repayment of long term borrowings are structured so as to match the expected cash flows from the operations to which they relate.				
(ii) Financial effects				
At 30 June 2005 and 2004 the net fair value of foreign exchange contracts were:				
Contracts with fair values GBP nil (2004: GBP 90 000)	-	1 029		
Contracts with fair values Euro 1 000 000 (2004: Euro 500 000)	8 150	3 862		
Contracts with fair values US\$2 400 000 (2004: US\$6 222 000)	16 798	40 581		

As at year end the fair values of forward exchange contracts exceeded their face values by R1,3 million (2004: R6 million below their fair values). The gain has been recognised in the current year.

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 R3,5 million per annum, escalating at 11% per annum and expires on 30 November 2011. The Taung flats' current rental is R2,2 million per annum, escalating at 11% per annum and expires on 31 October 2010.
- (ii) The group has granted a put option in respect of preference share funding provided by institutions to certain of the group's empowerment partners. Preference share funding amounting to R33 million (2004: R51 million) has effectively been underwritten.
- (iii) The group has issued a guarantee in favour of ABSA Bank in respect of a loan made to Tusk Resorts (Proprietary) Limited amounting to R48 million.
- (iv) South African Revenue Service (SARS) has challenged the deductibility of pre-opening expenditure incurred prior to the opening of a new casino or hotel property. These expenses consist in the main of payroll, training and marketing costs incurred prior to opening and historically have been allowed as a deduction for income tax purposes. SARS has recently issued tax assessments to certain group companies disallowing the deduction of pre-opening expenditure. The companies have lodged objections and the group is confident that it can successfully defend the deductibility based on Senior Counsel's opinion supporting the deductibility of the expenditure. Notwithstanding this opinion it should be noted that the potential exposure could amount to a tax charge of up to R60 million across the operations of which R36 million would be attributable to Sun International Limited.
- (v) 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 R320 million (2004: R256 million).

Contingent liabilities that the group has incurred in relation to its interest in associates

- (i) The group's 73,3% held subsidiary, Royale Resorts Holdings Limited (RRHL), together with Primedia Limited have jointly and severally guaranteed four operating leases of SCE whose rental amounts to US\$6,6 million (2004: US\$6 million) annually. Three of the guarantees are for a period of five years and one for a period of ten years, with a total exposure of US\$45,3 million.
 - (ii) In addition, RRHL together with Primedia has jointly and severally guaranteed one operating lease of SCME whose rental amounts to US\$1,5 million (2004: US\$1,5 million) annually for a period of five years.
-

Notes to the annual financial statements (continued)

for the year ended 30 June

	Group		Company	
	2005 R000's	2004 R000's	2005 R000's	2004 R000's
30 CAPITAL EXPENDITURE AND RENTAL COMMITMENTS				
Capital commitments				
Contracted	85 000	522 000		
Authorised by the directors but not contracted	729 000	617 000		
	814 000	1 139 000		
To be spent in the forthcoming financial year	789 000	1 062 000		
To be spent thereafter	25 000	77 000		
	814 000	1 139 000		
Future capital expenditure will be funded by a combination of internally generated cash flow and debt facilities.				
Rental commitments				
The company has a rental commitment for the company's head office in Sandton, expiring on 31 May 2014, with an annual rental of R8,2 million, escalating at 11% per annum.				
Over and above the rental commitments of the company, the group has the following material rental agreements as at 30 June 2005:				
(i) For the Naledi Sun hotel and staff flats, expiring on 21 May 2009, with the annual rental of R5,5 million escalating at 11% per annum.				
(ii) For phase 1 to 4 of the Thaba'Nchu Sun staff flats with the remaining rental of R0,6 million expiring on 5 September 2005.				
For phase 5 of the Thaba'Nchu Sun staff flats with the annual rental of R0,8 million escalating at 9% per annum, expiring on 30 November 2009.				
(iii) For the Fish River Sun staff accommodation complex comprising 35 units, expiring in 2008, with an annual rental of R1,8 million, escalating at 10% per annum.				
(iv) For the land upon which the Wild Coast Sun resort is situated, expiring on 9 March 2029, at an annual rental of R0,1 million, escalating at 5% per annum. The group has an option to renew the lease to March 2079 on terms to be negotiated.				
(v) For the land upon which the Flamingo casino complex is situated, expiring on 30 September 2096, with an annual rental of R0,1 million, plus contribution to the maintenance cost of the golf course.				
(vi) For the Kalahari Sands building, expiring in August 2010, with an annual rental of R6,2 million, escalating at 11% per year. The group has the option to renew the lease to August 2020.				
The table below summarises the operating lease commitments:				
2005		32 383		13 011
2006	30 518	30 518	13 011	13 011
2007	29 896	29 896	13 011	13 011
2008	29 499	29 499	13 011	13 011
2009	27 631	27 631	13 011	13 011
2010	20 778	20 778	13 011	13 011
Thereafter	53 133	53 133	49 876	49 876
	191 455	223 838	114 931	127 942

for the year ended 30 June

	<i>Group</i>		<i>Company</i>	
	2005 <i>R000's</i>	<i>2004</i> <i>R000's</i>	2005 <i>R000's</i>	<i>2004</i> <i>R000's</i>
31 RELATED PARTY TRANSACTIONS				
Details of the ownership of ordinary share capital is set out on pages 65 to 66 of this annual report.				
(i) Transactions with related parties				
The following transactions were carried out with related parties:				
Management fees were received from the following associate companies by Sun International Management Limited for management services:				
Lesotho Sun (Proprietary) Limited	576	1 226		
Sun International of Lesotho (Proprietary) Limited	2 227	1 969		
	2 803	3 195		
At year end, an amount of R349 345 (2004: R925 306) was owing by the above two associates in respect of management fees.				
Management fees are contractually determined.				
Dividends were received from the following associate companies:				
City Lodge Hotels Limited	35 670	20 848		
Sun International of Lesotho (Proprietary) Limited	-	4 382		
	35 670	25 230		
(ii) Loans to related parties				
Loans to SCE and SCME				
Balance at the beginning of the year	1 236	123 065		
Repaid	-	(106 362)		
Advances to SCME	2 159	-		
Currency translation adjustment	277	(13 322)		
	3 672	3 381		
Impairment of loan	-	(2 145)		
Balance at the end of the year	3 672	1 236		
Interest received	-	3 882		
(iii) Share options granted to directors				
The aggregate number of share options granted to the directors of the group during 2005 was 243 750 (2004: 487 500) at exercise prices of R40,95 and R61,825 (2004: R34,15). The share options were given on the same terms and conditions as those offered to other employees of the group. The number of share options held by the directors of the company at the end of the year was 1 315 375 (2004: 1 075 025).				



Notes to the annual financial statements (continued)

for the year ended 30 June

	Group		Company	
	2005 R000's	2004 R000's	2005 R000's	2004 R000's
31 RELATED PARTY TRANSACTIONS continued				
(iv) Directors' emoluments				
Non-executive directors				
Fees	2 546	2 135	2 522	2 135
Consultancy fees paid by subsidiaries	180	-	-	-
Gains on share options by former executive director	-	3 335	-	3 335
	2 726	5 470	2 522	5 470
Executive directors				
Basic remuneration	5 562	5 178	-	-
Bonuses/performance related payments	6 737	3 804	-	-
Pension fund contributions	673	632	-	-
Other benefits	1 530	534	-	-
Gains on share options	52	1 852	52	1 852
	14 554	12 000	52	1 852
	17 280	17 470	2 574	7 322
Details of individual directors' emoluments and share options are set out on pages 97 and 100 respectively of this report.				

32 SHARE OPTION SCHEME

Share options are granted to executive directors and to employees. Movements in the number of share options outstanding are as follows (in units):

Balance at the beginning of the year		8 533 765	6 093 859
Cancelled		-	(11 800)
Granted		2 305 938	4 978 500
Exercised		(1 395 086)	(2 164 197)
Lapsed		(363 616)	(362 597)
Balance at the end of the year		9 081 001	8 533 765
Options held by Share Option Trust			
Balance at the beginning of the year		570 539	1 048 731
Purchased from employees		1 395 086	2 164 197
Re-issued		-	(2 722 684)
Re-issued options cancelled		254 568	170 938
Cancelled		-	(90 643)
Balance at the end of the year		2 220 193	570 539
		11 301 194	9 104 304

Share options outstanding (in units) at the end of the year have the following terms:

Financial year of grant	Financial year of lapse	Unexercised options	Vested options	Number of participants	Average exercise price
1999	2009	519 013	519 013	21	19,23
2000	2010	243 445	243 445	37	19,92
2001	2011	486 538	486 538	62	31,01
2002	2012	581 413	393 913	125	22,96
2003	2013	864 127	357 877	147	26,38
2004	2014	4 120 527	877 621	162	35,50
2005	2015	2 265 938	22 188	190	59,91
Balance as at 30 June 2005		9 081 001	2 900 595		37,58
Balance as at 30 June 2004		8 533 765	2 304 654		30,76

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 are granted at prices ruling on the JSE Limited at the date of granting those options.

for the year ended 30 June

32 SHARE OPTION SCHEME continued

The fair value of options granted since 7 November 2002 was estimated using the binomial asset pricing model. The table below sets out the options granted since 7 November 2002, valuation thereof and the assumptions used to value the grants.

<i>Date granted</i>	<i>Total options granted</i>	<i>Weighted average grant price</i>	<i>Weighted average 400-day volatility</i>	<i>Weighted average long term risk-free rates</i>	<i>Weighted average dividend yields</i>	<i>Total option valuation</i>
2003	1 066 250	R26,52	30,1%	10,8%	8,0%	7 563 866
2004	4 938 500	R35,35	26,4%	10,0%	7,7%	43 915 140
2005	2 302 413	R56,63	22,5%	8,5%	6,0%	31 350 927

Principal assumptions used were as follows:

Exit multiple	1,8
Volatility	400-day
Exit rate	5%

Share option cost charged directly to equity for the year was R19 million (2004: R16 million).

33 SUN INTERNATIONAL EMPLOYEE SHARE TRUST

The Sun International Employee Share Trust was established to enable eligible employees to share in the success of the group through share ownership. The share scheme excludes participation by directors or employees holding executive and senior management positions. Eligible employees will benefit from income and growth distributions made by the trust.

The trust is funded through interest-free loans from the participating companies in the group. These loans have been fair valued and imputed interest at 12% per annum is recognised over the expected loan period. Loans will be repaid through dividend flows and proceeds on the disposal of the underlying investments held by the trust.

The trust is controlled by its Trustees. The 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 economic interest held by the trust in group companies is set out below:

	<i>2005</i> %	<i>2004</i> %
Afrisun Gauteng (Proprietary) Limited	3,5	3,5
Emfuleni Resorts (Proprietary) Limited	3,5	3,5
Sun International (South Africa) Limited	–	3,0
SunWest International (Proprietary) Limited	3,5	3,5
Meropa Leisure and Entertainment (Proprietary) Limited	3,5	3,5
Teemane (Proprietary) Limited	3,5	3,5
Afrisun KZN (Proprietary) Limited	3,5	–
Sun International Limited	2,2	–



Notes to the annual financial statements (continued)

for the year ended 30 June

34 COMPARATIVES

The group has exited its investment in City Lodge as set out in note 35. Earnings from City Lodge have therefore been disclosed as part of discontinuing operations. The amounts have been reclassified in the prior year income statement. Comparatives have also been restated for changes in accounting policies as set out on page 111.

35 POST BALANCE SHEET EVENTS

35.1 Disposal of interest in City Lodge Hotels Limited

Following the authority and approvals granted at the scheme and general meetings held on 29 August 2005, two wholly-owned subsidiaries acquired 8 590 275 shares in the issued capital of the company in terms of the scheme of arrangement proposed by the wholly-owned subsidiaries between the company and its members, as consideration for which shareholders received 16 287 604 shares in City Lodge. This resulted in the disposal of the company's entire shareholding in City Lodge as from 6 September 2005 for a consideration of R627 072 754.

The expected profit of R416 million will be recognised in the 2006 financial year. The Sun International shares acquired will be accounted for as treasury shares.

35.2 Introduction of a 7% BEE shareholder in Sun International Limited

Sun International has concluded agreements with an empowerment consortium for the acquisition of 7% of the total Sun International shares in issue. Further details are provided on page 43 of this report and in the circular to shareholders dated 7 November 2005.

35.3 Developments regarding shareholding in SunWest

Sun International has reached agreements in principle to increase Grand Parade Investment Limited's shareholding in SunWest. The transaction has the potential to dilute the group's shareholding in SunWest from 59% to 54%. Further details are provided on page 43 of this report and in a separate announcement published in the press on 25 October 2005.

Interest in principal subsidiaries and associates

for the year ended 30 June

		Amount of issued capital 2005 R000's	Effective holding		Interest of holding company			
			2005 %	2004 %	Shares		Indebtedness	
					2005 R000's	2004 R000's	2005 R000's	2004 R000's
SUBSIDIARIES		*						
Unlisted								
Afrisun Gauteng (Pty) Ltd	(1)	199	70	44	-	-	-	-
Afrisun KZN (Pty) Ltd	(1)	133	56	62	-	-	-	-
Emfuleni Resorts (Pty) Ltd	(1)	85	70	45	-	-	-	20 000
Mangaung Sun (Pty) Ltd	(1)	-	100	62	-	-	-	-
Meropa Leisure and Entertainment (Pty) Ltd	(1)	38	68	42	-	-	-	-
Royale Resorts Holdings Ltd**	(7)	737	73	73	-	-	-	-
Sands Hotels Holdings (Namibia) (Pty) Ltd	(5)	1	100	100	-	-	-	-
Sun International (South Africa) Ltd	(1)	35 261	100	62	1 760 111	327 218	-	-
Sun International (Botswana) (Pty) Ltd***	(2)	500	80	80	-	-	-	-
Sun International (Zambia) Ltd**	(10)	3 750	100	100	-	-	-	-
Sun International Inc	(6)	1 580	100	100	687 560	865 060	-	-
Sun International Management Ltd	(11)	449	100	100	36 278	17 154	-	-
SunWest International (Pty) Ltd	(1)	337	59	59	-	-	279 442	267 253
Swazispa Holdings Ltd	(3)	3 497	51	51	-	-	-	-
Teemane (Pty) Ltd	(1)	28	77	48	-	-	-	-
Transkei Sun International Ltd	(1)	14 495	70	42	-	-	-	-
					2 483 949	1 209 432	279 442	287 253
ASSOCIATES								
Listed								
City Lodge Hotels Ltd – Ordinary shares	(1)	4 191	39	39	211 676	211 676	-	-
Unlisted								
Lesotho Sun (Pty) Ltd	(4)	1	49	49	-	-	-	-
Ster Century Europe Ltd	(8)	-	37	37	-	-	-	-
Ster Century Middle East Ltd	(9)	-	37	37	-	-	-	-
Sun International of Lesotho (Pty) Ltd	(4)	-	47	47	-	-	-	-
					211 676	211 676	-	-

* Country of incorporation
(1) South Africa (2) Botswana (3) Swaziland (4) Lesotho (5) Namibia (6) Panama (7) Bermuda (8) Bahamas (9) Mauritius (10) Zambia
(11) Registered in Bermuda and as a South African external company.

** Amount of share capital is stated in US Dollars.

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



Notice of annual general meeting

Notice is hereby given that the twenty-first 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, 29 November 2005 at 09h00 for the following purposes, namely:

1. To receive and adopt the annual financial statements for the year ended 30 June 2005.
2. To re-elect Messrs RP Becker, L Boyd, DC Coutts-Trotter, 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 [xx] and [xx] of the annual report for a brief CV of each director standing for re-election.)
3. To approve fees payable to the non-executive directors in respect of the financial year ending 30 June 2006, as follows:
 - 3.1 to the chairman of the board, R825 000;
 - 3.2 for their services as directors, R140 000 each;
 - 3.3 to the chairman of the audit committee, R120 000;
 - 3.4 to the other members of the audit committee, R60 000 each;
 - 3.5 to the chairman of the remuneration and nomination committee, R90 000;
 - 3.6 to the other members of the remuneration and nomination committee, R45 000 each;
 - 3.7 to the chairman of the risk committee, R80 000; and
 - 3.8 to the other members of the risk committee, R40 000 each.

SPECIAL BUSINESS

4. Special Resolution Number 1 – General authority to repurchase shares

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

RESOLVED that the directors be and are hereby authorised to approve and implement the acquisition by the company (or a subsidiary of the company), of shares issued by the company by way of a general authority, which shall only be valid until the company's next annual general meeting, unless it is then renewed, provided that it shall not extend beyond 15 (fifteen) months from the date of the passing of the special resolution, whichever period is the shorter, in terms of the Companies Act, and the rules and requirements of the JSE Limited ("the JSE") which provide, inter alia, that the company may only make a general repurchase of its shares subject to:

- the repurchase being implemented through the order book operated by the JSE trading system, without prior understanding or arrangement between the company and the counter party;
- the company being authorised thereto by its articles of association;

- repurchases not being made at a price greater than 10% (ten percent) above the weighted average of the market value of the shares for the 5 (five) business days immediately preceding the date on which the transaction was effected;
- an announcement being published as soon as the company has repurchased ordinary shares constituting, on a cumulative basis, 3% (three percent) of the initial number of ordinary shares, and for each 3% (three percent) in aggregate of the initial number of ordinary shares repurchased thereafter, containing full details of such repurchases;
- repurchases not exceeding 20% (twenty percent) in aggregate of the company's issued ordinary share capital in any one financial year;
- the company's sponsor confirming the adequacy of the company's working capital for purposes of undertaking the repurchase of shares in writing to the JSE upon entering the market to proceed with the repurchase;
- the company remaining in compliance with paragraphs 3.37 to 3.41 of the JSE Listings Requirements concerning shareholder spread after such repurchase;
- the company and/or its subsidiaries not repurchasing securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements; and
- the company only appointing one agent to effect any repurchases on its behalf."

The directors, having considered the effects of the repurchase of the maximum number of ordinary shares in terms of the foregoing 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 will be able, in the ordinary course of business, to pay its debts;
- the consolidated assets of the company, fairly valued in accordance with generally accepted accounting practice, will exceed the consolidated liabilities of the company; and
- the company's ordinary share capital, reserves and working capital 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 [xx] and [xx];
- major beneficial shareholders – page [xx];
- directors' interests in ordinary shares – page [xx]; and
- share capital of the company – page [xx].

Litigation statement

In terms of section 11.26 of the JSE Listings Requirements, the directors, whose names appear on pages [xx] and [xx] of the annual report, are not aware of any legal or arbitration

proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 (twelve) months, a material effect on the group's financial position.

Directors' responsibility statement

The directors, whose names appear on pages [xx] and [xx] 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.

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. Save as is specified in this notice or elsewhere in the circular annexed to the annual report, the directors have no specific intention, at present, for the company to repurchase any of its shares but consider that such a general authority should be put in place should an opportunity present itself to do so during the year which is in the best interests of the company and its shareholders.

The reason for and effect of the special resolution is to grant the directors of the company a general authority in terms of the Companies Act and the JSE Listings Requirements for the repurchase by the company (or by a subsidiary of the company) of the company's shares.

5. RESOLUTIONS REQUIRED FOR THE IMPLEMENTATION OF THE BEE TRANSACTION ("THE PROPOSED BEE TRANSACTION")

To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolutions with regards to the proposed BEE transaction:

5.1 Ordinary Resolution Number 4 -Authority to issue treasury shares

"RESOLVED that the directors of the company be and they are hereby authorised and empowered, by way of specific authority, in terms of Section 221(2) of the Companies Act, to allot and issue up to a maximum of 4 268 854 (four million two hundred and sixty eight and eight hundred and fifty four) ordinary shares with a par value of 8 cents each in the authorised share capital of the company to Newco currently held as treasury shares."

5.2 Ordinary Resolution Number 5- Authority to transfer treasury shares

"RESOLVED that the company transfer up to a maximum of 4 268 854 (four million two hundred and sixty eight and eight hundred and fifty four) ordinary shares with a

par value of 8 cents each in the share capital of the company, held by two wholly owned subsidiaries of the company as treasury shares, as if such issue constituted a fresh issue of shares for cash, to Newco."

It must be noted that ordinary resolution number 5 requires to be approved by no less than a 75% (seventy five percent) majority of the votes cast by shareholders present in person or represented by proxy at the annual general meeting in accordance with the provisions of the Listings Requirements of the JSE.

5.3 Ordinary resolution number 6

"RESOLVED that the proposed BEE transaction as detailed in the circular annexed to the annual report ("the circular"), the detailed terms and conditions of which are contained in the agreements dated [October] 2005 (signed copies of which have been initialled by the chairman of the annual general meeting for the purposes of identification), be and they are hereby ratified and approved."

5.4 Ordinary resolution number 7

"Resolved that any director or the company secretary of the company be and he/she is hereby authorised to sign all such documentation, take all such steps and do all such things as may be necessary for the implementation of ordinary resolutions numbers 4, 5 and 6 as passed by shareholders in accordance with, and subject to the terms thereof."

The purpose and effect of ordinary resolutions number 4 to 7 is set out in paragraphs 1 to 6 of the circular annexed to the annual report.

6. AMENDMENTS TO THE TRUST DEED OF THE SUN INTERNATIONAL EMPLOYEE SHARE TRUST

6.1 Ordinary resolution number 8

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

"RESOLVED that the directors of the company (by agreement between the group companies and the trustees of The Sun International Employee Share Trust ("the trust") be and they are hereby authorised to amend (and do all such things as may be necessary to amend) the trust deed in respect of the trust in order to enable the trust to effectively acquire an additional shareholding in the company through Newco, as follows:

– **Clause 13.1.3** is amended to read:

'acquire ordinary shares in group share holding companies on the basis that there is no limitation on the percentage shareholding of the trust in such group share holding company concerned, provided that the indirect holding by the trust of shares in SIL or any other group company, excluding the group



Notice of annual general meeting (continued)

share holding company concerned, may not exceed 10% (ten percent) of the issued equity share capital of such company (post the acquisition of the shares)'

- **Clause 13.4** is amended as follows:
'the loans made to the trust in terms of clause 13.2 shall be free of interest and shall be repayable proportionately, utilising 20 % of all dividends received by the trust after the commencement date from each of the relevant group companies in respect of its shareholding therein'...
- **Clause 17.1** is amended to read:
'provided that this restriction does not apply to the holding of shares by the trust in a group share holding company'....
- **Clause 17.2** is amended as follows:
'the requirements as set out herein do not apply to the disposal of shares by the trust in any group share holding company'....
- **Clause 28.1** is amended by inserting in the beginning thereof the following:
'except to the extent that there may be restrictions relating to rights of pre-emption in favour of the other shareholders in the group share holding company,.....'
- **Clause 28.2** is amended by inserting in the beginning thereof the following:
'except with reference to forfeiture and/or default provisions where shares may have to be sold at par and/or a discount to market value in terms of the provisions under which the shares have been acquired,.....'
- A new **clause 7.1.7A** is also inserted which reads as follows:
'to deal with shares in group share holding companies, to acquire same, to enter into shareholders agreements with reference to the shares in a group share holding company, to obtain funding to acquire such shares, to attend meetings of such group share holding company and to appoint directors to such group share holding company and to take decisions with reference to the assets of such group share holding company and how it is to be dealt with and to be disposed of, if any, on the basis that such assets shall be held as an investment;

which amendments are incorporated in the draft second amendment to the trust deed, initialled by the chairmen of the annual general meeting for the purposes of identification."

A copy of the draft second amendment to the trust deed referred to in the above ordinary resolution is available for inspection at the registered office of the company.

Ordinary resolution number 8, if passed, will enable the trust to participate in the proposed BEE

transaction by acquiring a 43% interest in Newco which will in turn acquire an effective 7% shareholding in the company as more fully explained in paragraph 3.6 of the circular.

7. PROPOSAL TO IMPLEMENT AN ODD-LOT OFFER

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

7.1 Special Resolution number 1

"RESOLVED that, in terms of section 62 of the Companies Act, with the effect from the date of passing the special resolution, the company's articles of association be and they are hereby amended by the insertion of the following new article 8A after the existing article 8:

(1) 8A If, upon implementation of any odd-lot offer made by the company in accordance with the restrictions and procedures imposed by a stock exchange on which the company's shares may be listed and subject to the approval of that stock exchange, there are holders of shares holding in aggregate less than one hundred shares, or such other number of shares as determined by that stock exchange as amounting to an odd-lot ("odd-lots") in the company ("odd-lot holders"), then the company shall, save in respect of odd-lot holders who have elected to retain their odd-lots or to increase their odd-lots to holdings of one hundred shares or such other number of shares as determined by that stock exchange as amounting to an odd-lot, in the company -

8A(1) cause the odd-lots to be sold in such manner as the directors may direct; and

8A(2) procure that the proceeds of such sales are paid to such odd-lot holders.

(2.) All unclaimed proceeds (of such sales) may be invested or otherwise made use of by the directors for the benefit of the company until claimed, provided that such proceeds unclaimed for a period of three years from the date on which the directors caused the odd-lots to be sold may be declared forfeited by the directors for the benefit of the company."

The reason for the special resolution is to provide a mechanism to facilitate a reduction in the number of shareholders holding in aggregate less than 100 shares in an equitable manner.

The effect of the special resolution is to amend the articles of association of the company accordingly.

7.2 Special Resolution Number 2

"RESOLVED that the directors be they are hereby authorised as a specific approval, in terms of section 85

of the Companies Act, and in terms of the Listings Requirements of the JSE Limited, to approve and implement the repurchase, at the offer price, being the volume weighted average traded price of the company's ordinary shares on the JSE over a five day trading period to be determined by the directors plus a 5% premium thereon, the ordinary shares of those odd-lot holders who elect pursuant to the odd-lot offer, the details of which will be contained in a circular to shareholders, to be dated no later than 30 June 2006, to sell their odd-lot holding to the company or who do not make an election, which ordinary shares will be cancelled, delisted and restored to the status of authorised ordinary shares."

The approval of a 75% majority of the votes cast by the shareholders (excluding any shareholder and its associates which are participating in the repurchase) present or represented by proxy at the general meeting is required for special resolution number 3 to be effective.

The reason for and effect of special resolution number 3 is to grant the directors of the company a specific authority to make the repurchases of Sun International ordinary shares in terms of an odd-lot offer, details of which will be contained in a circular to shareholders to be dated no later than 30 June 2006.

Based on the number of shareholders as at the date of issue of this notice of annual general meeting, the number of ordinary shares which could potentially be repurchased in terms of special resolution number 3 will not exceed [] ordinary shares.

The statements which the JSE requires the Company to make in respect of this special resolution are contained in the paragraph 18 of the circular annexed hereto.

7.3 Ordinary Resolution Number 9

"RESOLVED that, subject to the passing and registration of special resolutions numbers 2 and 3, the directors of the company be and are hereby authorised and empowered, to make and implement an odd-lot offer to shareholders holding less than 100 ordinary shares in the company by the close of business on a date to be determined but which shall be no later than 30 June 2006, according to the terms and conditions of an odd-lot offer to be contained in a circular to be issued no later than 30 June 2006 and which will be subject to the approval of the JSE."

7.4 Ordinary Resolution Number 10

"RESOLVED that the directors of the company be and are hereby authorised to allot and issue as a specific authority, in terms of section 221(2) of the Companies Act, at the offer price, being the volume weighted average traded price of the ordinary shares on the JSE over five trading days commencing on a date no later than 30 June 2006 such number of ordinary shares of 8

cents each in the capital of the company as may be necessary to satisfy the ordinary shares required by those odd-lot holders who, pursuant to an odd-lot offer to be contained in a circular to shareholders to be dated no later than 30 June 2006 ("the odd-lot offer"), elect to increase their holdings to 100 ordinary shares."

The approval of a 75% majority of the votes cast by the shareholders (excluding any shareholders and their associates participating in the specific issue for cash) present or represented by proxy at the annual general meeting is required for this ordinary resolution to be effective.

7.5 Ordinary Resolution Number 11

"RESOLVED that, subject to the passing and registration of special resolutions numbers 2 and 3, the directors of the company are hereby authorised and empowered, to make and implement an odd-lot offer to shareholders holding less than 100 ordinary shares in the company by the close of business on a date no later than 30 June 2006 according to the terms and conditions of an odd-lot offer to be contained in a circular to be dated no later than 30 June 2006 which will be approved by the JSE."

7.6 Ordinary Resolution Number 12

"RESOLVED that such number of ordinary shares of 8 cents each in the capital of the company as may be necessary to satisfy the ordinary shares required by those odd-lot holders who, pursuant to an odd-lot offer to be contained in a circular to shareholders to be dated no later than 30 June 2006, elect to increase their holdings to 100 ordinary shares, be placed under the control of the directors to allot and issue as a specific authority, at the offer price, being the volume weighted average traded price of the ordinary shares on the JSE over five trading days commencing on a date no later than 30 June 2006 for purposes of the proposed odd-lot offer."

The approval of a 75% majority of the votes cast by the shareholders (excluding any shareholders and their associates participating in the specific issue for cash) present or represented by proxy at the annual general meeting is required for this ordinary resolution to be effective.

8. ADOPTION OF NEW SHARE PLANS

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

8.1 Ordinary resolutions number 13

"Resolved that the company adopt and approve:

- 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 ("the Plans")

Notice of annual general meeting (continued)

the details of which are incorporated in separate Plan Rules, initialled by the chairman of the annual general meeting for the purposes of identification".

Copies of the plan rules referred to in the foregoing ordinary resolution are available for inspection at the registered office of the company.

8.2 Ordinary Resolution number 14

"RESOLVED that 10 780 000 ordinary shares with a par value of 8 cents each in the authorised but unissued share capital of the company be and they are hereby placed under the control of the directors, as a specific authority in terms of section 221(2) of the Companies Act, with 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 ("the Plans"), subject to the provisions of the Act and the JSE Listings Requirements, and subject to the proviso that no more than 5 390 000 of the shares placed under the specific control of the directors for purposes of the Plans may be allocated in terms of the Plans in the first three years of the operation of the Plans, calculated as from the date of the first allocation and/or award under the Plans."

8.3 Ordinary Resolution 15

"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 resolution numbers 13 and 14 including, but not limited to, the signature of the relevant share incentive Plan Rules as well as all related or ancillary documents."

The Plans have been approved by the JSE.

Ordinary resolutions numbers 13, 14 and 15, if passed, will result in the implementation of the Plans, details of which are given in section [20] of the circular annexed to the annual report.

Ordinary resolution number 14, if passed, will place 10 780 000 ordinary shares under the control of the directors as a specific authority under the Companies Act, to allot and issue in terms of the Plans, with the proviso that no more than 5 390 000 of these shares may be allotted under the Plans in the first three years of the operation of the Plans.

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 Registrar, Computershare Investor Services 2004 (Pty)

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

7 November 2005

Postal address

Computershare Investor Services 2004 (Pty) Limited
PO Box 61051
Marshalltown 2107
Gauteng
Republic of South Africa

Delivery address

Computershare Investor Services 2004 (Pty) Limited
Ground floor
70 Marshall Street
Johannesburg
Gauteng
Republic of South Africa



Sun International
Limited

(Incorporated in the Republic of South Africa)
(Registration number 1967/007528/06)
Share code: SUI ISIN: ZAE000070678
("Sun International" or "the company")

Form of proxy – Annual general meeting

The definitions contained on pages [] to [] of this document of which this form of proxy forms part, apply in this form of proxy.

For use by Sun International shareholders holding shares in certificated form or recorded on the company's sub-register in electronic dematerialised form in "own name" at the twenty-first annual general meeting of shareholders of the company to be held at 09:00 a.m on Tuesday, 29 November 2005 at the registered office of Sun International in the boardroom, 4th Floor, 27 Fredman Drive, Sandown, Sandton.

If dematerialised shareholders, other than own name dematerialised shareholders, have not been contacted by their Central Securities Depository Participant ("CSDP") or broker with regard to how they wish to cast their vote, they should contact their CSDP or broker and instruct their CSDP or broker as to how they wish to cast their vote at the annual general meeting in order for their CSDP or broker to vote in accordance with such instructions. If dematerialised shareholders, other than own name dematerialised shareholders, have not been contacted by their CSDP or broker it would be advisable for them to contact their CSDP or broker, as the case may be, and furnish them with their instructions. Dematerialised shareholders who are not own name dematerialised shareholders and who wish to attend the annual general meeting must obtain their necessary letter of representation from their CSDP or broker, as the case may be, and submit same to the transfer secretaries to be received by no later than 9:00 on Monday, 28 November 2005. 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 shareholders, 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 shareholders, other than own name dematerialised shareholders, must not complete this form of proxy and should read note 10 overleaf.

I/We (please print) _____

of (please print) _____

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

1. _____ or failing him/her

2. _____ or failing him/her

3. the chairman of the annual general meeting.

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

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

	For	Against	Abstain
Ordinary resolutions			
1. Adoption of financial statements			
2. Re-election of directors			
2.1 Mr R P Becker			
2.2 L Boyd			
2.3 Mr D C Coutts-Trotter			
2.4 Mr P Egan			
2.5 Mr I N Matthews			
3.1 Fees – chairman of the board R825 000			
3.2 Fees – services as directors R140 000			
3.3 Fees – chairman of the audit committee R120 000			
3.4 Fees – other shareholders of the audit committee R60 000			
3.5 Fees – chairman of the remuneration and nomination committee R90 000			
3.6 Fees – other shareholders of the remuneration and nomination committee R45 000			
3.7 Chairman of the risk committee R80 000			
3.8 Other shareholders of the risk committee R40 000			
4. General authority to repurchase shares			
5. Implementation of the proposed BEE transaction			
5.1 Authority to issue treasury shares			
5.2 Authority to transfer treasury shares			
5.3 Ratification and approval of the proposed BEE transaction			
5.4 Authority for directors and company secretary to sign and act			



Form of proxy – Annual general meeting (continued)

	For	Against	Abstain
Ordinary resolutions <i>(continued)</i>			
6. Amendment to Trust Deed: Sun International Employee Share Trust			
6.1 Authority for directors and trustees to amend the trust deed			
7. Implementation of odd-lot offer			
7.3 Authority of directors to make and implement an odd-lot offer to shareholders			
7.4 Authority of directors to allot and issue such number of shares to satisfy the shares required for odd-lot holders			
7.5 Authority of directors to make and implement an odd-lot offer to shareholders			
7.6 Place under the control of the directors such number of shares in the capital of the company as may be necessary to satisfy the shares required by the odd-lot holders			
8. Adoption of new share plans			
8.1.1 Sun International Limited Equity Growth Plan 2005			
8.1.2 Sun International Limited Conditional Share plan 2005			
8.1.3 Sun International Limited Deferred Bonus plan 2005			
8.2 10 780 000 ordinary shares be placed under the control of the directors			
8.3 Authority for directors to act and sign share plan rules			
10.1 Adopt and approve			
Special resolutions			
7.1 Amendment to the articles of association: Implementation of odd-lot offer			
7.2 Authority for directors to approve and implement the share repurchase pursuant to odd-lot offer			

Signed this _____ day of _____ 2005

Signature of member(s) _____

Assisted by me (where applicable) _____

Please read the notes and instructions on the reverse hereof.

NOTES:

A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend, speak and vote in his stead. A proxy need not be a member of Sun International.

Every person present and entitled to vote at the annual general meeting as a member or as a proxy or as a representative of a body corporate shall, on a show of hands, have one vote only, irrespective of the number of Sun International shares such person holds or represents, but in the event of a poll, a member holding shares will be entitled to only one vote per share held.

Please insert the relevant number of Sun International shares and indicative with an "X" in the appropriate spaces on the face hereof, 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.

Instructions on signing and lodging the form of proxy

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 chairperson of the annual general meeting", but any such deletion must be initialed by the Sun International ordinary shareholder. The person whose name appears first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert the number of shares in the relevant spaces according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of Sun International shares exercisable by you, insert the number of Sun International shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise and compel the chairperson, if the chairperson is an authorised proxy, to vote in favour of the resolutions, or to authorise any other proxy to vote for or against the resolutions or abstain from voting as he/she deems fit, in respect of all the Sun International shareholder's votes exercisable thereat. A Sun International ordinary shareholder or its/his/her proxy is not obliged to use all the votes exercisable by the Sun International ordinary shareholder or its/his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the Sun International ordinary shareholder or its/his/her proxy.
3. Forms of proxy must be lodged with the transfer secretaries, Computershare Investor Services 2004 (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown 2107) to be received by no later than 9:30 on Friday, 26 August 2005.
4. Any alteration or correction made to this form of proxy must be initialed 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 chairperson 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 chairperson 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 chairperson 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, that one of the said persons whose name stands first in the register in respect of such shares or his/her proxy, as the case may be, is alone entitled to vote in respect thereof.
9. Shareholders of Sun International who hold Sun International ordinary shares that have been dematerialised, and are registered by the CSDP on the sub-register in their own name kept by that CSDP, will be entitled to attend the annual general meeting in person or, if they are unable to attend and wish to be represented thereat, must complete and return this form of proxy to the transfer secretaries in accordance with the time specified herein.
10. Sun International ordinary shareholders who hold shares in Sun International through a nominee should advise their nominee or, if applicable, their CSDP or broker timeously of their intention to attend and vote at the annual general meeting or to be represented by proxy thereat in order for their nominee or, 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 CSDP 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.

