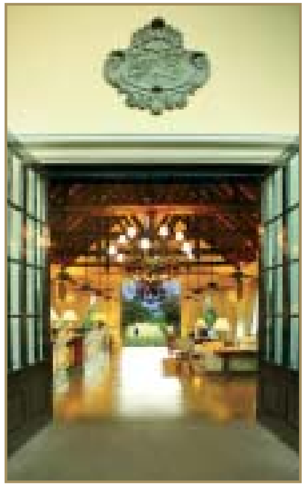
Sun International
Limited



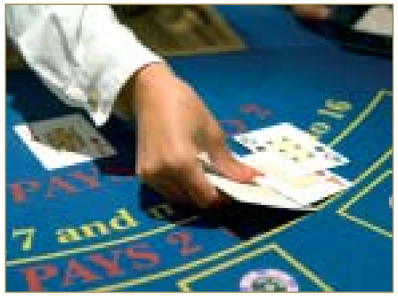
www.suninternational.com

Sun International
Limited

Profit and dividend announcement
for the year ended 30 June 2006

HIGHLIGHTS

+16%	+21%	+33%	+45%
Revenue	EBITDA	Adjusted HEPS	Dividends per share



Registration no 1967/007528/06, Share code: SUI, ISIN: ZAE000070678

GROUP INCOME STATEMENT

for the year ended 30 June

R million	2006 Reviewed	% change	2005 Audited
Continuing operations			
Revenue	**5 949**	16	5 139
Casino	**4 543**	18	3 857
Rooms	**681**	9	623
Food, beverage and other	**725**	10	659
Other income	**216**		230
Employee costs	**(1 214)**		(1 102)
Casino – Levies and VAT	**(948)**		(813)
Depreciation and amortisation	**(473)**		(438)
Promotional and marketing costs	**(508)**		(449)
Other operational costs	**(1 354)**		(1 202)
BEE transaction charge	**(219)**		–
Operating profit	**1 449**		1 365
Foreign exchange profits	**52**		35
Interest income	**74**		71
Interest expense	**(250)**		(250)
Profit before taxation	**1 325**		1 221
Taxation	**(517)**		(384)
Profit from continuing operations	**808**		837
Discontinued operations			
Profit from discontinued operations	**387**		47
Profit	**1 195**		884
Attributable to			
Minority interest	**262**		220
Ordinary shareholders	**933**	41	664
	1 195		884
Number of shares (000's)			
– in issue	**111 930**		113 777
– for EPS calculation	**107 056**		110 484
– for diluted EPS calculation	**108 394**		112 054
Earnings per share (cents)			
– basic	**872**		601
– headline	**437**		507
Diluted earnings per share (cents)			
– basic	**861**		593
– headline	**431**		500
Dividends declared per share (cents)	**290**	45	200
Interest cover (times)	**6.3**		5.9
Dividend payout (%)	**53.1**		48.6
HEADLINE EARNINGS RECONCILIATION			
Profit attributable to ordinary shareholders	**933**	41	664
Net profit on disposal and closure of operations	**–**		(15)
Profit on disposal of City Lodge	**(392)**		–
Impairment and loss on disposal of property, plant and equipment	**10**		–
Currency translation reserve realised	**(108)**		(104)
Taxation relief on the above items	**22**		5
Minority interests in the above items	**2**		10
Headline earnings	**467**	(17)	560

GROUP BALANCE SHEET

at 30 June

R million	2006 Reviewed	2005 Audited
ASSETS		
Non current assets		
Property, plant and equipment	**5 407**	5 265
Intangible assets	**395**	433
Available-for-sale investment	**141**	141
Investments and loans	**302**	490
	6 245	6 329
Current assets		
Accounts receivable and other	**325**	337
Available-for-sale investment	**183**	287
Loans	**5**	16
Cash and cash equivalents	**756**	589
	1 269	1 229
Total assets	**7 514**	7 558
EQUITY AND LIABILITIES		
Capital and reserves		
Ordinary shareholders' equity	**3 083**	3 151
Minority interest	**742**	693
	3 825	3 844
Non current liabilities		
Deferred taxation	**391**	360
Borrowings	**1 458**	1 584
Other non current liabilities	**125**	91
	1 974	2 035
Current liabilities		
Accounts payable and other	**847**	933
Borrowings	**868**	746
	1 715	1 679
Total liabilities	**3 689**	3 714
Total equity and liabilities	**7 514**	7 558
Borrowings to total shareholders' equity (%)	**61**	61
Net asset value per share (Rand)	**29.12**	27.08
Capital expenditure	**568**	981
Capital commitments		
– contracted	**223**	85
– authorised but not contracted	**1 053**	729
Market value of listed investments	**223**	898
Directors' valuation of unlisted investments and loans	**408**	494
Total valuation of investments and loans and available-for-sale investments	**631**	1 392

GROUP CASH FLOW STATEMENT

for the year ended 30 June

R million	2006 Reviewed	2005 Audited
Cash generated by operations before:	**2 074**	1 641
Working capital changes	**(6)**	113
Cash generated by operations	**2 068**	1 754
Taxation paid	**(598)**	(374)
Dividends paid	**(498)**	(380)
Cash retained from operating activities	**972**	1 000
Cash utilised in investing activities	**(651)**	(1 453)
Cash realised from investing activities	**315**	439
Net cash (outflow)/inflow from financing activities	**(480)**	116
Translation gains on cash balances	**11**	10
Increase in cash balances	**167**	112

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R million	Ordinary shares and share premium	Other reserves Note 1	Retained earnings	Minority interest	Total
Balances at 30 June 2005	1 533	285	1 443	749	4 010
Restatement ito IAS 1		(700)	700		–
Restatement ito IAS 16		2	(33)	(10)	(41)
Restatement ito IAS 39		89	(89)		–
Restatement ito SIC 12	(86)		35	(46)	(97)
Reversal of share option valuation			(28)		(28)
Balances at 30 June 2005 restated	1 447	(324)	2 028	693	3 844
– Share issue	248				248
– Share buy back	(640)				(640)
– Treasury shares purchased	(192)				(192)
– Treasury share options purchased	(151)				(151)
– Treasury share options exercised	76				76
– Consolidation of operations previously equity accounted				16	16
– Employee share based payments		26			26
– Additional minority funding				19	19
– Acquisiton and disposal of minority interests		(19)		(2)	(21)
– Net profit for the year			933	262	1 195
– Foreign currency translation adjustment		17		(1)	16
– Foreign currency translation reserve realised		(108)			(108)
– Minority interest prescribed			15	(15)	–
– Movement on valuation reserve		(5)			(5)
– Dividends paid			(268)	(230)	(498)
Balances at 30 June 2006	**788**	**(413)**	**2 708**	**742**	**3 825**

Note 1: Included in other reserves are FCTR, fair value reserves, share based payments' reserve and reserve for non-controlling interests.

SUPPLEMENTARY INFORMATION

for the year ended 30 June

R million	2006 Reviewed	% change	2005 Audited
EBITDA RECONCILIATION			
Operating profit	**1 449**	6	1 365
Depreciation and amortisation	**473**		438
Other income	**(216)**		(230)
BEE transaction charge *	**219**		–
Property and equipment rental	**62**		72
Net profit on disposal and closure of operations *	**–**		(15)
Indirect taxes relating to prior years *	**(11)**		13
Impairment and loss on disposal of property, plant and equipment *	**10**		–
Pre-opening expenses *	**13**		19
Reversal of Employee Share Trusts' consolidation*	**16**		10
EBITDA	**2 015**	21	1 672
EBITDA margin (%)	**34**		33
ADJUSTED HEADLINE EARNINGS RECONCILIATION			
Headline earnings	**467**	(17)	560
Pre-opening expenses	**13**		19
Realisation of fair value gains on KZL shares	**(83)**		(73)
Foreign exchange profits on intercompany loans	**(11)**		(17)
Fair value adjustments on loan origination	**(25)**		(47)
Corporate tax rate change on deferred tax opening balance	**–**		(12)
Indirect taxes relating to prior years	**(11)**		13
BEE transaction charge	**219**		–
Profit realised on discontinued share purchase scheme	**–**		(6)
Taxation relief on the above items	**14**		15
Minority interests in the above items	**16**		22
Reversal of Employee Share Trusts' consolidation #	**20**		3
Results from discontinuing operations	**(17)**		(47)
Adjusted headline earnings	**602**	40	430
Number of shares (000's) #			
– for adjusted headline EPS calculation	**110 218**		104 510
– for diluted adjusted headline EPS calculation	**111 556**		106 080
Earnings per share (cents)			
– adjusted headline	**546**	33	411
– diluted adjusted headline	**539**	33	405

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

ACCOUNTING POLICIES

The preliminary financial information presented has been prepared in accordance with International Financial Reporting Standards (IFRS). The accounting policies applied are consistent with those in the annual financial statements for the year ended 30 June 2005 except for the adoption of the following standards:

- IAS 1 – Presentation of Financial Statements: the presentation of the group income statement has been changed to reflect the group's election to disclose items of income and expenditure by nature;
- IAS 16 – Property, Plant and Equipment: the reassessment of the useful lives and residual values of assets did not have a material effect on either the income statement or the balance sheet;
- IAS 39 – Financial Instruments – Recognition and Measurement: this resulted in the re-allocation of unrealised gains on the revaluation of Kerzner International Limited (KZL) shares to reserves, which were previously disclosed as exceptional items;
- IFRS 5 – Non Current Assets Held for Sale and Discontinued Operations: this resulted in the revised disclosure of discontinued operations in respect of the City Lodge disposal; and
- SIC 12 – Consolidation – Special Purpose Entities: this resulted in the consolidation of the Sun International Employee Share Trust and Black Managers Trust (Employee Share Trusts).

AUDIT REVIEW OPINION

These results have been reviewed by the group's auditors, PricewaterhouseCoopers Inc., and their unqualified review opinion is available for inspection at the company's registered office.

EARNINGS AND DIVIDEND

The group achieved strong growth in revenues, which were 16% ahead of last year at R5.9 billion. The EBITDA margin improved 1.4 percentage points over the previous year to 33.9% resulting in EBITDA of R2.0 billion, 21% up on last year. Gaming revenues grew 18% over the previous year, with hospitality and other revenues 10% above last year.

The group benefited from the weakening SA Rand during the last quarter, which resulted in a foreign exchange gain of R52 million, R17 million above last year.

Taxation at R517 million was 35% ahead of the previous year. The overall effective tax rate of 39% was 7 percentage points above the previous year, mainly as a result of the R219 million BEE transaction charge, which is not deductible for tax purposes.

Adjusted headline earnings of R602 million were 40% above the previous year. As a result of the increased weighted number of shares in issue due to the acquisition of the Sun International (South Africa) Limited (SISA) minorities during the course of the previous year, diluted adjusted headline earnings per share of 539 cents were 33% ahead of last year.

The board has declared a final dividend of 155 cents per share, which is 41% ahead of the final dividend last year and brings the dividends for the year to 290 cents, 45% above last year. This is in line with the group's policy of increasing the dividend growth rate above that of the earnings growth rate.

TRADING

Segmental Analysis

	Revenues		EBITDA		Operating Profit	
R million	**2006**	2005	**2006**	2005	**2006**	2005
GrandWest	**1 398**	1 193	**600**	501	**504**	401
Sun City	**965**	902	**160**	139	**79**	64
Carnival City	**786**	697	**268**	227	**209**	162
Sibaya/Sugarmill	**586**	484	**175**	148	**114**	86
Boardwalk	**384**	334	**151**	129	**122**	100
Carousel	**251**	198	**69**	44	**46**	31
Wild Coast	**237**	223	**46**	45	**30**	32
Morula	**190**	158	**44**	27	**23**	17
Meropa	**159**	142	**61**	54	**45**	39
Table Bay	**154**	134	**52**	43	**18**	15
Swaziland	**140**	135	**14**	25	**6**	12
Zambia	**140**	119	**30**	22	**16**	4
Windmill	**112**	–	**40**	–	**29**	–
Flamingo	+ **108**	89	**39**	31	**27**	20
Namibia	**95**	96	**25**	29	**10**	17
Botswana	**93**	112	**24**	35	**16**	27
Lesotho	**79**	–	**11**	-	**7**	–
Management activities	**482**	384	**221**	166	**211**	145
Central office and other operations	**52**	112	**(15)**	7	**(32)**	(10)
Elimination	**(462)**	(373)	**–**	–	**–**	–
					1 480	1 162
Other income	**–**	–	**–**	–	**216**	230
Other expenses #	**–**	–	**–**	–	**(247)**	(27)
	5 949	5 139	**2 015**	1 672	**1 449**	1 365

*# Refer EBITDA reconciliation denoted **

GAMING

Improved levels of disposable income and the relatively stable economic environment benefited customers and this, together with exciting products, has resulted in sustained growth in gaming revenues over the previous year. Gaming revenue was 18% ahead of last year, with both slots and tables showing similar levels of growth. The group enjoyed a buoyant Easter and trading in June 2006 was exceptionally strong.

The strong revenue growth was also the result of an excellent performance from the group's new Windmill Casino in Bloemfontein which opened in September 2005.

GrandWest generated revenue growth of 17% over last year and EBITDA grew 20% to R600 million, reflecting a further improvement in operating margins despite the higher effective casino levies.

Carnival City continued to perform well and maintained its market share at 19% of the Gauteng market. EBITDA of R268 million grew 18% on improved margins.

Sibaya achieved revenues of R586 million and EBITDA of R175 million in its first full year of trading, 21% and 18% ahead of last year's revenue and EBITDA respectively, which had included five months of Sugarmill's trading. Margins at Sibaya were below the previous year, mainly as a result of the non-comparability of the temporary Sugarmill Casino. Sibaya improved its overall share of the KwaZulu-Natal market by 1.2 percentage points to 35.5%.

Boardwalk continued to trade well, achieving revenue and EBITDA growth of 15% and 17% respectively.

RESORTS AND HOTELS

Rooms revenue of R681 million was 9% ahead of the previous year. The overall group occupancy of 71% was 2.3 percentage points ahead of last year and the room rate improved 5% to R737.

Sun City's room occupancy of 75% was in line with last year, while the average room rate of R977 was 5% up. The resort generated an EBITDA of R160 million, 15% higher than the previous year.

The Table Bay achieved an occupancy of 70% (63%) for the year, whilst the average room rate of R1 409 was 4% ahead of the previous year. The higher occupancy was a result of a significant improvement in international incentive volumes and successful local leisure campaigns in the low season.

The Royal Livingstone and Zambezi Sun resort achieved an occupancy of 68% (62%), and the room rate of US$139 was 6% ahead of last year. Room revenue was 16% ahead in US dollar terms, with much of the growth attributable to further growth in international visitors.

The difficult trading conditions experienced in Botswana, Namibia and Swaziland continued in the current year. Casino refurbishments at both the Gaborone Sun and Kalahari Sands impacted on trading during the year.

MANAGEMENT ACTIVITIES

Management fee income of R482 million was 26% ahead of the previous year, reflecting higher revenues, and improved profitability and margins within the group. EBITDA of R221 million was 33% higher. Costs of R28 million (R25 million) were incurred during the year in respect of prospecting opportunities in the United Kingdom and Europe, South East Asia and Africa.

DEVELOPMENTS

The R425 million GrandWest expansion commenced in the last quarter of the financial year. This project includes enhancements to the existing Salon Privé (opening December 2006) and the addition of a new smoking casino (opening June 2007), which will increase the total number of slot machines from 1 846 to 2 500. In addition, a 1 200 bay parking garage and a multi-purpose arena are being constructed and are scheduled for completion in May and September 2007 respectively.

The construction of the Golden Valley Casino at Worcester is progressing well, with the opening scheduled for November 2006. The estimated cost is projected at R150 million and a further R60 million has been approved for a 90-room hotel.

The R83 million Sibaya Lodge, comprising 118 three star rooms, will open during October 2006. The insurance claim relating to the Sibaya Casino development was satisfactorily settled with the underwriters on an ex gratia basis.

CAPITAL COMMITMENTS

Capital commitments of R1.3 billion includes the completion of the Sibaya Lodge at R49 million, the forecast spend on GrandWest of R409 million and completion of the Golden Valley Casino and hotel of R168 million. An additional 57 rooms at Carnival City have been approved at a cost of R50 million, due for completion in the final quarter of the new financial year.

A major refurbishment at the Sun City main hotel and the rooms at the Cabanas will commence shortly. The expenditure at the Sun City main hotel includes the refurbishment of the rooms and the replacement of much of the hotel's electrical reticulation, plumbing and air conditioning. It will take place over the next three years at an estimated cost of approximately R200 million.

The remaining capital commitments of R400 million relate to ongoing asset replacement and minor expansions.

BALANCE SHEET

The following major transactions took place during the financial year:

- In September 2005, the group disposed of its entire shareholding in City Lodge Hotels, under a scheme of arrangement, for R627 million, resulting in the group effectively acquiring 8 590 275 of its own shares as treasury stock.
- In terms of the BEE transaction concluded in December 2005, the group transferred 2 801 793 treasury shares to Dinokana for no consideration. A further 1 467 044 shares were sold to Dinokana by the Sun International Share Option Trust at R75.92 per share. This resulted in a non-recurring R219 million charge to the income statement.
- During the year, 439 445 KZL shares were disposed of, realising US$29 million. At year end, the group held an effective 232 409 shares in KZL.

Capital expenditure incurred during the year was as follows:

R million

Significant expansions		215
Sibaya Lodge	33	
Windmill Casino	99	
Golden Valley Casino	42	
Vacation Club at Sun City	25	
GrandWest expansion	16	
Minor expansions and ongoing asset replacement		353
		568

The group's borrowings, before consolidating the Employee Share Trusts, declined marginally with the strong cash flow generated being largely used for capital expenditure and increased dividend payments. The group's borrowings are summarised below:

	30 June 2006			30 June 2005
R million	Borrowings	Intragroup Borrowings	Third Party Borrowings	Third Party Borrowings
SunWest International (Pty) Ltd	332	–	332	504
Emfuleni Resorts (Pty) Ltd	169	(15)	154	103
Afrisun KZN (Pty) Ltd	473	–	473	431
Meropa Leisure and Entertainment (Pty) Ltd	69	–	69	74
Teemane (Pty) Ltd	42	–	42	53
Afrisun Gauteng (Pty) Ltd	231	–	231	211
Mangaung Sun (Pty) Ltd	95	–	95	–
Central office	719	15	734	954
	2130	–	2130	2330
Employee Share Trusts	196	–	196	–
	2 326	–	2 326	2330

CONTINGENT LIABILITIES

Taxation – The group had previously indicated that it was in dispute with the South African Revenue Service (SARS) over the deductibility of pre-opening expenditure. As a result of various assessments issued against group companies, a contingent liability of R36 million had been noted. The group has since resolved this matter with SARS, with no material impact on the group's overall tax liability.

Afrisun Leisure claim – Shareholders were advised in an announcement released on SENS on 19 May 2006 and in the circular to shareholders dated 2 June 2006 that Afrisun Leisure has instituted legal proceedings against the group, in which it seeks to void the 2003 sale of shares by the group to Grand Parade Investments Limited (GPI), or alternatively to seek damages in respect of a 5.5% shareholding in SunWest International (Pty) Ltd (SunWest) in the amount of a maximum of R311 million based on Real Africa Holdings Ltd's (RAH's) estimated market value of the SunWest shares in dispute at June 2003.

The group intends to defend the merits of this claim and is, in any event, of the view that the basis on which Afrisun Leisure has quantified its alleged damages claim is fundamentally flawed.

DEVELOPMENTS REGARDING SHAREHOLDING IN SUNWEST

Shareholders were advised in the business update dated 3 May 2006 that the in-principle agreement with GPI to acquire a further interest in SunWest remained outstanding due to the conditions precedent being unfulfilled.

The group has entered into a revised in-principle agreement with GPI whereby GPI will acquire an additional 4% shareholding in SunWest from Sun International for R83 million, and be granted an option over a further 5% shareholding in SunWest at a strike price of R165 per share.

The transaction is subject to various approvals, and the lock-in of a 35% Western Cape BEE shareholding in GPI until 2012. It is the intention of the parties that GPI will ultimately hold a 30% economic interest in SunWest. The group will therefor offer to GPI a further 2.46% of the SunWest shares at fair value at a future date.

ACQUISITION OF REAL AFRICA HOLDINGS

On 24 August 2006, the group announced on SENS that it has increased its offer to acquire the RAH shares from the shareholders of RAH to 530 cents per share, and that the offer closing date had been revised to 15 September 2006. As at 28 August 2006, shareholders representing 53% of the RAH shares in issue had accepted the offer, and the group now owns 55% of RAH shares. The acquisition consideration is being financed with preference share funding and borrowings.

DIRECTORATE

Peter Bacon retired and resigned from the board on 30 June 2006.

OUTLOOK

Gross Domestic Product is anticipated to continue growing in the year ahead and this should support real growth in disposable income. Continued growth in inbound tourism is also anticipated. As a result, the group expects good growth in earnings for both gaming and resorts in the coming year and will continue to increase the level of dividends at a rate in excess of the earnings growth rate.

For and on behalf of the board

DA Hawton
Chairman

DC Coutts-Trotter
Chief Executive

Registered Office: 27 Fredman Drive, Sandown, Sandton 2031
Registrar: Computershare Investor Services 2005 (Pty) Ltd, 70 Marshall Street, Johannesburg 2001
Directors: DA Hawton (Chairman), DC Coutts-Trotter (Chief Executive)*, H Adams, RP Becker*, L Boyd, PL Campher, MP Egan, Dr BB Gwagwa, IN Matthews, LM Mojela, MV Moosa, DM Nurek, E Oblowitz, GR Rosenthal, PEI Swartz
** Executive*
Group Secretary: SA Bailes

DECLARATION OF FINAL DIVIDEND

Notice is hereby given that a final dividend of 155 cents (2005: 110 cents) per share for the year ended 30 June 2006 has been declared, payable to shareholders recorded in the register of the company at the closure of business on the record date appearing below. The salient dates applicable to the final dividend are as follows:

	2006
Last day to trade cum final dividend	Friday, 15 September
First day to trade ex final dividend	Monday, 18 September
Record date	Friday, 22 September
Payment date	Tuesday, 26 September

No share certificates may be dematerialised or rematerialised between Monday, 18 September 2006 and Friday, 22 September 2006, both days inclusive. Dividend cheques will be posted and electronic payments made, where applicable, to certificated shareholders on the payment date. Dematerialised shareholders will have their accounts with their Central Securities Depository Participant or broker credited on the payment date.

By order of the board

SA Bailes
Group Secretary