Group statements of comprehensive income

for the year ended 30 June 2016

	Notes	2016 Rm	2015 Rm
Continuing operations			
Revenue	1	**12 186**	10 553
Other income		**18**	466
Consumables and services		**(1 473)**	(1 081)
Depreciation	11	**(1 002)**	(895)
Amortisation	12	**(129)**	(97)
Employee costs	2	**(2 464)**	(2 201)
Impairment of property, plant and equipment	11	**–**	(139)
Impairment of intangible assets	12	**–**	(37)
Levies and VAT on casino revenue		**(2 388)**	(2 104)
LPM site owners commission		**(66)**	–
Promotional and marketing costs		**(723)**	(659)
Property and equipment rentals	3	**(202)**	(145)
Property costs		**(776)**	(665)
Other operational costs		**(1 064)**	(896)
Time Square settlements		**(748)**	–
Monticello purchase price differential		**(243)**	(23)
Operating profit	4	**926**	2 077
Foreign exchange losses		**(227)**	(103)
Finance income	5	**33**	51
Finance expense	6	**(756)**	(625)
Share of profit of investments accounted for using the equity method	13	**18**	20
(Loss)/profit before tax		**(6)**	1 420
Tax	8	**(533)**	(435)
(Loss)/profit for the year from continuing operations		**(539)**	985
Profit for the year from discontinued operations	21	**36**	46
(Loss)/profit for the year		**(503)**	1 031
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations	17	**4**	(9)
Tax on remeasurements of post employment benefit obligations		**(1)**	3
Items that may be reclassified to profit or loss			
Net loss on cash flow hedges		**(21)**	(2)
Currency translation reserve		**220**	(57)
Total comprehensive (loss)/income for the year		**(301)**	966

	Notes	2016 Rm	2015 Rm
(Loss)/profit for the year attributable to:			
Minorities		**(89)**	141
Ordinary shareholders		**(414)**	890
		(503)	1 031
Total comprehensive (loss)/income for the year attributable to:			
Minorities		**(60)**	126
Ordinary shareholders		**(241)**	840
		(301)	966
Total comprehensive (loss)/income attributable to ordinary shareholders arises from:			
Discontinued operations	21	**36**	41
Continuing operations		**(277)**	799
		(241)	840
(Loss)/earnings per share (cents)			
Basic	9	**(422)**	950
Basic diluted	9	**(422)**	946

Group statements of financial position

as at 30 June 2016

	Notes	2016 Rm	2015 Rm
Assets			
Non current assets			
Property, plant and equipment	11	**16 800**	11 244
Intangible assets	12	**3 303**	738
Equity-accounted investments	13	**15**	591
Available-for-sale investment	14	**48**	48
Derivative financial instruments	15	**–**	2
Pension fund asset	17	**36**	36
Deferred tax	8	**365**	320
Trade and other receivables	18	**23**	15
		20 590	12 994
Current assets			
Inventory	19	**145**	100
Trade and other receivables	18	**1 889**	706
Derivative financial instruments	15	**2**	–
Cash and cash equivalents	20	**1 301**	507
		3 337	1 313
Non-current assets held for sale	21	**169**	69
Total assets		**24 096**	14 376
Equity and liabilities			
Capital and reserves			
Ordinary shareholders' equity before put option reserve		**3 896**	2 325
Put option reserve	16	**(5 252)**	–
Ordinary shareholders' equity		**(1 356)**	2 325
Minorities' interests		**2 334**	421
		978	2 746
Non-current liabilities			
Deferred tax	8	**355**	384
Borrowings	23	**9 980**	5 347
Derivative financial instruments	15	**20**	265
Put option liability	16	**5 252**	–
Deferred income and other liabilities	24	**876**	592
		16 483	6 588
Current liabilities			
Borrowings	23	**4 082**	3 371
Trade payables and accruals	25	**2 402**	1 559
Deferred income and other liabilities	24	**103**	67
		6 587	4 997
Non current liabilities held for sale	21	**48**	45
Total liabilities		**23 118**	11 630
Total equity and liabilities		**24 096**	14 376

Group statements of cash flows

	Notes	2016 Rm	2015 Rm
Cash flows from operating activities			
Cash generated by operations before:	26.1	**3 254**	2 850
Time Square settlements		**(715)**	–
Section 189 restructuring costs		**–**	(181)
Vacation Club timeshare sales		**161**	132
Tax paid	26.2	**(677)**	(505)
Net cash inflow from operating activities		**2 023**	2 296
Cash flows from investing activities			
Purchase of property, plant and equipment:			
for expansion purposes		**(1 540)**	(711)
for replacement purposes		**(921)**	(823)
Purchase of property, plant and equipment for discontinued operations		**–**	(75)
Monticello purchase price differential		**(345)**	
Disposal of property, plant and equipment		**82**	–
Purchase of intangible assets		**(108)**	(148)
Acquisition of equity-accounted investments		**–**	(330)
Acquisition of subsidiaries	10	**(272)**	–
Disposal of subsidiaries		**–**	497
Disposal of investment in joint venture		**226**	
Investment income		**33**	51
Other non current loans repaid/(raised)		**6**	(7)
Net cash outflow from investing activities		**(2 839)**	(1 546)
Cash flows from financing activities			
Minority shareholders' equity contribution		**30**	–
Purchase of additional shares in subsidiaries	10	**–**	(1 729)
Net increase in borrowings	26.4	**2 830**	1 154
Interest paid	26.3	**(734)**	(610)
Dividends paid	9	**(543)**	(507)
Sale of treasury shares		**–**	507
Proceeds from disposal of shares in subsidiaries	26.5	**111**	–
Purchase of treasury shares		**(70)**	(10)
Net cash inflow/(outflow) from financing activities		**1 624**	(1 195)
Effects of exchange rate changes on cash and cash equivalents		**(13)**	1
Net increase/(decrease) in cash and cash equivalents		**795**	(444)
Cash and cash equivalents at beginning of year		**514**	958
Cash held by discontinued operations	21	**(8)**	(7)
Cash and cash equivalents at end of year		**1 301**	507
Cash flows from discontinued operations	21	**2**	(29)

Group statements of changes in equity

	Notes	Share capital and premium Rm	Treasury shares and share options Rm	Foreign currency translation reserve Rm	Share-based payment reserve Rm	Available-for-sale investment reserve Rm	Reserve for non-controlling interests* Rm	#Hedging and other reserve Rm	Retained earnings Rm	Ordinary shareholders' equity before put option reserve Rm	Put option reserve Rm	Ordinary shareholders' equity Rm	Minorities' interests Rm	Total Rm
Balance at 1 July 2014		309	(1 829)	449	112	4	(2 326)	(670)	5 448	1 497	–	1 497	491	1 988
Profit for the year									890	890	–	890	141	1 031
Other comprehensive income				(42)	–			(2)	(6)	(50)	–	(50)	(15)	(65)
Total comprehensive income for the year		–	–	(42)		–	–	(2)	884	840	–	840	126	966
Treasury share options purchased	22		(20)							(20)	–	(20)		(20)
Deemed treasury shares disposed	22		10							10	–	10		10
Treasury shares cancelled	22	(14)	653						(639)	–	–	–		–
Treasury shares reversed back to share capital	22		614							614	–	614		614
Employee share schemes	22		30						27	57	–	57		57
Disposal of shares in African operations				(117)						(117)	–	(117)	(62)	(179)
Acquisition of minority interests in Monticello				(127)			(550)	673		(4)	–	(4)	3	(1)
Delivery of share awards									(32)	(32)	–	(32)		(32)
Acquisition of minorities' interests							(260)			(260)	–	(260)	110	(150)
Dividends paid	9								(260)	(260)	–	(260)	(247)	(507)
Balance at 30 June 2015		295	(542)	163	112	4	(3 136)	1	5 428	2 325	–	2 325	421	2 746
Profit for the year									(414)	(414)		(414)	(89)	(503)
Other comprehensive income				175	–			(16)	14	173		173	29	202
Total comprehensive income for the year		–	–	175		–	–	(16)	(400)	(241)	–	(241)	(60)	(301)
Treasury share options purchased	22		(2)							(2)		(2)		(2)
Net deemed treasury shares purchased	22		(67)							(67)		(67)		(67)
Employee share schemes	22		13		17				21	51		51		51
Acquisition and disposal of minorities as part of the Dreams transaction							1 496			1 496		1 496	2 114	3 610
SunWest option											(1 272)	(1 272)		(1 272)
Dreams option											(3 980)	(3 980)		(3 980)
Delivery of share awards									(4)	(4)		(4)		(4)
Acquisition of minorities' interests							604			604		604	106	710
Subsidiary share issue													30	30
Dividends paid	9								(266)	(266)		(266)	(277)	(543)
Balance at 30 June 2016		**295**	**(598)**	**338**	**129**	**4**	**(1 036)**	**(15)**	**4 779**	**3 896**	**(5 252)**	**(1 356)**	**2 334**	**978**

* Reserve for non-controlling interests relates to the premium paid on purchases of minorities' interests and profits and losses on disposals of interests to minorities.
# This reserve relates to a fixed rate interest rate swap taken out over a term facility. The facility was for R600 million and of this R300 million was hedged by swapping a variable rate with a fixed rate.

	2016	2015
Dividend per share declared for the financial year (cents)		
Ordinary shares	**225**	285
Interim	**90**	110
Final	**135**	175

Notes to the group financial statements

Overall accounting basis

All policies stated in the consolidated financial statements relate to the group and the companies within the group. The consolidated financial statements for the year ended 30 June 2016 were prepared in accordance with International Financial Reporting Standards (IFRS), the SAICA Financial Reporting guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements (FRP) as issued by the Financial Reporting Standards Council (FRSC) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), effective at the time of preparing these financial statements and in compliance with the JSE Listings Requirements and the Companies Act of South Africa.

The financial statements have been prepared under the historical cost convention except as disclosed in the annexure to these financial statements. The policies used in preparing the financial statements are consistent with those of the previous year except in instances where new accounting standards or amendments have been adopted.

Preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Early adoption of the amendment to IAS 1 – Presentation of financial statements

During the current financial year, the group undertook a project to adopt the principles as included in the amendment to IAS 1. The results of this project are evident in the financial statements and notes that follow. Examples of significant changes include the following:

(a) deletion of immaterial notes;

(b) presentation of operating cash flows, in the statement of cash flows, using the indirect method;

(c) aggregation of immaterial line items;

(d) amendment of the notes' format; and

(e) disclosure of additional information to improve the understanding of users.

Early adoption of the amendment to IAS 7 - Statement of cash flows

The group also early adopted the amendment to IAS 7 introducing additional disclosure related to changes in liabilities arising from financing activities.

Critical accounting estimates and judgements

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

(a) Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. Actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Asset useful lives and residual values

Property, plant and equipment are depreciated over its useful life taking into account residual values where appropriate. The actual useful lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re–assessing asset useful lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. The group has not made any material adjustments to the useful lives and residual values in the past.

Impairment of assets

Property, plant and equipment and intangible assets are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

Future cash flows expected to be generated by the assets are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value. If the information to project future cash flows is not available or could not be reliably established, management uses the best alternative information available to estimate a possible impairment.

Valuation of derivatives and other financial instruments
The valuation of derivatives and financial instruments is based on the market conditions at the statement of financial position date. The value of the instruments fluctuates on a daily basis and the actual amounts realised may differ materially from their value at the statement of financial position date.

Estimated impairment of goodwill
The group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 12).

(b) Critical judgements in applying the entity's accounting policies

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

Consolidation of an entity where the % ownership is less than 50%
Management consider that the group has control over the Tourist Company of Nigeria Plc even though it has less than 50% of the voting rights. Control is determined by applying the Application Guidance of IFRS 10, which includes an assessment of various factors including, but not limited to the following:

- What the relevant activities are and how decisions about those activities are made – relevant activities include the efficient management of the property which the group is responsible for through its Management Agreement
- Whether the rights of the investor give it the current ability to direct the relevant activities – the group appoints the key management of the company and these employees have the ability to direct the relevant activities
- The group has the largest individual shareholding

Investments considered associates of the group
Management has assessed the level of influence that the group has on its investments in Botswana (Gaborone Sun) and Lesotho (Lesotho Sun and Maseru Sun) where it holds 16% and 9% respectively. They have assessed that the group has significant influence even though its shareholding is below 20%. The group has representation on the board and manages the casino operations and consequently these investments have been classified as associates.

Consolidation of Dreams
On acquisition of the merged Dreams entity, a detailed assessment was performed under IFRS 10 as to whom controls the new merged entity. Sun International currently holds a 55% interest in the merged entity. However, in terms of the shareholders agreement, the previous Dreams shareholders were provided voting rights under certain conditions. These rights were assessed and determined to not be substantive but rather protective in nature and do not prevent Sun International from exercising control over the merged entity. It was concluded that the merged Dreams entity should be consolidated.

Exchange rates

The exchange rates used in converting foreign subsidiaries statement of comprehensive income (average rate) and statement of financial position (closing rate) are set out below:

	30 June 2016		30 June 2015	
	Average rate	Closing rate	Average rate	Closing rate
United States Dollar	**14.65**	**14.86**	11.46	12.27
Chilean Peso	**46.99**	**44.50**	53.07	52.07
Nigerian Naira	**13.77**	**19.01**	15.20	16.01
Columbian Peso	**211.59**	**197.80**	198.67	211.31

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

1. Segmental revenue analysis

	Casino		Tables		Slots		Rooms		Food and Beverage		Other		Total	
	2016 Rm	2015 Rm	**2016 Rm**	2015 Rm	**2016 Rm**	2015 Rm	**2016 Rm**	2015 Rm	**2016 Rm**	2015 Rm	**2016 Rm**	2015 Rm	**2016 Rm**	2015 Rm
South African operations	**7 169**	6 984	**1 174**	989	**5 995**	5 995	**862**	758	**808**	484	**1 211**	1 000	**10 050**	9 226
GrandWest	**2 097**	2 114	**260**	259	**1 837**	1 855	**3**	2	**52**	9	**26**	27	**2 178**	2 152
Sun City	**513**	551	**81**	126	**432**	425	**418**	392	**351**	248	**220**	198	**1 502**	1 389
Sibaya	**1 108**	1 102	**238**	240	**870**	862	**12**	12	**51**	20	**7**	9	**1 178**	1 143
Carnival City	**1 036**	1 011	**209**	150	**827**	861	**7**	4	**46**	7	**18**	25	**1 107**	1 047
Boardwalk	**491**	515	**47**	44	**444**	471	**42**	28	**58**	12	**13**	13	**604**	568
Wild Coast Sun	**356**	322	**53**	39	**303**	283	**42**	40	**44**	40	**28**	28	**470**	430
Carousel	**303**	302	**24**	21	**279**	281	**7**	6	**1**	–	**12**	11	**323**	319
Meropa	**292**	272	**29**	22	**263**	250	**–**	–	**22**	5	**2**	4	**316**	281
Table Bay	**–**	–	**–**	–	**–**	–	**233**	186	**67**	57	**10**	9	**310**	252
Windmill	**277**	255	**47**	36	**230**	219	**–**	–	**11**	3	**1**	1	**289**	259
GPI Slots	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**238**	–	**238**	–
Morula	**202**	205	**14**	13	**188**	192	**2**	2	**12**	8	**3**	2	**219**	217
Flamingo	**168**	158	**13**	13	**155**	145	**–**	–	**13**	3	**1**	2	**182**	163
Golden Valley	**153**	138	**5**	5	**148**	133	**2**	2	**9**	9	**–**	–	**164**	149
International Business	**154**	21	**154**	21	**–**	–	**–**	–	**–**	–	**–**	–	**154**	21
Maslow	**–**	–	**–**	–	**–**	–	**83**	73	**54**	51	**2**	3	**139**	127
Other operating segments	**19**	18	**–**	–	**19**	18	**11**	11	**17**	12	**34**	16	**81**	57
Management and corporate office	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**596**	652	**596**	652
Federal Palace	**102**	107	**22**	23	**80**	84	**53**	53	**47**	45	**12**	7	**214**	212
Latam operations	**2 167**	1 562	**700**	500	**1 467**	1 062	**29**	14	**223**	139	**32**	28	**2 451**	1 743
Monticello	**1 698**	1 430	**477**	417	**1 221**	1 013	**17**	14	**175**	125	**29**	28	**1 919**	1 597
Dreams SCJ licences	**94**	–	**7**	–	**87**	–	**10**	–	**13**	–	**–**	–	**117**	–
Dreams Municipal licences	**61**	–	**7**	–	**54**	–	**2**	–	**3**	–	**–**	–	**66**	–
Chile total	**1 853**	1 430	**491**	417	**1 362**	1 013	**29**	14	**191**	125	**29**	28	**2 102**	1 597
Ocean Sun Casino	**255**	126	**178**	79	**77**	47	**–**	–	**30**	14	**2**	–	**287**	140
Sun Nao Casino	**40**	6	**28**	4	**12**	2	**–**	–	**2**	–	**1**	–	**43**	6
Dreams Peru	**19**	–	**3**	–	**16**	–	**–**	–	**–**	–	**–**	–	**19**	–
Intercompany management fees	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(529)**	(628)	**(529)**	(628)
Total	**9 438**	8 653	**1 896**	1 512	**7 542**	7 141	**944**	825	**1 078**	668	**726**	407	**12 186**	10 553

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

1. Segmental analysis

	EBITDARM[2]		EBITDAR[1]		EBITDA		Depreciation and amortisation		Operating profit		Net Interest paid		Tax		Minorities interest[3]		Adjusted headline earnings[4]	
	2016 Rm	2015 Rm	2016 Rm	2015 Rm	2016 Rm	2015 Rm	2016 Rm	2015 Rm	2016 Rm	2015 Rm	2016 Rm	2015 Rm	2016 Rm	2015 Rm	2016 Rm	2015 Rm	2016 Rm	2015 Rm
South African operations	**3 293**	3 390	**2 773**	2 828	**2 601**	2 691	**793**	766	**1 809**	1 892	**460**	445	**512**	456	**317**	294	**935**	1 007
GrandWest	**993**	1 023	**883**	915	**879**	912	**131**	125	**749**	787	**47**	34	**205**	203	**154**	153	**495**	545
Sun City	**217**	259	**163**	201	**123**	181	**185**	165	**(62)**	30	**15**	8	**(30)**	2	**–**	–	**(54)**	15
Sibaya	**503**	526	**397**	418	**393**	413	**71**	78	**322**	335	**28**	25	**86**	92	**77**	82	**207**	217
Carnival City	**417**	426	**347**	356	**343**	343	**78**	79	**265**	264	**47**	42	**64**	60	**14**	14	**154**	159
Boardwalk	**165**	210	**128**	169	**126**	167	**83**	85	**42**	82	**60**	52	**(9)**	4	**(2)**	4	**(9)**	24
Wild Coast Sun	**119**	107	**91**	82	**90**	80	**56**	49	**34**	31	**32**	31	**1**	–	**–**	–	**1**	(2)
Carousel	**81**	88	**66**	72	**66**	72	**29**	30	**37**	42	**–**	–	**11**	12	**–**	–	**26**	29
Meropa	**141**	130	**112**	103	**110**	102	**21**	20	**90**	82	**9**	8	**23**	21	**19**	17	**57**	52
Table Bay	**108**	73	**92**	60	**66**	43	**15**	14	**51**	29	**46**	47	**–**	–	**1**	(4)	**5**	(18)
Windmill	**124**	121	**99**	97	**97**	95	**20**	19	**77**	76	**9**	8	**19**	19	**15**	14	**49**	48
GPI Slots	**59**	–	**59**	–	**55**	–	**20**	–	**35**	–	**4**	–	**(16)**	–	**23**	–	**46**	–
Morula	**32**	42	**24**	33	**24**	32	**2**	18	**22**	14	**–**	–	**–**	(14)	**–**	–	**22**	10
Flamingo	**69**	63	**57**	53	**57**	52	**14**	13	**43**	39	**7**	6	**10**	9	**7**	7	**26**	24
Golden Valley	**40**	34	**31**	26	**31**	26	**18**	16	**13**	10	**5**	10	**4**	(7)	**2**	(1)	**4**	(2)
International Business	**2**		**2**		**2**	15	**–**	–	**2**	–	**–**	–	**–**	–	**–**	–	**2**	1
Maslow	**31**	78	**28**	32	**(24)**	(22)	**24**	23	**(48)**	(69)	**(1)**	–	**4**	–	**–**	–	**(45)**	(52)
Other operating segments[5]	**(31)**	(31)	**(29)**	(30)	**(30)**	(33)	**3**	6	**(35)**	(37)	**–**	1	**(2)**	1	**(4)**	(3)	**(33)**	(34)
Management and corporate office	**223**	241	**223**	241	**193**	213	**23**	26	**172**	177	**145**	173	**142**	54	**11**	11	**(18)**	(9)
Federal Palace	**25**	45	**15**	33	**15**	32	**47**	39	**(32)**	(7)	**42**	31	**(2)**	(1)	**(37)**	(18)	**(72)**	(36)
Latam operations	**596**	435	**595**	344	**566**	337	**292**	187	**291**	150	**221**	98	**23**	(20)	**17**	35	**36**	103
Monticello	**578**	476	**577**	387	**570**	381	**136**	129	**433**	252	**122**	68	**66**	9	**15**	35	**256**	174
Dreams SCJ licences	**42**	–	**42**	–	**39**	–	**21**	–	**30**	–	**1**	–	**(3)**	–	**11**	–	**25**	–
Dreams Municipal licences	**22**	–	**22**	–	**22**	–	**11**	–	**14**	–	**–**	–	**–**	–	**–**	–	**–**	–
Chile total	**642**	476	**641**	387	**631**	381	**168**	129	**477**	252	**123**	68	**63**	9	**26**	35	**281**	174
Ocean Sun Casino	**(25)**	(41)	**(25)**	(43)	**(25)**	(43)	**90**	58	**(115)**	(101)	**81**	30	**(7)**	(20)	**(8)**	–	**(192)**	(72)
Sun Nao Casino	**(20)**	–	**(20)**	–	**(39)**	(1)	**27**	–	**(66)**	(1)	**17**	–	**(33)**	(9)	**(1)**	–	**(53)**	1
Dreams Peru	**(1)**	–	**(1)**	–	**(1)**	–	**7**	–	**(5)**	–	**–**	–	**–**	–	**–**	–	**–**	–
Total operating segments	**3 914**	3 870	**3 383**	3 205	**3 182**	3 060	**1 132**	992	**2 068**	2 035	**723**	574	**533**	435	**297**	311	**899**	1 074
Other	**(517)**	(628)	**–**	–	**(1)**	–	**(1)**	–	**(1 142)**	42	**–**	–	**–**	–	**2**	6	**(245)**	(251)
Elimination of intragroup	**(517)**	(628)			**(1)**		**(1)**		**–**									
Discontinued operations									**21**	466					**2**	6	**35**	63
Other income									**(1 163)**	(424)								
Other expenses																		
Tax																		(17)
Equity accounted earnings																	**18**	20
Minorities' interest																	**(298)**	(317)
Total	**3 397**	3 242	**3 383**	3 205	**3 181**	3 060	**1 131**	992	**926**	2 077	**723**	574	**533**	435	**299**	317	**654**	823

1 EBITDAR: Earnings before interest, tax, depreciation and amortisation, and property rentals, and is stated after adjustments required for adjusted headline earnings.
2 EBITDARM: EBITDAR before management fees.
3 Minorities interests are calculated at the adjusted headline earnings level.
4 Adjusted headline earnings include adjustments made for certain items of income or expense. These adjustments include pre-opening expenses and material items considered to be outside the normal operating activities of the group and/or of a non-recurring nature.
5 Other operating segments is made up of SunBet, Naledi and Fish River.

1. Segmental analysis

	Assets		Borrowings		Other liabilities		Capital expenditure	
	2016 Rm	2015 Rm	**2016 Rm**	2015 Rm	**2016 Rm**	2015 Rm	**2016 Rm**	2015 Rm
South African operations	**12 177**	9 588	**9 617**	5 248	**3 400**	2 367	**2 380**	1 087
GrandWest	**1 310**	1 320	**544**	430	**173**	206	**155**	103
Sun City	**2 714**	2 145	**41**	–	**651**	546	**540**	534
Sibaya	**738**	743	**360**	330	**97**	123	**83**	72
Carnival City	**749**	713	**599**	586	**93**	118	**118**	123
Boardwalk	**988**	1 154	**483**	556	**111**	80	**53**	36
Wild Coast Sun	**488**	520	**339**	334	**62**	101	**36**	26
Carousel	**335**	342	**2**	–	**31**	42	**22**	19
Meropa	**179**	172	**111**	111	**31**	31	**25**	19
Table Bay	**127**	118	**260**	413	**42**	37	**25**	22
Windmill	**212**	206	**120**	116	**26**	27	**26**	18
GPI Slots	**703**	–	**8**	–	**91**	–	**17**	–
Morula	**35**	25	**22**	–	**28**	28	**21**	21
Flamingo	**118**	111	**84**	76	**20**	21	**17**	17
Golden Valley	**158**	157	**8**	137	**22**	20	**20**	17
International Business	**(156)**	–	**–**	–	**(9)**	–	**–**	–
Maslow	**141**	189	**–**	–	**340**	274	**9**	6
Other operating segments	**51**	37	**–**	–	**40**	33	**5**	2
Time Square	**1 264**	–	**186**	–	**666**	–	**1 221**	–
Management and corporate office	**2 023**	1 636	**6 450**	2 159	**885**	680	**(13)**	52
Federal Palace	**542**	639	**561**	441	**59**	61	**25**	8
Latam operations	**10 729**	3 739	**3 948**	3 029	**804**	409	**124**	587
Monticello	**6 863**	2 312	**2 391**	1 713	**315**	329	**74**	41
Dreams SCJ licences	**1 012**	–	**1 224**	–	**247**	–	**5**	–
Dreams Municipal licences	**768**	–	**–**	–	**148**	–	**2**	–
Chile total	**8 643**	2 312	**3 615**	1 713	**710**	329	**81**	41
Ocean Sun Casino	**1 365**	1 181	**–**	1 114	**48**	49	**12**	340
Sun Nao Casino	**246**	246	**–**	202	**14**	31	**29**	206
Dreams Peru	**475**	–	**333**	–	**32**	–	**2**	–
Total operating segments	**23 448**	13 966	**14 126**	8 718	**4 263**	2 837	**2 529**	1 682
Other	**–**	–	**(64)**	–	**(933)**	(448)	**–**	–
Dinokana	**–**	–	**–**	–	**–**	5	**–**	–
Elimination of intragroup	**–**	–	**(64)**	–	**(933)**	(453)	**–**	–
Total	**23 448**	13 966	**14 062**	8 718	**3 330**	2 389	**2 529**	1 682
Other								
Tax	**114**	21			**71**	94		–
Deferred tax	**365**	320			**355**	384		–
Put option liability					**5 252**	–		
Non-current assets/liabilities held for sale	**169**	69		–	**48**	45		–
	24 096	14 376	**14 062**	8 718	**9 056**	2 912	**2 529**	1 682

	2016 Rm	2015 Rm
2. Employee costs		
Salaries, wages, bonuses and other benefits	**(2 207)**	(1 970)
Pension costs – defined contribution plans	**(190)**	(135)
Long service award	**(4)**	10
Post retirement medical aid	**(12)**	18
Farewell gifts	**–**	2
Employee share based payments	**(51)**	(57)
Restructure costs	**–**	(69)
	(2 464)	(2 201)
3. Property and equipment rentals		
Property and equipment rentals expense is made up of the following operating lease charges:		
Plant, vehicles and equipment	**57**	28
Property lease charges	**145**	117
Cash charge	**109**	76
Straight line charge	**36**	41
	202	145

Rental commitments

The group has the following material rental agreements as at 30 June 2016:

Company	Expiration date	Option to renew to	Straight-line charge Rm	Annual rental Rm	Escalation rate
Sun International Management Limited[1]	1 July 2029	1 July 2034	25.0	15.7	7%
Wild Coast Sun	3 March 2029	N/A	0.1	0.1	5%
Flamingo[2]	21 September 2096	N/A	0.2	0.2	N/A
Table Bay	31 May 2022	N/A	18.2	18.2	10%
Maslow	31 December 2031	N/A	51.4	27.6	7%

[1] The lease rentals are payable to a company in which the group has a 50% interest. 100% of the rent payable is included in the future minimum lease payments noted below.

[2] In addition to the annual rental the company contributes to the upkeep of the golf course, which is included in the rental.

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

	2016 Rm	2015 Rm
No later than 1 year	**111**	39
Later than 1 year and no later than 5 years	**570**	209
Later than 5 years	**1 071**	1 109
	1 752	1 357

	2016 Rm	2015 Rm
4. Operating profit is stated after charging the following:		
Auditors' remuneration	**(33)**	(32)
Audit fees	**(20)**	(18)
Fees for other services	**(13)**	(13)
Expenses	**–**	(1)
Professional fees	**(96)**	(56)
Net profit/(loss) on disposal of property, plant and equipment	**3**	(7)
Re-insurance premium costs	**33**	15

	2016 Rm	2015 Rm
5. Finance income		
Interest earned on cash and cash equivalents	**31**	49
Other	**2**	2
	33	51
6. Finance expense		
Interest paid on borrowings	**(672)**	(491)
Preference share dividends	**(115)**	(137)
Imputed interest on loans payable	**(23)**	(17)
Tax authorities	**–**	(1)
Capitalised to property, plant and equipment	**54**	21
	(756)	(625)
7. Adjusted EBITDA reconciliation		
Operating profit	**926**	2 077
Depreciation and amortisation	**1 131**	992
Net (profit)/loss on disposal of property, plant and equipment	**(3)**	7
Straightline adjustment for rentals	**27**	35
Impairment of assets	**–**	176
Pre-opening expenses	**28**	36
Restructure and related costs	**–**	82
Transaction costs	**52**	45
Time Square settlements	**748**	–
Profit on disposal of interests in associates and subsidiaries	**(18)**	(466)
Monticello purchase price differential	**243**	23
Dinokana employee share based payment expense	**–**	12
Other	**12**	10
Reversal of Dinokana (in prior years) and Employee Share Trusts' consolidation*	**35**	31
EBITDA	**3 181**	3 060

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

8. Tax

	2016 Rm	2015 Rm
(a) Statement of comprehensive income		
Attributable to continued and discontinued operations		
Normal tax – South African	**(451)**	(405)
Normal tax – Foreign	**(21)**	21
	(472)	(384)
Current tax – current year	**(564)**	(489)
– prior years	**1**	7
Deferred tax – current year	**93**	71
– prior years	**(16)**	16
– adjustment due to rate change	**13**	11
CGT	**(52)**	(17)
Other taxes	**(9)**	(34)
	(533)	(435)
Deferred tax not recognised on assessed losses	**162**	45

Reconciliation of effective tax rate
For the 2016 financial year

	South Africa Rm	Nigeria Rm	Chile Rm	Panama Rm	Colombia Rm	Group Rm
Profit/(loss) before tax	665	(409)	8	(188)	(100)	(24)
Tax effects of amounts which are not deductibe/(taxable) in calculating taxable income:						–
Preference share funding	107					107
Depreciation on non-qualifying buildings	75					75
Impairment of assets	76					76
Exempt income	(27)					(27)
Other non-deductible expenditure	923		347			1 270
Tax incentives	(11)					(11)
Foreign monetary adjustments			(101)			(101)
Deductible foreign withholding taxes	(2)					(2)
Assessed losses not recognised	7	403		160		570
Taxable income	1 813	(6)	254	(28)	(100)	1 933
Statutory tax rate	28.0%	30.0%	24.0%	25.0%	34.0%	
Tax at standard rate	508	(2)	61	(7)	(34)	526
Withholding taxes allowed as a tax credit	(3)					(3)
Current tax charge	505	(2)	61	(7)	(34)	523
Withholding and other taxes	7					7
Adjustments for current tax of prior periods	(1)		16	–	1	16
Rate change			(13)			(13)
	511	(2)	64	(7)	(33)	533
Effective tax rate	77%	0%	800%	4%	33%	(2 221%)

8. Tax continued

(a) Statement of comprehensive income continued

For the 2015 financial year

	South Africa Rm	Nigeria Rm	Chile Rm	Panama Rm	Colombia	Group Rm
Profit before tax	1 561	(179)	163	(120)	(25)	1 400
Tax effects of amounts which are not deductibe/ (taxable) in calculating taxable income:						
Preference share funding	137					137
Depreciation on non-qualifying buildings	86					86
Impairment of assets	79					79
Non-deductible expenditure	51		3			54
Tax incentives	(10)					(10)
Foreign monetary adjustments			(55)			(55)
Deductible foreign withholding taxes	(4)					(4)
Exempt income	(372)				(4)	(376)
Other non-deductible expenditure	94		23			117
Assessed losses	11	175	(14)	40		212
Taxable income	1 633	(4)	120	(80)	(29)	1 640
	28.0%	30.0%	22.5%	25.0%	34.0%	
Tax at standard rate	457	(1)	27	(20)	(10)	453
Withholding taxes allowed as a tax credit	(21)					(21)
Current tax charge	436	(1)	27	(20)	(10)	432
Withholding and other taxes	34					34
Adjustments for current tax of prior periods	(15)		(8)			(23)
Rate change			(11)			(11)
	455	(1)	8	(20)	(10)	432
Effective tax rate	29%	1%	5%	17%	39%	31%

Disallowable expenses include, inter alia, depreciation on non-qualifying buildings, impairments and non-deductible investment expansionary expenditure.

	2016 Rm	2015 Rm
8. Tax continued		
Deferred tax		
(b) Statement of financial position		
Balance at beginning of year	**61**	211
Credited to the statement of comprehensive income	**(89)**	(101)
Current year credit to profit or loss	**(93)**	(71)
Prior year under/(over) provision	**16**	(16)
Adjustment due to rate change	**(13)**	(11)
Charged/(credited) to other comprehensive income	**1**	(3)
Acquisition of a subsidiary	**19**	–
Disposal of subsidiaries	**–**	(43)
Currency translation adjustments	**(11)**	(6)
Charged direct to equity	**8**	–
Total (asset)/liability at end of year	**(12)**	61
Less: deferred tax asset included in non current assets held for sale (refer to note 20)	**2**	3
Total (asset)/liability at end of year from continuing operations	**(10)**	64

Deferred tax arises from the following temporary differences:

Deferred tax liabilities

	Accelerated asset allowances	
	2016	2015
Balance at beginning of year	**566**	640
Charged/(credited) to statement of comprehensive income:	**31**	(19)
– current year charge/(credit) to profit or loss	**42**	(19)
– prior year under provision	**2**	–
– Adjustment due to rate change	**(13)**	–
Acquisition of subsidiary	**92**	–
Disposal of subsidiaries	**–**	(70)
Currency translation adjustments	**27**	(4)
Reclassification	**–**	25
Reallocated to non-current assets held-for-sale	**–**	(6)
	716	566
To be recovered after more than 12 months	**695**	516
To be recovered within 12 months	**21**	50
	716	566

8. Tax continued

(b) Statement of financial position continued

Deferred tax assets

	Assessable Losses		Deferred revenue		Fair value adjustments	
	2016	2015	**2016**	2015	**2016**	2015
Balance at beginning of year	**(257)**	(253)	**(150)**	(175)	**(95)**	(1)
(Charged)/credited to statement of comprehensive income:	**(98)**	(31)	**(19)**	7	**(3)**	(58)
– current year (credit)/charge to profit or loss	**(99)**	(30)	**(19)**	15	**(17)**	(37)
– prior year under/(over) provision	**1**	(1)	**(1)**	(8)	**14**	(7)
– Adjustment due to rate change	**–**	–	**–**	–	**–**	(11)
– Charged/(credited) to other comprehensive income	**–**	–	**1**	–	**–**	(3)
Acquisition of subsidiary	**(79)**	–	**(17)**	–	**23**	–
Disposal of subsidiaries	**–**	20	**–**	7	**–**	–
Currency translation adjustments	**(37)**	(1)	**(1)**	(3)	**–**	2
Reclassification	**–**	1	**–**	12	**–**	(38)
Reallocated to non-current assets held-for-sale	**(1)**	7	**–**	2	**–**	–
Charged directly to equity	**–**	–	**–**	–	**8**	–
	(472)	(257)	**(187)**	(150)	**(67)**	(95)
To be utilised after more than 12 months					**(240)**	(63)
To be utilised within 12 months					**(486)**	(439)
					(726)	(502)
Net deferred tax (asset)/liability					**(10)**	64
Aggregate assets and liabilities on subsidiary company basis:						
Deferred tax assets					**(365)**	(320)
Deferred tax liabilities					**355**	384
					(10)	64

9. Return to shareholders

(a) Earnings per share (EPS)

	2016 Gross Rm	**2016** Net Rm	2015 Gross Rm	2015 Net Rm
(Loss)/profit for the year	**(503)**	**(414)**	1 031	890
Headline earnings adjustments	**(21)**	**34**	(283)	(300)
Net (profit)/loss on disposal of property, plant and equipment	**(3)**	**5**	7	7
Profit on disposal of shares in joint venture and subsidiaries	**(18)**	**29**	(466)	(449)
Impairment of assets	**–**	**–**	176	142
Tax relief on the above items	**57**		(10)	
Minorities' interests in the above items	**(2)**		(7)	
Headline (loss)/earnings	**(469)**	**(380)**	731	590

9. Return to shareholders

(a) Earnings per share (EPS) continued

	2016		2015	
	Gross Rm	Net Rm	Gross Rm	Net Rm
Headline (loss)/earnings	**(469)**	**(380)**	731	590
Adjusted headline earnings adjustments	**1 367**	**1 027**	340	212
Straight-line adjustment for rentals	**27**	**19**	35	25
Pre-opening expenses	**28**	**20**	36	33
Time Square settlements	**748**	**579**	–	–
Transaction costs	**52**	**51**	45	45
Restructure and related costs	**–**	**–**	82	54
Monticello purchase price adjustment	**243**	**243**	23	23
Amortisation of Dreams intangible assets raised as part of PPA	**18**	**7**	–	–
Dinokana employee share based payment expense	**–**	**–**	12	9
Foreign exchange losses on intercompany loans	**233**	**94**	96	44
Other	**18**	**14**	11	(21)
Tax relief on the above items	**13**		(17)	
Minorities' interests in the above items	**(353)**		(111)	
Reversal of Employee Share Trusts' consolidation	**7**	**7**	21	21
Adjusted headline earnings	**565**	**654**	964	823
Number of shares for diluted EPS calculation (000's)				
Weighted average number of shares in issue		**98 214**		93 729
Adjustment for dilutive share awards		**–**		311
Diluted weighted average number of shares in issue		**98 214**		94 040
Number of shares for diluted adjusted HEPS calculation (000's)				
Weighted average number of shares in issue		**98 214**		93 729
Weighted average movement in deemed treasury shares		**1 556**		5 901
Weighted average treasury shares held by Employee Share Trusts and Dinokana		**4 370**		4 370
Adjusted weighted average number of shares in issue		**104 140**		104 000
Adjustment for dilutive share awards		**–**		311
Diluted adjusted weighted average number of shares in issue		**104 140**		104 311

	2016	2015
(LPS)/EPS (cents)		
Basic	**(422)**	950
Headline	**(387)**	629
Adjusted headline	**628**	791
Diluted (LPS)/EPS (cents)		
Basic	**(422)**	946
Headline	**(387)**	627
Adjusted headline	**628**	789

9. Return to shareholders continued

(a) Earnings per share (EPS) continued

EPS is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue.

Adjusted headline earnings include adjustments made for certain items of income or expense. These adjustments include pre-opening expenses and material items considered to be outside the normal operating activities of the group and/or of a non-recurring nature.

For the diluted EPS calculation the weighted average number of ordinary shares in issue is adjusted to take account of potential dilutive share awards granted to employees. The number of shares taken into account is determined by taking the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to the outstanding share awards. This calculation is done to determine the 'unpurchased' shares to be added to the ordinary shares outstanding for the purpose of computing the dilution.

	2016 Rm	2015 Rm
(b) Dividends declared and paid A final dividend of 175 cents per share for the year ended 30 June 2015 was declared on 24 August 2015 and paid on 21 September 2015.	**(175)**	
An interim dividend of 90 cents per share for the year ended 30 June 2016 was declared on 19 February 2016 and paid on 22 March 2016.	**(91)**	
A final dividend of 155 cents per share for the year ended 30 June 2014 was declared on 25 August 2014 and paid on 22 September 2014.		(153)
An interim dividend of 110 cents per share for the year ended 30 June 2015 was declared on 23 February 2015 and paid on 30 March 2015.		(107)
Total dividends paid by the Company	**(266)**	(260)
A final dividend of 135 cents per share for the year ended 30 June 2016 was declared on 19 August 2016 and paid on 19 September 2016. The dividend is subject to a 15% withholding tax, resulting in a net dividend of 114.75 cents per share.		
Dividends paid to minorities in subsidiaries	**(277)**	(247)
Total dividends paid by the group	**(543)**	(507)

10. Acquisition of subsidiaries

(a) Dreams acquisition

On 31 May 2016, the group merged its Latam casino and hotel businesses with those of Dreams. Dreams is a Chilean based company with a leading market position in the gaming and entertainment industry with operations in Chile and Peru. Sun Dreams is now the largest gaming company in Latin America with Sun International owning 55%.

As part of the transaction, the group obtained substantive rights which would enable the group to consolidate the Latam operations of the merged entity under IFRS. Whilst there were certain minority protection rights provided to the Dreams' shareholders, these rights were considered protective in nature. This effectively resulted in the group acquiring control over the operation of Dreams and the group would need to account for this as a business combination under IFRS. This was considered a significant judgement, the details of which have been set out in the 'Critical judgements and estimates' section.

In addition to the above, the Parties had as part of the transactions, agreed to a series of put option arrangements which regulate the potential disposal of shares by the Dreams' shareholders either by an IPO or otherwise. The put options may be exercised if no successful IPO is undertaken within a 2 – 4 year period. The group is not able to control the successful IPO event and as a result a full liability was raised as such an arrangement is considered a put option held by the non-controlling interest and this is required under IFRS. Further details of the put obligation are set out in note 16. Although a liability was raised for the put obligation, the put option is exercisable at fair value and therefore the non-controlling interest was raised as well as the liability. Refer to the appendix for the group's accounting policy regarding put options on non-controlling interests .

Goodwill from the above transaction consists mainly of synergies, deferred tax and other intangibles not recognised under IFRS such as the work force.

Further details of the accounting are set out in the tables below.

(b) GPI Slots Acquisition

In the prior year GPI Slots was accounted for as an associate as the group held a 25.1% interest in the entity. The group held certain call options to acquire the majority interest at certain intervals, which were not considered potential voting rights as these could not be exercised without obtaining several approvals such as the gaming regulators approval. The first option was exercisable on 1 July 2015 and approval was obtained in April 2016 and as a result the group obtained control of GPI Slots as at 1 April 2016. The group exercised the final call option on 1 July 2016 and this will bring the effective interest held by the group to 70%. This transaction is subject to approval by the gaming board.

10. Acquisition of subsidiaries continued

(b) GPI Slots Acquisition continued

The group now holds a 50.1% interest in GPI Slots and has the ability to appoint the majority of the board of directors as well as exercise its majority voting rights. The fair value of the 25.1% interest prior to obtaining control was R257 million. The loss on disposal of the associate and acquisition of the subsidiary was R4 million. The group also acquired pro rata portion of shareholder loans for R328.2 million.

Goodwill from the above transaction consists mainly of synergies, deferred tax and other intangibles not recognised under IFRS such the work force.

Further details of the Dreams and GPI Slots acquisition are set out in the tables below.

	Dreams Rm	GPI Slots Rm
Acquisition date	1 June 2016	1 April 2016
Holding acquired (%)	55%	50.1%
Revenue included from the acquisition date	202	237
Profit included from acquisition date	25	46
Acquisitions revenue for the 2016 financial year	2 501	935
Acquisitions profit for the 2016 financial year	410	109
Fair value at acquisition date	4 155	150
The result of the purchase price allocation undertaken for Dreams and GPI Slots is set out below:		
Assets and liabilities acquired		
Property, plant and equipment	4 056	207
Intangible assets	1 318	160
Current assets	900	127
Other assets	69	–
Deferred tax	9	(29)
Non current liabilities	(1 782)	(225)
Current liabilities	(415)	(90)
Net assets	4 155	150
Minorities Interests	(1 881)	(75)
Goodwill recognised	603	456
Net assets acquired	2 877	531
Acquisition settled through dilution of interests in Latam assets	(2 067)	–
Previously held associate at fair value	–	(257)
Consideration settled in cash	(810)	(274)
Pre acquisition dividend paid	261	–
Cash and cash equivalents in entity	474	77
Net cash outflow	(75)	(197)

(c) Purchase of shares in subsidiaries

Purchase of shares in subsidiaries

During the prior year the group acquired additional shares in the following companies:

	% acquired	2015 Rm
Monticello (including shareholder loans and 50% of Novosun)	54.7	(1 687)
National Casino Resorts Manco	17.1	(3)
Afrisun KZN	1.0	(39)
		(1 729)

11. Property, plant and equipment

	Freehold land and buildings	Leasehold land and buildings	Infra-structure	Plant, equipment and machinery	Furniture and fittings	Operating equipment	Capital work in progress	Total
Opening balance as at 1 July 2014	5 844	1 498	926	1 988	382	185	557	11 380
Cost	7 103	2 278	1 413	4 874	993	185	557	17 403
Accumulated depreciation	(1 259)	(780)	(487)	(2 886)	(611)	–	–	(6 023)
Reclassifications	(482)	598	94	201	49	5	(470)	(5)
Exchange rate adjustments	29	(24)	14	11	2	–	5	37
Additions	5	151	165	679	78	48	408	1 534
Disposals	(200)	(155)	(43)	(85)	(48)	(31)	(70)	(632)
Operating equipment usage						(36)		(36)
Depreciation	(119)	(91)	(51)	(561)	(73)	–	–	(895)
Impairments	(29)	(63)	(3)	(44)	–	–	–	(139)
Closing balance as at 30 June 2015	5 048	1 914	1 102	2 189	390	171	430	11 244
Cost	6 219	2 887	1 621	5 403	987	171	430	17 718
Accumulated depreciation	(1 171)	(973)	(519)	(3 214)	(597)	–	–	(6 474)
Reclassifications	**2**	**126**	**–**	**210**	**21**	**(2)**	**(371)**	**(14)**
Exchange rate adjustments	**295**	**(63)**	**87**	**91**	**21**	**3**	**6**	**440**
Acquisition of subsidiaries	**3 451**	**1**	**234**	**436**	**42**	**–**	**98**	**4 262**
Additions	**405**	**206**	**54**	**581**	**59**	**79**	**1 068**	**2 452**
Disposals	**(50)**	**(11)**	**–**	**(10)**	**(3)**	**–**	**–**	**(74)**
Operating equipment usage						**(58)**		**(58)**
Depreciation	**(141)**	**(99)**	**(56)**	**(639)**	**(67)**	**–**	**–**	**(1 002)**
Write down of OSC assets as part of Dreams merger	**(450)**	**–**	**–**	**–**	**–**	**–**	**–**	**(450)**
Closing balance as at 30 June 2016	**8 560**	**2 074**	**1 421**	**2 858**	**463**	**193**	**1 231**	**16 800**
Cost	**10 966**	**3 118**	**2 146**	**7 568**	**1 255**	**193**	**1 231**	**26 477**
Accumulated depreciation	**(2 406)**	**(1 044)**	**(725)**	**(4 710)**	**(792)**	**–**	**–**	**(9 677)**

Borrowing costs of R54 million (2015: R21 million) were capitalised during the year and are included in 'Additions' above. The capitalisation rate used of 10.5% (2015: 3.9%) is equal to the specific borrowing costs of the loans used to finance the relevant projects.

Net carrying value of property, plant and equipment held under finance leases is R97 million (2015: R74 million) and relates mainly to equipment.

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

11. Property, plant and equipment continued

Impairments

To determine if an impairment of the assets of cash generating units (CGU) are required a discounted cash flow valuation is carried out. Impairment charges are raised where the discounted cash flow valuation results in a negative value.

The following CGUs had indicators of impairment in 2015:

	Morula	Golden Valley	Maslow
Level of testing	CGU	CGU	CGU
Operating segment	South Africa	South Africa	South Africa
Impairment indicator	Approved relocation of the licence to Menlyn Maine	Continued underperformance and higher discount rate used	Continued underperformance and higher discount rate used
Key assumptions:			
– discount rate 2015	12.2%	12.2%	12.2%
– discount rate 2016	14.0%	14.0%	14.0%
Impairment charge	R82 million	R29 million	R28 million

There has been no impairment in the 2016 financial year.

Capital commitments

	Total 2016 Rm	Total 2015 Rm
Contracted	**2 917**	1 730
Authorised by the directors but not contracted	**1 487**	1 244
	4 404	2 974
To be spent in the forthcoming financial year	**2 743**	1 730
To be spent thereafter	**1 661**	1 244
	4 404	2 974

Future capital expenditure will be funded by a combination of internally generated cash flows and debt facilities.

12. Intangible assets

	Computer software	Brands	Bid costs	Management contracts, licences and exclusivity agreements	Goodwill	Lease premiums	Vacation Club	Restraint of trade, trademarks, customer relationships and concessions	Total
Opening balance as at 1 July 2014	385	72	113	4	132	14	–	1	721
Cost	514	72	588	5	240	37	–	15	1 471
Accumulated amortisation and impairments	(129)	–	(475)	(1)	(108)	(23)	–	(14)	(750)
Additions	106	–	13	–	–	–	29	–	148
Disposals	(2)	–	–	–	–	–	–	–	(2)
Reclassification	5	–	–	–	–	–	–	–	5
Exchange rate adjustments	–	–	2	–	(2)	–	–	–	–
Amortisation	(69)	–	(24)	–	–	(1)	(2)	(1)	(97)
Impairments	(23)	–	–	–	(14)	–	–	–	(37)
Closing balance as at 30 June 2015	402	72	104	4	116	13	27	–	738
Cost	608	72	584	5	238	37	29	15	1 588
Accumulated amortisation and impairments	(206)	–	(480)	(1)	(122)	(24)	(2)	(15)	(850)
Additions	**98**	**–**	**–**	**–**	**–**	**–**	**30**	**–**	**128**
Disposals	**(25)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(25)**
Reclassification	**12**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**12**
Acquisition of subsidiaries	**22**	**16**	**25**	**176**	**1 059**	**–**	**–**	**1 239**	**2 537**
Goodwill realised	**–**	**–**	**–**	**–**	**(68)**	**–**	**–**	**–**	**(68)**
Exchange rate adjustments	**–**	**–**	**(28)**	**–**	**58**	**–**	**–**	**80**	**110**
Amortisation	**(84)**	**–**	**(20)**	**(3)**	**–**	**(1)**	**(4)**	**(17)**	**(129)**
Closing balance as at 30 June 2016	**424**	**88**	**81**	**177**	**1 165**	**12**	**53**	**1 303**	**3 303**
Cost	**781**	**88**	**1 726**	**193**	**1 287**	**37**	**59**	**1 336**	**5 507**
Accumulated amortisation and impairments	**(357)**	**–**	**(1 645)**	**(16)**	**(122)**	**(25)**	**(6)**	**(33)**	**(2 204)**

Additions relating to intangible assets acquired as part of business combinations are discussed in more detail in note 10.

12. Intangible assets continued

Impairments

The following intangible assets were tested for impairment in 2015 and 2016 with only Sunbet goodwill being impaired in 2015:

2016	**Sun International Brand**	**Goodwill – Dreams[1]**	**Goodwill – GPI Slots[1]**
Impairment indicator	**Indefinite useful life**	**Indefinite useful life**	**Indefinite useful life**
Method of testing	**Discounting five years of projected cash flows on relevant operations and management contracts**	**Discounting five years of projected cash flows on relevant operations**	**Discounting five years of projected cash flows on relevant operations and management contracts**
Key assumptions: – discount rate	**7% – 13%**	**10.00%**	**14.00%**
– growth rate and considerations	**Location of the business, including economic and political facts and circumstances**	**Location of the business, including economic and political facts and circumstances**	**Location of the business, including economic and political facts and circumstances**
– after tax cost of debt	**6.85%**	**5.77%**	**7.56%**
– cost of equity	**14.46%**	**11.80%**	**16.75%**
– debt/equity ratio	**30%/70%**	**30%/70%**	**30%/70%**
Impairment charge	**No impairment charge**	**No impairment charge**	**No impairment charge**

2015	Sun International Brand	Goodwill – SFIR[2]	Goodwill – SunBet[3]
Impairment indicator	Indefinite useful life	Indefinite useful life	Indefinite useful life
Method of testing	Discounting five years of projected cash flows on relevant operations and management contracts	Value-in-use calculations using pre-tax cash flow projections based on approved financial budgets over five years.	Value-in-use calculations using pre-tax cash flow projections based on approved financial budgets over five years.
Key assumptions: – discount rate	7% – 13%	8%	12%
– growth rate and considerations	Location of the business, including economic and political facts and circumstances	3.9% Chilean perpetuity growth rate	
– after tax cost of debt	6.85%	4.20%	6.85%
– cost of equity	14.46%	9.60%	14.46%
– debt/equity ratio	30%/70%	30%/70%	30%/70%
Impairment charge	No impairment charge	No impairment charge	R14 million

There has been no impairment charge in the 2016 financial year.

[1] Refer to note 10 for the goodwill recognised on the acquisition of Dreams and GPI Slots.

[2] The goodwill balance relates to the acquisition of San Francisco Investment Resorts (SFIR) on 20 August 2008 and comprises intellectual property and the casino licence.

[3] During 2014 the group acquired Powerbet Gaming Proprietary Limited (trading as Sunbet) and raised R14 million goodwill on acquisition which was impaired in 2015.

13. Equity-accounted investments

African portfolio

In December 2014 the group sold a portion of its investments that it held in: Gaborone Sun, Kalahari Sands, Maseru Sun, Lesotho Sun, Zambezi Sun and the Royal Livingstone. The disposal resulted in these investments becoming equity accounted investments.

The table below summarises the effect of this transaction.

	Effective ownership			Subsequent accounting treatment
	Pre the transaction	% disposed	Post the transaction	
Gaborone Sun	80%	80%	16%	Associate
Kalahari Sands	100%	80%	20%	Associate
Lesotho Sun and Maseru Sun	47%	80%	9%	Associate
Royal Livingstone and Zambezi Sun	100%	50%	50%	Joint Venture

During the current financial year, the group reached agreements to sell the remaining interests in these entities. In June 2015 the sale for the Zambian operations was finalised. The remaining investments have been disclosed as non current assets held for sale and our proportionate share of earnings have been disclosed as "Profit for the year from discontinued operations.

GPI Slots

With effect from 31 December 2014 the group acquired a 25.1% interest in GPI Slots and appointed 2 directors to the board.

Effective 1 April 2016, the group acquired an additional 25% in GPI Slots resulting in the investment moving from being classified as an associate to a subsidiary.

Equity accounted earnings from GPI Slots are reflected from 1 January 2015 up until 1 April 2016.

FireFly Investments

FireFly Investments owns the Sun International head office building in Sandton. The group holds a 50% shareholding in FireFly.

The following amounts represent the income, expenses, assets and liabilities of the equity-accounted investments:

	Associates		Joint ventures		Total	
	2016 Rm	2015 Rm	**2016 Rm**	2015 Rm	**2016 Rm**	2015 Rm
Non-current assets	**–**	761	**252**	602	**252**	1 363
Current assets	**–**	256	**20**	84	**20**	340
Total assets	**–**	1 017	**272**	686	**272**	1 703
Non current liabilities	**–**	82	**6**	33	**6**	115
Current liabilities	**–**	404	**213**	273	**213**	677
Equity	**–**	531	**53**	380	**53**	911
	–	1 017	**272**	686	**272**	1 703
Group proportionate share of the equity	**–**	105	**27**	191	**27**	296
Group carrying amount of investment	**–**	390	**15**	201	**15**	591
Summarised statement of profit and loss:						
Revenue	**–**	684	**25**	151	**25**	835
Expenses	**–**	(600)	**(22)**	(137)	**(23)**	(737)
Profit before tax	**–**	84	**3**	14	**3**	98
Tax	**–**	(26)	**–**	5	**–**	(21)
Profit after tax	**–**	58	**3**	19	**3**	77
Total comprehensive income	**–**	58	**3**	19	**3**	77
Group proportionate share of comprehensive income	**16**	12	**2**	8	**18**	20

There are no contingent liabilities relating to the group's interest in the equity-accounted investments.

The financial year end for GPI Slots and FireFly Investments is 30 June. The remaining companies in which the group held/holds equity accounted interests have a 31 December financial year end.

No dividends have been received from equity accounted investments.

	2016 Rm	2015 Rm
14. Available-for-sale investment		
Cape Town International Convention Centre Company Proprietary Limited (CTICC)[1]		
Balance at beginning and end of year	**48**	48
	48	48
The 8.2% (2015: 8.2%) investment in the unlisted CTICC was part of the group's bid commitments in the Western Cape. The investment was stated at fair value based on the latest available statutory financial statements, prepared on a going concern basis and in accordance with IFRS, of the CTICC being 30 June 2014. The group has no significant influence over the company, therefore the investment was designated as available-for-sale. This was a strategic investment and no particular price risk management is required or performed.		
[1] The available-for-sale asset has been classified as level 3.		
15. Derivative financial instruments		
Assets		
Foreign exchange contracts (FECs)	**2**	2
Transferred to current assets	**(2)**	–
	–	2
Liabilities		
Interest rate cross currency swaps	**–**	(141)
Forward exchange contract – Time Square	**(20)**	
Monticello purchase consideration[1]	**–**	(124)
	(20)	(265)
[1] On 30 June 2014, the group acquired a further 54.7% interest in Monticello for approximately US$114 million giving the group an effective 98.9% interest. In addition the group acquired shareholder loans and cash of approximately US$32 million. The liability raised in the 2014 financial year for this transaction was R1 687 million. The effective date of the transaction was 1 July 2014 and the liability was settled. The balance of R124 million in the prior year related to the liability raised to account for the contingent payment related to the acquisition of these shares, should certain profit targets be reached. The actual payment made in the current year was R345 million.		
16. Put option liabilities		
Dreams put option (refer to note 10)	**3 980**	–
SunWest put option	**1 272**	–
	5 252	–

Dreams shareholders put option

Sun International and the Dreams shareholders in the merger agreements agreed to a series of put option arrangements which regulate the potential disposal of the 45% interest in the merged entity held by the Dreams' minority shareholders either by an IPO or otherwise. The put options may be exercised if no successful IPO is undertaken within a 2 – 4 year period. A liability of R4 billion has been raised for the put obligation and a Put option reserve for the same amount has been created thereby reducing the group's equity. For accounting purposes the value of the put option was determined based on the merged businesses agreed value which was increased at 5% for two years and discounted back at a discount rate of 10%. We are actively looking to increase our shareholding in the Dreams business and believe that the put value represents a fair valuation for the business should the minority shareholders choose to exercise their put options, the agreed process to determine the price at that time ensures that the transaction would take place at fair market value.

A 1% decline in the WACC would increase the liability by R73 million.

Tsogo put option

In terms of the restructure agreements of the group's Western Cape assets a put option has been given to Tsogo in the event that any party acquires 35% or more of the issued ordinary shares of Sun International, triggering a change of control of the company. The Western Cape assets include Worcester and SunWest. In terms of the put option Tsogo may elect to put its equity interests (20%) in the Western Cape assets to Sun International. Sun International can elect to either settle the put by the issue of Sun International shares or in cash. A liability has been raised of R1,3 billion in this regard. The liability is calculated in accordance with the terms of the put option agreement, effectively a 7.5 times EBITDA multiple valuation of the Western Cape Assets, less net debt, times the 20% shareholding which Tsogo holds. The recent transaction to dispose of the 20% to Tsogo was concluded on a 7.75x EBITDA multiple and should the put option be exercised we believe there is value in repurchasing at a 7.5x EBITDA multiple.

17. Retirement benefit information

Valuation in terms of the Financial Services Board guidelines

A valuation of the defined benefit fund was carried out on 1 July 2013 by an independent firm of consulting actuaries and was approved by the FSB in August 2014. The fund was found to have a surplus of R377 million, of which R144 million has been designated as a solvency reserve by the trustees in terms of circular PF 117 issued by the Financial Services Board (FSB). Any allocation of assets to contingency reserves reduces the amount of surplus available for distribution to stakeholders. The group carries out statutory actuarial valuations every three years.

	2016 Rm	2015 Rm
Present value of funded obligations	**(338)**	(338)
Fair value of fund assets	**715**	715
Surplus before contingency reserve	**377**	377
Contingency reserve	**(144)**	(144)
Employer surplus account	**(35)**	(35)
Surplus	**198**	198

IAS 19R valuation

The surplus calculated in terms of IAS 19R: Employee Benefits is presented below. It should be noted that this valuation is performed on a different basis to the valuation in terms of the FSB guidelines.

The present value of the retirement surplus of the retirement benefit fund for the current and prior years is as follows:

	2016	2015	2014	2013	2012
Present value of funded obligations	**(452)**	(409)	(391)	(317)	(321)
Fair value of plan assets	**955**	890	875	677	545
Surplus	**503**	481	484	360	224
Experience adjustment on plan obligations	**6%**	4%	7%	(8%)	6%
Experience adjustment on plan assets	**1%**	(3%)	14%	15%	3%

The present value of the post-retirement medical aid obligation for the current and prior years is as follows:

	2016	2015	2014	2013	2012
Present value of obligation	**(97)**	(89)	(112)	(99)	(109)
Experience adjustment on plan obligations	**(4%)**	0%	1%	(22%)	7%

The retirement benefit fund has an amount of R32 million (2015: R33 million) allocated to the employee surplus account which has been recognised as an asset of the group as it is currently being utilised towards a contribution holiday.

17. Retirement benefit information continued

The amount recognised in the statement of financial position is determined as follows:

	Retirement benefit obligation		Post-retirement medical aid liability[1]	
	2016 Rm	2015 Rm	**2016 Rm**	2015 Rm
Present value of obligations	**(452)**	(409)	**(97)**	(89)
Balance at beginning of year	**(409)**	(391)	**(89)**	(112)
Current service cost (recognised through profit or loss)	**(3)**	(4)	**(3)**	(3)
Interest cost (recognised through profit or loss)	**(37)**	(35)	**(9)**	(9)
Contributions by plan participants	**(1)**	(1)		
Actuarial (loss)/gain (recognised through other comprehensive income)	**(25)**	(17)	**4**	
Benefits paid	**23**	39	**3**	2
Sale of subsidiaries (recognised through profit or loss)			**–**	6
Decrease resulting from staff restructure (recognised through profit or loss)			**–**	24
Transfer to non current liabilities held for sale			**(3)**	3
Fair value of plan assets	**955**	890		
Balance at beginning of year	**890**	875		
Expected return on plan assets	**81**	81		
Actuarial gain/(loss) (recognised through other comprehensive income)	**6**	(28)		
Contributions by plan participants	**1**	1		
Benefits paid	**(23)**	(39)		
Present value of retirement benefit surplus	**503**	481		
Less: application of asset ceiling	**(467)**	(445)		
Balance at beginning of year	**(445)**	(439)		
Interest income (recognised through profit or loss)	**(41)**	(42)		
Adjustment to asset ceiling (recognised through other comprehensive income)	**19**	36		
Pension fund asset	**36**	36		

[1] The group has no matched asset to fund these obligations. There are no unrecognised actuarial gains or losses and no unrecognised past service costs. The expected expense to be recognised in the statement of comprehensive income for the year ending 30 June 2017 is R12 million.

17. Retirement benefit information continued

	Retirement benefit obligation		Post-retirement medical aid liability	
	2016 Rm	2015 Rm	**2016 Rm**	2015 Rm
The net amount recognised in profit or loss for the year	**–**	–	**(12)**	18
The amounts recognised in other comprehensive income for the year	**–**	(9)	**4**	–
The net amount recognised in other comprehensive income for the year	**–**	(9)	**(8)**	18
Plan assets comprise:				
Listed equity investments	**22%**	74%		
Bonds and cash	**21%**	18%		
Other*	**57%**	8%		

*The "other" asset class above consists of listed property, both local and international, commodities, global equity and absolute return portfolios.

Pension plan assets include the company's ordinary shares with a fair value of R1.1 million (2015: R2.5 million).

18. Trade and other receivables

	2016 Rm	2015 Rm
Financial instruments		
Loans	**32**	19
Net trade receivables	**278**	180
Trade receivables	**309**	205
Less provision for doubtful debts	**(31)**	(25)
Net casino debtors	**52**	45
Casino debtors	**138**	47
Less provision for doubtful debts	**(86)**	(2)
Receivable from Tsogo Sun	**525**	–
Other receivables	**200**	251
	1 087	495
Non-financial instruments		
Prepayments[1]	**418**	199
VAT	**293**	6
Current tax	**114**	21
	1 912	721
Non-current portion (relating to loans)	**23**	15
	1 889	706

[1] Prepayments includes upfront payments for insurance costs, software licenses and maintenance costs,

Net trade receivables
The granting of credit in relation to trade receivables is controlled by application and account limits. In addition, trade receivables consist mainly of large tour operators with reputable credit histories. The group has no significant concentrations of credit risk with respect to trade receivables due to a widely dispersed customer base. The group monitors the ageing of trade receivables and provides for doubtful debts on past due amounts after analysing the possibility of default. Once a debt is considered irrecoverable it is written off as a bad debt.

Net casino debtors
Casino debtors arise from the group's International Business (IB) at Sun City and from its VIP customers at the Ocean Sun Casino in Panama. The granting of credit for the IB and for VIP customers is managed in accordance with accepted industry practice. Settlement risk associated with IB and VIP customers is minimised through credit checking and a formal review and approval process.

18. Trade and other receivables continued

Movements in the provision for doubtful debts of trade and other receivables and casino debtors were as follows, and have been included in 'other operational costs' in the statement of comprehensive income and are summarised below:

	2016 Rm	2015 Rm
Balance at the beginning of the year	**(27)**	(23)
Charge for the year	**(100)**	(11)
Amounts written off for discontinued operations	**–**	4
Amounts written off	**7**	
Unused amounts reversed	**3**	3
Balance at end of year	**(117)**	(27)

The group does not hold any collateral against the trade receivable balances.

The tables below set out fully performing, past due but not impaired and the provision against net trade receivables and casino debtors:

	2016 Gross Rm	2016 Provision for doubtful debts Rm	2015 Gross Rm	2015 Provision for doubtful debts Rm
Net trade receivables				
Fully performing	**163**	**–**	93	–
Past due by 1 to 30 days	**37**	**(2)**	26	–
Past due by 31 to 60 days	**19**	**–**	13	–
Past due by 61 to 90 days	**17**	**–**	11	–
Past due by more than 90 days	**73**	**(29)**	62	(25)
	309	**(31)**	205	(25)
Casino debtors				
Fully performing	**–**	**–**	14	–
Past due by 1 to 30 days	**7**	**–**	17	–
Past due by 31 to 60 days	**73**	**(55)**	3	–
Past due by 61 to 90 days	**2**	**–**	7	–
Past due by more than 90 days	**56**	**(31)**	6	(2)
	138	**(86)**	47	(2)

	2016 Rm	2015 Rm
19. Inventory		
Merchandise	**59**	39
Consumables and hotel stocks	**86**	61
	145	100
20. Cash and cash equivalents		
Cash at the bank	**1 077**	336
Cash floats	**224**	171
	1 301	507
Cash at the bank is held in the following currencies:		
Rand	**249**	172
Dollar	**385**	113
Euro	**6**	4
Colombian Pesos	**6**	27
Chilean Peso	**407**	5
Naira	**12**	13
British Pound	**–**	2
Peruvian Nuevo Sol	**12**	–
	1 077	336

The exposure to credit risk with respect to cash and cash equivalents is low. The group ensures cash is placed with institutions of a high credit rating and manages the concentration of cash placed. There is no credit risk exposure for cash floats.

21. Non-current assets held-for-sale and discontinued operations

During the prior year the group disposed of 80% of its interest in Gaborone Sun, Kalahari Sands, Lesotho Sun and Maseru Sun as well as a 50% interest in the Royal Livingstone and Zambezi Sun to Minor International Plc (Minor).

The results of these units while they were still subsidiaries are included in the line item "Profit for the year from discontinued operations" in the prior year. For the remaining period in the prior year (1 December 2014 to 30 June 2015) the group's remaining share of these units were equity accounted and reflected in the line item "Share of profit of investments accounted for using the equity method" in the statement of comprehensive income.

During the current financial year, the group entered into firm commitments to sell the remaining equity interests to Minor. Consequently, the equity accounted earnings from these companies are reflected as "Profit for the year from discontinued operations" for the current financial year. The sale of the Zambian operation was concluded in June 2016 and the remaining entities will be sold once all regulatory approvals have been obtained. The profit realised on the sale amounted to R18 million.

The group has entered into a firm commitment to also dispose of 100% of its interest in its' Swaziland operations to Minor which is unconditional but has been delayed pending final regulatory approvals. The results of the Swaziland operations have been disclosed as "Profit for the year from discontinued operations" in the Statement of comprehensive income for the current and prior year and the assets and liabilities have been disclosed in the Statement of financial position as "Non current assets held for sale" and "Non current liabilities held for sale".

All of the above mentioned units formed part of the segment "Other African operations". This segment was renamed in the prior year to "Federal Palace" as the Federal Palace in Nigeria is the only remaining entity in this segment.

	2016 Rm	2015 Rm
Assets of the disposal group classified as held for sale:		
Property, plant and equipment	**51**	50
Other assets	**25**	19
Investment in associates	**93**	–
Total assets held for sale	**169**	69
Liabilities of disposal group classified as held for sale:		
Borrowings	**20**	16
Other non current liabilities	**5**	4
Accounts payable and accruals	**23**	25
Total liabilities held for sale	**48**	45
Net assets held for sale	**121**	24
An analysis of the results of the discontinued operations is as follows:		
Revenue	**192**	491
Expenses	**(186)**	(431)
Earnings from associates	**31**	–
Profit before tax	**37**	60
Tax	**(1)**	(14)
Profit for the year from discontinued operations	**36**	46
Cash flows of the discontinued operation:*		
Operating cash flows	**6**	12
Investing cash flows	**(8)**	(75)
Financing cash flows	**4**	34
Total cash flows	**2**	(29)

* For the current year the cash flows only include Swaziland.

	2016 Rm	2015 Rm
22. Share capital and premium		
Authorised		
200 000 000 (2015: 150 000 000) ordinary shares of 8 cents each	**12**	12
100 000 000 (2015: 100 000 000) variable rate cumulative redeemable preference shares of 1 cent each	**1**	1
Issued		
Share capital	**8**	8
Share premium	**287**	287
Treasury shares and share options	**(598)**	(542)
	(303)	(247)

All issued shares are fully paid.

10 780 000 shares (2015: 10 780 000) were placed under the specific control of the directors to allot and issue in accordance with the share plans.

	2016 Number of shares	2016 Rm	2015 Number of shares	2015 Rm
Shares in issue				
Movement during the year				
Statutory shares in issue	**109 086 988**	**295**	109 086 988	295
Balance at beginning of year	**109 086 988**	**295**	114 129 455	309
Cancellation of treasury shares	**–**	**–**	(5 042 467)	(14)
Treasury shares and share options	**(11 109 947)**	**(598)**	(10 567 730)	(542)
Balance at beginning of year	**(10 567 730)**	**(542)**	(21 082 140)	(1 829)
Deemed treasury shares purchased	**(759 125)**	**(71)**	(87 804)	–
Treasury shares cancelled	**–**	**–**	5 042 467	653
Treasury shares sold in the market	**–**	**–**	5 107 010	613
Treasury shares and deemed treasury shares disposed of	**30 137**	**4**	162 269	10
Treasury share options purchased	**–**	**(2)**	–	(19)
Vested share awards	**186 771**	**13**	290 468	30
Closing balance	**97 977 041**	**(303)**	98 519 258	(247)
Treasury shares and share options				
Held by Dinokana	**6 719 759**	**170**	6 719 759	170
– 73.7% owned by Sun International	**4 947 087**	**41**	4 947 087	41
– 26.3% (2015: 26.8%) owned by Dinokana minorities	**1 772 672**	**129**	1 772 672	129
Held by the Sun International Employee Share Trust	**2 597 419**	**85**	2 597 419	85
Deemed treasury shares	**1 792 769**	**343**	1 250 552	287
	11 109 947	**598**	10 567 730	542

759 125 (2015: 87 804) RSP, CSP and BMSP shares were purchased during the year under review and 30 137 (2015: 162 269) RSP, CSP and BMSP shares were disposed.

The Dinokana shares owned by minorities, the shares held by the Sun International Share Trust and the deemed treasury shares are not treated as treasury shares for adjusted HEPS purposes as the company has no economic benefit in these shares.

22. Share capital and premium continued

(a) Share incentive schemes

The group currently has the following share incentive schemes in place, the details of which are set out below:

(i) Restricted share plan and Bonus share matching plan (RSP and BSMP)

RSP and BSMP shares are group shares granted to key staff in return for continuing employment with the Group. The shares will be forfeited and any dividends received on the RSP shares will be repayable should the employee leave the group prior to the expiry of the vesting period. The vesting period is either three or five years. In the case of a three-year award, 100% of the shares awarded will vest after three years and in the case of the five-year award, 50% vests after three years, 25% after four years and the remaining 25% after five years.

(ii) Deferred bonus plan

DBP shares are group shares acquired by senior executives with a portion of their declared annual bonus and entitle the participant to receive a matching award (an equal number of group shares as acquired) at the end of a three-year period. The matching award is conditional on continued employment and the DBP shares being held by the participant at the end of the three-year period. The DBP is no longer being utilised.

(iii) Equity growth plan

EGP rights provide senior executives with the opportunity to receive shares in the group through the grant of conditional EGP rights, which are rights to receive shares equal in value to the appreciation of the group share price between the date on which the conditional EGP rights are granted and the date on which they are exercised, subject to the fulfilment of predetermined performance conditions over a specified performance period. The performance condition applied to the grants is that the Group's AHEPS should increase by 2% per annum above inflation over a three-year performance period. If the performance condition is not met at the end of three years it is retested at the end of four and five years from the date of grant. From 2011, the awards are no longer re-tested at the end of years 4 and 5. These awards lapse after the initial three-year period.

(iv) Conditional share plan

CSP awards were provided to senior executives with the opportunity to receive shares in Sun International Limited by way of a conditional award subject to the fulfillment of predetermined performance conditions on the expiry of a three-year performance period. 40% of the award is based on the performance condition related to the company's total shareholder return over a 3 year period. 30% of the award is based on achieving AHEPS threshhold and on-target performance targets. 30% of the award is based on the Group achieving and maintaining a B-BBEE rating level of 4 or better. No new shares have been issued under this scheme.

Movement in the number of share awards is as follows:

	RSP and BSMP		DBP		EGP		CSP	
	No. Grants	Weighted average grant price (ZAR)	No. Grants	Weighted average grant price (ZAR)	No. Grants	Weighted average grant price (ZAR)	No. Grants	Weighted average grant price (ZAR)
Balance as at 1 July 2014	992 386	92.89	72 907	84.04	2 825 258	94.03	329 784	87.43
Granted during the year	333 068	117.02	–	–	583 418	111.21	–	–
Lapsed: termination of employment	(65 661)	97.77	–	–	(93 691)	89.95	(13 573)	87.65
Lapsed: performance condition not met	–	–	–	–	–	–	(150 839)	89.46
Vested during the year	(341 408)	88.44	(25 947)	81.49	–	–	–	–
Exercised during the year	–	–	–	–	(523 432)	88.22	(99 427)	89.29
Balance as at 30 June 2015	918 385	102.95	46 960	85.45	2 791 553	98.85	65 945	86.61
Granted during the year	975 719	84.81	–	–	918 807	89.52	–	–
Lapsed: termination of employment	(119 192)	101.39	(178)	85.47	(173 937)	98.79	–	–
Lapsed: performance condition not met	–	–	–	–	(484 511)	94.87	(58 037)	86.62
Vested during the year	(130 036)	97.31	–	–	–	–	–	–
Exercised during the year	–	–	(40 554)	85.45	(47 482)	89.55	–	–
Balance as at 30 June 2016	1 644 876	92.77	6 228	85.47	3 004 430	96.79	7 908	86.55

22. Share capital and premium continued

Share grants outstanding at the end of the year vest on the following dates subject to the fulfillment of vesting conditions:

Year ended on 30 June:

2016	–	–	6 228	85.47	995 023	88.48
2017	396 180	95.18	–	–	507 182	109.65
2018	318 653	116.00	–	–	661 118	111.21
2019	891 961	84.33	–	–	841 107	87.52
2020	19 041	70.90				
2021	19 041	70.90				
	1 644 876	92.77	6 228	85.47	3 004 430	96.79

Valuation of share incentive grants

The fair values of CSP and EGP awards granted during the year were estimated using the binomial asset pricing model. For the DBP, RSP and BSMP the share awards are valued based on the ruling share price on the date of the award. The table below sets out the valuation of awards granted in 2015 and 2016 and the assumptions used to value the awards:

	EGP	RSP/BSMP
2016		
Weighted average grant price	**R89.52**	**R84.81**
Weighted average 400-day volatility	**24.24%**	**n/a**
Weighted average long term risk rate	**7.00%**	**n/a**
Weighted average dividend yield	**3.38%**	**n/a**
Valuation	**R39 million**	**R82 million**
2015		
Weighted average grant price	R 111.21	R 117.02
Weighted average 400-day volatility	23.49%	n/a
Weighted average long term risk rate	5.50%	n/a
Weighted average dividend yield	4.80%	n/a
Valuation	R28 million	R37 million

The employee share based payment expense for the year was R51 million (2015: R57 million).

23. Borrowings

All borrowings are classified as level 3.

The table below sets out the group's borrowings, measured at amortised cost, as well as the applicable interest rates and the fair value thereof where applicable:

2016

	Rand		Chilean Peso (Clp44.50:R1)		US Dollar (R14.86:US$1)		Total
	Interest rate	Rm	Interest rate	Rm	Interest rate	Rm	Rm
Non current borrowings		**6 619**		**3 047**		**314**	**9 980**
Term facilities	**9.9%**	**4 730**	**6.6%**	**3 047**	**7.3%**	**314**	**8 091**
Redeemable preference shares	**7.5%**	**1 346**					**1 346**
V&A loan[1]	**12.2%**	**278**					**278**
Lease liabilities	**5.5%**	**32**					**32**
Minority debenture	**11.4%**	**186**					**186**
Vacation Club members	**10.9%**	**47**					**47**
Current borrowings		**2 934**		**526**		**622**	**4 082**
Term facilities	**9.9%**	**95**	**6.6%**	**521**	**7.3%**	**61**	**677**
Redeemable preference shares	**7.5%**	**121**					**121**
V&A loan	**12.2%**	**24**					**24**
Lease liabilities	**5.5%**	**23**					**23**
Minority interest loans	**5.0%**	**–**			**5%**	**561**	**561**
Short term banking facilities	**8.7%**	**2 671**	**5.7%**	**5**			**2 676**
Total borrowings		**9 553**		**3 573**		**936**	**14 062**

2015

	Rand		Chilean Peso (Clp52.07:R1)		US Dollar (R12.27:US$1)		Total
	Interest rate	Rm	Interest rate	Rm	Interest rate	Rm	Rm
Non current borrowings		3 156		1 162		1 029	5 347
Term facilities	6.9%	1 561	5.6%	1 162	3.7%	1 029	3 752
Redeemable preference shares	7.1%	1 197					1 197
V&A loan[1]	12.2%	303					303
Lease liabilities	5.1%	46					46
Vacation Club members	10.9%	49					49
Current borrowings		2 590		244		537	3 371
Term facilities	6.9%	100	5.6%	211	3.7%	94	405
V&A loan	12.2%	16					16
Lease liabilities	5.1%	18					18
Minority interest loans	5.0%				5%	443	443
Short term banking facilities	7.5%	2 456	6.0%	33			2 489
Total borrowings		5 746		1 406		1 566	8 718

[1] The fair value of borrowings approximates their carrying values except for the V&A loan which has a fair value of R219 million (2015: R234 million). The fair value has been determined on a discounted cash flow basis using a discount rate of 9% (2015: 9%).

23. Borrowings continued

The borrowings are repayable as follows

	Rand		Chilean Peso		US Dollar		Total	
	2016 Rm	2015 Rm	**2016 Rm**	2015 Rm	**2016 Rm**	2015 Rm	**2016 Rm**	2015 Rm
6 months or less	**496**	10	**292**	106	**561**	441	**1 349**	557
6 months – 1 year	**2 743**	2 581	**296**	139	**–**	94	**3 039**	2 814
1 – 2 years	**1 405**	914	**600**	211	**–**	187	**2 005**	1 312
2 – 3 years	**1 266**	1 395	**853**	211	**–**	187	**2 119**	1 793
3 – 4 years	**896**	282	**651**	211	**–**	657	**1 547**	1 150
4 years and onwards	**2 747**	564	**1 256**	528	**–**	–	**4 003**	1 092
	9 553	5 746	**3 948**	1 406	**561**	1 566	**14 062**	8 718
Secured							**4 003**	1 444
Unsecured							**10 059**	7 274
							14 062	8 718
Net book value of property, plant and equipment encumbered by secured loans:							**3 985**	1 843

As at 30 June 2016, interest rates on 10.5% (2015: 22%) of the group's borrowings were fixed. 59% (2015: 58%) of these fixed borrowings were for periods longer than 12 months. The interest rates other than on the V&A loan, approximate those currently available to the group in the market.

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

The group had unutilised borrowing facilities of R991 million (2015: R914 million) at 30 June 2016. All undrawn borrowing facilities are renewable annually and none have fixed interest rates.

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in event of default.

Capitalised lease liabilities

Finance lease liabilities are primarily for slot machines and IT equipment. At the time of entering into the capital lease arrangements, the commitments are recorded at the present value using applicable interest rates. The aggregate amounts of minimum lease payments and the related imputed interest under the capitalised lease contracts payable in each of the next five financial years and thereafter are as follows:

	2016 Rm	2015 Rm
Gross minimum lease payments:		
No later than 1 year	**26**	20
Later than 1 year and no later than 5 years	**40**	48
	66	68
Imputed interest:		
No later than 1 year	**(5)**	(1)
Later than 1 year and no later than 5 years	**(6)**	(3)
	(11)	(4)
Net capital payments of finance lease liabilities	**55**	64
Net carrying value of assets held under finance leases	**97**	74

23. Borrowings continued

Increase in borrowings

With the recent number of new projects and acquisitions, in particular the merger with Dreams and the construction of Time Square at Menlyn Maine, a significant restructure of debt has taken place during the year under review. The group debt is now separately raised and ring fenced to each of Latin America, South Africa and Nigeria.

Debt covenants at a Latam holding company level are based on the merged Sun Dreams debt and EBITDA.

The Sun Dreams Latam balance sheet is not only ring fenced but is deliberately under-geared in relation to its EBITDA in order to allow for sufficient future borrowings to fund the bidding for municipal licences as well as a number of new projects/acquisitions that have been identified. Based on the current pipeline of opportunities there is no foreseeable need for further funding from the group/South African balance sheet.

In South Africa, the group has secured R10.6 billion funding facilities from a consortium of South African funders to refinance its existing South African bank debt and to complete the Sun City and Time Square developments which are subject to debt covenants based on the South African debt and EBITDA. The covenants allow for an increase above 3x EBITDA to cater for the construction of Time Square and it is anticipated that the ratio should be below 3x EBITDA within a year of the project opening. The Nigerian debt has always been (and remains) ring-fenced to the Federal Palace, without recourse to the group balance sheet.

Cash flow interest rate risk

The group's cash flow interest rate risk arises from cash and cash equivalents and variable rate borrowings. The group is not exposed to fair value interest rate risk as the group does not have any fixed interest bearing financial instruments carried at fair value.

Interest rate sensitivity

A 1% increase in interest rates at 30 June would decrease profit before tax by the amounts shown below. This analysis assumes that all other variables remain constant.

	2016 Rm	2015 Rm
Profit before tax	**(126)**	(68)

A 1% decrease in interest rates at 30 June 2016 would have an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

Capital risk management

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

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

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

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

The group is not subject to externally imposed capital requirements.

24. Deferred income and other liabilities

	2016 Rm	2015 Rm
Non financial instruments		
Straight lining of operating leases	**178**	145
Deferred income	**508**	359
Sun City Vacation Club[1]	**363**	207
DTI Grant	**21**	25
Discounted slot machines	**27**	24
Lessor contribution[2]	**97**	103
Deferred payments – apartments for Ocean Sun Casino	**–**	48
– Time Square settlements[3]	**33**	–
Post-retirement medical aid liability (refer to note 17)	**97**	89
Long service award[4]	**34**	28
Accrual for farewell gifts[5]	**5**	4
Progressive jackpots provision[6]	**70**	19
Municipal concessions[7]	**19**	–
Post employment benefit for employees in municipal casinos	**36**	–
Lease restoration provision	**8**	–
Other liabilities	**34**	–
	989	692
Current portion transferred to accounts payable	**(10)**	(33)
Current portion relating to the deferred payment	**(33)**	(48)
Current portion relating to the progressive jackpot provision	**(70)**	(19)
	876	592

1 The Sun City Vacation Club sales revenue is recognised over the 10-year period of the members' contracts.

2 Lessor contributions were received in respect of the Maslow refurbishment. The contribution is recognised over 20 years and reduces the rental expense.

3 As a consequence of Goldrush dropping their objection to the Time Square project at Menlyn Maine, Sun International agreed to pay R75 million to the Goldrush group. R40 million has been paid with the balance to be paid when Time Square opens. The above value has been discounted to its present value.

4 The group offers employees a long service award. Employees are eligible for such benefits 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.

5 The group offers a farewell gift to employees who are retiring or resigning. Employees are eligible for such 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.

6 This is the provision for wide area progressives jackpots.

7 The Municipal concessions relate to a fixed contractual amount that is payable to the municipalities within which Dreams operates in Iquique and Puerto Varas in Chile.

Post retirement benefits

The present value of the post retirement benefits depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for post retirement benefits include the discount rate. Any changes in these assumptions will impact the carrying amount of post retirement benefits.

The group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the post-retirement benefit obligations. In determining the appropriate discount rate, the group considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related post-retirement benefits obligations.

Other key assumptions for pension obligations are based in part on current market conditions, as set out below.

	Pension fund liability		Post retirement medical aid liability	
	2016 %	2015 %	**2016 %**	2015 %
Discount rate	**9.80**	9.30	**9.60**	9.40
Inflation rate	**7.30**	6.55	**7.00**	6.55
Expected return on plan assets[1]	**9.80**	9.30		
Future salary increases	**8.81**	8.05		
Future pension increases	**7.30**	6.55		
The average life expectancy (in years) of an employee retiring at the age of 60 at the statement of financial position date, are as follows:				
Male	**19.4**	19.4	**19.4**	19.4
Female	**24.2**	24.2	**24.2**	24.2

[1] The expected return on plan assets is calculated using the discount rate at the start of the period of 9% per annum rather than a "best estimate" return assumption based on actual assets in which the Fund invested. The expected return has been set to equal the discount rate used to value the defined benefit obligations of the Fund.

Sensitivity

	Pension fund liability		Post retirement medical aid liability	
	2016	2015	**2016**	2015
Current future rate of increase of the liability	**9.8%**	9.3%	**5.95%**	5.57%
1% increase in rate	**10.8%**	10.3%	**6.95%**	6.57%
Impact on the liability	**Decrease of R45.4 million or 10.1%**	Decrease of R44.4 million or 10.8%	**Increase of R17.8 million or 18.3%**	Increase of R17.1 million or 18.5%
Impact on the service and interest costs	**Decrease of R1.1 million or 2.4%**	Decrease of R1.1 million or 2.9%	**Increase of R2.4 million or 19.9%**	Increase of R2.3 million or 20.2%
1% decrease in rate	**8.8%**	8.3%	**4.95%**	4.57%
Impact on the liability	**Increase of R59 million or 13.1%**	Increase of R57.9 million or 14.2%	**Decrease of R14.2 million or 14.7%**	Decrease of R13.15 million or 14.7%
Impact on the service and interest costs	**Increase of R1.5 million or 3.3%**	Increase of R1.5 million or 3.8%	**Decrease of R1.9 million or 15.8%**	Decrease of R1.8 million or 15.9%

		2016 Rm	2015 Rm
25.	**Trade payables and accruals**		
	Financial instruments		
	Trade payables	**491**	197
	Accrued expenses	**901**	713
	Bonus accrual	**158**	161
	Accrual for Ocean Sun Casino earn out payment	**149**	–
	Interest payable	**8**	6
	Capital creditors	**44**	43
	Other payables	**137**	84
		1 888	1 204
	Non-financial instruments		
	VAT	**132**	33
	Employee related accruals	**311**	228
	Current tax	**71**	94
		2 402	1 559
	The fair value of all non derivative financial instruments approximates their carrying value.		
26.	**Cash flow information**		
26.1	**Cash generated from operations**		
	Operating profit – continuing operations	**926**	2 077
	Operating profit – discontinued operations	**5**	61
	Adjustments for non cash transactions	**1 318**	903
	Depreciation and amortisation (including discontinued operations)	**1 137**	1 018
	Profit on disposal of joint venture and subsidiaries	**(18)**	(466)
	Impairment of assets	**–**	176
	Foreign exchange loss/(profit)	**84**	(103)
	Deferred Vacation Club revenue recognised	**(37)**	(21)
	Operating equipment usage	**59**	39
	Derivative financial instruments	**1**	188
	Employee share based payments	**51**	57
	Deferred income recognised	**(10)**	(5)
	Other non-cash movements	**51**	20
	Adjustment for items dealt with seperately	**991**	181
	Restructure costs	**–**	181
	Time Square settlements	**748**	–
	Monticello purchase price differential	**243**	–
	Delivery of share awards	**(4)**	(32)
	Working capital changes	**18**	(340)
	Inventory	**(20)**	25
	Accounts receivable	**(342)**	(119)
	Accounts payable	**380**	(246)
		3 254	2 850

		2016 Rm	2015 Rm
26.	**Cash flow information** continued		
26.2	**Tax paid**		
	Liability at beginning of year	**(71)**	(37)
	Acquisition of subsidiaries	**61**	–
	Disposal of discontinued operations	**–**	5
	Current tax provided	**(563)**	(493)
	CGT and other taxes	**(61)**	(51)
	(Asset)/liability at end of year	**(43)**	71
		(677)	(505)
26.3	**Interest paid**		
	Interest expense – continuing operations	**(756)**	(625)
	Interest expense – discontinued operations	**(1)**	(2)
	Imputed interest on loans payable	**23**	17
		(734)	(610)
26.4	**Reconciliation of changes in liabilities arising from financing activities**		
	Opening debt balance	**8 734**	7 582
	Cash flows		
	Raising of additional borrowings	**5 019**	2 161
	Repayment of borrowings	**(2 166)**	(990)
	Imputed interest	**(23)**	(17)
	Net cash flows	**2 830**	1 154
	Conversion of FEC liability to overnight loan	**141**	–
	Acquisition of subsidiary	**1 972**	–
	Forex movements	**405**	(2)
	Closing debt balance	**14 082**	8 734
	– continuing operations	**14 062**	8 718
	– discontinued operations	**20**	16

26.5 Disposal of shares in subsidiaries

On 1 April 2016, the group disposed of 10% of its interest in SunWest and Worcester to Tsogo Sun (refer note 27 for details of the transaction).

	SunWest	Worcester	Total
Carrying value of non controlling interest disposed	(18 537)	(12 654)	(31 191)
Cost of investment disposed	75 512	18 821	94 333
Profit/(loss) on disposal	543 477	(1 360)	542 117
	600 452	4 807	605 259
Additional minority shareholding in subdiaries	18 537	12 654	31 191
Net proceeds	618 989	17 461	636 450
Proceeds still outstanding at the end of June 2016	(511 072)	(13 928)	(525 000)
	107 917	3 533	111 450

27. Subsidiaries with non-controlling interests

(a) Disposals

2016

The group disposed of a 10% interest in its SunWest and Worcester (Western Cape Assets) for R675 million to Tsogo Sun with effect from 1 April 2016. Grand Parade Investments our BEE partner in the Western Cape Assets also disposed of a 10% interest to Tsogo Sun which gives Tsogo a 20% interest in these assets. Tsogo's investment in the Western Cape Assets will be limited to that of a passive investor and Tsogo will therefore have no representation on the board of directors of either SunWest or Worcester; no operational involvement nor any influence in respect of the conduct of the businesses; nor access to any information regarding the Western Cape Assets, except for information to which it as statutory rights as a shareholder, which will include the audited financial statements. As a result the group retained control over the SunWest and Worcester operations. Following the disposal the group now holds a 61% interest in SunWest and Worcester.

2015

During December 2014 the group sold a portion of its African portfolio to Minor International Pcl ("Minor"). The interests Sun International disposed of and its shareholding pre and post the transaction are as follows:

	Effective ownership			
	Pre the transaction	% disposed	Post the transaction	Subsequent accounting treatment
Gaborone Sun	80%	80%	16%	Associate
Kalahari Sands	100%	80%	20%	Associate
Lesotho Sun and Maseru Sun	47%	80%	9%	Associate
Royal Livingstone and Zambezi Sun	100%	50%	50%	Joint Venture

The following gains were recognised in the statement of comprehensive income as a result of these disposals:

	2015 Rm
Gain from equity disposed	325
Gain from assignment of management contracts	97
Gain on remeasurement of investments retained	44
	466

In the current financial year the group entered into firm commitments to sell the remaining interests that it holds in these properties (see note 21).

27. Subsidiaries with non-controlling interests continued

(b) Summarised financial information

The following is summarised financial information of material subsidiaries with non-controlling interests. The information is before inter-company eliminations with other companies in the group.

As from June 2016 Monticello is included in Sun Dreams.

2016

	Afrisun Gauteng	Afrisun KZN	Emfuleni Resorts	SunWest International	San Francisco Investment Resorts SA (Monticello)	Federal Palace (Nigeria)	Dreams
Statement of comprehensive income							
Profit/(loss) after tax	146	136	(23)	498	258	(407)	(30)
Other comprehensive income	–	–	–	–	285	127	6
Total comprehensive income	146	136	(23)	498	543	(280)	(24)
Non-controlling interest (%)*	5%	34%	15%	35%	1%	51%	45%
Profit/(loss) after tax	8	70	(5)	138	3	(206)	17
Total comprehensive income	8	70	(5)	138	5	(142)	17
Statement of financial position							
Current assets	40	23	23	104		100	1 202
Non current assets	709	715	975	1 333		442	9 527
Current liabilities	(687)	(451)	(296)	(884)		(59)	(1 376)
Non current liabilities	(24)	(37)	(361)	(366)		(860)	(3 595)
Net assets	38	250	341	187	–	(377)	5 758
Net assets attributable to non-controlling interests	2	85	51	66		(191)	2 591
Dividends and statement of cash flows							
Cash flows from operating activities	260	295	129	744		50	314
Cash flows from investing activities	(117)	(85)	(55)	(181)		(18)	(550)
Cash flows from financing activities	(146)	(219)	(75)	(590)		–	(51)
Net (decrease)/increase in cash and cash equivalents	(3)	(9)	(1)	(27)	–	32	(287)
Dividends paid to non-controlling interests	6	74	–	153	–	–	–

Dividends paid to the remaining subsidiaries with non-controlling interests amounted to R44 million.

27. Subsidiaries with non-controlling interests continued

2015

	Afrisun Gauteng	Afrisun KZN	Emfuleni Resorts	SunWest International	San Francisco Investment Resorts SA (Monticello)	Federal Palace (Nigeria)
Statement of comprehensive income						
Profit after tax	144	212	4	515	163	(153)
Other comprehensive income	1	1	–	–	–	(25)
Total comprehensive income	145	213	4	515	163	(178)
Non-controlling interest (%)*	5%	34%	15%	25%	1%	51%
Profit after tax	8	73	1	129	3	(78)
Total comprehensive income	8	73	1	129	3	(90)
Statement of financial position						
Current assets	41	36	21	134	164	92
Non current assets	672	706	1 008	1 304	2 693	547
Current liabilities	(699)	(445)	(279)	(758)	(242)	(61)
Non current liabilities	(21)	(33)	(381)	(371)	(1 227)	(675)
Net assets	(7)	264	369	309	1 388	(97)
Net assets attributable to non-controlling interests	–	90	55	77	14	(49)
Dividends and statement of cash flows						
Cash flows from operating activities	272	328	168	734	285	185
Cash flows from investing activities	(121)	(69)	(36)	(124)	(44)	(8)
Cash flows from financing activities	(148)	(262)	(128)	(580)	(258)	(162)
Net increase/(decrease) in cash and cash equivalents	3	(3)	4	30	(17)	15
Dividends paid to non-controlling interests	6	69	–	130	–	–

* Excludes the shareholding held by the Sun International Employee Share Trust.

Dividends paid to the remaining subsidiaries with non-controlling interests amounted to R42 million.

(c) Sun International Employee Share Trust (SIEST)

The SIEST has been consolidated in the group's financial statements in terms of IFRS 10 - Consolidated Financial Statements. The SIEST is however controlled by its trustees. The majority of the trustees are representatives elected by and from the employees who are beneficiaries of the trust. The company has no beneficial interest in and has no control over the SIEST. The group does not share in any economic benefits of the SIEST.

The SIEST was established to enable eligible employees to share in the success of the group through share ownership. The SIEST beneficiaries excludes participants that benefit from any other group share incentive scheme. Eligible employees will benefit from income and growth distributions made by the trust.

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

	2016 %	2015 %
Afrisun Gauteng	**3.5**	3.5
Emfuleni Resorts	**3.5**	3.5
SunWest	**3.3**	3.3
Meropa	**3.5**	3.5
Teemane	**3.5**	3.5
Afrisun KZN	**3.5**	3.5
Mangaung Sun	**3.5**	3.5
Worcester	**3.5**	3.5
Sun International Limited – direct	**2.4**	2.4
Sun International Limited – indirect	**1.2**	1.2

28. Related party transactions

Key management personnel have been defined as: Sun International Limited board of directors and Sun International Management executive team with group oversight. The definition of key management includes the close members of family of key management personnel and any entity over which key management exercises control. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the group. They may include the individual's domestic partner and children, the children of the individual's domestic partner and dependants of the individual or the individual's domestic partner.

	2016 R'000	2015 R'000
(i) Key management compensation		
Non-executive directors fees		
PDS Bacon	**512**	477
ZBM Bassa	**590**	549
PL Campher	**839**	766
NN Gwagwa	**374**	336
BLM Makgabo-Fiskerstrand	**418**	436
IN Matthews	**875**	830
B Modise	**122**	411
LM Mojela	**422**	410
MV Moosa	**1 437**	1 398
GR Rosenthal	**669**	675
EAMMG Cibie	**294**	328
	6 552	6 616

Executive directors and key management remuneration

	Basic remuneration	Bonuses/ performance related payments	Retirement contributions	Other benefits	Fair value of share awards expensed	Total
2016						
GE Stephens	**5 957**	**5 048**	**811**	**162**	**8 696**	**20 674**
AM Leeming	**3 766**	**3 296**	**662**	**171**	**3 689**	**11 584**
DR Mokhobo	**2 431**	**1 218**	**309**	**102**	**1 507**	**5 567**
R Collins	**3 673**	**2 760**	**828**	**99**	**3 746**	**11 106**
J Wilhelm (1 month)	**426**	**426**	**29**	**134**	**–**	**1 015**
Other key management	**21 027**	**10 380**	**3 975**	**1 654**	**5 083**	**42 119**
	37 280	**23 128**	**6 614**	**2 322**	**22 721**	**92 065**

2015						
GE Stephens	5 610	8 043	753	148	7 681	22 235
AM Leeming	3 502	3 512	608	169	4 106	11 897
KH Mazwai	2 207	1 681	481	313	1 653	6 335
Other key management	23 008	19 313	4 362	6 510	10 569	63 762
	34 327	32 549	6 204	7 140	24 009	104 229

Details of individual directors' emoluments and share options are set out in the Remuneration report.

28. Related party transactions continued

Movements on share grants to executive directors and other key management are set out below:

	2016 Executive and other management	2016 Average grant price	2015 Executive and other management	2015 Average grant price
EGP				
Opening balance	**1 343 528**	**102.32**	1 461 886	97.37
Movement in employees	**–**	**–**	(198 467)	96.76
Exercised	**–**	**–**	(207 428)	90.78
Lapsed: termination of employment	**–**	**–**	(99 144)	96.76
Lapsed: vesting condition not met	**–**	**–**	–	–
Granted	**464 355**	**87.52**	386 681	111.21
Closing balance	**1 807 883**	**98.40**	1 343 528	102.32
CSP				
Opening balance	**131 529**	**86.55**	169 803	86.55
Movement in employees	**–**	**–**	(23 271)	86.55
Lapsed: termination of employment	**–**	**–**	(15 003)	86.55
Lapsed: vesting condition not met	**(92 070)**	**86.55**	–	–
Exercised	**(39 459)**	**86.55**	–	–
Closing balance	**–**	**–**	131 529	86.55
DBP				
Opening balance	**27 455**	**85.47**	46 195	84.21
Movement in employees	**–**	**–**	(7 735)	84.38
Matching award	**(27 455)**	**(85.47)**	(11 005)	80.93
Lapsed: termination of employment	**–**	**–**	–	–
Closing balance	**–**	**–**	27 455	85.47
RSP and BSMP				
Opening balance	**430 667**	**95.85**	596 894	93.17
Movement in employees	**–**	**–**	(72 620)	95.00
Vested	**(113 041)**	**96.90**	(145 559)	87.89
Lapsed: termination of employment	**–**	**–**	(52 226)	97.77
Granted	**348 477**	**85.99**	104 178	117.05
Closing balance	**666 103**	**90.51**	430 667	95.85

28. Related party transactions continued

Share awards held by executive directors by scheme

	2016 GE Stephens	2016 AM Leeming	2016 Dr Mokhabo	2016 R Collins	2015 GE Stephens	2015 AM Leeming	2015 KH Mazwai
EGP	**495 745**	**229 650**	**127 902**	**143 136**	354 122	170 617	–
CSP	**–**	**–**	**–**	**–**	19 804	17 026	–
DBP	**–**	**–**	**–**	**–**	6 241	3 520	2 973
RSP and BSMP	**155 618**	**65 214**	**21 535**	**86 828**	175 378	86 491	–
	651 363	**294 864**	**149 437**	**229 964**	555 545	277 654	2 973

(ii) Shareholding of key management

	Holding by key management 2016 %	Holding by key management 2015 %	Dividends received by key management 2016 R'000	Dividends received by key management 2015 R'000
Sun International Limited	**1.0**	0.8	**2 100**	1 845
Afrisun KZN	**–**	0.4	**–**	316
			2 100	2 161

(iii) Other related party relationships

Management agreements are in place between SIML and various group companies. A management fee is charged by SIML in respect of management services rendered. SIML has provided a R9 million loan to FireFly Investments.

29. Contingent liabilities

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 R521 million at 30 June 2016 (June 2015: R508 million).

30. Financial risk management

Credit risk management

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Derivative financial instruments – refer to note 15

Trade and other receivables – refer to note 18

Cash and cash equivalents – refer to note 20

Liquidity risk management

Liquidity risk is the risk that the group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The group has substantial borrowings and other financial liabilities.

To manage liquidity risk the group retains undrawn and available banking facilities.

Banking facilities:

	2016 Rm	2015 Rm
Total banking facilities	**3 667**	3 403
Less: Drawn down portion	**(2 676)**	(2 489)
Total undrawn banking facilities	**991**	914

The group's preference share and debt funding is subject to debt covenants which are reviewed on an ongoing basis.

30. Financial risk management continued

The following tables compare the contractual cash flows of debt owed at 30 June 2016, with the carrying amount in the consolidated balance sheet, in Rands. The contractual amounts reflect the differences from carrying amounts due to the effects of discounting and premiums. Interest is estimated assuming interest rates applicable to variable rate debt remain constant.

	On demand or not exceeding six months Rm	More than six months but not exceeding one year Rm	More than one year but not exceeding two years Rm	More than two years but not exceeding five years Rm	More than five years Rm	Imputed interest Rm
2016						
Term facilities	**857**	**858**	**1 583**	**7 933**	**455**	**2 918**
Minority shareholder loans	**561**					
V&A loan	**29**	**30**	**65**	**231**	**83**	**136**
Redeemable preference shares	**486**	**39**	**827**	**285**	**–**	**170**
Minority debenture	**23**	**23**	**186**	**–**	**–**	**46**
Lease liabilities	**14**	**13**	**24**	**16**	**–**	**12**
Vacation Club members	**–**	**–**	**–**	**61**	**–**	**14**
Short term banking facilities*	**–**	**2 676**	**–**	**–**	**–**	**–**
Derivative financial instruments	**–**	**20**	**–**	**–**	**–**	**–**
Trade payables	**491**	**–**	**–**	**–**	**–**	**–**
Accrued expenses	**901**	**–**	**–**	**–**	**–**	**–**
Interest payable	**8**	**–**	**–**	**–**	**–**	**–**
Capital creditors	**44**	**–**	**–**	**–**	**–**	**–**
Accrual for Ocean Sun Casino earn out payment	**149**	**–**	**–**	**–**	**–**	**–**
Other payables	**137**	**–**	**–**	**–**	**–**	**–**
	3 700	**3 659**	**2 685**	**8 526**	**538**	**3 296**
2015						
Term facilities	137	422	988	2 497	590	477
Minority shareholder loans	444	–	–	–	–	1
V&A loan	27	27	59	212	167	173
Redeemable preference shares	43	43	495	791	–	176
Lease liabilities	10	12	21	32	–	11
Vacation Club members	–	–	–	69	–	20
Short term banking facilities*	–	2 489	–	–	–	–
Derivative financial instruments	(8)	(2)	(1)	25	127	–
Trade payables	197	–	–	–	–	–
Accrued expenses	713	–	–	–	–	–
Interest payable	6	–	–	–	–	–
Capital creditors	43	–	–	–	–	–
Other payables	84	–	–	–	–	–
Monticello purchase consideration	124	–	–	–	–	–
	1 820	2 991	1 562	3 626	884	858

* These are 364 day notice facilities. As at the date of this report, no notice on any of these facilities had been received.

30. Financial risk management continued

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group has market risk related to variable rate instruments:

The group has taken out certain derivative instruments to manage the interest rate risk and foreign exchange risk of certain exposures.

Cash flow hedge

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in other comprehensive income. The ineffective portion is recognised immediately in profit or loss in the respective line items. Amounts deferred to the hedging reserves are recognised through profit and loss in the same period in which the hedged item affects profit and loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to profit or loss for the period.

At the balance sheet date, the group had an interest rate cross currency swap and an interest rate swap, the details of which are set out below:

- The Emfuleni interest rate swap is designated as a hedging instrument to hedge.
- The SIL interest rate cross currency swap is not designated as a hedging instrument. The group had a R500 million loan which was taken out to fund the purchase and fit out of the Ocean Sun Casino in Panama. The company entered into an interest rate cross currency swap to fix the interest rate and convert payments into dollars and thereby economically hedge its cash flow risk arising from changes in the Rand USD exchange rate and changes in the interest rate. The hedge was unwound during 2016.

	2016		2015	
	Time Square FEC hedge	**Emfuleni interest rate swaps**	SIL interest rate cross currency swap	Emfuleni interest rate swaps
Notional amount	**R684 million**	**R81 million**	R500 million	R213 million
Fixed exchange rate	**15.56***		9.881*	
Swapped notional			US$51 million	
Fixed rate			3.87%	
30 September 2015 swap		**NIA**		5.57%
29 September 2017 swap		**5.97%**		5.97%
Variable rate		**Linked to quarterly Jibar**	3 month Jibar + 2.05 NACS	Linked to quarterly Jibar
Fair value liability/(asset) at 30 June	**R20 million**	**(R2 million)**	R141 million	(R2 million)
Net (loss)/profit on cash flow hedges	**(R20 million)**	**–**		R2 million

* Swapped Rands for US Dollars.

30. Financial risk management continued

A 1% increase in interest rates at 30 June would decrease profit before tax by the amounts shown below. This analysis assumes that all other variables remain constant.

	2016 Rm	2015 Rm
Profit before tax	**(126)**	(68)

A 1% decrease in interest rates at 30 June 2016 would have an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

Market risk – foreign exchange rate risk
The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The group operates internationally and some of its financial assets and liabilities are denominated in a currency other than the functional currency of the group (Rand). As mentioned under the cash flow hedge, an interest rate cross currency swap was entered into to manage this risk.

A 10% strengthening in the functional currency against foreign currencies at 30 June 2016 would increase/(decrease) profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis was performed on the same basis for 2015.

	2016 Rm	2015 Rm
US Dollar	**(18)**	(11)
Chilean Peso	**(37)**	–
Colombian Peso	**(1)**	(3)
Nierian Naira	**9**	(1)

A 10% weakening in the Rand against these currencies at 30 June 2015 would have an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

Market risk – price risk
This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market.

Fair value measurement
Certain financial instruments are either measured at fair value or the fair value is required to be disclosed. The fair values are set out in the individual notes to which this relates.

31. Subsequent events

Subsequent to year end we have exercised our option to acquire a further 19.9% interest in GPI Slots which will cost approximately R253 million and will take our shareholding to 70%.