

Annual Report for the year ended 30 June 2010

Real Africa Holdings Ltd



**REAL AFRICA
HOLDINGS LTD**

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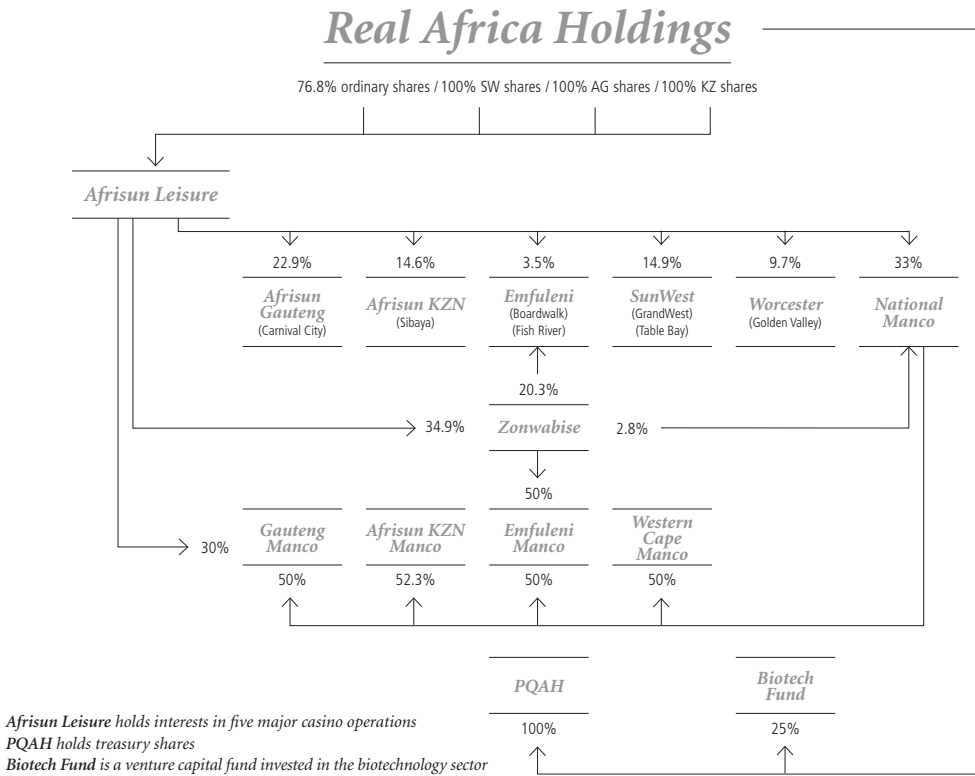
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Group structure



Real Africa attributable economic interest in:	30 June 2010 %	30 June 2009 %
Afrisun Gauteng	21.6	21.6
SunWest	14.0	14.0
Afrisun KZN	13.7	13.7
Emfuleni	8.1	8.1
Worcester	7.4	7.4
Gauteng Manco	36.1	36.1
Emfuleni Manco	26.4	26.4
Afrisun KZN Manco	13.6	13.6
Western Cape Manco	13.0	13.0

Net asset value

The net asset value has been calculated on:		30 June 2010		30 June 2009		30 June 2008	
	Note	R'000	%	R'000	%	R'000	%
Afrisun Leisure	1	1 161 081	98.4	1 152 780	98.0	1 041 836	99.9
Other net liabilities		(5 732)	(0.5)	(4 555)	(0.4)	(22 610)	(2.2)
Cash		24 721	2.1	28 010	2.4	30 722	3.0
Debt		–	–	–	–	(7 584)	(0.7)
		1 180 070	100.0	1 176 235	100.0	1 042 364	100.0
Issued ordinary shares		361 949 178		361 605 469		361 605 469	
Value per share (cents)		326		325		288	
Share price (cents)		310		250		465	
(Discount)/premium (%)		(5)		(23)		61	
Value per share (cents)		326		325		288	

Note

1. All the investments held by Afrisun Leisure have been valued using the Discounted Cash Flow (DCF) valuation method applying a discount rate of 12.11% (2009:12.45%) at 30 June 2010, to directors' current estimated future operating cash flows. A minority discount of 15% has been applied to the valuation of the gaming company investments.

Five year review

	June 2010 R'000	June 2009 R'000	June 2008 R'000	15 months ended June 2007 R'000	March 2006 R'000
Statements of comprehensive income					
Revenue	62 718	77 041	67 408	83 507	34 429
Operating income	109 655	121 660	326 193	326 504	172 294
Operating costs	(3 869)	(4 690)	(6 765)	(18 729)	(11 367)
Amortisation	(6 606)	(7 584)	(7 584)	(15 980)	(9 283)
Impairment of intangible asset	(12 659)	(11 818)	–	–	–
Impairment of available-for-sale investment	(7 368)	–	–	–	–
Interest expense	(21)	(602)	(5 647)	(14 268)	(12 882)
Profit before tax	79 132	96 966	306 197	277 527	138 762
Tax	1 403	1 740	(33 720)	(12 477)	(10 055)
Profit for the year	80 535	98 706	272 477	265 050	128 707
Minority interest	(3 267)	(6 758)	(44 713)	(13 350)	(9 023)
Net profit for the year	77 268	91 948	227 764	251 700	119 684
Headline earnings per share (cents)	24.5	30.1	37.7	28.0	33.8
Statements of financial position					
Available-for-sale investments	784 892	711 518	732 702	1 180 154	1 219 538
Other non current assets	93 555	107 334	132 073	160 511	188 283
Current assets	27 069	31 819	44 853	108 696	455 732
	905 516	850 671	909 628	1 449 361	1 863 553
Ordinary shareholders' equity	838 136	780 487	778 617	1 147 838	1 583 064
Minority interest	56 432	56 465	58 747	150 656	149 144
	894 568	836 952	837 364	1 298 494	1 732 208
Preference shares	–	–	37 392	140 464	121 465
Other non current liabilities	10 510	12 315	14 812	264	7 665
Current liabilities	438	1 404	20 060	10 139	2 215
	10 948	13 719	72 264	150 867	131 345
	905 516	850 671	909 628	1 449 361	1 863 553
Net asset value					
Net asset value	1 180 070	1 176 235	1 042 364	1 825 676	2 435 807
Value per share (cents)	326	325	288	505	676
Share price (cents)	310	250	465	725	590

Directorate

NON-EXECUTIVE

MV (Valli) Moosa (53)

Chairman BSc (Mathematics, Physics)

Appointed to the board in October 2006 and as board chairman on 1 July 2009. Valli Moosa served as Minister of Constitutional Development from 1994 to 1999 and as Minister of Environmental Affairs and Tourism from 1999 to 2004. He previously served as chairman of the United Nations Commission on Sustainable Development, as chairman of Eskom Holdings, as a national executive committee member of the ANC and as president of the International Union for the Conservation of Nature. He currently holds directorships, inter alia, in Anglo Platinum (deputy chairman, LID and chairman of the governance committee), Lereko Investments (executive chairman), Dinokana Investments, Imperial Holdings, Sun International (chairman), Sanlam and Sappi.

RP (Rob) Becker (48)

Financial director BAcc, CA(SA), MBA

Appointed to the board in September 2006. Rob Becker is the chief financial officer of Sun International and holds directorships in various Sun International and RAH group companies. Prior to this he spent two and a half years at Nampak and seven years at Robertsons Holdings where he held the positions of chief financial officer and group financial director respectively. He has extensive experience in corporate finance and local and offshore financial management.

DC (David) Coutts-Trotter (48)

BBus Sci, BAcc, CA(SA)

Appointed to the board in September 2006. David Coutts-Trotter is the chief executive of Sun International and holds directorships in various Sun International group companies and in Afrisun Leisure. He completed articles with PricewaterhouseCoopers Inc and has sixteen years' experience in the hotel, resorts and gaming industries.

MJ (Mike) Leeming (66)†#

BCom (Rhodes), MCom (Wits), FCMA, FIBSA, AMP (Harvard)

Appointed to the board in October 2006. Mike Leeming joined Nedcor in 1976 where he held a number of senior management positions until his appointment as chief operations officer (Nedcor Bank) in 1998, executive director (Nedcor Bank) in 1994, executive director (Nedcor) in 1999 until his retirement in 2002. During his banking career, he spent a year as President of the Institute of Bankers and a year as chairman of the Banking Council of South Africa. He also represented Nedcor on the board of CGIC, was chairman of the Namibian Banking Corporation and non-executive director of the State Bank of Mauritius and currently holds non-executive directorships in the Altron Group, AECI, Imperial Group and Woolworths.

MMT (Tryphosa) Ramano (38)†#

BCom, CA(SA)

Appointed to the board in June 2008. Tryphosa Ramano is chief financial officer of WIPHOLD and previously held positions as chief financial officer and executive vice president of SAA, head of the asset and liability division of the National Treasury and portfolio manager and head of the Institute of Excellence at RMB Asset Management. She also serves as a member of the SAICA audit and risk committee, as an alternate director on the FSB Board of Appeal, non-executive director of Adcorp Holdings, Old Mutual Investment Group Property Investments, Sasol Mining and chairperson of the audit committee of the National Credit Regulator.

Y (Younaid) Waja (58)†#

BCom, BCompt Hons, HDip Tax, CA(SA)

Appointed to the board in February 2010. Younaid Waja is a tax and business consultant and previously served as a member of the SAICA Tax Committee, chairman of PAAB, treasurer and convener of the fiscal and finance committee of the Black Business Council and alternate director of the FSB insider trading directorate. He currently holds a non-executive directorship in Telkom and serves as a non-executive director and member of the audit committees of Blue IQ Investment Holdings, PIC and Imperial Holdings. He also serves as the chairman of the Imperial Holdings risk committee and as a member of the PIC investment committee.

† independent director

member of the audit and risk committee

Report of operations

Review of results

Revenue comprising of dividends received was below last year due to lower dividends declared by SunWest and Afrisun KZN and no dividends received from Emfuleni.

The net investment profit of R1.1 million (2009: R6.7 million loss) relates to the profit on sale of investments by the Biotech Venture Fund of R2.2 million (2009: R2.8 million), partly offset by the impairment of the investment made to the Biotech Venture Fund of R1.1 million (2009: R0.5 million). The comparative year included a R9 million increase in the Life Esidimeni pension fund provision following a settlement that was reached.

The share of profits of associates includes the group's share of income from Afrisun Gauteng, Zonwabise and the management companies. The share of profits of associates has reduced mainly due to the decline in earnings at Carnival City (Afrisun Gauteng).

The impairment of the intangible asset in Zonwabise of R12.7 million (2009: R11.8 million) results from the decrease in the underlying value of its investments in Emfuleni and the management companies. In addition, the group also impaired its investment in Worcester by R7.4 million due to a reduction in the underlying valuation.

Interest income has reduced due to lower cash balances as a result of the settlement in the prior year of the group's obligation to Life Esidimeni in respect of the Lifecare Group Holdings Pension Fund.

Profit for the year was lower than the prior year due to the lower dividends received and the impairment of the intangible asset in Zonwabise and the impairment of the Worcester investment. As a result headline earnings per share declined by 19% to 24.5 cents per share.

The board has declared a final dividend of 14 cents (2009: 14 cents) per share, bringing the total dividend for the year to 26 cents (2009: 18 cents) per share.

Non current assets

Investments in associates have decreased due to the further impairment of R12.7 million relating to the intangible asset of Zonwabise.

The group marginally increased its investment in Afrisun Gauteng by acquiring additional shares in terms of a pre-emptive right. The group also acquired additional shares in SunWest, although the effective shareholding in SunWest decreased marginally due to the dilution resulting from the exercise of options over SunWest shares by Grand Parade Investments.

Other investment activities

During the year Real Africa invested a further R1.1 million in the Biotech Venture Partners Fund (BVPF) bringing the total invested to date to R18.9 million out of a commitment of R20 million. An amount of R2.2 million was received during the year from the disposal of investments by the BVPF. Real Africa continues to write down its investment in BVPF to zero due to the uncertainty associated with investments of this nature.

Real Africa had committed to invest R40 million in the N4 Bakwena Platinum Toll Road project which was completed in August 2005. No draw-down on this investment is anticipated.

SunWest exclusivity

GrandWest's initial 10-year casino exclusivity in the Cape Metropole expires during December 2010. The Provincial Government of the Western Cape (PGWC) is considering whether to permit one of the other casino licence holders in the Western Cape to relocate to the Cape Metropole and is engaging interested stakeholders before taking a final decision in this regard. The PGWC has indicated that it would seek to extend GrandWest's exclusivity to enable proper completion of this exercise and any consequential processes.

Insufficient information is currently available to assess the potential impacts on GrandWest's revenue and profitability. However, in the event that a relocation and establishment of a new casino goes ahead, it is likely to be material to GrandWest once opened, which is not likely to occur before the end of 2012.

Boardwalk's casino licence

The Eastern Cape Gambling and Betting Board (ECGGB) announced during September 2009 that Emfuleni is the preferred bidder for the exclusive gaming licence in Port Elizabeth. Currently the licensee and the ECGGB are in final consultations on the licence conditions and finalisation is anticipated in advance to the expiry of the current licence in October 2010.

In determining the fair value of the group's investment in Emfuleni, management have assumed that, the entity will be successful with its bid for the new casino licence.

Net asset value

The Real Africa directors have determined that the net asset value per share of the group is 326 cents per share. The casino investments held in Afrisun Leisure have been valued on a discounted cash flow basis using a discount rate of 12.11% (2009: 12.45%) and a minority discount of 15% has been applied to the group's investment in SunWest, Afrisun Gauteng, Afrisun KZN, Emfuleni and Worcester.

Dividend policy

Dividends are determined at board meetings which deal with the half-year and year-end results.

Investment strategy

Real Africa is invested in the gaming industry in businesses which are controlled and managed by Sun International. Our strategy as an investment holding company is to support these core investments and to return surplus cash to shareholders.

Outlook

Trading at the group's major investments has stabilised and some growth in revenue is expected in the new financial year.

The outlook has not been reviewed or reported on by the Company's auditors.

Corporate governance report

The board of RAH has committed itself to the application of the principles recommended by the King Code of Governance for South Africa 2009 (King III) and is currently reviewing its practices against recommended best practice as contained in the Code.

The extent of the company's compliance with the King II Code and with the related Listings Requirements of the JSE Limited (JSE), is dealt with under appropriate sections throughout this report.

Board of directors

The board is the focal point of the company's corporate governance system which is ultimately accountable and responsible for the key governance processes and the performance and affairs of the company.

Board charter

The board has adopted a charter which was reviewed during the financial year and regulates how business is to be conducted by the board in accordance with the principles of good corporate governance.

The charter sets out, inter alia, the policies and procedures relative to:

- the division of the board's responsibilities to ensure a balance of power and authority, ensuring that no individual or block of individuals has unfettered powers of decision making or can dominate the board's decision taking; and
- the appointment of directors, ensuring that appointments are formal and transparent and a matter for the board as a whole.

Board chairman

The board is chaired by Mr MV Moosa, a non-executive director. Mr Moosa is not an independent director. The chairman of the board is responsible, inter alia, for ensuring the integrity and effectiveness of the board's governance processes, and is subject to annual election from amongst its members.

Board composition

The board presently comprises six non-executive directors, of whom three are considered independent in terms of the definitions contained in the Code. The composition of the board and changes during the financial period appear on pages 5 and 14 of the annual report.

Board and committee evaluations

In terms of the charter, the board is required to evaluate its own performance, processes and procedures in terms of a self-evaluation process every two years, the last evaluation having been carried out in 2009. The board also informally appraises the performance of the board chairman and the board chairman evaluates the contribution of each individual non-executive director. The performance of the board committee is also reviewed by way of self-evaluation every two years, the last evaluation having taken place in 2009. Action plans to improve outcomes, when necessary, or to implement suggestions for improvements made by the directors or committee members are implemented as necessary.

Directors' period of office and retirement

In terms of the company's articles, new directors may only hold office until the next annual general meeting at which they will be required

to retire and offer themselves for re-election. Directors are subject to retirement by rotation at least once in every three years.

Induction of directors

On appointment all directors are provided with an induction programme and materials aimed at broadening their understanding of the group and the business environment and markets in which the group operates. The company secretariat plays a role in the induction of new directors. All directors are expected to keep abreast of changes and trends in the business and in the group's environments and markets, including changes and trends in the economic, political, social and legal climate.

Access to company information and confidentiality

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

Independent professional advice and company secretariat

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

The company secretariat provides a central source of advice to the board on the requirements of the Code and corporate governance and provides the board as a whole, directors individually, and the committee with guidance as to how their responsibilities should be discharged in the best interests of the company. The appointment and removal of the company secretariat is a matter for the board as a whole.

Conflicts of interest

Directors are required to inform the board of any conflicts or potential conflicts of interest which they may have in relation to particular items of business. Directors are required to recuse themselves from discussions or decisions on those matters where they have conflicts or potential conflicts of interest and the board may, if it deems appropriate, request a director to recuse himself/herself from the meeting for the duration of the matter under discussion.

Board meetings

A minimum of four board meetings is scheduled per financial year to consider, deal with and review, inter alia, strategic and financial issues and quarterly performance.

Additional board meetings may be convened on an ad hoc basis, if necessary, to deal with extraordinary issues which may require urgent attention or decision.

Directors are required to use their best endeavours to attend board meetings and to prepare thoroughly therefore and are expected to participate fully, frankly and constructively in discussions and to bring the benefit of their particular knowledge and expertise to the board meetings.

Corporate governance report continued

Four board meetings were held during the 2010 financial year. Details of attendance by each director are as follows:

	31 Aug 09	25 Nov 09	3 Mar 10	21 May 10
MV Moosa	✓	✓	✓	✓
RP Becker	✓	✓	✓	✓
DC Coutts-Trotter	X	✓	X	✓
MJ Leeming	✓	✓	✓	✓
MMT Ramano	✓	X	✓	✓
Y Waja*	n/a	n/a	✓	✓

✓ present

X apologies

* appointed to the board on 1 February 2010

Board committees

The board is authorised to form committees to assist in the execution of its duties, powers and authorities. The board has one standing committee, namely the audit and risk committee. The terms of reference of the committee were amended and approved by the board during the financial year and have been adopted by the committee. The terms of reference of the committee are subject to review and amendment on an annual basis. The chairperson of the committee reports to the board on a quarterly basis in terms of the committee's terms of reference and copies of all committee minutes are circulated to the full board.

The board does not consider it appropriate to retain a remuneration or nomination committee as the company is an investment holding company and outsources its administrative functions to an affiliated company in the Sun International group. Any matters which would normally fall under the mandate of such committees from a remuneration and nomination perspective, are dealt with by the board.

Audit and risk committee

Composition: Mr MJ Leeming (chairman), Ms MMT Ramano, Mr Y Waja.

Mr Leeming and Ms Ramano served as members of the committee during the financial year ended 30 June 2010 together with Mr Waja who was appointed as a member of the committee on 3 March 2010. All members have been re-elected by the board to serve on the committee in respect of the financial year ending on 30 June 2011. The committee members are all independent non-executive directors who act independently and are financially literate.

The audit and risk committee is primarily responsible for overseeing the company's financial reporting process on behalf of the board, and assists the board in discharging its fiduciary duties relating to the safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards, as well as the effectiveness, integrity and reliability of the risk management processes.

The committee has adopted written terms of reference approved by the board that include:

- the nomination of the external auditors annually for appointment by shareholders, determination of fees and terms of engagement;
- the evaluation of the independence and effectiveness of the external auditors, consideration of nature and extent of non-audit services rendered by them to the group and the pre-approval of proposed contracts for such services;
- the annual consideration of the appropriateness of expertise and experience of the financial director;
- ensuring that the appointment of the external auditors (including that of the designated auditor and IFRS advisor) to the company and its subsidiaries complies with the Companies Act, Auditing Profession Act, 2005 and the JSE Listings Requirements;
- the review of interim and preliminary reports and annual financial statements, including the valuation of unlisted investments and loans and going concern statements, prior to submission to the board;
- dealing with internal or external complaints relating to accounting practices or to the content or auditing of the financial statements;
- the review of the external auditor's interim and final reports to the committee;
- consideration of other topics or other matters or oversight functions; and
- the evaluation of its own performance and effectiveness every two years.

The committee has considered and satisfied itself with the appropriateness of the experience and expertise of the financial director, Mr RP Becker.

The committee has evaluated the independence and effectiveness of the external auditors, PricewaterhouseCoopers Inc and is satisfied that the external auditor is independent of the company.

The committee has also considered and approved the audit fee payable to the external auditors in respect of the audit for the year ended 30 June 2010 ahead of the annual audit as well as the their terms of engagement, taking into consideration factors such as the timing of the audit, the extent of work required and the scope of the audit. The committee has satisfied itself that the appointments of the external auditors, designated auditor, and the IFRS advisor, comply with the Companies Act, the Auditing Profession Act and the JSE Listings Requirements.

All non-audit services provided to the company by the external auditor and fees relative thereto have been approved by the committee in terms of a policy established in conjunction with the external auditors in terms of which the nature and extent of all non-audit services provided by the external auditors are reviewed and approved in advance, ensuring that the independence of the external auditors is not compromised.

In view of the foregoing, the committee nominates PricewaterhouseCoopers Inc as registered auditor to continue in office until the conclusion of the 2011 annual general meeting, noting that Mr DB von Hoesslin is the individual registered auditor and member of the foregoing firm who undertakes the audit.

Corporate governance report continued

The committee meets separately with the external auditors without other board members present at least once a year.

The board of directors is also responsible for monitoring and reviewing the risk management strategy of the group. The committee also assists the board in fulfilling this responsibility and in the discharge of its duties relating to corporate accountability and associated risk. The effectiveness, quality, integrity and reliability of the group's risk management processes have been delegated to the audit and risk committee whose objective is to inter alia monitor, develop and communicate the processes for managing risks across the group.

The company has adopted a risk register containing the major risks facing RAH. The register is updated on an annual basis, or as often as circumstances necessitate.

The committee is required to meet at least three times a year. Three committee meetings were held during the 2010 financial year. Details of attendance by each member are as follows:

	31 Aug 09	3 Mar 10	21 May 10
MJ Leeming	✓	✓	✓
MMT Ramano	✓	✓	✓
Y Waja*	n/a	✓	✓

✓ present

* appointed to the committee on 3 March 2010

Other board members have right of attendance at committee meetings. The chairman of the committee, or in his absence another member of the committee nominated by him, is required to attend the annual general meeting to answer questions falling under the mandate of the committee.

External audit

The external auditors provide the board and the audit and risk committee with their independent observations and suggestions on the group's internal controls, as well as suggestions for the improvement of the financial reporting and operations of the business.

The external auditors' audit approach is risk-based, requiring them to continually identify and assess risks throughout the audit processes. The external auditors are reliant on the operating procedures and place emphasis on understanding how directors obtain comfort that the business is generating reliable information and then evaluate and validate the basis of this comfort. This approach aligns the way they work closely with the organisational structures and risk management processes.

The audit and risk committee has evaluated the external auditor's independence and are satisfied that the auditors are independent of the company.

The designated auditor attends shareholder meetings of the company.

Internal control

The board of directors is responsible for the group's systems of internal control. These systems are designed to provide reasonable but not absolute assurance as to the integrity and reliability of the financial statements

and to safeguard, verify and maintain accountability of its assets and to detect and minimise significant fraud, potential liability, loss and material misstatement while complying with applicable laws and regulations.

The controls throughout the group concentrate on critical risk areas.

Continual review and reporting structures enhance the control environments. Nothing has come to the attention of the directors to indicate that a material breakdown in the controls within the group has occurred during the year.

Going concern

Following due consideration of the operating budgets, an assessment of group solvency and liquidity, the major risks, outstanding legal and taxation issues, and other pertinent matters, the directors have recorded that they have reasonable expectation that the company and the group have adequate resources and the ability to continue in operation for the foreseeable future. For these reasons, the financial statements have been prepared on a going concern basis.

Directors' responsibility for annual financial statements

The directors are responsible for the preparation of the annual financial statements and related financial information that fairly present the state of affairs and the results of the company and of the group. The external auditors are responsible for independently auditing and reporting on these annual financial statements, in conformity with International Standards on Auditing.

The annual financial statements set out in this report have been prepared by the directors in accordance with International Financial Reporting Standards. They are based on appropriate accounting policies, which have been consistently applied and which are supported by reasonable and prudent judgements and estimates.

Dealing in listed securities

Directors and representatives of the company secretariat may not deal in the shares of the company during certain closed periods which fall on the following dates:

- between 31 December and the date on which the interim results are published;
- between 30 June and the date on which the year end results are published; and
- outside of the above closed periods while the company is in the process of price sensitive negotiations, acquisitions, or while the company is trading under cautionary or pending any price sensitive announcements.

Directors and the representatives of the company secretariat are required to obtain prior clearance in writing of any proposed share transactions from the chairman of the board, or failing him, the chairman of the audit and risk committee, before dealing outside of the closed periods to ensure there are no price sensitive negotiations taking place. Requests for clearance are routed through the company secretariat which also maintains a written record of requests for dealing and clearances.

Details of any transactions by directors and the company secretariat in the shares of the company are advised to the JSE, through the sponsor, for publication on SENS.

Report of the audit and risk committee for the year ended 30 June 2010

The audit and risk committee appointed by the board in respect of the financial year ended 30 June 2010 comprised Mr MJ Leeming (chairman), Ms MMT Ramano and Mr Y Waja ("the committee"), who are all independent non-executive directors of the company. The committee is satisfied that in respect of the financial year it has performed all the functions required by law to be performed by an audit committee, including as set out by section 270A (1) (a) to (h) of the Companies Act 1973, as amended, ("the Act") and in terms of the committee's terms of reference and as more fully set out in the corporate governance report (pages 7 to 9). The committee has satisfied itself that the external auditor, PricewaterhouseCoopers Inc, is independent of the company, having given due consideration to the parameters enumerated under section 270A (5) (a) to (d) of the Act and that the appointment of the external auditor, the designated auditor and IFRS advisor are in compliance with the Act, The Auditing Profession Act, 2005 and the Listings Requirements of the JSE Limited. The committee has also considered and satisfied itself of the appropriateness of the expertise and experience of the financial director.



MJ Leeming

Chairman

RAH audit and risk committee

18 August 2010

Directors' approval
for the year ended 30 June 2010

Board of directors

To the members of

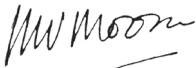
REAL AFRICA HOLDINGS LIMITED

The directors and officers of the company are responsible for the maintenance of adequate accounting records and the preparation, integrity and fair presentation of the annual financial statements and related information included in this annual report.

The directors are also responsible for the group's systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The going concern basis has been adopted in preparing the financial statements at the date of approval of the annual report. The directors have no reason to believe that the group or any company within the group will not be going concerns in the foreseeable future based on forecasts and available cash resources.

The annual financial statements have been prepared using appropriate accounting policies in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa and include amounts based on judgements and estimates made by management. The company and group annual financial statements which appear on pages 13 to 35 were approved by the board of directors and are signed on its behalf by:

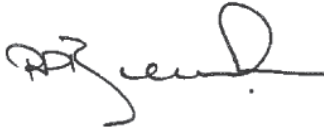


MV Moosa

Chairman

Sandton

31 August 2010



RP Becker

Financial director

Certification by company secretaries

for the year ended 30 June 2010

We certify that the company has lodged with the Registrar of Companies all returns required of a public company in terms of the Companies Act, in respect of the year ended 30 June 2010 and that all such returns are true, correct and up to date.



Sun International Corporate Services (Proprietary) Limited

Secretaries

Sandton

31 August 2010

Report of the independent auditors

To the members of

REAL AFRICA HOLDINGS LIMITED

We have audited the group annual financial statements and annual financial statements of Real Africa Holdings Limited, which comprise the consolidated and separate statements of financial position as at 30 June 2010, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 13 to 35.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures

selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Real Africa Holdings Limited as at 30 June 2010, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.



PricewaterhouseCoopers Inc

Director: DB von Hoesslin
Registered Auditor

Sunninghill
31 August 2010

Directors' report

for the year ended 30 June 2010

Nature of business

The company is an investment holding company with interests in the gaming and leisure sectors.

Earnings

The results of the company and the group are set out in the statements of comprehensive income on page 16.

Dividends

Dividends totaling 26 cents per share (2009: 18 cents) have been declared by the directors in respect of the year under review, as follows:
Interim, declared 3 March 2010, paid 29 March 2010: 12 cents

Final, declared 31 August 2010, paid 27 September 2010: 14 cents

The final dividend referred to above will be accounted for in the 2011 annual financial statements as it was declared subsequent to the year end.

Review of operations

Detailed commentary on the nature of business of the company, its investments and prospects are given in the report of operations commencing on page 6.

Share capital

Details of the authorised and issued share capital appear in note 11 to the annual financial statements.

Share scheme

All options granted under the scheme have lapsed and the Trust is in the process of being dissolved.

Subsidiaries

Particulars relating to the company's interests in subsidiaries appear below:

Subsidiary	Issued ordinary share capital		Proportion held		Shares at cost		Indebtedness	
	2010 R'000	2009 R'000	2010 %	2009 %	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Afrisun Leisure								
Ordinary shares	18	18	76.8	76.8	85 777	85 777	–	275
AG shares	14	14	100.0	100.0	–	–		
SW shares	16	16	100.0	100.0	46 049	46 049		
KZ shares	6	6	100.0	100.0	40 317	40 317		
MRI	*	*	100.0	100.0	*	*	123 000	123 000
PQAH	6	6	100.0	100.0	3	3	237 729	237 729
RACS	*	*	100.0	100.0	*	*	14 158	14 158
Real Africa Share Trust	–	–	100.0	100.0	–	–	–	859
					172 146	172 146	374 887	376 021

* Less than R1 000

Directors' report continued

	2010	2009
	R'000	R'000
Profits of subsidiaries for the 12 months ended 30 June		
Pre-tax profits	142 819	191 153
Post-tax	142 851	192 951

Borrowing capacity

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

Directors and secretariat

The names of the directors in office at the date of this report appear on page 5, and particulars of the secretariat on page 42.

Mr MV Moosa was appointed board chairman on 1 July 2009 and Mr Y Waja was appointed as an independent non-executive director on 1 February 2010.

In terms of the company's articles of association Messrs RP Becker, DC Coutts-Trotter and Y Waja are required to retire from office at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

As at 30 June 2010, the directors held no shares in the company, either directly or indirectly.

*Directors' report continued***Directors' emoluments**

	Non-executive directors' fees R'000	Committee fees R'000	Total R'000
2010			
RP Becker*	92	–	92
DC Coutts-Trotter*	92	–	92
MJ Leeming	92	68	160
MV Moosa	137	–	137
MMT Ramano	92	34	126
Y Waja	38	11	49
Total	543	113	656
2009			
RP Becker*	86	–	86
DC Coutts-Trotter*	86	–	86
DA Hawton	130	–	130
MJ Leeming	86	65	151
MV Moosa	86	–	86
MMT Ramano	86	32	118
Total	560	97	657

* Directors' fees waived in favour of the holding company

Holding company

The company's holding company is SISA and its ultimate holding company is Sun International Limited.

Special resolutions passed by the company and its subsidiaries

No special resolutions were passed by the company or its subsidiaries during the financial year.

Statements of comprehensive income

for the year ended 30 June

	Notes	Group		Company	
		2010 R'000	2009 R'000	2010 R'000	2009 R'000
Revenue	2	62 718	77 041	92 429	106 102
Net investment profits/(losses)	3	1 076	(6 694)	1 461	(7 455)
Share of profits of associates	9	44 418	47 731	–	–
Interest income		1 443	3 582	1 247	2 731
Operating income		109 655	121 660	95 137	101 378
Operating costs	4	(3 869)	(4 690)	(3 802)	(4 460)
Amortisation	9	(6 606)	(7 584)	–	–
Impairment of intangible asset	9	(12 659)	(11 818)	–	–
Impairment of available-for-sale investment	10	(7 368)	–	–	–
Interest expense		(21)	(602)	(10)	(63)
Profit before tax		79 132	96 966	91 325	96 855
Tax	5	1 403	1 740	1 410	(322)
Profit for the year		80 535	98 706	92 735	96 533
Other comprehensive income:					
Changes in fair value of available-for-sale financial instruments, net of tax		77 693	(21 184)	–	–
Reclassification adjustment for impairment included in profit for the year		96	–	–	–
Total comprehensive income for the year		158 324	77 522	92 735	96 533
Profit for the year attributable to:					
Minority shareholder		3 267	6 758	–	–
Ordinary shareholders		77 268	91 948	92 735	96 533
		80 535	98 706	92 735	96 533
Total comprehensive income for the year attributable to:					
Minority shareholder		7 812	3 331	–	–
Ordinary shareholders		150 512	74 191	92 735	96 533
		158 324	77 522	92 735	96 533
Earnings per share (cents)	6	21.4	25.4		

Statements of financial position

as at 30 June

	Notes	Group		Company	
		2010 R'000	2009 R'000	2010 R'000	2009 R'000
Assets					
Non current assets					
Interest in subsidiaries	8			318 387	319 521
Investment in associates	9	93 555	107 334	–	–
Available-for-sale investments	10	784 892	711 518	–	–
		878 447	818 852	318 387	319 521
Current assets					
Accounts receivable		556	377	547	361
Tax		196	2 575	38	2 426
Cash and cash equivalents		26 317	28 867	24 721	28 010
		27 069	31 819	25 306	30 797
Total assets		905 516	850 671	343 693	350 318
Equity and liabilities					
Capital and reserves					
Share capital	11	87 042	87 042	143 312	143 312
Capital redemption reserve fund		1 080	1 080	1 080	1 080
Non-controlling reserve		(16 747)	(17 943)	–	–
Retained earnings		293 790	310 581	197 967	201 889
Fair value reserve		472 971	399 727	–	–
Ordinary shareholders' equity		838 136	780 487	342 359	346 281
Minority interest		56 432	56 465	–	–
Total equity		894 568	836 952	342 359	346 281
Non current liability					
Tax		10 510	12 315	893	2 638
Current liability					
Accounts payable and accruals		438	1 404	441	1 399
Total liabilities		10 948	13 719	1 334	4 037
Total equity and liabilities		905 516	850 671	343 693	350 318

Statements of changes in equity

for the year ended 30 June

		Attributable to equity holders of the company						
		Ordinary share capital and premium	Capital redemption reserve fund	Non-controlling reserve	Retained earnings	Fair value reserve	Minority interest	Total
Note		R'000	R'000	R'000	R'000	R'000	R'000	R'000
Group 2010								
	Balance at 1 July 2009	87 042	1 080	(17 943)	310 581	399 727	56 465	836 952
	Profit for the year	–	–	–	77 268	–	3 267	80 535
	Other comprehensive income for the year	–	–	–	–	73 244	4 545	77 789
	Dividends paid 7	–	–	–	(94 059)	–	(7 845)	(101 904)
	Disposal of treasury shares	–	–	1 196	–	–	–	1 196
	Balance at 30 June 2010	87 042	1 080	(16 747)	293 790	472 971	56 432	894 568
2009								
	Balance at 1 July 2008	87 042	1 080	(17 943)	290 954	417 484	58 747	837 364
	Profit for the year	–	–	–	91 948	–	6 758	98 706
	Other comprehensive income for the year	–	–	–	–	(17 757)	(3 427)	(21 184)
	Dividends paid 7	–	–	–	(72 321)	–	(5 613)	(77 934)
	Balance at 30 June 2009	87 042	1 080	(17 943)	310 581	399 727	56 465	836 952
					Ordinary share capital and premium	Capital redemption reserve fund	Retained earnings	Total
	Note	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Company 2010								
	Balance at 1 July 2009				143 312	1 080	201 889	346 281
	Profit for the year				–	–	92 735	92 735
	Dividends paid 7				–	–	(96 657)	(96 657)
	Balance at 30 June 2010				143 312	1 080	197 967	342 359
2009								
	Balance at 1 July 2008				143 312	1 080	179 707	324 099
	Profit for the year				–	–	96 533	96 533
	Dividends paid 7				–	–	(74 351)	(74 351)
	Balance at 30 June 2009				143 312	1 080	201 889	346 281

Statements of cash flows

for the year ended 30 June

	Notes	Group		Company	
		2010 R'000	2009 R'000	2010 R'000	2009 R'000
Cash flow from operating activities					
Cash utilised in operations	14.1	(5 014)	(5 421)	(4 946)	(4 113)
Tax refunded/(paid)	14.2	1 977	(1 015)	2 053	(617)
Net cash outflow from operating activities		(3 037)	(6 436)	(2 893)	(4 730)
Cash flow from investing activities					
Acquisition of investments	14.3	(4 049)	(538)	(1 096)	(538)
Purchase of additional shares in associate	14.4	(377)	–	–	–
Proceeds on disposal of investments	14.5	2 172	2 844	2 172	2 753
Settlement of pension fund liability		–	(27 000)	–	(27 000)
Increase in loans to subsidiaries		–	–	275	(7 685)
Decrease in loan to share trust		–	–	1 244	69
Dividends received	14.6	102 027	130 109	92 429	106 102
Interest received		1 443	3 582	1 247	2 731
Net cash inflow from investing activities		101 216	108 997	96 271	76 432
Cash flow from financing activities					
Proceeds on disposal of treasury shares		1 196	–	–	–
Interest paid		(21)	(602)	(10)	(63)
Dividends paid		(101 904)	(77 934)	(96 657)	(74 351)
Repayments of preference shares		–	(37 392)	–	–
Net cash outflow from financing activities		(100 729)	(115 928)	(96 667)	(74 414)
Net decrease in cash and cash equivalents		(2 550)	(13 367)	(3 289)	(2 712)
Cash and cash equivalents at beginning of year		28 867	42 234	28 010	30 722
Cash and cash equivalents at end of year		26 317	28 867	24 721	28 010

Accounting policies

for the year ended 30 June 2010

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below. The policies used in preparing the financial statements are consistent with those of the previous period except as indicated in the paragraph on "Accounting policy developments".

Preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. More detail on the estimates and assumptions are included in the note policy dealing with "Critical accounting estimates and judgements". Actual results may differ from those estimates.

Group accounting

Subsidiaries

Subsidiaries are those entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than half of the voting rights or otherwise has power to exercise control over the operations. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are consolidated from the date on which control is transferred to the group and are no longer consolidated from the date that control ceases.

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

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

The company accounts for subsidiary undertakings at cost less accumulated impairment losses.

Transactions with minority shareholders

Minority shareholders are treated as equity participants. Acquisitions and disposals of additional interests in the group's subsidiaries are accounted for as equity transactions and the excess of the purchase consideration over the carrying value of net assets acquired is recognised directly in equity in non-controlling reserve. Profits and losses arising on transactions with minority shareholders where control is maintained subsequent to the disposal is recognised directly in equity. Any dilution gains and losses are also recognised directly in equity.

Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition net of any accumulated impairment losses.

The group's share of its associates' post-acquisition after tax profits or losses and movements in other comprehensive income are recognised in the statement of comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Equity accounting is discontinued when the carrying amount of the investment in these companies reaches zero, unless the group has incurred obligations or guaranteed obligations in respect of these companies.

The casino licence intangible arising on acquisition of the associate is included in the investment in the company. The intangible asset is amortised on a straight-line basis over a period of 15 years.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in these companies; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Investments in associates are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the investment's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

The company accounts for associated entities at cost less accumulated impairment losses.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The segmental reporting has been prepared by the dividends received and value of the investments in the group as determined by the board of directors.

Revenue recognition

Revenue comprises dividend income and is recognised when the right to receive payment is established.

Financial instruments

Financial instruments carried at year end include available-for-sale investments, accounts receivable, cash and cash equivalents, accounts payable and accruals.

Accounting policies continued for the year ended 30 June 2010

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

Financial assets

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after year end. These are classified as non current assets. The group's loans and receivables comprise "Account receivable" (excluding prepayments).

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

Available-for-sale investments

Available-for-sale financial investments are non-derivatives that are either designated in this category or not classified in any of the other categories available under financial assets. These are included in non current assets unless management has expressed the intention of holding the investment for less than 12 months from year end, in which case they are included in current assets.

All purchases and sales of investments are recognised on the trade date, which is the date that the group commits to purchase or sell the asset. Cost of purchase includes transaction costs.

Available-for-sale investments are subsequently carried at fair value, whilst loans and receivables originated by the group are carried at amortised cost using the effective interest rate method. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, references to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs. Unrealised gains and losses arising from changes in the fair value of available-for-sale investments are included directly in other comprehensive income in the period in which they arise. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as net investment profits/losses. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income when the group's right to receive payment is established. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

All purchases and sales of financial assets are recognised on the trade date, which is the date that the group commits to purchase or sell the

asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

The group assesses at each year end whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income.

Impairment losses recognised on equity instruments are not reversed through the statement of comprehensive income.

Financial liabilities

The group's financial liability at year end includes "Accounts payable and accruals" (excluding VAT). This financial liability is subsequently measured and accruals amortised cost using the effective interest method. Financial liabilities are included in current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after year end.

Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. Cash and cash equivalents comprise deposits held at call with banks.

Share capital

Ordinary shares are classified as equity.

External costs directly attributable to the issue of new shares are shown as a deduction, net of tax, in equity, from the proceeds.

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled, re-issued or disposed of. Where such shares are subsequently sold or re-issued, any consideration received, net of any attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

Dividend distributions

Dividend distributions to the company's shareholders are recognised as a liability in the group's financial statements in the period in which the dividends are declared.

Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at year end.

Accounting policies continued for the year ended 30 June 2010

Deferred tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Currently enacted or substantively enacted tax rates at the statement of financial position date that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled are used to determine deferred tax.

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

Secondary tax on companies

Secondary tax on companies (STC) is provided in respect of dividends declared on ordinary shares net of dividends received or receivable and is recognised as a tax charge for the year in which the dividend is declared.

Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Accounting policy developments

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

Standards, amendments and interpretations effective in 2010

IFRS 2 Amended Share based Payments Vesting Conditions and Cancellations

IFRS 2 was amended to provide more clarity on vesting conditions and cancellations. The amendment will have no impact on the group.

The amendment deals with two matters. It clarifies that vesting conditions are service and performance conditions only. Other features of a share based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or other parties, should receive the same accounting treatment.

The amendment had no impact on the group.

IFRS 3 (Revised) Business Combinations

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

- (a) Recognises and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree;
- (b) Recognises and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and

- (c) Determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination.

The standard had no impact on the group.

IFRS 7 Financial Instruments: Disclosures

The amendments require enhanced disclosures about fair value measurements and liquidity risk.

The amendments have been adopted by the group.

IFRS 8 Operating Segments

IFRS 8 sets out the requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers.

The standard has been adopted by the group and the comparative segmental information updated accordingly.

IAS 1 (Revised) Presentation of Financial Statements

The main objective of IAS 1 was to aggregate information in the financial statements on the basis of shared characteristics and to introduce a statement of comprehensive income. This will enable readers to analyse changes in a company's equity resulting from transactions with owners separately from non-owners changes.

The amendments have been adopted by the group.

IAS 23 (Revised) Borrowing Costs

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

This standard is not applicable to the group.

IAS 27 (Revised) Consolidated and Separate Financial Statements

The IAS 27 amendments related, primarily, to accounting for non-controlling interests and the loss of control of a subsidiary.

The amendments have been adopted by the group and had no impact.

Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of financial statements – Puttable Financial Instruments and Obligations Arising on Liquidation

The amendment requires entities to classify financial instruments as equity if certain requirements are met.

The amendments have been adopted by the group and had no impact.

IAS 39 Financial Instruments: Recognition and Measurement

The reclassification amendment allows entities to reclassify particular financial instruments out of the 'at fair value through profit or loss' category in specific circumstances.

The amendment had no impact on the group.

Accounting policies continued for the year ended 30 June 2010

IFRIC 15 Agreements for the Construction of Real Estate

The interpretation provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and when revenue from the construction should be recognised.

The interpretation is not applicable to the group.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

IFRIC 16 applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and wishes to qualify for hedge accounting in accordance with IAS 39. It does not apply to other types of hedge accounting.

The interpretation is not applicable to the group.

IFRIC 17 Distributions of Non-cash Assets to Owners

The interpretation addresses how an entity should measure distributions of assets other than cash when it pays dividends to its owners.

The interpretation is currently not applicable to the group.

IFRIC 18 Transfers of Assets from Customers

It clarifies the requirements of IFRS for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water).

The interpretation is currently not applicable to the group.

Standards, amendments and interpretations not yet effective

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

IFRS 2 Amended – Group cash-settled share based payment transactions

The amendment clarifies the accounting for group cash-settled share based payment transactions.

As the group has not entered into any share based payment transactions, the amendment is currently not applicable to the group.

IAS 32 Amendments – Classification of rights issues

As the group does not denominate rights issues in other currencies, the amendments are currently not applicable to the group.

IAS 24 Amendment – Related party disclosures

This amendment provides partial relief from the requirement for government related entities to disclose details of all transactions with the government and other government-related entities. It also clarifies and simplifies the definition of a related party.

The amendment will currently have no impact on the group.

IFRS 9 – Financial Instruments

The standard addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.

The standard will currently have no impact on the group.

IFRIC 19 (AC 452) Extinguishing Financial Liabilities with Equity Instruments

This interpretation clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished through the debtor issuing its own equity instruments to the creditor.

The interpretation is currently not applicable to the group.

IFRIC 14 (AC 447) Amendment – Prepayments of a Minimum Funding Requirement

This amendment removes an unintended consequence of IFRIC 14 (AC 447) related to voluntary pension prepayments when there is a minimum funding requirement.

The amendment is currently not applicable to the group.

Annual Improvements Project

Improvements to IFRSs were issued in April 2009 and May 2010 as part of the annual improvement process resulting in amendments to the following standards. Unless otherwise specified, the amendments are effective for annual periods beginning on or after 1 January 2010, although entities are permitted to adopt them earlier.

The following standards have been effected by the project:

- IFRS 2 Share-based Payments
- IFRS 3 Business Combinations (effective 1 January 2011)
- IFRS 5 Non Current Assets Held for Sale and Discontinued Operations
- IFRS 7 Financial Instruments: Disclosures (effective 1 January 2011)
- IFRS 8 Operating Segments
- IAS 1 Presentation of Financial Statements
- IAS 7 Statement of Cash Flows
- IAS 17 Leases
- IAS 18 Revenue
- IAS 27 Consolidated and Separate Financial Statements (effective 1 January 2011)
- IAS 34 Interim Financial Reporting (effective 1 January 2011)
- IAS 36 Impairment of Assets
- IAS 38 Intangible Assets
- IAS 39 Financial Instruments: Recognition and Measurement
- IFRIC 9 Reassessment of Embedded Derivatives
- IFRIC 13 Customer Loyalty Programmes (effective 1 January 2011)
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation

Management is currently considering whether any of these changes have an effect.

Notes to the annual financial statements

for the year ended 30 June

	Dividends received	Net asset value
	R'000	R'000
1. Segmental information		
For the year ended 30 June 2010		
Available-for-sale investments:		
SunWest	44 898	506 293
Afrisun KZN	17 820	264 380
Emfuleni	–	13 511
Worcester	–	708
	62 718	784 892
Associates:		
Afrisun Gauteng	26 365	356 000
National Manco	9 149	37 063
Gauteng Manco	3 795	12 293
Zonwabise	–	25 603
	39 309	430 959
Afrisun Leisure net liabilities		(4 626)
Minority interest in available-for-sale investments		(50 144)
Sub-total	102 027	1 161 081
Other net liabilities		(5 732)
Cash		24 721
	102 027	1 180 070
For the year ended 30 June 2009		
Available-for-sale investments:		
SunWest	53 075	469 663
Afrisun KZN	22 202	219 473
Emfuleni	1 764	14 402
Worcester	–	7 980
	77 041	711 518
Associates:		
Afrisun Gauteng	40 108	402 972
National Manco	8 910	42 750
Gauteng Manco	4 050	16 048
Zonwabise	–	31 914
	53 068	493 685

Notes to the annual financial statements continued
for the year ended 30 June

		Dividends received	Net asset value
		R'000	R'000
1. Segmental information (continued)			
Afrisun Leisure net liabilities			(5 325)
Minority interest in available-for-sale investments			(47 097)
Sub-total		130 109	1 152 780
Other net liabilities			(4 555)
Cash			28 010
		130 109	1 176 235
	Group	Company	
	2010	2009	2010
	R'000	R'000	R'000
2. Revenue			
Dividends received			
– subsidiaries			92 429
– unlisted (Available-for-sale investments)	62 718	77 041	106 102
	62 718	77 041	92 429
			106 102
3. Net investment profits/(losses)			
The net investment profits arose as follows:			
Fair value (losses)/gains			
– Biotech Fund	(1 096)	(538)	(1 096)
– Real Africa Share Trust	–	–	385
Net fair value losses	(1 096)	(538)	(711)
Profit on disposal of investments			
– Sale of shares in Biotech Venture Partners	–	96	–
– Biotech Fund investments	2 172	2 748	2 172
Sub-total	2 172	2 844	2 172
Provision for pension fund exposure	–	(9 000)	–
Total	1 076	(6 694)	1 461
			(7 455)

*Notes to the annual financial statements continued
for the year ended 30 June*

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
4. Operating costs				
Operating costs include the following:				
Audit fees	(602)	(771)	(408)	(533)
Consulting, management and secretarial fees	(1 905)	(2 362)	(1 905)	(2 362)
Non-executive directors fees	(656)	(657)	(656)	(657)
Other expenses	(706)	(900)	(833)	(908)
	(3 869)	(4 690)	(3 802)	(4 460)
5. Tax				
Normal tax				
– current	(416)	(919)	(332)	(716)
– prior year over/(under) provision	14	121	(2)	120
Deferred tax				
– prior year over provision	–	264	–	–
Capital gains tax				
– current	(304)	41	(304)	41
– prior year over provision	2 109	2 233	2 048	233
	1 403	1 740	1 410	(322)
Unutilised STC credits	12 637	12 139	6 966	6 685
The STC credits will be utilised upon payment of future dividends.				
Reconciliation of rate of tax				
Tax charge at standard rate of tax (28%)	(22 157)	(27 150)	(25 571)	(27 119)
Adjusted for:				
Prior year over/(under) provision	14	385	(2)	120
Lower tax applicable to capital gains	608	(2 256)	608	(265)
Capital gains tax	1 805	2 233	1 744	233
Share of profits of associates	12 437	13 365	–	–
Disallowable expenditure	(8 865)	(6 408)	(1 249)	(2 999)
Dividend income	17 561	21 571	25 880	29 708
Tax charge at effective rate of tax	1 403	1 740	1 410	(322)

*Notes to the annual financial statements continued
for the year ended 30 June*

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
6. Earnings and headline earnings per share				
Earnings per share (cents)	21.4	25.4		
The calculation of earnings per share is based on a profit of R77 268 000 (2009: R91 948 000) and a weighted average number of 361 843 711 (2009: 361 605 469) ordinary shares.				
Headline earnings per share (cents)	24.5	30.1		
The calculation of headline earnings per share is based on a profit of R88 689 000 (2009: R108 924 000) and a weighted average number of 361 843 711 (2009: 361 605 469) ordinary shares.				
Headline earnings is reconciled as follows:				
Earnings attributable to ordinary shareholders	77 268	91 948		
Adjusted for:				
– realised investment profits	(2 172)	(2 844)		
– impairment of intangible asset	12 659	11 818		
– impairment of available-for-sale investment	7 368	–		
– provision for pension fund exposure	–	9 000		
Tax	(1 788)	(41)		
Minority interest in the above items	(4 646)	(957)		
Headline earnings	88 689	108 924		
7. Dividends paid				
A final dividend in respect of the 2009 financial year of 14 cents per share was declared on 31 August 2009 and paid on 25 September 2009	50 625		52 046	
An interim dividend in respect of the 2010 financial year of 12 cents per share was declared on 3 March 2010 and paid on 29 March 2010	43 434		44 611	
A final dividend in respect of the 2008 financial year of 16 cents per share was declared on 1 September 2008 and paid on 29 September 2008			57 857	59 481
An interim dividend in respect of the 2009 financial period of 4 cents per share was declared on 5 March 2009 and paid on 30 March 2009			14 464	14 870
	94 059	72 321	96 657	74 351
A final dividend of 14 cents per share for the financial year ended 30 June 2010 was declared on 31 August 2010, payable on or about 27 September 2010.				

Notes to the annual financial statements continued
for the year ended 30 June

	Company	
	2010 R'000	2009 R'000
8. Interest in subsidiaries		
Unlisted		
Shares at cost	172 146	172 146
Amounts owing by subsidiaries	374 887	375 162
Accumulated impairment charge	(228 646)	(228 646)
Loan to share trust	–	859
	318 387	319 521

The accumulated impairment charge relates to the impairment of loans due from PQAH and RACS.

	Afrisun Gauteng R'000	National Manco R'000	Gauteng Manco R'000	Biotech Venture Fund R'000	Zonwabise R'000	Total R'000
9. Investment in associates						
Group 2010						
Percentage holding (%)	22.9	33.0	46.5	25.0	34.9	
Net asset value at acquisition	69 925	–	–	16 213	4 166	90 304
Acquisition of additional shares	377	–	–	–	–	377
Distribution received from share premium	(27 502)	–	–	–	–	(27 502)
Additional contribution	–	–	–	1 096	–	1 096
Intangible asset at acquisition – casino licence	90 507	–	–	–	41 457	131 964
Total cost	133 307	–	–	17 309	45 623	196 239
Share of post acquisition-profit, net of dividends received						
Opening balance	(68 103)	–	952	(16 213)	(4 068)	(87 432)
Share of current year profit	25 873	9 149	3 300	–	6 096	44 418
Intangible asset amortisation	(4 951)	–	–	–	(1 655)	(6 606)
Impairment of intangible asset	–	–	–	–	(12 659)	(12 659)
Fair value loss	–	–	–	(1 096)	–	(1 096)
Dividends received	(26 365)	(9 149)	(3 795)	–	–	(39 309)
Closing carrying amount	59 761	–	457	–	33 337	93 555

*Notes to the annual financial statements continued
for the year ended 30 June*

	Afrisun Gauteng	National Manco	Gauteng Manco	Biotech Venture Fund	Zonwabise	Total
	R'000	R'000	R'000	R'000	R'000	R'000
9. Investment in associates (continued)						
Accumulated intangible asset amortisation and impairment:						
Opening balance	(44 712)				(21 461)	(66 173)
Amortisation for the year	(4 951)				(1 655)	(6 606)
Impairment for the year	–				(12 659)	(12 659)
Closing balance	(49 663)				(35 775)	(85 438)
2009						
Percentage holding (%)	22.9	33.0	46.5	25.0	34.9	
Net asset value at acquisition	69 925	–	–	15 675	4 166	89 766
Distribution received from share premium	(27 502)	–	–	–	–	(27 502)
Additional contribution	–	–	–	538	–	538
Intangible asset at acquisition – casino licence	90 507	–	–	–	41 457	131 964
Total cost	132 930	–	–	16 213	45 623	194 766
Share of post acquisition-profit, net of dividends received						
Opening balance	(51 974)	–	1 264	(15 675)	4 230	(62 155)
Share of current year profit	28 930	8 910	3 738	–	6 153	47 731
Intangible asset amortisation	(4 951)	–	–	–	(2 633)	(7 584)
Impairment of intangible asset	–	–	–	–	(11 818)	(11 818)
Fair value loss	–	–	–	(538)	–	(538)
Dividends received	(40 108)	(8 910)	(4 050)	–	–	(53 068)
Closing carrying amount	64 827	–	952	–	41 555	107 334
Accumulated intangible asset amortisation and impairment:						
Opening balance	(39 761)				(7 010)	(46 771)
Amortisation for the year	(4 951)				(2 633)	(7 584)
Impairment for the year	–				(11 818)	(11 818)
Closing balance	(44 712)				(21 461)	(66 173)

*Notes to the annual financial statements continued
for the year ended 30 June*

	2010 R'000	2009 R'000
9. Investment in associates (continued)		
Aggregated financial information for associates		
Summarised statement of financial position		
Non current assets	736 163	769 541
Current assets	37 122	36 447
	773 285	805 988
Capital and reserves	153 828	167 609
Non current liabilities	7 683	11 218
Current liabilities	611 774	627 161
	773 285	805 988
Profit after tax	122 896	156 060
	Group	
	2010 R'000	2009 R'000
10. Available-for-sale investments		
Unlisted shares – fair value		
SunWest	506 293	469 663
Afrisun KZN	264 380	219 473
Emfuleni	13 511	14 402
Worcester	708	7 980
	784 892	711 518
Reconciliation of movements:		
Balance at beginning of year	711 518	732 702
Fair value movements recognised in other comprehensive income	77 693	(21 184)
Reclassification adjustment for impairment included in profit for the year	96	–
Impairment of Worcester	(7 368)	–
Acquisition of additional shares in SunWest	2 953	–
Balance at end of year	784 892	711 518

Effective 1 January 2009, the company adopted amendments to IFRS 7 for financial instruments that are measured in the statement of financial position at fair value, this requires disclosure of the fair value measurement by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The available-for-sale investments are classified as level 3.

*Notes to the annual financial statements continued
for the year ended 30 June*

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
11. Share capital				
Authorised				
600 000 000 ordinary shares of 1 cent each	6 000	6 000	6 000	6 000
150 000 000 redeemable cumulative preference shares of 1 cent each	1 500	1 500	1 500	1 500
Issued				
371 757 625 (2009: 371 757 625) ordinary shares of 1 cent each	3 718	3 718	3 718	3 718
Share premium	139 594	139 594	139 594	139 594
Total ordinary share capital	87 042	87 042	143 312	143 312
	Group			
	2010		2009	
	Number of shares	R'000	Number of shares	R'000
Movement during the year				
Statutory shares in issue				
Balance at beginning and end of year	371 757 625	143 312	371 757 625	143 312
Treasury shares	(9 808 447)	(56 270)	(10 152 156)	(56 270)
Balance at beginning of year	(10 152 156)	(56 270)	(10 152 156)	(56 270)
Shares disposed	343 709	–	–	–
Closing balance	361 949 178	87 042	361 605 469	87 042
Equity compensation plan				
All options granted under the scheme have lapsed and the trust is in the process of being dissolved.				
Real Africa shares held by share based payment scheme:				
	Options			
	2010		2009	
RAH shares under option				
At beginning of year	–		200 000	
Expired	–		(200 000)	
At end of period	–		–	
RAH shares held in trust under the share ownership plan:				
At beginning of year	343 709		343 709	
Shares disposed	(343 709)		–	
At end of year	–		343 709	

*Notes to the annual financial statements continued
for the year ended 30 June*

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
12. Deferred tax				
Balance at beginning of year	–	264	–	–
Credited to statement of comprehensive income				
– temporary differences on investments and loans	–	(264)	–	–
Balance at end of year	–	–	–	–
The group does not intend to dispose of its available-for-sale investments and will recover the economic benefits from these assets in the form of dividends, which are not taxable. The tax base of these assets is therefore equal to their carrying amount and accordingly no deferred tax has been raised on these investments.				
13. Provision				
Provision for pension fund exposure:				
Balance at beginning of year	–	18 000	–	18 000
Created during the year	–	9 000	–	9 000
Utilised during the year	–	(27 000)	–	(27 000)
Balance at end of year	–	–	–	–
In terms of the sale agreement of Life Esidimeni, RAH had warranted its share of the pension fund exposure in the company which was capped at the proceeds from the sale. A settlement was reached during the previous year resulting in an additional provision being created and the provision utilised on settlement.				
14. Cash flow information				
14.1 Cash utilised in operations				
Profit before tax	79 132	96 966	91 325	96 855
Interest income	(1 443)	(3 582)	(1 247)	(2 731)
Interest expense	21	602	10	63
Net investments (profits)/losses	(1 076)	6 694	(1 461)	7 455
Share of profits of associates	(44 418)	(47 731)	–	–
Dividend income	(62 718)	(77 041)	(92 429)	(106 102)
Amortisation	6 606	7 584	–	–
Impairment of intangible asset	12 659	11 818	–	–
Impairment of available-for-sale investment	7 368	–	–	–
Working capital changes:				
Increase in accounts receivable	(179)	(132)	(186)	(27)
(Decrease)/increase in accounts payable and accruals	(966)	(599)	(958)	374
	(5 014)	(5 421)	(4 946)	(4 113)

*Notes to the annual financial statements continued
for the year ended 30 June*

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
14. Cash flow information <i>(continued)</i>				
14.2 Tax refunded/(paid)				
Balance due at beginning of year	(9 740)	(12 231)	(212)	(507)
Tax for the year	1 403	1 476	1 410	(322)
Balance due at end of year	10 314	9 740	855	212
	1 977	(1 015)	2 053	(617)
14.3 Acquisition of investments				
Biotech Fund	(1 096)	(538)	(1 096)	(538)
SunWest	(2 953)	–	–	–
	(4 049)	(538)	(1 096)	(538)
14.4 Purchase of additional shares in associate				
Afrisun Gauteng	(377)	–	–	–
	(377)	–	–	–
14.5 Proceeds on the disposal of investments				
Biotech Fund	2 172	2 748	2 172	2 748
Biotech Venture Partners	–	96	–	5
	2 172	2 844	2 172	2 753
14.6 Dividends received				
Subsidiaries			92 429	106 102
Investments	62 718	77 041	–	–
Associates	39 309	53 068	–	–
	102 027	130 109	92 429	106 102

15. Capital commitments**Biotech Fund**

RAH has committed to invest R20 million on a draw-down basis for investments made by the Biotech Fund. To date R18.9 million has been invested by RAH in the fund. The remaining commitment of R1.1 million will be funded from available cash resources.

16. N4 Bakwena platinum toll road

RAH has committed to invest R40 million in the N4 Bakwena Platinum Toll Road project on completion of the project. RAH has arranged a put option against the other shareholders in the project for an amount of R40 million plus interest (140 points above JIBAR) and has sold a call option to these shareholders for an amount of R35 million plus interest.

The put option is exercisable in five annual tranches of R8 million each, exercisable on the fifth and each subsequent anniversary until the ninth anniversary of the effective date of commencement of the project. The call option is exercisable against RAH between the eighth and tenth anniversary of commencement of the project.

The project was completed in August 2005. No draw-down has been made and none is expected. Accordingly, the put and call options in this regard have no value and have therefore not been recognised.

*Notes to the annual financial statements continued
for the year ended 30 June*

17. Financial instruments

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group at all times maintains adequate committed cash balances in order to meet all its commitments as and when they fall due.

The contractual undiscounted maturities of financial liabilities (including principle and interest payments) of R438 000 (2009: R1 404 000) is payable on demand and will be settled with cash and cash equivalents available.

Credit risk

Credit risk arises from accounts receivable (excluding prepayments and VAT) and cash and cash equivalents. Cash investments are only placed with high quality financial institutions.

Accounts receivable are expected to be fully recoverable. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position (net of impairment losses where relevant).

The group has no significant concentrations of credit risk.

Market risk

Market risk includes foreign currency risk, interest rate risk and other price risk.

(a) Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate in Rand, owing to changes in foreign exchange rates.

The group currently does not transact in foreign currency and therefore has no currency risk.

(b) Interest rate risk

The group's cash flow interest rate risk arises from cash and cash equivalents. 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 movement of 1% in interest rates at the reporting date would have increased/(decreased) profit before tax by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2009.

	2010 R'000	2009 R'000
Increase of 1%	221	225
Decrease of 1%	(221)	(225)

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. Investments are valued at fair value and are therefore susceptible to market fluctuations. The group's investments are monitored and adjusted to fair value on an ongoing basis.

Fair value interest rate risk sensitivity

A change of 1% in the discount rate used in the valuation model of available-for-sale investments would have the following impact on the fair value reserve and impairment for the year:

	2010 R'000	2009 R'000
Available-for-sale reserve:		
Increase of 1%	(123 905)	(110 579)
Decrease of 1%	164 220	144 813
Impairment for the year:		
Increase of 1%	(708)	–
Decrease of 1%	3 040	–

*Notes to the annual financial statements continued
for the year ended 30 June*

17. Financial instruments (continued)**Capital risk management**

Gearing the group's financial position is not considered appropriate by the board as the company has little control or influence over its cash flows that comprise entirely of dividends from its investments that it does not control.

18. Critical accounting estimates and judgements

All the investments held by Afrisun Leisure have been valued using the Discounted Cash Flow (DCF) valuation method applying a discount rate of 12.11% (2009: 12.45%) at 30 June 2010, to directors' current estimated future operating cash flows. A minority discount of 15% has been applied to the valuation of these investments.

The ECGBB announced during September 2009 that Emfuleni is the preferred bidder for the exclusive gaming licence in Port Elizabeth. Currently the licensee and the ECGBB are in final consultations on the licence conditions and finalisation is anticipated in advance of the expiry of the current licence in October 2010. In determining the fair value of the group's investment in Emfuleni, management have assumed that, the entity will be successful with its bid for the new casino licence.

19. Related party transactions**19.1 Associates**

During the year, the company and its subsidiaries, in the ordinary course of business, entered into various non-material transactions with associates. Details of investments in and income from associates are disclosed in note 9.

19.2 Subsidiaries

Details of interests in subsidiaries are disclosed in note 8 and in the directors' report on page 13. Intercompany transactions, balances and unrealised surpluses and deficits are eliminated on consolidation.

	Group and Company	
	2010 R'000	2009 R'000
Administration fees		
SIML:		
Charges incurred in the year (included in operating costs)	1 710	2 350

SIML provides management and administration services to the group and is a subsidiary of Sun International Limited.

19.3 Directors

Details relating to directors' emoluments and shareholdings in the company are disclosed in the directors' report on page 14 and 15.

19.4 Shareholders

The principal shareholders of the company are detailed on page 36.

20. Subsequent events

GrandWest's initial 10-year casino exclusivity in the Cape Metropole expires during December 2010. The PGWC is considering whether to permit one of the other casino licence holders in the Western Cape to relocate to the Cape Metropole and is engaging interested stakeholders before taking a final decision in this regard. The PGWC has indicated that it would seek to extend GrandWest's exclusivity to enable proper completion of this exercise and any consequential processes.

Insufficient information is currently available to assess the potential impacts on GrandWest's revenue and profitability. However, in the event that a relocation and establishment of a new casino goes ahead, it is likely to be material to GrandWest once opened, which is unlikely to be before the end of 2012.

Shareholders' information

Type of shareholders at 30 June 2010

Insurance and assurance companies and provident funds	0.19%
Investment companies	29.99%
Banks, nominee companies and trusts	0.74%
– Corporate	65.33%
– Individuals	1.11%
Treasury shares	2.64%

Category	Number of shareholders	Number of shares owned	% of total issued shares
Size of shareholding			
1 – 1 000 shares	307	123 582	0.03
1 001 – 10 000 shares	174	762 312	0.21
10 001 – 100 000 shares	74	2 481 908	0.67
100 001 – 1 000 000 shares	21	5 292 635	1.42
1 000 001 shares and over	3	353 288 741	95.03
	579	361 949 178	97.36
Treasury shares	1	9 808 447	2.64
	580	371 757 625	100.00

Ten largest beneficial shareholders at 30 June 2010 (including treasury shares)	Number of shares owned	% of total issued shares
SISA	240 527 137	*64.70
Grand Parade Investments Limited	110 641 690	†29.76
PQAH (treasury shares)	9 808 447	2.64
DJ Vlok	2 226 197	0.60
P du Plessis	785 701	0.21
Stately Horse Properties cc	509 054	0.14
632 Birchleigh (Pty) Limited	450 000	0.12
Italswazi (Pty) Limited	419 848	0.11
Coronation Capital	402 500	0.11
Ro Dre Fer cc	300 000	0.08
	366 070 574	98.47

* shareholding excluding treasury shares is 66.45%

† shareholding excluding treasury shares is 30.57%

*Shareholders' information continued
for the year ended 30 June*

Top 10 fund managers	Number of shares	% of total issued shares
Coronation Capital	402 500	0.11
ClucasGray Investment Management	281 872	0.07
Independent Securities	210 949	0.06
Nedgroup Securities	190 000	0.05
Macquarie First South Securities	57 760	0.01
Investec Asset Managers	39 709	0.01
Taquanta Asset Managers	36 656	0.01
Citibank	20 000	0.01
Peregrine Asset Management	1 500	–
Old Mutual Investment Group	100	–
	1 241 046	0.33

Shareholders spread (beneficial) at 30 June 2010	Number of shareholders	% of total issued shares
Public	577	2.90
Non-public:		
Own holdings – treasury shares	1	2.64
Shareholders beneficially interested in 10% or more of the issued shares	2	94.46
	580	100.00

Shareholders' diary

Annual General Meeting

Wednesday, 24 November 2010 – 09h00 boardroom, 4th Floor, 27 Fredman Drive, Sandown, Sandton

Reports/Activity	2011
Announcement of interim results and declaration of interim dividend for half year ending 31 December 2010	March
Interim dividend – payable on or about	March
Announcement of annual results and declaration of final dividend for the year ending 30 June 2011	September
Final Dividend – payable on or about	September
2011 annual report published	September
Annual general meeting	November

Notice of annual general meeting



**REAL AFRICA
HOLDINGS LTD**

*Real Africa Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number 1994/003919/06)
Share code: RAH ISIN: ZAE000008702
("RAH" or "the company")*

Notice is hereby given that the sixteenth annual general meeting of members of Real Africa Holdings Limited ("the company") will be held in the boardroom, 4th Floor, 27 Fredman Drive, Sandown, Sandton, Gauteng, Republic of South Africa, on Wednesday, 24 November 2010 at 09h00 for the following purposes, namely:

1. Ordinary resolution number 1 – adoption of annual financial statements

To receive and adopt the financial statements for the year ended 30 June 2010.

2. Ordinary resolutions numbers 2.1 to 2.3

To re-elect Messrs RP Becker, DC Coutts-Trotter and Y Waja as directors by way of separate resolutions, who retire in accordance with the provisions of the company's articles of association. (Please refer to page 5 of the annual report for a brief CV of each director standing for re-election.)

3. Ordinary resolutions numbers 3.1 to 3.4 – directors' fees

To approve fees payable to the non-executive directors in respect of the financial year ending 30 June 2011, as follows:

	Base fee R	Attendance fee R	Total R
3.1 to the chairman of the board	88 400	60 000	148 400
3.2 for their services as directors	51 000	48 000	99 000
3.3 to the chairman of the audit and risk committee	38 200	36 000	74 200
3.4 to the other members of the audit and risk committee	18 700	18 400	37 100

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

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

5. Ordinary resolution number 5 – general authority to issue preference shares

"RESOLVED that the redeemable preference shares with a par value of 1 cent each in the authorised but unissued share capital of the company be and they are hereby placed under the control of the directors, as a general authority, with power to allot and issue these shares in accordance with the provisions of the Companies Act, and of the provisions of the company's articles of association."

The purpose of ordinary resolution number 5 is to place the unissued preference shares in the capital of the company under the control of the directors as a general authority in case these may be required for funding purposes.

SPECIAL BUSINESS

6. Special resolution number 1 – General authority to repurchase shares

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

"RESOLVED that the directors be and are hereby authorised to approve and implement the acquisition by the company (or by a subsidiary of the company up to a maximum of 10% (ten percent) of the number of issued ordinary shares of the company), of ordinary shares issued by the company by way of a general authority, which shall only be valid until the company's next annual general meeting, unless it is then renewed, provided that it shall not extend beyond 15 (fifteen) months from the date of the passing of the special resolution, whichever period is the shorter, in terms of the Companies Act 1973, as amended, and the rules and requirements of the JSE Limited (JSE) which provide, inter alia, that the company may only make a general repurchase of its ordinary shares subject to:

- the repurchase being implemented through the order book operated by the JSE trading system, without prior understanding or arrangement between the company and the counterparty;
- the company being authorised thereto by its articles of association;
- repurchases not being made at a price greater than 10% (ten percent) above the weighted average of the market value of the ordinary shares for the 5 (five) business days immediately preceding the date on which the transaction was effected;
- an announcement being published as soon as the company has repurchased ordinary shares constituting, on a cumulative basis, 3% (three percent) of the initial number of ordinary shares, and for each 3% (three percent) in aggregate of the initial number of ordinary shares repurchased thereafter, containing full details of such repurchases;

Notice of annual general meeting continued

- repurchases not exceeding 20% (twenty percent) in aggregate of the company's issued ordinary share capital in any one financial year;
- the company's sponsor confirming the adequacy of the company's working capital for purposes of undertaking the repurchase of ordinary shares in writing to the JSE upon entering the market to proceed with the repurchase;
- the company and/or its subsidiaries not repurchasing securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements, unless it has in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been disclosed in an announcement published on SENS prior to the commencement of the prohibited period; and
- the company only appointing one agent to effect any repurchases on its behalf."

The directors, having considered the effects of the repurchase of the maximum number of ordinary shares in terms of the foregoing general authority, are of the opinion that for a period of 12 (twelve) months after the date of the notice of the annual general meeting:

- the company and the group will be able, in the ordinary course of business, to pay its debts;
- the working capital of the company and the group will be adequate for ordinary business purposes;
- the assets of the company and the group, fairly valued in accordance with generally accepted accounting practice, will exceed the liabilities of the company and the group; and
- the company's and the group's ordinary share capital and reserves will be adequate for ordinary business purposes.

The following additional information, some of which may appear elsewhere in the annual report, is provided in terms of the JSE Listings Requirements for purposes of this general authority:

- directors – page 5;
- major beneficial shareholders – page 36;
- directors' interests in ordinary shares – page 14; and
- share capital of the company – page 18 and 31.

The directors in office whose names appear on page 5 of the annual report, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 (twelve) months, a material effect on the group's financial position.

Directors' responsibility statement

The directors in office, whose names appear on page 5 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by law and the JSE Listings Requirements.

Material changes

Other than the facts and developments reported on in the annual report, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

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

The reason for and effect of special resolution number 1 is to grant the directors of the company a general authority in terms of the Companies Act and the JSE Listings Requirements for the repurchase by the company (or by a subsidiary of the company) of the company's shares.

Any member holding shares in certificated form or recorded on the company's sub-register in electronic dematerialised form in 'own name' and entitled to attend and vote, is entitled to appoint a proxy or proxies to attend, speak and vote at the annual general meeting in his stead, and the proxy so appointed need not be a member of the company.

Proxy forms should be forwarded to reach the offices of the company's transfer secretaries, Computershare Investor Services (Proprietary) Limited, at the addresses appearing below this notice, no less than 24 hours before the time appointed for the holding of the annual general meeting. A proxy form is enclosed for this purpose.

Notice of annual general meeting continued

All beneficial owners whose shares have been dematerialised through a Central Securities Depository Participant (CSDP) or broker other than with "own name" registration, must provide the CSDP or broker with their voting instructions in terms of their custody agreement should they wish to vote at the annual general meeting. Alternatively, they may request the CSDP or broker to provide them with a letter of representation, in terms of their custody agreement, should they wish to attend the annual general meeting.

In order to more effectively record the votes and give effect to the intentions of shareholders, voting on all resolutions will be conducted by way of a poll.

By order of the board



Sun International Corporate Services (Proprietary) Limited
Secretaries

29 September 2010

Postal address

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

Delivery address

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

Definitions

Afrisun Gauteng	Afrisun Gauteng (Proprietary) Limited
Afrisun KZN	Afrisun KZN (Proprietary) Limited
Afrisun KZN Manco	Afrisun KZN Manco (Proprietary) Limited
Afrisun Leisure	Afrisun Leisure Investments (Proprietary) Limited
Biotech Fund	Biotech Venture Partners Fund
Emfuleni	Emfuleni Resorts (Proprietary) Limited
Emfuleni Manco	Emfuleni Casino Resorts Manco (Proprietary) Limited
Gauteng Manco	Gauteng Casino Resort Manco (Proprietary) Limited
Life Esidimeni	Life Esidimeni Group Holdings (Proprietary) Limited
MRI	Mahogany Rose Investments 46 (Proprietary) Limited
National Manco	National Casino Resort Manco (Proprietary) Limited
PQAH	Persetel Q Data Africa Holdings (Proprietary) Limited
RACS	RA Corporate Services (Proprietary) Limited
RAH	Real Africa Holdings Limited
Real Africa Share Trust	Real Africa Holdings Limited Share Trust
SIML	Sun International Management Limited
SISA	Sun International (South Africa) Limited
SunWest	SunWest International (Proprietary) Limited
Western Cape Manco	Western Cape Casino Resort Manco (Proprietary) Limited
Worcester	Worcester Casino (Proprietary) Limited
Zonwabise	Zonwabise Resort Holdings Limited

Administration

Real Africa Holdings Limited

Incorporated in the Republic of South Africa, Registration number 1994/003919/06
Share code: RAH, ISIN: ZAE000008702

Secretaries

Sun International Corporate Services (Proprietary) Limited

Auditors

PricewaterhouseCoopers Inc

Principal bankers

The Standard Bank of South Africa Limited

Corporate law advisors and attorneys

Bowman Gilfillan

Sponsor

Investec Bank Limited

Registered office

27 Fredman Drive, Sandown, Sandton, 2031, Gauteng, Republic of South Africa
(PO Box 784487, Sandton, 2146, Republic of South Africa)
Telephone (+2711) 780 7000, Telefax (+2711) 780 7716

Transfer secretaries

Computershare Investor Services (Proprietary) Limited
Ground Floor, 70 Marshall Street, Johannesburg, 2001, Gauteng, Republic of South Africa
P O Box 61051, Marshalltown, 2107, Republic of South Africa

Form of proxy



REAL AFRICA HOLDINGS LTD

*Real Africa Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number 1994/003919/06)
Share code: – RAH ISIN: ZAE000008702
("RAH" or "the company")*

Form of proxy – Annual General Meeting

For use by RAH shareholders holding shares in certificated form or recorded on the company's sub-register in electronic dematerialised form in "own name" at the fifteenth annual general meeting of members of the company to be held on Wednesday, 24 November 2010 at 09h00 at the registered office of RAH in the boardroom, 4th Floor, 27 Fredman Drive, Sandown, Sandton.

If dematerialised shareholders, other than own name dematerialised shareholders, have not been contacted by their Central Securities Depository Participant ("CSDP") or broker with regard to how they wish to cast their vote, they should contact their CSDP or broker and instruct their CSDP or broker as to how they wish to cast their votes at the annual general meeting in order for their CSDP or broker to vote in accordance with such instructions. If dematerialised shareholders, other than own name dematerialised shareholders, have not been contacted by their CSDP or broker it would be advisable for them to contact their CSDP or broker, as the case may be, and furnish them with their instructions. Dematerialised shareholders who are not own name dematerialised shareholders and who wish to attend the annual general meeting must obtain their necessary letter of representation from their CSDP or broker, as the case may be, and submit same to the transfer secretaries to be received by no later than 09h00 on Tuesday, 23 November 2010. This must be done in terms of the agreement entered into between the dematerialised shareholder and their CSDP or broker. If the CSDP or broker, as the case may be, does not obtain instructions from such dematerialised shareholder, it will be obliged to act in terms of the mandate furnished to it, or if the mandate is silent in this regard, to abstain from voting. Such dematerialised shareholder, other than own name dematerialised shareholder, must not complete this form of proxy and should read note 10 overleaf.

I/We (please print)

of (please print)

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

1. _____ or failing him/her

2. _____ or failing him/her

3. _____ the chairman of the annual general meeting

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

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

Resolution reference	For	Against	Abstain
1. Adoption of annual financial statements			
2. Re-election of directors:			
2.1 Mr RP Becker			
2.2 Mr DC Coutts-Trotter			
2.3 Mr Y Waja			
3. Director's fees:			
	Base Fee R	Attendance Fee R	Total R
3.1 Chairman of the board	88 400	60 000	148 400
3.2 Services as directors	51 000	48 000	99 000
3.3 Chairman of the audit and risk committee	38 200	36 000	74 200
3.4 Other members of the audit and risk committee	18 700	18 400	37 100
4. Ordinary resolution no.4: Re-appointment of auditors			
5. Ordinary resolution no.5: General authority to issue preference shares			
6. Special resolution no. 1: General authority to repurchase shares			

Signed this _____ day of _____ 2010

Signature of member(s)

Assisted by me (where applicable)

Please read the notes and instructions overleaf

Notes to the form of proxy

Instructions on signing and lodging the form of proxy

A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend, speak and vote in his stead.

A proxy need not be a member of RAH.

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

Please insert the relevant number of RAH shares in the appropriate spaces on the voting section, indicating how you wish your votes to be cast at the annual general meeting. If you return this form duly signed without any specific instructions, the proxy will vote or abstain from voting at the proxy's discretion.

1. A RAH ordinary shareholder may insert the name of a proxy or the names of two alternative proxies of his/her choice in the spaces provided with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the RAH ordinary shareholder. The person whose name appears first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert the number of shares in the relevant spaces according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of RAH shares exercisable by you, indicate the number of RAH shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise and compel the chairman, if the chairman is an authorised proxy, to vote in favour of the resolutions, or to authorise any other proxy to vote for or against the resolutions or abstain from voting as he/she deems fit, in respect of all the RAH shareholder's votes exercisable thereat. A RAH ordinary shareholder or its/his/her proxy is not obliged to use all the votes exercisable by the RAH ordinary shareholder or its/his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the RAH ordinary shareholder or its/his/her proxy.
3. Forms of proxy must be lodged with the transfer secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by no later than 09h00 on Tuesday, 23 November 2010.
4. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by RAH's transfer secretaries or waived by the chairman of the annual general meeting.
6. The completion and lodging of this form of proxy will not preclude the relevant RAH ordinary shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such RAH ordinary shareholder wish to do so.
7. The chairman of the annual general meeting may accept or reject any form of proxy which is completed and/or received other than in accordance with these notes and instructions, provided that the chairman is satisfied as to the manner in which the RAH ordinary shareholder wishes to vote.
8. Joint holders – any such persons may vote at the annual general meeting in respect of such joint shares as if he/she were solely entitled thereto; but if more than one of such joint holders are present or represented at the annual general meeting, the one of the said persons whose name stands first in the register in respect of such shares or his/her proxy, as the case may be, is alone entitled to vote in respect thereof.
9. Shareholders of RAH who hold RAH ordinary shares that have been dematerialised, and are registered by the CSDP in their own name on the sub-register kept by that CSDP, will be entitled to attend the annual general meeting in person or, if they are unable to attend and wish to be represented thereat, must complete and return this form of proxy to the transfer secretaries in accordance with the time specified herein.
10. RAH ordinary shareholders who hold shares in RAH through a nominee should advise their nominee or, if applicable, their CSDP or broker timeously of their intention to attend and vote at the annual general meeting or to be represented by proxy thereat in order for their nominee, if applicable, their CSDP or broker to provide them with the necessary authorisation to do so or should provide their nominee or, if applicable, their CSDP or broker timeously with their voting instructions should they not wish to attend the annual general meeting in person, in order for their nominee to vote in accordance with their instructions at the annual general meeting.

Annual Report for the year ended 30 June 2010

Real Africa Holdings Ltd

Incorporated in the Republic of South Africa

Registration number 1994/003919/06

Share Code: RAH, ISIN: ZAE000008702

27 Fredman Drive, Sandown, Sandton, 2031, Gauteng, Republic of South Africa

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**REAL AFRICA
HOLDINGS LTD**