



*Games people love to play...and more*

***Audited Consolidated  
Financial Statements  
31<sup>st</sup> December 2009***

**SUPREME VENTURES LIMITED  
AND ITS SUBSIDIARIES**

**FOURTEEN MONTHS ENDED DECEMBER 31, 2009**

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## INDEPENDENT AUDITORS' REPORT

To the Members of

**SUPREME VENTURES LIMITED**

### Report on the financial statements

We have audited the financial statements of Supreme Ventures Limited (the Company), and its subsidiaries (the Group), set out on pages 2 to 67, which comprise the consolidated and the company statements of financial position as at December 31, 2009, the consolidated and the company statements of comprehensive income, statements of changes in equity and statements of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the Jamaican Companies Act. 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 consistently applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on the 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 about 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 auditors' judgment, 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 auditors consider 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.

Member of  
**Deloitte Touche Tohmatsu**

Carey O. Metz, Audley L. Gordon, Winston G. Robinson, Fagan E. Calvert, Gihan C. deMel.

**Consultants:** T. Sydney Fernando, Donald S. Reynolds.

**Deloitte.**

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**Report on the financial statements (Cont'd)**

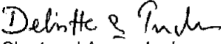
*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company as at December 31, 2009, the financial performance, and cash flows of the Group and the Company for the period then ended in accordance with International Financial Reporting Standards.

**Report on additional requirements of the Jamaican Companies Act**

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained and the financial statements are in agreement therewith and give the information required by the Jamaican Companies Act in the manner so required.

  
Chartered Accountants

Kingston, Jamaica,  
February 28, 2010

**SUPREME VENTURES LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT DECEMBER 31, 2009**

	<u>Notes</u>	<u>December 31, 2009</u>	<u>October 31, 2008</u>
		\$'000	\$'000
<b><u>ASSETS</u></b>			
<b>Non-current assets</b>			
Property and equipment	5	1,843,767	2,061,071
Goodwill	6	586,644	586,644
Other intangible assets	7	61,541	55,085
Long-term receivable	9	264,997	320,005
Available-for-sale investments	10	16,939	16,939
Investment in joint venture	11	34,221	34,221
Deferred tax assets	12	<u>17,572</u>	<u>2,619</u>
		<u>2,825,681</u>	<u>3,076,584</u>
<b>Current assets</b>			
Other assets	13	11,042	18,069
Inventories	14	93,443	48,886
Trade and other receivables	15	429,498	246,753
Cash and bank balances	17	<u>1,025,252</u>	<u>905,295</u>
		<u>1,559,235</u>	<u>1,219,003</u>
<b>Total assets</b>		<u>4,384,916</u>	<u>4,295,587</u>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Shareholders' equity</b>			
Share capital	18	1,967,183	1,967,183
Capital reserve	20	62,486	145,767
Retained earnings	35	<u>1,083,247</u>	<u>833,123</u>
		<u>3,112,916</u>	<u>2,946,073</u>
<b>Non-current liabilities</b>			
Long-term liabilities	21	<u>127,307</u>	<u>267,803</u>
<b>Current liabilities</b>			
Trade and other payables	22	659,288	596,171
Current portion of long-term liabilities	21	165,489	133,066
Prizes liabilities	23	211,137	108,244
Income tax payable		<u>108,779</u>	<u>244,230</u>
		<u>1,144,693</u>	<u>1,081,711</u>
<b>Total equity and liabilities</b>		<u>4,384,916</u>	<u>4,295,587</u>

The Notes on Pages 10 to 67 form an integral part of the financial statements.

The financial statements on Pages 2 to 67 were approved and authorized for issue by the Board of Directors on February 28, 2010 and are signed on its behalf by:



.....  
Paul Hoo – Chairman



.....  
Brian George – President and CEO

**SUPREME VENTURES LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009**

	<u>Notes</u>	<u>14 Months Ended December 31, 2009</u> \$'000	<u>12 Months Ended October 31, 2008</u> \$'000
Revenue	24	28,167,960	21,180,035
Direct expenses	26	<u>(24,599,261)</u>	<u>(18,207,114)</u>
Gross profit		3,568,699	2,972,921
Operating expenses	27	<u>( 2,381,713)</u>	<u>( 1,915,605)</u>
Profit from operations		1,186,986	1,057,316
Interest income		111,189	84,554
Net foreign exchange loss	29	<u>( 632)</u>	<u>( 1,615)</u>
Finance costs	30	<u>( 31,659)</u>	<u>( 32,422)</u>
<b>PROFIT BEFORE TAXATION</b>	31	1,265,884	1,107,833
Taxation	33	<u>( 514,682)</u>	<u>( 461,844)</u>
<b>PROFIT FOR THE PERIOD</b>	34	<u>751,202</u>	<u>645,989</u>
<b>OTHER COMPREHENSIVE INCOME</b>			
Gain on revaluation of properties		<u>-</u>	<u>325,596</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>		-	325,596
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u>751,202</u>	<u>971,585</u>
<b>EARNINGS PER STOCK</b>	36		
Basic		<u>0.29</u> Cents	<u>0.24</u> Cents
Diluted		<u>0.29</u> Cents	<u>0.24</u> Cents

The Notes on Pages 10 to 67 form an integral part of the financial statements.

**SUPREME VENTURES LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOURTEEN MONTHS ENDED DECEMBER 31, 2009**

	<u>Notes</u>	<u>Share Capital</u> \$'000	<u>Capital Reserves</u> \$'000	<u>Revaluation Reserve</u> \$'000	<u>Retained Earnings</u> \$'000	<u>Total</u> \$'000
Balance at November 1, 2007		<u>1,967,183</u>	-	<u>23,500</u>	<u>433,422</u>	<u>2,424,105</u>
Profit for the year		-	-	-	645,989	645,989
Other comprehensive income		-	-	<u>325,596</u>	-	<u>325,596</u>
Total comprehensive income for the year		-	-	<u>325,596</u>	<u>645,989</u>	<u>971,585</u>
Transfer arising on reorganization and amalgamation	19,20	-	566,606	(349,096)	( 246,288)	( 28,778)
Dividend paid	39	-	(420,839)	-	-	( 420,839)
Balance at November 1, 2008		<u>1,967,183</u>	<u>145,767</u>	-	<u>833,123</u>	<u>2,946,073</u>
Net profit for the 14 months period		-	-	-	<u>751,202</u>	<u>751,202</u>
Total comprehensive income for the 14 months period		-	-	-	<u>751,202</u>	<u>751,202</u>
Dividend paid	39	-	( 83,281)	-	( 501,078)	( 584,359)
Balance at December 31, 2009		<u>1,967,183</u>	<u>62,486</u>	-	<u>1,083,247</u>	<u>3,112,916</u>

The Notes on Pages 10 to 67 form an integral part of the financial statements.

**SUPREME VENTURES LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOURTEEN MONTHS ENDED DECEMBER 31, 2009**

	14 Months Ended December 31, 2009	12 Months Ended October 31, 2008
	\$'000	\$'000
<b>OPERATING ACTIVITIES</b>		
Net profit	751,202	645,989
Adjustments for:		
Depreciation of property and equipment	316,569	173,601
Amortization of intangible assets	4,948	1,820
Write-off of property and equipment	34,578	( 34)
Gain on disposal of property and equipment	( 144)	( 124)
Other assets written off	7,027	2,672
Loss on revaluation of property	-	2,396
Unrealized exchange losses	68,417	26,024
Exchange gain on long-term receivable	( 55,340)	( 20,442)
Other gains and losses	3,662	-
Impairment loss recognized on trade receivables	8,808	20,936
Reversal of impairment loss on trade receivables	-	( 11,638)
Interest income	( 111,189)	( 84,554)
Interest expenses	31,659	32,422
Income tax expenses	<u>514,682</u>	<u>461,844</u>
Operating cash flow before movement in working capital	1,574,879	1,250,912
(Increase) decrease in operating assets		
Inventories	( 44,557)	48,214
Trade and other receivables	( 61,627)	( 77,155)
Increase in operating liabilities		
Trade and other payables	63,117	( 2,123)
Prizes liabilities	<u>102,893</u>	<u>( 37,261)</u>
Cash generated by operations	1,634,705	1,182,587
Income tax paid	( 665,086)	( 352,126)
Interest paid	<u>( 31,659)</u>	<u>( 32,422)</u>
Cash provided by operating activities	<u>937,960</u>	<u>798,039</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of property and equipment (Note 5)	( 140,184)	( 154,041)
Acquisition of intangible assets	( 11,404)	( 28,811)
Proceeds on disposal of property and equipment	6,485	1,315
Interest received	<u>87,949</u>	<u>69,026</u>
Cash used in investing activities	<u>( 57,154)</u>	<u>( 112,511)</u>
<b>FINANCING ACTIVITIES</b>		
Cost of restructuring and amalgamation	-	( 28,778)
Dividends paid	( 584,359)	( 420,839)
Loans repaid	( 149,417)	( 152,221)
Lease obligations paid	<u>( 27,073)</u>	<u>( 17,904)</u>
Cash used in financing activities	<u>( 760,849)</u>	<u>( 619,742)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	119,957	65,786
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>905,295</u>	<u>839,509</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>1,025,252</u>	<u>905,295</u>

The Notes on Pages 10 to 67 form an integral part of the financial statements.



**SUPREME VENTURES LIMITED****STATEMENT OF FINANCIAL POSITION AT DECEMBER 31, 2009**

	<u>Notes</u>	<u>14 Months Ended December 31, 2009</u> \$'000	<u>12 Months Ended October 31, 2008</u> \$'000
<b><u>ASSETS</u></b>			
<b>Non-current assets</b>			
Property and equipment	5	257,708	420,136
Goodwill	6	189,953	189,953
Other intangible assets	7	115	802
Investment in subsidiaries	8	1,248,531	1,218,531
Long-term receivable	9	557,664	558,664
Available-for-sale investments	10	<u>16,939</u>	<u>16,939</u>
		<u>2,270,910</u>	<u>2,405,025</u>
<b>Current assets</b>			
Inventories	14	76,334	33,983
Trade and other receivables	15	70,708	24,129
Due from related parties	16	685,988	82,100
Cash and bank deposits	17	<u>104,373</u>	<u>82,519</u>
		<u>937,403</u>	<u>222,731</u>
<b>Total assets</b>		<u><b>3,208,313</b></u>	<u><b>2,627,756</b></u>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Shareholders' Equity</b>			
Share capital	18	1,967,183	1,967,183
Capital reserve	20	62,486	145,767
Retained earnings/(deficit )		<u>723,459</u>	<u>( 2,025)</u>
		<u>2,753,128</u>	<u>2,110,925</u>
<b>Non-current liabilities</b>			
Long-term liability	21	47,298	148,414
Deferred tax liability	12	<u>7,203</u>	<u>38,392</u>
		<u>54,501</u>	<u>186,806</u>
<b>Current liabilities</b>			
Trade and other payables	22	244,037	213,686
Current portion of long-term liability	21	109,291	87,404
Income tax payable		<u>47,356</u>	<u>28,935</u>
		<u>400,684</u>	<u>330,025</u>
<b>Total equity and liabilities</b>		<u><b>3,208,313</b></u>	<u><b>2,627,756</b></u>

The Notes on Pages 10 to 67 form an integral part of the financial statements.

The financial statements on Pages 2 to 67 were approved and authorized for issue by the Board of Directors on February 28, 2010 and are signed on its behalf by:



.....  
Paul Hoo – Chairman



.....  
Brian George – President and CEO

**SUPREME VENTURES LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOURTEEN MONTHS ENDED DECEMBER 31, 2009**

	<u>Notes</u>	<u>14 Months Ended December 31, 2009</u> \$'000	<u>12 Months Ended October 31, 2008</u> \$'000
Revenue	24	2,294,971	1,266,960
Direct expenses	26	(1,856,623)	( 932,100)
Gross Profit		438,348	334,860
Dividend income from wholly-owned subsidiary	39	1,130,000	-
Operating expenses	27	( 376,233)	( 215,917)
Profit from operations		1,192,115	118,943
Interest income		133,531	67,704
Net foreign exchange loss	29	( 33,607)	( 7,123)
Finance cost	30	( 13,515)	( 14,368)
<b>PROFIT BEFORE TAXATION</b>	31	1,278,524	165,156
Taxation	33	( 51,962)	( 62,699)
<b>PROFIT FOR THE PERIOD</b>	34	<u>1,226,562</u>	<u>102,457</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u>1,226,562</u>	<u>102,457</u>

The Notes on Pages 10 to 67 form an integral part of the financial statements.

**SUPREME VENTURES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOURTEEN MONTHS ENDED DECEMBER 31, 2009**

	<u>Notes</u>	<u>Share Capital</u> \$'000	<u>Capital Reserve</u> \$'000	<u>Retained Earnings</u> \$'000	<u>Total</u> \$'000
Balance at November 1, 2007		<u>1,967,183</u>	-	<u>(104,482)</u>	<u>1,862,701</u>
Net profit for the year		-	-	<u>102,457</u>	<u>102,457</u>
Total comprehensive income for the year		-	-	<u>102,457</u>	<u>102,457</u>
Transfers arising on re-organization and amalgamation	20	-	566,606	-	566,606
Dividend paid	39	-	<u>(420,839)</u>	-	<u>(420,839)</u>
Balance at November 1, 2008		<u>1,967,183</u>	<u>145,767</u>	<u>( 2,025)</u>	<u>2,110,925</u>
Net profit for the 14 months period		-	-	<u>1,226,562</u>	<u>1,226,562</u>
Total comprehensive income for the 14 months period		-	-	<u>1,226,562</u>	<u>1,226,562</u>
Dividend paid	39	-	<u>( 83,281)</u>	<u>( 501,078)</u>	<u>( 584,359)</u>
Balance at December 31, 2009		<u>1,967,183</u>	<u>62,486</u>	<u>723,459</u>	<u>2,753,128</u>

The Notes on Pages 10 to 67 form an integral part of the financial statements.

**SUPREME VENTURES LIMITED****STATEMENT OF CASH FLOWS****FOURTEEN MONTHS ENDED DECEMBER 31, 2009**

	14 Months Ended December 31, 2009	12 Months Ended October 31, 2008
	\$'000	\$'000
<b>OPERATING ACTIVITIES</b>		
Net profit	1,226,562	102,457
Adjustment for:		
Depreciation of property and equipment	160,682	56,772
Gain on disposal of property and equipment	( 86)	( 60)
Unrealised exchange loss	38,278	16,861
Dividend income	(1,130,000)	-
Exchange gain on long-term receivable	-	( 8,088)
Amortization of intangible assets	687	1,137
Interest income	( 133,531)	( 67,704)
Interest expenses	13,515	14,368
Income tax expenses	<u>51,962</u>	<u>62,699</u>
Operating cash flows before movement in working capital	228,069	178,442
(Increase) Decrease in inventory	( 42,351)	53,296
(Increase) Decrease in trade and other receivables	( 45,948)	1,759
(Increase) Decrease in due from related parties	( 603,888)	40,508
Increase (Decrease) in trade and other payables	<u>30,351</u>	<u>( 8,842)</u>
Cash (used in) generated from operations	( 433,767)	265,163
Interest paid	( 13,515)	( 14,368)
Income tax paid	<u>( 64,730)</u>	<u>( 3,219)</u>
Cash (used in) provided by operating activities	<u>( 512,012)</u>	<u>247,576</u>
<b>INVESTING ACTIVITIES</b>		
Interest received	133,400	52,176
Acquisition of property and equipment	-	( 4,436)
Proceeds on disposal of property and equipment	1,832	1,112
Long-term receivable	-	307,651
Investment in subsidiary	<u>( 30,000)</u>	<u>( 22,889)</u>
Cash provided by investing activities	<u>105,232</u>	<u>333,614</u>
<b>FINANCING ACTIVITIES</b>		
Cost of restructuring and amalgamation	-	( 28,778)
Dividend received	1,130,000	-
Dividend paid	( 584,359)	(420,839)
Long-term receivable	500	-
Loan repaid	<u>( 117,507)</u>	<u>(118,502)</u>
Cash provided by (used in) financing activities	<u>428,634</u>	<u>(568,119)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>21,854</b>	<b>13,071</b>
Cash and bank balances transferred on amalgamation (Note 42)	<u>-</u>	<u>1,064</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>21,854</b>	<b>14,135</b>
	<u>82,519</u>	<u>68,384</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>104,373</u>	<u>82,519</u>

The Notes on Pages 10 to 67 form an integral part of the financial statements.

**SUPREME VENTURES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOURTEEN MONTHS ENDED DECEMBER 31, 2009****1 IDENTIFICATION**

Supreme Ventures Limited (the company) is a public limited liability company which is listed on the Jamaica Stock Exchange. The company's registered office is 4<sup>th</sup> Floor, Sagcor Centre, 28-48 Barbados Avenue, Kingston 5.

The main activities of the company are the management of the subsidiary companies and sale of mobile phone pin codes.

The Group comprises the company and its wholly-owned subsidiaries which are all incorporated in Jamaica.

The subsidiaries that are consolidated and their principal activities are as follows:

<u>Name of Company</u>	<u>Principal Activity</u>	<u>Percentage Ownership</u> %
Supreme Ventures Lotteries Limited and its subsidiary:	Lottery operations	100
Bingo Investments Limited	Lottery operations effective March 15, 2008 - ceased operation	100
Prime Sports (Jamaica) Limited and its wholly-owned subsidiary:	Gaming operations	100
Chillout Ventures Limited	Gaming operations (not yet in operation)	100
Supreme Ventures Financial Services Limited	Foreign exchange dealer services	100
Big 'A' Track 2003 Limited	Sports betting (effective July 17, 2008)	100

Effective April 3, 2008, the Group was re-organized in a bid to streamline its operations. The scheme of reorganization and amalgamation resulted in the following:

- (i) The assets, liabilities and operations of Coral Cliff Entertainment Limited (CCEL) and Village Square Entertainment Limited (VSEL) which were previously subsidiaries of Jamaica Lottery Company Limited (JLC) were transferred to Prime Sports (Jamaica) Limited.
- (ii) The assets, liabilities and operations of JLC were transferred to the parent company, Supreme Ventures Limited (SVL). As a result Supreme Ventures Financial Services Limited became a wholly-owned subsidiary of SVL.
- (iii) The ownership of Chillout Ventures Limited was transferred from JLC to Prime Sports (Jamaica) Limited.

Effective April 3, 2008, CCEL, VSEL and JLC ceased operations and have been put into members' voluntary liquidation.

On August 18, 2009, the Betting, Gaming and Lotteries Commission (BGLC) approved the application of the company's subsidiary Supreme Ventures Lotteries Limited (SVLL) to sell tickets for the Super Lotto Game. See also Note 18(b).

During the period the company's management decided to change its reporting period from October 31, to December 31 as part of a strategic initiative in enhancing efficiency in its operations. These financial statements therefore cover the 14 months period from November 1, 2008 to December 31, 2009.

These financial statements are expressed in Jamaican dollars which is the functional currency of the Group.

## SUPREME VENTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOURTEEN MONTHS ENDED DECEMBER 31, 2009

## 2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

## 2.1 Standards and interpretations effective in the current year

The following interpretations issued by the International Financial Reporting Interpretations Committee became effective for the Group in the current period beginning November 1, 2008.

IFRIC 12	Service Concession Arrangements	January 1, 2008
IFRIC 13	Customer Loyalty Programmes	July 1, 2008
IFRIC 14	IAS 19, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction	January 1, 2008
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	October 1, 2008
IFRIC 18	Transfers of Asset from Customers (transfers received On or after July 1, 2009)	

The adoption of the above interpretations has not resulted in changes to the Group's accounting policies nor the amounts reported for the current or prior periods.

## 2.2 Standards and Interpretations early adopted

In addition, the Group has elected to adopt the following in advance of their effective dates:

- IAS 1(as revised in 2007): Presentation of Financial Statements. The main objective of the revision in IAS 1 was to aggregate information in financial statements on the basis of shared characteristics. Adoption of IAS 1 affected Group's presentation of owner changes in equity and of non-owner changes in equity (comprehensive income). The revision required the presentation of comprehensive income in one or two statements and the Group has adopted the one statement method to present the statement of comprehensive income. Presentation of Group's statement of changes in equity has also been amended to comply with the revisions. In addition, the revised Standard requires presentation of a third statement of financial position (balance sheet) at January 1, 2008 when applying policy changes retrospectively. However the Group has not presented a third statement as there were no retrospective policy changes that affected the presentation and disclosures of these financial statements.
- *IFRS 8 Operating Segments* – effective January 1, 2009. IFRS 8 replaces IAS 14 and sets out requirements for disclosure of information about an entity's operating segments and about the entity's products and services, the geographical areas in which it operates and its major customers. The standard is required for entities whose debt or equity instruments are traded in a public market or file their financial information with a regulatory organisation for the purpose of issuing any class of instruments in a public market. The standard does not have any impact on the Group's earnings per share and only has an impact on the disclosures in the consolidated financial statements of the Group and its subsidiaries.

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective for the financial period being reported on:

## SUPREME VENTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOURTEEN MONTHS ENDED DECEMBER 31, 2009

## 2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Cont'd)

2.3 *Standards and Interpretations in issue not yet adopted*

		Effective for annual periods <u>beginning on or after</u>
IAS 1,8,10,16,18, ) 19,20, 23,27,28, ) 29,31,36,38,39, ) 40, 41 and IFRS 7)	Amendments resulting from May 2008 Annual Improvements to IFRS	January 1, 2009
IAS 1,7,17,36,39, ) and IFRS 5 and 8 )	Amendments resulting from April 2009 Annual Improvements to IFRS	January 1, 2010
IAS 23 (Revised)	Borrowing Costs	January 1, 2009
IAS 24 (Revised)	Related Party Disclosures	January 1, 2011
IAS 27 (Revised)	Consolidated and Separate Financial Statements - Consequential amendments arising from amendments to IFRS 3	July 1, 2009
IAS 28	Investments in Associates - Consequential amendments arising from amendments to IFRS 3	July 1, 2009
IAS 31	Interests in Joint Ventures - Consequential amendments arising from amendments to IFRS 3	July 1, 2009
IAS 32	Financial Instruments: Presentation – Amendments relating to puttable instruments and obligations arising on liquidation	January 1, 2009
IAS 39	Financial Instruments: Recognition and Measurement - Amendments to clarify Eligible Hedged Items	July 1, 2009
IFRS 1	First-time Adoption of International Financial Reporting Standards: - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate - First-time Adoption of Financial Reporting Standards	January 1, 2009 July 1, 2009
IFRS 2	Share-based Payment - Amendment relating to vesting conditions and cancellations	January 1, 2009
IFRS 3 (Revised)	Business Combinations - Comprehensive revision on applying the acquisition method	July 1, 2009
IFRS 5 (Revised)	Non-current Assets Held for Sale and Discontinued Operations - Amendment relating to Plans to sell the controlling interest in a subsidiary	July 1, 2009
IFRS 9	Financial Instruments –Classification and Measurement	January 1, 2013
IFRIC 15	Agreements for the Construction of Real Estate	January 1, 2009
IFRIC 17	Distribution of Non-Cash Assets to Owners	July 1, 2009
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	January 1, 2010

## SUPREME VENTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOURTEEN MONTHS ENDED DECEMBER 31, 2009

## 2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Cont'd)

2.3 *Standards and Interpretations in issue not yet adopted (Cont'd)*

Except as noted below, the Board of Directors and management believe that the adoption of these standards and interpretations in the future periods at their effective dates will not be relevant to the financial statements of the Group in the periods of initial application.

- *IAS 23 (Revised) - Borrowing Costs* - The revision removes the option of either capitalising borrowing costs relating to qualifying assets or expensing these borrowing costs. The revised standard requires management to capitalise borrowing costs attributable to qualifying assets. Qualifying assets are assets that take a substantial time to get ready for their intended use or sale. The adoption of this revised standard does not have a significant impact on the Group's financial statements as the Group currently has no qualifying assets or related borrowing cost.
- *IAS 24 (revised): Related Party Disclosures Effective 1 January 2011*. The amendments to standard simplify the disclosure requirements for entities that are controlled, jointly controlled or significantly influenced by a government (referred to as government-related entities) and clarify the definition of a related party. The standard is not expected to have any significant impact on the Group's financial results and will only have an impact on the disclosures in the financial statements.
- *IAS 27 (Revised) - Consolidated and Separate Financial Statement*, under the amendments, the increases or decreases in a parent's ownership interest that do not result in a loss of control, is accounted for as equity transactions of the consolidated entity. No gain or loss is recognised on such transactions and goodwill is not re-measured. Any difference between the change in the non-controlling investment and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent. Where there is loss of control of a subsidiary, any retained non-controlling investment at the date control is lost is re-measured to fair value. Losses of the acquired entities are allocated to the non-controlling interest even if they exceed the non-controlling interest's share of equity in the subsidiary. The adoption of the revised standard is not expected to have any significant impact on the consolidated financial statements of the Group.
- *IAS 28 (Revised) Investments in Associates* – effective January 1, 2009. The amendment addresses Impairment of investments in associates as it gives clarification that an investment in an associate is treated as a single asset for impairment testing. Therefore, an impairment loss recorded by an investor after applying the equity method is not allocated against any goodwill included in the equity accounted investment balance. Such an impairment loss should be reversed in a subsequent period to the extent that the recoverable amount of the associate increases. The amendment does not have any significant impact on the Group's financial statements.
- *Under the amendments to IAS 32 (Revised) Financial instruments: Presentation* – effective January 1, 2009. *Puttable Instruments and Obligations Arising on Liquidation*, certain financial instruments that currently meet the definition of a financial liability will be classified as equity because they represent the residual interest in the net assets of the entity. The amendment does not have any significant impact on the Group's financial statements.
- *Under the amendments to IFRS 2 (Revised) Share-based payment* – effective January 1, 2009. *Vesting Conditions and Cancellations*, the terms 'vesting conditions' and 'cancellations' were clarified as follows. Vesting conditions are service and performance conditions only. Features of a share-based payment that are not vesting conditions should be included in the grant date fair value of the share-based payment. A cancellation of equity instruments is accounted for as an acceleration of the vesting period. The amendment does not have any significant impact on the Group's financial statements.



## SUPREME VENTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOURTEEN MONTHS ENDED DECEMBER 31, 2009

## 2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Cont'd)

2.3 **Standards and Interpretations in issue not yet adopted (Cont'd)**

- The amendments to *IFRS 2: Share-based Payment* – effective January 1, 2010, provide additional guidance on the accounting for share-based payment transactions among group entities. The revised Standard states explicitly that the entity receiving the goods or services will recognise the transaction as an equity-settled share-based payment transaction only if; the awards granted are its own equity instruments; or it has no obligation to settle the transaction. In all other circumstances, the entity will measure the transaction as a cash-settled share-based payment. The standard is not expected to have any significant impact on the Group's financial statements.
- *IFRS 3 (Revised) Business Combinations* - The revision to *IFRS 3* and the consequential amendments to *IAS 27 Consolidated and Separate Financial Statements*, *IAS 28 Investments in Associates* and *IAS 31 Interests in Joint Ventures*, remove the scope exclusions for business combinations involving two or more mutual entities and business combinations in which separate entities are brought together to form a reporting entity by contract alone without the obtaining of an ownership interest. The standard is not expected to have any significant impact on the Group's financial statements.
- *IFRS 9 Financial Instruments* - The Standard introduces new requirements for the classification and measurement of financial assets and is effective from January 1, 2013 with early adoption permitted. Under the new standards all recognised financial assets that are currently in the scope of *IAS 39* will be measured at either amortised cost or fair value. A debt instrument (e.g. loan receivable) that (1) is held within a business model whose objective is to collect the contractual cash flows and (2) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding generally must be measured at amortised cost. All other debt instruments must be measured at fair value through profit or loss (FVTPL).

A fair value option is available (provided that certain specified conditions are met) as an alternative to amortised cost measurement. For debt instruments not designated at FVTPL under the fair value option, reclassification is required between FVTPL and amortised cost, or vice versa, if the entity's business model objective for its financial assets changes so that its previous model no longer applies.

The new requirements for classification and measurement of financial liabilities, derecognition of financial instruments, impairment and hedge accounting are expected to be added to *IFRS 9* in 2010. As a result, *IFRS 9* will eventually be a complete replacement for *IAS 39* and *IFRS 7*. An early adoption of *IFRS 9* will require the continued application of *IAS 39* for other accounting requirements for financial instruments within its scope that are not covered by *IFRS 9* (e.g. classification and measurement of financial liabilities, recognition and derecognition of financial assets and financial liabilities, impairment of financial assets, hedge accounting, etc.).

The standard is likely to have a significant impact on the Group's financial results as gain or loss on a financial asset or financial liability that is measured at fair value and is not part of a hedging relationship shall be presented in profit or loss unless the financial asset is an investment in an equity instrument and the entity elects to present gains and losses on that investment in other comprehensive income.

**SUPREME VENTURES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOURTEEN MONTHS ENDED DECEMBER 31, 2009****3 SIGNIFICANT ACCOUNTING POLICIES****3.1 Statement of compliance**

The Group's financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS).

**3.2 Basis of preparation**

These financial statements have been prepared under the historical cost basis except for the revaluation of freehold land and buildings. Historical cost is generally based on the fair value of the consideration given in exchange of assets. The principal accounting policies are set out below:

**3.3 Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

**3.4 Business combinations**

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3, Business Combinations are recognized at their fair values at the acquisition date.

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

**3.5 Investment in joint venture**

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, that is, where the strategic financial and operating policy decisions relating to the activities of the joint venture require unanimous consent of the parties sharing control.

**SUPREME VENTURES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOURTEEN MONTHS ENDED DECEMBER 31, 2009****3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****3.5 Investment in joint venture (Cont'd)**

The Group records its interest in joint venture using the equity method. Under the equity method investment in joint venture is initially recognized at cost and the carrying amount is increased or decreased to recognise the Group's share of profit or loss after the date of acquisition.

**3.6 Property and equipment**

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land and buildings is recognised to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings. No transfer is made from revaluation reserve to retained earnings except when an asset is derecognized.

Other property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is not depreciated.

Property and equipment in the course of construction or assembly for production or administrative purposes or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets on the same basis as similar property and equipment, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and capital work-in-progress, over the estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**SUPREME VENTURES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOURTEEN MONTHS ENDED DECEMBER 31, 2009****3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****3.7 Goodwill**

Goodwill arising on the acquisition of a subsidiary or jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entities recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

**3.8 Intangible assets****3.8.1 Intangible assets acquired separately**

Intangible assets acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual period, with the effect of any changes in estimate being accounted for on a prospective basis.

**3.8.2 Intangible assets acquired in a business combination**

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses on the same basis as intangible assets acquired separately.

**3.9 Impairment of tangible and intangible assets**

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, separate assets are also allocated to the smallest group of cash generating units.

Recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

**SUPREME VENTURES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOURTEEN MONTHS ENDED DECEMBER 31, 2009****3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****3.9 Impairment of tangible and intangible assets (Cont'd)**

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount in which case the reversal of the impairment loss is treated as a revaluation increase.

**3.10 Taxation**

Income tax expense represents the sum of tax currently payable and deferred tax.

**3.10.1 Current tax**

The tax currently payable is based on taxable profits for the period. Taxable profit differs from the net profit as reported in the consolidated statement of comprehensive income (income statement) because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible items of revenue or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

**3.10.2 Deferred tax**

Deferred tax recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary differences arise from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

**SUPREME VENTURES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOURTEEN MONTHS ENDED DECEMBER 31, 2009****3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****3.10 Taxation (Cont'd)****3.10.2 Deferred tax (Cont'd)**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

**3.10.3 Current and deferred tax for the period**

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

**3.11 Other assets**

These are stated at the lower of cost, and net realizable value.

**3.12 Inventories**

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on a first-in, first-out basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

**3.13 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset to one entity and a financial liability or equity to another entity.

A financial asset is any asset that is:

- (a) cash
- (b) an equity instrument of another entity
- (c) a contractual right
  - (i) to receive cash or another financial asset from another entity; or
  - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation:

- (i) to deliver cash or another financial asset to another entity; or
- (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group.

**SUPREME VENTURES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOURTEEN MONTHS ENDED DECEMBER 31, 2009****3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****3.14 Financial assets**

Financial assets are recognized and derecognized on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned and are initially measured at fair value, plus transaction costs.

Financial assets of the Group include cash and bank deposits, trade and other receivables, long-term receivable and unquoted investments.

Financial assets are classified into the following specified categories: 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

**3.14.1 Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or where appropriate, a shorter period.

**3.14.2 Loans and receivables**

Trade receivable, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

**3.14.3 Available-for-sale investments**

Unquoted investments are classified as 'available-for-sale' and are stated at fair value, except where fair value cannot be reliably determined, they are stated at cost. Gains and losses arising from changes in fair value are recognized directly in equity, with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognized directly in profit and loss. Where the investment is disposed of or is determined to be impaired the cumulative gain or loss previously recognized in equity is included in profit or loss for the period.

**3.14.4 Related party**

A party is considered to be related if:

- (i) directly or indirectly, through one or more intermediaries, one party is able to exercise control or significant influence over the other party;
- (ii) both parties are subject to common control or significant influence from the same source;
- (iii) the party is a member of key management personnel of the Group or its parent, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including directors, officers and close members of the families of these individuals; or

**SUPREME VENTURES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOURTEEN MONTHS ENDED DECEMBER 31, 2009****3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****3.14 Financial assets (Cont'd)****3.14.4 Related party (Cont'd)**

- (iv) the party is a post-employment benefit plan for the benefit of the employees of the Group.

**3.14.5 Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, net of bank overdraft, and other highly liquid bank deposits held with financial institutions, with an original maturity of three months or less from the date of acquisition and are held to meet cash requirements rather than for investment purposes.

**3.14.6 Impairment of financial assets**

Financial assets are assessed for indication of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For all financial assets, including redeemable notes classified as AFS objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognized.



**SUPREME VENTURES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOURTEEN MONTHS ENDED DECEMBER 31, 2009****3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****3.14 *Financial assets (Cont'd)*****3.14.7 De-recognition of financial assets**

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

**3.15 **Financial liabilities and equity instruments issued by the Group******3.15.1 Classification as debt or equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

**3.15.2 Financial liabilities**

Financial liabilities of the Group are classified as other financial liabilities and include borrowings, trade and other payable and prizes liabilities, and are initially measured at fair value net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

**3.15.3 Derecognition of financial liabilities**

The Group derecognizes financial liability when, and only when, the Group's obligations are discharged, cancelled or they expire.

**3.15.4 Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

**SUPREME VENTURES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOURTEEN MONTHS ENDED DECEMBER 31, 2009****3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****3.16 Revenue**

Revenue represents the gross proceeds of the lottery games, Cash Pot, Lucky 5, Dollaz, Pick 3, Lotto, Prime Time Bingo and Instant Games, pin code sales, income earned from remittance and foreign exchange dealer services, proceeds from hospitality and gaming operations by the Group. Revenue is recognized as follows:

**3.16.1 Lottery**

Ticket sales – lottery games are sold to the public by contracted retail agents. Revenue is recognized when tickets are sold to players.

Unclaimed prizes – in keeping with clause number 28 of the licence, winning tickets must be redeemed within 90 days of the relevant draw unless otherwise notified. Any valid winning ticket presented after the expiration of this period may be paid provided payment is made within 180 days of the draw, after which prizes may be paid only with written approval of BGLC. Fifty percent (50%) of unclaimed prizes (net of taxes where applicable) are transferred to revenue and the remainder is paid over to the CHASE Fund.

**3.16.2 Gaming – revenue is recorded based on the cash value of tokens cleared from the ‘drop box’ (net wins) and the cash bills cleared from the bill receptor.****3.16.3 Hospitality**

Hospitality and related services – revenue is recognised when the service is provided.

**3.16.4 Financial services**

Revenue for remittance services – revenue is recognized at the point of receipt of funds for remittance by Moneygram International – (a sent fee) and at the point of pay out by the agents – (commission income).

Foreign exchange trading – revenue comprises net gains from foreign exchange trading and is accounted for on the accrual basis.

**3.16.5 Pin codes**

Pin codes are sold to the public by the contracted retail agents. Revenue is recognized when pin codes are sold by the agents.

**3.17 Segment reporting**

A segment is a distinguishable component of the Group that is engaged in either providing products or services.

Segment information is presented in respect of the Group’s business. The primary format for business segments is based on the Group’s management and internal reporting structure.

**SUPREME VENTURES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOURTEEN MONTHS ENDED DECEMBER 31, 2009****3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****3.17 Segment reporting (Cont'd)**

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

The activities of the Group are organized into the following primary segments:

- (a) Lottery
- (b) Gaming and hospitality
- (c) Financial services
- (d) Pin codes and other

**3.18 Foreign currencies**

The financial statements of the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

In preparing the financial statements of the Group, transactions in currencies other than the Group's functional currency, the Jamaican dollar, are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlements of monetary items and on the retranslation of monetary items, are included in profit or loss for the period.

**3.19 Leases**

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss over the lease period.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

**3.20 Retirement benefit costs**

Contributions to the defined contribution retirement benefit plan are recognized as an expense when employees have rendered service entitling them to the contributions.

**SUPREME VENTURES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOURTEEN MONTHS ENDED DECEMBER 31, 2009****3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****3.21 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

**4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Critical judgements in applying the Group's accounting policies**

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognized in the financial statements.

**Goodwill**

As described in Note 6 to the financial statements goodwill arising on acquisition at the date of the statement of financial position amounts to \$586.6 million. The directors and management have carried out an assessment and have made a judgement that goodwill that exists at the reporting date is not impaired, and no adjustments have been made to recognize any losses.

**Deferred tax assets**

As described in Note 12, the financial statements include a deferred tax assets of the Group of \$41.4 million representing tax benefits of tax losses available for set-off against future taxable profits. The judgement made by the directors and management is that based on the continuing reorganization plans and projections of the Group, the subsidiary currently operating at a loss will return to profitability and therefore the deferred tax asset is realizable in the future.

**Key sources of estimation uncertainty**

Except as noted below there were no other key assumptions concerning the future, and other key source of estimation uncertainty at the balance sheet date that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**SUPREME VENTURES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOURTEEN MONTHS ENDED DECEMBER 31, 2009****4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)****Key sources of estimation uncertainty (Cont'd)****Income taxes**

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were originally recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made (see Note 12 and 33).

## SUPREME VENTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOURTEEN MONTHS ENDED DECEMBER 31, 2009

## 5 PROPERTY AND EQUIPMENT

	The Group												
	Freehold Land (At Valuation) \$'000	Freehold Buildings (At Valuation) \$'000	Leasehold Buildings \$'000	Leasehold Improvements \$'000	Machinery & Equipment \$'000	Gaming Equipment \$'000	Furniture, Fixtures & Equipment \$'000	Computer Equipment \$'000	Motor Vehicles \$'000	Arts & Paintings \$'000	Signs & Posters \$'000	Capital Work in Progress \$'000	Total \$'000
<b>Cost/Valuation</b>													
November 1, 2007	122,686	566,998	120,348	211,080	92,183	433,772	473,752	20,477	42,556	2,363	24,928	73,021	2,184,164
Additions	-	-	-	1,603	7,518	16,823	38,574	2,683	35,605	-	-	51,235	154,041
Revaluation adjustment	10,314	302,982	-	-	-	-	-	-	-	-	-	-	313,296
Reclassification Adjustment	-	-	-	( 23,690)	108,702	25,272	(106,673)	( 3,611)	-	-	-	-	-
Disposals	-	-	-	122,102	-	-	-	-	-	-	-	(122,102)	-
	-	-	-	-	-	-	( 2,672)	-	( 7,572)	-	-	-	( 10,244)
At November 1, 2008	133,000	869,980	120,348	311,095	208,403	475,867	402,981	19,549	70,589	2,363	24,928	2,154	2,641,257
Additions	-	-	-	17,646	11,225	54,035	14,705	1,747	34,729	-	-	6,097	140,184
Asset write-off	-	-	-	( 33,001)	( 989)	( 45,332)	-	-	-	-	-	-	( 79,322)
Transfers	-	-	-	2,154	-	-	-	-	-	-	-	( 2,154)	-
Disposals	-	-	-	-	( 117)	-	( 1,306)	-	(20,326)	-	-	-	( 21,749)
December 31, 2009	<u>133,000</u>	<u>869,980</u>	<u>120,348</u>	<u>297,894</u>	<u>218,522</u>	<u>484,570</u>	<u>416,380</u>	<u>21,296</u>	<u>84,992</u>	<u>2,363</u>	<u>24,928</u>	<u>6,097</u>	<u>2,680,370</u>
<b>Depreciation</b>													
November 1, 2007	-	22,398	-	63,599	13,456	40,239	207,970	16,694	24,790	-	24,434	-	413,580
Charge for the year	-	19,669	3,009	27,795	15,565	55,149	41,528	2,150	8,367	-	369	-	173,601
Revaluation adjustment	-	( 597)	-	-	-	-	-	-	-	-	-	-	( 597)
Reclassification adjustment	-	-	-	( 14,975)	55,563	11,716	( 49,819)	( 2,485)	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	( 6,398)	-	-	-	( 6,398)
November 1, 2008	-	41,470	3,009	76,419	84,584	107,104	199,679	16,359	26,759	-	24,803	-	580,186
Charge for the year	-	24,791	3,510	36,919	94,426	107,942	26,397	2,233	20,303	-	48	-	316,569
Asset write-off	-	-	-	( 15,393)	( 153)	( 29,198)	-	-	-	-	-	-	( 44,744)
Disposals	-	-	-	-	( 35)	-	( 169)	-	(15,204)	-	-	-	( 15,408)
December 31, 2009	-	<u>66,261</u>	<u>6,519</u>	<u>97,945</u>	<u>178,822</u>	<u>185,848</u>	<u>225,907</u>	<u>18,592</u>	<u>31,858</u>	-	<u>24,851</u>	-	<u>836,603</u>
<b>Carrying amount</b>													
December 31, 2009	<u>133,000</u>	<u>803,719</u>	<u>113,829</u>	<u>199,949</u>	<u>39,700</u>	<u>298,722</u>	<u>190,473</u>	<u>2,704</u>	<u>53,134</u>	<u>2,363</u>	<u>77</u>	<u>6,097</u>	<u>1,843,767</u>
October 31, 2008	<u>133,000</u>	<u>828,510</u>	<u>117,339</u>	<u>234,676</u>	<u>123,819</u>	<u>368,763</u>	<u>203,302</u>	<u>3,190</u>	<u>43,830</u>	<u>2,363</u>	<u>125</u>	<u>2,154</u>	<u>2,061,071</u>

**SUPREME VENTURES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOURTEEN MONTHS ENDED DECEMBER 31, 2009****5 PROPERTY AND EQUIPMENT (Cont'd)**

VLТ gaming machines and leasehold improvements were written-off due to obsolescence.

Annual depreciation charges are being calculated using the following useful lives:

Freehold buildings	-	40 years
Leasehold improvements	-	Over the life of the leases
Machine & equipment	-	10 years
Gaming equipment	-	5-10 years
Furniture, fixtures and office equipment	-	3-10 years
Computer equipment	-	3-5 years
Motor vehicles	-	5-8 years
Signs and posters	-	5 years

No depreciation is provided on freehold land, art and paintings.

Freehold land and buildings are carried at fair value.

An independent valuation of the Group's land and buildings were performed by Allison Pitter & Company to determine the fair values of the land and buildings. The fair values were determined based on the open market value basis.

Property owned by the subsidiary – the effective date of valuation was January 28, 2008.

Property owned by the company – the effective date of valuation was February 21, 2008.

The directors and management are of the view that the value of the property as at December 31, 2009, are not significantly different from the valuations carried out by the independent valuers in 2008.

Had the Group's land and buildings been measured on a historical cost basis, their carrying amount would have been as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>December 31</u>	<u>October 31</u>	<u>December 31</u>	<u>October 31</u>
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Freehold land	24,515	24,515	5,114	5,114
Freehold buildings	<u>156,467</u>	<u>161,460</u>	<u>24,083</u>	<u>24,980</u>
	<u>180,982</u>	<u>185,975</u>	<u>29,197</u>	<u>30,094</u>

## SUPREME VENTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOURTEEN MONTHS ENDED DECEMBER 31, 2009

## 5 PROPERTY AND EQUIPMENT (Cont'd)

	The Company											
	Freehold Land (At (Valuation) \$'000	Freehold Buildings (At (Valuation) \$'000	Leasehold Improvements \$'000	Video Lottery Terminal Equipment \$'000	Gaming Equipment \$'000	Furniture, Fixtures and Office Equipment \$'000	Computer Equipment \$'000	Motor Vehicles \$'000	Roadway and Fencing \$'000	Art and Paintings \$'000	Signs and Posters \$'000	Total \$'000
<b>Cost/Valuation</b>												
At November 1, 2007	-	-	15,968	323,039	-	19,443	8,196	32,725	-	2,363	-	401,734
Additions	-	-	-	4,436	-	-	-	-	-	-	-	4,436
Acquisition on amalgamation of subsidiary	13,000	15,000	6,449	-	193,871	27,137	8,263	7,397	1,130	-	24,642	296,889
Disposal	-	-	-	-	-	-	-	(6,573)	-	-	-	(6,573)
At November 1, 2008	13,000	15,000	22,417	327,475	193,871	46,580	16,459	33,549	1,130	2,363	24,642	696,486
Disposal	-	-	-	-	-	-	-	(16,572)	-	-	-	(16,572)
At December 31, 2009	<u>13,000</u>	<u>15,000</u>	<u>22,417</u>	<u>327,475</u>	<u>193,871</u>	<u>46,580</u>	<u>16,459</u>	<u>16,977</u>	<u>1,130</u>	<u>2,363</u>	<u>24,642</u>	<u>679,914</u>
<b>Depreciation</b>												
At November 1, 2007	-	-	10,070	13,460	-	7,143	6,175	17,744	-	-	-	54,592
Charge for the year	-	292	2,927	32,563	10,994	2,654	1,240	5,977	16	-	109	56,772
Charge on amalgamation of subsidiary	-	125	5,867	-	101,243	23,971	8,263	6,269	250	-	24,518	170,506
Disposal	-	-	-	-	-	-	-	(5,520)	-	-	-	(5,520)
At November 1, 2008	-	417	18,864	46,023	112,237	33,768	15,678	24,470	266	-	24,627	276,350
Charge for the year	-	583	3,164	68,540	80,237	3,389	702	4,019	33	-	15	160,682
Disposal	-	-	-	-	-	-	-	(14,826)	-	-	-	(14,826)
At December 31, 2009	-	<u>1,000</u>	<u>22,028</u>	<u>114,563</u>	<u>192,474</u>	<u>37,157</u>	<u>16,380</u>	<u>13,663</u>	<u>299</u>	-	<u>24,642</u>	<u>422,206</u>
<b>Carrying amount</b>												
December 31, 2009	<u>13,000</u>	<u>14,000</u>	<u>389</u>	<u>212,912</u>	<u>1,397</u>	<u>9,423</u>	<u>79</u>	<u>3,314</u>	<u>831</u>	<u>2,363</u>	-	<u>257,708</u>
October 31, 2008	<u>13,000</u>	<u>14,583</u>	<u>3,553</u>	<u>281,452</u>	<u>81,634</u>	<u>12,812</u>	<u>781</u>	<u>9,079</u>	<u>864</u>	<u>2,363</u>	<u>15</u>	<u>420,136</u>



**SUPREME VENTURES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOURTEEN MONTHS ENDED DECEMBER 31, 2009****5 PROPERTY AND EQUIPMENT (Cont'd)**

Annual depreciation rates are based on the following useful lives:

Leasehold improvements	-	5 years
Gaming equipment	-	10 years
Furniture, fixtures and office equipment	-	10 years
Computer equipment	-	3 years
Motor vehicles	-	5 years

No depreciation is provided on art and paintings.

*Cash out flow on acquisition of property and equipment - the company*

The reorganization and amalgamation in 2008, as described in Note 1, resulted in the transfer of property and equipment with a net book value of \$126.383 million from the subsidiary's amalgamation with the company.

**6 GOODWILL**

	<u>The Group</u>		<u>The Company</u>	
	December 31 <u>2009</u> \$'000	October 31 <u>2008</u> \$'000	December 31 <u>2009</u> \$'000	October 31 <u>2008</u> \$'000
Acquired goodwill	<u>586,644</u>	<u>586,644</u>	<u>189,953</u>	<u>189,953</u>

The impairment test is carried out by comparing the recoverable amount of the Group's cash generating units (CGUs) to which goodwill has been allocated, to the carrying amount of those CGUs plus goodwill. For the purposes of the impairment assessment, goodwill has been allocated to the group's cash generating units as follows:

	<u>The Group</u>		<u>The Company</u>	
	December 31 <u>2009</u> \$'000	October 31 <u>2008</u> \$'000	December 31 <u>2009</u> \$'000	October 31 <u>2008</u> \$'000
Gaming operations	381,728	381,728	-	-
Lottery operations	189,953	189,953	189,953	189,953
Financial Services	<u>14,963</u>	<u>14,963</u>	-	-
	<u>586,644</u>	<u>586,644</u>	<u>189,953</u>	<u>189,953</u>

Management has determined that the remaining goodwill balance at December 31, 2009 is not impaired based on assessments of the recoverable amounts of the CGUs. The assessments were carried out on the basis of present value of future cash flows using projected cash flows from operations of these CGUs and discount rates based on market information.

The company

As a result of the re-organization and amalgamation (see Note 1) the goodwill arising on the acquisition of its formerly wholly-owned subsidiary Jamaica Lottery Company Limited, was transferred to the company as part of net assets transferred (see also Note 42).

## SUPREME VENTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOURTEEN MONTHS ENDED DECEMBER 31, 2009

## 7 OTHER INTANGIBLE ASSETS

	The Group			The Company
	Computer Software \$'000	Licences \$'000	Total \$'000	Computer Software \$'000
<b>Cost</b>				
November 1, 2007	17,451	26,155	43,606	6,298
Additions	<u>5,922</u>	<u>22,889</u>	<u>28,811</u>	-
November 1, 2008	23,373	49,044	72,417	6,298
Additions	<u>11,404</u>	-	<u>11,404</u>	-
December 31, 2009	<u>34,777</u>	<u>49,044</u>	<u>83,821</u>	<u>6,298</u>
<b>Amortisation</b>				
November 1, 2007	15,512	-	15,512	4,359
Charge for the year	<u>1,820</u>	-	<u>1,820</u>	<u>1,137</u>
November 1, 2008	17,332	-	17,332	5,496
Charge for the year	<u>4,948</u>	-	<u>4,948</u>	<u>687</u>
December 31, 2009	<u>22,280</u>	-	<u>22,280</u>	<u>6,183</u>
<b>Carrying Amount</b>				
December 31, 2009	<u>12,497</u>	<u>49,044</u>	<u>61,541</u>	<u>115</u>
October 31, 2008	<u>6,041</u>	<u>49,044</u>	<u>55,085</u>	<u>802</u>

Licences represent cost acquisitions through subsidiaries as detailed below:

	\$'000
Chillout Ventures Limited	26,155
Big 'A' Track 2003 Limited	<u>22,889</u>
	<u>49,044</u>

Chillout Ventures Limited has a licence to promote gaming operations. Although the company has not operated a gaming lounge in the financial period, it is anticipated that the company will commence operations in the next financial year.

Big 'A' Track 2003 Limited holds permit to promote sports betting. The activities commenced on July 17, 2008.

Computer software costs are amortised over their useful life, which is an average of three years. Cost of the licences will be amortised over their estimated useful lives once the licences are in use for the respective operations.

## SUPREME VENTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOURTEEN MONTHS ENDED DECEMBER 31, 2009

## 8 INVESTMENT IN SUBSIDIARIES

8.1 Investments in subsidiaries at cost include:

	<u>The Company</u>	
	<u>2009</u>	<u>2008</u>
	\$'000	\$'000
Supreme Ventures Lotteries Limited (see 8.2 below)	1,000	1,000
Supreme Ventures Financial Services Limited (see 8.3 below)	20,723	20,723
Jamaica Lottery Holdings Limited (see 8.3 below)	750	750
Big 'A' Track 2003 Limited	52,889	22,889
Prime Sports (Jamaica) Limited (see 8.4 below)	<u>1,173,169</u>	<u>1,173,169</u>
	<u>1,248,531</u>	<u>1,218,531</u>

8.2 As a consequence of the arrangement with BGLC (see Note 1), the company acquired the controlling interest of Supreme Ventures Lotteries Limited (SVLL) (previously Supreme Ventures Holdings Limited) which was held by the major shareholders of the company.

The company has signed a guarantee for an amount of J\$500 million on behalf of the subsidiary as required under the arrangements with BGLC. This requirement is based on the licence granted to promote and operate lottery games which states that the licensee is required to have an equity capitalization of not less than \$500 million.

8.3 On April 3, 2008, the company entered into a scheme of reconstruction and amalgamation of certain subsidiaries within the group.

Under the agreement, the company being the 100% beneficial shareholder of the issued capital in Jamaica Lottery Company Limited (JLC), amalgamated all the assets and liabilities of JLC with those of the company. JLC ceased operations and was put on members' voluntary liquidation. At balance sheet date the process of liquidation was not completed.

As part of the amalgamation of the assets of JLC, the company became the beneficial owner of the issued capital of Supreme Ventures Financial Services Limited and Jamaica Lottery Holdings Limited.

8.4 Investment in Prime Sports (Jamaica) Limited

	December 31	October 31
	<u>2009</u>	<u>2008</u>
	\$'000	\$'000
Balance brought forward	1,173,169	658,729
New ordinary shares	-	251,000
New 18% preference shares	-	<u>266,000</u>
	1,173,169	1,175,729
Less: Stamp duty on transfer	-	<u>( 2,560)</u>
	<u>1,173,169</u>	<u>1,173,169</u>

On April 3, 2008 through the scheme of reconstruction and amalgamation as described in Note 1 and Note 8.3 above the company acquired in Prime Sports (Jamaica) Limited an additional 251,000,000 new ordinary shares at a value of \$251 million and 266,000,000, 18% preference shares at a value of \$266 million for a total additional equity investment of \$514.4 million after deduction of transfer taxes.

## SUPREME VENTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOURTEEN MONTHS ENDED DECEMBER 31, 2009

## 9 LONG-TERM RECEIVABLES

9.1 These include:

	The Group		The Company	
	December 31 2009 \$'000	October 31 2008 \$'000	December 31 2009 \$'000	October 31 2008 \$'000
SGL BVI Limited (US\$4,463,453 (2008: US\$4,225,600 (see Note 9.2 below)	397,496	320,005	-	-
Prime Sports (Jamaica) Limited (see Note 9.3 below)	-	-	558,164	558,664
	397,496	320,005	558,164	558,664
Less: Current portion included in other receivables (Note 15)	(132,499)	-	( 500)	-
Long-term receivables	<u>264,997</u>	<u>320,005</u>	<u>557,664</u>	<u>558,664</u>

9.2 This represents advance to SGL BVI Limited (SGL BVI), a company incorporated in the British Virgin Islands. SGL BVI is a subsidiary of Supreme Gaming Limited (SGL), a company incorporated under the laws of the State of Florida, USA. The advances are towards the development of gaming activities in the Caribbean and the Latin American region.

In accordance with an agreement effective October 10, 2008, the company sold all the rights, title and interest in the entire principal sum of the advances of US\$4.0 million and all accrued and unpaid interest thereon amounting to US\$225,600, to its wholly-owned subsidiary, Supreme Ventures Lotteries Limited (SVLL).

The advance is secured by a promissory note signed by SGL BVI and endorsed by SVLL.

The interest rate payable on the advances will be agreed at October 31 each year for the ensuing 12 months period beginning November 1. The rate agreed for the period November 1, 2008 to October 31, 2009 was at 4.79% per annum. This was extended to December 31, 2009, in determining the interest to be accrued at the end of the reporting period.

The settlement terms of the promissory note are as follows:

On December 31, 2009, the interest amounting to \$18.0 million (US\$202,406) accrued at the agreed rate was capitalized.

During the three years from November 1, 2009, the principal sum will be repaid in twelve equal quarterly installments on the last day of January, April, July and October and the twelfth and final installment will be paid on October 31, 2012.

As of November 1, 2009, interest accruing on the reducing principal sum will be paid quarterly on the last day of January, April, July and October.

In addition to the arrangement detailed above between SGL BVI and the subsidiary, Supreme Ventures Lotteries Limited, the company has signed a franchise fee agreement. Under this agreement SGL BVI as the franchisee has the exclusive right to utilize the marks and names of Supreme Ventures Limited on its products in various existing and potential markets throughout Central, South American and the Caribbean regions. The fees payable to the company will be calculated based on agreed rates and revenue generated by SGL BVI.

**SUPREME VENTURES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOURTEEN MONTHS ENDED DECEMBER 31, 2009****9 LONG-TERM RECEIVABLES (Cont'd)****9.3 Prime Sports (Jamaica) Limited**

Under the scheme of reorganization and amalgamation detailed in Note 1 and Note 8.3 the company acquired two debentures issued by Jamaica Lottery Company Limited (JLC) to Prime Sports (Jamaica) Limited (PSJL) for JLC's beneficial interest in Coral Cliff Entertainment Limited and Village Square Entertainment Limited now amalgamated to PSJL.

The debentures will each be for a term of twenty-one (21) years, payable by 20 interim annual installments of J\$250,000 each on March 31<sup>st</sup> of each year (commencing on March 31, 2009), and a final installment of the remaining unpaid balance of the principal sum on March 31, 2029.

The debentures will bear interest charged on the principal sum at a variable rate which is 1% below the weighted average yield on the Government of Jamaica 6 months Treasury Bills. Interest is to be payable in quarterly installments, commencing July 1, 2008.

**10 AVAILABLE-FOR-SALE INVESTMENTS**

These include:

	<u>The Group and The Company</u>	
	<u>December 31,</u>	<u>October 31,</u>
	<u>2009</u>	<u>2008</u>
	\$'000	\$'000
Unquoted investments	<u>16,939</u>	<u>16,939</u>

These are stated at cost as there is no basis to assess the fair market value.

**11 INVESTMENT IN JOINT VENTURE**

This represents cost of acquisition of a share of Jonepar Development Limited, a joint venture. The joint venture owns a parcel of land in Montego Bay which is used as a parking facility for the customers of the Coral Cliff gaming lounge and the other venturer. The activities have been negligible since the acquisition date and as a result the investment is stated at original cost.

**12 DEFERRED TAXATION**

These comprise:

	<u>The Group</u>		<u>The Company</u>	
	<u>December 31</u>	<u>October 31</u>	<u>December 31</u>	<u>October 31</u>
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	\$'000	\$'000	\$'000	\$'000
Deferred tax assets	46,286	43,620	12,759	6,012
Less: Deferred tax liabilities	<u>(28,714)</u>	<u>(41,001)</u>	<u>(19,962)</u>	<u>(44,404)</u>
	<u>17,572</u>	<u>2,619</u>	<u>(7,203)</u>	<u>(38,392)</u>

## SUPREME VENTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOURTEEN MONTHS ENDED DECEMBER 31, 2009

## 12 DEFERRED TAXATION (Cont'd)

The movement of the net deferred tax position was as follows:

	The Group		The Company	
	December 31 2009 \$'000	October 31 2008 \$'000	December 31 2009 \$'000	October 31 2008 \$'000
Opening balance	2,619	31,130	(38,392)	( 8,808)
Credited to equity	-	9,307	-	-
Credited (charged) to income for the period (Note 32)	14,953	(37,818)	31,189	(29,584)
Closing balance	<u>17,572</u>	<u>2,619</u>	<u>( 7,203)</u>	<u>(38,392)</u>

The following are the major deferred tax assets and liabilities recognized during the year:

**Deferred Tax Assets**

## The Group

	Tax Losses \$'000	Vacation Leave Payable \$'000	Interest Payable \$'000	Unrealised Foreign Exchange Losses \$'000	Total \$'000
At November 1, 2007	106,615	1,223	2,304	2,516	112,658
Credited (charged) to income for the year	( 69,364)	690	(2,304)	1,940	( 69,038)
At November 1, 2008	37,251	1,913	-	4,456	43,620
Credited (charged) to income for the period	4,164	(1,300)	-	( 198)	2,666
At October 31, 2009	<u>41,415</u>	<u>613</u>	<u>-</u>	<u>4,258</u>	<u>46,286</u>

The directors and management are of the view that the deferred tax assets on tax losses are realizable based on projected future profitability of the subsidiary currently operating at a loss.

## The Company

	Tax Losses \$'000	Unrealised Foreign Exchange Loss \$'000	Vacation Leave Payable \$'000	Interest Payable \$'000	Total \$'000
At November 1, 2007	26,316	-	523	2,304	29,143
Credited (charged) to income for the year	(26,316)	5,620	(131)	(2,304)	(23,131)
At November 31, 2008	-	5,620	392	-	6,012
Credited (charged) to income for the period	-	7,139	(392)	-	6,747
At October 31, 2009	<u>-</u>	<u>12,759</u>	<u>-</u>	<u>-</u>	<u>12,759</u>

## SUPREME VENTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOURTEEN MONTHS ENDED DECEMBER 31, 2009

## 12 DEFERRED TAXATION (Cont'd)

## Deferred Tax Assets (Cont'd)

The directors and management are of the view that the deferred tax asset recognized on tax losses is realizable based on projected future profitability of the company and the subsidiaries that are currently reporting losses.

## Deferred Tax Liabilities

The Group

	Capital Allowance in Excess of <u>Depreciation</u> \$'000	Finance <u>Lease</u> \$'000	Revaluation of <u>Property</u> \$'000	Interest <u>Receivable</u> \$'000	<u>Total</u> \$'000
At November 1, 2007	68,541	3,553	9,307	127	81,528
Charged (credited) to income for the year	(35,774)	4,644	-	( 90)	(31,220)
Credited to equity	<u>-</u>	<u>-</u>	<u>(9,307)</u>	<u>-</u>	<u>( 9,307)</u>
At November 1, 2008	32,767	8,197	-	37	41,001
Charged (credited) to income for the period	(18,586)	<u>5,936</u>	<u>-</u>	<u>363</u>	<u>(12,287)</u>
At December 31, 2009	<u>14,181</u>	<u>14,133</u>	<u>-</u>	<u>400</u>	<u>28,714</u>

The Company

	Capital Allowance in Excess of <u>Depreciation</u> \$'000	Unrealised Foreign Exchange <u>Gain</u> \$'000	Interest <u>Receivable</u> \$'000	<u>Total</u> \$'000
At November 1, 2007	35,674	2,149	128	37,951
Charged (credited) to income for the year	<u>8,693</u>	<u>(2,149)</u>	<u>( 91)</u>	<u>6,453</u>
At November 1, 2008	44,367	-	37	44,404
Charged (credited) to income for the period	(24,486)	<u>-</u>	<u>44</u>	<u>(24,442)</u>
At December 31, 2009	<u>19,881</u>	<u>-</u>	<u>81</u>	<u>19,962</u>

**SUPREME VENTURES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOURTEEN MONTHS ENDED DECEMBER 31, 2009****13 OTHER ASSETS**

	<u>December 31, 2009</u>	<u>October 31, 2008</u>
	\$'000	\$'000
<b>Cost</b>		
At November 1	18,069	18,069
Less amortisation	( 7,027)	-
Carrying amount	<u>11,042</u>	<u>18,069</u>

The amount represents tokens used in the gaming machines operated at the gaming lounges. The directors have decided in the current period to write-off the amounts over a three-year period.

**14 INVENTORIES**

	<u>The Group</u>		<u>The Company</u>	
	<u>December 31</u>	<u>October 31</u>	<u>December 31</u>	<u>October 31</u>
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	\$'000	\$'000	\$'000	\$'000
Pin codes	76,334	33,983	76,334	33,983
Food and beverage	<u>17,109</u>	<u>14,903</u>	-	-
	<u>93,443</u>	<u>48,886</u>	<u>76,334</u>	<u>33,983</u>

The cost of inventory recognized as an expense during the period was the Group \$2.6 billion (2008: \$945 million), the company \$1.7 billion (2008: \$853million)

**15 TRADE AND OTHER RECEIVABLES**

	<u>The Group</u>		<u>The Company</u>	
	<u>December 31</u>	<u>October 31</u>	<u>December 31</u>	<u>October 31</u>
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	\$'000	\$'000	\$'000	\$'000
Trade receivables	217,791	222,890	-	-
Less: Allowances for irrecoverable Debts	( 53,843)	( 45,035)	-	-
	163,948	177,855	-	-
Other receivables and prepayments (see 15(e))	<u>265,550</u>	<u>68,898</u>	<u>70,708</u>	<u>24,129</u>
	<u>429,498</u>	<u>246,753</u>	<u>70,708</u>	<u>24,129</u>



## SUPREME VENTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOURTEEN MONTHS ENDED DECEMBER 31, 2009

## 15 TRADE AND OTHER RECEIVABLES (Cont'd)

- (a) Included in trade receivables are amounts of \$177 million (2008: \$178 million) representing amounts receivable from the agents that support the lottery sales. The average credit periods for these receivables are 7 days. Balances outstanding for over 7 days are considered past due. Where agent balances are outstanding for over 90 days they are classified as delinquent and are provided for in full after 365 days as historical experience is such that receivables that are past due beyond this period are generally not recoverable.

The average credit period for the remaining balance in trade receivables is 30 days and provision is made in full for balances outstanding for more than 365 days.

- (b) Accounts receivable above includes amounts (see aged analysis below) that are past due as at the end of the reporting period but against which the group has not recognised an allowance for doubtful receivable because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or credit enhancement over these balances nor does it have a legal right of off-set against any amounts owed by the Group's counterparty.

	The Group	
	<u>December 31, 2009</u>	<u>October 31, 2008</u>
	\$'000	\$'000
(c) <u>Ageing of past due but not impaired</u>		
30 – 60 days	851	897
60 – 90 days	2,433	775
Over 90 days	<u>12,931</u>	<u>3,217</u>
	<u>16,215</u>	<u>4,889</u>
	<u>December 31, 2009</u>	<u>October 31, 2008</u>
	\$'000	\$'000
(d) <u>Movement in allowance for impairment</u>		
Balance at beginning of year	45,035	35,737
Impairment losses recognized	<u>8,808</u>	<u>9,298</u>
Balance at end of year	<u>53,843</u>	<u>45,035</u>

In determining the recoverability of a receivable, the Group considers any change in the credit quality of the receivable from the date the credit was granted up to the reporting date.

- (e) Other receivables includes amounts of \$132.5 million (US\$1.487 million), (2008: nil) for the Group, \$0.5 million (2008: nil) for the company representing the current portion of the long-term receivables (see Note 9). The amount for the Group is recoverable in four quarterly installments during the year ending December 31, 2010, the amount for the company is recoverable by March 2010.

**SUPREME VENTURES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOURTEEN MONTHS ENDED DECEMBER 31, 2009****16 DUE FROM (TO) RELATED PARTIES**

	<u>The Company</u>	
	<u>December 31, 2009</u>	<u>October 31, 2008</u>
	\$'000	\$'000
Prime Sports (Jamaica) Limited	604,952	435,628
Supreme Ventures Financial Services Limited	230	17,768
Big 'A' Track 2003 Limited	3,538	-
Supreme Ventures Lotteries Limited	<u>77,268</u>	<u>(371,296)</u>
	<u>685,988</u>	<u>82,100</u>

**17 CASH AND BANK BALANCES**The Group

Bank balances of the Group include interest bearing accounts of \$763.4 million (2008: \$690.3 million), including foreign currency deposits of US\$1,088,360 (2008: US\$303,460). Interest rate on J\$ deposits ranged from 8.751% to 12.0% (2008: 5.0% to 11.5%) and on US\$ deposits from 1.0% to 4.0% (2008: 1% to 7.04%).

The Company

Bank balances of the company include interest bearing accounts of \$34.1 million (2008: \$28.3 million), including foreign currency deposits of US\$313,659 (2008: US\$296,477). Interest rate on the J\$ deposits ranges from 8.75% to 9.15% (2008: 7.98% to 9.05%) and US\$ deposits from 5.75% to 6.25% (2008: 5.4% to 7.04%).

**18 SHARE CAPITAL**

	<u>December 31, 2009</u>	<u>October 31, 2008</u>
	\$'000	\$'000
Stated capital	<u>1,967,183</u>	<u>1,967,183</u>
	<u>No. of Shares</u>	<u>No. of Shares</u>
Authorised capital – ordinary stocks at no par value	<u>3,000,000,000</u>	<u>3,000,000,000</u>
Issued capital – ordinary stocks at no par value	<u>2,637,254,926</u>	<u>2,637,254,926</u>

**SUPREME VENTURES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOURTEEN MONTHS ENDED DECEMBER 31, 2009****19 REVALUATION RESERVE**

The revaluation reserve represented gain on valuation of freehold land and buildings.

	\$'000
Balance at November 1, 2007	23,500
Gain on revaluation during the year	316,289
Deferred tax adjustment reversed on reorganization and amalgamation	<u>9,307</u>
	349,096
Transferred to capital reserve on reorganization and amalgamation	<u>(349,096)</u>
Balance at October 31, 2008	<u>-</u>

Resulting from the reorganization and amalgamation as detailed in Note 1, the revaluation reserve has been transferred to capital reserve (see also Note 20).

**20 CAPITAL RESERVE**

This includes gains arising on the scheme of reorganization and amalgamation of subsidiaries with the Group as detailed in Note 1 to these financial statements. The reserve is stated net of costs, associated with the reorganization and amalgamation and capital distributions during the period.

	<u>The Group and The Company</u> \$'000
Revaluation reserves of subsidiaries under liquidation	349,096
Revenue reserves of subsidiaries under liquidation	246,288
Associated costs	<u>(28,778)</u>
	566,606
Less: Capital distributions (see Note 39)	<u>(420,839)</u>
Balance at October 31, 2008	145,767
Less: Distributions	<u>(83,281)</u>
Balance at December 31, 2009	<u>62,486</u>

## SUPREME VENTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOURTEEN MONTHS ENDED DECEMBER 31, 2009

## 21 LONG-TERM LIABILITIES

	The Group		The Company	
	December 31, 2009	October 31, 2008	December 31, 2009	October 31, 2008
	\$'000	\$'000	\$'000	\$'000
GTECH Global Services Corporation Limited US\$ 1,747,642(2008: US\$3,091,184 ) (Note 21 (a))	156,589	235,818	156,589	235,818
First Caribbean International Bank Loan 1 – US\$465,282 (2008: US\$781,093) (Note 21 (b))	41,697	58,727	-	-
Loan 2 – US\$44,782 (Note 21 (b))	-	3,367	-	-
Obligation under finance lease US\$1,054,630 (2008: US\$1,369,393) (Note 21 (c))	94,510	102,957	-	-
	<u>292,796</u>	<u>400,869</u>	<u>156,589</u>	<u>235,818</u>

	The Group		The Company	
	December 31, 2009	October 31, 2008	December 31, 2009	October 31, 2008
	\$'000	\$'000	\$'000	\$'000
These loans are repayable as follows:				
Within one year	165,488	133,066	109,291	87,404
In the second to fifth year inclusive	<u>127,308</u>	<u>267,803</u>	<u>47,298</u>	<u>148,414</u>
	<u>292,796</u>	<u>400,869</u>	<u>156,589</u>	<u>235,818</u>
Included in the balance sheet as:				
Current liabilities	<u>165,489</u>	<u>133,066</u>	<u>109,291</u>	<u>87,404</u>
Long-term liabilities	<u>127,307</u>	<u>267,803</u>	<u>47,298</u>	<u>148,414</u>

## (a) GTECH Global Services Corporation Limited

An agreement was signed between the company and GTECH Global Services Corporation Limited for the acquisition of certain Video Lottery Terminal (VLT) equipment for US\$5.136 million to be settled in forty eight (48) equal installments of US\$107,000. Using the discounted cash flows techniques with an imputed interest rate of 5.38% per annum, the fair value of the loan at the inception was estimated at US\$4.18 million.

	December 31, 2009	October 31, 2008
	\$'000	\$'000
Loan obligation		
Within one year	115,047	97,953
In the second to fifth year inclusive	<u>47,936</u>	<u>155,092</u>
	162,983	253,045
Less: Future finance charges	<u>( 6,394)</u>	<u>( 17,227)</u>
	<u>156,589</u>	<u>235,818</u>

The loan is secured over the VLT equipment purchased under the agreement.

## SUPREME VENTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOURTEEN MONTHS ENDED DECEMBER 31, 2009

## 21 LONG-TERM LIABILITIES (Cont'd)

## (b) First Caribbean International Bank

Loan 1 is repayable by 2011 in monthly installments of US\$31,290, at interest rate of base lending rate plus 1.5% per annum. Interest rate at the end of the reporting period was 12.5% (2008: 12.5%) per annum.

Other principal features of the loan are:

The loan as well as an overdraft facility of \$3 million are secured by the following:

- (a) First demand guarantee mortgage on the property of Prime Sports (Jamaica) Limited stamped to cover US\$698,282 and with powers to upstamp.
- (b) Debentures over the fixed and floating charge over the assets of Prime Sports (Jamaica) Limited to cover US\$698,282.
- (c) Acknowledged assignment of Prime Sports (Jamaica) Limited's fire and peril insurance.

Loan 2, which had a carrying balance at the start of the period of approximately J\$3.4 million was fully repaid in the period.

## (c) Obligation under finance lease

Finance lease relates to the leasing of the building to house the May Pen Gaming Lounge with a lease term of five (5) years. The lease arrangement has an option to purchase the building for a nominal amount at the conclusion of the lease agreement. The directors have opted to purchase the building.

	Minimum lease payment		Present value of minimum lease payment	
	December 31, 2009	October 31, 2008	December 31, 2009	October 31, 2008
	\$'000	\$'000	\$'000	\$'000
Amounts payable under finance lease:				
Within one year	31,847	26,721	26,070	20,061
In the second to fifth year inclusive	<u>73,002</u>	<u>92,419</u>	<u>68,440</u>	<u>82,896</u>
	104,849	119,140	94,510	102,957
Less: Future finance charges	<u>(10,339)</u>	<u>(16,183)</u>	<u>-</u>	<u>-</u>
Present value of lease obligation				
US\$1,054,630 (2008:US\$1,369,393)	<u>94,510</u>	<u>102,957</u>	<u>94,510</u>	<u>102,957</u>

## SUPREME VENTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOURTEEN MONTHS ENDED DECEMBER 31, 2009

## 22 TRADE AND OTHER PAYABLES

	December 31, <u>2009</u> \$'000	October 31, <u>2008</u> \$'000	December 31, <u>2009</u> \$'000	October 31, <u>2008</u> \$'000
Trade payables	220,073	76,413	182,052	83,718
Service contractor fees	241,815	149,530	7,965	4,601
Contributions payable to CHASE Fund	47,947	54,414	-	-
Contributions payable to Betting, Gaming and Lotteries Commission	13,078	11,975	-	-
Lottery taxes payable	17,317	21,057	-	-
Withholding taxes payable	24,835	87,388	24,835	86,967
Other payables and accruals	<u>94,223</u>	<u>195,394</u>	<u>29,185</u>	<u>38,400</u>
	<u>659,288</u>	<u>596,171</u>	<u>244,037</u>	<u>213,686</u>

## 23 PRIZE LIABILITIES

	<u>The Group</u>	
	<u>December 31, 2009</u> \$'000	<u>October 31, 2008</u> \$'000
Local lottery games ((a) below)	111,251	108,244
Multi jurisdictional lottery game ((b) below)	<u>99,886</u>	<u>-</u>
	<u>211,137</u>	<u>108,244</u>

(a) Represents the prize liabilities associated with the local lottery games operated under licence by the subsidiary including an amount accrued for the advertised jackpot of \$50 million (2008: \$50 million).

(b) A subsidiary commenced sale of tickets of the multijurisdictional Game 'Super Lotto' on August 18, 2009 (see also Note 1).

Under the rules of the Super Lotto game, and as specified by BGLC, 39.6627% of revenue is recognized as a jackpot fund with a corresponding charge to expenses for settlement of the jackpot. This is with the intention that over a period of time there will be an accumulation of funds towards the settlement of the jackpot.

By an agreement dated September 23, 2009 between GTECH Corporation (GTECH) and the subsidiary, GTECH has accepted the obligation to fund the unfunded portion of the jackpot liability of the company. As compensation to GTECH under this arrangement certain portion of game revenue is paid over to GTECH and is included in service fees as direct expenses. Resulting from this arrangement the company has no further obligation for settlement of the jackpot prize liability and accordingly will not be recording additional prize expenses other than amounts recognized as a reserve on an ongoing basis based on revenue. (See also Note 40).

## SUPREME VENTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOURTEEN MONTHS ENDED DECEMBER 31, 2009

## 24 REVENUE

(a) Analysis of the revenue is as follows:

	The Group		The Company	
	14 months Ended December 31, 2009	12 months Ended October 31, 2008	14 months Ended December 31, 2009	12 months Ended October 31, 2008
	\$'000	\$'000	\$'000	\$'000
Cash Pot	19,315,026	15,192,272	-	-
Lucky 5	626,882	553,350	-	-
Dollaz	324,387	273,349	-	-
Lotto	1,560,808	1,104,321	-	-
Pick 3	2,368,945	1,375,107	-	-
Instant	131,014	100,486	-	-
Super Lotto (commenced in August 2009)	277,089	-	-	-
Daily Bingo (commenced in May 2008)	1,864	17,892	-	-
Prime Time Bingo (commenced in October 2007)	9,453	150,217	-	-
Unclaimed prizes	73,743	117,685	-	-
Gaming revenue (net wins)	1,151,853	978,917	-	-
Hospitality and related revenue	138,326	169,265	-	-
Management fees	-	-	210,000	180,000
Royalties	-	-	117,455	73,298
Money Gram remittance service	94,727	68,749	-	-
Foreign exchange trading	111,293	61,961	-	-
Pin codes	1,902,588	955,893	1,902,588	955,894
Others	79,963	60,571	64,928	57,768
	<u>28,167,960</u>	<u>21,180,035</u>	<u>2,294,971</u>	<u>1,266,960</u>

(b) On August 18, 2008 the Betting, Gaming and Lotteries Commission (BGLC) gave an approval for the company to operate the Super Lotto game.

The Super Lotto game is a Multi Jurisdictional game with the following countries being a party to the Super Lotto agreement entered into by the company on July 27, 2009: Anguilla, Antigua and Barbuda, Bermuda, St. Kitts and Nevis, Barbados, St. Maarten, United States Virgin Islands, Dominican Republic and Jamaica. Revenue for ticket sales in Jamaica is recorded as income of the company.

(c) In December 2008, the management of the company took the decision to suspend the Prime Time Bingo and Daily Bingo games. Therefore, the balance in relation to Prime Time Bingo and Daily Bingo represents two months activity.

**SUPREME VENTURES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOURTEEN MONTHS ENDED DECEMBER 31, 2009****25 SEGMENT REPORTING**

The Group has adopted IFRS 8 *Operating Segments* with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments.

Following the adoption of IFRS 8, the identification of the Group's reportable segments was changed from four reportable segments to five by the separation of Pin Codes from others.

- |                            |   |   |
|----------------------------|---|---|
| (a) Lottery                | - | Lottery games, operated through the agents' network.  |
| (b) Gaming and hospitality | - | Video Lottery Terminal (VLT) games offered at gaming lounges and room, restaurant and related guest services at these gaming lounges. |
| (c) Financial services     | - | Foreign exchange dealer services and Money Gram remittance services.  |
| (d) Pin codes              | - | Sale of pin codes through the agents' network, agents' service fees, agents' reconnection fees.                                       |
| (e) Other                  | - | All other income.   |

The Group's customer base currently spans several geographical areas, however, all its segment's operations are from the same country of domicile and as such all its revenues generated from external customers and non-current assets are attributed to the same geographical area.

The Group's operations are located solely in Jamaica.



## SUPREME VENTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOURTEEN MONTHS ENDED DECEMBER 31, 2009

## 25 SEGMENT REPORTING (Cont'd)

	14 Months Ended December 31, 2009						Group \$'000
	Lottery \$'000	Gaming and Hospitality \$'000	Financial Services \$'000	Pin Codes \$'000	Other \$'000	Eliminations \$'000	
<b>External revenue</b>	24,689,210	1,290,179	206,020	1,902,588	79,963		28,167,960
Inter-segment revenue	-	63,971	-	-	337,279	( 401,250)	-
Total revenue	<u>24,689,210</u>	<u>1,354,150</u>	<u>206,020</u>	<u>1,902,588</u>	<u>417,242</u>	<u>( 401,250)</u>	<u>28,167,960</u>
<b>Result</b>							
Segment result	1,160,454	( 117,693)	34,593	45,965	63,667		1,186,986
Interest income							111,189
Net foreign exchange loss							( 632)
Finance cost							( 31,659)
Profit before taxation							1,265,884
Taxation							( 514,682)
Profit for the period							<u>751,202</u>
<b>Other information</b>							
Capital additions	51,765	89,828	9,995	-	-	-	151,588
Depreciation, amortization and write-offs	120,793	233,632	1,670	-	-	-	356,095
<b>Balance sheet</b>							
Assets							
Segment assets	3,213,345	3,174,316	129,077	76,333	-	(2,208,155)	<u>4,384,916</u>
Consolidated total assets							<u>4,384,916</u>
<b>Liabilities</b>							
Segment liabilities	759,688	1,670,989	26,161	190,018	-	(1,374,856)	<u>1,272,000</u>
Consolidated total liabilities							<u>1,272,000</u>

## SUPREME VENTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOURTEEN MONTHS ENDED DECEMBER 31, 2009

## 25 SEGMENT REPORTING (Cont'd)

	12 Months Ended October 31, 2008						Group \$'000
	Lottery \$'000	Gaming and Hospitality \$'000	Financial Services \$'000	Pin Codes \$'000	Other \$'000	Eliminations \$'000	
<b>External revenue</b>	18,884,678	1,148,182	130,710	955,894	60,571	-	21,180,035
Inter-segment revenue	<u>-</u>	<u>73,119</u>	<u>-</u>	<u>-</u>	<u>229,402</u>	<u>( 302,521)</u>	<u>-</u>
Total revenue	<u>18,884,678</u>	<u>1,221,301</u>	<u>130,710</u>	<u>955,894</u>	<u>289,973</u>	<u>( 302,521)</u>	<u>21,180,035</u>
<b><u>Result</u></b>							
Segment result	1,128,522	( 172,401)	19,481	23,793	57,921	-	1,057,316
Interest income							84,554
Net Foreign exchange gain (loss)							( 1,615)
Finance cost							<u>( 32,422)</u>
Profit before taxation							1,107,833
Taxation							<u>( 461,844)</u>
Profit for the year							<u>645,989</u>
<b><u>Other information</u></b>							
Capital additions	49,609	105,393	4,961	-	-	-	159,963
Depreciation and amortization	42,048	132,649	724	-	-	-	175,421
<b><u>Balance sheet</u></b>							
<b>Assets</b>							
Segment assets	3,209,783	3,287,214	119,763	33,983	-	(2,355,156)	<u>4,295,587</u>
Consolidated total assets							<u>4,295,587</u>
<b><u>Liabilities</u></b>							
Segment liabilities	1,770,327	1,022,602	21,621	85,922	-	(1,550,958)	<u>1,349,514</u>
Consolidated total liabilities							<u>1,349,514</u>

## SUPREME VENTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOURTEEN MONTHS ENDED DECEMBER 31, 2009

## 26 DIRECT EXPENSES

(a) Analysis of direct expenses is as follows:

	The Group		The Company	
	14 months Ended December 31, 2009 \$'000	12 months Ended October 31, 2008 \$'000	14 months Ended December 31, 2009 \$'000	12 months Ended October 31, 2008 \$'000
Lottery prizes	16,980,930	12,774,672	-	-
Service contractor fees	1,534,304	1,130,837	-	-
Agents' commissions	1,219,001	929,444	-	-
Good cause fees	1,118,244	887,246	-	-
Lottery tax	1,428,863	1,132,268	-	-
Contributions to BGLC	278,156	214,084	-	-
Gaming lounge charges	45,232	71,974	-	-
Direct expense – hospitality and related services	98,241	107,374	-	-
Pin codes	1,709,103	853,749	1,709,103	853,749
Commissions – pin codes (cost)	147,520	78,352	147,520	78,351
Commissions – Money Gram (cost)	34,616	25,432	-	-
Others	<u>5,051</u>	<u>1,682</u>	<u>-</u>	<u>-</u>
	<u>24,599,261</u>	<u>18,207,114</u>	<u>1,856,623</u>	<u>932,100</u>

(b) Lottery prizes

- (i) Cash Pot – All prizes are fixed. The prize won for correctly matching the winning number is \$26 for each \$1 wagered.
- (ii) Lucky 5 – Prizes for this game is based on the predetermined prize structure. The prize payout is at least 50.93% of the total wagers of each game.
- (iii) Dollaz! – Prizes for this game are fixed based on each \$10 per play per spot. The prize paid will depend on how much of the winning numbers are correctly matched.
- (iv) Lotto, Super Lotto Prime Time and Daily Bingo – Prizes are based on the actual winning combination of numbers for each draw with the amount allocated to prizes being a predetermined percentage of actual sales.
- (v) Pick 3 – Prizes are computed based on the actual winning combination of numbers for each draw.
- (vi) Instant – Prizes are accrued as an estimate based on a predetermined prize structure for each game.

(c) Service contractor fees

GTECH Corporation (GTECH) has been contracted for the provision of technical and marketing services for lottery gaming activities. GTECH whose primary business is providing online lottery systems, terminals, networks and services to the lottery industry provide these services to operate the lotteries. GTECH receives a service fee calculated using an agreed fee structure based on weekly gross sales.

**SUPREME VENTURES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOURTEEN MONTHS ENDED DECEMBER 31, 2009****26 DIRECT EXPENSES (Cont'd)****(d) Agents' commission**

The agents who sell on-line tickets for the lottery games receive a commission on ticket sales.

**(e) Good cause fees**

Under the terms of the lottery operations licence and approval (Note 1), contributions are made to the Culture, Health, Arts, Sports and Education (CHASE) Fund computed as follows:

Cash Pot	- 15% of net ticket sales after prizes
Lucky 5	- 7.5% of gross ticket sales
Dollaz!	- 7.5% of gross ticket sales
Lotto, Super Lotto, Instant Ticket and Prime Time Bingo	- 7.5% gross ticket sales
Pick 3 and Daily Bingo	- 4.17% of gross ticket sales

In addition to the above contributions, 50% of unclaimed prizes are also paid over to the same fund.

**(f) Lottery tax**

In accordance with Section 13 of the Betting, Gaming and Lotteries (Amendment) Act 2000, 17% of weekly net revenues is paid as lottery tax to the Government of Jamaica for Lucky 5, Cash Pot, Daily Bingo, Pick 3 and 23% of weekly gross revenues is paid for Dollaz!. The tax for lotto and Super Lotto is computed as 23% of lotto sales net of prizes. In relation to VLT gaming activities, a gross profit tax is paid to the Government of Jamaica calculated at 7.5% of meter net wins on a monthly basis.

**(g) Contributions to Betting, Gaming and Lotteries Commission**

In accordance with conditions attached to the licence and approval granted by BGLC 1% of gross ticket sales are paid to BGLC as contribution. Also in accordance with amended regulations 2.5% of meter net wins is paid to BGLC in relations to VLT gaming activities.

**(h) Gaming lounge charges**

These charges include payments under contractual arrangements with hotels that operate gaming lounges.

**(i) Pin codes**

This represents the amounts paid to mobile service providers for the purchase of pin codes, adjusted for inventory movements.

**(j) Commission – pin codes cost**

The agents of the company who sell on-line pin codes and phone cards receive a commission on sales.

## SUPREME VENTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOURTEEN MONTHS ENDED DECEMBER 31, 2009

## 27 OPERATING EXPENSES

	The Group		The Company	
	14 months Ended December 31, 2009	12 months Ended October 31, 2008	14 months Ended December 31, 2009	12 months Ended October 31, 2008
	\$'000	\$'000	\$'000	\$'000
Staff costs (Note 28)	707,766	585,024	125,630	99,757
Rental and utilities	178,608	175,460	2,920	1,031
Marketing and business development	359,119	330,264	24,775	17,812
Professional fees	89,272	69,399	36,817	19,443
Draw expenses	102,572	94,051	-	-
Security	80,802	66,833	5,258	2,679
GCT irrecoverable	87,569	61,912	-	-
Licences and other fees	21,492	16,318	-	-
Depreciation and amortization charges	321,517	175,421	161,370	57,909
Write off of property and plant	34,578	-	-	-
Bank charges	40,861	24,370	680	334
Others	<u>357,557</u>	<u>316,553</u>	<u>18,783</u>	<u>16,952</u>
	<u>2,381,713</u>	<u>1,915,605</u>	<u>376,233</u>	<u>215,917</u>

## 28 STAFF COSTS

	The Group		The Company	
	14 months Ended December 31, 2009	12 months Ended October 31, 2008	14 months Ended December 31, 2009	12 months Ended October 31, 2008
	\$'000	\$'000	\$'000	\$'000
Salaries and other employee benefits	646,226	537,185	115,437	92,486
Statutory contributions	55,150	43,611	9,882	6,984
Pension contributions	<u>6,390</u>	<u>4,228</u>	<u>311</u>	<u>287</u>
	<u>707,766</u>	<u>585,024</u>	<u>125,630</u>	<u>99,757</u>

## 29 NET FOREIGN EXCHANGE LOSS

	The Group		The Company	
	14 months Ended December 31, 2009	12 months Ended October 31, 2008	14 months Ended December 31, 2009	12 months Ended October 31, 2008
	\$'000	\$'000	\$'000	\$'000
Foreign exchange gain	55,024	24,409	4,671	9,738
Foreign exchange loss	<u>(55,656)</u>	<u>(26,024)</u>	<u>(38,278)</u>	<u>(16,861)</u>
<b>NET LOSS</b>	<u>( 632)</u>	<u>( 1,615)</u>	<u>(33,607)</u>	<u>( 7,123)</u>

The Group's management took the decision to show the exchange gain/loss as a single line item on the Statement of Comprehensive Income as permitted by IAS 1 Presentation and Disclosure. The amount for foreign exchange gain/loss was included in revenue or expenses in the prior year and has been reclassified to conform to current period presentation.

## SUPREME VENTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOURTEEN MONTHS ENDED DECEMBER 31, 2009

## 30 FINANCE COSTS

	The Group		The Company	
	14 months Ended <u>December 31, 2009</u> \$'000	12 months Ended <u>October 31, 2008</u> \$'000	14 months Ended <u>December 31, 2009</u> \$'000	12 months Ended <u>October 31, 2008</u> \$'000
Interest on bank overdraft and long-term loans	13,515	19,315	13,515	14,368
Interest on obligations under finance lease	<u>18,144</u>	<u>13,107</u>	-	-
	<u>31,659</u>	<u>32,422</u>	<u>13,515</u>	<u>14,368</u>

## 31 PROFIT BEFORE TAXATION

The profit before taxation is stated after taking account of the following items:

	The Group		The Company	
	14 months Ended <u>December 31, 2009</u> \$'000	12 months Ended <u>October 31, 2008</u> \$'000	14 months Ended <u>December 31, 2009</u> \$'000	12 months Ended <u>October 31, 2008</u> \$'000
Income				
Interest	111,189	84,554	133,531	67,704
Expenses				
Directors' emoluments:				
Fees	16,329	14,218	16,329	14,218
Management remuneration	95,768	71,223	95,768	71,223
Audit fees	16,550	13,600	5,100	4,200
Depreciation of property and equipment	316,569	173,601	160,632	56,772
Write-off of property and plant	34,578	-	-	-
Amortisation of intangible assets	4,948	1,820	686	1,137
Finance costs – interest on long-term loans	31,659	32,422	13,515	14,368

## SUPREME VENTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOURTEEN MONTHS ENDED DECEMBER 31, 2009

## 32 TRANSACTIONS WITH RELATED PARTIES

*Loans of key management personnel*

	<u>The Company</u>	
	<u>December 31, 2009</u>	<u>October 31, 2008</u>
	\$'000	\$'000
Loan balances	<u>47,697</u>	<u>-</u>

The company has provided its key management personnel with short-term loans in accordance with policy on granting loans to the company's employees. The amounts provided during the period amounted to \$53.545 million. The balance outstanding as at December 31, 2009 that is included in other receivables has been settled in full subsequent to December 31, 2009.

*Compensation of key management personnel*

The remuneration of directors and other members of the key management during the year were as follows:

	<u>The Group and the Company</u>	
	<u>14 Months Ended</u>	<u>12 Months Ended</u>
	<u>December 31, 2009</u>	<u>October 31, 2008</u>
	\$'000	\$'000
Short-term benefits	95,768	71,223
Post employment benefits	<u>311</u>	<u>242</u>
	<u>96,079</u>	<u>71,465</u>
Professional fees paid to directors	<u>34,236</u>	<u>25,745</u>

## 33 TAXATION

(a) The total charge for the period includes:

	<u>The Group</u>		<u>The Company</u>	
	14 months	12 months	14 months	12 months
	Ended	Ended	Ended	Ended
	<u>December 31, 2009</u>	<u>October 31, 2008</u>	<u>December 31, 2009</u>	<u>October 31, 2008</u>
	\$'000	\$'000	\$'000	\$'000
Current tax charge:				
Income tax at 33 $\frac{1}{3}$ % of taxable profits	527,611	424,026	81,127	33,115
Under Provision	2,024	-	2,024	-
Deferred tax adjustment (Note 12)	<u>( 14,953)</u>	<u>37,818</u>	<u>(31,189)</u>	<u>29,584</u>
	<u>514,682</u>	<u>461,844</u>	<u>51,962</u>	<u>62,699</u>

**SUPREME VENTURES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOURTEEN MONTHS ENDED DECEMBER 31, 2009****33 TAXATION (Cont'd)**

(b) The charge is reconciled to the profit as per the profit and loss account as follows:

	The Group		The Company	
	14 months Ended <u>December 31, 2009</u> \$'000	12 months Ended <u>October 31, 2008</u> \$'000	14 months Ended <u>December 31, 2009</u> \$'000	12 months Ended <u>October 31, 2008</u> \$'000
Profit before taxation	<u>1,265,884</u>	<u>1,107,833</u>	<u>1,278,524</u>	<u>165,156</u>
Tax at the domestic income tax rate of 33 $\frac{1}{3}$ %	421,961	369,278	426,175	55,052
Tax effect of expenses disallowed for tax purposes	15,202	18,631	1,036	7,710
Net deferred tax asset not recognized (see (d) below)	75,495	71,986	-	-
Tax effect on non taxable income	-	( 2,014)	( 377,059)	-
Under provision previous year	2,024	-	2,024	-
Other	<u>-</u>	<u>3,963</u>	<u>( 214)</u>	<u>( 63)</u>
	<u>514,682</u>	<u>461,844</u>	<u>51,962</u>	<u>62,699</u>

(c) Tax losses of sub-subsidiaries amounting to approximately \$673 million (subject to agreement with the Commissioner, Taxpayer Audit and Assessment) are available for set-off against future taxable profits of the subsidiaries.

(d) Net deferred tax asset not recognized represents the effect of the curtailment of deferred tax assets of a subsidiary currently operating at a loss.

**34 NET PROFIT**

Dealt with in the financial statements of:

	<u>December 31, 2009</u> \$'000	<u>October 31, 2008</u> \$'000
The company (see below)	96,562	102,457
The subsidiaries	<u>654,640</u>	<u>543,532</u>
	<u>751,202</u>	<u>645,989</u>
Profit per company's statement of comprehensive income	1,226,562	102,457
Less: Dividend received - subsidiary	<u>(1,130,000)</u>	<u>-</u>
Net profit (as above)	<u>96,562</u>	<u>102,457</u>



**SUPREME VENTURES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOURTEEN MONTHS ENDED DECEMBER 31, 2009****35 RETAINED EARNINGS**

This is reflected in the financial statements of:

	<u>December 31, 2009</u>	<u>October 31, 2008</u>
	\$'000	\$'000
The company	723,459	( 2,025)
The subsidiaries	<u>359,788</u>	<u>835,148</u>
	<u>1,083,247</u>	<u>833,123</u>

**36 EARNINGS PER STOCK**

Basic earnings per stock unit is calculated by dividing the net profit attributable to shareholders, by the weighted average number of ordinary stock units in issue during the year.

	<u>December 31, 2009</u>	<u>October 31, 2008</u>
	\$'000	\$'000
Net profit attributable to shareholders ('000)	751,202	645,989
Weighted average number of ordinary stock units in issue ('000)	2,637,254	2,637,254
Basic earnings per stock unit	0.29 Cents	0.24 Cents

Diluted earnings per stock unit is the same as basic earnings per stock unit as there were no dilutive potential ordinary stocks.

**37 RETIREMENT BENEFIT PLAN**

The Group operates a defined contribution retirement benefit plan for all qualifying employees. The assets of the scheme are held separately from those of the group in funds under the control of trustees and administered by an insurance company. Basic contributions are 5% of taxable earnings, made by the employees and 5% by the employer. The employees may make additional contributions of 5% of their taxable earnings to provide for additional pension benefits.

The Group's and the company's contributions are disclosed in Note 28 on staff costs.

**38 OPERATING LEASE ARRANGEMENTS**

The Group has entered into agreements for the lease of office spaces and apartments. The annual rentals are payable in monthly installments.

Minimum lease rental commitments are as follows:

	<u>The Group</u>
	\$'000
Within 1 year	44,566
Year 2 and 3	49,246

**SUPREME VENTURES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOURTEEN MONTHS ENDED DECEMBER 31, 2009****38 OPERATING LEASE ARRANGEMENTS (Cont'd)**

	The Group	
	14 months Ended <u>December 31, 2009</u> \$'000	12 months Ended <u>October 31, 2008</u> \$'000
Minimum lease payment under operating lease recognized as an expense in the year	<u>54,312</u>	<u>37,108</u>

**39 DISTRIBUTIONS**

	<u>December 31, 2009</u> \$'000	<u>October 31, 2008</u> \$'000
Dividend paid		
<i>Declared</i>		
Second quarter ended April 30, 2009 - 10□	263,725	-
Fourth quarter ended December 31, 2009 - 9□	237,353	-
Capital distribution 2008/2009 - 3□ (2007/2008 - 15□)	<u>83,281</u>	<u>420,839</u>
	<u>584,359</u>	<u>420,839</u>

Dividend received

Represents amounts received from the company's wholly-owned subsidiary, Supreme Ventures Lotteries Limited.

**40 CONTINGENCIES AND COMMITMENTS****(a) Contingencies – litigations**

On December 15, 2008 a civil suit was filed by Epsilon Global Equities Limited (Epsilon) citing as defendants the company and its founding shareholders.

The company has received legal advice from the Attorney representing the company, that there will be no financial implications to the company arising from this case.

## SUPREME VENTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOURTEEN MONTHS ENDED DECEMBER 31, 2009

## 40 CONTINGENCIES AND COMMITMENTS (Cont'd)

## (b) Contingencies – Guarantee

- i) Pursuant to the Articles of Incorporation of the company and a resolution of the directors, the company has issued a duly executed and stamped deed of debenture and a duly executed guarantee to Betting, Gaming and Lotteries Commission (BGLC). The company and BGLC have agreed that, the secured debenture and the guarantee constitute compliance by the subsidiary, Supreme Ventures Lotteries Limited (SVLL), with the requirements of the licence granted by BGLC that, the equity capitalization of SVLL be not less than \$500 million, and SVLL will accordingly be treated as having \$500 million of shareholders' equity (issued capital of SVLL is \$1.0 million) for the purpose of the condition of the BGLC licence that refer to shareholders' equity (see also Note 1). Accordingly, BGLC will hold the company responsible and liable for any breaches of the licence by the subsidiary, SVLL.
- ii) Pursuant to the Articles of Incorporation of the company and a resolution of the directors, the company has issued a duly executed and stamped deed of debenture and a duly executed guarantee to Betting, Gaming and Lotteries commission (BGLC). The company and BGLC have agreed that, the secured debenture and the guarantee constitute compliance by the subsidiary, Big A Track 2003 Limited (Big A), with the requirements of the Bookmakers permit granted by BGLC that, the equity capitalization of Big A be not less than \$25 million, and Big A will accordingly be treated as having \$55 million of shareholders' equity (issued capital of Big A is \$30 million) for the purpose of the condition of the BGLC permit that refer to shareholders' equity. Accordingly, BGLC will hold the company responsible and liable for any breaches of the permit by the subsidiary, Big 'A'.

## (c) Contingencies – Super Lotto Jackpot Liability

As required under Condition 7 attached to the approval granted by Betting, Gaming and Lotteries Commission (BGLC) to promote the multijurisdictional Game 'Super Lotto', the company as the applicant has made arrangements for a stand-by financing facility of \$600.0 million from Bank of Nova Scotia Jamaica Limited. Under the said stand-by facility which expires on December 31, 2011, BGLC has been identified as the beneficiary in order to ensure that a super lotto jackpot winner in Jamaica is settled with the prize money and also to ensure that the necessary taxes on such a prize payment is settled with the Revenue Authorities in Jamaica.

## (d) Commitment – Licence fees to Betting, Gaming and Lotteries Commission (BGLC)

In accordance with conditions attached to the licences granted by BGLC, an annual licence fee of \$16.0 million falls due for payment each year.

## (e) Commitments – other

Commitments in respect of sponsorship agreements are as follows:

<u>Year</u>	\$'000
2010	65,500

## SUPREME VENTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOURTEEN MONTHS ENDED DECEMBER 31, 2009

## 41 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT

## 41.1 Significant accounting policies

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial assets, financial liabilities and equity instruments are disclosed in Note 3 to the financial statements.

## 41.2 Categories of financial instruments

	The Group		The Company	
	14 months Ended <u>December 31, 2009</u> \$'000	12 months Ended <u>October 31, 2008</u> \$'000	14 months Ended <u>December 31, 2009</u> \$'000	12 months Ended <u>October 31, 2008</u> \$'000
<b>Financial assets</b>				
Loans and other receivables (including cash and cash equivalents)	1,693,810	1,458,523	1,418,074	745,539
Available-for-sale investments	<u>16,939</u>	<u>16,939</u>	<u>16,939</u>	<u>16,939</u>
	<u>1,710,749</u>	<u>1,475,462</u>	<u>1,435,013</u>	<u>762,478</u>
<b>Financial liabilities</b>				
Other financial liabilities at amortized cost	<u>1,163,221</u>	<u>1,105,284</u>	<u>400,626</u>	<u>449,504</u>

## 41.3 Financial risk management objectives

The Group's activities expose it to a variety of financial risk and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the business and the operational risks are an inevitable consequence of being in business. The group's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the group's financial performance.

The Group's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up to date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practices.

The Group's activities result in principal exposure to credit, liquidity, market and operational risks. An enterprise-wide risk management approach is adopted which involves employees at all levels. This framework is supported by sound risk management practices which include the establishment of enterprise-wide policies, procedures and limits, monitoring and measurement of exposure against established limits, ongoing realignment of business strategies and activities and the reporting of significant exposures to senior management and the Board of Directors.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board's risk management mandate is principally carried out through the Audit Committee.

## SUPREME VENTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOURTEEN MONTHS ENDED DECEMBER 31, 2009

## 41 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

## 41.3 Financial risk management objectives (Cont'd)

## Audit Committee

The Audit Committee has oversight for the integrity of the financial statements and reviews the adequacy and effectiveness of internal controls and risk management procedures. The Committee also ensures compliance with internal, legal and regulatory policies, identifying, monitoring, measuring and reporting significant risk exposure and making recommendations in relation to management of risk.

This Board Committee also has direct responsibility for the management of balance sheet risk which includes liquidity, interest rates and foreign currency risks.

## 41.4 Credit risk management

## 41.4.1 Credit risk

The Group is exposed to credit risk, which is the risk that its customers or counterparties may accumulate and could cause a financial loss for the group by failure to discharge their contractual obligations. Credit risk is an important risk for the Group's business and management therefore carefully monitors its exposure to credit risk. Credit exposure for the Group arises mainly in receivables arising out of lottery sales and cash and bank balances (see below). The Group structures the level of credit risk it undertakes by maintaining a strict collection process. Lottery sale Agents are required to make payment within a maximum of seven (7) business days after sales made on behalf of the Licensed Company.

	The Group	
	<u>December 31, 2009</u>	<u>October 31, 2008</u>
	\$'000	\$'000
Lottery receivables	177,185	178,089
Cash and bank balances	<u>1,025,252</u>	<u>905,295</u>
	<u>1,202,437</u>	<u>1,083,384</u>

The company's maximum exposure to credit risk arises mainly from cash and bank balances amounting to \$104,373 million (2008: \$82,519 million).

## 41.4.2 Credit review process

The Group's credit risk is managed through a framework which incorporates the following:

## Trade Receivables

- i. The Group establishes policies and procedures which govern standards for granting credit and the process of continuous monitoring and measurement in relation to credit quality through industry delinquency and debt recovery management.
- ii. Trade Receivables are carefully monitored and managed by the Finance Department and in collaboration with the Field Area Management team, who has responsibility for liaising with the Lottery Agents on behalf of the licensed company.

**SUPREME VENTURES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOURTEEN MONTHS ENDED DECEMBER 31, 2009****41 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)**

## 41.4 Credit risk management (Cont'd)

## 41.4.3 Impairment

The Finance Department - conducts monthly and quarterly assessment of the Trade Receivable balances to determine whether there is a requirement for provision due to impairment.

## 41.5 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities.

## 41.5.1 Management of liquidity risk

The Board of Directors approves the group's liquidity and funding management policies and established limits to control risk.

The Group's Finance Department has direct responsibility for the management of the day-to-day liquidity. The Audit Committee provides senior management oversight of the group's liquidity risk exposure, within the policy and limit frameworks established by the Board.

The management of liquidity risk is carried out through various methods which include:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow within the local and international markets.
- Monitoring balance sheet liquidity ratios against internal and regulatory requirements.
- Maintenance of liquidity and funding contingency plans.

## 41.5.2 Liquidity and interest rate tables

The following table details the Group's and the company's contractual maturity for its non-derivative financial assets and financial liabilities. The tables have been drawn up based on undiscounted contractual maturities of financial assets including interest that will be earned on those except where the Group and the company anticipates that the cash flows will occur in a different period, and in the case of financial liabilities, based on the earliest date on which the Group and the company can be required to pay.

## SUPREME VENTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOURTEEN MONTHS ENDED DECEMBER 31, 2009

## 41 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

## 41.5 Liquidity risk (Cont'd)

## 41.5.2 Liquidity and interest rate tables (Cont'd)

The Group		Weighted average effective interest rate %	Within 3 Months \$'000	3 months to 1 year \$'000	1 to 5 Years \$'000	Total \$'000
<u>December 31, 2009</u>						
Financial assets						
Non-interest bearing			523,629	-	16,939	540,568
Variable interest rate instruments	4.79	4,695	14,345	435,576		454,616
Fixed interest rate instruments	8.40		<u>378,602</u>	<u>428,217</u>	-	<u>806,819</u>
			<u>906,926</u>	<u>442,562</u>	<u>452,515</u>	<u>1,802,003</u>
Financial liabilities						
Non-interest bearing			870,425	-	-	870,425
Interest bearing loan fixed	5.84		36,674	110,021	121,137	267,832
Interest bearing loans variable rate	12.50		<u>8,835</u>	<u>26,504</u>	<u>13,015</u>	<u>48,354</u>
			<u>915,934</u>	<u>136,525</u>	<u>134,152</u>	<u>1,186,611</u>
<u>October 31, 2008</u>						
Financial assets						
Non-interest bearing			427,550	-	16,939	444,489
Variable interest rate instruments	5.64		4,526	13,578	463,407	481,511
Fixed interest rate instruments	8.10		<u>47,506</u>	<u>723,524</u>	-	<u>771,030</u>
			<u>479,582</u>	<u>737,102</u>	<u>480,346</u>	<u>1,697,030</u>
Financial liabilities						
Non-interest bearing			703,520	-	-	703,520
Interest bearing loan fixed rate	5.37		31,168	93,505	247,512	372,185
Interest bearing loans variable rate	12.50		<u>8,557</u>	<u>23,172</u>	<u>68,342</u>	<u>100,071</u>
			<u>743,245</u>	<u>116,677</u>	<u>315,854</u>	<u>1,175,776</u>

## SUPREME VENTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOURTEEN MONTHS ENDED DECEMBER 31, 2009

## 41 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

## 41.5 Liquidity risk (Cont'd)

## 41.5.2 Liquidity and interest rate tables (Cont'd)

The Company						
	Weighted average effective interest rate %	1 to 3 Months \$'000	3 months to 1 year \$'000	1 to 5 Years \$'000	Over 5 years \$'000	Total \$'000
<u>December 31, 2009</u>						
Financial assets						
Non-interest bearing		135,560	-	702,927	-	838,487
Variable interest rate instruments	16.35	23,295	68,384	365,895	1,728,226	2,185,799
Fixed interest rate instruments	6.78	<u>32,612</u>	<u>6,746</u>	<u>-</u>	<u>-</u>	<u>39,358</u>
		<u>191,467</u>	<u>75,130</u>	<u>1,068,822</u>	<u>1,728,226</u>	<u>3,063,644</u>
Financial liabilities						
Non-interest bearing		244,037	-	-	-	244,037
Fixed interest bearing loan	5.38	<u>28,761</u>	<u>86,285</u>	<u>47,937</u>	<u>-</u>	<u>162,983</u>
		<u>272,798</u>	<u>86,285</u>	<u>47,937</u>	<u>-</u>	<u>407,020</u>
<u>October 31, 2008</u>						
Financial assets						
Non-interest bearing		72,246	-	99,039	-	171,285
Variable interest rate instruments	14.35	20,024	60,572	321,669	1,664,960	2,067,225
Fixed interest rate instruments	6.36	<u>27,048</u>	<u>6,308</u>	<u>-</u>	<u>-</u>	<u>33,356</u>
		<u>119,318</u>	<u>66,880</u>	<u>420,708</u>	<u>1,664,960</u>	<u>2,271,866</u>
Financial liabilities						
Non-interest bearing		213,686	-	-	-	213,686
Interest bearing loan	5.38	<u>24,488</u>	<u>73,465</u>	<u>155,092</u>	<u>-</u>	<u>253,045</u>
		<u>238,174</u>	<u>73,465</u>	<u>155,092</u>	<u>-</u>	<u>466,731</u>

## 41.6 Market risk

The Group takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates.

The Board and management have responsibility for the monitoring of market risk exposures by way of measurements through sensitivity analysis. Market information and additional analysis are also used to manage risk exposure and mitigate the limitation of sensitivity analysis.



**SUPREME VENTURES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOURTEEN MONTHS ENDED DECEMBER 31, 2009****41 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)**

## 41.6 Market risk (Cont'd)

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures risk.

## 41.6.1 Foreign currency risk

Foreign currency risk is the risk of loss arising from adverse movements in foreign exchange rates.

The Group is exposed to foreign currency risk as a result of transactions that are denominated in a currency other than the Jamaican dollar. The main currencies giving rise to the exposure is the United States Dollar, Canadian Dollar, the British Pound, the Cayman dollar and the Euro. The Group manages foreign currency risk through the establishment of limits for net open positions and matching foreign assets and liabilities as far as possible.

## Foreign currency risk management

The Group manages its foreign currency risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency position. The Group further manages this risk by holding foreign currency balances.

The following table summarizes the Group's exposure to foreign currency exchange rate risk:

## SUPREME VENTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOURTEEN MONTHS ENDED DECEMBER 31, 2009

## 41 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

## 41.6 Market risk (Cont'd)

## 41.6.1 Foreign currency risk (Cont'd)

		The Group									
		December 31, 2009									
		USD		CDN		GBP		EUR		KYD	
		US\$	J\$	Cdn\$	J\$	£	J\$	€	J\$	Kyd\$	J\$
		'000	Equiv. '000	'000	Equiv. '000	'000	Equiv. '000	'000	Equiv. '000	'000	Equiv. '000
Total assets		6,126	545,574	27	2,277	26	3,721	1	137	1	65
Total liabilities		(3,379)	(302,773)	-	-	-	-	-	-	-	-
Net exposure		<u>2,747</u>	<u>242,802</u>	<u>27</u>	<u>2,277</u>	<u>26</u>	<u>3,721</u>	<u>1</u>	<u>137</u>	<u>1</u>	<u>65</u>
		October 31, 2008									
		USD		CDN		GBP		EUR		KYD	
		US\$	J\$	Cdn\$	J\$	£	J\$	€	J\$	Kyd\$	J\$
		'000	Equiv. '000	'000	Equiv. '000	'000	Equiv. '000	'000	Equiv. '000	'000	Equiv. '000
Total assets		5,181	393,252	13	785	37	4,460	0.07	9	0.18	16
Total liabilities		(5,552)	(421,147)	-	-	-	-	-	-	-	-
Net exposure		<u>(371)</u>	<u>(27,859)</u>	<u>13</u>	<u>785</u>	<u>37</u>	<u>4,460</u>	<u>0.07</u>	<u>9</u>	<u>0.18</u>	<u>16</u>

## SUPREME VENTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOURTEEN MONTHS ENDED DECEMBER 31, 2009

## 41 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

## 41.6 Market risk (Cont'd)

## 41.6.1 Foreign currency risk (Cont'd)

	The Company			
	December 31, 2009		October 31, 2008	
	USD		USD	
	US\$ '000	J\$ Equiv. '000	US\$ '000	J\$ Equiv. '000
Total assets	357	31,782	347	26,359
Total liabilities	(1,819)	(162,983)	(3,317)	(253,045)
Net exposure	(1,462)	(131,201)	(2,970)	(226,686)

## 41.6.2 Foreign currency sensitivity

The Group's sensitivity to a 5% increase or a 15% decrease in the Jamaican dollar against the following currencies USD, CDN, KYD, GBP and Euro are demonstrated below and represent management's assessment of the possible change in foreign exchange rate. The result includes only year-end outstanding foreign currencies denominated monetary items and adjust the transaction at period end for a 15% devaluation in the foreign currencies rates.

The sensitivity of the 5% increase or 15% decrease in the Jamaican dollar on the foreign currency exposure is reflected below:

	December 31, 2009		October 31, 2008
	Increase	Decrease	Increase/decrease
	5%	15%	5%
	\$'000	\$'000	\$'000
USD	12,140	36,420	1,393
CDN	113	341	39
GBP	186	558	223
Euro	7	21	1
KYD	<u>3</u>	<u>9</u>	<u>1</u>
	<u>12,449</u>	<u>37,349</u>	<u>1,129</u>

The company

The sensitivity of the company to a 5% increase or 15% decrease in the Jamaican dollar on the net United States dollar exposure would be an increase of \$6.5 million and a decrease of \$19.6 million (2008: 5% increase/decrease - \$11.3 million). A 5% strengthening of the Jamaican dollar would indicate a decrease in surplus. A 15% weakening of the Jamaican dollar would indicate an increase in the surplus.

## SUPREME VENTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOURTEEN MONTHS ENDED DECEMBER 31, 2009

## 41 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

## 41.6 Market risk (Cont'd)

## 41.6.3 Interest rate risk

Interest rate risk is the risk of loss due to adverse changes in interest rates. The risk of loss may arise from a decline in the market value of financial assets due to interest rate increases. The Group is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Mismatch of positions between assets and liabilities in periods of rising or declining interest rates may also result in loss of earnings. Management sets limits on the level of mismatch of interest rate repricing that may be undertaken. This is monitored on a periodic basis.

## Management of interest rate risk

Interest rate risk exposure is measured using sensitivity analysis. Interest rate risk is managed by utilizing derivative instruments where necessary and maintaining an appropriate mix of variable and fixed rate instruments

The Group's and the company's exposure to interest rates on financial asset and financial liabilities are detailed in liquidity risk management (Note 41.5.2).

## 41.6.4 Interest rate risk management

The Group's and the company's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

Interest rate sensitivity has been determined based on the exposure to interest rates for the Group's long-term loan receivable and short-term deposits at the end of reporting period as these are substantially the interest sensitive instrument impacting financial results. For floating rate assets, the analysis assumes the amount of asset outstanding at the statement of financial position date was outstanding for the whole period. A 500 basis point increase or 800 basis point decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonable possible change in interest rates. In 2008 the assumption was 200 basis point increase or decrease.

If market interest rates had been 500 basis points higher or 800 basis points lower and all other variables were held constant:

	<u>The Group</u>		<u>The Company</u>	
	<u>December 31,</u> <u>2009</u>	<u>October 31,</u> <u>2008</u>	<u>December 31,</u> <u>2009</u>	<u>October 31,</u> <u>2008</u>
	\$'000	\$'000	\$'000	\$'000
Effect on net surplus increase/ decrease 200 basis point	-	5,158	-	11,173
Effect on net surplus increase 500 basis point	17,790	-	27,908	-
Effect on net surplus decrease 800 basis point	(28,464)	-	(44,653)	-

**SUPREME VENTURES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOURTEEN MONTHS ENDED DECEMBER 31, 2009****41 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)**

## 41.7 Capital management

The capital structure of the Group consist of equity attributable to the shareholders of the parent company comprising issued capital, reserve, retained earnings and cash and bank balances.

The Group's objectives when managing its capital structure, which is a broader concept than the 'equity' on the face of the balance sheet, are:

- (i) To comply with the capital requirements set by the regulators;
- (ii) To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for stockholders and benefits for other stakeholders; and
- (iii) To maintain a strong capital base to support the development of its business.

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

## 41.8 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. A market price, where an active market (such as a recognized stock exchange) exists, is the best evidence of the fair value of a financial instrument. Market prices are not available for some of the financial assets and liabilities of the Group. Fair values in the financial statements have therefore been estimated using present values or other estimation and valuation techniques based on market conditions existing at balance sheet date. Generally, considerable judgment is necessarily required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented in these financial statements are not necessarily indicative of the amounts that the Group would realize in a current market exchange.

The following methods and assumptions have been used:

- (a) The face values, less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair value. These financial assets and liabilities include cash and bank balances, trade receivable and payables.
- (b) The carrying value of long-term receivables approximate their fair values as these receivables are carried at amortized cost and the interest rates are reflective of current market rates for similar transactions.
- (c) Available-for-sale investments which include unquoted shares are stated at cost as stated in Note 10.
- (d) The carrying value of long-term liabilities approximate the fair values as these loans are carried at amortized cost reflecting their contractual obligations and the interest rates are reflective of market rates for similar loans.

**SUPREME VENTURES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOURTEEN MONTHS ENDED DECEMBER 31, 2009****42 AMALGAMATION OF SUBSIDIARY**

During the year ended October 31, 2008 the following net assets were transferred to the company on amalgamation of subsidiary as detailed in Note1 (a).

	\$'000
Property, plant and equipment (NBV)	126,383
Goodwill	189,953
Investment in subsidiary	21,472
Trade receivable	14,774
Long-term liability	( 2,099)
Accounts payable	( 11,910)
Related party balances	<u>(337,509)</u>
Net cash and bank balances transferred on amalgamation	<u>1,064</u>



*Games people love to play...and more*

## Shareholdings

# Ten Largest Shareholders

As at 31<sup>st</sup> December 2009

<u>NAME OF SHAREHOLDERS</u>	<u>UNITS</u>
Falcon Global Capital S.A.	426,072,418
Senoda Limited	372,832,031
Paul Hoo*	281,476,640
Intralot St. Lucia Limited	270,725,445
Ian Levy	253,018,961
Janette Stewart*	179,622,545
Sue Ann Howell	161,963,116
Stephen Castagne	137,100,200
NCB Capital Markets Limited -Account #2231	61,222,125
Mayberry CO A/C 120008	57,210,178

\* Include shares held by joint holders



# DIRECTORS'

## SHAREHOLDINGS

As at 31<sup>st</sup> December 2009

<u>NAME OF SHAREHOLDERS</u>	<u>UNITS</u>
STEPHEN CASTAGNE	137,100,200
BRIAN GEORGE	10,851,647
JOHN GRAHAM*	23,001,000
PAUL HOO*	281,476,640
IAN LEVY	253,018,961
CURTIS MARTIN*	774,867
DAVID McBEAN	4,074,867
JANETTE STEWART*	179,622,545
BARRINGTON CHISHOLM	994,871

- Include shares held by joint holders

## **TRADES IN EXCESS OF 5,000,000 UNITS**

**As at 31<sup>st</sup> December 2009**

<b><u>NAME OF SHAREHOLDERS</u></b>	<b><u>UNITS</u></b>
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No Trades 5,000,000 and over for the period.