SUPREME VENTURES Limited

2007 ANNUAL REPORT

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Chairman's Statement

Paul Hoo

I am proud to once again report on the performance of Supreme Ventures Limited (SVL) and its subsidiaries, for the financial year 2007.

For the third consecutive year, Supreme Ventures has recorded triple digit growth in its after tax profit, with strong performances from all segments of the business. This has occurred despite the continued challenges in the local economy associated with adverse external factors, particularly the significant increase in the price of oil, which put pressure on the Jamaican dollar resulting in a significant increase in the cost of living.

A major benefit of our increasing success and expansion is the improvement in corporate citizenship, with our ability to make larger contributions to the CHASE Fund and the resources to offer continued employment in these challenging times.

GROWTH

Within the diversity of the Group, SVL offered services in the financial sector, food and beverage, entertainment and gaming (lottery and slots). Management in rationalizing its several portfolios, remained committed to improving profits by implementing the best tax planning strategies and creating a 'Supreme' super team to support continued growth. In an effort to achieve the foregoing efficiencies, the Directors agreed to the reorganization of the SVL Group.

Acropolis Gaming & Entertainment Centre (Barbican) represented a significant challenge. However, the management team took the opportunity to understand the needs of customers and 'right-sized' the operations. The management designed improved operational systems and focused on increased customer satisfaction through a better winning experience, comfort level and enjoyment at the facility. This resulted in the Acropolis gaining market acceptance, which positively impacted profits.

ACROPOLIS GAMING & ENTERTAINMENT CENTRE IN MAY PEN:

SVL continued its planned expansion programme during the financial year. Our most recent addition to the Group was Acropolis (May Pen), which opened its doors to the public in November 2007. To date, this facility has demonstrated positive growth in its operations and created excitement in that geographic region.

By building on these and other opportunities, we aim to generate strong and consistent growth in all business segments.

Chairman's Statement

The Prime Time Bingo game was also added to our lottery product offerings in October 2007. Net income from the game was above budget in the four-month period since the launch. We anticipate that this game will increase revenues in 2008 and may become very competitive with Cash Pot and Lucky5. There has been no decline in income generated from existing games as a result of the introduction of Prime Time Bingo. The company looks forward to expanding its lottery offerings, with the introduction of a Daily Bingo Game in the very near future.

We have approximately 1,000 lottery terminals in the field and over 900 dedicated agents throughout Jamaica. They continue to form an integral part of the 'Supreme' family and we acknowledge that our continued growth was directly related to their success.

SVL believes that sound and effective Corporate Governance practices are essential to our long-term success. Our Board of Directors has embraced the tenets of good Corporate Governance in our deliberations and actions.

The Directors of SVL wish to recognize and record their appreciation for the dedication and hard work of the management team and employees of all companies in the Group, which have made these very positive results possible.

We wish to thank Directors Paul Moutett (Jnr.), Joseph Issa and Mark Myers who resigned during the year due to other commitments, for their service and contributions to the Board.

The Board of Directors wishes to re-affirm its commitment to returning value to all our stakeholders, in particular our shareholders. This can only be achieved through continued significant improvements in the Group's profit performance.

Paul Hoo
Chairman

President & CEO's Report

Brian George

I am pleased to submit this report to our shareholders, on our operations for the financial year ended 31st October 2007.

I am happy to report that the company's net profit position at the end of 2007 was in keeping with the projections presented at the last Annual General Meeting in March 2007. Our net profit after tax of $405.4M was a very significant increase of 145% over the $165.4M posted in 2006. This was due much in part to the dedicated efforts of our Agents, loyal customers and staff, despite the challenges faced with prolonged election campaigning and the after effects of Hurricane Dean (an estimated loss of $150M potential revenue in the 3rd and 4th quarters of the financial year).

SELECTED CONSOLIDATED FINANCIAL DATA

	2007	2006	2005	2004
	$000	$000	$000	$000
Operating Data:				
Revenue				
Lotteries	17,023,743	14,418,929	13,640,587	11,567,707
VLT	803,401	556,157	38,888	-
Financial services income	124,660	91,715	66,863	43,796
Pin Code	783,994	702,094	549,616	391,089
Hospitality	140,697	117,005	13,088	-
Other	70,418	61,809	41,093	24,919
	18,946,913	15,947,709	14,350,135	12,027,511
Profit before income taxes	631,231	256,767	285,684	(341,089)
Loss on write off of lottery equipment				122,935
Negative goodwill on acquisition of subsidiary			(66,023)	
Interest expenses -net	(26,478)	6,179	62,967	74,815
Depreciation and amortization	121,627	94,022	45,742	65,475
EBITDA:	726,380	356,968	328,370	(77,864)
Net Profit	**405,400**	**165,348**	**90,191**	**(252,227)**

President & CEO's Report

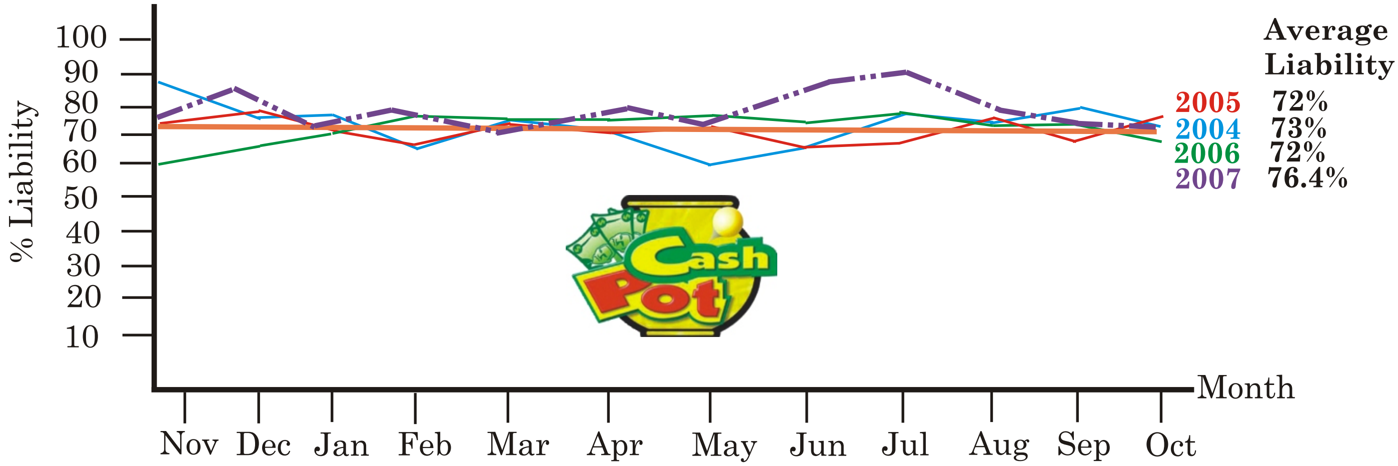
An analysis of our revenues showed significant improvements in the lottery game sales for the period. Cash Pot in particular was significant with a $2.3B or 20% increase in sales over the 2006 financial year. Other games performed well. These included Pick3 at $150M or 16% increase and Lotto, even though mature in its product life cycle had a $119M or 10% increase over the 2006 period.

LOTTERY GAMING REVENUE ANALYSIS

	The Group	
	2007	2006
	$000	$000
Cash Pot	13,642,952	11,366,319
Lucky 5	468,499	448,802
Dollaz	251,638	239,872
Lotto	1,325,831	1,206,035
Pick 3	1,079,279	929,813
Instant	141,360	169,808
Prime Time Bingo (commenced in October 2007)	23,083	-
	16,932,642	14,360,649

The Cash Pot game however, continued its trend of volatile liability swings. As a result, for the first time in the history of the game, the average liability for the year exceeded the game design. The average liability was 76.4% compared to 72% for the 2006 financial year, which was in line with the game's design. As explained in meetings with various stakeholders, this had a negative impact on profitability, as prizes above game design are funded from profit.

The graph below shows the Cash Pot liability trends for the 2004 to 2007 periods:



President & CEO's Report

The Lotto game also produced a historic achievement, as for the first time in the operation of the game 10 Lotto Millionaires were crowned for one draw. They shared a $120M Lotto Jackpot on 31st March 2007. The winners ranged from the parishes of Kingston, St. Andrew, St. Catherine, St. Mary, Manchester, Portland and St. Ann.

Ten Lotto Millionaires in March 2007

The Prime Time Bingo game was launched on October 1, 2007 and gained interest in the market. For the one month period, the game contributed over $20M in revenue to the financial year's figures. We remain confident that the game will gather momentum, due to its unique game design that combines the features of a lottery game, with the traditional social game of Bingo.

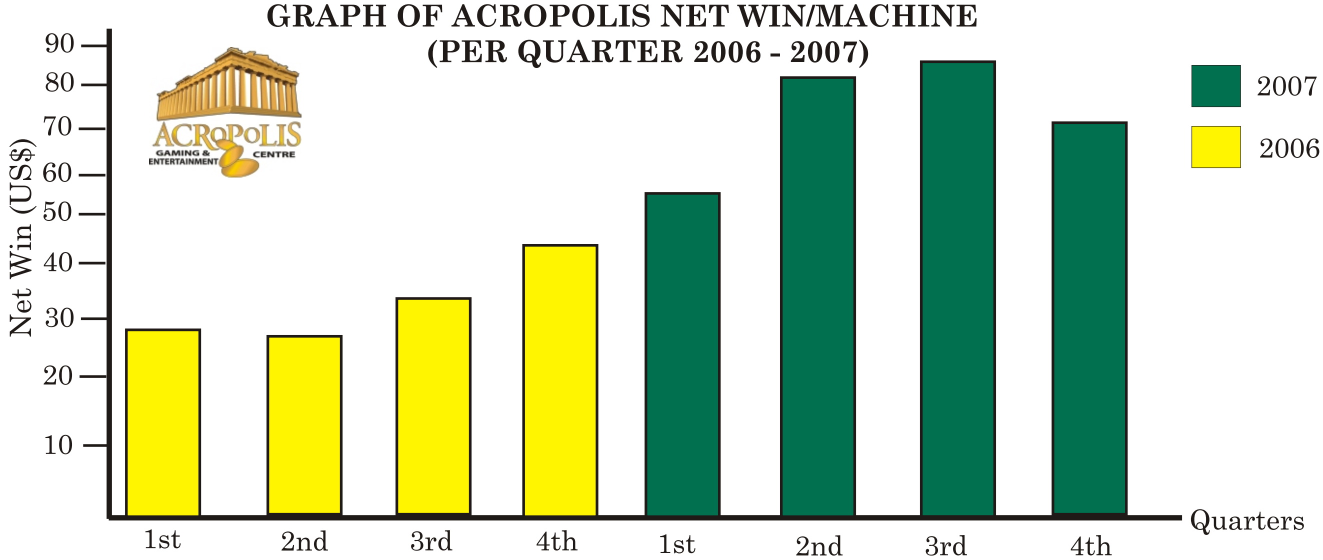
Debbie McFarlane - first Bingo Jackpot winner

The operations also saw another historic milestone, with a significant payout for prizes in the 2007 financial year. Lottery prize payments amounted to $12.25B, an increase of $2.4B or 24.3% over the 2006 financial year. Our lottery Agents also saw a significant increase of 17.7% in their earnings with commission fees of $836.03M, when compared to $710.37M in 2006.

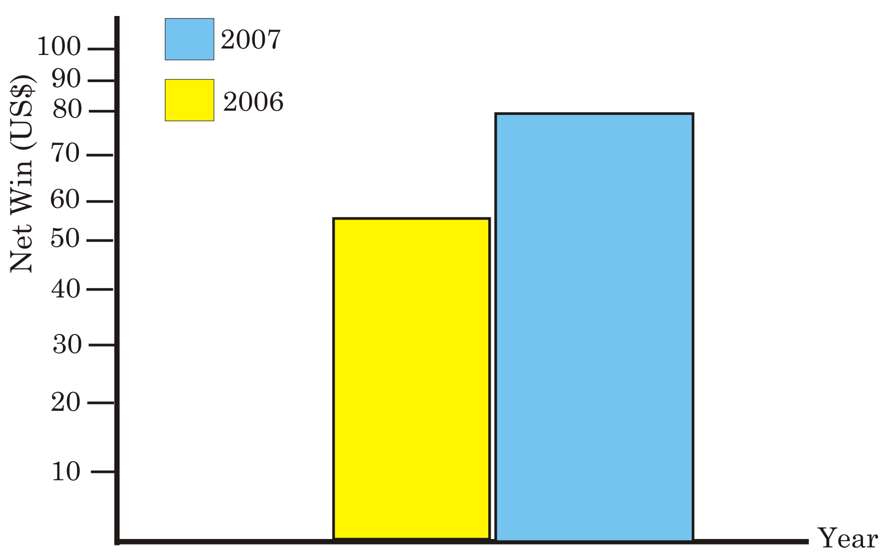
President & CEO's Report

The operations of the Video (Slots) Gaming Division resulted in a turnaround for the company, especially as it pertained to the Acropolis Gaming & Entertainment Centre. Overall, there was a 44.5% increase or $247M in the net wins over the 2006 financial year. Revenue from the hospitality segment of the VLT business also increased by $23M when compared to the 2006 financials. The 4th quarter performance in 2007 coincided with expectations due to the after effects of Hurricane Dean, the prolonged adverse weather conditions for weeks (September & October) and Election campaigning.

GRAPH OF ACROPOLIS NET WIN/MACHINE (PER QUARTER 2006 - 2007)



ALL GAMING LOUNGES PERFORMANCE (AVERAGE NET WIN/MACHINE 2006 & 2007)



President & CEO's Report

Other significant contributions to the revenue stream came from the Financial Services Division through its MoneyGram remittances and Cambio transactions, resulting in a $32M or 36% increase over the 2006 financial year. This Division has shown steady growth over the years. The revenue from electronic PIN code sales via the lottery terminal also increased by $81M over the financial period.

Management paid special attention to Operating Expenses. This resulted in Operating Expenses being contained during the financial year. Staff costs rose by a small increment of 6% or $25M, rental and utilities were held at $105M, marketing and business development expenses rose by 3.7% or $6M, whilst Draw Expenses were reduced by $14M. Our Service Contractor fees were reduced by 13.7% or $194M, as a result of the renegotiated contract with GTECH, our service provider for lotteries and VLTs.

TECHNOLOGY UPGRADE

The period August to September 2007, saw the complete change out and upgrade of the GTECH communications network to a GPRS network. This involved changing out all the communication equipment at the retailers, hi-sites and central systems. The upgrade was at an approximate cost of US$700,000 or the Jamaican equivalent of $49,700,000, which will increase our flexibility and position us to exploit other electronic processing capabilities which are the core strength of the Company. This upgrade will enable the diversification of our revenue portfolio into other business activities facilitated by transaction processing. The upgrade also increased our ability to deploy new products requiring varying technological inputs.

The implementation of the GPRS network is in keeping with our previous upgrade and change out of the Tiffany based terminals to the current IP based Altura terminals, as we continue to find ways to improve and grow the business. A GPRS network also means less downtime, as the direct exposure to "Acts of God" and other physical impediments have been substantially eliminated.

Altura terminal

President & CEO's Report

CORPORATE SPONSORSHIPS & DONATIONS

The company continues to be a major sponsor of national sporting development events such as the Supreme Ventures/JAAA National Athletic Championships and the Supreme Ventures/JNA Division A and C Netball Championships. The netball sponsorship not only supports the games played in the competitions but also offers premium scholarships to exceptional team members.

Carlene Edwards, SVL's Corporate Communications Coordinator presents a plaque to hurdler Bridgette Foster-Hylton at the SVL/JAAA National Athletic Championships

Sanya Greenland of Friendship Netball team accepts a $40,000 scholarship cheque from Lorna Gooden - AVP Group Finance

The company also made a commitment to sponsorship of the Supreme Ventures Courtney Walsh Cricket Clinics for youngsters under 15 years of age. These young persons were not only exposed to the game of cricket but were during the past summer given the all-round experience with:

- Nutrition seminars
- Grooming tips
- Voice and speech workshop, and
- Full cultural and entertainment activities

The company made a commitment to support this venture for the years 2008 and 2009.

President & CEO's Report

The company's contributions to the CHASE (Good Causes) Fund continues to increase annually. The 2007 contribution was $691.3M, an increase in funding over the $672.5M in the 2006 financial year. SVL, in its quest for landmark and sustainable social development programmes, has committed its full support to the Board of the Fund and will work closely with the various committees for the good of the nation. As such, I accepted the appointment to the new Board of CHASE and the nomination to Chairman of the Early Childhood Committee of the CHASE Board.

The Early Childhood Committee completed several major projects last year at many Basic Schools across the island. Displayed below are photographs of three such projects in their 'before and after' states:

Kitchen at Albion Basic School,
in Manchester before repairs
October 2007

Kitchen at Albion Basic School
after repairs November 2007

President & CEO's Report

Milk River Basic School in Clarendon before repairs October 2007

Milk River Basic School after repairs January 2008

New Hope Basic School in Clarendon before repairs October 2007

New Hope Basic School after repairs January 2008

President & CEO's Report

SUBSEQUENT EVENTS

As planned, the company opened the doors of the Acropolis Gaming & Entertainment Centre on November 23, 2007 in the Bargain Village Plaza, May Pen, Clarendon. Early indications are that the Gaming facility has been well received, being located in an area where entertainment options are hard to find.

After 3-years, our Agents were again brought together for an 'Agent Picnic' which was held at the Caymanas Park in-field on November 24, 2007. The event saw over 600 of our Agents having a good time with the staff of SVL and GTECH.

2008 OUTLOOK

The outlook for 2008 is very positive. We have plans to undertake a major refurbishing exercise at Coral Cliff with respect to the property, games and gaming floor layout. For the on-line lottery, we plan to increase the Lucky5 Daily Top Prize to $800,000 and refresh the Lotto Game, which is now seeing the effects of maturity in its product life cycle. We have tendered our application for a Daily Bingo Game and hope to introduce this product by the 2nd quarter of 2008.

The management team remains committed to exploring opportunities to participate in a multi-jurisdictional lottery product outside of Jamaica.

The Board has also approved a reorganization of the Group company structure, in order to achieve efficiencies and improve profitability.

Brian R. A. George
President & CEO

Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of Supreme Ventures Limited will be held at The Blue Mountain Suite, Knutsford Court Hotel, 11 Ruthven Road, Kingston 10 on Thursday, April 24, 2008 at 10:00 a.m. to consider and if thought fit to pass the following resolutions:

ORDINARY BUSINESS

Ordinary Resolutions

1. Audited Accounts

"THAT the Audited Accounts for the year ended October 31, 2007 and the Reports of the Directors and Auditors, circulated with the Notice convening the Meeting, be and are hereby adopted."

2. Election of Directors

In accordance with Articles 105 and 106 of the Company's Articles of Incorporation, the following Directors retire by rotation and, being eligible, offer themselves for re-election:

Ian Levy

John Graham

Janette Stewart

(a) "That Director, Ian Levy, retiring pursuant to Articles 105 and 106 of the Articles of Incorporation, be and is hereby re-elected."

(b) "That Director, John Graham, retiring pursuant to Articles 105 and 106 of the Articles of Incorporation, be and is hereby re-elected."

(c) "That Director, Janette Stewart, retiring, pursuant to Articles 105 and 106 of the Articles of Incorporation, be and is hereby re-elected."

Notice of Annual General Meeting

3. Directors' Remuneration

(a) "THAT the Directors be and are hereby empowered to fix the remuneration of the Executive Directors."

(b) "THAT the amount shown in the Accounts of the Company for the year ended 31 October 2007, as remuneration of the Directors for their services be and is hereby approved."

4. Appointment of Auditors and their Remuneration

"THAT Messrs. Deloitte & Touche having signified their willingness to serve, continue in office as Auditors of the Company until the conclusion of the next Annual General Meeting, at a remuneration to be agreed with the Directors."

A member of the company, entitled to attend and vote, is entitled to appoint a proxy to attend and vote in his stead, and a Proxy need not be a member.

If you are unable to attend the Meeting, a Form of Proxy is enclosed for your convenience. When completed, this Form should be deposited with the Secretary, at 19 Ripon Road, Kingston 5, not less than 48 hours before the time appointed for the meeting. The Proxy Form should bear stamp duty of $100.00, before being signed. The stamp may be paid by adhesive stamps, which are to be cancelled by the person signing the Proxy.

DATED this **28th** day of **February 2008**

BY ORDER OF THE BOARD

Winsome Minott
COMPANY SECRETARY

Supreme Ventures Limited

2007 FINANCIAL STATEMENTS

Directors' Report

The Directors submit herewith the Consolidated Profit and Loss Account of Supreme Ventures Limited and its subsidiaries for the year ended 31 October 2007, together with the Consolidated Balance Sheet as at that date:

Operating Results

	$'000
Gross operating revenue	1,960,605
Profit before taxation	631,231
Taxation	(225,831)
Net Profit	405,400
Earnings per stock	
Basic	0.15 cents

Directors

The Board of Directors comprises:

Mr. Paul Hoo	- Chairman
Mr. Ian Levy	- Deputy Chairman
Mr. Brian George	- President/CEO
Mr. John Graham	
Mr. Stephen Castagne	
Mr. Curtis Martin	
Mr. David McBean	
Mrs. Janette Stewart	
Miss Winsome Minott	- Company Secretary

Pursuant to Articles 105 and 106 of the Articles of Incorporation, one-third of the Directors (or the number nearest to one-third) will retire at the Annual General Meeting.

Directors' Report

The Auditors, Deloitte & Touche, have indicated their willingness to continue in office and offer themselves for re-appointment.

Messrs. Paul Moutett (Jnr), Joseph Issa and Mark Myers resigned from the Board on June 07, 2007, October 09, 2007 and December 21, 2007 respectively. The Board wishes to express its sincere appreciation to Messrs. Paul Moutett (Jnr), Joseph Issa and Mark Myers for their contributions to the Company.

On behalf of the Board

Winsome Minott
Secretary

Auditors' Report

Deloitte.

Deloitte & Touche
Chartered Accountants
7 West Avenue
Kingston Gardens
P.O. Box 13 Kingston 4
Jamaica, W.I.

Tel: (876) 922 6825-7
Fax: (876) 922 7673
http://www.deloitte.com.jm

42B & 42C Union Street
Montego Bay
Jamaica, W.I.

Tel: (876) 952 4713-4
Fax: (876) 979 0246

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 20 to 68, which comprise the consolidated and the company balance sheets as at October 31, 2007, the consolidated and the company profit and loss accounts, statements of changes in equity and cash flows for the year 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. 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.

Auditors' Report

Deloitte.

Report on the financial statements (Cont'd)

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements, present fairly, in all material respects, the financial position of the Group and the Company as at October 31, 2007, the financial performance, and cash flows of the Group and the Company for the year then ended in accordance with International Financial Reporting Standards.

Report on additional requirements of the Companies Act of Jamaica

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 in the manner so required.

Deloitte & Touche

Chartered Accountants

Kingston, Jamaica,
January 7, 2008

Member of
Deloitte Touche Tohmatsu

Consolidated Balance Sheet

At 31st October 2007

	Notes	2007 $'000	Restated 2006 $'000
ASSETS			
Non-current assets			
Property and equipment	5	1,770,584	1,249,533
Intangible assets	6	28,094	28,083
Goodwill	7	586,644	586,644
Long-term receivable	9	284,035	2,036
Investment in joint venture	10	34,221	34,221
Available-for-sale investments	11	16,939	365,461
Deferred tax assets	12	31,130	23,886
		2,751,647	2,289,864
Current assets			
Other assets	13	18,069	12,288
Inventories	14	97,100	29,304
Trade and other receivables	15	178,879	160,954
Cash and bank balances	17	839,509	353,763
		1,133,557	556,309
Total assets		3,885,204	2,846,173
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	18	1,967,183	1,967,183
Revaluation reserve	19	23,500	11,572
Retained earnings	33	433,422	28,022
		2,424,105	2,006,777
Non-current liabilities			
Long-term liabilities	20	375,777	93,222
Current liabilities			
Trade and other payables	21	598,294	587,519
Current portion of long-term liabilities	20	169,193	36,569
Prizes payable		145,505	75,359
Income tax payable		172,330	46,727
		1,085,322	746,174
Total equity and liabilities		3,885,204	2,846,173

The Notes on pages 28 to 68 form an integral part of the financial statements.

The financial statements on pages 20 to 68 were approved and authorised for issue by the Board of Directors on January 7, 2008 and are signed on its behalf by:

Paul Hoo - Chairman

Brian George- President and CEO

Consolidated Profit and Loss Account

Year ended 31st October 2007

	Notes	2007 $'000	2006 $'000
Revenue	22	18,946,913	15,947,789
Direct expenses	24	(16,986,308)	(14,460,453)
Gross profit		1,960,605	1,487,336
Interest income		46,956	13,073
Operating expenses	25	(1,331,237)	(1,224,390)
Other gains and losses	27	(24,615)	-
Finance costs	28	(20,478)	(19,252)
PROFIT BEFORE TAXATION	29	631,231	256,767
Taxation	31	(225,831)	(91,419)
NET PROFIT	32	405,400	165,348
EARNINGS PER STOCK	34		
Basic		0.15 (cents)	0.06 (cents)
Diluted		0.15 (cents)	0.06 (cents)

The Notes on pages 28 to 68 form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

Year ended 31st October 2007

	Notes	Share Capital $'000	Revaluation Reserve $'000	Retained Earnings $'000	Total $'000
Balance at November 1, 2005		1,850,846	-	(137,326)	1,713,520
Net income recognized directly in equity as previously reported		-	-	-	-
Effect of the change in accounting policy	3,19				
Gain on revaluation of land and buildings	19	-	16,612	-	16,612
Deferred tax adjustment on revaluation reserve	12	-	(5,040)	-	(5,040)
Net income recognized directly in equity as restated		-	11,572	-	11,572
Net profit for the year		-	-	165,348	165,348
Total recognized income as restated		-	11,572	165,348	176,920
Net increase in stated capital		116,337	-	-	116,337
Balance at November 1, 2006 as restated		1,967,183	11,572	28,022	2,006,777
Gain on revaluation of land and buildings	19	-	16,195	-	16,195
Deferred tax adjustment on revaluation reserve	12	-	(4,267)	-	(4,267)
Net income recognized directly in equity		-	11,928	-	11,928
Net profit for the year		-	-	405,400	405,400
Total recognized income		-	11,928	405,400	417,328
Balance at October 31, 2007		1,967,183	23,500	433,422	2,424,105

The Notes on pages 28 to 68 form an integral part of the financial statements.

Consolidated Statement of Cash Flows

Year ended 31st October 2007

	2007	Restated 2006
	$'000	$'000
OPERATING ACTIVITIES		
Net profit	405,400	165,348
Adjustments for:		
Depreciation of property and equipment	120,143	92,458
Amortization of intangible assets	1,484	1,564
Adjustments to property and equipment	2,000	-
Gain on disposal of property and equipment	(417)	(261)
Unrealized exchange losses (net)	251	5,520
Other gains and losses	24,615	-
Interest income	(46,956)	(13,073)
Interest expenses	20,478	19,252
Income tax expenses	225,831	91,419
Operating cash flow from movement in working capital	752,829	362,227
(Increase) decrease in operating assets		
Other assets	(5,781)	3,649
Inventories	(67,796)	12,851
Trade and other receivables	(40,528)	(52,135)
Due from related parties	-	2,618
Increase (decrease) in operating liabilities		
Trade and other payables	10,775	20,752
Prizes payable	70,146	(8,862)
Cash generated by operations	719,645	341,100
Income tax paid	(111,739)	(38,418)
Interest paid	(13,567)	(19,252)
Cash provided by operating activities	594,339	283,430
INVESTING ACTIVITIES		
Long-term receivables	85,997	(2,036)
Investment in available-for-sale instruments	-	(68,487)
Proceeds from short-term investments	-	19,557
Acquisition of property and equipment (Note 5)	(189,948)	(66,847)
Acquisition of intangible assets	(1,495)	(1,441)
Proceeds on disposal of property and equipment	2,260	774
Acquisition of subsidiaries (Note 40)	-	(27,809)
Investment in joint venture	-	(34,221)
Interest received	46,980	13,169
Cash used in investing activities	(56,206)	(167,341)
FINANCING ACTIVITIES		
Cost of initial public offering	-	(80,337)
Loans repaid	(41,731)	(75,379)
Lease obligations paid	(10,656)	-
Cash used in financing activities	(52,387)	(155,716)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	485,746	(39,627)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	353,763	393,390
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	839,509	353,763

The Notes on pages 28 to 68 form an integral part of the financial statements.

Balance Sheet

At 31st October 2007

	Notes	2007 $'000	2006 $'000
ASSETS			
Non-current assets			
Property and equipment	5	347,142	44,579
Intangible assets	6	1,939	1,535
Investment in subsidiaries	8	1,193,439	1,192,439
Long-term receivable	9	284,035	-
Available-for-sale investments	11	16,939	365,461
		1,843,494	1,604,014
Current assets			
Income tax recoverable		961	-
Inventory	14	87,279	18,151
Trade and other receivables	15	11,114	93,115
Due from related parties	16	406,256	499,846
Cash and bank balances	17	68,384	261,910
		573,994	873,022
Total assets		2,417,488	2,477,036
EQUITY AND LIABILITIES			
Shareholders' Equity			
Share capital	18	1,967,183	1,967,183
Retained earnings - deficit	33	(104,482)	(73,302)
		1,862,701	1,893,881
Non-current liabilities			
Long-term liabilities	20	219,984	-
Deferred tax liabilities	12	8,808	6,679
		228,792	6,679
Current liabilities			
Trade and other payables	21	210,618	455,051
Current portion of long-term liabilities	20	115,377	-
Prizes payable		-	75,359
Income tax payable		-	46,066
		325,995	576,476
Total equity and liabilities		2,417,488	2,477,036

The Notes on pages 28 to 68 form an integral part of the financial statements.

The financial statements on pages 20 to 68 were approved and authorised for issue by the Board of Directors on January 7, 2008 and are signed on its behalf by:

Paul Hoo - Chairman

Brian George- President and CEO

Profit and Loss Account

Year ended 31st October 2007

	Notes	2007 $'000	2006 $'000
REVENUE	22	3,551,580	14,943,467
DIRECT EXPENSES	24	(3,334,494)	(14,067,912)
Gross Profit		217,086	875,555
Interest income		28,636	9,600
Operating expenses	25	(243,247)	(596,569)
Other gains and losses	27	(24,615)	-
Finance costs	28	(6,911)	-
(LOSS) PROFIT BEFORE TAXATION	29	(29,051)	288,586
Taxation	31	(2,129)	(109,545)
NET (LOSS) PROFIT	32	(31,180)	179,041

The Notes on pages 28 to 68 form an integral part of the financial statements.

Statement of Changes in Equity

Year ended 31st October 2007

	Share Capital $'000	Retained Earnings $'000	Total $'000
Balance at November 1, 2005	1,850,846	(252,343)	1,598,503
Net profit for the year	-	179,041	179,041
Total recognized income for the year	-	179,041	179,041
Net increase in stated capital	116,337	-	116,337
Balance at November 1, 2006	1,967,183	(73,302)	1,893,881
Net loss for the year	-	(31,180)	(31,180)
Total recognized expenses for the year	-	(31,180)	(31,180)
Balance at October 31, 2007	1,967,183	(104,482)	1,862,701

The Notes on pages 28 to 68 form an integral part of the financial statements.

Statement of Cash Flows

Year ended 31st October 2007

	2007 $'000	Restated 2006 $'000
OPERATING ACTIVITIES		
Net (loss) profit	(31,180)	179,041
Adjustment for:		
Depreciation of property and equipment	26,518	12,060
Amortization of intangible assets	1,091	1,015
Gain on disposal of property and equipment	(938)	-
Unrealised exchange gains (net)	(6,446)	-
Other gains and losses	24,615	-
Interest income	(28,636)	(9,600)
Interest expenses	6,911	-
Income tax expenses	2,129	109,545
Operating cash flows from movement in working capital	(5,936)	292,061
(Increase) decrease in operating assets		
Inventory	(69,128)	13,262
Trade and other receivables	57,380	(18,947)
Due from related parties	93,590	(267,581)
Increase (decrease) in operating liabilities		
Trade and other payables	(244,433)	69,282
Prizes payable	(75,359)	47,028
Cash (used in) generated by operations	(243,886)	135,105
Income tax paid	(47,027)	(2,288)
Cash (used in) provided by operating activities	(290,913)	132,817
INVESTING ACTIVITIES		
Long-term receivable	85,997	-
Investment in available-for-sale instruments	-	(68,487)
Acquisition of property and equipment (Note 5)	(16,932)	(7,173)
Acquisition of intangible assets	(1,495)	(1,034)
Proceeds on disposal of property and equipment	2,175	-
Investment in subsidiary	(1,000)	(39,701)
Interest received	28,642	9,372
Cash provided by (used in) investing activities	97,387	(107,023)
FINANCING ACTIVITIES		
Cost of initial public offering	-	(80,337)
Cash used in financing activities	-	(80,337)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(193,526)	(54,543)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	261,910	316,453
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	68,384	261,910

The Notes on pages 28 to 68 form an integral part of the financial statements.

Notes to the Financial Statements

Year ended 31st October 2007

1 IDENTIFICATION

(a) Group

Supreme Ventures Limited (the company) is a public limited liability company which is listed on the Jamaica Stock Exchange as of February 28, 2006. The company's registered office is 4th Floor, Life of Jamaica Centre, 28-48 Barbados Avenue, Kingston 5.

The company's main activities up to January 1, 2007, was the promotion and operation of lottery type games under licences from the Betting, Gaming & Lotteries Commission (BGLC). Based on an agreement with BGLC the licences were transferred to a wholly-owned subsidiary, Supreme Ventures Lotteries Limited as of January 2, 2007 (see below). The main activities of the company since January 2, 2007, 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:

Name of Company	Principal Activity	Percentage Ownership %
Supreme Ventures Lotteries Limited	Lottery operations (from January 2, 2007)	100
Prime Sports (Jamaica) Limited	Gaming operations	100
Jamaica Lottery Company Limited (JLC) and its wholly owned subsidiaries	Lottery operations (up to December 2, 2005) and Investment management	100
Jamaica Lottery Holdings Limited (JLH)	Lottery operations (up to December 2, 2005)	100
Supreme Ventures Financial Services Limited	Foreign exchange dealer services	100
Coral Cliff Entertainment Limited	Hospitality services	100
Village Square Entertainment Limited	Gaming operations	100
Chillout Ventures Limited	Gaming operations (not yet in operation)	100

Supreme Ventures Lotteries Limited (SVLL) was originally incorporated as Supreme Ventures Holdings Limited on April 1, 2005. By certificate of incorporation on change of name dated December 12, 2006, the name was changed to the current name. SVLL which was previously owned by the three major shareholders of the company became a wholly-owned subsidiary of the company effective December 10, 2006.

SVLL commenced operation on January 2, 2007, to promote and operate lottery type games under a licence from BGLC, the games, which up to that date were operated by the company. The tenure of the licence issued to SVLL is from January 1, 2007 to January 10, 2016. The licence permits SVLL to promote lottery games namely: Cash Pot, Lucky 5, Dollaz!, Pick 3, Lotto, Prime Time Bingo and a variety of instant games.

The company acquired the controlling interest of Prime Sports (Jamaica) Limited as of November 1, 2005.

The subsidiary, JLC acquired the controlling interests of Chillout Ventures Limited, as of November 22, 2005.

1 **IDENTIFICATION (Contd)**

(b) Reporting periods

The fiscal period end of all the subsidiaries in the Group is October 31.

(c) Reporting currency

These financial statements are expressed in Jamaican dollars.

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

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on November 1, 2006.

The adoption of these new and revised Standards and Interpretations has not resulted in changes to the Group's accounting policies nor the amounts reported for the current and prior years, although additional disclosures have resulted in some instances.

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective of which the following standards and interpretations may become applicable to the Group

		Effective for annual periods beginning on or after
IFRS 7	Financial Instruments: Disclosure	January 1, 2007
IFRS 8	Operating Segments	January 1, 2009
IFRIC 11	Group and Treasury Share Transaction	March 1, 2007
IFRIC 12	Service Concession Arrangements	January 1, 2008
IFRIC 14/IAS 19	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	January 1, 2008

The directors anticipate that the adoption of these standards and interpretation in future periods is unlikely to have any material impact on the financial statements, although additional disclosures will arise on adoption of IFRS 7.

3 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Statement of compliance

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

During the year, the Group changed its policy on measurement of freehold land and buildings from the cost method to the valuation method.

3 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

Basis of preparation

These financial statements have been prepared under the historical cost basis except for the revaluation of freehold land and buildings. The principal accounting policies are set out below:

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 profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination 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, plus any costs directly attributable to the business combination. 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 on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value, of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill on the acquisition of a subsidiary.

Where the Group transacts with its jointly controlled entities, unrealised profit and loss are eliminated to the extent of the Group's interest in the joint venture.

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 balance sheet 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 would be determined using fair values at the balance sheet date.

3 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

Property and equipment (Cont'd)

Any revaluation increase arising on the revaluation of such land and buildings is credited in equity to the revaluation reserve, 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 the profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

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

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.

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.

Intangible assets

These relate to computer software and the cost of the licence acquired in Chillout Ventures Limited. Computer software are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives. The purchased licence is tested for impairment annually, and whenever there is an indication that the assets may be impaired.

Interest 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Interest in joint venture (Cont'd)

Where a Group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities is carried jointly with other ventures and are recognized in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interest in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognized when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured readily.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interest in jointly controlled entities using proportionate consolidation. The Group's share of the assets, liabilities, income and expenses and jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

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.

Impairment of tangible and intangible assets

At each balance sheet 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 .

3 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

Impairment of tangible and intangible assets (Cont'd)

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.

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 is treated as a revaluation increase.

Taxation

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

Current tax
The tax currently payable is based on taxable profits for the year. Taxable profit differs from the net profit as reported in the profit and loss account balance. It excludes items of revenue or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Further, it eliminates profits generated from hotel services as it enjoys relief from income tax for a period of ten years beginning April 1, 2001 based on the Hotel (Incentives) Act. The Group's liability for current tax is calculated using tax rates that have been enacted at balance sheet date.

Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profits and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and 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 each balance sheet date 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.

3 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

Taxation (Cont'd)

Deferred tax (Contd)
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset realized based on tax rates (and tax laws) that have been enacted by the balance sheet 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.

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.

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 credited or debited directly to equity in which case the tax is also recognized directly in equity.

Other assets

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

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated on a first-in, first-out (FIFO) basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial instruments include transactions that give rise to both financial assets and financial liabilities.

Financial assets and liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to the cash flows from the asset expire or are cancelled. Financial liabilities are derecognized when the contractual obligations are discharged, are cancelled or have expired.

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

The fair values of financial instruments are discussed in Note 38. Listed below are the Group's financial assets and liabilities and the specific accounting policies relating to each:

Financial assets

a) *Long-term receivable*

Long-term receivable is stated at amortised cost using the effective interest rate method.

3 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

Financial instruments (Cont'd)

Financial assets (Cont'd)

b) *Available-for-sale investments*

Investments are recognized and derecognized on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time-frame established by the market concern, and are initially measured at fair value, net of transaction costs.

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 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.

c) *Trade and other receivables*

Trade receivables are measured at initial recognition at their fair values. Interest is not charged on the outstanding balances as they are usually settled within a short period during which recognition of interest would be immaterial. Appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired.

d) *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

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

e) *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 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

Financial instruments (Cont'd)

Financial assets (Cont'd)

f) *Impairment of financial assets*

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired if there is objective evidence that as a result of one or more events that have occurred after initial recognition of the financial assets, the estimated future cash flows of the asset have been impacted.

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

The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

Financial liabilities

a) *Borrowings*

Borrowings are initially measured at their fair value net of transaction costs and 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.

b) *Trade and other payables*

Trade payables are initially measured at their fair values. No interest is accrued on outstanding balances as these are usually settled within a short period during which any interest charged would be immaterial.

c) *Prizes payable*

Prizes won and payable are stated to reflect actual unclaimed amounts in respect of all the lottery games at the balance sheet date except for Lotto jackpot and instant games.

Prize payable on account of the Lotto jackpot is based on the advertised jackpot at the balance sheet date. In respect of instant games the prize liability is estimated based on the tickets sold.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Notes to the Financial Statements

Year ended 31st October 2007

3 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

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 and proceeds from hospitality and gaming operations by the Group. Revenue is recognized as follows:

(i) 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 are transferred to revenue and the remainder is paid over to the CHASE Fund.

(ii) Gaming - revenue is recorded based on cash value of tokens cleared from the drop box (net wins) and the cash bills cleared from the bill receptor.

(iii) Hospitality

Hospitality and related services - recognised when the service is provided.

(iv) Financial services

Revenue for remittance services - 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.

(v) 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.

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.

3 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

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

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 each balance sheet date, 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 the profit and loss account for the period.

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 balance sheet 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 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

Retirement benefit costs

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

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.

Comparative information

Where necessary comparative figures have been reclassified to conform with changes in presentation in the current year. In particular, the comparatives have been extended to reflect the requirements of amendments to existing IFRS.

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 7 to the financial statements goodwill arising on consolidation at the balance sheet date 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 balance sheet date is not impaired, and no adjustments have been made to recognize any losses.

4 **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)**

Critical judgements in applying the Group's accounting policies (Cont'd)

Deferred tax assets

As described in Note 12, the financial statements includes deferred tax assets of the Group of $106.6 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 reorganization plans (see Note 41) and projections of the Group, the entities 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.

Other assets

As described in Note 13 to the financial statements other assets include acquisition costs in the amount of $18.1 million for tokens that are used in the gaming machines. The directors and management estimate that there is no deterioration in value through usage and cost is less than the net realizable value. As a consequence no charge has been made to the profit and loss account.

Notes to the Financial Statements

Year ended 31st October 2007

5 **PROPERTY AND EQUIPMENT**

The Group

	Freehold Land	Freehold Buildings	Leasehold Buildings	Leasehold Improvements	Machinery & Equipment	Gaming Equipment	Furniture, Fixtures & Equipment	Computer Equipment	Motor Vehicles	Arts & Paintings	Signs & Posters	Capital Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost/Valuation													
November 1, 2005	117,801	549,265	-	48,145	-	-	393,820	16,256	36,148	2,363	24,883	-	1,188,681
Acquisition of subsidiary	-	-	-	148,789	66,439	34,609	36,554	-	1,235	-	-	-	287,626
Additions	-	-	-	14,791	4,457	26,688	13,904	1,683	5,279	-	45	-	66,847
Revaluation increase	1,495	5,975	-	-	-	-	-	-	-	-	-	-	7,470
Disposals	-	-	-	-	-	-	-	-	(2,802)	-	-	-	(2,802)
November 1, 2006	119,296	555,240	-	211,725	70,896	61,297	444,278	17,939	39,860	2,363	24,928	-	1,547,822
Additions	-	-	120,348	65	21,287	374,475	31,558	2,538	5,550	-	-	73,021	628,842
Revaluation increase	3,390	11,758	-	-	-	-	-	-	-	-	-	-	15,148
Adjustment	-	-	-	-	-	(2,000)	-	-	-	-	-	-	(2,000)
Disposals	-	-	-	(710)	-	-	(2,084)	-	(2,854)	-	-	-	(5,648)
October 31, 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
Depreciation													
November 1, 2005	-	8,864	-	19,861	-	-	131,999	12,463	14,535	-	20,852	-	208,574
Acquisition of subsidiary	-	-	-	2,206	-	6,383	231	-	268	-	-	-	9,088
Charge for the year	-	11,555	-	19,783	6,367	6,921	36,882	1,863	6,830	-	2,257	-	92,458
Revaluation adjustment	-	(9,142)	-	-	-	-	-	-	-	-	-	-	(9,142)
Disposals	-	-	-	-	-	-	-	-	(2,689)	-	-	-	(2,689)
November 1, 2006	-	11,277	-	41,850	6,367	13,304	169,112	14,326	18,944	-	23,109	-	298,289
Charge for the year	-	12,168	-	22,124	7,089	26,935	40,672	2,368	7,462	-	1,325	-	120,143
Revaluation adjustment	-	(1,047)	-	-	-		-	-	-	-	-	-	(1,047)
Disposals	-	-	-	(375)	-	-	(1,814)	-	(1,616)	-	-	-	(3,805)
October 31, 2007	-	22,398	-	63,599	13,456	40,239	207,970	16,694	24,790	-	24,434	-	413,580
Carrying amount													
October 31, 2007	122,686	544,600	120,348	147,481	78,727	393,533	265,782	3,783	17,766	2,363	494	73,021	1,770,584
October 31, 2006	119,296	543,963	-	169,875	64,529	47,993	275,166	3,613	20,916	2,363	1,819	-	1,249,533

5 **PROPERTY AND EQUIPMENT (Cont'd)**

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 carried at fair value

Freehold land and buildings are stated at valuations (see Note 3). Independent valuations of the Group's land and buildings were performed by Independent Valuators to determine the fair values based on open market value basis. The valuations include:

Subsidiary, Coral Cliff Entertainment Limited - by Messrs Langford & Brown as of August 2005. The directors have concluded that the fair value estimated in 2005 has not changed significantly over the past two years.

Subsidiary, Jamaica Lottery Company Limited - by Property Consultant Limited in June 2007 (2006: David Delisser and Associates Limited in April 2005).

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

	2007	2006
	$'000	$'000
Freehold land	24,515	24,515
Freehold buildings	166,453	171,446

Cash outflow on acquisition of property and equipment

During the year the Group acquired property and equipment with an aggregate cost of $628.842 million of which $438.894 million was acquired by means of contracted liabilities. Balance of $189.948 million was settled in cash and has been included as Group's cash outflow on acquisition of property and equipment.

Notes to the Financial Statements

Year ended 31st October 2007

5 **PROPERTY AND EQUIPMENT (Cont'd)**

	The Company						
	Leasehold Improvements	Gaming Equipment	Furniture, Fixtures and Office Equipment	Computer Equipment	Motor Vehicles	Art and Paintings	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost							
At November 1, 2005	15,693	-	16,371	5,145	27,321	2,363	66,893
Additions	275	-	2,765	1,629	2,504	-	7,173
At November 1, 2006	15,968	-	19,136	6,774	29,825	2,363	74,066
Additions	-	323,039	307	1,422	5,550	-	330,318
Disposal	-	-	-	-	(2,650)	-	(2,650)
At October 31, 2007	15,968	323,039	19,443	8,196	32,725	2,363	401,734
Depreciation							
At November 1, 2005	3,932	-	3,351	3,477	6,667	-	17,427
Charge for year	3,149	-	1,842	1,151	5,918	-	12,060
At November 1, 2006	7,081	-	5,193	4,628	12,585	-	29,487
Charge for year	2,989	13,460	1,950	1,547	6,572	-	26,518
Disposal	-	-	-	-	(1,413)	-	(1,413)
At October 31, 2007	10,070	13,460	7,143	6,175	17,744	-	54,592
Carrying amount							
At October 31, 2007	5,898	309,579	12,300	2,021	14,981	2,363	347,142
At October 31, 2006	8,887	-	13,943	2,146	17,240	2,363	44,579

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 outflow on acquisition of property and equipment

During the year the company acquired property and equipment with an aggregate cost of $330.318 million of which $313.386 million was acquired by means of a contracted liability. Balance of $16.932 million was settled in cash and has been included as the company's cash outflow on acquisition of property and equipment.

Notes to the Financial Statements

Year ended 31st October 2007

6 **INTANGIBLE ASSETS**

	The Group		
	Computer Software	Licence	Total
	$'000	$'000	$'000
Cost			
November 1, 2005	14,515	-	14,515
Acquisition of subsidiary	-	26,155	26,155
Additions	1,441	-	1,441
November 1, 2006	15,956	26,155	42,111
Additions	1,495	-	1,495
October 31, 2007	17,451	26,155	43,606
Amortisation			
November 1, 2005	12,464	-	12,464
Charge for the year	1,564	-	1,564
November 1, 2006	14,028	-	14,028
Charge for the year	1,484	-	1,484
October 31, 2007	15,512	-	15,512
Carrying Amount			
October 31, 2007	1,939	26,155	28,094
October 31, 2006	1,928	26,155	28,083

The cost of the licence represents the investment in Chillout Ventures Limited (see Note 1). This subsidiary has not yet commenced operations.

Computer software are amortised over their useful life, which is an average of three years.

6 INTANGIBLE ASSETS (Cont'd)

These include computer software.

	The Company
	$'000
Cost	
At November 1, 2005	3,769
Additions	1,034
At November 1, 2006	4,803
Additions	1,495
At October 31, 2007	6,298
Amortisation	
At November 1, 2005	2,253
Charge for the year	1,015
At November 1, 2006	3,268
Charge for the year	1,091
At October 31, 2007	4,359
Carrying amount	
At October 31, 2007	1,939
At October 31, 2006	1,535

Computer software are amortised over their useful life, which is an average of three years.

7 GOODWILL

	The Group	
	2007	2006
	$'000	$'000
Balance at November 1	586,644	204,916
Movements during the year:		
Goodwill arising on acquisition of Prime Sports (Jamaica) Limited (see (a) below)	-	381,728
Balance at October 31	586,644	586,644

(a) Goodwill arising on the acquisition of Prime Sports (Jamaica) Limited (PSJL) by the company effective November 1, 2005.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

7 GOODWILL (Cont'd)

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:

	2007	2006
	$'000	$'000
Gaming operations	381,728	381,728
Investment Management/Lottery operations	189,953	189,953
Financial Services	14,963	14,963
	586,644	586,644

Management has determined that the remaining goodwill balance at October 31, 2007 is not impaired based on an assessment of the recoverable amounts of the CGUs based on present value of future cash flows and fair market values.

8 INVESTMENT IN SUBSIDIARIES

	The Company	
	2007	2006
	$'000	$'000
At cost		
Jamaica Lottery Company Limited	533,710	533,710
Supreme Ventures Lotteries Limited (see (a) below)	1,000	-
Prime Sports (Jamaica) Limited (see (b) below)		
Acquisition cost	377,729	377,729
Additional investments	281,000	281,000
	658,729	658,729
	1,193,439	1,192,439

(a) 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 $500 million as required under the arrangements with BGLC. The licence granted to promote and operate lottery games state that the licensee, SVLL is required to have an equity capitalization of not less than $500 million.

(b) The company acquired the shares and therefore the controlling interest in Prime Sports (Jamaica) Limited (PSJL) as of November 1, 2005. Advances to PSJL totalling $281 million up to October 31, 2005 were capitalized and converted to an equity investment effective October 31, 2006.

9 LONG-TERM RECEIVABLE

(a) This includes:

	The Group		The Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Supreme Gaming Limited (see (b) below)	284,035	-	284,035	
Other	-	2,036	-	-
	284,035	2,036	284,035	-

(b) The amount represents advance to Supreme Gaming Limited (SGL), a company incorporated under the laws of the state of Florida, USA, for the development of gaming activities in the Caribbean and the Latin American region. This amount was reported as available for sale investments at October 31, 2006 (see Note 11) and was converted to a long-term loan effective November 1, 2006. The movement of the balance is as follows:

	$'000
Amount previously stated as available-for-sale investment - US$5.2 million (Note 11)	348,522
Repayment during the year (US$1.27 million)	(85,997)
Foreign exchange adjustment at year end	21,510
Balance at October 31, 2007 (US$4.0 million) stated as long-term receivable	284,035

Based on the franchise and loan agreement signed between SGL and the company effective November 1, 2006, the loan granted to SGL attracts an interest rate based on the London Inter-Bank Offer Rate (LIBOR) or any other mutually agreed rate. Interest received for the year of $15.8 million (US$0.23 million) was at a rate of 5.1% per annum. The repayment of the loan will enjoy a moratorium of 24 months (two years) and thereafter will be amortized on a monthly basis from month 25 to 60 (in three years).

In addition to the interest the company will also receive franchise fees, once SGL commences gaming operations in certain Latin American countries (see also Note 41).

10 INVESTMENT IN JOINT VENTURE

This represents cost of acquisition of a share of Jonepar Development Limited, a joint venture, by the subsidiary Jamaica Lottery Company Limited. 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 joint venture partner.

Notes to the Financial Statements

Year ended 31st October 2007

11 **AVAILABLE-FOR-SALE INVESTMENTS**

(a) These include:

	2007 $'000	2006 $'000
Investments in Supreme Gaming Limited (see (b) below)	-	348,522
Other unquoted investments	16,939	16,939
	16,939	365,461

(b) Based on an agreement signed with Supreme Gaming Limited (SGL), the company was to acquire an 8% equity interest in SGL. However, resulting from further discussion during the current year the parties agreed to void the agreement signed and has negotiated a lending arrangement with an effective date of November 1, 2006 (see Note 9).

12 **DEFERRED TAXATION**

These comprise:

	The Group		The Company	
	2007 $'000	Restated 2006 $'000	2007 $'000	2006 $'000
Deferred tax assets	112,658	63,530	29,143	920
Less: Deferred tax liabilities	(81,528)	(39,644)	(37,951)	(7,599)
	31,130	23,886	(8,808)	(6,679)

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

	The Group		The Company	
	2007 $'000	Restated 2006 $'000	2007 $'000	2006 $'000
Opening balance	23,886	36,854	(6,679)	46,819
Acquisition of subsidiary	-	6,839	-	-
Charged to equity	(4,267)	(5,040)	-	-
Credited (charged) to income for the year (Note 31)	11,511	(14,767)	(2,129)	(53,498)
Closing balance	31,130	23,886	(8,808)	(6,679)

12 **DEFERRED TAXATION (Cont'd)**

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

Deferred Tax Assets

The Group

	Tax Losses	Vacation Leave Payable	Interest Payable	Unrealised Foreign Exchange Losses	Total
	$'000	$'000	$'000	$'000	$'000
At November 1, 2005	55,039	1,064	484	860	57,447
Acquisition of subsidiary	20,609	409	-	-	21,018
Credited (charged) to income for the year	(17,048)	(220)	(484)	2,817	(14,935)
At November 1, 2006	58,600	1,253	-	3,677	63,530
Credited (charged) to income for the year	48,015	(30)	2,304	(1,161)	49,128
At October 31, 2007	106,615	1,223	2,304	2,516	112,658

The Company

	Tax Losses	Vacation Leave Payable	Interest Payable	Total
	$'000	$'000	$'000	$'000
At November 1, 2005	54,453	923	-	55,376
Charged to income for the year	(54,453)	(3)	-	(54,456)
At November 1, 2006	-	920	-	920
Credited (charged) to income for the year	26,316	(397)	2,304	28,223
At October 31, 2007	26,316	523	2,304	29,143

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

12 **DEFERRED TAXATION (Cont'd)**

Deferred Tax Liabilities

The Group

	Capital Allowance in Excess of Depreciation	Finance Lease	Revaluation of Property	Interest Receivable	Total
	$'000	$'000	$'000	$'000	$'000
At November 1, 2005	20,426	-	-	167	20,593
Acquisition of subsidiary	14,174	-	-	5	14,179
Charged to equity restatement (Note 19)	-	-	5,040	-	5,040
Credited to income for the year	(131)	-	-	(37)	(168)
At November 1, 2006 restated	34,469	-	5,040	135	39,644
Charged (credited) to income for the year	34,072	3,553	-	(8)	37,617
Charged to equity	-	-	4,267	-	4,267
At October 31, 2007	68,541	3,553	9,307	127	81,528

The Company

	Capital Allowance in Excess of Depreciation	Unrealised Exchange Gain	Interest Receivable	Total
	$'000	$'000	$'000	$'000
At November 1, 2005	8,503	-	54	8,557
(Credited) charged to income for the year	(1,034)	-	76	(958)
At November 1, 2006	7,469	-	130	7,599
Charged (credited) to income for the year	28,206	2,149	(3)	30,352
At October 31, 2007	35,675	2,149	127	37,951

Deferred tax liabilities have not been provided for taxes that would be payable on undistributed earnings of certain subsidiaries, to the extent that such earnings are expected to be invested. At the year end such undistributed earnings totalled $1,040 million (2006: $572.8 million).

13 **OTHER ASSETS**

These include tokens in the amount of $18.1 million used in the gaming machines operated at the gaming lounges. The directors are of the view that the carrying value as reflected is equal to the net realisable value and no charge has been made to the profit and loss account.

14 INVENTORIES

	The Group		The Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Pin codes	87,279	18,151	87,279	18,151
Food and beverage	7,118	7,966	-	-
Prize and gift items	1,836	2,488	-	-
Stationery and machine parts	867	699	-	-
	97,100	29,304	87,279	18,151

15 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Trade receivables	136,736	113,973	-	70,770
Less: Allowances for irrecoverable debts	(35,737)	(27,066)	-	(15,782)
	100,999	86,907	-	54,988
Other receivables and prepayments	77,880	74,047	11,114	38,127
	178,879	160,954	11,114	93,115

An amount of $24.6 million included in other receivables and prepayments at October 31, 2006 representing advances on certain projects undertaken by the company were written-off during the current year. These projects were abandoned due to reasons beyond the control of the company.

16 DUE FROM (TO) RELATED PARTIES

	The Company	
	2007	2006
	$'000	$'000
Prime Sports (Jamaica) Limited	261,402	136,045
Supreme Ventures Financial Services Limited	71,976	78,885
Jamaica Lottery Company Limited	307,002	284,916
Supreme Ventures Lotteries Limited	(234,124)	-
	406,256	499,846

17 **CASH AND BANK BALANCES**

The Group

Bank balances of the Group include interest bearing accounts of $551 million (2006: $65.7 million), including deposits held in foreign currency of US$643,000 (2006: US$654,000). Interest rate on J$ deposits ranged from 8.23% to 9.05% (2006: 9.05% to 11%) and on US$ deposits from 6% to 6.75% (2006: 5.6% to 6.75%).

The Company

Bank balances of the company include interest bearing accounts of $35.7 million (2006: $64.7 million), including deposits held in foreign currency of US$283,471 (2006: US$433,560). Interest rate on the J$ deposits ranges from 8.23% to 9.05% (2006: 9.05% to 10.50%) and US$ deposits from 6% to 6.75% (2006: 5.06%).

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18 **SHARE CAPITAL**

	2007 $'000	2006 $'000
Stated capital (see (a) below)	1,967,183	1,967,183

Authorised capital - ordinary stocks at no par value	3,000,000,000
Issued capital - ordinary stocks	2,637,254,926

(a) Stated capital is made up as follows:

	2007 $'000	2006 $'000
Balance at November 1,	1,967,183	1,850,846
Capital contribution on existing shares (see (b) below)	-	196,674
	1,967,183	2,047,520
Less: initial public offering and private placement expense	-	(80,337)
Balance at October 31,	1,967,183	1,967,183

(b) As part of the settlement of the acquisition price of the subsidiary Prime Sports (Jamaica) Limited (PSJL) during 2006, the founding shareholders of the company transferred a block of shares held by them to the former shareholders of PSJL. The contribution made by the founding shareholders has been treated as premium on these shares and has been recorded as stated capital.

19 REVALUATION RESERVE

The revaluation reserve represents the gain on valuation of freehold land and buildings resulting from the change in accounting policy during the year (see Note 3).

Effect of the retrospective application of the change in accounting policy is as follows:

	$'000
Balance at November 1, 2005	-
Restatements	
Gain on revaluation	16,612
Deferred tax adjustment (Note 12)	(5,040)
Balance at November 1, 2006	11,572
Gain on revaluation	16,195
Deferred tax adjustment (Note 12)	(4,267)
Balance at October 31, 2006	23,500

Valuations were recorded effective the year ended October 31, 2006. Therefore there was no restatement of the balance as at November 1, 2005.

The revaluation reserve is not available for distribution to the shareholders. Where revalued land and buildings are sold, the portion of the revaluation reserve that relates to that asset, is effectively realized, and is transferred to retained earnings.

20 LONG-TERM LIABILITIES

	The Group		The Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Telegens Inc. US$176,428 (2006: US$506,123) (Note 20(a))	12,558	33,657	-	-
GTECH Global Services Corporation Limited US$4,489,376 (Note 20 (b))	335,361	-	335,361	-
First Caribbean International Bank (Jamaica) Limited (Note 20 (c))				
Loan 1 US$1,040,702 (2006: US$1,270,267)	74,077	84,472	-	-
Loan 2 US$114,110 (2006: US$175,361)	8,123	11,662	-	-
Obligation under finance lease US$1,619,564 (Note 20 (d))	114,851	-	-	-
	544,970	129,791	335,361	-
These loans are repayable as follows:				
Within one year	169,193	36,569	115,377	-
In the second to fifth year inclusive	375,777	93,222	219,984	-
	544,970	129,791	335,361	-
Included in the balance sheet as:				
Current liabilities	169,193	36,569	115,377	-
Long-term liabilities	375,777	93,222	219,984	-

Notes to the Financial Statements

Year ended 31st October 2007

20 **LONG-TERM LIABILITIES (Cont'd)**

(a) The loan which is denominated in United States dollars, is repayable in 60 equal monthly installments by April 2008 and attracts interest at a fixed rate of 7% on the reducing balance basis. It is secured by a bill of sale over wireless communication equipment.

(b) 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 has been estimated at US$4.49 million.

	2007 $'000	2006 $'000
Loan obligation		
Due and unpaid	38,084	-
Within one year	91,400	-
In the second to fifth year inclusive	236,117	-
	365,601	-
Less: Future finance charges	(30,240)	-
	335,361	-

(c) The loans are repayable in monthly installments of US$31,290 and US$6,645 respectively, at interest rate of base lending rate plus 1.5% per annum. Interest rate at year end was 12.5% per annum.

Other principal features of the loans are:

(i) The loans are repayable by 2011 and 2009 respectively.

(ii) The loans as well as an overdraft facility of $3 million are secured on the following:

(a) First demand guarantee mortgage on the property of Coral Cliff Entertainment Limited stamped to cover US$1,901,000 and with powers to upstamp.

(b) Debentures over the fixed and floating charge over the assets of Village Square Entertainment Limited and Coral Cliff Entertainment Limited.

(c) Acknowledged assignment of Village Square Entertainment Limited fire and peril insurance.

(d) Unlimited corporate guarantee of Coral Cliff Entertainment Limited.

(e) Hypothecation of the shares of Village Square Entertainment Limited and Coral Cliff Entertainment Limited.

(f) Assignment of the rental agreement with Coral Cliff Entertainment Limited.

20 **LONG-TERM LIABILITIES (Cont'd)**

(d) 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	
	31/10/07	31/12/06	31/10/07	31/12/06
	$'000	$'000	$'000	$'000
Amounts payable under finance lease:				
Within one year	25,202	-	17,741	-
In the second to fifth year inclusive	112,373	-	97,110	-
	137,575	-	114,851	-
Less: Future finance charges	(22,724)	-	-	-
Present value of lease obligation (US$1,619,564)	114,851	-	114,851	-

21 **TRADE AND OTHER PAYABLES**

	The Group		The Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Trade payables	57,149	24,930	-	-
Service contractor fees	157,283	198,130	1,114	193,094
Contributions payable to CHASE Fund	51,413	38,710	-	38,710
Contributions payable to Betting, Gaming and Lotteries Commission	11,583	8,405	-	8,405
Lottery taxes payable	29,292	20,281	-	20,281
Withholding taxes payable	88,689	91,211	86,967	86,967
Other payables and accruals	202,885	205,852	122,537	107,594
	598,294	587,519	210,618	455,051

22 **REVENUE**

Analysis of the revenue is as follows:

	The Group		The Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Cash Pot	13,642,952	11,366,319	2,121,271	11,366,319
Lucky 5	468,499	448,802	78,641	448,802
Dollaz!	251,638	239,872	41,439	239,872
Lotto	1,325,831	1,206,035	186,699	1,079,876
Pick 3	1,079,279	929,813	170,135	866,729
Instant	141,360	169,808	25,321	154,134
Prime Time Bingo (commenced in October 2007)	23,083	-	-	-
	16,932,642	14,360,649	2,623,506	14,155,732
Unclaimed prizes	91,101	58,280	8,009	56,971
Gaming revenue (net wins)	803,401	556,157	-	-
Hospitality and related revenue	140,697	117,085	-	-
Management fees	-	-	100,000	-
MoneyGram remittance service	57,742	40,678	-	-
Foreign exchange trading	66,918	51,037	-	-
Pin codes	783,994	702,094	783,994	702,094
Others	70,418	61,809	36,071	28,670
	18,946,913	15,947,789	3,551,580	14,943,467

23 **SEGMENT REPORTING**

The Group is organized into four main business segments.

(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 MoneyGram remittance services.

(d) Pin codes and other - Sale of pin codes through the agents' network, agents' service fees, agents' reconnection fees and all other income.

The Group's operations are located solely in Jamaica.

23 **SEGMENT REPORTING (Cont'd)**

	2007					
	Lottery	Gaming and Hospitality	Financial Services	Pin Codes and Other	Eliminations	Group
	$'000	$'000	$'000	$'000	$'000	$'000
External revenue	17,023,743	944,098	124,660	854,412	-	18,946,913
Inter-segment revenue	-	18,661	-	232,700	(251,361)	-
Total revenue	17,023,743	962,759	124,660	1,087,112	(251,361)	18,946,913
Result						
Segment result	449,052	36,867	24,993	93,841	-	604,753
Interest income						46,956
Finance cost						(20,478)
Profit before taxation						631,231
Taxation						(225,831)
Profit for the year						405,400
Other information						
Capital additions	19,790	610,121	426	-	-	630,337
Depreciation and amortization	38,285	82,609	733	-	-	121,627
Balance sheet						
Assets						
Segment assets	2,645,468	3,071,751	108,926	-	(1,940,941)	3,885,204
Consolidated total assets						3,885,204
Liabilities						
Segment liabilities	1,178,878	1,038,669	46,284	-	(802,732)	1,461,099
Consolidated total liabilities						1,461,099

Year ended 31st October 2007

23 **SEGMENT REPORTING (Cont'd)**

	Restated 2006					
	Lottery	Gaming and Hospitality	Financial Services	Pin Codes and Other	Eliminations	Group
	$'000	$'000	$'000	$'000	$'000	$'000
External revenue	14,418,929	721,242	91,715	715,903	-	15,947,789
Inter-segment revenue	2,157	5,503	-	83,052	(90,712)	-
Total revenue	14,421,086	726,745	91,715	798,955	(90,712)	15,947,789
Result						
Segment result	205,889	(61,976)	11,501	107,532	-	262,946
Interest income						13,073
Finance cost						(19,252)
Profit before taxation						256,767
Taxation						(91,419)
Profit for the year						165,348
Other information						
Capital additions	10,083	57,323	882	-	-	68,288
Depreciation and amortization	39,049	54,247	726	-	-	94,022
Balance sheet						
Assets						
Segment assets	2,068,558	2,465,314	76,294	-	(1,763,993)	2,846,173
Consolidated total assets						2,846,173
Liabilities						
Segment liabilities	980,161	461,438	29,620	-	(631,823)	839,396
Consolidated total liabilities						839,396

24 DIRECT EXPENSES

(a) Analysis of direct expenses is as follows:

	The Group		The Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Lottery prizes	12,246,275	9,848,923	1,954,069	9,725,353
Service contractor fees	1,222,234	1,416,285	239,657	1,338,171
Agents' commissions	836,031	710,369	130,495	707,894
Good cause fees	691,272	672,454	98,547	658,995
Lottery tax	914,929	860,776	120,455	792,759
Contributions to BGLC	190,680	159,704	26,248	141,624
Gaming lounge charges	33,267	51,016	-	-
Direct expense - hospitality and related services	64,058	46,212	-	-
Franchise fee	-	-	4,452	24,474
Pin codes	694,056	616,380	694,056	616,380
Commissions - pin codes (cost)	66,515	62,262	66,515	62,262
Commissions - MoneyGram (cost)	22,789	14,725	-	-
Others	4,202	1,347	-	-
	16,986,308	14,460,453	3,334,494	14,067,912

(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 determined 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/ Prime Time 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 provides these services to operate the lotteries. GTECH receives a service fee calculated using an agreed fee structure based on weekly gross sales.

24 DIRECT EXPENSES (Cont'd)

(c) Service contractor fees (Cont'd)

GTECH has also been contracted to provide electronic gaming services for VLT gaming activities at a fee calculated using an agreed percentage of meter net wins after taxes. However, this contract was terminated as of May 31, 2007.

(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 (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, Instant Ticket and Prime Time Bingo	-	7.5% gross ticket sales
Pick 3	-	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 Lucky5, Cash Pot and Pick3, whilst 23% of weekly gross revenues is paid for Dollaz!. The tax for Lotto is computed 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 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 relation 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 online pin codes and phone cards receive a commission on sales.

25 OPERATING EXPENSES

	The Group		The Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Staff costs (Note 26)	432,266	407,663	113,421	180,175
Rental and utilities	105,466	104,799	7,816	19,783
Marketing and business development	187,731	181,023	23,363	139,486
Professional fees	49,866	41,056	29,447	25,234
Draw expenses	67,443	81,517	8,502	81,517
Security	42,810	41,889	5,284	8,674
GCT irrecoverable	61,097	61,653	401	32,912
Licences and other fees	13,538	15,958	2,000	12,133
Depreciation and amortization charges	121,627	94,022	27,609	13,075
Bank charges	22,380	26,015	2,190	12,083
Others	227,013	168,795	23,214	71,497
	1,331,237	1,224,390	243,247	596,569

26 STAFF COSTS

	The Group		The Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Salaries and other employee benefits	394,192	377,219	104,626	163,954
Statutory contributions	34,016	26,792	7,726	13,512
Pension contributions	4,058	3,652	1,069	2,709
	432,266	407,663	113,421	180,175

27 OTHER GAINS AND LOSSES

Other gains and losses represent the write-off of certain amounts included in other receivables and prepayments (see Note 15).

28 FINANCE COSTS

	The Group		The Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Interest on bank overdraft and long-term loans	20,478	19,252	6,911	-
Interest on obligations under finance lease	5,389	-	-	-
Total interest expense	25,867	19,252	6,911	-
Less: Amount included in the cost of qualifying assets	(5,389)	-	-	-
	20,478	19,252	6,911	-

29 PROFIT BEFORE TAXATION

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

	The Group		The Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Income				
Interest	46,956	13,073	28,639	9,600
Expenses				
Directors' emoluments:				
Fees	3,403	9,932	3,403	9,932
Management remuneration	43,477	46,447	43,477	46,447
Audit fees	11,605	9,980	2,350	3,800
Depreciation of property and equipment	120,143	92,458	26,518	12,060
Amortisation of intangible assets	1,484	1,564	1,091	1,015
Finance costs - interest on bank overdraft and long-term loans	20,478	19,252	6,911	-

30 TRANSACTIONS WITH RELATED PARTIES

Compensation of key management personnel

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

	The Group		The Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Short-term benefits	74,915	74,025	74,915	74,025
Post employment benefits	928	1,092	928	1,092
	75,843	75,117	75,843	75,117
Professional fees paid to directors	9,658	5,225	9,658	5,225

31 TAXATION

(a) The total charge for the year includes:

	The Group		The Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Current tax charge:				
Income tax at 33 1/3% of taxable profits	237,342	76,652	-	56,047
Deferred tax adjustment (Note 12)	(11,511)	14,767	2,129	53,498
	225,831	91,419	2,129	109,545

31 **TAXATION (Cont'd)**

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

	The Group		The Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Profit (loss) before taxation	631,231	256,767	(29,051)	288,586
Tax at the domestic income tax rate of 33 1/3%	210,410	85,589	(9,684)	96,195
Tax effect of expenses disallowed for tax purposes	20,850	10,237	10,688	12,511
Tax effect on non taxable income	(7,151)	(5,101)	(313)	-
Other	1,722	694	1,438	839
	225,831	91,419	2,129	109,545

(c) Tax loss of the company amounting to approximately $78.9 million (subject to agreement with Commissioner, Taxpayer, Audit and Assessment Department) is available for set-off against future taxable profits of the company.

(d) Tax losses of sub-subsidiaries amounting to approximately $240.9 million (subject to agreement with Commissioner, Taxpayer, Audit and Assessment Department) are available for set-off against future taxable profits of the subsidiaries.

(e) A subsidiary of the Group, Coral Cliff Entertainment Limited has received approval under the Hotel (Incentive) Act 1968 and accordingly its profits are relieved from income tax for a period of ten years commencing April 1, 2001. The total profits relieved to date amounts to $292 million.

32 **NET PROFIT (LOSS)**

Dealt with in the financial statements of:

	2007	2006
	$'000	$'000
The company	(31,180)	179,041
The subsidiaries	436,580	(13,693)
	405,400	165,348

33 RETAINED EARNINGS

This is reflected in the financial statements of:

	2007	2006
	$'000	$'000
The company	(104,482)	(73,302)
The subsidiaries	537,904	101,324
	433,422	28,022

34 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.

	2007	2006
Net profit attributable to shareholders ($'000)	405,400	165,348
Weighted average number of ordinary stock units in issue ('000)	2,637,254	2,637,254
Basic earnings per stock unit (cents)	0.15	0.06

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

35 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 26 on staff costs.

36 OPERATING LEASE ARRANGEMENTS

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

Minimum lease rental commitments are as follows:

	$'000
Within 1 year	23,841
Year 2 and 3	41,476

37 CONTINGENCIES AND COMMITMENTS

(a) Contingencies - litigations

Claims estimated to total approximately $4 million have been made against the subsidiary, Jamaica Lottery Company Limited. The outcome of these claims is currently indeterminable, therefore no provision has been made in these financial statements.

The subsidiary, Coral Cliff Entertainment Limited has a pending legal claim from a customer who was injured on July 13, 2007 at the company's premises. It is anticipated that total damage should not exceed $1.3 million. No provision has been made for the claim in these accounts as it is expected that damages will be settled by the company's insurers.

(b) Contingencies - Guarantee

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, within 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.

(c) Commitment - Licence fees to Betting, Gaming & Lotteries Commission (BGLC)

In accordance with conditions attached to the licences granted by BGLC, an annual licence fee of $14.0 million falls due for payment each year.

(d) Commitments - capital

Capital commitments of the subsidiary, Prime Sports (Jamaica) Limited in connection with the setting up of the gaming lounge in May Pen at October 31, 2007 amounted to $48.9 million (2006: Nil).

(e) Commitments - other

Commitments in respect of sponsorship agreements are as follows:

Year	$'000
2008	14,700
2009	7,500
2010 to 2012	4,000

38 **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 recognised stock exchange) exists, is the best evidence of the fair value of a financial instrument. When market prices are not available for financial assets and liabilities of the Group, the fair values are determined using various estimation techniques based on market conditions existing at balance sheet date. Generally, judgement 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 realise in a current market exchange.

The following methods and assumptions have been used:

(i) The fair values of cash and bank deposits, trade receivable, trade payable and prizes payable are assumed to approximate their carrying amounts because of the short-term maturity of these instruments.

(ii) The fair value of long-term receivables and long-term liabilities approximates the carrying value as the interest rates reflect market rates of similar instruments.

(iii) Fair values have not been determined for investment in joint venture and available-for-sale investments due to the unavailability of market information for these investments.

39 **RISK MANAGEMENT**

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's principal financial assets are cash and bank deposits and trade receivables. The credit risk on cash and bank deposits is limited as the Group minimizes this risk by seeking to limit its obligations to substantial financial institutions. In respect of trade receivables credit risk is attributable mainly to its receivables from agents. This risk is minimized by immediate suppression of on-line activities of agents who fail to lodge proceeds and by close monitoring of collections. The receivables are stated after allowances for likely losses estimated by management based on prior experience and their assessment of current economic environment.

(b) Currency risk

The Group undertakes certain transactions denominated in currencies other than the Jamaican dollar.

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Management consistently monitors the Group's exposure in this regard.

The Group's aggregate net foreign currency assets (liabilities) as at year end, incurred in the normal course of business, were as follows:

	2007	2006
	$'000	$'000
US$		
Cash and bank deposit	668	654
Long-term receivable	4,000	-
Trade receivables	85	61
Trade payables	(212)	-
Long-term liabilities	(7,441)	(1,952)
Net exposure	(2,900)	(1,237)

39 **RISK MANAGEMENT (Cont'd)**

(b) Currency risk (Cont'd)

	2007	2006
	$'000	$'000
Other foreign currencies		
Cash and bank deposit		
£	15	23
Can.$	10	12
CI$	1	3
Euro	2	6

(c) Interest rate risk

Interest rate risk is the potential that the value of a financial instrument will fluctuate due to changes in market interest rates as a result of cash flow or fair value interest rate risk. Financial instruments subject to fixed interest rates are exposed to fair value interest rate risk while those subject to floating interest rates are exposed to cash flows risk. Interest margins may increase or decrease as a result of such changes and create losses in the event that unexpected movement arise.

The Group is exposed to interest rate risk either through market value fluctuations of balance sheet items or changes in the interest expenses or revenues, that is, reinvestment risks.

Long-term loans are substantially subject to fixed interest rates which may be varied by appropriate notice by the respective financial institution. Because of the structure of its balance sheet the Group is not significantly affected by interest rate risk except through its long-term loans. Additionally, it is not anticipated that interest rates would change significantly in the short-term. However, any likely risk is managed by the consistent re-evaluation of the yield/cost on given financial instruments.

The following summarizes the risk exposure in respect of the financial instruments of the Group:

	2007		2006	
	$'000	%	$'000	%
Interest bearing financial assets				
Bank deposits	551,000	6.00 - 9.05	65,700	5.60 - 11.00
Long-term receivables	284,035	5.10	-	-
Interest bearing financial liabilities				
Loan liabilities:				
Within one year	169,193	5.38 - 12.50	36,569	7.00 - 12.50
In the second to fifth year	375,777	5.38 - 12.50	93,222	7.00 - 12.50

(d) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. Except in respect of foreign currencies, as disclosed in note 39(b) above the company has no exposure to market risk.

39 **RISK MANAGEMENT (Cont'd)**

(e) Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to its fair value. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, and the availability of funding through an adequate amount of committed facilities. Due to the dynamic nature of the underlying business, the management maintains an adequate amount of its financial assets in liquid form to meet contractual obligations and other recurring payments.

40 **ACQUISITION OF SUBSIDIARIES**

Effective November 1, 2005 the company acquired Prime Sports (Jamaica) Limited (PSJL) and effective November 22, 2005 Chillout Ventures Limited (CVL) was acquired by the subsidiary, Jamaica Lottery Company Limited.

	$'000
Property, plant and equipment	278,938
Intangible asset	26,155
Other assets	15,527
Deferred tax asset	6,839
Accounts receivable and prepayment	16,342
Cash and bank deposits (net of bank overdraft)	11,891
Accounts payable and accruals	(51,691)
Due to related parties	(281,846)
Goodwill on acquisition (Note 7)	381,728
	403,883
Cash and bank deposit (net of bank overdraft) of the subsidiaries acquired	(11,891)
	391,992
Purchase consideration satisfied by cash during:	
Year ended October 31, 2005	167,509
Year ended October 31, 2006	27,809
	195,318
Purchase consideration satisfied by other contributions (see Note 18)	196,674
	391,992

41 **SUBSEQUENT EVENTS**

Subsequent to balance sheet date the directors approved a reorganization of the Group through a scheme of amalgamation of the company and certain subsidiaries with a revised corporate structure in order to achieve efficiencies and synergies and thereby enhance the Group's financial performance.

Also, subsequent to balance sheet date the company was informed that the agreement between Supreme Gaming Limited (SGL) and the technology provider for the gaming operations in Guatemala was terminated. Negotiations are on-going for SGL to secure another technology provider for the lottery operations in Guatemala as well as for operations in Costa Rica, Nicaragua and El Salvador for which licences have been recently obtained. Because of the development in Guatemala the directors are not yet in a position to determine the effects if any, this event will have on the commencement of the franchise fee arrangements between SGL and the company.

Supreme Ventures Limited

Corporate Data & Shareholdings

SUPREME VENTURES Limited

Mission Statement

Our Mission is "to be the best provider of online lotteries and other electronically distributed products and services."

Core Values

a) Ethical business practices at all times
b) Fairness in all efforts
c) Excellence in our performance
d) Keep all promises
e) Respect and consideration for all

Corporate Data

REGISTERED OFFICE:
Supreme Ventures Limited
4th Floor
Life of Jamaica Centre
28-48 Barbados Avenue
Kingston 5

AUDITORS:
Deloitte & Touche
7 West Avenue
Kingston 4

BANKERS:
National Commercial Bank
Jamaica Limited
Private Banking
32 Trafalgar Road
Kingston 5

Bank of Nova Scotia
Jamaica Limited
2 Knutsford Boulevard
Kingston 5

RBTT Bank Jamaica Limited
17 Dominica Drive
Kingston 5

ATTORNEYS:
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7 Belmont Road
Kingston 5

Myers Fletcher & Gordon
21 East Street
Kingston

Hart Muirhead Fatta
2 St. Lucia Avenue
Kingston 5

Livingston Alexander Levy
72 Harbour Street
Kingston

REGISTRAR & TRANSFER AGENT:
Jamaica Central Securities Depository Limited
40 Harbour Street
Kingston

Corporate Data

SUBSIDIARIES

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Corporate Data

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Tel: (876) 920-3498
Tel: (876) 920-3500
Fax:(876) 960-9417

SPANISH TOWN
37 Young Street
Spanish Town
St. Catherine
Jamaica W.I.
Tel: (876) 749-3690
Tel: (876) 749-3694
Fax: (876) 749-3691

MONTEGO BAY
Shop #F203
Baywest Shopping Centre
Montego Bay
St. James
Jamaica W.I.
Tel: (876) 979-0366
Tel: (876) 979-0370
Fax: (876) 952-9046

SAVANNA-LA-MAR
Lyons Plaza
74 Great George Street
Savanna-La-Mar
Westmoreland
Jamaica W.I.
Tel: (876) 918-0232
Fax: (876) 918-0233

Directors' Shareholdings

At 31st October 2007

NAME OF SHAREHOLDERS	UNITS
STEPHEN CASTAGNE	NIL
BRIAN GEORGE	16,945,941
JOHN GRAHAM*	7,724,602
PAUL HOO*	840,250,530
IAN LEVY	296,197,246
CURTIS MARTIN*	2,574,867
DAVID McBEAN	2,574,867
JANETTE STEWART*	839,812,963
MARK MYERS	NIL

* Indicates shares held by nominees or connected persons

Note: Mark Myers resigned 21st December 2007

Corporate Governance

Board Composition

There should be a balance of independence, skills, knowledge, experience, and perspectives among Directors to allow the Board to work effectively.

The appointment and retirement of Directors shall be governed first by the Articles of Incorporation of the company and thereafter by standards/criteria imposed by the company's regulators.

Independence

A Director is considered to be independent if:

(a) he or she is not a significant shareholder (i.e. does not own 5% or more of the company's shares);
(b) he or she does not represent a significant shareholder and
(c) he or she is not an employee of the company .

All Directors of the company shall act independently and bring an independent mind to bear on matters coming before the Board;

Directors shall notify the Board of any change in status that may affect their independence and when notified the Board will evaluate the said Director's independence.

The Board will ensure that it has access to professional advice, both inside and outside of the company in order for it to perform its duties. Of the nine Directors, four are independent.

Corporate Governance

Audit Committee

The Audit Committee met five times during the year. The Committee, which comprises of both Executive Directors and Independent Directors, assists the Board in fulfilling its responsibilities relating to: -

the integrity of the financial statements;
overseeing the relationship between the Group and its external auditors;
the review of the Group's internal controls, including financial controls;
the effectiveness of the internal audit, compliance and risk management functions;
the review of the internal and external audit plans and subsequent findings;
the review of the auditors' report;
obligations conferred by laws and regulations and
the review of the effectiveness of the services provided by the external auditors.

Members of the Committee are:

- Curtis Martin - Chairman
- Ian Kent Levy
- David McBean
- John Graham
- Joseph Issa (Resigned October 09, 2007)

The quorum for the Audit Committee is four and this must include two independent members.

Managers' Shareholdings

At 31st October 2007

NAME OF SHAREHOLDERS	UNITS
BRIAN GEORGE	16,945,941
JAMES MORRISON	NIL
SONIA DAVIDSON*	31,200
WAYNE BOODASINGH	NIL
LORNA GOODEN*	16,600
JANETTE CONIE	10,000
MAY LAWRENCE-EVANS*	3,000
MICHAEL SMITH	2,000
ANDREW J. BROMLEY	4,000
NIGEL WARMINGTON	NIL
BERNARD MORRISON	NIL

* Indicates shares held by Nominees or connected persons

Ten Largest Shareholders

At 31st October 2007

NAME OF SHAREHOLDERS	UNITS
Falcon Global Capital S.A.	578,190,418
Senoda Limited	557,443,610
Ian Levy	296,197,246
Paul Hoo	281,781,920
Janette Stewart	261,035,112
SGC Worldwide Limited	93,857,646
NCB Capital Markets Limited Account #2231	61,222,125
Sue Ann Howell	34,784,494
JMMB Long Term Equity Portfolio	29,694,315
MF&G Trust & Finance Limited Account#528	28,490,530

Management Team

Senior Managers

Brian George	- President & CEO
James Morrison	- VP Group Finance & CFO
Sonia Davidson	- VP Group Corporate Communications
Wayne Boodasingh	- VP New Business Development & Special Projects
Janette Conie	- AVP Financial Services
Lorna Gooden	- AVP Group Finance
Andrew Bromley	- AVP Group Security & Surveillance
Nigel Warmington	- AVP Group Facilities & Maintenance
Bernard Morrison	- Executive Chef

Managers:

Supreme Ventures Limited

Michael Smith	- Information Technology
May Lawrence-Evans	- HR & Administration

Prime Sports Jamaica Limited

Wayne Matthews	- Finance
Kerrian Shirley	- Gaming Operations
Ann Taylor	- Gaming Operations
Teonia Thomas	- Gaming Operations
Robert Ebanks	- Sweep Team
Jushia Jackson	- Restaurant & Bar

Coral Cliff Entertainment Limited

Delroy Nugent	- Assistant Financial Controller
Brian Brown	- Sales & Marketing
Garnett White	- Systems Manager
Gladstone Linton	- Security & Surveillance

Proxy Form

I/We____

of____ being a Member/Members of the

above-named Company, hereby appoint______________________________________

of____ as my/our Proxy to vote for me/us

and on my/our behalf at the Annual General Meeting of the Company to be held at The

Blue Mountain Suite, Knutsford Court Hotel, 11 Ruthven Road, Kingston 10 on

Thursday, April 24, 2008 at 10:00 a.m. and at any adjournment thereof.

Dated the ……………………………… day of ……………………………., 2008

Signed………………………………………………………………………………

NOTES:

1. This Form of Proxy must be received by the Secretary of the Company not less than 48 hours before the time appointed for the meeting.

2. This Form of Proxy should bear stamp duty of $100.00. Adhesive stamps are to be cancelled by the person signing the proxy.

3. If the appointer is a Corporation, this Form of Proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorized in writing.

Produced by Supreme Ventures Limited
Corporate Communications Departmemt