

SUPREME VENTURES Limited



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ANNUAL REPORT



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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

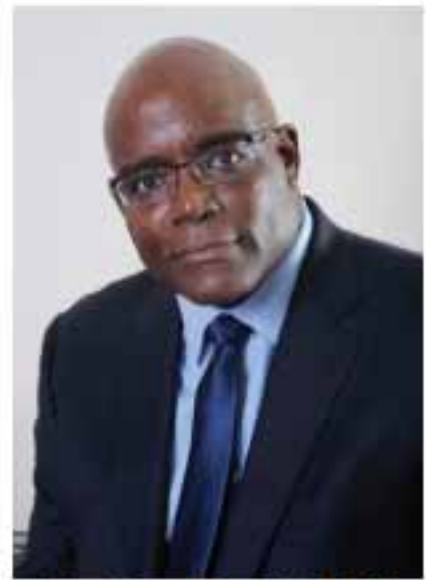
Board of Directors



Paul Hoo, Chairman



Ian K. Lewy, Deputy Chairman



Brian George, President & CEO



Barrington Chisholm



Janette Stewart



Curtis Martin



Stephen Castagne



John Graham

Winsome Minott, Company Secretary



Dr. David McBean

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 Board or 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. When notified, the Board shall evaluate the Directors' 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, as at 31st December 2009, three were independent.

Audit Committee

The Audit Committee was established by the Board on 10th April 2006. The following Directors were elected to serve and remain members as at the 31st December 2009:

- ❖ Mr. Curtis Martin (Chairman)
- ❖ Dr. David McBean
- ❖ Mr. Ian Levy
- ❖ Mr. John Graham
- ❖ Mr. Barrington Chisholm (appointed 4th September 2009)

Corporate Governance

The functions of the Audit Committee are as follows:

- ❖ To monitor the integrity of the financial statements of the Group, including annual and interim reports, preliminary results, announcements and any other formal announcement relating to financial performance;
- ❖ To review significant financial reporting issues and judgements, summary financial statements, financial returns to regulators and any financial information to be reported in other documents which may impact share price;
- ❖ To keep under review the effectiveness of internal controls and risk management systems by examining steps taken by the Board and Management of SVL to control exposure to significant risks;
- ❖ To review the arrangements for employees;
- ❖ To monitor and review the effectiveness of the internal audit function in the context of the overall risk management systems;
- ❖ To consider and make recommendations to the Board with respect to matters for approval at general meetings, including the appointment, re-appointment and removal of the external auditors. In addition, the Audit Committee will oversee the selection process for new auditors and shall investigate issues leading to the resignation of auditors where applicable;
- ❖ To oversee the relationship with the external auditors;
- ❖ To review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
- ❖ To review findings of the external auditors, and in particular initiate discussions on any issues, which may have arisen during the audit, including accounting and auditing judgements and levels of errors identified;
- ❖ To review the effectiveness of the services provided by the external auditors.

The quorum for the Audit Committee is three and this must include two independent members. Messrs. Curtis Martin, Barrington Chisholm and Dr. David McBean are the named independent Directors.

Corporate Governance

Compensation Committee

The Board of Directors appoints the members of the Compensation Committee. The Compensation Committee is responsible for the following:

- ❖ Compensation to be paid to Senior Executives and other Board appointed Officers of the Company, the general criteria and design of the Company's incentive/bonus schemes and the basis of distribution of incentives.
- ❖ Review of the senior level organizational structure and staffing of the Company.
- ❖ Annual approval of incentive pay awarded to staff under the Company's incentive/bonus scheme.

The Committee members as at 31st December 2009 were Dr. David McBean, Mrs. Janette Stewart, Mr. Stephen Castagne, Mr. John Graham and Mr. Barrington Chisholm.

The attendance of the Directors of the Board at the Board and Committee meetings is reflected in the Table below for the period ended 31st December 2009.

Directors	Position	Board Meetings	Audit Committee	Compensation Committee	AGM 2009
Paul Hoo	Non-Executive	3	-	-	✓
Ian Levy	Non-Executive	3	4	-	✓
Brian George	Executive	3	-	-	✓
John Graham	Non-Executive	3	4	1	✓
Janette Stewart	Non-Executive	1	-	1	-
David McBean	Non-Executive	3	4	1	✓
Curtis Martin	Non-Executive	3	5	-	✓
Stephen Castagne	Non-Executive	1	-	-	✓
Barrington Chisholm	Non-Executive	3	1	1	✓

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, 16 Chelsea Avenue, Kingston 5, Jamaica, West Indies, on Friday 28th May 2010 at 10:00 a.m. to consider and if thought fit pass the following resolutions:

Ordinary Resolutions

1. Audited Accounts

“That the Audited Accounts for the fourteen (14) months ended 31st December 2009 and the Reports of the Directors and Auditors, circulated with the NOTICE convening the Meeting be and are hereby adopted.”

2. Interim Dividends

To approve and ratify interim dividends:-

To consider and (if thought fit), pass the following Resolution:

“That the interim dividends paid of ten cents on 6th May 2009, three cents on 6th May 2009 and nine cents on 11th December 2009, be and are hereby ratified.”

3. Election of Directors

(a) 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:

- Stephen Castagne
- John Graham
- David McBean

(i) “That Director Stephen Castagne, retiring pursuant to Articles 105 and 106 of the Articles of Incorporation, be and is hereby re-elected.”

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

(iii) “That Director David McBean, retiring pursuant to Articles 105 and 106 of the Articles of Incorporation, be and is hereby re-elected.”

Notice of Annual General Meeting

(Continued)

- (b) In accordance with Article 103 of the Company's Articles of Incorporation, Messrs. Steven Hudson and Georgios Sampson having been appointed since the last Annual General Meeting shall retire, and being eligible, offer themselves for election to the Board.
- (i) "That Mr. Steven Hudson, be and is hereby elected a Director of the company."
- (ii) "That Mr. Georgios Sampson, be and is hereby elected a Director of the company."

4. Directors' Remuneration

- (a) "That the Directors be and are hereby empowered to fix the remuneration of Executive Directors."
- (b) "That the amount shown in the Accounts of the Company for the fourteen (14) months ended 31st December 2009 as remuneration of the Directors for their services, be and is hereby approved."

5. 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, Jamaica, WI, not less than 48 hours before the time appointed for the meeting. The Proxy Form should bear stamp duty of J\$100.00 or its equivalent, before being signed. The stamp may be paid by adhesive stamps, which are to be cancelled by the person signing the Proxy.

DATED this 3rd day of April 2010

BY ORDER OF THE BOARD



Winsome Minott
COMPANY SECRETARY

Chairman's Message

As Chairman of the Board of Directors, I am pleased to report on the Group's achievements in the past year and share our goals and vision for the future.

Supreme Ventures Limited (SVL) operates in an increasingly challenging environment. The recent IMF Agreement has brought with it dimensions that include freezing of wages in the public sector associated with increased contraction in Government spending and removal of Government subsidies that will have an effect on the cost of living. Ultimately, the money available for spending on our games will be reduced.



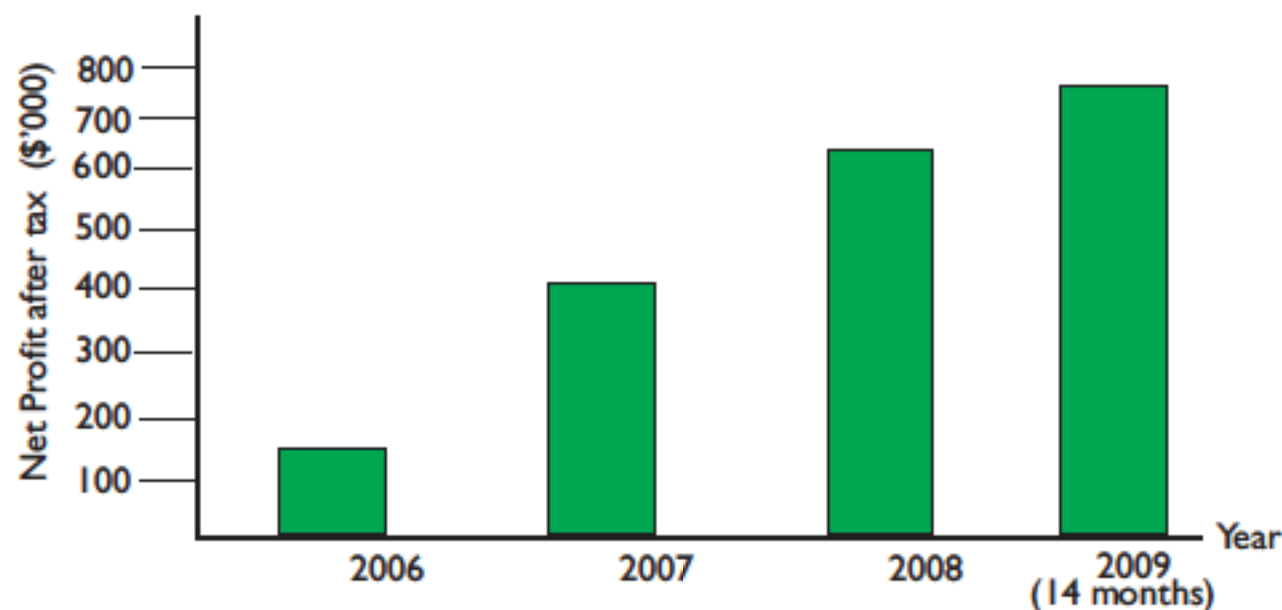
Paul Hoo - Chairman

Jamaica has always shown itself to be an extremely resilient country and as Chairman of the SVL Board, I am extremely confident that our company will continue to grow and prosper, even under these adverse conditions.

This optimism comes from my confidence in the competence of our highly motivated management and staff, the strength of our existing products and growth strategies and the international and local experience of our service providers GTECH and INTRALOT.

The Group reported a profit of \$751.202M compared to \$645.989M at 31st October 2008. This represents an increase of \$105.213M or 16%.

Net Profit Comparison 2006 - 2009



Chairman's Message

(Continued)

This continues, even in a year where the global recession impacted heavily on the disposable income of our customers, was driven by a 33% increase in revenue (\$6.988B). It is the Board's opinion that the net profit after tax could have been more but the results of the period under review was adversely affected by:

1. A write-off in depreciation expense of obsolete fixed assets amounting to \$144M.
2. An increased Cash Pot game liability to 72.95%. The liability of the game design in 72%. This difference in profit is estimated at approximately \$184M.

We are extremely pleased to have approved and paid capital and dividend distributions as follows:

1. A capital distribution of \$0.03 per share amounting to \$83.281M
2. A dividend payment of \$0.10 per share amounting to \$263.724M.
3. A dividend payment of \$0.09 per share amounting to \$237.353M.

The total distribution paid was \$584.359M for the year ended 31st December 2009 compared to \$420.839M for the financial year 2008.

The Board is committed to providing the best returns for our shareholders and it is our plan to continue with at least two dividend payments annually.

The Earnings Per Share (EPS) during the period was 29 cents and the total distribution was 22 cents per share. This represents a distribution of 76%, which is the highest amongst listed companies on the Jamaica Stock Exchange.

Over the last three years, the equity market contracted, due in part to the competition experienced by listed companies for the high returns that the now defunct Alternate Investment Schemes promised potential investors and also the high returns paid on Government Bonds. This has obviously had an impact on the price of all shares on the Exchange, including shares of SVL.

With the recent Jamaica Debt Exchange (JDX) programme, early indicators have suggested that there is now a renewed focus by investors on the equity market and this positions SVL well, given its track record with a high percentage of

Chairman's Message

(Continued)

payouts associated with dividends. This however will be tempered by the overall impact of the IMF programmes and the reduction in available funds for investing.

The difficult challenges hurdled this past year would not have been possible without the guidance of the Board of Directors, the tireless efforts of our management and staff and the loyalty of our agents, customers and the public at large, to whom Supreme Ventures Limited is a 'household name'.

We are determined as a Board, that despite the expected challenges to come in 2010, especially with new guidelines from the International Monetary Fund (IMF) and its expected impact on the populace, that our operations will remain profitable. Our commitment is to provide the best returns for all stakeholders.



Paul Hoo
Chairman

Pictorial Highlights - Agent Awards



Enjoying the delicious oysters



Brian George gets close to some agents



A Parish Champion accepts the award from Ann-Dawn Young-Sang of GTECH



Top Validations Agent accepts the award from Lorna Gooden of SVL



Top Agent for the Year 2009 Bills' Wholesale Verna Rainford accepts the Chairman's Award from Paul Hoo



Top Dollar Sales Agent accepts the award from Carl Layne of SVL



2nd Runner Up to Top Agent of the Year L & K Restaurant accepts the Deputy Chairman's Award from Ian Levy



Top PICK 3 Sales Agent accepts the award from Debbie Green of GTECH



Top Phone PIN Sales Agent Award presented by Patrick Clunis of GTECH



Cooling down with ice cold jelly



Spot prize from M.C. Elva Ruddock

Management Discussion & Analysis



Brian George
President & CEO

I am pleased to lead management's discussion and analysis (MD&A) in this Annual Report to our Shareholders.

The financial information disclosed in this discussion and analysis is consistent with the financial statements presented.

The management of Supreme Ventures Limited (SVL) has a system of accounting and reporting that provides for the necessary internal controls. This ensures that all accounting transactions are properly authorized and recorded, the company's assets are secured and our liabilities recognised and monitored with efficiency.

The system of internal controls are tested continually for its effectiveness by our internal auditors PriceWaterhouseCoopers, while our external auditors Deloitte & Touche, consistently observe and review the integrity of our game draw procedures and our audited financial statements. Our internal audit procedures are stringently monitored by the Audit Committee of the Board.

The MD & A is intended to provide our shareholders with an assessment of the operational results and financial condition of SVL and its subsidiaries, for the 14-month financial period ended 31st December 2009. The MD & A should be read in conjunction with the audited consolidated financial statements and notes to the statements included in this Annual Report.

CORE BUSINESS

SVL is listed on the Jamaica Stock Exchange and cross-listed on the Trinidad and Tobago Stock Exchange. The company is the leading provider of lottery and gaming operations in the Caribbean. Lottery gaming represents over 87% of the Group's revenue. Through its subsidiary Supreme Ventures Financial Services Limited, the SVL Group provides MoneyGram and Cambio services at our Regional Retail Centres and select agents islandwide.

Our vision is to provide the widest range of electronically distributed products and services through our online, real-time networked distribution of agents islandwide.

Management Discussion & Analysis (Continued)

The Group's performance was impacted by the significant changes in the economy, due to the global and local financial crises. The effect of the global impact was demonstrated locally, by the contraction in the bauxite industry, the reduction in remittances and the slowing down of growth in the tourism sector. This was further exacerbated by the locally generated crisis with the alternate investment schemes such as Olint and Cash Plus.

Notwithstanding this, the company showed continued growth in gross revenues on both comparative 12-month period 1st November 2008 to 31st October 2009 and the comparative 14-month period ending 31st December 2009.

As stated in the Chairman's message, this growth was achieved despite the write-off of obsolete fixed assets to the value of \$144M and the on-going challenges of the volatility in the Cash Pot game prize liabilities. The Cash Pot game saw increased prize pay outs of approximately \$184M over the game design.

As part of management's on-going drive to manage costs, we undertook the challenge of a reorganization exercise in the Prime Sports Jamaica Limited subsidiary, thereby reducing operating costs and placing that company on a path towards achieving targets of profitability in Prime Sports by 2012. These changes included the restructuring of staff shifts at Coral Cliff and Acropolis May Pen, along with the closure of the Villagio Gaming Lounge at the Hilton Kingston Hotel. The changes resulted in savings in security, transportation, staff and other costs associated with supporting these previously unprofitable shifts.

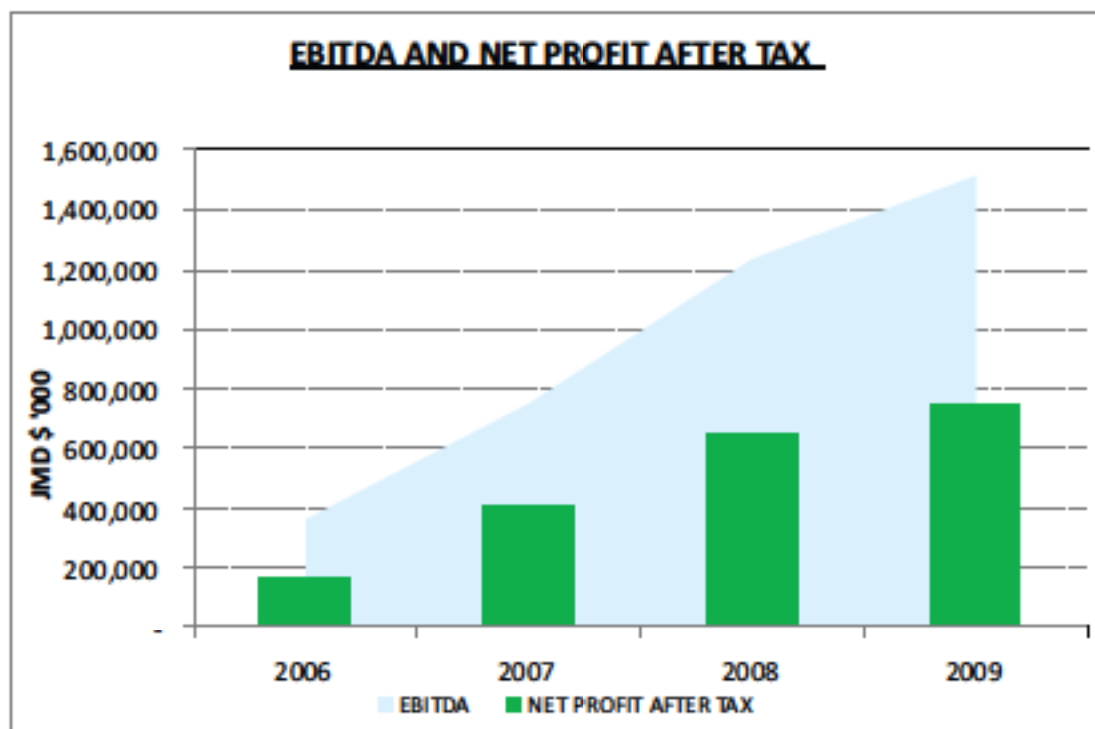
One of the milestone achievements in 2009 was the introduction of the Super Lotto game in August. This was a significant achievement, due to the challenges of negotiating and coordinating legal, regulatory, marketing and operational issues required to launch the game in seven different countries, along with two languages (English and Spanish).



Management Discussion & Analysis (Continued)

FINANCIAL HIGHLIGHTS

Supreme Ventures Limited (SVL) recorded a consolidated net profit after tax of \$751.202M for the fourteen (14) month period ended 31st December 2009.

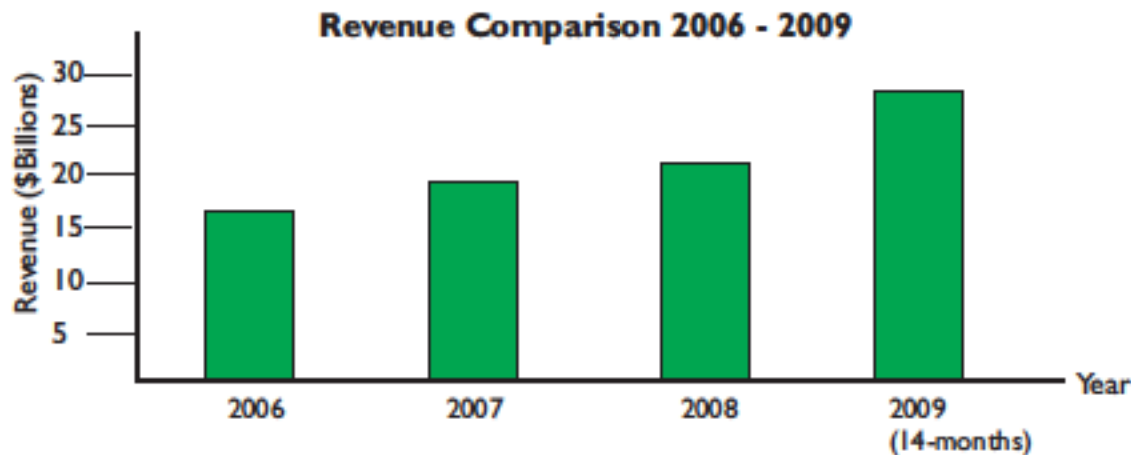


Financial ratios are presented below:

	14 Months 2009	12 Months 2008	12 Months 2007	12 Months 2006
Balance Sheet Information				
Total Assets (JMD \$ 000)	\$4,384,916	\$4,295,587	\$3,885,204	\$2,864,601
Shareholder's Equity (JMD \$ 000)	\$3,112,916	\$2,946,073	\$2,424,105	\$1,995,205
Balance Sheet Ratios				
Return on Equity	24.1%	21.9%	16.7%	8.3%
Debt to Equity Ratio	40.9%	45.8%	60.3%	42.1%
Efficiency Ratio	8.5%	9.2%	7.0%	7.7%
Common Share Information				
Weighted Average Number of Ordinary Stock ('000)	2,637,254	2,637,254	2,637,254	2,637,254
Stock Prices				
Closing Stock Price (JSE)	\$2.01	\$2.70	\$2.40	\$1.99
Closing Stock Price (TTSE)	TT \$0.20	TT \$0.24	-	-
Common Share Ratios				
Earnings per Share	\$0.29	\$0.24	\$0.15	\$0.06
Dividends per Share	\$0.19	-	-	-
Capital Distribution per Share	\$0.03	\$0.15	-	-
Book value per share (\$)	\$1.18	\$1.12	\$0.92	\$0.76

Management Discussion & Analysis (Continued)

Supreme Ventures Limited (SVL) was able to generate revenues of \$28.17B from the Group's operations, despite the impact of the global economic crisis. This was a 33% increase over the 2008 twelve-month financial period.

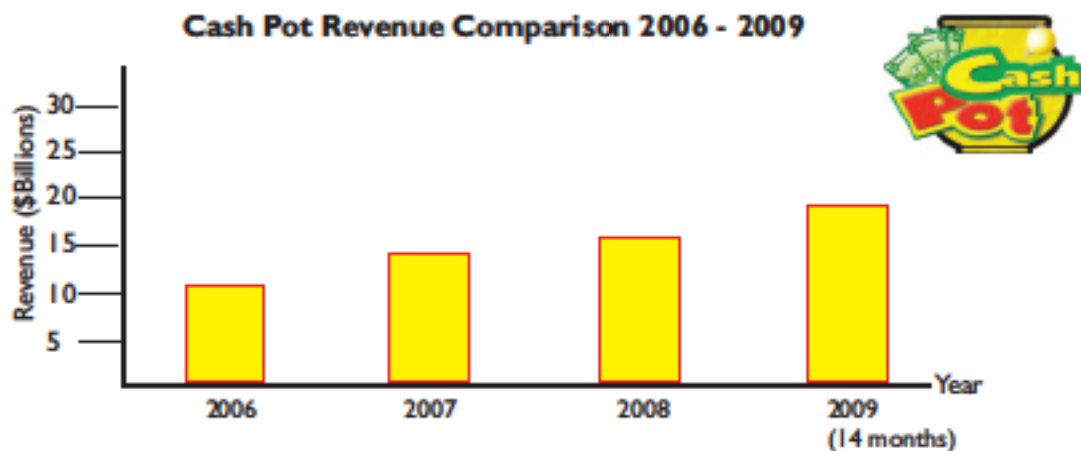


LOTTERY

Lottery products contributed 87% of total revenue. The lottery revenue reflected a 45% increase for the fourteen (14) month financial period ending 31st December 2009. An analysis of the product contributions follows:

CASH POT

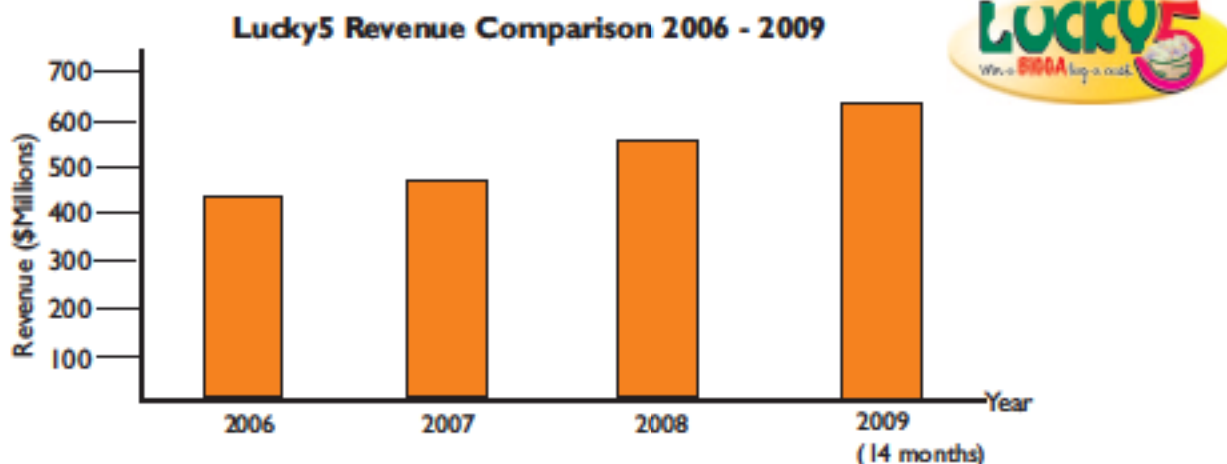
Two 'Coloured Ball' promotions were held for the Cash Pot game. These offered higher payouts, if a coloured ball was drawn. Cash Pot sales improved by 27.14% for the period under review.



Management Discussion & Analysis (Continued)

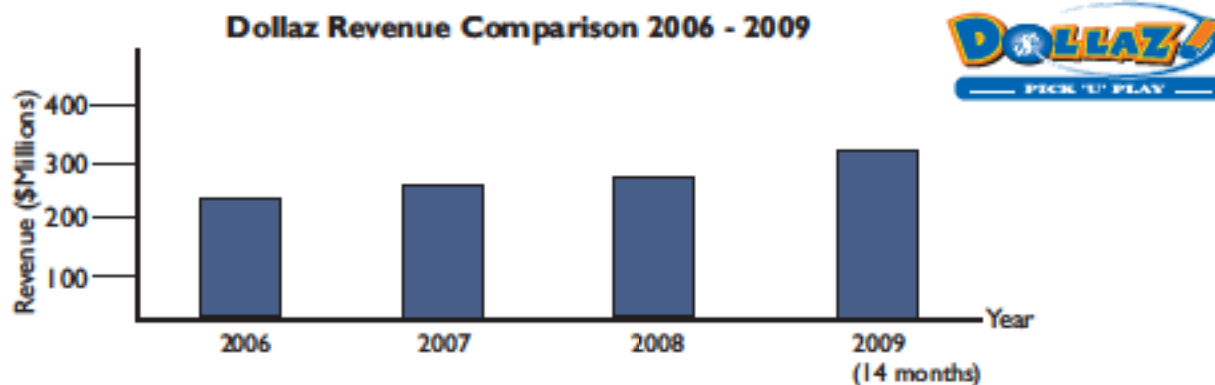
LUCKY5

The Lucky5 game continued its steady improvement, with total revenue for the period being \$626.89M. This was a 13.29% increase for the period.



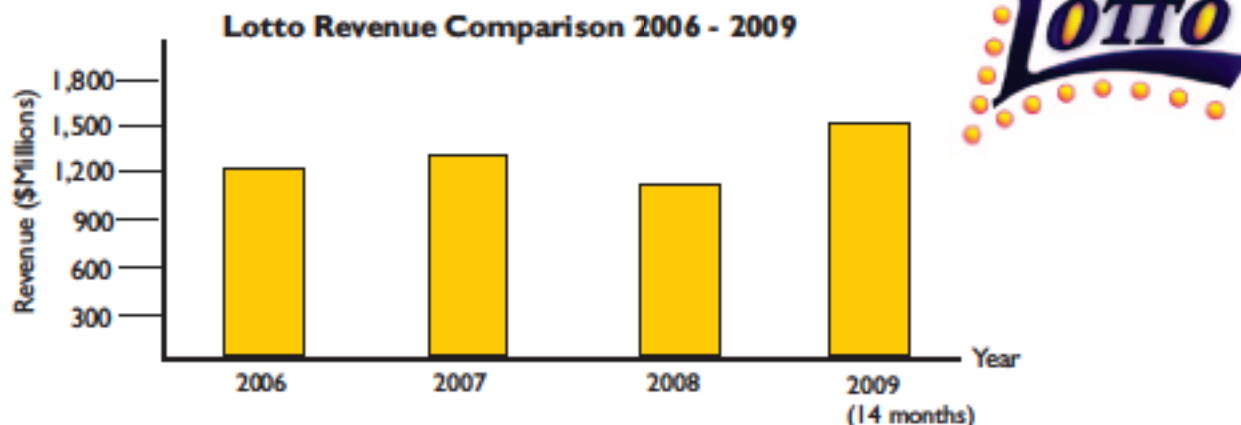
DOLLAZ

The Dollaz game also continued its steady improvement, with total revenue for the period being \$324.39M. This was a 18.67% increase for the period.



LOTTO

Lotto game revenue increased to \$1.56B for the period. This was a 41.34% increase for the period.



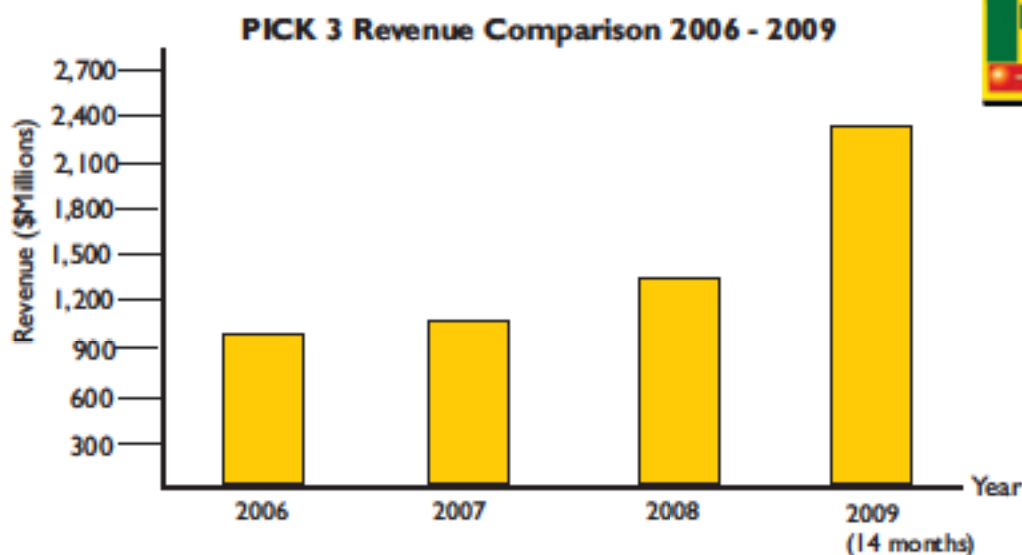
Management Discussion & Analysis (Continued)

The Lotto game was amended in November 2008 with a new starting jackpot of \$15M and ticket price of \$30.

There were a number of fairly high Lotto jackpots won during the period: \$60M in November '08 and January '09; \$50M in February, August and October '09; \$40M in November '09 and the largest being \$90M in July '09.

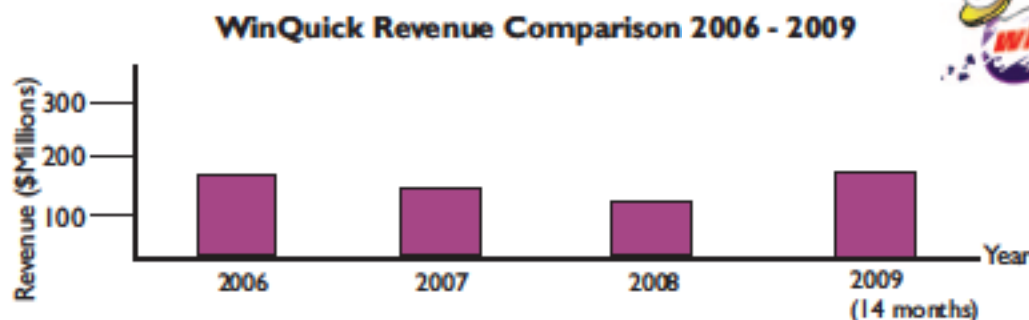
PICK 3

The PICK 3 game showed tremendous improvement with revenues of \$2.369B for the period. This was a 72.27% increase for the period.



WINQUICK (INSTANTS)

The WinQuick scratch & win games showed improvement with revenues of \$131M for the period. This was a 30.38% increase for the period. This was largely due to sale of these products at several community festivals. The game is an 'impulse-buy' product and does very well at these events.



BINGO

The Bingo games were discontinued in January 2009.

Management Discussion & Analysis (Continued)

SUPER LOTTO

The multi-jurisdictional game Super Lotto was launched in August 2009. The company received a licence from the Betting, Gaming & Lotteries Commission to sell tickets for this game. The game has a starting jackpot of \$180M. Game draws are conducted on Tuesdays and Fridays. Revenue for the period August - December 2009 was \$277.09M. The initial performance of the game has fallen far below expectations and urgent action was taken in early 2010 to address the issues highlighted in the post-launch evaluation of the game and to continually review the game's performance.



AGENT NETWORK

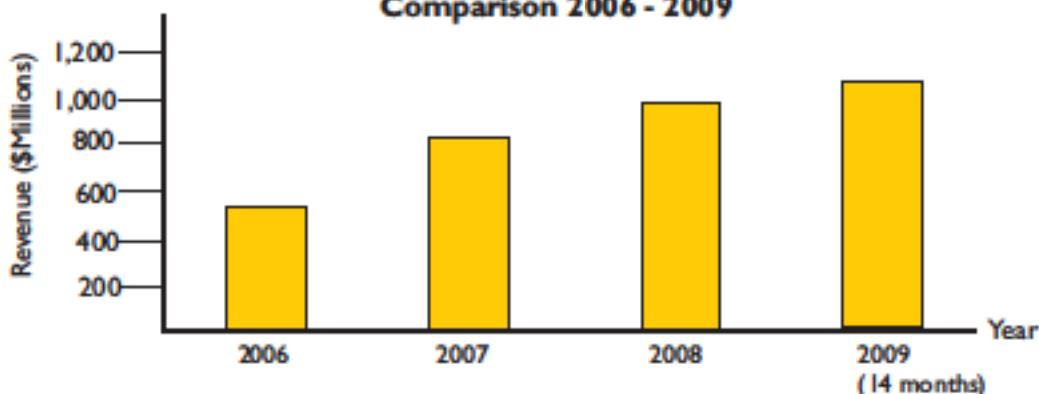
The company currently has over 920 active terminals islandwide. The current GPRS technology utilized by our technology partner GTECH, has been instrumental in our expansion plan and terminal management process.

GAMING

Revenues from the Gaming Lounge business increased marginally for the period to \$1.15B, a 17.67% increase over the previous financial period. The harsh economic climate was evidenced by a reduction in the 'coin in' at the Lounges. The Villagio Gaming Lounge was closed in October 2009 and the opening hours for Coral Cliff, Acropolis Barbican and May Pen were rationalized, in keeping with the pattern of patronage at the facilities. The 'Hot Seat' promotions at the Lounges continued to drive repeat business and gave rewards to regular players. The hospitality and related services continue to pose a challenge. These services showed a decline in revenue for the period under review, compared to the previous financial period. The Operations team is focussed on the measures that can be taken to improve revenue in these areas.



**Gaming Lounge Revenue (Net Wins)
Comparison 2006 - 2009**



Management Discussion & Analysis (Continued)

FINANCIAL SERVICES

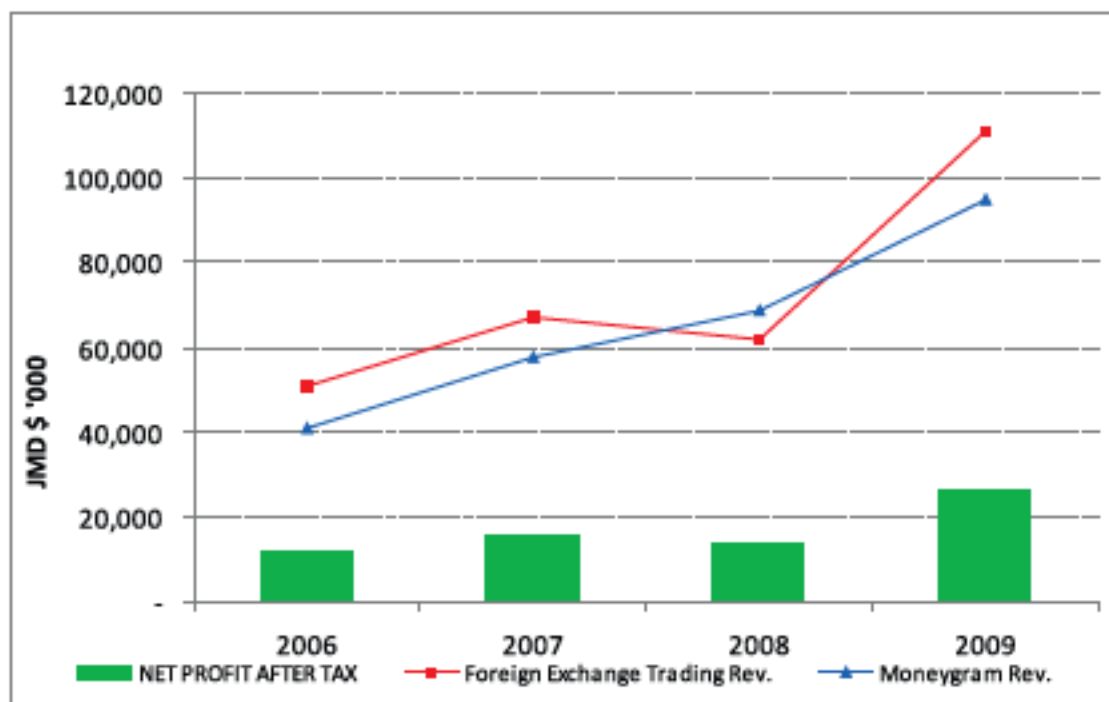
Supreme Ventures Financial Services Limited (SVFS) continues to be the 'little giant' in our suite of business units, with a 57.62% increase in total revenue to \$206.02M for the period.



SVFS's MoneyGram operations are primarily a receive market, with transactions potentially originating from over 195,000 locations globally from countries where MoneyGram is affiliated. SVFS has the largest MoneyGram agent base in Jamaica.

MoneyGram remittances increased by 37.79% despite the decline reported in the global market. There was also a modest increase in the number of transactions processed. The Cambio revenue increased by 79.62%, with much of this success being due to foreign exchange gain in trading.

The chart below, presents a comparison of the net profit after tax; foreign exchange trading revenue and MoneyGram revenue:



Management Discussion & Analysis (Continued)

COMMERCIAL SERVICES

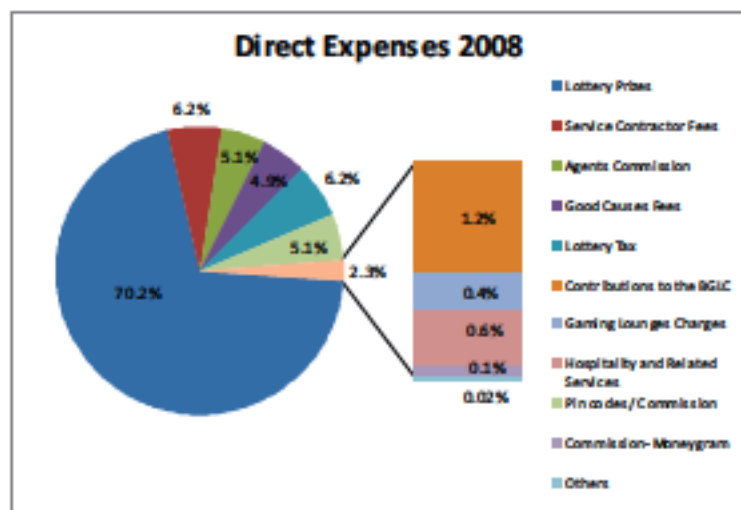
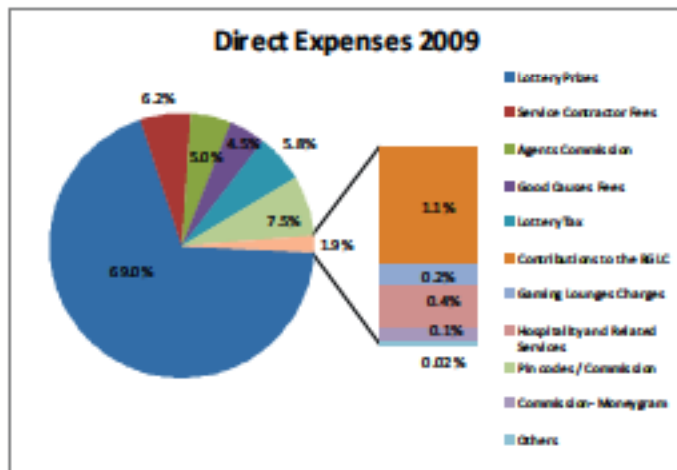
The sale of PIN codes from the terminal increased to \$1.9B, when compared to \$955.89M in the previous financial period. This is an indication of the boom in 'talk time' currently being enjoyed by the Cellular Phone companies.

DIRECT EXPENSES

Direct expenses increased by \$6.392M or 35% over the fourteen (14) month period. Significant contributors to the increase were:

- Lottery Prizes
- Service Contractor Fees
- PIN Codes Cost of Sales
- Agent Commissions
- Good Cause (CHASE Fund) Fees, and

Comparison of Direct Expenses 2009 vs 2008

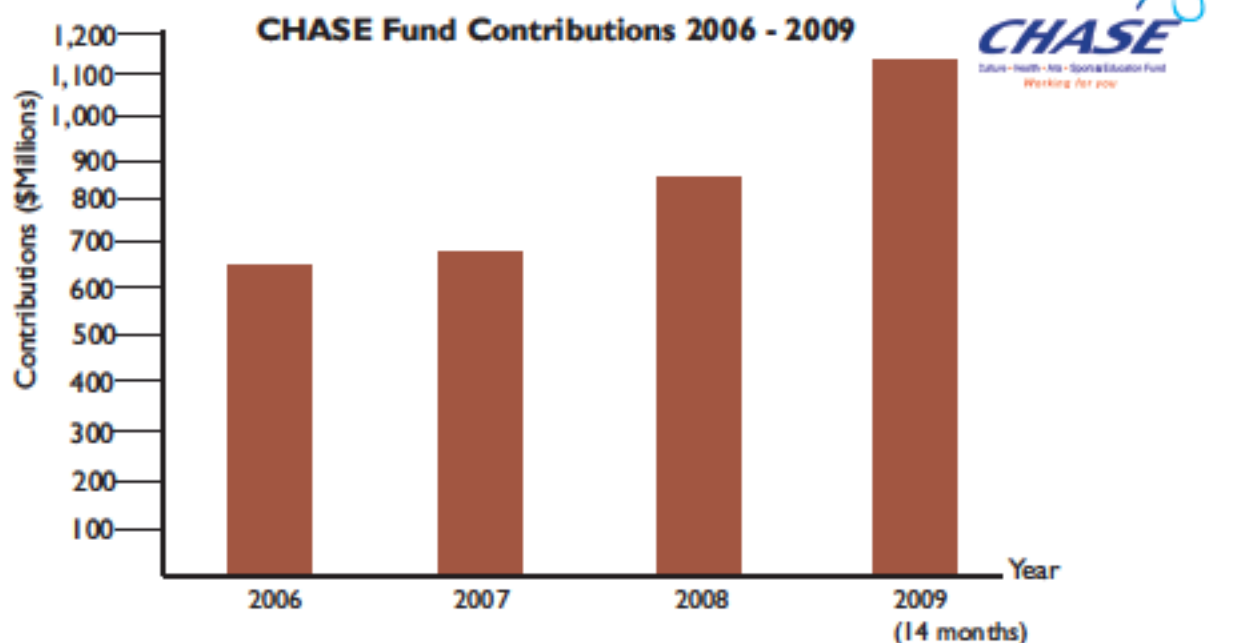


Management Discussion & Analysis (Continued)

The Lottery prizes accounted for 69% of the direct expenses, with Cash Pot and Pick 3 being the two largest payouts.



The SVL Group continues to be the major contributor to the 'Good Cause' CHASE Fund. The company has since inception, contributed over \$4B to the Fund.



Management Discussion & Analysis (Continued)

Corporate Social Responsibility

The SVL Group continues to play its part in displaying good corporate citizenry and contributes judiciously to sponsorships and donations, particularly in the areas of sports and entertainment.

Our corporate donations have helped many, including the Jamaica Cancer Society, the Diabetes Association, The Heart Foundation, The Lupus Foundation, The Jamaica Society for the Blind to name a few.



Computer donation to Smurf's Pre-School in Kingston



Donation to Martha's Home in the Mustard Seed Communities

We renewed major sponsorship commitments to:

- The Supreme Ventures/JAAA National Athletic Championships
- The Supreme Ventures/JNA Division A and C Netball Competitions
- The Supreme Ventures Courtney Walsh Cricket Clinics for youngsters up to 15 years of age



Sponsorship of the Jamaica Amateur Athletics Association programme including the World Championships training camp



Victorious Skibo A Netball Club in the Supreme Ventures/JNA Division A Netball Competition

Management Discussion & Analysis (Continued)

We were also sponsors of the Bacchanal Jamaica Carnival events and the Richie Stephens fundraising concert.



Acropolis truck in the carnival road parade



Former Miss Jamaica World Yendi Phillips jumps as Section Leader with the Acropolis revellers

The staff of the SVL Group took the decision to forego the annual Christmas Party and channel the funds that were earmarked for this event to community outreach projects islandwide.



Christmas Outreach with gifts and treat at Tower Street Missionaries for Charity Home in Kingston



Christmas Outreach at the May Pen Hospital Children's Ward



Christmas Outreach at St. Monica's Home in St. Catherine



Christmas Outreach at Eazi Home for the Aged in St. Catherine

Management Discussion & Analysis (Continued)



Christmas Outreach at the Jamaica Christian Boys' Home in Kingston



Christmas Outreach at the Pleasantville Home for the Aged in Linstead



Christmas Outreach at the West Haven Home in St. James



Christmas Outreach at the Sav-la-Mar Infirmary



Christmas Outreach at the Spanish Town Infirmary



Christmas Outreach of a water tank to Lister Mair School for the Deaf in Kingston

Management Discussion & Analysis (Continued)

RISK MANAGEMENT

SVL Group's activities exposes it to a variety of financial risks and the execution of these activities involves the analysis, evaluation, acceptance and management of some degree of risk or a combination of risks.

Taking risk is core to the business and the operational risks are an inevitable consequence of being in this business. The Group's aim is therefore to achieve an appropriate balance between risk and return, and minimizing potential adverse effects on the Group's financial performance.

The Group has adopted an enterprise wide approach to risk management, which involves employees at all levels. The framework is supported by sound risk management practices, with policies designed to identify and analyze these risks and to set appropriate risk limits and controls. The Group monitors the risks and adherence to limits by means of reliable and current information systems.

The Group regularly reviews its risk management policies and systems to reflect changes in the market, products and emerging business practices, as well as on-going realignment of business strategies and activities and the reporting of significant exposures to senior management and the Board of Directors.

The risk management framework is supported by three main components:

- Our Business Units
- Internal Audit, and
- Our Compliance Unit

The resources and processes utilized by the above-mentioned components to enforce the risk management strategy, are designed to ensure that business units understand the risk exposure and manage them appropriately.

The business units are responsible for operationally identifying, mitigating and managing risks.

All business units are managed within the approved risk limits set by the Audit Committee of the Board, which has an objective view of our risk-taking activities.

Management Discussion & Analysis (Continued)

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

The Audit Committee has the oversight for the integrity of the financial statement and reviews the adequacy and effectiveness of internal controls and risk management. The Committee ensures compliance with internal, legal and regulatory policies, identify monitoring, measuring and reporting significant risk exposure and making recommendations in relation to the management of risk. The Committee also has direct responsibility for the management of balance sheet risk, which includes liquidity, interest rates and foreign currency risks.

The Audit Committee manages the internal audit function of the Group that provides a reasonable assessment of our internal control environment which includes our management systems, risk governance policies and procedures and applicable laws and regulations.

RISK GOVERNANCE STRUCTURE

The Group's comprehensive risk governance structure incorporates:

- (a) Administrative controls through the Board and the relevant committees that include Audit, Compensation, Investment and the establishment of policies
- (b) Organizational controls effected through segregation of duties. These controls are reviewed on an on-going basis to ensure that they provide effective governance of the Group's risk taking activities.

The Group's risk management policies are designed to identify and analyze these risks and to set the appropriate risk limits and controls. Risk limits are integral to the risk management process, as they characterize the Board's risk tolerance and also that of the Regulators.

Policies and Procedures

Rigorous policies and operational procedures are established throughout the organization and are approved by the Audit Committee. These policies and procedures incorporate requirements for compliance monitoring, maintenance of contingency plans and the provision of reports to management and the Audit Committee.

Management Discussion & Analysis (Continued)

Overview of Risks

Credit Risk

Credit risks are the risks to customers or counterparts may accumulate and could cause a financial loss for the Group by failure to discharge their contractual obligations. Credit exposure for the Group arises mainly in receivables from lottery agents arising from their sales and from cash and bank balances. The risk exposure for the Group is summarized in Note 41.4.2.

Market Risk

The Group has exposure to market risk, which is the risk that fair value or future cash flows of a financial instrument will fluctuate, because of changes in market prices. Market risks arise from changes in foreign currency exchange rates and interest rates. The Group's foreign currency risk exposure is summarized in Note 41.6.1 and the interest rate risk exposure in Note 41.6.3.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk is embedded in all our activities and failure to manage it can result in direct or indirect financial loss, business disruption, regulatory censure, theft and fraud, workplace injury, penalties and corporate image impact. In managing this risk, we maintain a formal enterprise wide operational risk management framework that emphasizes a strong risk management and internal control culture throughout the Group.

Regulatory and Legal Risk

Regulatory risk is the risk of not complying with the regulatory and comparable requirements. Legal risk is the risk of non-compliance with legal requirements, including the effectiveness of preventing and handling litigations. The Gaming and Financial Services industries are among the most closely regulated industries, locally and internationally, and the management of our business is expected to meet high standards in all business dealings and transactions. Failure to meet regulatory and legal requirements not only poses a risk of censure and penalty but is a serious reputational risk. Business units are responsible for managing day-to-day regulatory and legal risk, while the Compliance Unit along with our external advisory teams assist them by providing advice and oversight.

Reputational Risk

Reputational risk is the potential that negative publicity, whether true or false regarding the institution's business practices, action or inaction will or may cause a decline in the institution's value, liquidity or customer base.

Management Discussion & Analysis (Continued)

All risks can have an impact on the company's reputation, which in turn can impact the brands, earnings and capital. The management of reputational risk is overseen by the Board of Directors and the senior executive management team.

EXPANSION PLANS

Delays in the passage of the Amendments to the Betting, Gaming & Lotteries Act during the period under review have prevented us from achieving our planned expansion of the portfolio with Sports Betting. As of the date of writing this Report, the Act has been passed in Parliament and is awaiting the signature of the Governor General and Gazetting, as required by Law.

Full implementation of our plans for Sports Betting will also require new Regulations to the Betting, Gaming & Lotteries Act. These Regulations will also need Parliamentary approval.

The delay severely impacted our plans to diversify in 2009, as envisaged when we acquired Big 'A' Track 2003 Limited in 2008. However, we now have renewed optimism that our plans to grow revenues with the introduction of Sports Betting will become reality soon.

Big 'A' Track 2003 Limited will trade as Supreme Ventures Sports Betting and the game will be marketed under the JUSTBET brand.



OUTLOOK FOR 2010

Supreme Ventures Limited is in the enviable position of having long-term agreements with two worldwide leaders in the gaming industry, namely GTECH - the worldwide leader in providing technology services to the lottery industry and INTRALOT, S.A. - the worldwide leader in providing technology services to state sponsored Sports Betting jurisdictions.

Management Discussion & Analysis (Continued)

The company continues to be extremely optimistic about the growth potential, based on the following:

- A) The passage of the Amendments to the Betting, Gaming & Lotteries Act will facilitate the implementation of our Sports Betting strategy with INTRALOT, which will see in 2010, the expansion into non-traditional betting environments (Bet Shops) and the establishment of a new distribution network of approximately 400 agents comprised of sports bars and lounges. This will bring new tax revenues to the Government of Jamaica and also the employment opportunities for the agents involved.
- B) We continue to expect that the Sports Betting initiative will bring significant revenue and profit growth through the JUSTBET brand. With the FIFA World Cup in June 2010 and the tremendous focus and excitement that it will generate in football plus the major Track & Field Leagues in August, this product is rolling out at the right time for SVL.
- C) The Amendment will also facilitate the introduction of a Video Lottery Terminal (VLT/Slots) route system by Prime Sports Jamaica Limited, that will be supported with technology to be provided by INTRALOT.
- D) SVL will continue to focus on the expansion of the lottery segment of the business operations with GTECH, through the introduction of new lottery games and revitalization of the existing game portfolio.
- E) The launch by Prime Sports Jamaica Limited of a new Gaming Lounge in Portmore, St. Catherine. The continued growth potential in the gaming lounge sector though challenging, is critical to the continued diversification of the company.
- F) A further increase in the contribution by the financial services division to the Group's revenue, through expansion of the number of locations for Cambio and MoneyGram services and improvements in the image and awareness for the subsidiary in the market.

Four-Year Financial Highlights

	Audited-14 Months 2009 \$ 000	Audited-12 Months 2008 \$ 000	Audited-12 Months 2007 \$ 000	Audited -12 Months 2006 \$ 000
Revenue	28,167,960	21,204,444	18,946,913	15,947,789
Direct expenses	24,599,261	18,207,114	16,986,308	14,460,453
Gross profit	3,568,699	2,997,330	1,960,605	1,487,336
Operating expenses	2,060,196	1,766,208	1,209,610	1,130,368
EBITDA	1,508,503	1,231,122	750,995	356,968
Interest -net	79,530	52,132	26,478	(6,179)
Depreciation and amortisation	(321,517)	(175,421)	(121,627)	(94,022)
Operating profit	1,266,516	1,107,833	655,846	256,767
Other gains and losses	(632)	-	(24,615)	-
PROFIT BEFORE TAXATION	1,265,884	1,107,833	631,231	256,767
Taxation	(514,682)	(461,844)	(225,831)	(91,419)
NET PROFIT AFTER TAX	751,202	645,989	405,400	165,348
EARNINGS PER STOCK	\$ 0.29	\$ 0.24	\$ 0.15	\$ 0.06



Financial Statements

Director's Report

The Directors present their Annual Report with the Consolidated Statement of Comprehensive Income of Supreme Ventures Limited and its subsidiaries for the fourteen (14) months ended 31st December 2009, together with the Consolidated Statement of Financial Position.

Report

31st December 2009

Operating Results

	\$'000
Gross Profit	<u>3,568,699</u>
Profit before taxation	1,265,884
Taxation	<u>(514,682)</u>
Net Profit	<u>751,202</u>
Earnings per stock	
Basic	<u>0.29 cents</u>

Dividend

Dividend payments totaling 22 cents per ordinary stock units, paid out of profits earned, to all shareholders.

Directors

The Board of Directors as at 31st December 2009 were as follows:

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

Director's Report

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

In accordance with Article 103 of the Company's Articles of Incorporation, Mr. Georgios Sampson and Mr. Steven Hudson, Directors appointed since the last Annual General Meeting, will retire from office and, being eligible, offer themselves for election. Mr. Barrington Chisholm was appointed to the Audit Committee on the 20th September 2009.

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

* Janette Stewart resigned on 28th February 2010, Steven Hudson and Georgios Sampson were appointed on the same date.

ON BEHALF OF THE BOARD



Winsome Minott
SECRETARY

Auditors' Report



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INDEPENDENT AUDITORS' REPORT

To the Members of

SUPREME VENTURES LIMITED

Report on the financial statements

We have audited the financial statements of Supreme Ventures Limited (the Company), and its subsidiaries (the Group), set out on pages 37 to 102, which comprise the consolidated and the company statements of financial position as at December 31, 2009, the consolidated and the company statements of comprehensive income, statements of changes in equity and statements of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the Jamaican Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and consistently applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

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

Member firm
Deloitte Touche Tohmatsu

Carey D. Metz, Audley L. Gordon, Winston G. Robinson, Fagan E. Calvert, Gilhan C. deMel.

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

Auditors' Report

Deloitte.

Page 1.2

Report on the financial statements (Cont'd)

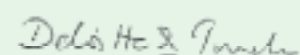
Opinion

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

Report on additional requirements of the Jamaican Companies Act

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

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



Chartered Accountants

Kingston, Jamaica,
February 28, 2010

Member of
Deloitte Touche Tohmatsu


Consolidated Statement of Financial Position

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

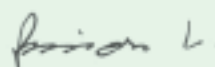
		December 31, 2009	October 31, 2008
	Notes	\$'000	\$'000
ASSETS			
Non-current assets			
Property and equipment	5	1,843,767	2,061,071
Goodwill	6	586,644	586,644
Other intangible assets	7	61,541	55,085
Long-term receivable	9	264,997	320,005
Available-for-sale investments	10	16,939	16,939
Investment in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

The Notes on Pages 45 to 102 form an integral part of the financial statements.

The financial statements on Pages 37 to 102 were approved and authorized for issue by the Board of Directors on February 28, 2010 and are signed on its behalf by:



Paul Hoo – Chairman



Brian George – President and CEO

Consolidated Statement of Comprehensive Income

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

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

The Notes on Pages 45 to 102 form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

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

The Notes on Pages 45 to 102 form an integral part of the financial statements.

Consolidated Statement of Cash Flows

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

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

The Notes on Pages 45 to 102 form an integral part of the financial statements.


Statement of Financial Position

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

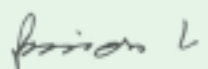
	Notes	14 Months Ended December 31, 2009 \$'000	12 Months Ended October 31, 2008 \$'000
ASSETS			
Non-current assets			
Property and equipment	5	257,708	420,136
Goodwill	6	189,953	189,953
Other intangible assets	7	115	802
Investment in subsidiaries	8	1,248,531	1,218,531
Long-term receivable	9	557,664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

The Notes on Pages 45 to 102 form an integral part of the financial statements.

The financial statements on Pages 37 to 102 were approved and authorized for issue by the Board of Directors on February 28, 2010 and are signed on its behalf by:



Paul Hoo – Chairman



Brian George – President and CEO

Statement of Comprehensive Income

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

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

The Notes on Pages 45 to 102 form an integral part of the financial statements.

Statement of Changes in Equity

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

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

The Notes on Pages 45 to 102 form an integral part of the financial statements.

Statement of Cash Flows

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

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

The Notes on Pages 45 to 102 form an integral part of the financial statements.

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

1 IDENTIFICATION

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

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

2.1 Standards and interpretations *effective in the current year*

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

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

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

2.2 Standards and interpretations *early adopted*

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

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

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

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

2.3 *Standards and Interpretations in issue not yet adopted*

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

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

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

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

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

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

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

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

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

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

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

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

3.2 Basis of preparation

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

3.3 Basis of consolidation

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

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

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

3.4 Business combinations

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

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

3.5 Investment in joint venture

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.5 Investment in joint venture (Cont'd)

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

3.6 Property and equipment

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

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

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

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

Freehold land is not depreciated.

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

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

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

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.7 Goodwill

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

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

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

3.8 Intangible assets

3.8.1 Intangible assets acquired separately

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

3.8.2 Intangible assets acquired in a business combination

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

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

3.9 Impairment of tangible and intangible assets

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

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.9 Impairment of tangible and intangible assets (Cont'd)

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

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

3.10 Taxation

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

3.10.1 Current tax

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

3.10.2 Deferred tax

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

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

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.10 Taxation (Cont'd)

3.10.2 Deferred tax (Cont'd)

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

3.10.3 Current and deferred tax for the period

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

3.11 Other assets

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

3.12 Inventories

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

3.13 Financial instruments

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

A financial asset is any asset that is:

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

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

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.14 Financial assets

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

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

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

3.14.1 Effective interest method

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

3.14.2 Loans and receivables

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

3.14.3 Available-for-sale investments

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

3.14.4 Related party

A party is considered to be related if:

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.14 Financial assets (Cont'd)

3.14.4 Related party (Cont'd)

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

3.14.5 Cash and cash equivalents

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

3.14.6 Impairment of financial assets

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

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

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

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

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

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.14 *Financial assets (Cont'd)*

3.14.7 De-recognition of financial assets

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

3.15 *Financial liabilities and equity instruments issued by the Group*

3.15.1 Classification as debt or equity

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

3.15.2 Financial liabilities

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

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

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

3.15.3 Derecognition of financial liabilities

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

3.15.4 Equity instruments

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.16 Revenue

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

3.16.1 Lottery

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

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

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

3.16.3 Hospitality

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

3.16.4 Financial services

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

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

3.16.5 Pin codes

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

3.17 Segment reporting

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

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.17 Segment reporting (Cont'd)

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

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

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

3.18 Foreign currencies

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

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

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

3.19 Leases

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

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

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

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

3.20 Retirement benefit costs

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.21 Borrowing costs

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

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

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying the Group's accounting policies

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

Goodwill

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

Deferred tax assets

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

Key sources of estimation uncertainty

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

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

Key sources of estimation uncertainty (Cont'd)

Income taxes

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

5 PROPERTY AND EQUIPMENT

	The Grosvenor												
	Freehold Land Valuation) \$'000	Freehold Buildings (At Valuation) \$'000	Leasehold Buildings \$'000	Leasehold Plant and Equipment \$'000	Machinery & Equipment \$'000	Gaming Equipment \$'000	Furniture, Fixtures & Equipment \$'000	Computer Equipment \$'000	Motor Vehicles \$'000	Arts & Displays \$'000	Signs & Billboards \$'000	Capital Work In Progress \$'000	Total \$'000
Cost/Valuation													
November 1, 2007	122,686	596,998	120,348	211,080	92,183	433,772	473,752	20,477	42,556	2,363	24,928	73,021	2,184,164
Additions	-	-	-	1,653	7,016	16,823	38,574	2,683	35,605	-	-	51,235	154,041
Revaluation adjustment	10,314	302,982	-	(23,850)	-	25,272	(108,673)	(3,811)	-	-	-	-	313,298
Reclassification adjustment	-	-	-	122,162	108,762	-	-	-	-	-	-	(122,102)	-
Disposals	-	-	-	-	-	-	(2,572)	-	(7,572)	-	-	-	(10,244)
At November 1, 2008	133,000	899,980	120,348	311,095	206,403	475,867	402,981	19,549	70,589	2,363	24,928	2,154	2,641,257
Additions	-	-	-	17,646	11,225	64,035	14,705	1,747	34,728	-	-	6,097	140,164
Asset write-off	-	-	-	(33,051)	(899)	(45,332)	-	-	-	-	-	-	(79,322)
Transfers	-	-	-	2,154	-	-	(1,305)	-	(20,326)	-	-	(2,154)	(21,749)
Disposals	-	-	-	-	(117)	-	-	-	-	-	-	-	-
December 31, 2009	133,000	899,980	120,348	287,854	218,522	484,570	415,382	21,266	84,992	2,363	24,928	6,097	2,680,320
Depreciation													
November 1, 2007	-	22,396	-	63,599	13,456	40,239	207,970	16,694	24,790	-	24,434	-	413,590
Charge for the year	-	19,609	3,009	27,795	15,965	55,149	41,528	2,150	8,397	-	369	-	173,601
Revaluation adjustment	-	(597)	-	-	-	-	-	-	-	-	-	-	(597)
Reclassification adjustment	-	-	-	(14,976)	55,593	11,716	(49,819)	(2,495)	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	(6,336)	-	-	-	(6,336)
November 1, 2008	-	41,470	3,009	76,419	84,684	107,104	199,679	16,359	26,759	-	24,803	-	590,195
Charge for the year	-	24,791	3,510	36,918	94,426	107,942	26,397	2,233	20,303	-	48	-	316,909
Asset write-off	-	-	-	(15,353)	(153)	(29,199)	-	-	-	-	-	-	(44,744)
Disposals	-	-	-	-	(35)	-	(169)	-	(15,304)	-	-	-	(15,468)
December 31, 2009	-	66,911	6,519	97,945	178,822	189,848	225,907	18,592	31,858	-	24,851	-	838,603
Carrying amount													
December 31, 2008	133,000	893,758	113,829	159,849	39,700	298,722	193,473	2,704	53,134	2,363	77	6,097	1,843,767
October 31, 2008	133,000	828,510	117,319	214,676	123,819	268,763	203,302	3,150	43,830	2,363	125	2,154	2,001,071

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

5 PROPERTY AND EQUIPMENT (Cont'd)

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

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

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

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

Freehold land and buildings are carried at fair value.

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

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

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

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

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

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

5 PROPERTY AND EQUIPMENT (Cont'd)

	Freehold Land (At Valuation) \$'000	Freehold Buildings (At Valuation) \$'000	Leasehold Improvements \$'000	Voice Lottery Terminal Equipment \$'000	Gaming Equipment \$'000	Furniture, Fixtures and Office Equipment \$'000	Computer Equipment \$'000	Motor Vehicles \$'000	Roadway and Fencing \$'000	Art and Antiques \$'000	Signs and Banners \$'000	Total \$'000
Cost/Valuation												
At November 1, 2007	-	-	15,968	323,039	-	19,443	8,199	32,725	-	2,363	-	491,734
Additions	-	-	-	4,436	-	-	-	-	-	-	-	4,436
Acquisition on amalgamation of subsidiary	13,000	15,000	6,449	-	193,871	27,137	8,263	7,397	1,130	-	24,642	296,889
Disposal	-	-	-	-	-	-	-	(5,573)	-	-	-	(5,573)
At November 1, 2008	13,000	15,000	22,417	327,475	193,871	46,580	16,459	33,549	1,130	2,363	24,642	696,495
Disposal	-	-	-	-	-	-	-	(16,572)	-	-	-	(16,572)
At December 31, 2009	13,000	15,000	22,417	327,475	193,871	46,580	16,459	16,977	1,130	2,363	24,642	879,914
Depreciation												
At November 1, 2007	-	-	10,070	13,460	-	7,143	6,175	17,744	-	-	-	54,592
Charge for the year	-	292	2,827	32,563	10,864	2,654	1,240	5,877	16	-	109	58,772
Charge on amalgamation of subsidiary	-	125	5,867	-	101,243	23,971	8,263	6,269	250	-	24,518	170,506
Disposal	-	-	-	-	-	-	-	(5,520)	-	-	-	(5,520)
At November 1, 2008	-	417	18,864	46,023	112,237	33,768	15,678	24,470	268	-	24,627	276,350
Charge for the year	-	593	3,164	69,540	80,237	3,389	702	4,019	33	-	15	160,682
Disposal	-	-	-	-	-	-	-	(14,626)	-	-	-	(14,626)
At December 31, 2009	-	1,010	22,028	114,563	192,474	37,157	16,380	13,863	293	-	24,642	422,205
Carrying amount												
December 31, 2009	13,000	14,000	360	212,912	1,367	9,423	79	3,314	831	2,363	-	257,708
October 31, 2008	13,000	14,583	3,553	281,452	81,634	12,812	781	9,070	864	2,363	15	420,136

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

5 PROPERTY AND EQUIPMENT (Cont'd)

Annual depreciation rates are based on the following useful lives:

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

No depreciation is provided on art and paintings.

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

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

6 GOODWILL

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

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

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

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

The company

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

7 OTHER INTANGIBLE ASSETS

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

Licences represent cost acquisitions through subsidiaries as detailed below:

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

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

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

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

8 INVESTMENT IN SUBSIDIARIES

8.1 Investments in subsidiaries at cost include:

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

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

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

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

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

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

8.4 Investment in Prime Sports (Jamaica) Limited

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

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

9 LONG-TERM RECEIVABLES

9.1 These include:

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

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

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

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

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

The settlement terms of the promissory note are as follows:

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

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

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

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

9 LONG-TERM RECEIVABLES (Cont'd)

9.3 Prime Sports (Jamaica) Limited

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

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

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

10 AVAILABLE-FOR-SALE INVESTMENTS

These include:

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

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

11 INVESTMENT IN JOINT VENTURE

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

12 DEFERRED TAXATION

These comprise:

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

12 DEFERRED TAXATION (Cont'd)

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

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

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

Deferred Tax Assets

The Group

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

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

The Company

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

12 DEFERRED TAXATION (Cont'd)

Deferred Tax Assets (Cont'd)

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

Deferred Tax Liabilities

The Group

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

The Company

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

13 OTHER ASSETS

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

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

14 INVENTORIES

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

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

15 TRADE AND OTHER RECEIVABLES

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

15 TRADE AND OTHER RECEIVABLES (Cont'd)

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

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

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

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

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

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

16 DUE FROM (TO) RELATED PARTIES

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

17 CASH AND BANK BALANCES

The Group

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

The Company

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

18 SHARE CAPITAL

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

19 REVALUATION RESERVE

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

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

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

20 CAPITAL RESERVE

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

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

21 LONG-TERM LIABILITIES

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

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

(a) GTECH Global Services Corporation Limited

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

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

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

21 LONG-TERM LIABILITIES (Cont'd)

(b) First Caribbean International Bank

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

Other principal features of the loan are:

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

- (a) First demand guarantee mortgage on the property of Prime Sports (Jamaica) Limited stamped to cover US\$698,292 and with powers to upstamp.
- (b) Debentures over the fixed and floating charge over the assets of Prime Sports (Jamaica) Limited to cover US\$698,292.
- (c) Acknowledged assignment of Prime Sports (Jamaica) Limited's fire and peril insurance.

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

(c) Obligation under finance lease

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

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

22 TRADE AND OTHER PAYABLES

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

23 PRIZE LIABILITIES

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

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

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

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

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

24 REVENUE

(a) Analysis of the revenue is as follows:

	The Group		The Company	
	14 months Ended December 31, 2009	12 months Ended October 31, 2008	14 months Ended December 31, 2009	12 months Ended October 31, 2008
	\$'000	\$'000	\$'000	\$'000
Cash Pot	19,315,026	15,192,272	-	-
Lucky 5	626,882	553,350	-	-
Dollaz	324,387	273,349	-	-
Lotto	1,560,808	1,104,321	-	-
Pick 3	2,368,945	1,375,107	-	-
Instant	131,014	100,486	-	-
Super Lotto				
(commenced in August 2009)	277,089	-	-	-
Daily Bingo				
(commenced in May 2008)	1,864	17,892	-	-
Prime Time Bingo				
(commenced in October 2007)	9,453	150,217	-	-
Unclaimed prizes	73,743	117,685	-	-
Gaming revenue (net wins)	1,151,853	978,917	-	-
Hospitality and related revenue	138,326	169,265	-	-
Management fees	-	-	210,000	180,000
Royalties	-	-	117,455	73,298
Money Gram remittance service	94,727	68,749	-	-
Foreign exchange trading	111,293	61,961	-	-
Pin codes	1,902,588	955,893	1,902,588	955,894
Others	79,963	60,571	64,928	57,768
	<u>28,167,960</u>	<u>21,180,035</u>	<u>2,294,971</u>	<u>1,268,960</u>

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

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

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

25 SEGMENT REPORTING

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

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

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

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

The Group's operations are located solely in Jamaica.

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

25 SEGMENT REPORTING (Cont'd)

	14 Months Ended December 31, 2009					
	Lottery \$'000	Gaming and Hospitality \$'000	Financial Services \$'000	Pin Codes \$'000	Other \$'000	Eliminations \$'000
External revenue						
Inter-segment revenue	24,689,210	1,290,179	206,020	1,902,588	79,963	-
	-	63,971	-	-	337,279	(401,250)
Total revenue	24,689,210	1,354,150	206,020	1,902,588	417,242	(401,250)
Result						
Segment result	1,160,454	(117,693)	34,593	45,965	63,667	1,186,986
Interest income						111,189
Net foreign exchange loss						(632)
Finance cost						(31,659)
Profit before taxation						1,265,884
Taxation						(514,682)
Profit for the period						751,202
Other information						
Capital additions	51,765	89,828	9,985	-	-	151,588
Depreciation, amortization and write-offs	120,793	233,632	1,670	-	-	356,095
Balance sheet						
Assets						
Segment assets	3,213,345	3,174,316	129,077	76,333	-	(2,208,155)
Consolidated total assets						4,384,916
Liabilities						
Segment liabilities	759,688	1,670,989	26,161	190,018	-	(1,374,856)
Consolidated total liabilities						1,272,000

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

25 SEGMENT REPORTING (Cont'd)

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

26 DIRECT EXPENSES

(a) Analysis of direct expenses is as follows:

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

(b) Lottery prizes

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

(c) Service contractor fees

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

26 DIRECT EXPENSES (Cont'd)

(d) Agents' commission

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

(e) Good cause fees

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

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

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

(f) Lottery tax

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

(g) Contributions to Betting, Gaming and Lotteries Commission

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

(h) Gaming lounge charges

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

(i) Pin codes

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

(j) Commission – pin codes cost

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

27 OPERATING EXPENSES

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

28 STAFF COSTS

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

29 NET FOREIGN EXCHANGE LOSS

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

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

30 FINANCE COSTS

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

31 PROFIT BEFORE TAXATION

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

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

32 TRANSACTIONS WITH RELATED PARTIES

Loans of key management personnel

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

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

Compensation of key management personnel

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

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

33 TAXATION

(a) The total charge for the period includes:

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

33 TAXATION (Cont'd)

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

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

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

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

34 NET PROFIT

Dealt with in the financial statements of:

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

35 RETAINED EARNINGS

This is reflected in the financial statements of:

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

36 EARNINGS PER STOCK

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

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

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

37 RETIREMENT BENEFIT PLAN

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

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

38 OPERATING LEASE ARRANGEMENTS

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

Minimum lease rental commitments are as follows:

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

38 OPERATING LEASE ARRANGEMENTS (Cont'd)

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

39 DISTRIBUTIONS

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

Dividend received

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

40 CONTINGENCIES AND COMMITMENTS

(a) Contingencies – litigations

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

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

40 CONTINGENCIES AND COMMITMENTS (Cont'd)

(b) Contingencies – Guarantee

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

(c) Contingencies – Super Lotto Jackpot Liability

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

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

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

(e) Commitments – other

Commitments in respect of sponsorship agreements are as follows:

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

41 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT

41.1 Significant accounting policies

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

41.2 Categories of financial instruments

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

41.3 Financial risk management objectives

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

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

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

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

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

41.3 Financial risk management objectives (Cont'd)

Audit Committee

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

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

41.4 Credit risk management

41.4.1 Credit risk

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

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

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

41.4.2 Credit review process

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

Trade Receivables

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

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

41.4 Credit risk management (Cont'd)

41.4.3 Impairment

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

41.5 Liquidity risk

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

41.5.1 Management of liquidity risk

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

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

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

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

41.5.2 Liquidity and interest rate tables

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

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

41.5 Liquidity risk (Cont'd)

41.5.2 Liquidity and interest rate tables (Cont'd)

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

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

41.5 Liquidity risk (Cont'd)

41.5.2 Liquidity and interest rate tables (Cont'd)

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

41.6 Market risk

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

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

Consolidated Statement of Financial Position

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

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

41.6 Market risk (Cont'd)

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

41.6.1 Foreign currency risk

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

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

Foreign currency risk management

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

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

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

41.6 Market risk (Cont'd)

41.6.1 Foreign currency risk (Cont'd)

	The Group									
	December 31, 2009									
	USD		CDN		GBP		EUR		KYD	
	US\$ '000	J\$ Equiv. '000	Can\$ '000	J\$ Equiv. '000	£ '000	J\$ Equiv. '000	€ '000	J\$ Equiv. '000	Kyd\$ '000	J\$ Equiv. '000
Total assets	6,126	545,574	27	2,277	26	3,721	1	137	1	65
Total liabilities	(3,379)	(302,773)	-	-	-	-	-	-	-	-
Net exposure	<u>2,747</u>	<u>242,802</u>	<u>27</u>	<u>2,277</u>	<u>26</u>	<u>3,721</u>	<u>1</u>	<u>137</u>	<u>1</u>	<u>65</u>

	October 31, 2008									
	USD		CDN		GBP		EUR		KYD	
	US\$ '000	J\$ Equiv. '000	Can\$ '000	J\$ Equiv. '000	£ '000	J\$ Equiv. '000	€ '000	J\$ Equiv. '000	Kyd\$ '000	J\$ Equiv. '000
Total assets	5,181	393,252	13	785	37	4,460	0.07	9	0.18	16
Total liabilities	(5,552)	(421,147)	-	-	-	-	-	-	-	-
Net exposure	<u>(-371)</u>	<u>(-27,895)</u>	<u>13</u>	<u>785</u>	<u>37</u>	<u>4,460</u>	<u>0.07</u>	<u>9</u>	<u>0.18</u>	<u>16</u>

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

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

41.6 Market risk (Cont'd)

41.6.1 Foreign currency risk (Cont'd)

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

41.6.2 Foreign currency sensitivity

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

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

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

The company

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

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

41.6 Market risk (Cont'd)

41.6.3 Interest rate risk

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

Management of interest rate risk

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

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

41.6.4 Interest rate risk management

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

Interest rate sensitivity analysis

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

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

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

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

41.7 Capital management

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

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

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

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

41.8 Fair value of financial instruments

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

The following methods and assumptions have been used:

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

Notes to the Financial Statements

FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2009

42 AMALGAMATION OF SUBSIDIARY

During the year ended October 31, 2008 the following net assets were transferred to the company on amalgamation of subsidiary as detailed in Note 1 (a).

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



Corporate Data

Corporate Data

as at 31st December 2009

REGISTERED OFFICE:

Supreme Ventures Limited

4th Floor, Sagicor Centre
28 - 48 Barbados Avenue
Kingston 5, Jamaica, W.I.
Tel: (876) 754-6526
Fax: (876) 754-2143

AUDITORS:

Deloitte & Touche

7 West Avenue
Kingston 4
Jamaica, W.I.

PricewaterhouseCoopers

ScotiaCentre
Cnr. Duke & Port Royal Streets
Kingston, Jamaica, W.I.

BANKERS:

National Commercial Bank

Jamaica Limited (Private Banking)

32 Trafalgar Road
Kingston 5
Jamaica, W.I.

Bank of Nova Scotia Jamaica Limited

2 Knutsford Boulevard
Kingston 5
Jamaica, W.I.

RBTT Bank Jamaica Limited

17 Dominica Drive
Kingston 5
Jamaica, W.I.

FirstCaribbean International Bank

23 Knutsford Boulevard
Kingston 5
Jamaica, W.I.

ATTORNEYS:

John G. Graham & Company

7 Belmont Road
Kingston 5
Jamaica, W.I.

Rattray, Patterson, Rattray

15 Caledonia Avenue
Kingston 5
Jamaica, W.I.

Hart Muirhead Fatta

2 St. Lucia Aenue
Kingston 5
Jamaica, W.I.

Livingston Alexander Levy

72 Harbour Street
Kingston
Jamaica, W.I.

REGISTRAR & TRANSFER AGENTS:

Jamaica Central Securities

Depository Ltd.

40 Harbour Street
Kingston
Jamaica, W.I.

Trinidad & Tobago Central

Depository Limited

10th Floor, Nicholas Tower
63- 65 Independence Square
Port of Spain, Trinidad, W.I.

Corporate Data

as at 31st December 2009

SUBSIDIARIES:

Supreme Ventures Lotteries Limited

4th Floor, Sagicor Centre
28 - 48 Barbados Avenue
Kingston 5, Jamaica, W.I.
Tel: (876) 754-6526
Fax: (876) 754-2143

Big 'A' Track 2003 Limited

4th Floor, Sagicor Centre
28 - 48 Barbados Avenue
Kingston 5, Jamaica, W.I.
Tel: (876) 754-6526
Fax: (876) 754-2143

Supreme Ventures Financial Services Limited

4th Floor, Sagicor Centre
28 - 48 Barbados Avenue
Kingston 5, Jamaica, W.I.
Tel: (876) 754-6526
Fax: (876) 960-4397

Bingo Investments Limited

4th Floor, Sagicor Centre
28 - 48 Barbados Avenue
Kingston 5, Jamaica, W.I.
Tel: (876) 754-6526
Fax: (876) 754-2143

Jamaica Lottery Company Holdings Limited

4th Floor, Sagicor Centre
28 - 48 Barbados Avenue
Kingston 5, Jamaica, W.I.
Tel: (876) 754-6526
Fax: (876) 754-2143

Supreme Ventures VL Holdings Limited (St. Lucia)

Pointe Seraphine
P.O. Box 195
St. Lucia, W.I.

Prime Sports Jamaica Limited

Shop 12c Barbican Centre
29 East Kings House Road
Kingston 6, Jamaica, W.I.
Tel: (876) 978-5274
Tel: (876) 927-7046
Tel: (876) 927-7358
Fax: (876) 927-7368

Corporate Data

as at 31st December 2009

OPERATING LOCATIONS:

REGIONAL CENTRES:

New Kingston:

1st Floor, Sagikor Centre
28 - 48 Barbados Avenue
Kingston 5, Jamaica, W.I.
Tel: (876) 754-6526
Fax: (876) 906-0188

Half Way Tree Road:

28 Half Way Tree Road
Kingston 5, Jamaica, W.I.
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
Fax: (876) 749-3691

Montego Bay:

Shop# F203 Baywest Shopping Centre
Harbour Street, 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

GAMING LOUNGES:

Acropolis Barbican

Barbican Centre
29 East Kings House Road
Kingston 6, Jamaica, W.I.
Tel: (876) 978-1299
Fax: (876) 927-7368

Acropolis May Pen

Bargain Village Plaza
35 Main Street, May Pen
Clarendon, Jamaica, W.I.
Tel: (876) 902-8074
Fax: (876) 986-1761

Coral Cliff:

165 Gloucester Avenue
Montego Bay
St. James, Jamaica, W.I.
Tel: (876) 952-4130
Fax: (876) 952-6532

Ten Largest Shareholders

as at 31st December 2009

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

* Includes shares held by joint holders

Directors' Shareholdings

as at 31st December 2009

<u>NAME OF SHAREHOLDER</u>	<u>UNITS</u>
Stephen Castagne	137,100,200
Brian George	10,851,647
John Graham*	23,001,000
Paul Hoo*	281,476,640
Ian Levy	253,018,961
Curtis Martin*	774,867
David McBean	4,074,867
Janette Stewart*	179,622,545
Barrington Chisholm	994,871

* Includes shares held by joint holders

Senior Managers

as at 31st December 2009

Brian George	President & CEO
James Morrison	Vice President, Group Finance & CFO
Sonia Davidson	Vice President, Group Corporate Communications
Wayne Boodasingh	Vice President, New Business & Special Projects
Loma Gooden	Asst. Vice President, Group Finance
Andrew Bromley	Asst. Vice President, Group Security & Surveillance
Nigel Warmington	Asst. Vice President, Group Facilities & Maintenance
Janette Conie	Asst. Vice President, Financial Services
Bernard Morrison	Executive Chef
May Lawrence Evans	Group HR & Administration Manager
Michael Smith	Group Information Technology Manager
Lance Thomas	Financial Controller

Managers

Carl Layne	Manager, Field & Customer Support Services
Wayne Matthews	Finance Manager - Prime Sports Ja. Ltd.
Ann Taylor	Gaming Operations- Prime Sports Ja. Ltd.
Fenley Douglas	Gaming Operations- Prime Sports Ja. Ltd.
Nicola Hussey	Gaming Operations- Prime Sports Ja. Ltd.
Shanna Duval	Gaming Operations- Prime Sports Ja. Ltd.
Jushia Jackson	Restaurant & Bar - Prime Sports Ja. Ltd.

Managers

(Continued)

Dwight Richardson	Security- Prime Sports Ja. Ltd.
Warren Smith	Security- Prime Sports Ja. Ltd.
Desmond Smith	Security - Prime Sports Ja. Ltd.
Delroy Nugent	Finance Manager - Prime Sports Ja. Ltd.
Brian Brown	Group Entertainment
Tashia Hutton	Compliance & Drop Team - Prime Sports Ja. Ltd.
Triana Reynolds	Cashier Manager - Prime Sports Ja. Ltd.

Managers' Shareholdings

as at 31st December 2009

<u>NAME OF SHAREHOLDER</u>	<u>UNITS</u>
Brian George	10,851,647
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
Lance Thomas	NIL

* Includes shares held by joint holders

PROXY FORM

I/We _____
of _____
being a Member/Members of the above-named Company, hereby appoint _____
_____ of _____
_____ as my/our Proxy to
vote on my/our behalf at the Annual General Meeting of the Company to be held at The
Blue Mountain Suite, Knutsford Court Hotel, 16 Chelsea Avenue, Kingston 5, Jamaica,
West Indies on Friday 28th May 2010 at 10:00 a.m. and at any adjournment thereof.
Dated the _____ day of _____ 2010.
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 J\$100.00 or its equivalent. Adhesive stamps are to be cancelled by the person signing the Proxy.
3. If the person appointing a Proxy is a Corporation, this Form of Proxy must be executed under the Common Seal or under the hand of an officer or attorney duly authorized in writing.

