

Annual Report 2010

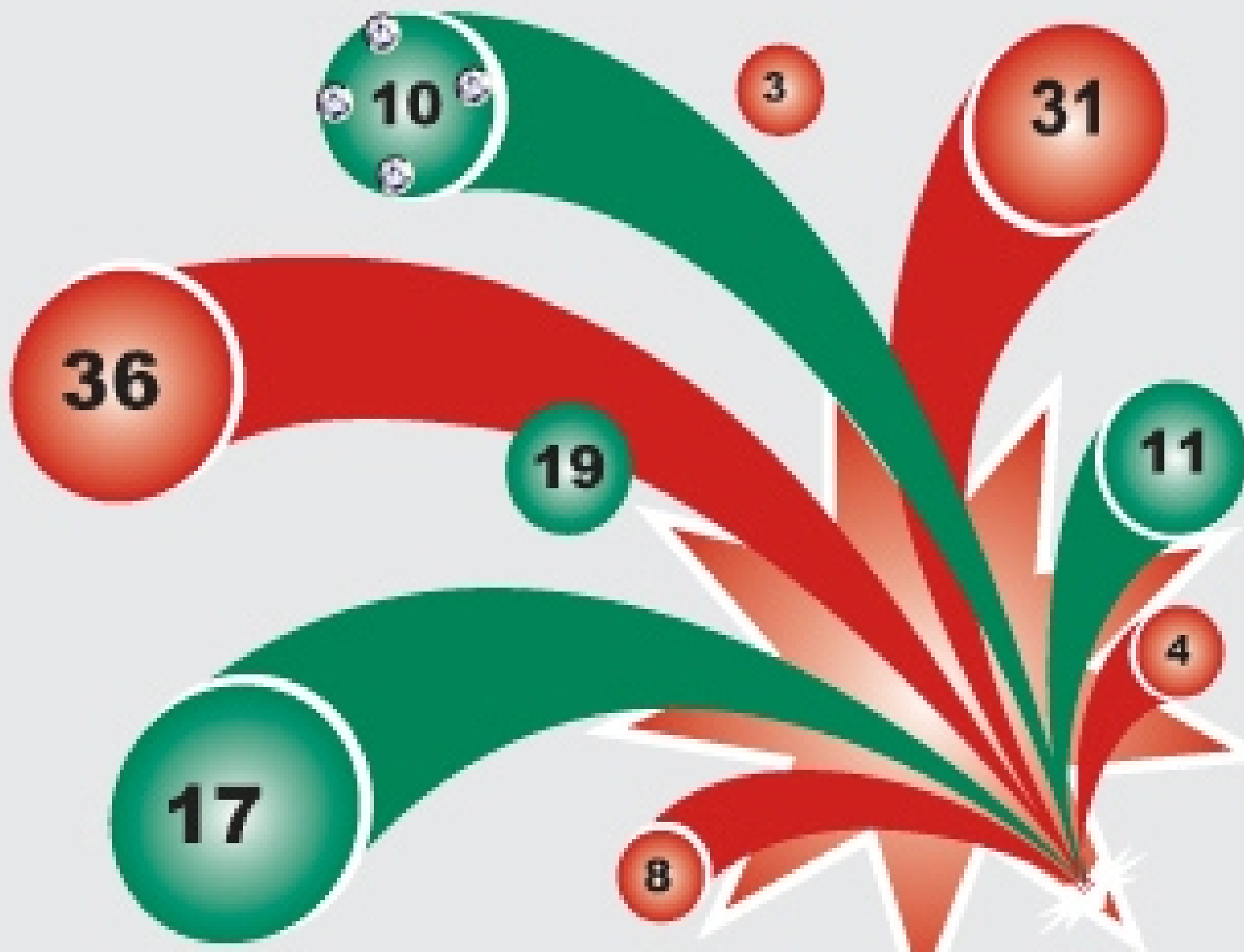


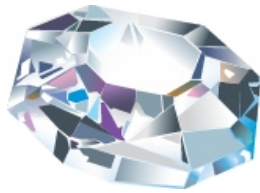
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Mission Statement

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

Directors



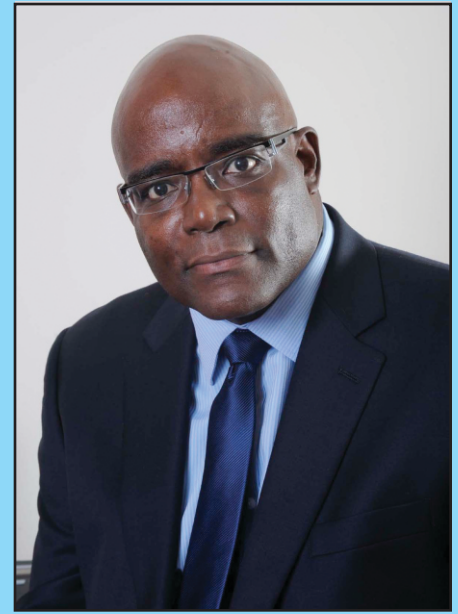
Paul Hoo, Chairman

Mr. Hoo is a founding shareholder of the company and brings a wealth of experience in business development and operations. He was nominated for the Jamaica Observer Business Leader of the Year Award in 2001 and is also the Chairman of the Cocoa Industry Board.



Ian K. Levy, Deputy Chairman

Mr. Levy is also a founding shareholder of the company and an accomplished businessman. He is Chairman and Managing Director of Ian K. (Agencies) Limited. He was awarded the National Order of Merit (Chevalier de l'Ordre National du Merite) from the Government of France in 2005.



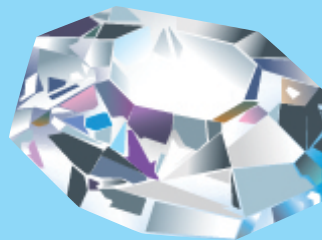
Brian George, President & CEO

Mr. George joined the company in 2003 and brings a wealth of experience in lottery and gaming operations, having been trained and worked in several managerial positions with GTECH Corporation. He was instrumental in the start-up operations for the company in 2001. He is a Board member of the CHASE Fund.



Barrington Chisholm

Mr. Chisholm is a retired Banker with a distinguished and successful career at the Scotiabank Group. He is also Chairman of the National Insurance Fund of Jamaica and a Director of the Board of the Development Bank of Jamaica.



Curtis Martin

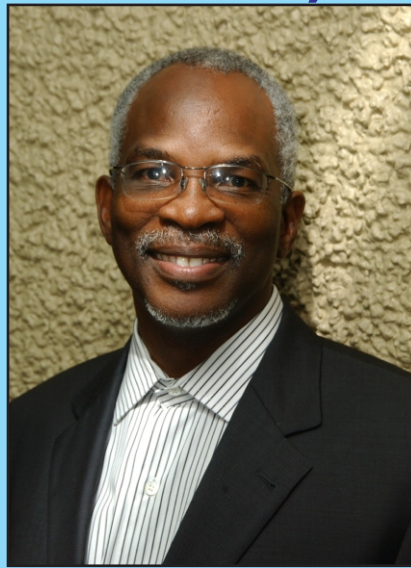
Mr. Martin is a Banker who brings a wealth of experience in strategic management, treasury and investments. He is also a Deputy Group President of the Capital & Credit Financial Group and Chairman of the Jamaica Stock Exchange.

Directors (continued)



Stephen Castagne

Mr. Castagne brings a strong business acumen to the company and is the founder and Chairman of M & M Insurance Services Limited in Trinidad. He resigned from the SVL Board on 25th March 2011.



John Graham

Mr. Graham is an Attorney-at-Law and brings his knowledge and experience in civil litigation, advocacy, commercial law and conveyancing to the Board. He has also served as a Director on a number of Boards in the private and public sector.



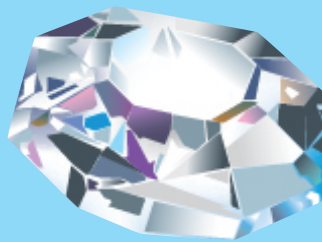
Dr. David McBean

Dr. McBean brings a wealth of knowledge and experience in Engineering and Computer Technology and Business Development to the Board. He is currently a Senior Manager with LIME and a Director of the PALS Foundation.



Steven Hudson

Mr. Hudson brings to the Board over 16 years of knowledge and experience in business and the hospitality industry. His work experience includes the hotel and restaurant industry. He is currently the Managing Director of Bearings and Seals Limited.



Georgios Sampson

Mr. Sampson has extensive international business experience and brings a wealth of knowledge in contract negotiation to the gaming industry. He is currently the Director of Finance and Business Development for Intralot Latin America Inc.

Corporate Governance

Board Composition

- The Board of Directors of Supreme Ventures Limited is responsible for the corporate governance framework of the Group. This ensures that the Company and all subsidiaries, adhere to a standard corporate governance policy.
- We acknowledge that the Board of SVL and the Board of each subsidiary comprise of Directors drawn from diverse backgrounds, thereby creating a balance of independence, knowledge, experience, strong leadership skills 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.

Board Responsibility

SVL's Board met seven (7) times during 2010 to ensure that the Board's mandate and dictates were effectively addressed. The responsibility of the Board includes the following duties and functions:

- To approve the Group's strategic direction, the organizational structure and placement planning for senior management;
- To evaluate operating and financial results of the Group against planned objectives;
- To review the integrity of the Group's internal controls and Management Information Systems;
- To evaluate and select candidates for the Board of the Company and that of its subsidiaries;
- To establish Committees and appoint Chairs of these Committees;
- To identify significant business risks and to recommend strategies to be adopted within management policy framework and practices that should mitigate significant business risks;
- To ensure that senior management provides timely and accurate information required by the Board to effectively perform duties.

Independence

A Director is considered to be independent if:

- (i) He or she is not a significant shareholder (i.e. does not own 5% or more of the Company's shares);

Corporate Governance

Independence (continued)

- (ii) He or she does not represent a significant shareholder;
- (iii) 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 will 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 ten (10)* Directors, three (3) are 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 2010:

- Mr. Curtis Martin (Chairman)
- Dr. David McBean
- Mr. Ian K. Levy
- Mr. John Graham
- Mr. Barrington Chisholm

The functions of the Audit Committee are as follows:

- To monitor the integrity of the financial statements of the Group. To review annual and interim reports, preliminary results, announcements and any other formal announcement relating to financial performance;
- To review arrangements for employees;

Corporate Governance

Audit Committee (continued)

- 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 monitor and review the effectiveness of internal audit functions 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 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** (3) and this must include **two** (2) Independent members. Messrs. Curtis Martin, Barrington Chisholm and Dr. David McBean are the named Independent Directors.

The Compensation Committee

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

- To review the senior level organizational structure and staffing of the Company.
- To review compensation to be paid to Senior Executives and other Board appointed officers of the Company.
- To review the general criteria and design of the Company's incentive/bonus schemes and the basis of distribution of incentives.
- To approve annually, incentive pay awarded to staff under the Company's incentive/bonus scheme.

Corporate Governance

The Compensation Committee (continued)

The Committee members as at 31st December 2010 were Dr. David McBean, Mr. John Graham, Mr. Steven Hudson and Mr. Barrington Chisholm.

The attendance of the Directors of SVL at the Board and Committee meetings for the year ended 31st December 2010 is reflected in the table below:

Directors	Position	Board Meetings	Audit Committee	Compensation Committee
Paul Hoo	Non-Executive	7	-	-
Brian George	Executive	7	-	-
Ian K. Levy	Non-Executive	7	6	-
John Graham	Non-Executive	5	3	1
Curtis Martin	Non-Executive	7	6	-
Stephen Castagne*	Non-Executive	-	-	-
Barrington Chisholm	Non-Executive	7	6	1
Steven Hudson	Non-Executive	5	-	-
Georgios Sampson	Non-Executive	5	-	-
David McBean	Non-Executive	6	6	1

* Mr. Stephen Castagne resigned from the Board on 25th March 2011.

Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of Supreme Ventures Limited will be held at the Wyndham Kingston Hotel, 77 Knutsford Boulevard, Kingston 5, Jamaica, West Indies, on Thursday, 23rd June 2011 at 10:00a.m. to consider and if thought fit pass the following Resolutions:-

Ordinary Resolutions

1. Audited Accounts

“That the Audited Accounts for the year ended 31st December 2010 and the Reports of the Directors and Auditors, circulated with the NOTICE convening the Meeting be and are hereby adopted.”

2. Interim Dividend

To approve and ratify an interim dividend:

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

“That the interim dividend paid of fourteen cents on 12th July 2010, be and is hereby ratified.”

3. Election of Directors

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

- Barrington Chisholm

- Brian George

- Ian K. Levy

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

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

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

Notice of Annual General Meeting

(Continued)

4. Directors' Remuneration

- (a) "That the Directors be and are hereby empowered to fix the remuneration of the Executive Directors."
- (b) "That the amount shown in the Accounts of the Company for the year ended 31st December 2010, 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."

6. Special Business - Amendment to the Articles of Incorporation

As special business, to consider and (if thought fit) pass the following as a Special Resolution:-

"That the Articles of Incorporation of the Company be amended as follows:

- (i) By amending Article 6A by deleting 'Maximum Number of Directors TEN (10)' *replacing same with:*

'Maximum Number of Directors TWELVE (12).'

- (ii) By amending Article 82 by deleting 'The minimum and maximum number of the Directors (excluding alternate Directors), unless and until otherwise determined by the Company in general meeting, shall be three and ten respectively' *and replacing same with:*

'The minimum and maximum number of the Directors (excluding alternate Directors), unless and until otherwise determined by the Company in general meeting, shall be three and twelve respectively'."

Notice of Annual General Meeting

(Continued)

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, W.I. 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 duty may be paid by adhesive stamps, which are to be cancelled by the person signing the Proxy.

Dated this 14th day of April 2011



BY ORDER OF THE BOARD

A handwritten signature in dark ink, appearing to read 'Winsome Minott', written over a faint horizontal line.

Winsome Minott
COMPANY SECRETARY

Chairman's Statement



Paul Hoo - Chairman

On behalf of the Board of Directors of Supreme Ventures Limited (SVL), I am pleased to once again report on the Group's achievements in the past year and share our goals and vision for the future.

The financial year ended 31st December 2010 represented the 9th year of financial reporting since the start of operations and the 5th year since we became a publicly listed company on the Jamaica Stock Exchange. It should be specially noted that we are presenting our report in 2011, which represents our 10th year of operations. It would be remiss of me therefore, not to touch on the achievements that we are justifiably proud of, given that we will be celebrating our 10th anniversary on 25th June before the completion of our current financial year.

With less than 10 years of operations, SVL is extremely proud of its accomplishments. We have established a brand that is unquestionably one of the top three most recognized and respected brands in Jamaica. Notwithstanding the challenges of 2010 to which I will speak of later, we have established a pattern of growth and profitability far exceeding the expectations of the market but consistent with the vision of the three founding Directors of the company: the late Peter Stewart - our Founding Chairman, Ian Kent Levy our current Deputy Chairman and myself - founding President and current Chairman.

Over and above this, we have created over 2,500 permanent jobs through our company offices, gaming lounges, expansive agent network and technology suppliers. Our contributions to the Culture, Health, Arts, Sports and Education (CHASE) Fund have exceeded \$5 Billion. We have also established a corporate culture of corporate citizenry over and above the contributions to CHASE, which has seen our involvement in every aspect of the Jamaican community.

Above all, we have a strong and dynamic Board of Directors that adheres to all of the principles and practices of good Corporate Governance.

Notwithstanding these outstanding achievements, we recognize that last year was an extremely challenging one for the Jamaican economy, with a decline in Gross Domestic Product (GDP). SVL faced its own share of challenges in trying to find various methods to compete for discretionary spend available to consumers. Many of our players found themselves with less to spend, as the private and public sector in particular, tightened their belts to meet the conditions of the International Monetary Fund (IMF) Agreement signed early in the year. Faced with higher taxation on alcoholic beverages and tobacco related products; layoffs and redundancies leading to higher unemployment and the effects of the West Kingston incursion in May, plus several instances of severe weather conditions, consumers were faced with hard decisions about spend for gaming and entertainment.

Chairman's Statement

(Continued)

It is within this context, that we are pleased to report a modest net profit after tax for the SVL Group, of \$421.27M for the financial year ended 31st December 2010. This is a 43.93% decline over the 14-month financial period of 1st November 2008 to 31st December 2009. However, when annualized at \$643.887M and compared to the 12-month period of 1st January 2009 to December 2009 the decline in net profit after tax was 34.58%. The decline was mostly attributable to high Pick 3 liabilities and the loss incurred in funding the \$240M Lotto jackpot paid in March 2010. The loss due to prize liabilities, amounted to approximately \$200M.

We are thankful to our loyal gamers and other customers for their patronage even in these difficult times and their confidence in us resulted in the company amassing revenues of over \$25B during the financial year.

The business partnership with our technology providers GTECH Corporation for lottery gaming and INTRALOT S.A. for sports betting, gave our management team the motivation to continually pursue marketing strategies for growth of the company's operations. The addition of the 4th daily draw in November 2010 for Cash Pot and Pick3; introduction of the Pick 2 game in December 2010 and the plan for introduction of a Pick 4 game in 2011, are expected to position the lottery gaming subsidiary for increased revenues in 2011.



Supreme Ventures Draw Studio with machines displayed

Chairman's Statement

(Continued)

The opening of Acropolis Portmore in July 2010 saw the company penetrate a new market with its Video Lottery Gaming (VLT) product.



Acropolis Portmore

The Board of Directors is aware of its role in paving the path for sustainability of the company's operations and positive returns for all its stakeholders. With this in mind, we engaged the Betting, Gaming and Lotteries Commission (BGLC) in early discussions relating to an extension of the current lottery gaming licence. I am pleased to report that the Commission has approved the extension of our licence to the year 2026. The extension is accompanied by a revision to the Conditions of the Gaming Licence. This approval will substantively allow the company to move ahead with our expansion plans and reflect the confidence that the BGLC has placed in the successful operations of Supreme Ventures Limited and its subsidiaries.

The Board of Directors has also committed to support management's proposals for:

- Continued technological upgrades of the lottery network
- Upgrading of the VLT machines at the Gaming Lounges and the introduction of a fully automated game monitoring system
- Expansion of the VLT network islandwide
- Aggressive roll-out of the sports betting network, once the required Regulations are passed in Parliament

The Earnings per Share (EPS) during the period was 16 cents. We are extremely pleased to have approved and paid capital and dividend distributions of \$369.216M during the year 2010.

The outlook for the company's performance going forward remains extremely positive despite the many challenges we had to overcome last year and the Board of Directors cannot underscore the commitment and tenacity of the management and staff of the SVL Group. We continue to appreciate the loyalty of our agents, customers and the goodwill from the public, to whom Supreme Ventures remains a good corporate citizen. We continue to strive towards the best returns for all our stakeholders.

Paul Hoo
Chairman

Senior Managers



Michael Smith - Group Manager, Information Technology
Janette Conie - AVP Financial Services
Brian George - President & CEO



Nigel Warmington - AVP Group Facilities & Maintenance
Wayne Boodasingh - VP New Business Development & Special Projects



Lancelot Thomas - Financial Controller (Prime Sports Jamaica Ltd)
Lorna Gooden - AVP Group Finance
James Morrison - VP Group Finance & CFO



Andrew Bromley - AVP Group Security & Surveillance
Bernard Morrison - Executive Chef



May Evans - Group Manager, HR & Administration
Sonia Davidson - VP Group Corporate Communications

* Names listed left to right

Management Discussion & Analysis

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 money transfer and Cambio services at our Regional Retail Centres and selected agents islandwide.



Brian George - President & CEO

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

ECONOMIC OVERVIEW

2011 will commemorate the 10th anniversary of Supreme Ventures Limited and we are proud of our success as a company and look forward to continuing our services to the public whilst providing utmost value to our customers. The company continues to be optimistic, especially in these economic times and continues to focus on growing the product portfolio by re-positioning and re-strategizing the brands and the introduction of new brands where necessary, to ensure future profitability. The financial period under review however, was a difficult time both socially and economically and both affected the Group's revenue.

Over and above the worldwide economic crisis that continues to affect the major economies, the Group continues to operate locally in a very challenging economic environment, where discretionary income forms the basis for patronage of our products and services. Erosion of players' disposable income is due to the new tax measures such as: an increase in the General Consumption Tax (GCT) for the third time in 2010, from 16.5% to 17.5%; a further increase in the tax on gasoline and a 10% hike in the cost of electricity. There was a 60% increase in transportation cost, which further affected our players' disposable income and consumers were also faced with the rise in world commodity prices of wheat, corn, soy and oil, an increase of up to 30-40%.

The inflation rate increased from 10.2% in 2009 to 11.7% in 2010. These economic challenges have affected the growth of the core lottery business and is evidenced in the performance of the financial year under review.

Management Discussion & Analysis (Continued)

The Group's performance for the period under review was also impacted by the unsettled environment caused by the 'Dudus' affair, which led to the West Kingston incursion in May and June. Several of our retail outlets, regional offices and gaming lounges had to be closed for some days and/or operated with reduced opening hours. These closures resulted in revenue losses for the Group.

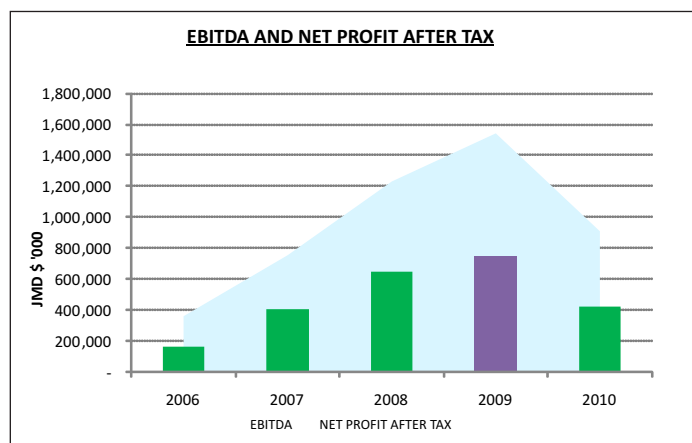
FINANCIAL OVERVIEW

In 2009 the Group operated under a fourteen-month financial period (1st November 2008 to 31st December 2009), whereas in 2010, operations were reported on for a twelve-month financial period (1st January 2010 to 31st December 2010).

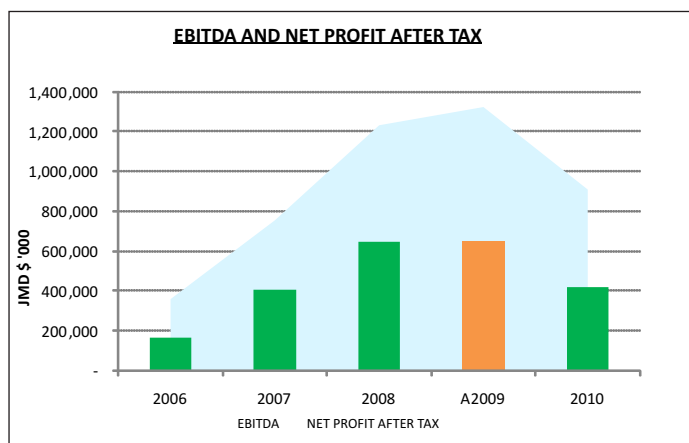
As a result, annualized revenues for 2009 were used for comparative reasons in this analysis. Under these measures, the Group was able to meet specific target goals and was profitable in certain segmented areas. The Group's net profit after tax for the twelve-month period was \$421.261M when compared to the previous fourteen-month period in 2009 of \$751.202M and the corresponding annualized net profit for 2009 of \$643.887M.

The net profit after tax was primarily impacted by the significant investment in the establishment of the sports betting brand JustBet, as well as the start-up operations for Acropolis Portmore in July; financing of the \$240 Million Lotto Jackpot in March and the adverse Cash Pot liabilities throughout the financial period. The Cash Pot Liabilities yearly average was 72.14%, which is above the game design of 72%.

Graph below shows annualized EBITDA and Net Profit after tax for 2009 and 2010



*Reflects the 14-months - 31st December 2009



*Reflects the 12-months annualised - 31st December 2009

Management Discussion & Analysis (Continued)

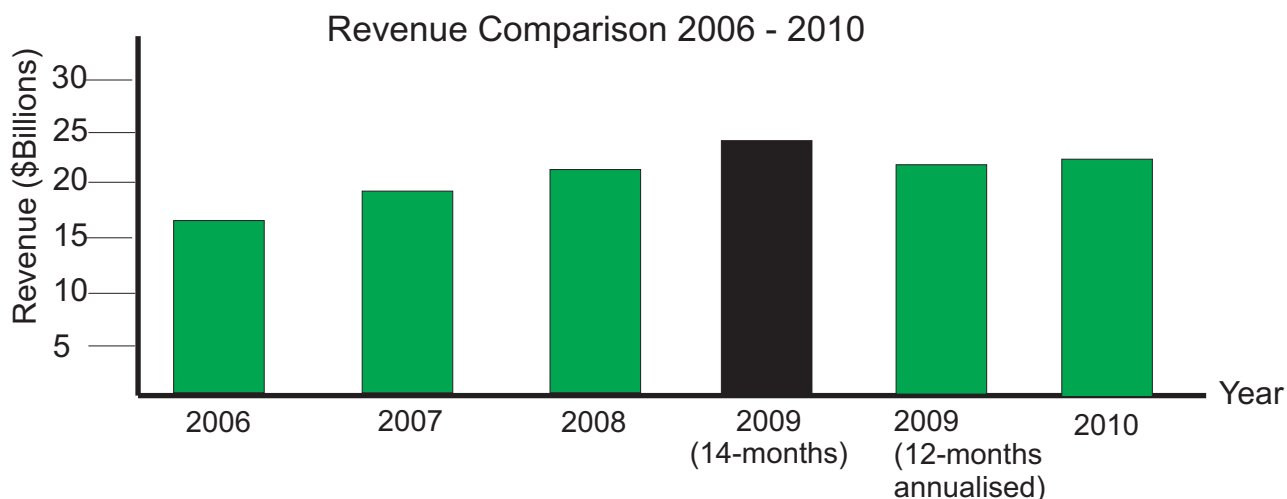
The Financial Ratios are presented below:

		12 Months 2010	14 Months 2009	12 Months 2008	12 Months 2007	12 Months 2006
Operating Results						
Total revenue (JMD \$ 000)		\$25,419,264	\$28,167,960	\$21,204,444	\$18,946,913	\$15,947,789
EBITDA (JMD \$ 000)		\$908,053	\$1,543,081	\$1,231,088	\$752,995	\$356,968
Profit Before Taxation (JMD \$ 000)		\$705,588	\$1,265,884	\$1,107,833	\$631,231	\$256,767
Profit After Taxation (JMD \$ 000)		\$421,267	\$751,202	\$645,989	\$405,400	\$165,348
Balance Sheet Information						
Total Assets (JMD \$ 000)		\$4,639,366	\$4,384,916	\$4,295,587	\$3,885,204	\$2,864,601
Shareholder's Equity (JMD \$ 000)		\$3,324,028	\$3,112,916	\$2,946,073	\$2,424,105	\$1,995,205
Balance Sheet Ratios						
Return on Equity		12.7%	24.1%	21.9%	16.7%	8.3%
Debt to Equity Ratio		39.6%	40.9%	45.8%	60.3%	42.1%
Efficiency Ratio		7.9%	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	2,637,254
Stock Prices						
Closing Stock Price (JSE)		\$2.17	\$2.01	\$2.70	\$2.40	\$1.99
Closing Stock Price (TTSE)		TT \$0.18	TT \$0.20	TT \$0.24	-	-
Common Share Ratios						
Earnings per Share		\$0.16	\$0.29	\$0.24	\$0.15	\$0.06
Dividends per Share		\$0.14	\$0.19	-	-	-
Capital Distribution per Share		-	\$0.03	\$0.15	-	-
Book value per share (\$)		\$1.26	\$1.18	\$1.12	\$0.92	\$0.76

Management Discussion & Analysis (Continued)

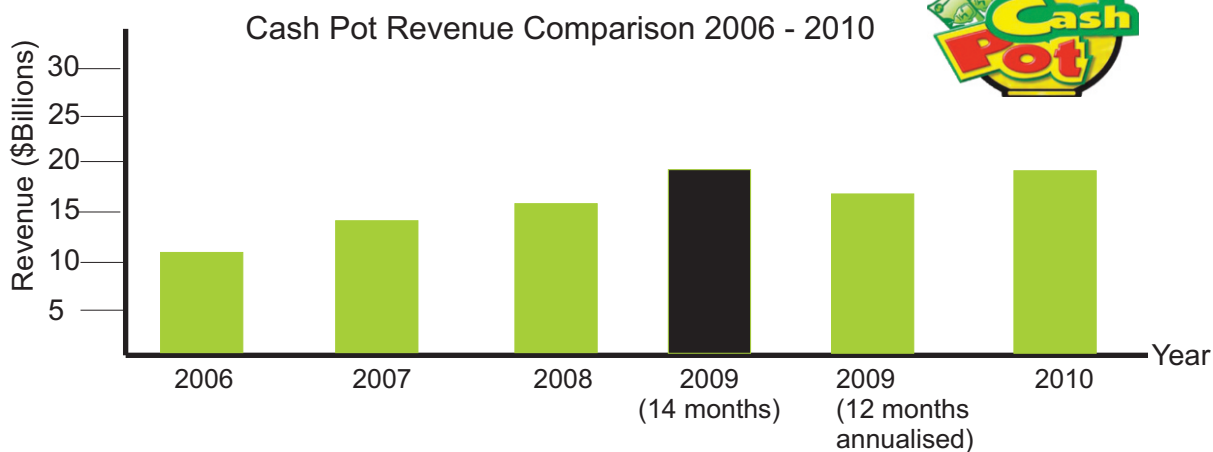
LOTTERY

Lottery products contributed 87% to total revenue. The lottery revenue was \$22.14B for the twelve-month financial period ending 31st December 2010 compared to the \$24.6B for the fourteen-month financial period and compared to the annualized revenue of \$21.09B in 2009. The revenue reported was a 4.74% increase from the annualized 2009 to 2010 revenue. An analysis of the product contributions follows.



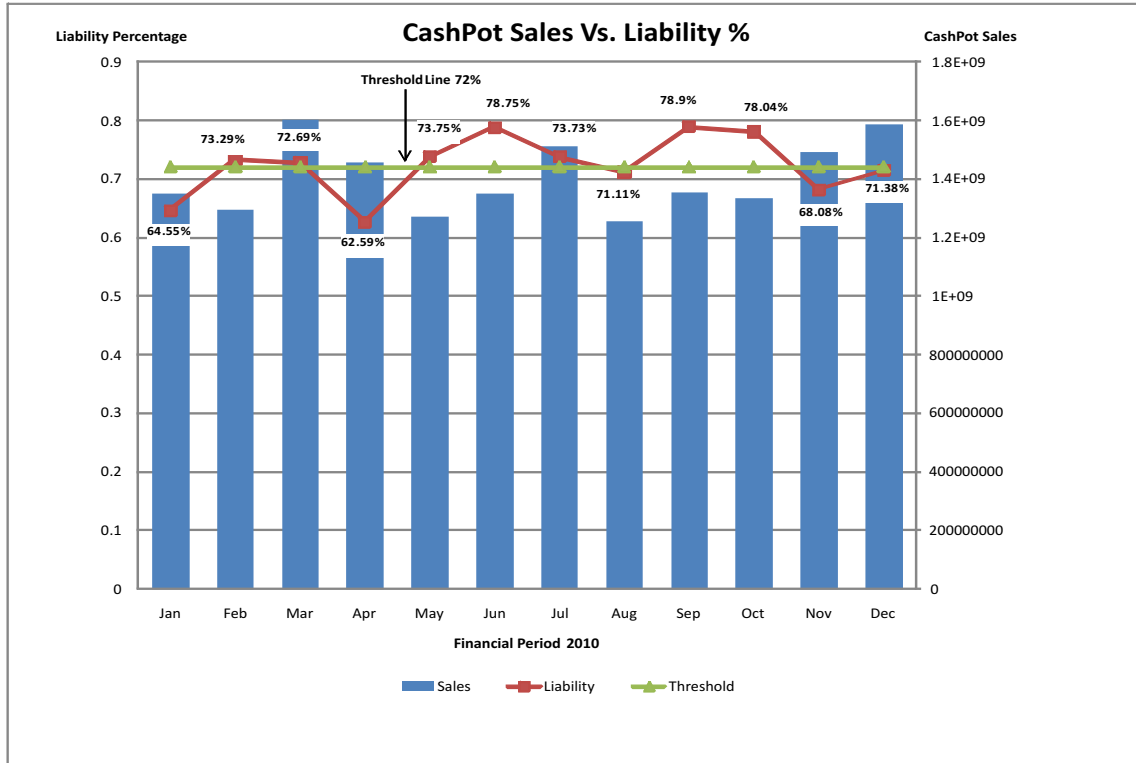
Cash Pot

In November 2010, a fourth draw was implemented for Cash Pot and the game remained the top player, as it represented 76% of the Lottery revenue for 2010. In comparison to the annualized Cash Pot revenues of 2009, the Cash Pot game increased by 1.5%, with revenues of \$16.8B in 2010 compared to \$16.6B in 2009.



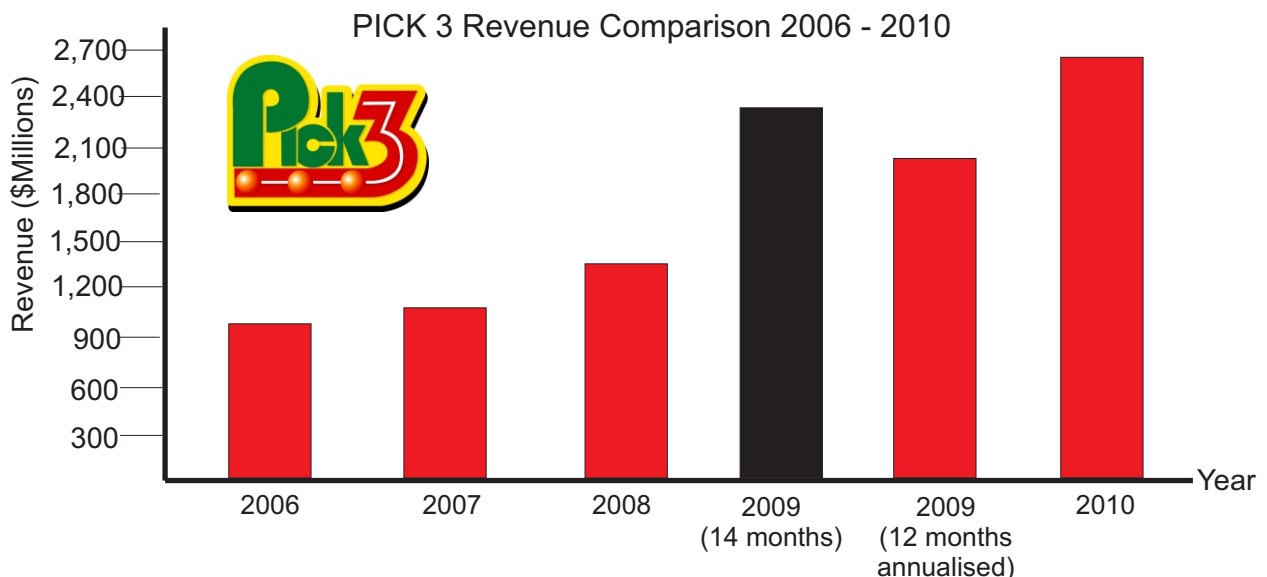
Management Discussion & Analysis (Continued)

The volatile Cash Pot game liabilities over the period can be seen in the graph below. The fluctuations monthly impacted revenue, as liabilities varied above the game design which is set at 72%. The average liability for the period was 72.14%.



Pick 3

The game continued to progressively improve over the financial year, with the total revenue for the period being \$2.683B. This was a 13.26% increase over the fourteen month financial year of \$2.368B and corresponding annualized increase of 32.14% in 2009. Pick 3 revenues were positively impacted by the implementation of the fourth draw in November 2010.



Management Discussion & Analysis (Continued)

Pick 2

Pick 2 is our newest addition to the Lottery game portfolio and was launched on 13th December 2010. The game has performed admirably, with revenue for the period being \$63.77M.

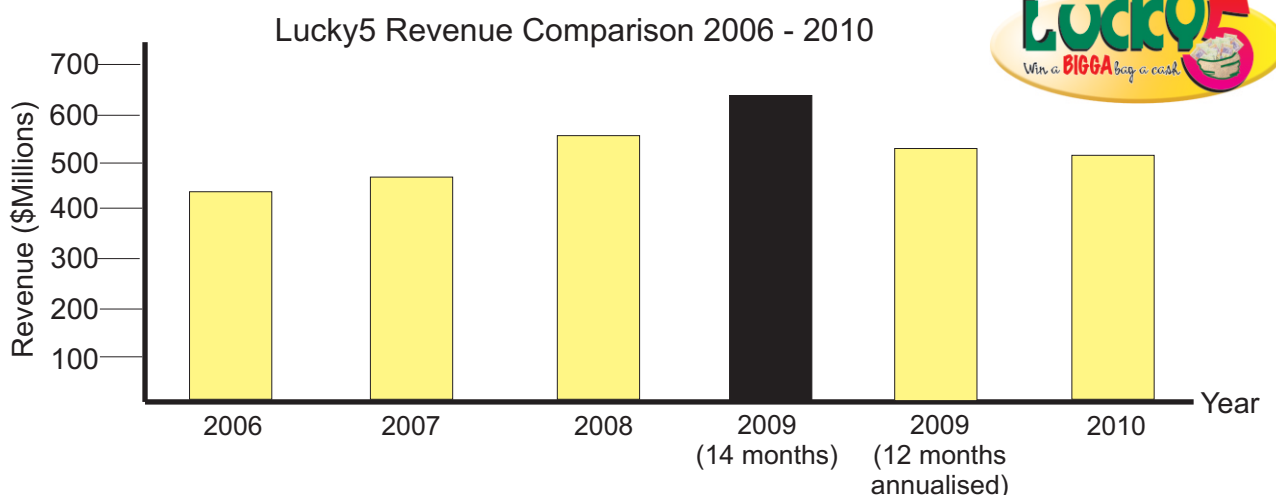


As a new brand in the product life cycle, we will continue to review and make the necessary improvements on the game design, to increase profitability and value of the game to our portfolio.

Lucky5

Lucky5 reported a 5.07% decline in sales, when compared to annualized sales in 2009 of \$537.33M, where total revenue for the 2010 period was \$510.11M.

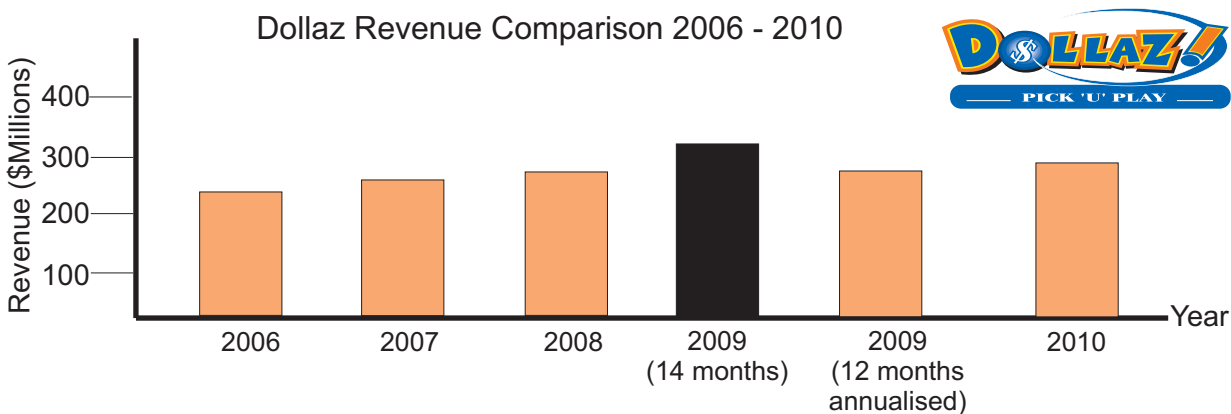
In comparison to the fourteen-month financial period, Lucky5 revenue was \$626.88M. This was a 18.63% decline.



Dollaz!

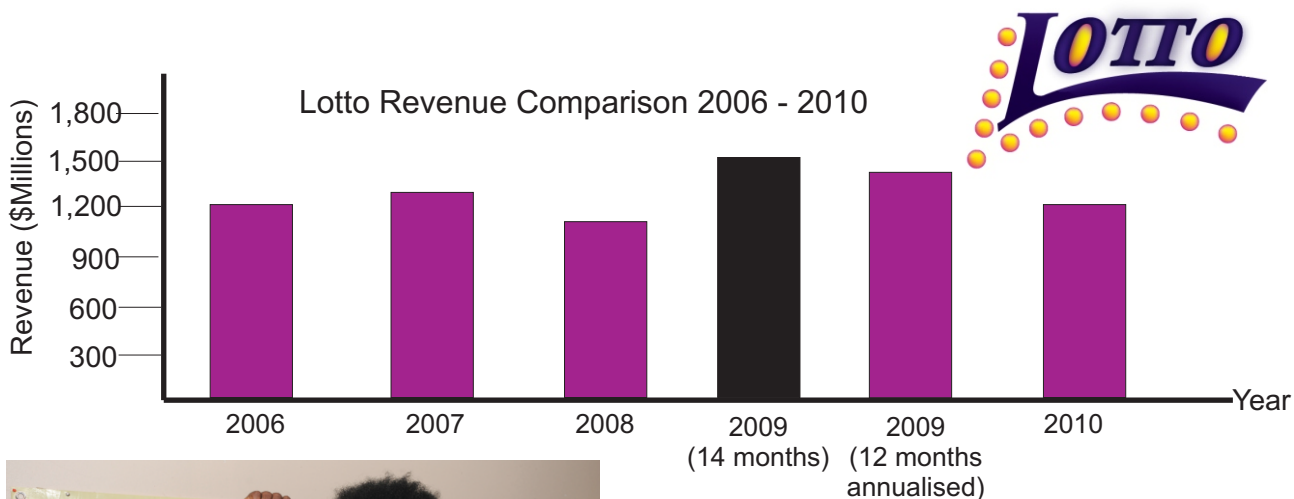
Dollaz! continued with steady improvement, reporting total revenues of \$280.26M compared to annualized revenues of \$278.05M in 2009. In comparison to the fourteen month financial period of 2009, the Dollaz! game had a 13.6% decline in revenue at \$324.39M.

Management Discussion & Analysis (Continued)



Lotto

The Lotto game reported revenues of \$1.16B compared to \$1.34B in annualized revenues for the year 2009. This was a 13.34% decline. For the fourteen month financial period in 2009, the reported revenues were \$1.56B, a 25.72% decline. In 2010, there were twelve Lotto jackpot winners. The highest jackpot for the year of \$240M was won in February 2010. The identity of the winner caused much speculation in the market, as the winner waited one month before coming in to claim the prize.



S. Gayle - winner of the \$240M Lotto Jackpot in February 2010

Management Discussion & Analysis (Continued)



John Halley of St. Maarten - the first Super Lotto Jackpot winner

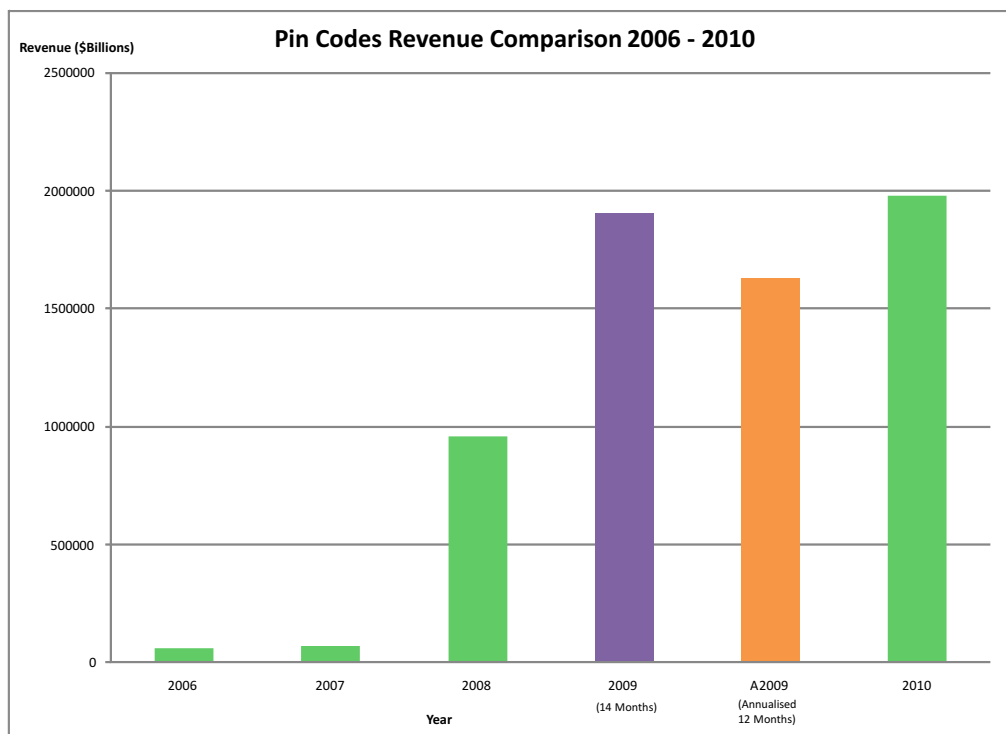
Super Lotto

The multi-jurisdictional game Super Lotto was launched in August 2009. The game is played across several countries: The Dominican Republic, Jamaica, Barbados, Anguilla, Antigua, Barbuda, St. Kitts, Nevis and St. Maarten. The U. S. Virgin Islands joined the game in 2010.

The game has a starting jackpot of J\$180M and the first ever Jackpot of J\$467M was won in October 2010 by a player in St. Maarten. He received the equivalent of US\$5.4M for his prize.

COMMERCIAL SERVICES

The sale of Electronic PIN codes from the lottery terminals increased by 4.11% over the 2009 fourteen-month financial year to \$1.98B, with a corresponding annualized increase of 21.47%. Total electronic PIN code revenues for 2010 was \$1.9B. Talk time continues to increase and be enjoyed by the telecommunication companies in Jamaica.



Management Discussion & Analysis (Continued)



SPORTS BETTING

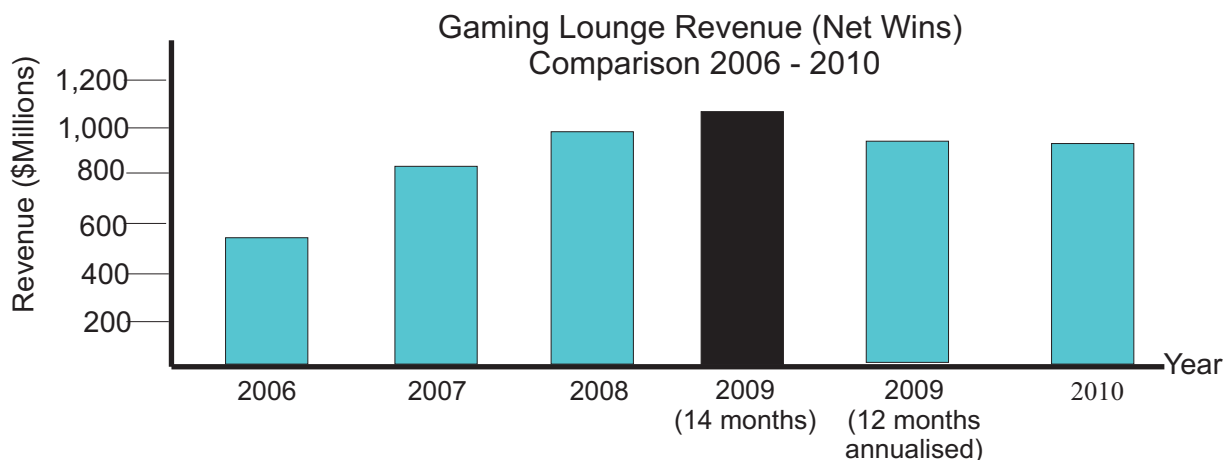
The company markets its sports betting operations under the JustBet brand name. We commenced JustBet operations in January 2010 and currently there are approximately 80 active JustBet terminals islandwide. We experienced challenges in the roll-out of the terminals, as the current Betting Regulations do not recognise sports bars for licenced betting locations.

The company will continue to face these challenges, until the new Betting Regulations are passed in Parliament. Our goal is to widen the distribution of sports betting terminal locations, to include sports bars and lounges islandwide. Total revenues was \$43.312M for the twelve-month period of 2010.

GAMING AND HOSPITALITY

SVL's wholly owned subsidiary Prime Sports (Jamaica) Limited, currently operates four gaming lounges: Acropolis Barbican, Acropolis May Pen, Acropolis Portmore and Coral Cliff in Montego Bay. These lounges give the Group the ability to reach full market potential and to provide gaming and entertainment services islandwide.

Gaming and hospitality revenue for the period remained flat compared to the previous year, with total revenue being \$981.42M.



Management Discussion & Analysis (Continued)

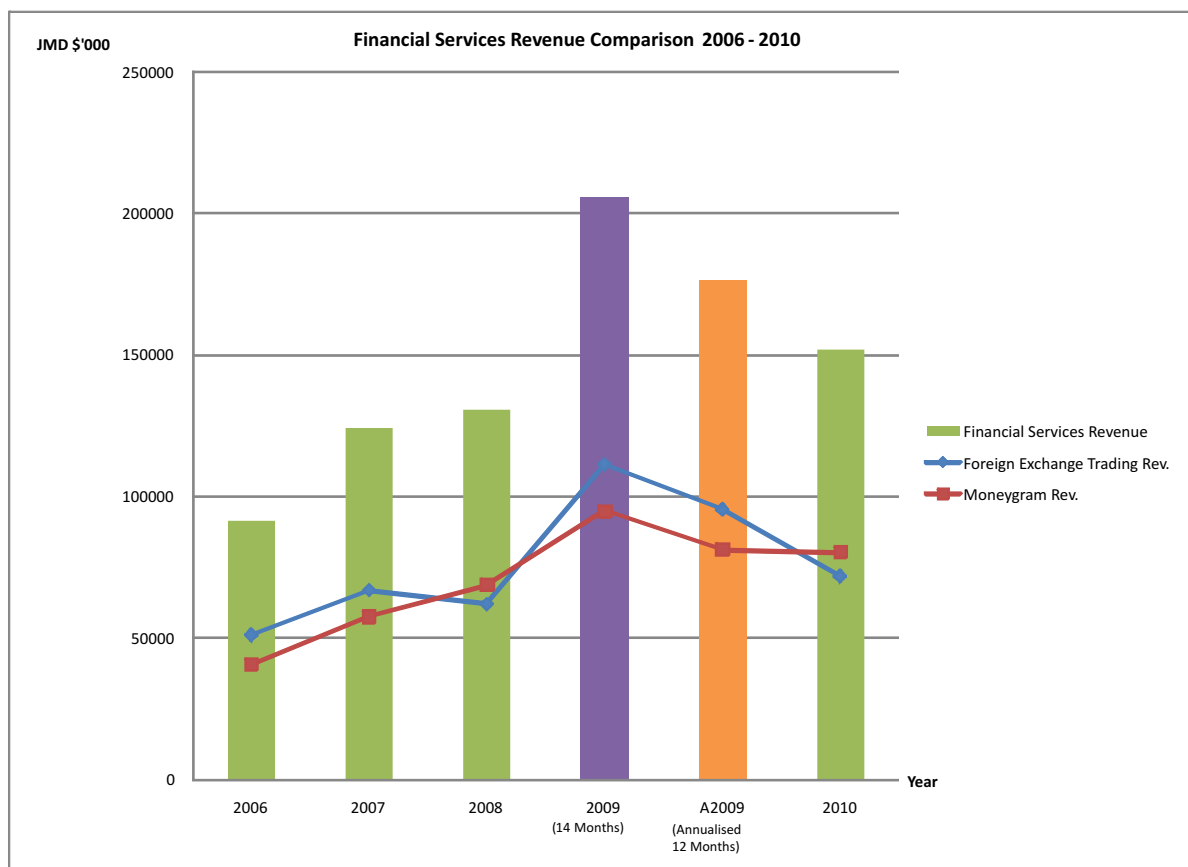


FINANCIAL SERVICES

Supreme Ventures Financial Services Limited (SVFS) offers both MoneyGram money transfer and Cambio operations through the Regional Retail Centres. The subsidiary also has a number of MoneyGram sub-agents, including Jamaican Post Offices islandwide.

For the subsidiary, there was a 24.72% decline in revenue from foreign exchange trading when compared to annualized revenue in 2009 of \$95.39M. Total revenue for the 2010 period was \$71.82M, in comparison to the fourteen-month 2009 financial period, where the reported revenue was \$111.29M, a 35.47% decline. The foreign exchange trading revenue was impacted by the Jamaica debt exchange program in April 2010, that re-valued the currency and affected profitability on trades.

The MoneyGram Remittance services reported a 1.02% decline in revenue, when compared to annualized revenue in 2009 of \$81.2M. The total revenue for the 2010 period was \$80.37M, in comparison to the 2009 fourteen-month financial period, where revenue reported was \$94.73M, a 15.16% decline.



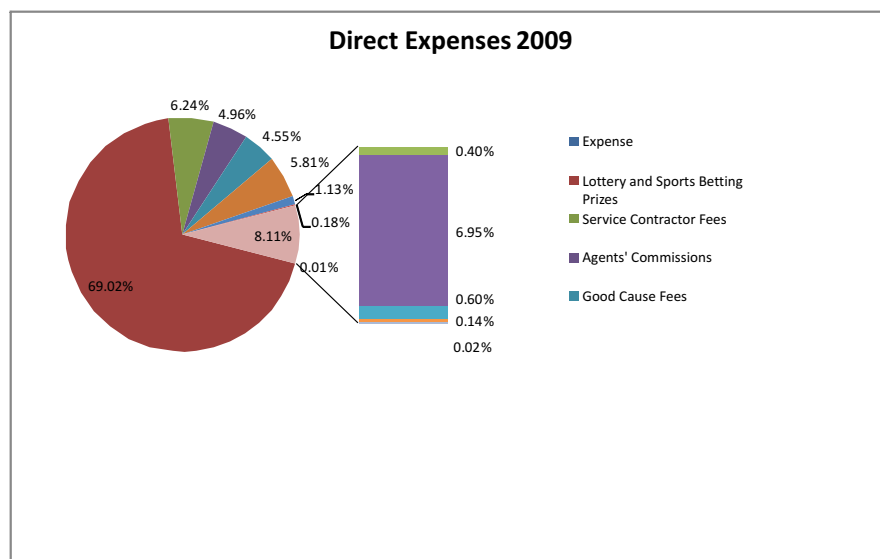
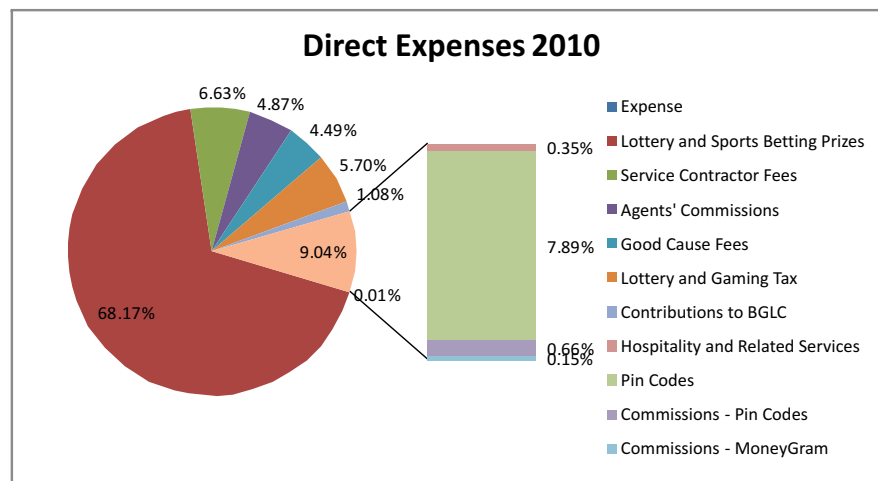
Management Discussion & Analysis (Continued)

DIRECT EXPENSES

Direct expenses increased by 6.8% when compared to the annualised expenses in 2009 of \$21.09B. Total direct expenses for the 2010 period were \$22.52B. When compared to the fourteen-month 2009 financial period where direct expenses were \$24.6B, this reflected a 8.46% decline. Significant contributors to the increase in 2010 were:

- Lottery and Sports Betting Prizes
- Service Contractor Fees
- Lottery and Gaming Taxes
- Good Cause Fees (CHASE Fund)
- Agent Commissions

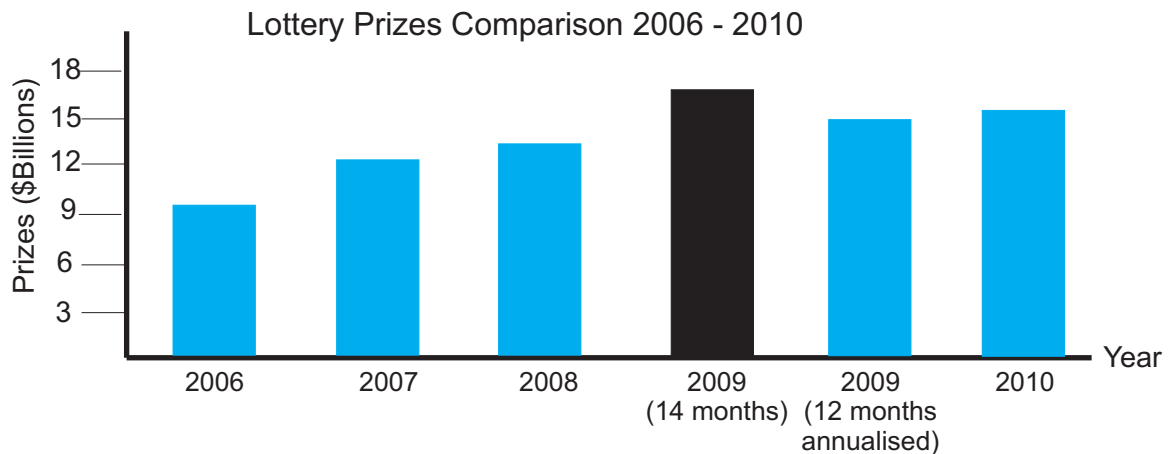
Comparison of Direct Expenses 2010 vs 2009



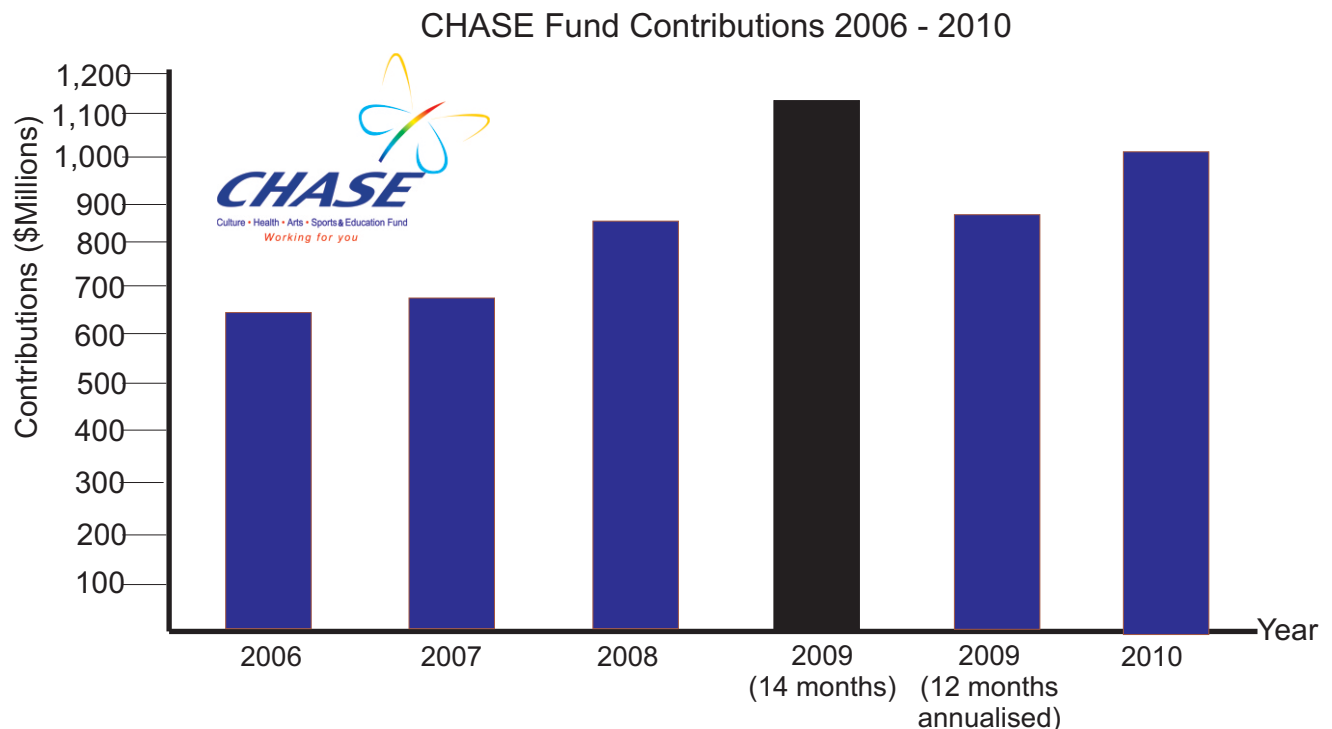
Management Discussion & Analysis (Continued)

LOTTERY PRIZES

The Lottery prizes accounted for 68% of the direct expenses, with Cash Pot and Pick 3 being the two largest pay outs. Lottery prizes for 2010 equated to \$15.4B of direct expenses



The SVL Group continues to be the major contributor to the 'Good Cause' CHASE Fund. The Group contributed over \$1B from direct expenses in 2010.



Management Discussion & Analysis (Continued)

CONCLUSION

The Group effectively maintained operations and provided new business ventures which contributed to profitability and productivity in 2010. The new ventures included: The opening of Acropolis Portmore in July, establishment of the sports betting brand - JustBet, implementation of the 4th draw for Cash Pot and Pick 3, addition to our lottery game - Pick 2 and the opening of a new Regional Retail Centre in May Pen, in December. While there were challenges in 2010, we anticipate that these investments will generate increasing profits and dividends well into the future. We continue to exercise the Group's core values of providing entertainment, fun and excitement for our loyal customers, agents and shareholders.

OUTLOOK FOR 2011

Notwithstanding the challenges experienced in 2010, the management of SVL continues to be extremely optimistic about the medium and long-term prospects for the company.

Having made the strategic investments necessary for revenue growth, the management will be focusing our attention on the reduction of operating expenses, that will be necessary to afford us the projected profit in the future.

As of the date of the Annual General Meeting, we would have successfully negotiated and received an extension to our Lottery Licence, to the year 2026. This extension continues to reinforce the commitment we have to our stakeholders and also serves as a vote of confidence from the Betting, Gaming & Lotteries Commission (BGLC), about the way that the management and Board of Directors have conducted business over the past 10 years. This extension has also brought a commitment by the SVL Group of Companies, to invest a minimum of US\$5 Million in the lottery and gaming sectors directly and in partnership with our technology partners.

The extension has also provided SVL with the leverage for re-negotiating its contractual arrangement with GTECH, which will result in a reduction of our fees payable to GTECH and a commitment from both companies, to work together and continue to build the lottery and commercial services market in Jamaica.

We have also negotiated a new contractual relationship with INTRALOT S.A. As of January 3rd 2011, we seamlessly integrated INTRALOT's local operations into Big 'A' Track 2003 Limited T/A Supreme Ventures Sports Betting, to better leverage the strengths of both companies. Under this new arrangement, INTRALOT will be providing the necessary technology to Prime Sports, to upgrade the VLTs at our gaming lounges in the Acropolis (May Pen, Portmore and Barbican) venues and at Coral Cliff in Montego Bay.

Management Discussion & Analysis (Continued)

In addition to new VLTs for the lounges, we will be expanding our VLT strategy to include Sports Bars around the island, once the Gaming Regulations are passed. We will also be aggressively pursuing our plans for a wider nationwide roll-out of the Sport Betting program, with the ultimate objective of having a minimum of 400 terminals, up from the current base of 80 active terminals.

Finally, in 2011, special attention will be paid to the growth and expansion of the services offered through Supreme Ventures Financial Services. This will require an expansion of the availability of sub-agents offering the MoneyGram product, along with a more focused emphasis on building the Cambio business through our Regional Retail Centres.

RISK MANAGEMENT

Our Approach

The SVL Group considers risk as anything that could affect the achievement of our business objectives. Therefore, the Group is exposed to many different types of risks through the various activities it engages in to fulfill its objectives.

We classify our business objectives into four main areas:

1. Strategic Objectives – high-level organizational goals, aligned with the Group's mission
2. Operating Objectives – internal standards of efficiency and effectiveness
3. Financial Reporting Objectives – internal and external reporting requirements
4. Compliance Objectives – adherence to statutory and regulatory requirements

Our risk management framework is geared towards effective management of the risks related to the above-named objectives. The Group takes an enterprise-wide approach to the identification, measurement, monitoring, reporting and management of risks. The framework was developed based on the nature and extent of the Group's activities and takes authoritative reference and/or guidance from the following sources:

- Companies Act, 2004
- Jamaica Stock Exchange rules and regulations
- Other local statutory and regulatory requirements
- Sarbanes Oxley Act (particularly, sections 302 and 404)

Management Discussion & Analysis (Continued)

- COSO Framework
- ISO 31000:2009

Our Risk Management Structure

One of the main objectives of the framework is to enhance our confidence and risk intelligence, in seeking to maximize stakeholder returns while safeguarding existing assets.

The framework is administered through its different components, which are:

- ✓ The Board of Directors & Audit Committee
- ✓ The Senior Management & Business Units
- ✓ The Strategic Planning & Risk Management Unit

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. One of the Board's critical responsibilities is to manage the risks affecting the Group's strategic objectives. The Board's risk management mandate is carried out primarily through its Audit Committee.

The Audit Committee has oversight for the management of risks relating to the Group's financial reporting objectives. This includes monitoring the systems for ensuring the integrity of the financial statements, reviewing the system of internal controls, management of balance sheet risks (which includes liquidity, interest rate and foreign currency risks) and setting and monitoring risk limits and controls. Risk limits and controls are integral to the risk management process, as they characterize the Board's tolerance as well as that of the Regulators.

Senior management and business units support the entity's risk management approach, promote compliance with its risk appetite and manage risks within their spheres of responsibility, consistent with risk limits set by the Board's Audit Committee. The business units are responsible for the day-to-day identification and response to risk exposures within their limits and the prompt communication of issues to senior management.

Our management approach, business policies and processes allow us to place the ownership and accountability for risks with our business units, since they are intimate with the changing nature of risks and are best able to act on our behalf in managing and mitigating those risks. Day-to-day risk management support is provided by the Strategic Planning & Risk Management unit.

Management Discussion & Analysis (Continued)

The Group's establishment of a Strategic Planning & Risk Management unit underscores its commitment to developing its enterprise planning and risk management systems. One of the unit's guiding principles is to establish and monitor effective systems for promoting risk intelligence and proper risk communication across the Group. The unit includes the critical functions of compliance and internal audit. Compliance manages the Group's system for adherence to statutory and regulatory requirement as well as internal reporting and operating standards.

While the unit provides administrative oversight for the Internal Audit function, the scope and direction of all internal audit work is set and reviewed by the Board's Audit Committee. One of the primary roles of our Internal Audit function is to provide objective assurance to the Board (through the Audit Committee), on the effectiveness of the Group's risk management activities, to help ensure that key business risks are being managed appropriately and that the system of internal control is operating effectively.

Therefore, the internal audit role plays a key function in evaluating the Group's risk management processes and advocating for continued improvement. However, to preserve its organizational independence and objective judgment, the internal audit function does not take any direct responsibility for making risk management decisions or executing the risk management processes.

The Role of Policies & Procedures

Policies define and express the Group's overall risk appetite and are developed based on the risk culture of our business unit and regulatory requirements, with input from the Board of Directors and Senior Management. Policies set the boundaries on the types of risks the Group is prepared to assume and specify the manner in which the Group assumes these risks. Rigorous policies and procedures are established throughout the organization and are approved by the Audit Committee.

Our Business Risks

The main risks faced by the Supreme Ventures Group are identified as: credit risks, market risks, operational risks, liquidity risks, regulatory and legal risks and reputational risks.

These are described below:

Credit Risk

Credit risk is the potential for loss resulting from the failure of a customer or counter-party to honour its financial or contractual obligations to the Group. Credit exposure for the Group occurs mainly in receivables from lottery agents, arising from their sales and from cash and bank balances. The Group's credit risk exposure is summarized in Note 42.4

Management Discussion & Analysis (Continued)

Market Risk

Market risk arises from changes in market prices and rates (including interest rates and foreign exchange rates), the correlations among them and their levels of volatility. The Group's foreign currency risk exposure is summarized in Notes 42.6.1 and 41.6.2 and the interest rate risk exposure in Notes 42.6.4

Liquidity Risk

Liquidity risk is the risk that the Group is unable to meet its financial obligations in a timely manner, at reasonable prices. Financial obligations include prize liabilities, other trade payables, long-term loans and leases. Effective liquidity risk management is essential in order to maintain the confidence of our customers and counter-parties, and improves our ability to continue generating revenue, even under adverse conditions. The Group's liquidity risk exposure is summarized in Note 42.5.

Operational Risk

Operational risk is the risk of loss 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 pose 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)

Reputational Risk (continued)

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. All risk 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.

