

SUPREME VENTURES LIMITED
AUDITED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015



SUPREME VENTURES LIMITED
FINANCIAL STATEMENTS
DECEMBER 31, 2015



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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 the consolidated financial statements of the Company and its subsidiaries (the Group), set out on pages 3 to 67, which comprise the Group's and the Company's statements of financial position as at December 31, 2015, the Group's and the Company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 as to whether or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including our assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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.

**INDEPENDENT AUDITORS' REPORT**

To the Members of
SUPREME VENTURES LIMITED

Report on the Financial Statements (continued)*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, 2015, and of the Group's and the Company's financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the Jamaican Companies Act.

Report on additional matters as required by 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, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

A handwritten signature of the KPMG firm, written in blue ink.


Chartered Accountants
Kingston, Jamaica

February 24, 2016

SUPREME VENTURES LIMITEDGroup Statement of Financial Position
December 31, 2015

	<u>Notes</u>	<u>2015</u> \$'000	<u>2014</u> \$'000
ASSETS			
Non-current assets			
Property and equipment	4	751,905	1,731,772
Investment properties	5	756,238	-
Goodwill and intangible assets	6	642,779	644,873
Long-term receivables	8	550,974	406,442
Available-for-sale investments	9	5,363	5,363
Deferred tax assets	10	137,882	98,003
Other assets	11	<u>-</u>	<u>20,369</u>
Total non-current assets		<u>2,845,141</u>	<u>2,906,822</u>
Current assets			
Inventories	12	149,413	101,720
Income tax recoverable		13,155	-
Trade and other receivables	14	752,155	664,479
Cash and cash equivalents	15	<u>1,639,049</u>	<u>2,227,493</u>
Total current assets		<u>2,553,772</u>	<u>2,993,692</u>
Total assets		<u>5,398,913</u>	<u>5,900,514</u>
EQUITY AND LIABILITIES			
Stockholders' equity			
Share capital	16	1,967,183	1,967,183
Capital reserve	17	62,486	62,486
Retained earnings	18	<u>1,564,368</u>	<u>2,015,716</u>
Total stockholders' equity		<u>3,594,037</u>	<u>4,045,385</u>
Non-current liability			
Deferred tax liabilities, being total non-current liability	10	<u>-</u>	<u>7,951</u>
Current liabilities			
Trade and other payables	19	1,251,720	1,137,930
Prize liabilities	20	268,536	599,088
Loans payable	21	-	77,000
Income tax payable		<u>284,620</u>	<u>33,160</u>
Total current liabilities		<u>1,804,876</u>	<u>1,847,178</u>
Total stockholders' equity and liabilities		<u>5,398,913</u>	<u>5,900,514</u>

The financial statements on pages 3 to 67 were approved for issue by the Board of Directors on February 24, 2016 and signed on its behalf by:



Paul Ho Director



Brian George Director

The accompanying notes form an integral part of the financial statements.

SUPREME VENTURES LIMITEDGroup Statement of Profit or Loss and Other Comprehensive Income
Year ended December 31, 2015

	<u>Notes</u>	<u>2015</u> \$'000	<u>2014</u> \$'000
Revenue	22	43,847,020	41,309,545
Direct expenses	23	(39,429,684)	(37,586,698)
Gross profit		4,417,336	3,722,847
Operating expenses	24	(2,982,306)	(2,648,936)
Profit from operations		1,435,030	1,073,911
Interest income		74,538	75,655
Net foreign exchange gains	25	8,101	6,016
Finance costs	26	(2,973)	(16,344)
Other gains	27	<u>100,134</u>	<u>76,503</u>
Profit before taxation	28	1,614,830	1,215,741
Taxation	29	(431,080)	(285,824)
Profit for the year, being total comprehensive income for the year		<u>1,183,750</u>	<u>929,917</u>
Earnings per stock unit	30	<u>44.89</u> cents	<u>35.26</u> cents

The accompanying notes form an integral part of the financial statements.

SUPREME VENTURES LIMITEDGroup Statement of Changes in Equity
Year ended December 31, 2015

	<u>Share capital</u> \$'000 (Note 16)	<u>Capital reserve</u> \$'000 (Note 17)	<u>Retained earnings</u> \$'000 (Note 18)	<u>Total</u> \$'000
Balance as at December 31, 2013	1,967,183	62,486	1,613,250	3,642,919
Profit for the year, being total comprehensive income for the year	-	-	929,917	929,917
Transactions with stockholders				
Distributions (note 34)	<u>-</u>	<u>-</u>	(527,451)	(527,451)
Balance as at December 31, 2014	1,967,183	62,486	2,015,716	4,045,385
Profit for the year, being total comprehensive income for the year	-	-	1,183,750	1,183,750
Transactions with stockholders				
Distributions (note 34)	<u>-</u>	<u>-</u>	(1,635,098)	(1,635,098)
Balance as at December 31, 2015	<u>1,967,183</u>	<u>62,486</u>	<u>1,564,368</u>	<u>3,594,037</u>

The accompanying notes form an integral part of the financial statements.

SUPREME VENTURES LIMITEDGroup Statement of Cash Flows
Year ended December 31, 2015

	<u>2015</u> \$'000	<u>2014</u> \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	1,183,750	929,917
Adjustments for:		
Depreciation of property and equipment	177,913	204,181
Depreciation of investment properties	9,102	-
Amortisation of intangible assets	10,658	17,023
Amortisation of other assets	4,381	6,855
Loss on disposal and write-off of property and equipment	57,782	29,926
Impairment of available-for-sale investment	-	348
Impairment of investment properties	102,729	-
Impairment of other assets	15,988	-
Intangible assets written off	3,627	-
Bad debts recognised	97,331	48,068
Net foreign exchange gain on cash and cash equivalents	(6,400)	(33,608)
Interest income	(74,538)	(75,655)
Interest expense	2,973	16,344
Taxation	<u>431,080</u>	<u>285,824</u>
Operating cash flow before movement in working capital	2,016,376	1,429,223
Decrease/(increase) in operating assets		
Inventories	(47,693)	(25,263)
Trade and other receivables	(164,855)	(204,158)
Increase/(decrease) in liabilities		
Trade and other payables	114,696	89,420
Prize liabilities	<u>(330,552)</u>	<u>278,454</u>
Cash generated by operations	1,587,972	1,567,676
Income tax paid	(240,605)	(55,198)
Interest paid	<u>(3,879)</u>	<u>(17,290)</u>
Cash provided by operating activities	<u>1,343,488</u>	<u>1,495,188</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(124,250)	(94,783)
Acquisition of intangible assets	(12,191)	(11,082)
Proceeds on disposal of property and equipment	353	204
Long-term receivables	(162,362)	5,928
Interest received	<u>72,216</u>	<u>72,324</u>
Cash used in investing activities	<u>(226,234)</u>	<u>(27,409)</u>
Cash flows from operating and investing activities carried forward	<u>1,117,254</u>	<u>1,467,779</u>

The accompanying notes form an integral part of the financial statements.

SUPREME VENTURES LIMITED

Group Statement of Cash Flows (Continued)
 Year ended December 31, 2015

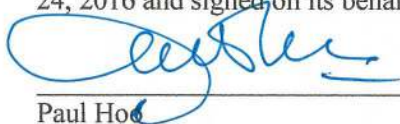
	<u>2015</u> \$'000	<u>2014</u> \$'000
Cash flows from operating and investing activities brought forward	<u>1,117,254</u>	<u>1,467,779</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(1,635,098)	(606,569)
Loans repaid	(77,000)	(141,408)
Cash used in financing activities	<u>(1,712,098)</u>	<u>(747,977)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(594,844)</u>	719,802
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	6,400	33,608
Cash and cash equivalents at the beginning of the year	<u>2,227,493</u>	<u>1,474,083</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>1,639,049</u>	<u>2,227,493</u>

The accompanying notes form an integral part of the financial statements.

SUPREME VENTURES LIMITEDCompany Statement of Financial Position
December 31, 2015

	<u>Notes</u>	<u>2015</u> \$'000	<u>2014</u> \$'000
ASSETS			
Non-current assets			
Property and equipment	4	86,145	92,105
Goodwill and intangible assets	6	189,953	191,328
Investment in subsidiaries	7	1,944,412	1,944,412
Long-term receivables	8	502,645	923,427
Available-for-sale investments	9	5,363	5,363
Deferred tax assets	10	<u>3,367</u>	<u>-</u>
Total non-current assets		<u>2,731,885</u>	<u>3,156,635</u>
Current assets			
Inventories	12	-	2,103
Income tax recoverable		13,140	16,241
Due from subsidiaries	13	227,175	11,422
Dividend receivable from subsidiary		-	39,927
Trade and other receivables	14	164,151	145,196
Cash and cash equivalents	15	<u>92,539</u>	<u>147,610</u>
Total current assets		<u>497,005</u>	<u>362,499</u>
Total assets		<u>3,228,890</u>	<u>3,519,134</u>
EQUITY AND LIABILITIES			
Stockholders' equity			
Share capital	16	1,967,183	1,967,183
Capital reserve	17	62,486	62,486
Retained earnings	18	<u>1,090,159</u>	<u>1,267,004</u>
Total stockholders' equity		<u>3,119,828</u>	<u>3,296,673</u>
Non-current liability			
Deferred tax liability, being total non-current liability	10	<u>-</u>	<u>2,318</u>
Current liabilities			
Trade and other payables	19	109,062	104,037
Due to subsidiaries	13	-	39,106
Loans payable	21	<u>-</u>	<u>77,000</u>
Total current liabilities		<u>109,062</u>	<u>220,143</u>
Total equity and liabilities		<u>3,228,890</u>	<u>3,519,134</u>

The financial statements on pages 3 to 67 were approved for issue by the Board of Directors on February 24, 2016 and signed on its behalf by:


Paul Hood Director


Brian George Director

SUPREME VENTURES LIMITEDCompany Statement of Profit or Loss and Other Comprehensive Income
Year ended December 31, 2015

	<u>Notes</u>	<u>2015</u> \$'000	<u>2014</u> \$'000
Revenue	22	322,654	4,468,817
Direct expenses	23	(2,235)	(4,167,039)
Gross profit		320,419	301,778
Dividend income from wholly-owned subsidiary		1,634,726	568,260
Operating expenses	24	(551,146)	(424,199)
Profit from operations		1,403,999	445,839
Interest income		56,447	104,006
Net foreign exchange losses	25	(1,162)	(1,121)
Finance costs	26	(2,989)	(15,643)
Profit before taxation	28	1,456,295	533,081
Taxation	29	<u>1,958</u>	<u>8,736</u>
Profit for the year, being total comprehensive income for the year		<u>1,458,253</u>	<u>541,817</u>

The accompanying notes form an integral part of the financial statements.

SUPREME VENTURES LIMITEDCompany Statement of Changes in Equity
Year ended December 31, 2015

	<u>Share capital</u> \$'000 (Note 16)	<u>Capital reserve</u> \$'000 (Note 17)	<u>Retained earnings</u> \$'000 (Note 18)	<u>Total</u> \$'000
Balance as at December 31, 2013	1,967,183	62,486	1,252,638	3,282,307
Profit for the year, being comprehensive income for the year	-	-	541,817	541,817
Transactions with stockholders				
Distributions (note 34)	<u>-</u>	<u>-</u>	(527,451)	(527,451)
Balance as at December 31, 2014	1,967,183	62,486	1,267,004	3,296,673
Profit for the year, being comprehensive income for the year	-	-	1,458,253	1,458,253
Transactions with stockholders				
Distributions (note 34)	<u>-</u>	<u>-</u>	(1,635,098)	(1,635,098)
Balance as at December 31, 2015	<u>1,967,183</u>	<u>62,486</u>	<u>1,090,159</u>	<u>3,119,828</u>

The accompanying notes form an integral part of the financial statements.

SUPREME VENTURES LIMITED

Company Statement of Cash Flows
Year ended December 31, 2015

	<u>2015</u> \$'000	<u>2014</u> \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	1,458,253	541,817
Adjustments for:		
Depreciation of property and equipment	5,340	22,270
Amortisation of intangible assets	25	296
Intangible assets written off	1,350	-
Dividend income	(1,634,726)	(568,260)
Impairment of available-for-sale investments	-	348
Net foreign exchange gain on cash and cash equivalents	(216)	(896)
(Gain)/loss on disposal and write-off of property and equipment	(402)	6,126
Interest income	(56,447)	(104,006)
Interest expense	2,989	15,643
Taxation	(1,958)	(8,736)
Operating cash flow before movements in working capital	(225,792)	(95,398)
Decrease/(increase) in operating assets		
Inventories	2,103	72,573
Due from subsidiaries	(215,753)	177,423
Trade and other receivables	(1,506)	16,237
(Decrease)/increase in operating liabilities		
Due to subsidiaries	(39,106)	39,106
Trade and other payables	<u>5,931</u>	<u>(433,643)</u>
Cash generated by operations	(474,123)	(223,702)
Income tax paid	(626)	(17,279)
Interest paid	<u>(3,895)</u>	<u>(16,589)</u>
Cash used in operating activities	<u>(478,644)</u>	<u>(257,570)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(4,035)	(40,074)
Acquisition of other intangible assets	-	(1,350)
Proceeds on disposal of property and equipment	5,057	42,369
Long-term receivables	405,655	274,356
Dividends received	1,674,653	528,333
Interest received	<u>54,125</u>	<u>97,942</u>
Cash provided by investing activities	<u>2,135,455</u>	<u>901,576</u>
Cash flows from operating and investing activities carried forward	<u>1,656,811</u>	<u>644,006</u>

The accompanying notes form an integral part of the financial statements.

SUPREME VENTURES LIMITED

Company Statement of Cash Flows (Continued)
Year ended December 31, 2015

	<u>2015</u> \$'000	<u>2014</u> \$'000
Cash flows from operating and investing activities brought forward	<u>1,656,811</u>	<u>644,006</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(1,635,098)	(606,569)
Loans repaid	(77,000)	(141,408)
Cash used in financing activities	<u>(1,712,098)</u>	<u>(747,977)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(55,287)</u>	<u>(103,971)</u>
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies	216	896
Cash and cash equivalents at the beginning of the year	<u>147,610</u>	<u>250,685</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>92,539</u></u>	<u><u>147,610</u></u>

The accompanying notes form an integral part of the financial statements.

SUPREME VENTURES LIMITED

Notes to the Financial Statements
December 31, 2015

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 located at the 4th Floor, R. Danny Williams Building, 28-48 Barbados Avenue, Kingston 5, Jamaica, W.I.

The main activity of the Company is the management of its subsidiary companies ("subsidiaries"). The Company transferred the sale of electronic pin codes to its subsidiary, Big 'A' Track 2003 Limited, on November 1, 2014.

The Company and its subsidiaries are collectively referred to as "the Group" and 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> %
Prime Sports (Jamaica) Limited and its wholly-owned subsidiaries:	Betting, gaming and lottery operations licensed by the Betting, Gaming and Lotteries Commission (BGLC)	100
Bingo Investments Limited	Not trading	
Chillout Ventures Limited	Not trading	
Supreme Ventures Financial Services Limited	Not trading	100
Supreme Ventures Lotteries Limited	Not trading	100
Transtel Jamaica Limited	Not trading	100
Big 'A' Track 2003 Limited	Pin code sales (effective November 1, 2014)	100

In addition to the entities above, the Group also includes Jamaica Lottery Company Limited, which has been placed into members' voluntary liquidation.

Exodus Gaming and Entertainment Limited (Exodus) was incorporated by Prime Sports (Jamaica) Limited (PSJL) on February 20, 2015. Subsequent to its incorporation, Exodus was issued a gaming machine licence and a prescribed premises licence in relation to a property owned by PSJL. The subject property was also leased to Exodus (note 5). On April 27, 2015, PSJL entered into an agreement with Island Holdings Limited (IHL) for the sale of Exodus for US\$300,000 (note 8).

2. Statement of compliance and basis of preparation(a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, and comply with the relevant provisions of the Jamaican Companies Act ("the Act").

SUPREME VENTURES LIMITED

Notes to the Financial Statements
December 31, 2015

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued)

New, revised and amended standards and interpretations that became effective during the year

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The Group has adopted the amendment to IAS 24, *Related Party Disclosures*, with a date of initial application of January 1, 2015. The standard has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognised as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the key management personnel services. The adoption of this amendment did not have any material impact on the financial statements.

New standards, and interpretations of and amendments to existing standards that are not yet effective

At the date of authorisation of the financial statements, certain new, revised and amended standards and interpretations, have been issued which are not yet effective and which the Group has not early-adopted. The Group has assessed the relevance of all such new standards, amendments and interpretations with respect to its operations and has determined that the following may be relevant to its operations and has concluded as follows:

- IAS 1, *Presentation of Financial Statements*, effective for accounting periods beginning on or after January 1, 2016, has been amended to clarify or state the following:
 - specific single disclosures that are not material do not have to be presented even if they are the minimum requirement of a standard
 - the order of notes to the financial statements is not prescribed
 - line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material
 - specific criteria is now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirement for the statement of profit or loss and OCI
 - the presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounted for using the equity method follows the IAS 1 approach of splitting items that may, or that will never, be reclassified to profit or loss

SUPREME VENTURES LIMITED

Notes to the Financial Statements
December 31, 2015

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued)

New standards, and interpretations of and amendments to existing standards that are not yet effective (continued)

- Amendments to IAS 27, *Equity Method in Separate Financial Statements*, effective for accounting periods beginning on or after January 1, 2016 allow the use of the equity method in separate financial statements, and apply to the accounting for subsidiaries, associates, and joint ventures.
- Amendments to IFRS 11, *Accounting for Acquisitions of Interests in Joint Operations*, effective for accounting periods beginning on or after January 1, 2016, require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. Business combination accounting also applies to the additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value but previously held interests will not be remeasured.
- Amendments to IFRS 10, *Consolidated Financial Statements*, and IAS 28, *Investments in Associates and Joint Ventures*, in respect of sale or contribution of assets between an Investor and its Associate or Joint Venture, are effective for annual reporting periods beginning on or after January 1, 2016. The amendments require that when a parent loses control of a subsidiary in a transaction with an associate or joint venture, the full gain be recognised when the assets transferred meet the definition of a 'business' under IFRS 3, *Business Combinations*.
- Amendments to IFRS 10, *Consolidated Financial Statements*, IFRS 12, *Disclosure of Interests in Other Entities* and IAS 28, *Investments in Associates and Joint Ventures*, effective for accounting periods beginning on or after January 1, 2016, have been amended to introduce clarifications on which subsidiaries of an investment entity are consolidated instead of being measured at fair value through profit or loss. IFRS 10 was amended to confirm that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity. An investment entity shall measure at fair value through profit or loss all of its subsidiaries that are themselves investment entities. IAS 28 was amended to provide an exemption from applying the equity method for investment entities that are subsidiaries and that hold interests in associates and joint ventures. IFRS 12 was amended to clarify that the relevant disclosure requirements in the standard apply to an investment entity in which all of its subsidiaries are measured at fair value through profit or loss.

SUPREME VENTURES LIMITED

Notes to the Financial Statements
December 31, 2015

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued)

New standards, and interpretations of and amendments to existing standards that are not yet effective (continued)

- Amendments to IAS 16 and IAS 38 are effective for annual reporting periods beginning on or after January 1, 2016. The amendments to IAS 16, *Property, Plant and Equipment* explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset. The new amendments to IAS 38, *Intangible Assets* introduce a rebuttable presumption that the use of revenue based amortisation methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are highly correlated or when the intangible asset is expressed as a measure of revenue.
- IFRS 15, *Revenue from Contracts with Customers* is effective for periods beginning on or after January 1, 2018. It replaces IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers* and SIC 31 *Revenue, Barter Transactions Involving Advertising Services*. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other IFRS takes precedence.
- IFRS 9, *Financial Instruments*, is effective for annual reporting periods beginning on or after January 1, 2018. The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. It eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables. For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, to present all fair value changes from the investment in other comprehensive income. The standard includes guidance on classification and measurement of financial liabilities designated as fair value through profit or loss and incorporates certain existing requirements of IAS 39, *Financial Instruments: Recognition and Measurement* on the recognition and derecognition of financial assets and financial liabilities. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

SUPREME VENTURES LIMITED

Notes to the Financial Statements
December 31, 2015

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued)

New standards, and interpretations of and amendments to existing standards that are not yet effective (continued)

- IFRS 16, *Leases*, which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Companies will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short-term leases and for low-value items with value of US\$5,000 or less.

Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases. Finance lease accounting will be based on IAS 17 lease accounting, with recognition of net investment in lease comprising lease receivable and residual asset. Operating lease accounting will be based on IAS 17 operating lease accounting.

Early adoption is permitted if IFRS 15, *Revenue from Contracts with Customers*, is also adopted.

- *Improvements to IFRS 2012-2014 cycle*, contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2016. The main amendments applicable to the Group are as follows:
 - IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* has been amended to clarify that if an entity changes the method of disposal of an asset or disposal group – i.e. reclassifies an asset or disposal group from held-for-distribution to owners to held-for-sale or vice versa without any time lag, then the change in classification is considered a continuation of the original plan of disposal and the entity continues to apply held-for-distribution or held-for-sale accounting. At the time of the change in method, the entity measures the carrying amount of the asset or disposal group and recognises any write-down (impairment loss) or subsequent increase in the fair value less costs to sell/distribute the asset or disposal group. If an entity determines that an asset or disposal group no longer meets the criteria to be classified as held-for-distribution, then it ceases held-for-distribution accounting in the same way as it would cease held-for-sale accounting.

SUPREME VENTURES LIMITED

Notes to the Financial Statements
December 31, 2015

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued)

New standards, and interpretations of and amendments to existing standards that are not yet effective (continued)

- *Improvements to IFRS 2012-2014 cycle (continued)*
 - IFRS 7, *Financial Instruments: Disclosures*, has been amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred assets in cases when they are derecognised in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset -e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement'.
 - IFRS 7 has also been amended to clarify that the additional disclosures required by *Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)* are not specifically required for inclusion in condensed interim financial statements for all interim periods; however, they are required if the general requirements of IAS 34, *Interim Financial Reporting*, require their inclusion.
 - IAS 34, *Interim Financial Reporting*, has been amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements, may be disclosed "elsewhere in the interim financial report". The interim financial report is incomplete if the interim financial statements and any disclosures incorporated by cross-reference are not made available to users of the interim financial statements on the same terms and at the same time.

Management is evaluating the impact, if any, that the foregoing standards and amendments to standards may have on its financial statements when they are adopted.

(b) Basis of measurement

The financial statements are prepared on the historical cost basis, except for the inclusion of available-for-sale investments at fair value.

(c) Functional and presentation currency

The financial statements are presented in Jamaica dollars (\$), which is the functional currency of the Group.

SUPREME VENTURES LIMITED

Notes to the Financial Statements
December 31, 2015

2. Statement of compliance and basis of preparation (continued)

(d) Use of estimates and judgements

The preparation of the financial statements to conform with IFRS requires management to make estimates and assumptions that affect the reported amount of, and disclosures relating to assets, liabilities and contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, and future years, if the revision affects both current and future period.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are presented below:

(i) Allowance for impairment losses on receivables

In determining amounts recorded for impairment of accounts receivable in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from accounts receivable, for example, repayment default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired accounts receivable, as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individual significant accounts receivable and total trade accounts receivable with similar characteristics, such as credit risks.

(ii) Residual value and expected useful life of property and equipment and investment properties

The residual value and the expected useful life of an asset are reviewed at least at each financial year-end, and, if expectations differ from previous estimates, the change is accounted for. The useful life of an asset is defined in terms of the asset's expected utility to the Group.

(iii) Impairment of goodwill and intangible assets

Impairment of goodwill and intangible assets is dependent upon management's internal assessment of future cash flows from the cash-generating units that gave rise to the goodwill and intangible assets. That internal assessment determines the amount recoverable from future use of those units. In addition, the estimate of the amount recoverable from future use of those units is sensitive to the discount rates used.

SUPREME VENTURES LIMITED

Notes to the Financial Statements
December 31, 2015

2. Statement of compliance and basis of preparation (continued)

- (e) Where necessary, comparative amounts have been reclassified to conform with changes in the presentation in the current year.

Investment in joint venture reported as such in 2014 and earlier represents the group's interest in parking arrangements shared with a third party but considered necessary to maximise value-in-use of certain of its real property. During 2015, management reassessed the accounting treatment and concluded that the appropriate classification is as part of Property and equipment, together with the primary property (note 4). Accordingly, the following reclassifications occurred in 2015:

	<u>Group</u>		
	<u>2014</u>		
	<u>As previously reported</u>	<u>Reclassification</u>	<u>As reclassified</u>
	\$'000	\$'000	\$'000
Property and equipment	1,697,551	34,221	1,731,772
Interest in joint venture	<u>34,221</u>	<u>(34,221)</u>	<u>-</u>
	<u>2013</u>		
	<u>As previously reported</u>	<u>Reclassification</u>	<u>As reclassified</u>
	\$'000	\$'000	\$'000
Property and equipment	1,837,079	34,221	1,871,300
Interest in joint venture	<u>34,221</u>	<u>(34,221)</u>	<u>-</u>

The reclassification did not have a material effect on the statement of financial position and therefore, the 2013 Statement of Financial Position has not been presented.

3. Significant accounting policies(a) Basis of consolidation

The consolidated financial statements include the assets, liabilities and results of operations of the Company and its subsidiaries presented as a single economic entity.

Subsidiaries are those entities controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

SUPREME VENTURES LIMITED

Notes to the Financial Statements
December 31, 2015

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

The company and its subsidiaries are collectively referred to as “Group”.

Intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries are consistent with those of the Group.

The Group uses the acquisition method of accounting for business combinations. The cost of acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of revenue and expenses.

(b) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. An operating segment’s results are reviewed regularly to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results are reported to the Group’s executive management (collectively considered the chief operating decision maker) which includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

All transactions between business segments are conducted on an arm’s length basis, with intersegment revenue and cost eliminated on consolidation. Income and expenses directly associated with each segment are included in determining business segment performance.

No geographical segment reporting is recognised as the Group’s operations are located solely in Jamaica.

SUPREME VENTURES LIMITED

Notes to the Financial Statements
December 31, 2015

3. Significant accounting policies (continued)

(b) Segment reporting (continued)

The Group's reportable segments under IFRS 8 are as follows:

- | | | |
|-----------------------------|---|--|
| (i) Lottery | - | Lottery games, offered through the agents' network. |
| (ii) Gaming and hospitality | - | Video Lottery Terminal (VLT) games offered at gaming lounges and food and beverage operations. |
| (iii) Sports betting | - | Wagers on international sporting events offered through the agents' network. |
| (iv) Pin codes | - | Sale of pin codes through the agents' network. |
| (v) Other | - | All other income. |

(c) Property and equipment

(i) Owned assets

Freehold land, art and paintings are stated at historical cost. All other property and equipment are stated at cost, less accumulated depreciation and impairment losses [note 3(f)]. Cost includes expenditures that are directly attributable to the acquisition of the assets.

The cost of self-constructed assets includes the cost of materials and direct labour, plus related borrowing costs and any other costs directly attributable to bringing the asset to a working condition for its intended use.

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied with the part will flow to the Group and its costs can be measured reliably. The costs of day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

SUPREME VENTURES LIMITED

Notes to the Financial Statements
December 31, 2015

3. Significant accounting policies (continued)

(c) Property and equipment (continued)

(ii) Depreciation

Property and equipment, with the exception of freehold land, art and paintings on which no depreciation is provided, are depreciated on the straight-line basis at annual rates estimated to write down the assets to their residual values over their expected useful lives. The depreciation rates are as follows:

Freehold buildings	40 years
Video lottery terminal (VLT) equipment	5-10 years
Furniture, fixtures machinery & equipment	3-10 years
Computer equipment	3-5 years
Motor vehicles	5-8 years
Signs & posters	5-10 years
Leasehold improvements	Shorter of lease term and useful life

The depreciation methods, useful lives and residual values are reassessed at each reporting date.

(d) Investment properties

Investment properties, comprising freehold land and buildings, are held for long-term rental yields, are not occupied by the Group and are carried at cost less accumulated depreciation and impairment losses. Land is not depreciated. Freehold buildings are depreciated on the straight line basis over their expected useful lives of 40 years.

(e) Goodwill and intangible assets

(i) Goodwill

Goodwill represents amounts arising on acquisition of subsidiaries and other business ventures. It comprises the excess of the cost of the acquisition over the fair value of the net identifiable assets acquired.

Goodwill is stated at cost, less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment. Negative goodwill arising on acquisition is recognised directly in profit or loss.

(ii) Trademarks and licences

Trademarks, licences and permits with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate, with the effect of any changes in estimate being accounted for on a prospective basis. Amortisation is charged on the straight-line basis over the estimated useful lives. Useful lives are currently estimated as follows.

Licenses and permits	5 years
Trademarks	10 years

SUPREME VENTURES LIMITED

Notes to the Financial Statements
December 31, 2015

3. Significant accounting policies (continued)

(e) Goodwill and intangible assets (continued)

(ii) Trademarks and licences (continued)

Trademarks, licences and permits with indefinite useful lives are carried at cost less accumulated impairment losses. The useful lives of such assets are reviewed at each reporting date to determine whether events and circumstances continue to support an indefinite useful life assessment for those assets. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate.

(iii) Other intangible assets

Other intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on the straight-line basis over its estimated useful life. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate, with the effect of any changes in the estimate being accounted for on a prospective basis.

The amortisation rates are as follows:

Computer software	3 years
Software usage rights	10 years

(iv) Derecognition of goodwill and intangible assets

Goodwill and intangible assets are derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from the derecognition of goodwill and intangible assets, measured as the difference between the net proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(f) Impairment of non-financial assets

The carrying amounts of non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of other assets in the unit on a pro rata basis. Impairment losses are recognised in profit or loss.

SUPREME VENTURES LIMITED

Notes to the Financial Statements
December 31, 2015

3. Significant accounting policies (continued)

(f) Impairment of non-financial assets (continued)

(i) Calculation of recoverable amount

The recoverable amount of non-financial assets is the greater of their fair value less costs 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Financial instruments

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

(i) Classification of financial instruments

The Group classifies non-derivative financial assets into the following categories: *loans and receivables* and *available-for-sale*. Management determines the appropriate classification of investments at the time of purchase.

The Group classifies financial liabilities into the other financial liabilities category.

(ii) Recognition and derecognition

The Group recognises a financial instrument when it becomes a party to the contractual terms of the instrument.

The Group initially recognises loans and receivables and equity securities on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

SUPREME VENTURES LIMITED

Notes to the Financial Statements
December 31, 2015

3. Significant accounting policies (continued)

(g) Financial instruments (continued)

(ii) Recognition and derecognition (continued)

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains all or substantially all the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations expire or are discharged or cancelled.

(iii) Measurement

Cash and cash equivalents: Cash comprises cash in hand and demand and call deposits. Cash equivalents are short-term, highly liquid financial assets that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. These include certificates of deposit where the maturities do not exceed three months from the date of acquisition. Cash and cash equivalents are carried at amortised cost.

Loans and receivables: Securities acquired and loans granted with fixed or determinable payments, and which are not quoted in an active market, are classified as loans and receivables.

Securities purchased under resale agreements ('resale agreements'): Resale agreements are short-term transactions in which the Group makes funds available to other parties and in turn receive securities which they agree to resell on a specified date at a specified price. Resale agreements are accounted for as short-term collateralised lending, and carried at amortised cost. The difference between the purchase and resale consideration is recognised on the accrual basis over the period of the contract using the effective interest method and is included in interest income. On initial recognition they are measured at fair value, plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost, using the effective interest method, less impairment losses.

Trade and other receivables and *Due from subsidiaries* are stated at amortised cost less impairment losses.

SUPREME VENTURES LIMITED

Notes to the Financial Statements
December 31, 2015

3. Significant accounting policies (continued)

(g) Financial instruments (continued)

(iii) Measurement (continued)

Available-for-sale: Other investments are classified as available-for-sale. On initial recognition, they are measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value, with unrealised gains and losses arising from changes in fair value, except for impairment losses, and, in the case of equity securities, foreign exchange gains and losses, being recognised in other comprehensive income and accumulated in fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Other financial liabilities: Long-term liabilities are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, long-term liabilities are measured at amortised cost using effective interest method.

Prize liabilities, Trade and other payables, and Due to subsidiaries are stated at amortised cost.

(iv) Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original interest rate. Receivables with a short duration are not discounted.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

SUPREME VENTURES LIMITED

Notes to the Financial Statements
December 31, 2015

3. Significant accounting policies (continued)

(h) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the fair value of an instrument is measured by using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, valuation techniques are used that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e., the fair value of the consideration given or received. If it is determined that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price.

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 – Quoted market price (unadjusted) in an active market for identical assets or liabilities.
- Level 2 – Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3 – Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

SUPREME VENTURES LIMITED

Notes to the Financial Statements
December 31, 2015

3. Significant accounting policies (continued)

(h) Fair value measurement (continued)

Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change has occurred.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads, and other premiums used in estimating discount rates.

Considerable judgment is required in interpreting market data to arrive at estimates of fair values. Consequently, the estimates arrived at may be significantly different from the actual price of the instrument in an arm's length transaction.

(i) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income.

Current income tax is the expected tax payable on the income for the year, using tax rates enacted at the reporting date, and any adjustment to income tax in respect of previous years.

Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on laws that have been enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be realised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(j) Inventories

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

SUPREME VENTURES LIMITED

Notes to the Financial Statements
December 31, 2015

3. Significant accounting policies (continued)

(k) Revenue

(i) Lottery

Ticket sales - lottery games are sold to players by contracted retail agents. Revenue is recognised when tickets are sold.

Unclaimed prizes – in keeping with clause number 28 of the lottery licence held by Prime Sports (Jamaica) Limited, winning tickets must be redeemed within 90 days of the relevant draw unless otherwise notified. Any valid winning ticket presented after 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 the BGLC. Fifty percent (50%) of unclaimed prizes (net of taxes where applicable) is paid over to the CHASE Fund and the remaining fifty percent (50%) paid to the BGLC.

(ii) VLT gaming

Revenue is recognised as the net win from gaming activities, which is the difference between gaming wins and losses before deducting costs and expenses at the end of each gaming day.

(iii) Sports betting

Revenue represents the gross sales of the bets taken on international sporting events at all branches, net of refunds. Revenue is recognised when wagers are placed by players evidenced by ticket sales.

(iv) Pin codes

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

(v) Hospitality and related services

Hospitality and related services include food and beverage sales and are recognised when the goods/services are provided.

(vi) Management fees

The Company provides management services to its subsidiaries. Fees are recognised when services are provided.

(vii) Interest income

Interest income is accrued by reference to the principal outstanding and at the effective interest rate applicable, which is the expected rate that exactly discounts estimated future cash receipts through the life of the financial asset to that asset's net carrying amount.

SUPREME VENTURES LIMITED

Notes to the Financial Statements
December 31, 2015

3. Significant accounting policies (continued)

(k) Revenue (continued)

(viii) Rental income

Rental income from investment properties is recognised as revenue on a straight-line basis over the term of the lease.

(ix) Dividend income

Dividend income is recognised when the right to receive payment is established.

(l) Employee benefit costs

(i) The Company is the sponsoring employer of a Group defined contribution pension scheme under the control of trustees and administered by a licensed organisation. Contributions are recognised as an expense by the employer as incurred.

(ii) Employee leave entitlements are recognised when they accrue to employees. A provision is made for the estimated liability for vacation leave as a result of services rendered by employees up to the reporting date.

(m) Finance costs

Finance costs are recognised using the effective interest method in profit or loss.

(n) Leases

A lease is classified as a 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.

(o) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24, *Related Party Disclosures* as the “reporting entity” in this case, the Group).

A party is related to the reporting entity if:

- (i) A person or a close member of that person’s family is related to a reporting entity if that person:
 - (a) has control or joint control over the reporting entity;
 - (b) has significant influence over the reporting entity; or
 - (c) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

SUPREME VENTURES LIMITED

Notes to the Financial Statements
December 31, 2015

3. Significant accounting policies (continued)

(o) Related parties (continued)

(ii) An entity is related to a reporting entity if any of the following conditions applies:

- (a) The entity and the reporting entity are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
- (c) Both entities are joint ventures of the same third party.
- (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (e) The entity is a post-employment benefit plan established for the benefit of employees of either the Group or an entity related to the Group.
- (f) The entity is controlled, or jointly controlled, by a person identified in (i).
- (g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (h) The entity, or any member of a group of which it is part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

(p) Foreign currencies

In preparing the financial statements of the Group, transactions in currencies other than the Group's functional currency, the Jamaica dollar, are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at that date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

SUPREME VENTURES LIMITED

Notes to the Financial Statements
December 31, 2015

3. Significant accounting policies (continued)

(q) Determination of profit or loss

Profit is determined as the difference between the revenues from goods and services rendered and the relevant costs and charges incurred during the year. Profits on transactions are taken in the year in which they are realised. A transaction is realised at the moment of delivery of goods and services. Losses are recognised in the year in which they are realised or determinable.

(r) Share capital

(i) Classification

Ordinary stock units are classified as equity when there is no obligation to transfer cash or other assets.

(ii) Share issue costs

Incremental costs directly attributable to the issue of new stock units or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

(s) Dividends

Dividends are recorded in the financial statements in the period in which they are declared.

SUPREME VENTURES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2015

	The Group											
	Freehold land \$'000	Freehold buildings \$'000	Leasehold building \$'000	Leasehold improvements \$'000	Video lottery terminal equipment \$'000	Furniture, fixtures, machinery & equipment \$'000	Computer equipment \$'000	Motor vehicles \$'000	Art & paintings \$'000	Signs & posters \$'000	Capital Work-in-progress \$'000	Total \$'000
Cost												
December 31, 2013	187,921*	934,954	120,348	476,832	559,134	820,058	37,316	151,618	2,363	26,709	1,981	3,319,234
Additions	-	22,503	-	14,854	(4,026)	55,232	4,175	-	-	-	(1,981)	94,783
Reclassifications	-	2,022	-	18	(7,165)	(37,267)	29,743	(1,215)	-	380	-	(10,345)
Transfers	-	120,348	(120,348)	-	(7,165)	7,165	-	-	-	-	-	-
Disposals/write-offs	-	-	-	(21,264)	(36,182)	(330)	(532)	(8,114)	-	-	-	(66,422)
December 31, 2014	187,921	1,079,827	-	470,440	511,761	844,858	70,702	142,289	2,363	27,089	-	3,337,250
Additions	-	2,940	-	22,005	45,638	34,453	13,620	-	-	5,594	-	124,250
Reclassifications	(134,221)**	(873,840)**	-	(113,508)	-	113,508	-	(10,848)	-	(1,007)	-	(1,028,061)
Disposals/write-offs	-	(4,307)	-	(42,234)	(76,703)	(3,827)	-	-	-	-	-	(138,926)
December 31, 2015	33,700	204,620	-	336,703	480,696	988,992	84,322	131,441	2,363	31,676	-	2,294,513
Accumulated depreciation												
December 31, 2013	-	128,417	18,554	239,105	362,435	574,635	33,655	66,027	-	25,106	-	1,447,934
Depreciation	-	23,641	3,009	49,528	56,903	41,648	6,470	22,569	-	413	-	204,181
Reclassifications	-	1,304	-	(173)	(19,136)	(6,746)	15,082	(996)	-	320	-	(10,345)
Transfers	-	21,563	(21,563)	-	(1,815)	1,815	-	-	-	-	-	-
Disposals/write-offs	-	-	-	(5,990)	(24,002)	(45)	(301)	(5,954)	-	-	-	(36,292)
December 31, 2014	-	174,925	-	282,470	374,385	611,307	54,906	81,646	-	25,839	-	1,605,478
Depreciation	-	17,858	-	41,130	43,735	45,208	7,164	22,562	-	256	-	177,913
Reclassifications	-	(159,992)**	-	(88,039)	-	88,039	-	-	-	-	-	(159,992)
Disposals/write-offs	-	(60)	-	(16,686)	(52,245)	(654)	-	(10,848)	-	(298)	-	(80,791)
December 31, 2015	-	32,731	-	218,875	365,875	743,900	62,070	93,360	-	25,797	-	1,542,608
Net book values												
December 31, 2015	33,700	171,889	-	117,828	114,821	245,092	22,252	38,081	2,363	5,879	-	751,905
December 31, 2014	187,921	904,902	-	187,970	137,376	233,551	15,796	60,643	2,363	1,250	-	1,731,772
December 31, 2013	187,921*	806,537	101,794	237,727	196,699	245,423	3,661	85,591	2,363	1,603	1,981	1,871,300*

*This includes freehold land owned by Jonepar Development Limited, in which the Group has a 50% interest [note 2(e)].

**Property, previously occupied by the Group, was transferred, during the current reporting period, to investment properties arising from a change in use (note 5).

SUPREME VENTURES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2015

4. Property and equipment (continued)

	The Company										
	Freehold land \$'000	Freehold buildings \$'000	Leasehold improvements \$'000	Video lottery terminal equipment \$'000	Furniture fixtures, machinery & equipment \$'000	Computer equipment \$'000	Motor vehicles \$'000	Art & paintings \$'000	Signs & posters \$'000	Total \$'000	
Cost											
December 31, 2013	13,000	35,188	25,852	255,557	248,152	19,205	17,991	2,363	24,642	641,950	
Additions	-	22,503	-	-	16,354	1,217	-	-	-	40,074	
Transfers	-	-	-	(1,505)	1,505	-	-	-	-	-	
Disposals/write-offs	-	-	(3,435)	(254,052)	(1,505)	-	-	-	-	(258,992)	
December 31, 2014	13,000	57,691	22,417	-	264,506	20,422	17,991	2,363	24,642	423,032	
Additions	-	2,940	-	-	745	350	-	-	-	4,035	
Disposals/write-offs	-	(3,807)	-	-	(907)	-	(3,270)	-	-	(7,984)	
December 31, 2015	13,000	56,824	22,417	-	264,344	20,772	14,721	2,363	24,642	419,083	
Accumulated depreciation											
December 31, 2013	-	3,622	23,790	191,276	240,418	17,871	17,535	-	24,642	519,154	
Depreciation	-	1,082	401	17,358	2,342	884	203	-	-	22,270	
Transfers	-	-	-	(363)	363	-	-	-	-	-	
Disposals/write-offs	-	-	(1,775)	(208,271)	(451)	-	-	-	-	(210,497)	
December 31, 2014	-	4,704	22,416	-	242,672	18,755	17,738	-	24,642	330,927	
Depreciation	-	1,441	-	-	2,768	928	203	-	-	5,340	
Disposals/write-offs	-	(59)	-	-	-	-	(3,270)	-	-	(3,329)	
December 31, 2015	-	6,086	22,416	-	245,440	19,683	14,671	-	24,642	332,938	
Net book values											
December 31, 2015	13,000	50,738	1	-	18,904	1,089	50	2,363	-	86,145	
December 31, 2014	13,000	52,987	1	-	21,834	1,667	253	2,363	-	92,105	

SUPREME VENTURES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2015

5. Investment properties

During the year, properties previously occupied by the Group and classified in the Group Statement of Financial Position as property and equipment were reclassified to investment properties due to a change in use (note 4).

	<u>The Group</u>		
	<u>Freehold</u> <u>land</u> \$'000	<u>Freehold</u> <u>buildings</u> \$'000	<u>Total</u> \$'000
Cost			
Transferred from property and equipment, being balance at December 31, 2015	<u>154,221</u>	<u>873,840</u>	<u>1,028,061</u>
Accumulated depreciation			
Transferred from property and equipment	-	159,992	159,992
Depreciation	-	9,102	9,102
Impairment	<u>-</u>	<u>102,729</u>	<u>102,729</u>
Balance at December 31, 2015	<u>-</u>	<u>271,823</u>	<u>271,823</u>
Net book values			
December 31, 2015	<u>154,221</u>	<u>602,017</u>	<u>756,238</u>

Investment properties were valued by independent valuers, George Gregg & Co, as at December 31, 2015, on the basis of open market value using the direct comparison approach involving analysis of prices for comparable facilities. The market value of the properties is estimated at \$756.2 million. This is categorised as level 3 in the fair value hierarchy.

The Group has leased its investment property to Exodus Gaming and Entertainment Limited (Exodus) for an initial period of fifteen years with an option to renew the lease for a further fifteen years.

Exodus also has the option to purchase the property at any time after the fifth anniversary of the commencement date at a price to be agreed between Exodus and PSJL within sixty days of the option notice being served. If no agreement is reached within the stipulated time, then the price will be the higher of US\$4,500,000 or the market value on the date of the option notice, as determined by an independent valuator.

Rental income of \$9.9 million was earned from investment properties for the current reporting period. Direct operating expenses incurred during the year in relation to investment properties amounted to \$10.8 million.

SUPREME VENTURES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2015

6. Goodwill and intangible assets

	The Group				The Company				
	Computer software \$'000	Trademarks & licences \$'000	Software usage rights \$'000	Goodwill \$'000	Total \$'000	Computer software \$'000	Trademarks \$'000	Goodwill \$'000	Total
Cost									
December 31, 2013	68,324	430,772	80,558	189,953	769,607	9,708	-	189,953	199,661
Additions	9,643	1,439	-	-	11,082	-	1,350	-	1,350
December 31, 2014	77,967	432,211	80,558	189,953	780,689	9,708	1,350	189,953	201,011
Additions	59	12,132	-	-	12,191	-	-	-	-
Disposals/write-offs	(3,627)	-	-	-	(3,627)	-	(1,350)	-	(1,350)
December 31, 2015	74,399	444,343	80,558	189,953	789,253	9,708	-	189,953	199,661
Amortisation									
December 31, 2013	64,546	30,079	24,168	-	118,793	9,387	-	-	9,387
Amortisation	3,646	5,321	8,056	-	17,023	296	-	-	296
December 31, 2014	68,192	35,400	32,224	-	135,816	9,683	-	-	9,683
Amortisation	2,537	65	8,056	-	10,658	25	-	-	25
December 31, 2015	70,729	35,465	40,280	-	146,474	9,708	-	-	9,708
Carrying values									
December 31, 2013	3,670	408,878	40,278	189,953	642,779	-	-	189,953	189,953
December 31, 2014	9,775	396,811	48,334	189,953	644,873	25	1,350	189,953	191,328
December 31, 2015	9,775	396,811	48,334	189,953	644,873	25	1,350	189,953	191,328

SUPREME VENTURES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2015

6. Goodwill and intangible assets (continued)

(a) Licences

Licences with indefinite useful lives relate to certain VLT gaming lounge operations and are assessed for impairment annually. Management has determined that the carrying value of licences with an indefinite useful life at December 31, 2015, is not impaired. The impairment test is carried out by comparing the recoverable amount, as determined based on value in use calculations, with the carrying value of the assets and licences assigned to these operations. Revenue growth was projected for the next seven (7) years and the recoverable amount was determined to be higher than its carrying amount and no impairment loss was recognised. The seven (7) year period was used because the VLT operations are in an investment phase and the next three (3) years are projected to yield volatile results.

The key assumptions used in the estimation of value in use were as follows:

	<u>The Group</u>	
	<u>2015</u>	<u>2014</u>
Pre-tax discount rate	22.9%	24.8%
Terminal value growth rate	4.0%	3.0%
Budgeted EBITDA growth rate	<u>4.0%</u>	<u>10.0%</u>

(b) Software usage rights

This comprises one-time software user rights fee paid to Intralot Jamaica Limited related to sports betting. The amount is being amortised over the life of the contract, which is ten (10) years.

(c) The amortisation of computer software, trademarks and licences and software usage rights is included in operating expenses (note 24).

(d) Goodwill

	<u>The Group and the Company</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Goodwill	<u>189,953</u>	<u>189,953</u>

The goodwill impairment test is carried out by comparing the recoverable amount of the Group's cash-generating unit (CGU) to which goodwill has been allocated, to the carrying amount of that CGU. The only CGU recognising goodwill for the Group is the Lottery segment.

Management has determined that goodwill at December 31, 2015 is not impaired based on an assessment of the recoverable amount of the CGU. The recoverable amount of the CGU was determined based on value-in-use calculations. Revenue growth was projected for the next seven (7) years and the recoverable amount was determined to be higher than its carrying amount and no impairment loss was recognised. A five (5) year projection would not have affected management's assessment.

SUPREME VENTURES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2015

6. Goodwill and intangible assets (continued)

(d) Goodwill (continued)

The key assumptions used in the estimation of value-in-use were as follows:

	<u>The Group & the Company</u>	
	<u>2015</u>	<u>2014</u>
Pre-tax discount rate	22.6%	24.4%
Terminal value growth rate	5.0%	3.0%
Budgeted EBITDA growth rate	<u>5.0%</u>	<u>4.0%</u>

7. Investment in subsidiaries

	<u>The Company</u>	
	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>
Big 'A' Track 2003 Limited	5,760	5,760
Prime Sports (Jamaica) Limited	1,938,651	1,938,651
Transtel Jamaica Limited	<u>1</u>	<u>1</u>
	<u>1,944,412</u>	<u>1,944,412</u>

8. Long-term receivables

	<u>The Group</u>		<u>The Company</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Radio Jamaica Limited (a)	38,179	56,426	-	-
ICE Jamaica Limited (b)	553,601	403,592	553,601	403,592
Island Holdings Limited (c)	30,600	-	-	-
Prime Sports (Jamaica) Limited Debtentures (d)	<u>-</u>	<u>-</u>	<u>-</u>	<u>555,664</u>
	622,380	460,018	553,601	959,256
Less: Current portion	<u>(71,406)</u>	<u>(53,576)</u>	<u>(50,956)</u>	<u>(35,829)</u>
	<u>550,974</u>	<u>406,442</u>	<u>502,645</u>	<u>923,427</u>

(a) Radio Jamaica Limited

This represents the balance on a credit facility provided by Prime Sports (Jamaica) Limited to Radio Jamaica Limited to establish, equip and commission a television broadcasting studio to air live television broadcasts of lottery drawings. The facility is repayable by forty-eight (48) consecutive monthly principal and interest payments of \$1,761,377 which commenced on December 31, 2013. The facility bears interest at 6% per annum on a reducing balance basis.

SUPREME VENTURES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2015

8. Long-term receivables (continued)

(b) ICE Jamaica Limited

On December 10, 2014, the Board of Directors approved a funding facility to a total amount of the Jamaica dollar equivalent of US\$5 million to ICE Jamaica Limited, a company with whom Prime Sports (Jamaica) Limited (PSJL) is partnering to develop a VLT “route” gaming infrastructure. The arrangement provides that Zodiac International Investments and Holdings Limited (Zodiac), a company incorporated in Trinidad & Tobago, and the indirect owner of 24.95% of the issued stock units of Supreme Ventures Limited (Supreme) through Intralot Caribbean Ventures Limited (Intralot), serves as principal debtor by means of a charge over its shareholding in Intralot. Repayments are being effected by applying 15% of the quarterly dividends due to Intralot from Supreme, as and when paid. Repayment has been facilitated by irrevocable undertakings issued by Zodiac to Intralot and, in turn, from Intralot to Supreme. Outstanding amounts under the facility attract interest at 8% per annum, payable quarterly. The balance is being serviced in accordance with the arrangement and management expects the balance to be repaid in full.

(c) Island Holdings Limited

As indicated in note 1, IHL purchased the shares of Exodus Gaming and Entertainment Limited (Exodus) on April 27, 2015. Payment of the sale proceeds is to commence on February 1, 2016, and is to be paid in 121 instalments of US\$750 per month for the first five years and US\$1,500 for the next five years with a final lump sum payment of US\$165,000. No interest is charged on the outstanding balance, but overdue payments attract interest at twelve (12) percent per annum from the due date of payment until the past due amount is settled.

As the receivable is interest-free it has been re-measured in accordance with IAS 39, with interest being imputed based on an appropriate market rate. The imputed interest is being amortised over the repayment period and the amount shown is net of the unamortised discount of \$5.3 million at the reporting date using the effective interest method.

The balance outstanding is secured by a charge on the shares in Exodus. The sale agreement also requires an option to purchase in which IHL or its nominee was granted an option to purchase at an option price of US\$1.00, PSJL’s interest in Jonepar Development Limited and a licence agreement permitting IHL or its nominee to use lands owned by Jonepar for parking purposes (see also note 5).

(d) Intra-group debentures

Under a scheme of reorganisation and amalgamation in April 2008, 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 into PSJL. The debentures were for a term of twenty-one (21) years, payable by 20 interim annual instalments of \$250,000 each on March 31 of each year (which commenced on March 31, 2009), with a final instalment of the remaining unpaid balance on March 31, 2029. During the reporting period, the directors approved and management effected early liquidation of the debentures.

SUPREME VENTURES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2015

9. Available-for-sale investments

	<u>The Group and the Company</u>	
	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>
Quoted investment:		
At beginning of year	3,480	3,828
Impairment adjustment	-	(348)
At end of year	3,480	3,480
Unquoted investment	<u>1,883</u>	<u>1,883</u>
At end of year	<u>5,363</u>	<u>5,363</u>

10. Deferred taxation

	<u>The Group</u>		<u>The Company</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Deferred tax assets	137,882	98,003	3,367	-
Deferred tax liabilities	-	(7,951)	-	(2,318)
	<u>137,882</u>	<u>90,052</u>	<u>3,367</u>	<u>(2,318)</u>

Deferred taxation is attributable to the following:

(a) Group

	<u>Assets</u>		<u>Liabilities</u>		<u>Net</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Property and equipment	25,099	760	-	(1,281)	25,099	(521)
Investment properties	36,677	-	-	-	36,677	-
Intangible assets	(8,669)	-	-	(12,084)	(8,669)	(12,084)
Trade and other receivables	(3,922)	-	-	(4,100)	(3,922)	(4,100)
Trade and other payables	900	-	-	1,116	900	1,116
Tax losses	86,993	97,243	-	9,469	86,993	106,712
Other	804	-	-	(1,071)	804	(1,071)
Net assets/(liabilities)	<u>137,882</u>	<u>98,003</u>	<u>-</u>	<u>(7,951)</u>	<u>137,882</u>	<u>90,052</u>

SUPREME VENTURES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2015

10. Deferred taxation (continued)

Deferred taxation is attributable to the following (continued):

(a) Group (continued)

- (i) Net deferred tax is recognised in the Group statement of financial position, as follows:

	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Deferred tax liability in Company	-	(2,318)
Deferred tax liability in subsidiaries	<u>-</u>	<u>(5,633)</u>
	-	(7,951)
Deferred tax asset in Company	3,367	-
Deferred tax asset in subsidiaries	<u>134,515</u>	<u>98,003</u>
Deferred tax asset	<u>137,882</u>	<u>90,052</u>

- (ii) Movements in net temporary differences during the year are as follows:

	<u>2015</u>		
	<u>Balance at</u>	<u>Recognised</u>	<u>Balance at</u>
	<u>January 1</u>	<u>in profit/loss</u>	<u>December 31</u>
	\$'000	\$'000	\$'000
		[note 29(a)]	
Property and equipment	(521)	25,620	25,099
Investment properties	-	36,677	36,677
Intangible assets	(12,084)	3,415	(8,669)
Trade and other receivables	(4,100)	178	(3,922)
Trade and other payables	1,116	(216)	900
Tax losses	106,712	(19,719)	86,993
Other	<u>(1,071)</u>	<u>1,875</u>	<u>804</u>
	<u>90,052</u>	<u>47,830</u>	<u>137,882</u>

	<u>2014</u>		
	<u>Balance at</u>	<u>Recognised</u>	<u>Balance at</u>
	<u>January 1</u>	<u>in profit/loss</u>	<u>December 31</u>
	\$'000	\$'000	\$'000
		[note 29(a)]	
Property and equipment	(4,386)	3,865	(521)
Intangible assets	(14,098)	2,014	(12,084)
Trade and other receivables	(3,268)	(832)	(4,100)
Trade and other payables	(25,078)	26,194	1,116
Tax losses	285,014	(178,302)	106,712
Other	<u>463</u>	<u>(1,534)</u>	<u>(1,071)</u>
	<u>238,647</u>	<u>(148,595)</u>	<u>90,052</u>

SUPREME VENTURES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2015

10. Deferred taxation (continued)

Deferred taxation is attributable to the following (continued):

(b) Company

	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Property and equipment	4,324	2,110
Trade and other receivables	(1,455)	(4,100)
Trade and other payables	498	611
Other	<u>-</u>	<u>(939)</u>
Net assets/(liabilities)	<u>3,367</u>	<u>(2,318)</u>

Movements in net temporary differences during the year are as follows:

	<u>2015</u>		
	<u>Balance at</u>	<u>Recognised</u>	<u>Balance at</u>
	<u>January 1</u>	<u>in profit/loss</u>	<u>December 31</u>
	\$'000	\$'000	\$'000
		[note 29(a)]	
Property and equipment	2,110	2,214	4,324
Trade and other receivables	(4,100)	2,645	(1,455)
Trade and other payables	611	(113)	498
Other	<u>(939)</u>	<u>939</u>	<u>-</u>
	<u>(2,318)</u>	<u>5,685</u>	<u>3,367</u>

	<u>2014</u>		
	<u>Balance at</u>	<u>Recognised</u>	<u>Balance at</u>
	<u>January 1</u>	<u>in profit/loss</u>	<u>December 31</u>
	\$'000	\$'000	\$'000
		[note 29(a)]	
Property and equipment	(11,188)	13,298	2,110
Trade and other receivables	(2,584)	(1,516)	(4,100)
Trade and other payables	-	611	611
Other	<u>463</u>	<u>(1,402)</u>	<u>(939)</u>
	<u>(13,309)</u>	<u>10,991</u>	<u>(2,318)</u>

11. Other assets

	<u>The Group</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
At the beginning of the year	20,369	27,224
Less: Amortisation	(4,381)	(6,855)
Impairment	<u>(15,988)</u>	<u>-</u>
At end of year	<u>-</u>	<u>20,369</u>

SUPREME VENTURES LIMITEDNotes to the Financial Statements (Continued)
December 31, 201511. Other assets (continued)

This represents clearance costs for leased VLT gaming machines, which were being amortised over the useful life of the machines, estimated at five (5) years. An impairment loss was recognised consequent on these machines being declared surplus to Group requirements during the year.

12. Inventories

	<u>The Group</u>		<u>The Company</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Pin codes	148,563	100,234	-	2,103
Food and beverage	<u>850</u>	<u>1,486</u>	<u>-</u>	<u>-</u>
	<u>149,413</u>	<u>101,720</u>	<u>-</u>	<u>2,103</u>

The cost of inventory recognised as an expense during the year for the Group was \$6.26 billion (2014: \$4.69 billion) and \$2.1 million (2014: \$3.98 billion) for the Company.

13. Due from/(to) subsidiaries

	<u>The Company</u>	
	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>
Due from subsidiaries:		
Prime Sports (Jamaica) Limited	151,450	-
Big 'A' Track 2003 Limited	<u>75,725</u>	<u>11,422</u>
	<u>227,175</u>	<u>11,422</u>
Due to subsidiary:		
Prime Sports (Jamaica) Limited	<u>-</u>	<u>(39,106)</u>

14. Trade and other receivables

	<u>The Group</u>		<u>The Company</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Trade receivables	675,649	605,731	-	-
Less: Allowances for doubtful debts	<u>(344,944)</u>	<u>(258,517)</u>	<u>-</u>	<u>-</u>
	330,705	347,214	-	-
Other receivables and prepayments	416,352	314,489	159,053	142,420
Accrued interest	<u>5,098</u>	<u>2,776</u>	<u>5,098</u>	<u>2,776</u>
	<u>752,155</u>	<u>664,479</u>	<u>164,151</u>	<u>145,196</u>

SUPREME VENTURES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2015

14. Trade and other receivables (continued)

- (a) Included in trade receivables are amounts of \$609 million (2014: \$566 million) representing amounts receivable from the agents that support lottery sales. The average credit period for the receivables is 7 days. Balances outstanding for over 7 days are considered past due.

The average credit period for the remaining balance in trade receivables is 30 days.

- (b) Trade receivables above include 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 receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Management believes that past due unimpaired receivables are of good quality.

- (c) Ageing of past due but not impaired receivables:

	<u>The Group</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Up to 30 days	8,125	10,655
31 - 60 days	4,935	7,563
61 - 90 days	3,077	973
Over 90 days	<u>20,207</u>	<u>-</u>
	<u>36,344</u>	<u>19,191</u>

- (d) Movement in allowance for impairment of trade receivables:

	<u>The Group</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Balance at beginning of year	258,517	210,449
Impairment losses recognised	97,331	48,068
Impairment loss recovered	<u>(10,904)</u>	<u>-</u>
Balance at end of year	<u>344,944</u>	<u>258,517</u>

- (e) Other receivables for the Group include amounts of \$71.406 million (2014: \$53.576 million) relating to the current portion of long-term receivables disclosed in notes 8(a), 8(b) and 8(c).
- (f) The Group provides its key management personnel and directors with short-term loans and advances in accordance with its policy on granting loans or making advances to employees of the Company and its principal subsidiary. Included in other receivables are amounts due from related parties totalling \$121 million (2014: \$107 million). Of the amounts due from related parties, \$92.6 million (2014: \$89.4 million) is due from directors and the remaining balance is due from key management personnel. Interest is charged on loans and advances to key management personnel and directors at an annual rate of 6.5% (2014: 6.5%).

SUPREME VENTURES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2015

15. Cash and cash equivalents

	<u>The Group</u>		<u>The Company</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Cash in hand and at bank (a)	1,578,343	1,892,240	84,904	44,958
Certificates of deposits (b)	26,202	295,848	7,635	102,652
Resale agreements (c)	<u>34,504</u>	<u>39,405</u>	<u>-</u>	<u>-</u>
	<u>1,639,049</u>	<u>2,227,493</u>	<u>92,539</u>	<u>147,610</u>

(a) Cash in hand and at bank includes restricted balances as follows:

- (i) An amount of \$10 million, which is the minimum regulatory requirement to fund the Lucky 5 game, was set aside as reserve by Prime Sports (Jamaica) Limited (PSJL), a subsidiary;
- (ii) As a condition of its lottery licence, PSJL is required to establish a dedicated bank account into which funds are deposited to ensure that on a continuous basis throughout the term of the licence, the credit balance on that account is not less than 100% of the aggregate amount of its liabilities, which include prize liabilities, fees payable to BGLC, gaming taxes payable to the Government of Jamaica, and contribution to CHASE Fund. At the reporting date, the balances in the dedicated bank accounts totalled \$1.02 billion (2014: \$1.08 billion), which is in excess of the reserve requirement of \$438.39 million (2014: \$750.855 million); and
- (iii) An amount of \$5.8 million restricted to facilitate a guarantee issued in favour of Jamaica Public Service Company Limited for the provision of electricity services.

- (b) Certificates of deposits include \$10 million which was hypothecated as support for a performance bond guarantee to BGLC for certain financial obligations of a subsidiary under the BGLC Act and Regulations. The bond expires in June 2018 [note 37 (c)].
- (c) As at December 31, 2015, the fair value of the underlying securities of resale agreements amounted to \$80,973,136 (2014: \$42,693,287)

16. Share capital

Authorised:

3,000,000,000 ordinary stock units at no par value

<u>2015</u>	<u>2014</u>
<u>\$'000</u>	<u>\$'000</u>

Stated capital:

2,637,254,926 ordinary stock units, issued and fully paid

<u>1,967,183</u>	<u>1,967,183</u>
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SUPREME VENTURES LIMITEDNotes to the Financial Statements (Continued)
December 31, 201517. Capital reserve

This includes gains arising on the scheme of reorganisation and amalgamation of subsidiaries within the Group in 2008. The reserve is stated net of costs associated with the reorganisation and amalgamation and capital distributions.

18. Retained earnings

This is reflected in the financial statements of:

	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
The Company	1,090,159	1,267,004
The subsidiaries	<u>474,209</u>	<u>748,712</u>
	<u>1,564,368</u>	<u>2,015,716</u>

19. Trade and other payables

	<u>The Group</u>		<u>The Company</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
Trade payables	698,854	617,200	-	7,603
Service contractor fees	83,279	162,497	-	1,287
Contributions payable to CHASE Fund	77,059	80,186	-	-
Contributions payable to the BGLC	45,390	45,876	-	-
Government taxes payable	50,437	25,705	-	-
Other payables and accruals	<u>296,701</u>	<u>206,466</u>	<u>109,062</u>	<u>95,147</u>
	<u>1,251,720</u>	<u>1,137,930</u>	<u>109,062</u>	<u>104,037</u>

Included in service contractor fees and other payables and accruals, are amounts due to Intralot entities [note 31(b)] totalling \$14.2 million (2014: \$4.1 million).

20. Prize liabilities

	<u>The Group</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Local lottery games (a)	190,630	339,486
Multi-jurisdictional lottery game (b)	75,806	255,280
Sports betting	<u>2,100</u>	<u>4,322</u>
	<u>268,536</u>	<u>599,088</u>

- (a) This represents the prize liabilities associated with the local lottery games operated under licence by the subsidiary, Prime Sports (Jamaica) Limited, including an amount accrued for the advertised jackpot of \$70 million (2014: \$175 million).

SUPREME VENTURES LIMITED

Notes to the Financial Statements (Continued)

December 31, 2015

20. Prize liabilities (continued)

- (b) 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, Barbados, Bermuda, Jamaica, St. Kitts and Nevis, St. Maarten, United States Virgin Islands, Dominican Republic (up to February 27, 2015) and Paraguay (since April 7, 2014). Revenue from ticket sales in Jamaica is recorded as income of the Group. Under the rules of the Super Lotto game, and as agreed by BGLC, jackpot contributions are calculated and accumulated based on a specified portion of every bet [note 37(d)].

21. Loans payable

These represent non-revolving Jamaica dollar loans obtained from The Bank of Nova Scotia Jamaica Limited (BNS), which bore an interest rate of 10.25% (2014: 10.25%). The loans were repaid in full during the year.

22. Revenue

	<u>The Group</u>		<u>The Company</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Cash Pot	24,595,977	26,328,279	-	-
Money Time (started October 2014)	4,174,911	1,184,742	-	-
Pick 2	241,108	320,396	-	-
Pick 3	1,885,407	1,972,378	-	-
Pick 4	1,773,811	1,940,480	-	-
Lucky 5	222,447	285,434	-	-
Top Draw (started June 2014)	861,286	759,114	-	-
Dollaz!	331,408	370,358	-	-
Lotto	1,455,641	1,139,781	-	-
Super Lotto	542,864	686,125	-	-
Instant Win	2,450	53,507	-	-
Sports betting	575,864	587,135	-	-
VLT gaming	284,531	408,862	-	-
Pin codes	6,818,310	5,181,051	2,311	4,293,417
Management fees and royalties	-	-	320,000	159,375
Other	<u>81,005</u>	<u>91,903</u>	<u>343</u>	<u>16,025</u>
	<u>43,847,020</u>	<u>41,309,545</u>	<u>322,654</u>	<u>4,468,817</u>

SUPREME VENTURES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2015

23. Direct expenses

i. Analysis of direct expenses is as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Lottery and sports betting prizes	24,707,619	24,839,797	-	-
Pin codes	6,261,484	4,718,339	2,235	3,904,962
Service contractor fees	2,042,596	1,985,613	-	132,409
Agents' commissions	2,018,069	1,908,219	-	129,668
Lottery and gaming taxes	2,416,756	2,205,007	-	-
Good cause fees	1,321,511	1,285,199	-	-
Contributions and levies by BGLC	658,319	643,258	-	-
Other	3,330	1,266	-	-
	<u>39,429,684</u>	<u>37,586,698</u>	<u>2,235</u>	<u>4,167,039</u>

(b) Lottery and Sports betting prizes:

- (i) Cash Pot – All prizes are fixed. The prize won for correctly matching the winning number is \$260 for each \$10 wagered.
- (ii) Money Time – Prizes are based on correctly matching the winning number, however, the prize paid depends on which winning number is drawn.
- (iii) Pick 2, Pick 3 and Pick 4 – Prizes are computed based on the actual winning combination of numbers for each draw.
- (iv) Lucky 5 and Top Draw – Prizes for this game are based on the predetermined prize structure.
- (v) Dollaz! – Prizes for this game are fixed based on each \$10 per play per spot. The prize paid will depend on how many of the winning numbers are correctly matched.
- (vi) Lotto and Super Lotto – Prizes are accrued as an estimate based on a predetermined prize structure for each game.
- (vii) Instant win – Prizes are based on actual amounts stated on winning tickets. This was discontinued during the year.
- (viii) Sports betting – All prizes are fixed. The prize won is based on the amount wagered multiplied by the odds of the selected event(s) printed on the ticket.

(c) Service contractor fees:

(i) GTECH Corporation

GTECH Corporation (GTECH) has been contracted to provide technical and marketing services for lottery activities. GTECH receives a service fee calculated using an agreed fee structure based on weekly gross sales.

SUPREME VENTURES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2015

23. Direct expenses (continued)

(c) Service contractor fees (continued)

(ii) Intralot

Intralot S.A. (Intralot), through its various affiliates and subsidiaries, provides three main services to the Company, namely, technical services for sports betting activities, lease of gaming machines and central monitoring systems, both relating to the Video Lottery Terminals (VLT) business [note 31(b)].

24. Operating expenses

	<u>The Group</u>		<u>The Company</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Staff costs	707,145	668,860	176,455	121,227
Marketing and business development	333,584	264,374	453	12
Professional fees	251,404	238,859	162,213	120,465
Rental and utilities	210,675	292,673	7,668	10,432
Depreciation and amortisation	202,054	228,059	5,365	22,566
Draw expenses	185,013	174,337	-	-
Assets written off and impairment	180,126	29,926	-	6,126
GCT irrecoverable	155,466	146,638	46	594
Subscription and donations	97,416	46,039	68,692	12,221
Bad debts recognised	97,331	48,068	-	316
Security	78,004	89,929	19,398	20,632
Licences and other fees	61,230	39,884	627	192
Local and foreign travel	60,232	49,269	33,737	30,611
Repairs and maintenance	58,535	43,345	(352)	2,263
Equipment and motor vehicle	55,636	51,556	2,835	6,136
Complimentary tokens, food and drinks	50,619	46,433	-	-
Internal and external audit services	44,446	30,176	24,027	11,200
Bank charges	41,930	39,890	1,596	638
Directors' fees	40,550	36,151	40,550	36,151
Stationery and courier	19,658	20,619	636	463
Administrative	16,220	15,689	2,374	14,705
Insurance	13,360	24,684	859	2,538
Others	21,672	23,478	3,967	4,711
	<u>2,982,306</u>	<u>2,648,936</u>	<u>551,146</u>	<u>424,199</u>

25. Net foreign exchange gains/(losses)

	<u>The Group</u>		<u>The Company</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Foreign exchange gains	16,406	20,066	1,630	4,568
Foreign exchange losses	(8,305)	(14,050)	(2,792)	(5,689)
	<u>8,101</u>	<u>6,016</u>	<u>(1,162)</u>	<u>(1,121)</u>

SUPREME VENTURES LIMITED

Notes to the Financial Statements (Continued)

December 31, 201526. Finance costs

	<u>The Group</u>		<u>The Company</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Interest on bank loans	2,973	15,643	2,989	15,643
Insurance premium financing	-	701	-	-
	<u>2,973</u>	<u>16,344</u>	<u>2,989</u>	<u>15,643</u>

27. Other gains

	<u>The Group</u>	
	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>
GTECH reimbursements	60,551	50,000
Other	<u>39,583</u>	<u>26,503</u>
	<u>100,134</u>	<u>76,503</u>

28. Profit before taxation

(a) Profit before taxation is stated after taking account of the following items:

	<u>The Group</u>		<u>The Company</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Expenses				
Directors' emoluments:				
Fees	40,550	36,151	40,550	36,151
Management remuneration	69,353	63,538	69,353	63,538
Audit fees – current year	24,740	21,700	11,000	9,500
– prior year	3,200	-	2,000	-
Pension contributions	<u>13,008</u>	<u>11,834</u>	<u>457</u>	<u>441</u>

(b) Taxes, licences and other fees (excluding corporate income tax) paid to statutory and regulatory bodies in arriving at profit before taxation are as follows:

	<u>The Group</u>	
	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>
Lottery and gaming taxes	2,416,756	2,205,007
Good cause fees	1,321,511	1,285,199
Contributions and levies by the BGLC	658,319	643,258
GCT irrecoverable	283,129	250,182
Licences and other fees	61,230	39,884
Payroll taxes – Employer's portion	<u>60,520</u>	<u>53,058</u>
	<u>4,801,465</u>	<u>4,476,588</u>

SUPREME VENTURES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2015

29. Taxation

(a) The taxation for the year includes:

	<u>The Group</u>		<u>The Company</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Current taxation:				
Income tax	492,642	173,805	-	830
Employment tax credit	(20,994)	(49,484)	-	-
Prior year under-provision	<u>7,262</u>	<u>12,908</u>	<u>3,727</u>	<u>1,425</u>
	<u>478,910</u>	<u>137,229</u>	<u>3,727</u>	<u>2,255</u>
Deferred taxation (note 10):				
Origination and reversal of temporary differences	(67,549)	(29,707)	(5,685)	(10,991)
Tax losses	<u>19,719</u>	<u>178,302</u>	-	-
	<u>(47,830)</u>	<u>148,595</u>	<u>(5,685)</u>	<u>(10,991)</u>
Taxation charge	<u>431,080</u>	<u>285,824</u>	<u>(1,958)</u>	<u>(8,736)</u>

(b) The effective tax rate is 26.70% (2014: 23.51%) of pre-tax profit for the Group and 0.13% (2014: 1.64%) for the Company, compared to the statutory tax rate of 25% (2014: 25%).

	<u>The Group</u>		<u>The Company</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Profit before taxation	<u>1,614,830</u>	<u>1,215,741</u>	<u>1,456,295</u>	<u>533,081</u>
Tax at the domestic income tax rate of:				
25% (2014: 25%)	403,708	303,935	364,074	133,270
Expenses disallowed for tax purposes	38,898	19,388	26,941	8,583
Employment tax credit	(20,994)	(49,484)	-	-
Net deferred tax asset derecognised	-	3,786	-	(10,190)
Non-taxable income	(13,319)	(2,790)	(409,552)	(143,315)
Under-provision for previous year	7,262	12,908	3,727	1,425
Prior period deferred tax recognised in the current year	8,495	(1,845)	5,843	-
Tax losses not recognised	7,030	-	7,009	-
Other, net	-	(74)	-	1,491
	<u>431,080</u>	<u>285,824</u>	<u>(1,958)</u>	<u>(8,736)</u>

SUPREME VENTURES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2015

29. Taxation (continued)

- (c) Tax losses of subsidiaries amounting to \$348 million (2014: \$426.8 million) subject to agreement with the Commissioner General, Tax Administration Jamaica, are available for set-off against future taxable profits of the subsidiaries. Unutilised tax losses can be carried forward indefinitely and can be used to offset up to 50% of each year's taxable profits.

30. Earnings per stock unit

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

	<u>2015</u> \$'000	<u>2014</u> \$'000
Profit attributable to stockholders	<u>1,183,750</u>	<u>929,917</u>
Weighted average number of ordinary stock units in issue ('000)	<u>2,637,255</u>	<u>2,637,255</u>
	<u>2015</u> Cents	<u>2014</u> Cents
Basic earnings per share	<u>44.89</u>	<u>35.26</u>

31. Related party balances and transactions

(a) Identity of related parties

The Company has a related party relationship with its directors, subsidiaries, companies with common directors, and a jointly controlled entity. "Key management personnel" represents directors of the Company and certain members of the Group's executive management.

(b) Trading transactions with related parties

Prime Sports (Jamaica) Limited is provided with technical services by a related entity, Intralot S.A., its affiliates and subsidiaries. Intralot receives a fee based on a daily rate for the use of its central monitoring systems and agreed percentages of net revenues for its other services [note 23(c)(ii)].

The fees for services rendered are as follows:

	<u>2015</u> \$'000	<u>2014</u> \$'000
Sport betting activities	48,620	46,628
Lease of gaming machines	-	24,324
Lease of central monitoring system	<u>1,030</u>	<u>22,118</u>
	<u>49,650</u>	<u>93,070</u>

SUPREME VENTURES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2015

31. Related party balances and transactions (continued)

(c) Balances with subsidiaries

Notes 8, 13, 14 and 19 to the financial statements include required disclosures in respect of balances with subsidiaries and related parties.

(d) Compensation of key management personnel

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Short-term benefits	305,860	222,119	174,315	98,104
Post-employment benefits	<u>2,479</u>	<u>1,670</u>	<u>-</u>	<u>-</u>
	<u>308,339</u>	<u>223,789</u>	<u>174,315</u>	<u>98,104</u>

(e) Professional fees paid to directors for services rendered during the year aggregated \$128.33 million (2014: \$102.26 million) for the Group and the Company.

(f) Provisions or write-offs

No provisions or write-offs have been recognised for amounts advanced to key management or related parties.

32. Segment reporting

	2015						<u>Group</u> <u>\$'000</u>
	<u>Lottery</u> <u>\$'000</u>	<u>Gaming and</u> <u>hospitality</u> <u>\$'000</u>	<u>Sports</u> <u>betting</u> <u>\$'000</u>	<u>Pin codes</u> <u>\$'000</u>	<u>Other</u> <u>\$'000</u>	<u>Unallocated</u> <u>\$'000</u>	
External revenue, being total revenue	<u>36,087,310</u>	<u>286,434</u>	<u>575,864</u>	<u>6,818,310</u>	<u>79,102</u>	<u>-</u>	<u>43,847,020</u>
Result							
Segment result	1,832,177	(148,235)	(211,661)	111,319	79,102	(227,672)	1,435,030
Interest income							74,538
Net foreign exchange gains							8,101
Finance costs							(2,973)
Other gains							<u>100,134</u>
Profit before taxation							1,614,830
Taxation							(431,080)
Profit for the year							<u>1,183,750</u>
Other information							
Capital expenditure	<u>41,910</u>	<u>68,681</u>	<u>23,124</u>	<u>-</u>	<u>-</u>	<u>2,726</u>	<u>136,441</u>
Depreciation, amortisation and write-offs	<u>38,954</u>	<u>46,947</u>	<u>19,929</u>	<u>-</u>	<u>-</u>	<u>276,350</u>	<u>382,180</u>
Segment assets	<u>1,965,793</u>	<u>529,765</u>	<u>183,794</u>	<u>424,125</u>	<u>-</u>	<u>2,295,436</u>	<u>5,398,913</u>
Segment liabilities	<u>611,641</u>	<u>47,729</u>	<u>25,129</u>	<u>693,246</u>	<u>-</u>	<u>427,131</u>	<u>1,804,876</u>

SUPREME VENTURES LIMITED

Notes to the Financial Statements (Continued)
 Year ended December 31, 2015

32. Segment reporting (continued)

	2014						Group \$'000
	Lottery \$'000	Gaming and hospitality \$'000	Sports betting \$'000	Pin codes \$'000	Other \$'000	Unallocated \$'000	
External revenue, being total revenue	<u>35,040,593</u>	<u>410,586</u>	<u>587,135</u>	<u>5,181,051</u>	<u>90,180</u>	<u>-</u>	<u>41,309,545</u>
Result							
Segment result	1,573,706	(460,972)	(194,159)	78,217	90,180	(13,061)	1,073,911
Interest income							75,655
Net foreign exchange gains							6,016
Finance costs							(16,344)
Other gains							<u>76,503</u>
Profit before taxation							1,215,741
Taxation							(285,824)
Profit for the year							<u>929,917</u>
Other information							
Capital expenditure	<u>40,305</u>	<u>10,444</u>	<u>3,275</u>	<u>-</u>	<u>-</u>	<u>51,841</u>	<u>105,865</u>
Depreciation, amortisation and write-offs	<u>36,606</u>	<u>176,978</u>	<u>31,339</u>	<u>-</u>	<u>-</u>	<u>13,062</u>	<u>257,985</u>
Segment assets	<u>2,850,814</u>	<u>1,902,429</u>	<u>133,621</u>	<u>545,407</u>	<u>-</u>	<u>468,243</u>	<u>5,900,514</u>
Segment liabilities	<u>932,593</u>	<u>67,006</u>	<u>32,178</u>	<u>580,445</u>	<u>-</u>	<u>242,907</u>	<u>1,855,129</u>

33. Operating lease arrangements

(a) As lessor (note 5)

At December 31, the future minimum lease payments are receivable as follows:

	The Group 2015 US\$'000
Within 1 year	113
Between one and five years	718
More than five years	<u>2,052</u>
	<u>2,883</u>

Minimum lease income of US\$82,370 was recognised in the current period.

(b) As lessee

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

Minimum lease rental commitments are as follows:

	The Group	
	2015 \$'000	2014 \$'000
Within 1 year	117,973	129,148
Years 2 - 5	248,210	258,296
Over 5 years	<u>217,649</u>	<u>-</u>
	<u>583,832</u>	<u>387,444</u>

SUPREME VENTURES LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2015

33. Operating lease arrangements (continued)

(ii) As lessee (continued)

Amounts recognised in the Group Statement of Profit or Loss and Other Comprehensive Income:

	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Lease expense	107,598	123,693
Sub-lease income	<u>(14,383)</u>	<u>(4,564)</u>
	<u>93,215</u>	<u>119,129</u>

34. Distributions

(a) Paid

		<u>2015</u>	<u>2014</u>
		\$'000	\$'000
Final dividend for 2014 paid March 20, 2015	- 8¢	210,980	-
Special dividend for 2014 paid March 20, 2015	- 19¢	501,079	-
Special dividend for 2014 paid May 27, 2015	- 4¢	105,490	-
First interim dividend paid May 27, 2015	- 14¢	369,216	-
Second interim dividend paid September 3, 2015	- 10¢	263,725	-
Third interim dividend paid December 3, 2015	- 7¢	184,608	-
Final dividend for 2013 paid March 26, 2014	- 3¢	-	79,118
First interim dividend paid May 29, 2014	- 9¢	-	237,353
Second interim dividend paid September 5, 2014	- 3¢	-	79,118
Third interim dividend paid December 9, 2014	- 5¢	<u>-</u>	<u>131,862</u>
		<u>1,635,098</u>	<u>527,451</u>

(b) Proposed

At the Board of Directors meeting held on February 19, 2016, a dividend in respect of 2015 of \$0.10 per share amounting to \$263.7 million was proposed. Stockholders' equity for the current financial year does not reflect this resolution, which will be accounted for in stockholders' equity as an appropriation of retained profits in the ensuing financial year.

35. Financial risk management*Financial risk management objectives*

The Group has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk including interest rate risk, currency risk and price risk. Information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk is detailed below.

SUPREME VENTURES LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2015

35. Financial risk management (continued)*Financial risk management objectives (continued)*

The Group's activities expose it to a variety of financial risks 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 minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse 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.

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.

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 financial instrument risk which includes credit, liquidity and market risks.

(a) Credit risk

The Group is exposed to credit risk, which is the risk that its customers or counterparties may default and could cause a financial loss for the Group by failure to discharge their contractual obligations. This arises principally from cash and cash equivalents, trade receivables, and long-term receivables. Credit risk is an important risk for the Group's business and management therefore carefully monitors its exposure to credit risk.

The Group controls credit exposure by maintaining a strict collection process. Lottery sale agents are required to remit cash collections weekly which are monitored on a weekly basis by identification and transfer to designated bank accounts. A process of suppression of agent activity is triggered for non-compliance.

SUPREME VENTURES LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2015

35. Financial risk management (continued)

(a) Credit risk (continued)

(i) Credit review process

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

Cash and cash equivalents

The Group maintains cash resources with reputable financial institutions. The credit risk is considered to be low.

Trade and long-term receivables

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.

Trade receivables are monitored and managed by the Finance Department in collaboration with the Field Area Management team, which has responsibility for liaising with the sales agents.

(ii) Impairment

The Finance Department conducts monthly and quarterly assessments of the trade receivable balances to determine whether there is a requirement for allowance for doubtful debt.

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

(b) 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.

(i) Management of liquidity risk

The Board of Directors approves the Group's liquidity and funding management policies and establishes risk limits.

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

SUPREME VENTURES LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2015

35. Financial risk management (continued)

(b) Liquidity risk (continued)

(i) Management of liquidity risk (continued)

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 statement of financial position liquidity ratios against internal and regulatory requirements; and
- Maintenance of liquidity and funding contingency plans.

(ii) 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 table has been prepared based on undiscounted contractual maturities of financial assets including interest to be earned, 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.

	The Group						Carrying value \$'000
	2015						
	Weighted average effective interest rate %	Within 3 months \$'000	3 months to 1 year \$'000	1 to 5 years \$'000	No specific maturity \$'000	Total \$'000	
Financial assets							
Non-interest bearing	-	1,149,357	-	-	5,362	1,154,719	1,154,720
Variable interest rate instruments	4.81%	1,147,986	-	-	-	1,147,986	1,130,138
Fixed interest rate instruments	7.82%	16,600	55,493	384,017	-	456,110	610,027
		2,313,943	55,493	384,017	5,362	2,758,815	2,894,885
Financial liability							
Non-interest bearing		1,106,223	-	-	-	1,106,223	1,106,223
Interest rate sensitivity gap		<u>1,207,720</u>	<u>55,493</u>	<u>384,017</u>	<u>5,362</u>	<u>1,652,592</u>	<u>1,788,662</u>
Cumulative interest rate sensitivity gap		<u>1,207,720</u>	<u>1,263,213</u>	<u>1,647,230</u>	<u>1,652,592</u>		

SUPREME VENTURES LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2015

35. Financial risk management (continued)

(b) Liquidity risk (continued)

(ii) Liquidity and interest rate tables (continued)

The Group							
2014							
	Weighted average effective interest rate %	Within 3 months \$'000	3 months to 1 year \$'000	1 to 5 years \$'000	No specific maturity \$'000	Total \$'000	Carrying value \$'000
Financial assets							
Non-interest bearing	-	1,165,347	-	-	39,584	1,204,931	1,204,931
Variable interest rate instruments	4.09	1,649,880	-	-	-	1,649,880	1,621,350
Fixed interest rate instruments	7.75	5,284	82,923	474,848	-	563,055	460,018
		<u>2,820,511</u>	<u>82,923</u>	<u>474,848</u>	<u>39,584</u>	<u>3,417,866</u>	<u>3,286,299</u>
Financial liabilities							
Non-interest bearing		880,282	-	-	-	880,282	880,282
Fixed interest bearing loan	10.25	36,772	43,252	-	-	80,024	77,000
		<u>917,054</u>	<u>43,252</u>	<u>-</u>	<u>-</u>	<u>960,306</u>	<u>957,282</u>
Interest rate sensitivity gap		<u>1,903,457</u>	<u>39,671</u>	<u>474,848</u>	<u>39,584</u>	<u>2,457,560</u>	<u>2,329,017</u>
Cumulative interest rate sensitivity gap		<u>1,903,457</u>	<u>1,943,128</u>	<u>2,417,976</u>	<u>2,457,560</u>		

The Company								
2015								
	Weighted average effective interest rate %	1 to 3 months \$'000	3 months to 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	No specific maturity \$'000	Total \$'000	Carrying value \$'000
Financial assets								
Non-interest bearing		411,555	-	-	-	1,949,774	2,361,329	2,312,335
Variable interest rate instruments	0.06%	12,133	-	-	-	-	12,133	12,133
Fixed interest rate Instruments	8.00%	11,315	39,640	364,642	138,004	-	553,601	553,601
		<u>435,003</u>	<u>39,640</u>	<u>364,642</u>	<u>138,004</u>	<u>1,949,774</u>	<u>2,927,063</u>	<u>2,878,069</u>
Financial liability								
Non-interest bearing		107,070	-	-	-	-	107,070	107,070
Interest rate sensitivity gap		<u>327,933</u>	<u>39,640</u>	<u>364,642</u>	<u>138,004</u>	<u>1,949,774</u>	<u>2,819,993</u>	<u>2,770,999</u>
Cumulative interest rate sensitivity gap		<u>327,933</u>	<u>367,573</u>	<u>732,215</u>	<u>870,219</u>	<u>2,819,993</u>		

SUPREME VENTURES LIMITEDNotes to the Financial Statements (Continued)
Year ended December 31, 201535. Financial risk management (continued)(b) Liquidity risk (continued)(ii) Liquidity and interest rate tables (continued)

	Weighted average effective interest rate %	The Company					Total \$'000	Carrying value \$'000
		1 to 3 months \$'000	3 months to 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	No specific maturity \$'000		
Financial assets								
Non-interest bearing		181,128	-	-	-	1,949,774	2,130,902	2,130,902
Variable interest rate instruments	5.82	116,666	-	-	-	-	116,666	115,016
Fixed interest rate instruments	8.00	<u>11,602</u>	<u>100,381</u>	<u>613,589</u>	<u>993,496</u>	<u>-</u>	<u>1,719,068</u>	<u>959,256</u>
		<u>309,396</u>	<u>100,381</u>	<u>613,589</u>	<u>993,496</u>	<u>1,949,774</u>	<u>3,966,636</u>	<u>3,205,174</u>
Financial liabilities								
Non-interest bearing		72,946	-	-	-	-	72,946	72,946
Fixed interest bearing loan	10.25	<u>36,772</u>	<u>43,252</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,024</u>	<u>77,000</u>
		<u>109,718</u>	<u>43,252</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,970</u>	<u>149,946</u>
Interest rate sensitivity gap		<u>199,678</u>	<u>57,129</u>	<u>613,589</u>	<u>993,496</u>	<u>1,949,774</u>	<u>3,813,666</u>	<u>3,055,228</u>
Cumulative interest rate sensitivity gap		<u>199,678</u>	<u>256,807</u>	<u>870,396</u>	<u>1,863,892</u>	<u>3,813,666</u>		

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

(c) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

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.

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

(i) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

SUPREME VENTURES LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2015

35. Financial risk management (continued)

(c) Market risk (continued)

(i) Foreign currency risk (continued)

The Group is exposed to foreign currency risk as a result of transactions that are denominated in a currency other than the Jamaica dollar. The main currencies giving rise to the exposure in the current year was the United States dollar.

Foreign currency risk management

The Group manages its foreign currency risk by ensuring that the net exposure in foreign currency denominated assets and liabilities is kept to an acceptable level by monitoring currency positions.

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

	The Group					
	2015			2014		
	USD '000	CDN '000	GBP '000	USD '000	CDN '000	GBP '000
Assets						
Cash and cash equivalents	1,179	445	-	4,258	395	200
Trade and other receivables	<u>82</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	1,261	445		4,258	395	200
Liability						
Trade and other payables	(279)	-	-	(619)	-	-
Net exposure	<u>982</u>	<u>445</u>	<u>-</u>	<u>3,639</u>	<u>395</u>	<u>200</u>
				The Company		
				2015	2014	
				USD	USD	
				'000	'000	
Asset						
Cash and cash equivalents				38	108	
Liability						
Trade and other payables				(238)	(586)	
Net exposure				(200)	(478)	

The Group:

The Group's sensitivity to a 1% revaluation/8% devaluation of the Jamaica dollar against the USD, CDN and GBP is demonstrated below and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign-currency-denominated monetary items and adjusts the translation at period end for a 1% increase or 8% decrease in the foreign exchange rates.

SUPREME VENTURES LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2015

35. Financial risk management (continued)

(c) Market risk (continued)

(i) Foreign currency risk (continued)

The Group (continued):

The increase or decrease in the relative value of the Jamaica dollar on the foreign currency exposure would have an effect on profit/loss as reflected below:

	2015		2014	
	<u>Devaluation</u>	<u>Revaluation</u>	<u>Devaluation</u>	<u>Revaluation</u>
	8%	1%	10%	1%
	\$'000	\$'000	\$'000	\$'000
USD	15,168	(1,896)	41,450	(4,145)
CDN	2,979	(372)	3,801	(380)
GBP	-	-	3,531	(353)
	<u>18,147</u>	<u>(2,268)</u>	<u>48,782</u>	<u>(4,878)</u>

The Company:

	2015		2014	
	<u>Devaluation</u>	<u>Revaluation</u>	<u>Devaluation</u>	<u>Revaluation</u>
	8%	1%	10%	1%
	\$'000	\$'000	\$'000	\$'000
USD	(16)	2	(50)	5

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in interest rates. 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 re-pricing 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 utilising 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.

SUPREME VENTURES LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2015

35. Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

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 the reporting period as these are substantially the interest sensitive instruments impacting the Group's 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 400 basis point increase or 100 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.

If market interest rates had been 400 basis points higher or 100 lower and all other variables were held constant, the effect on the Group's net surplus would have been as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
Effect on net surplus increase 100 basis points (2014: 400 basis points)	31,729	40,534	28,781	-
Effect on net surplus decrease 150 basis points (2014: 100 basis points)	<u>(47,593)</u>	<u>(16,214)</u>	<u>(43,171)</u>	<u>-</u>

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

(iii) Equity risk

Equity risks arise out of price fluctuation in equity prices. This risk arises out of holding positions in either individual stocks (non-systemic risk) or in the market as a whole (systemic risk). The goal is to earn dividend income and realise capital gains sufficient to offset the interest foregone in holding such long-term positions.

Management of equity risk

Management sets limits on the level of exposure, and diversification is a key strategy employed to reduce the impact on the portfolio, which may result from the non-performance of a specific class of assets. Given the potential volatility in the value of equities and the non-interest bearing characteristics of these instruments, limits are set by the Board of Directors on amounts to be invested in them.

SUPREME VENTURES LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2015

35. Financial risk management (continued)

(c) Market risk (continued)

(iii) Equity risk (continued)

Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

If equity prices had been 20% higher/lower (2014: 10% higher/lower), profit for the year ended December 31, 2015, would have increased/decreased by \$0.696 million (2014: \$0.348 million) for the Group and the Company.

(d) Capital management

The capital structure of the Group consists of equity attributable to the stockholders of the parent company comprising issued capital, reserves and retained earnings.

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

- (i) To comply with the capital and cash reserve 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 in accordance with licensing requirements.

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

36. Fair values

The following methods and assumptions have been used:

- (i) The fair value of cash and cash equivalents, trade and other receivable and trade and other payable are assumed to approximate their carrying values due to their relatively short-term nature. The fair values of other investments are assumed to be cost, less provision for impairment.
- (ii) The carrying value of long-term receivables approximate their fair values as these receivables are carried at amortised cost and the interest rates are reflective of current market rates for similar transactions.
- (iii) Quoted shares classified as available-for-sale are measured at fair value by reference to quoted market prices. Unquoted shares are stated at cost less impairment adjustments. The fair value is as disclosed in note 9.

SUPREME VENTURES LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2015

37. Contingencies and commitments

(a) Contingencies – litigations

Epsilon Global Equities:

On December 15, 2008 a civil suit was filed by Epsilon Global Equities Limited (Epsilon) citing as defendants the Company and its founding stockholders. The matter was decided in 2011, with a judgment in favour of the stockholders and the Company. Epsilon appealed the judgment. The appeal was heard in April 2015. It is expected that the Court will rule on the appeal by July 31, 2016. Attorneys representing the defendants expect the Company to succeed and that the appeal will not result in a financial liability to the Company.

Talisman Capital Alternative Investment Fund and EGE Limited:

In August 2012, a civil suit was filed in the Courts of Florida, USA, by Talisman Capital Alternative Investment Fund and EGE Limited citing as defendants the Company and certain of its stockholders. This suit is in respect of most of the same issues decided in the Supreme Court in Jamaica in favour of the Company and some of its stockholders (see above).

In April 2013, the Federal Bankruptcy Court in Florida granted a motion by SVL and other defendants to dismiss the complaint. The plaintiffs then filed objections to the dismissal. Subsequently, the court granted a motion by SVL and other defendants to strike out the objections. The plaintiffs then moved for reconsideration of the order. The motions were heard and SVL and other defendants were successful on the motions and were either discharged from the proceedings or the plaintiffs were ordered to re-file the proceedings. The Plaintiffs have appealed the Order. The Appeal has been heard and the decision is pending.

The attorneys representing SVL in the USA expect its position to be continued to be upheld by the Florida Courts.

(b) Contingencies - Guarantees

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 the Betting, Gaming and Lotteries Commission (BGLC). The Company and the BGLC have agreed that the secured debenture and the guarantee constitute compliance by the subsidiary, Prime Sports (Jamaica) Limited (PSJL), with the requirements of the licence granted by BGLC that the equity capitalisation of PSJL be not less than \$500 million, and PSJL will accordingly be treated as having \$500 million of stockholders' equity for the purpose of the condition of the BGLC licence that refers to stockholders' equity. Accordingly, BGLC will hold the Company responsible and liable for any breaches of the licence by its subsidiary, PSJL.

SUPREME VENTURES LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2015

37. Contingencies and commitments (continued)

(c) Contingencies - Prime Sports (Jamaica) Limited

In accordance with requirements of the Betting, Gaming and Lotteries Act granting a Bookmaker's permit to Prime Sports (Jamaica) Limited (PSJL), a performance bond guarantee arrangement was executed with The Bank of Nova Scotia Jamaica Limited (BNS) for an amount of \$10 million. Under the said performance bond covering the period June 26, 2015 to June 25, 2018, BNS would pay on demand any sums which may from time to time be demanded by the BGLC up to a maximum aggregate sum of \$10 million. The bank guarantee is secured by a hypothecated term deposit in the amount of \$10 million [note 15(b)].

(d) Contingencies - Super Lotto Jackpot Liability

As required under Condition 7 attached to the approval granted by the BGLC to promote the multi-jurisdictional game, 'Super Lotto', the Company, as the applicant, has made arrangements for a stand-by financing facility of \$600 million from BNS. Under the said stand-by facility, which is renewable annually, 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.

(e) Commitment - Licence fees to the Betting, Gaming and Lotteries Commission (BGLC)

In accordance with conditions attached to the lottery licences granted by the BGLC, annual licence fees aggregating \$26.4 million fall due for payment each year.

(f) Capital commitments

	<u>The Group</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Machinery and equipment	<u>11,902</u>	<u>-</u>

(g) Sponsorship commitments

Commitments pursuant to sponsorship agreements entered into by the Group are as follows:

	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
2015	-	34,800
2016	<u>82,425</u>	<u>-</u>
	<u>82,425</u>	<u>34,800</u>



Shareholdings

**SUPREME VENTURES LIMITED
TOP TEN SHAREHOLDINGS
AS AT DECEMBER 31, 2015**

Name Account(s) Joint Holders	Volume	Percentage
INTRALOT CARIBBEAN VENTURES LIMITED	1,315,895,445.00	49.90
	1,315,895,445.00	49.90
IAN KENT LEVY	320,541,171.00	12.15
Matthew Kent Levy	4,000,000.00	00.15
	324,541,171.00	12.30
PAUL HOO	200,000,000.00	07.58
	20,021,182.00	00.79
Susan Elizabeth Hoo	23,059.00	00.00
	220,044,241.00	08.37
JANETTE STEWART	179,035,112.00	06.79
Steven A. Hudson	587,433.00	00.02
	179,622,545.00	06.81
STEPHEN R. CASTAGNE	144,396,828.00	05.48
	144,396,828.00	05.48
MAYBERRY WEST INDIES BANK LIMITED	87,197,453.00	03.31
	87,197,453.00	03.31
SUNFISHER CORPORATION	24,648,118.00	00.93
	24,648,118.00	00.93
KEITH BINNS Lurline Binns	20,000,000.00	00.76
	20,000,000.00	00.76
TW METALS LTD.	18,257,457.00	00.69
	18,257,457.00	00.69
GTECH GLOBAL SERVICES CORPORATION LTD.	15,899,803.00	00.60
	15,899,803.00	00.60

**SUPREME VENTURES LIMITED
DIRECTORS' SHAREHOLDINGS
AS AT DECEMBER 31, 2015**

Name Account (s) Joint Holders	Volume	Percentage
PAUL HOO	200,000,000.00	07.58
	20,021,182.00	00.79
Susan Elizabeth Hoo	23,059.00	00.00
	220,044,241.00	08.37
IAN KENT LEVY	320,541,171.00	12.15
Matthew Kent Levy	4,000,000.00	00.15
	324,541,171.00	12.30
STEVEN A. HUDSON		
Janette Stewart	587,433.00	00.02
	587,433.00	00.02
BRIAN R. GEORGE	155,706.00	00.00
	2,090,941.00	00.09
	2,246,647.00	00.09
JOHN G. GRAHAM	1,000.00	00.00
Tracey Elaine Adams-Goldson	1,000.00	00.00
BARRINGTON CHISHOLM	994,871.00	00.04
Anna-Kaye Chisholm	2,941,177.00	00.11
	3,936,048.00	00.15
GEORGIOS SAMPSON	00.00	00.00
	00.00	00.00
NIKOLAOS NIKOLAKOPOULOS	00.00	00.00
	00.00	00.00
ROBERT NADER	00.00	00.00
	00.00	00.00
IAN MOORE	00.00	00.00
	00.00	00.00
PETER CHIN	00.00	00.00
	00.00	00.00

**SUPREME VENTURES LIMITED
SENIOR MANAGERS' SHAREHOLDINGS
AS AT DECEMBER 31, 2015**

Name Account(s) Joint Holders	Volume	Percentage
BRIAN R. GEORGE	155,706.00	00.00
	2,090,941.00	00.09
	2,246,647.00	00.09
JAMES MORRISON Joan M. Morrison	291,550.00	00.01
	291,550.00	00.01
SONIA DAVIDSON Gene Paul Davidson	31,200.00	00.00
	31,200.00	00.00
LANCELOT THOMAS	00.00	00.00
	00.00	00.00
WAYNE BOODASINGH	00.00	00.00
	00.00	00.00
LORNA GOODEN Gregory Paul Anthony Gooden	8,300.00	00.00
	8,300.00	00.00
	16,600.00	00.00
ANDREW BROMLEY	4,000.00	00.00
	4,000.00	00.00
ADAM HARRIS	00.00	00.00
	00.00	00.00
VASSILIS HADJIDIAKOS	00.00	00.00
	00.00	00.00
JOMO CATO	00.00	00.00
	00.00	00.00
TASHIA HUTTON	00.00	00.00
	00.00	00.00
CAROLYN BOLT-NICHOLAS	00.00	00.00
	00.00	00.00
ANDRE MARKS Opel Marks	2,200.00	00.00
	5,500.00	00.00
	7,700.00	00.00

SUPREME VENTURES LIMITED
TRADES IN EXCESS OF 5 MILLION
AS AT DECEMBER 31, 2015

Name	Account(s)	Volume	Percentage
	Joint Holders	NIL	NIL



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