SUPREME VENTURES LIMITED AUDITED FINANCIAL STATEMENTS 31ST DECEMBER 2013

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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 69, which comprise the Group's and the Company's statements of financial position as at December 31, 2013, 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 for such internal controls as management determines are 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 controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

KPMG

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, 2013, and of the Group's and the Company's financial performance, changes in equity 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.

Comparative information

The financial statements of Supreme Ventures Limited as of and for the year ended December 31, 2012 were audited by another firm of Chartered Accountants whose report, dated February 27, 2013, expressed an unqualified opinion on those financial statements.

KPMG

Chartered Accountants
Kingston, Jamaica

February 26, 2014

SUPREME VENTURES LIMITED

Group Statement of Financial Position
December 31, 2013

	Notes	2013 $'000	2012* $'000	2011* $'000
ASSETS				
Non-current assets				
Property and equipment	4	1,837,079	1,847,331	1,758,475
Goodwill	5	571,681	571,681	571,681
Other intangible assets	6	79,133	102,961	131,455
Long-term receivables	8	448,756	333,665	316,407
Available-for-sale investments	9	5,711	14,759	1,883
Investment in joint venture	10	34,221	34,221	34,221
Deferred tax assets	11	251,956	409,345	196,571
Other assets	12	27,224	5,908	-
Total non-current assets		3,255,761	3,319,871	3,010,693
Current assets				
Inventories	13	76,457	48,418	101,813
Income tax recoverable		48,871	17,520	11,495
Trade and other receivables	15	468,672	610,582	462,709
Cash and cash equivalents	16	1,474,083	1,660,455	1,418,477
Total current assets		2,068,083	2,336,975	1,994,494
Total assets		5,323,844	5,656,846	5,005,187
EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital	17	1,967,183	1,967,183	1,967,183
Capital reserve	18	62,486	62,486	62,486
Retained earnings	19	1,613,250	1,763,623	1,297,103
Total shareholders' equity		3,642,919	3,793,292	3,326,772
Non-current liabilities				
Long-term liabilities	20	77,000	216,555	189,444
Deferred tax liabilities	11	13,309	37,876	85,231
Total non-current liabilities		90,309	254,431	274,675
Current liabilities				
Trade and other payables	21	1,128,574	968,529	726,575
Prize liabilities	22	320,634	337,642	264,301
Current portion of long-term liabilities	20	141,408	142,708	214,605
Income tax payable		-	160,244	198,259
Total current liabilities		1,590,616	1,609,123	1,403,740
Total shareholders' equity and liabilities		5,323,844	5,656,846	5,005,187

The financial statements on pages 3 to 69 were approved for issue by the Board of Directors on February 26, 2014 and signed on its behalf by:

Director
Paul Hoo

Director
Brian George

* Restated (see note 39)

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

SUPREME VENTURES LIMITED

Group Statement of Profit or Loss and Other Comprehensive Income
Year ended December 31, 2013

	Notes	2013 $'000	2012* $'000
Continuing operations			
Revenue	23	34,140,265	29,726,146
Direct expenses	24	(30,808,867)	(25,668,180)
Gross profit		3,331,398	4,057,966
Operating expenses	25	(2,768,146)	(2,653,452)
Profit from operations		563,252	1,404,514
Interest income		46,408	53,098
Net foreign exchange gains	26	30,707	35,945
Finance costs	27	(28,486)	(39,791)
Other gains	28	99,211	-
Profit before taxation from continuing operations	29	711,092	1,453,766
Taxation	30	(228,523)	(376,880)
Profit for the year from continuing operations		482,569	1,076,886
Discontinued operations			
Loss for the year from discontinued operations	31	-	(3,797)
Profit for the year, being total comprehensive income for the year		482,569	1,073,089
Earnings per stock unit	32		
Continuing operations		18.30 cents	40.83 cents
Including discontinued operations		18.30 cents	40.69 cents

*Restated (see note 39)

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

SUPREME VENTURES LIMITED

Group Statement of Changes in Equity
Year ended December 31, 2013

	Share capital $'000 (Note 17)	Capital reserve $'000 (Note 18)	Revaluation reserve $'000	Retained earnings $'000 (Note 19)	Total $'000
Balance as at December 31, 2011					
As previously reported	1,967,183	62,486	160,350	1,293,238	3,483,257
Prior year adjustment (note 39)	-	-	(160,350)	3,865	(156,485)
As restated	1,967,183	62,486	-	1,297,103	3,326,772
Profit for the year					
As previously restated	-	-	-	1,069,224	1,069,224
Prior year adjustment (note 39)	-	-	-	3,865	3,865
As restated	-	-	-	1,073,089	1,073,089
Other comprehensive income for the year, net of tax					
As previously reported	-	-	76,813	-	76,813
Prior year adjustment (note 39)	-	-	(76,813)	-	(76,813)
As restated	-	-	-	-	-
Total comprehensive income for the year, as restated	-	-	-	1,073,089	1,073,089
Transactions with shareholders					
Distributions (note 36)	-	-	-	(606,569)	(606,569)
Balance as at December 31, 2012 as restated	1,967,183	62,486	-	1,763,623	3,793,292
Balance as at December 31, 2012					
As previously reported	1,967,183	62,486	237,163	1,755,893	4,022,725
Prior year adjustment 2011	-	-	(160,350)	3,865	(156,485)
Prior year adjustment 2012	-	-	(76,813)	3,865	(72,948)
As restated	1,967,183	62,486	-	1,763,623	3,793,292
Profit for the year, being total comprehensive income for the year	-	-	-	482,569	482,569
Transactions with shareholders					
Distributions (note 36)	-	-	-	(632,942)	(632,942)
Balance as at December 31, 2013	1,967,183	62,486	-	1,613,250	3,642,919

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

SUPREME VENTURES LIMITED

Group Statement of Cash Flows
Year ended December 31, 2013

	2013 $000	2012* $000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	482,569	1,073,089
Adjustments for:		
Depreciation of property and equipment	200,928	187,322
Amortisation of other intangible assets	27,953	29,573
Transfer from property and equipment to profit or loss	-	197
Loss on disposal of property and equipment	16,399	28,286
Impairment of available-for-sale investments	9,048	2,124
Amortisation of other assets	6,393	656
Unrealised exchange loss on long-term liabilities	-	(832)
Exchange gains on long-term receivables	(34,076)	(25,438)
Effect of exchange rate changes on cash and cash equivalents	1,721	(12,158)
Impairment losses recognised on trade receivables	58,032	78,946
Impairment losses on other receivables	-	26,000
Interest income	(46,408)	(53,098)
Interest expense	28,486	39,791
Taxation	228,523	376,880
Operating cash flow before movement in working capital	979,568	1,751,338
Decrease/(increase) in operating assets/liabilities		
Inventories	(28,039)	53,395
Trade and other receivables	81,301	(254,602)
Trade and other payables	80,927	232,314
Prizes liabilities	(17,008)	73,341
Cash generated by operations	1,096,749	1,855,786
Income tax paid	(287,296)	(681,049)
Interest paid	(29,786)	(37,034)
Cash provided by operating activities	779,667	1,137,703
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(222,134)	(309,011)
Acquisition of other intangible assets	(4,125)	(1,079)
Acquisition of other assets	(27,709)	(6,564)
Proceeds on disposal of property and equipment	15,059	4,350
Long-term receivables	(71,975)	3,564
Interest received	39,945	44,497
Cash used in investing activities	(270,939)	(264,243)
Cash flows from operating and investing activities carried forward	508,728	873,460

* Restated (see note 39)

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

SUPREME VENTURES LIMITED

Group Statement of Cash Flows (Continued)
Year ended December 31, 2013

	2013 $'000	2012* $'000
Cash flows from operating and investing activities brought forward	508,728	873,460
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(553,824)	(606,569)
Loans received	-	100,000
Loans repaid	(139,555)	(106,222)
Lease obligations paid	-	(30,849)
Cash used in financing activities	(693,379)	(643,640)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(184,651)	229,820
Cash and cash equivalents at the beginning of the year	1,660,455	1,418,477
Effect of exchange rate changes on the balance of cash held in foreign currency	(1,721)	12,158
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	1,474,083	1,660,455

* Restated (see note 39)

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

SUPREME VENTURES LIMITED

Company Statement of Financial Position
December 31, 2013

	Notes	2013 $'000	2012* $'000	2011* $'000
ASSETS				
Non-current assets				
Property and equipment	4	122,796	154,766	184,005
Goodwill	5	189,953	189,953	189,953
Other intangible assets	6	321	889	1,920
Investment in subsidiaries	7	1,944,412	1,948,990	1,853,568
Long-term receivables	8	1,126,703	843,083	894,943
Available-for-sale investments	9	5,711	14,759	1,883
Total non-current assets		3,389,896	3,152,440	3,126,272
Current assets				
Income tax recoverable		8,914	7,759	2,576
Inventories	13	74,676	40,160	90,715
Due from subsidiaries	14	295,250	440,353	241,702
Dividend receivable		-	-	18,137
Trade and other receivables	15	120,044	116,956	92,743
Cash and cash equivalents	16	250,685	130,451	164,454
Total current assets		749,569	735,679	610,327
Total assets		4,139,465	3,888,119	3,736,599
EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital	17	1,967,183	1,967,183	1,967,183
Capital reserve	18	62,486	62,486	62,486
Retained earnings	19	1,252,638	1,209,691	1,019,502
Total shareholders' equity		3,282,307	3,239,360	3,049,171
Non-current liabilities				
Long-term liabilities	20	77,000	216,555	189,444
Deferred tax liability	11	13,309	13,454	20,188
Total non-current liabilities		90,309	230,009	209,632
Current liabilities				
Trade and other payables	21	617,744	276,042	302,386
Current portion of long-term liabilities	20	141,408	142,708	175,410
Income tax payable		7,697	-	-
Total current liabilities		766,849	418,750	477,796
Total equity and liabilities		4,139,465	3,888,119	3,736,599

The financial statements on pages 3 to 69 were approved for issue by the Board of Directors on February 26, 2014 and signed on its behalf by:

Director
Paul Hoo

Director
Brian George

*Restated (see note 39)
The accompanying notes form an integral part of the financial statements.

SUPREME VENTURES LIMITED

Company Statement of Profit or Loss and Other Comprehensive Income
Year ended December 31, 2013

	Notes	2013 $'000	2012* $'000
Revenue	23	3,945,397	2,789,168
Direct expenses	24	(3,585,766)	(2,425,883)
Gross profit		359,631	363,285
Dividend income from wholly-owned subsidiaries	36(b)	675,000	820,000
Operating expenses	25	(458,193)	(455,148)
Interest income		112,136	99,700
Net foreign exchange (losses)/gains	26	(3,212)	1,335
Finance costs	27	(27,922)	(39,148)
Other gains	28	26,000	-
Profit before taxation	29	683,440	790,024
Taxation	30	(7,551)	6,734
Profit for the year, being total comprehensive income for the year		675,889	796,758

*Restated (see note 39)

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

SUPREME VENTURES LIMITED

Company Statement of Changes in Equity
Year ended December 31, 2013

	Share capital $'000 (Note 17)	Capital reserve $'000 (Note 18)	Revaluation reserve $'000	Retained earnings $'000 (Note 19)	Total $'000
Balance as at December 31, 2011					
As previously reported	1,967,183	62,486	38,180	1,018,162	3,086,011
Prior year adjustment (note 39)	-	-	(38,180)	1,340	(36,840)
Balance at December 2011, as restated	1,967,183	62,486	-	1,019,502	3,049,171
Profit for the year					
As previously reported	-	-	-	795,418	795,418
Prior year adjustment (note 39)	-	-	-	1,340	1,340
As restated	-	-	-	796,758	796,758
Other comprehensive income for the year, net of tax					
As previously reported	-	-	26	-	26
Prior year adjustment (note 39)	-	-	(26)	-	(26)
As restated	-	-	-	-	-
Total comprehensive income for the year, as restated	-	-	-	796,758	796,758
Transactions with shareholders					
Distributions (note 36)	-	-	-	(606,569)	(606,569)
Balance as at December 31, 2012	1,967,183	62,486	-	1,209,691	3,239,360
Balance as at December 31, 2012					
As previously reported	1,967,183	62,486	38,206	1,207,011	3,274,886
Prior year adjustment 2011	-	-	(38,180)	1,340	(36,840)
Prior year adjustment 2012	-	-	(26)	1,340	1,314
As restated	1,967,183	62,486	-	1,209,691	3,239,360
Profit for the year, being comprehensive income for the year	-	-	-	675,889	675,889
Transactions with shareholders					
Distributions (note 36)	-	-	-	(632,942)	(632,942)
Balance as at December 31, 2013	1,967,183	62,486	-	1,252,638	3,282,307

SUPREME VENTURES LIMITED

Company Statement of Cash Flows
Year ended December 31, 2013

	2013 $'000	2012* $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	675,889	796,758
Adjustments for:		
Depreciation of property and equipment	23,655	29,878
Dividend income	(675,000)	(820,000)
Impairment of investment in subsidiaries	4,578	4,578
Impairment loss on available-for-sale investments	9,048	2,124
Impairment loss on other receivables		26,000
Amortisation of other intangible assets	568	1,112
Effect of exchange rate changes on cash and cash equivalents	3,055	(289)
Loss on disposal of property and equipment	10,578	21,851
Interest income	(112,136)	(99,700)
Interest expense	27,922	39,148
Taxation	7,551	(6,734)
Operating cash flow before movement in working capital	(24,292)	(5,274)
(Decrease)/increase in operating assets/liabilities		
Inventories	(34,516)	50,555
Trade and other receivables	(35,705)	(59,234)
Due from related parties	145,103	(163,681)
Trade and other payables	262,584	(26,344)
Cash generated by/(used in) operations	313,174	(203,978)
Income tax paid	(1,154)	(5,183)
Interest paid	(29,222)	(38,517)
Cash provided by/(used in) operating activities	282,798	(247,678)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(2,263)	(22,490)
Acquisition of other intangible assets	-	(81)
Long-term receivables	(255,299)	16,890
Investment in subsidiaries	-	(100,000)
Interest received	116,432	93,721
Cash used in investing activities	(141,130)	(11,960)
Cash flows from operating and investing activities carried forward	141,668	(259,638)

*Restated (see note 39)

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

SUPREME VENTURES LIMITED

Company Statement of Cash Flows (Continued)
Year ended December 31, 2013

	2013 $'000	2012 $'000
Cash flows from operating and investing activities brought forward	141,668	(259,638)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend received	675,000	838,137
Dividend paid	(553,824)	(606,569)
Loan received	-	100,000
Loans repaid	(139,555)	(106,222)
Cash (used)/provided by financing activities	(18,379)	225,346
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	123,289	(34,292)
Cash and cash equivalents at the beginning of the year	130,451	164,454
Effect of exchange rate changes on the balance of cash held in foreign currencies	(3,055)	289
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	250,685	130,451

Restated (see note 39)

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

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 activities of the Company are the management of its subsidiary companies (subsidiaries) and the sale of mobile phone pin codes.

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:

Name of company	Principal activity	Percentage ownership %
Supreme Ventures Lotteries Limited		
and its wholly owned subsidiary:	Lottery operations–inactive*	100
Bingo Investments Limited	Lottery operations–inactive	100
Prime Sports (Jamaica) Limited		
and its wholly-owned subsidiary:	Betting, gaming and lottery operations*	100
Chillout Ventures Limited	Gaming operations (not yet in operation)	100
Supreme Ventures Financial Services Limited	Not trading*	100
Big 'A' Track 2003 Limited	Sports betting*	100

*Effective February 28 and March 31, 2013 respectively, the Company carried out an exercise to amalgamate its subsidiaries as follows:

(i) Transfer of the assets and operations of Supreme Ventures Lotteries Limited and Big 'A' Track 2003 Limited to Prime Sports (Jamaica) Limited.

(ii) Transfer of the assets and operations of Supreme Ventures Financial Services Limited to Big 'A' Track 2003 Limited.

As a consequence of the foregoing, Prime Sports (Jamaica) Limited, which is now licensed by the Betting, Gaming and Lotteries Commission (BGLC) to carry out betting, gaming and lottery operations, is the Company's principal operating subsidiary.

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

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').

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 following new standards and amendments to standards, including any consequential amendments to other standards, applicable to its operations, with a date of initial application of January 1, 2013. The nature and effects of the changes are as follows:

(i) IFRS 10 *Consolidated Financial Statements (2011)*

As a result of IFRS 10 (2011), the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. IFRS 10 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. The Group has therefore reassessed the control conclusion in respect of its investees as at January 1, 2013. This has however, not resulted in any changes to the control conclusions previously determined.

(ii) IFRS 11 *Joint Arrangements*

As a result of IFRS 11, the Group has changed its accounting policy for its interest in joint arrangements. Under IFRS 11, the Group has classified its interest in joint arrangements as either joint operations (if the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement) or joint ventures (if the Group has rights only to the net assets of an arrangement). When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification. The Group has re-evaluated its involvement in its joint arrangements and has determined that no reclassification is required. There has been no impact on the recognised assets, liabilities and comprehensive income of the Group.

(iii) IFRS 12 *Disclosure of Interests in Other Entities*

As a result of IFRS 12, the Group expanded its disclosures about its interest in subsidiaries.

2. Statement of compliance and basis of preparation (cont'd)

(a) Statement of compliance (cont'd):

New, revised and amended standards and interpretations that became effective during the year (cont'd)

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, applicable to its operations, with a date of initial application of January 1, 2013. The nature and effects of the changes are as follows (cont'd):

(iv) IFRS 13 *Fair Value Measurement*

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as 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. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7. Consequently, the Group has included additional disclosures in this regard [see note 37(g)].

In accordance with the transitional provisions of IFRS 13, the Group applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

(v) *Presentation of Items of Other Comprehensive Income* (Amendments to IAS 1)

As a result of the amendments to IAS 1, items of other comprehensive income (OCI) that may be reclassified to profit or loss in the future are presented separately from those that would never be reclassified to profit or loss. Also, the title of the statement has changed from *Statement of Comprehensive Income* to *Statement of Profit or Loss and Other Comprehensive Income*.

2. Statement of compliance and basis of preparation (cont'd)

(a) Statement of compliance (cont'd):

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:

- *IFRS 9, Financial Instruments (2010)*, the previous version of IFRS 9 issued in 2009 and is effective for accounting periods beginning on or after January 1, 2017 (previously January 1, 2015). The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The revised 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 de-recognition of financial assets and financial liabilities. The Group is assessing the impact that the standard will have on its 2017 financial statements.

- Amendments to IAS 36 *Impairment of Assets*: *Recoverable Amount Disclosures for Non-financial Assets*, which is effective for accounting periods beginning on or after January 1, 2014, reverse the unintended requirement in IFRS 13 *Fair Value Measurement*, to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. The amendment requires the recoverable amount to be disclosed only when an impairment loss has been recognised or reversed. The Group is assessing the impact that this standard may have on its 2014 financial statements.

- Amendments to IAS 39, *Financial Instruments: Novation of Derivatives and Continuation of Hedge Accounting,* which is effective for accounting periods beginning on or after January 1, 2014, adds a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria. The Group is assessing the impact that this standard may have on it 2014 financial statements.

2. Statement of compliance and basis of preparation (cont'd)

(a) Statement of compliance (cont'd):

New standards, and interpretations of and amendments to existing standards that are not yet effective (cont'd):

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 (cont'd):

- Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of interest in Other Entities* and IAS 27 *Consolidated* and *Separate Financial Statements* is effective for accounting periods beginning on or after January 1, 2014. The amendment defines an investment entity and requires a parent that is an investment entity to measure its investments in particular subsidiaries at fair value through profit or loss instead of consolidating those subsidiaries in its consolidated and separate financial statements. In addition, the amendments introduce new disclosure requirement related to investment entities in IFRS 12 *Disclosure of Interests in Other Entities and IAS 27 Separate financial Statements.* The Group is assessing the impact that this standard may have on it 2014 financial statements.

- IFRIC 21 *Levies* is effective for accounting periods beginning on or after January 1, 2014. It provides guidance on accounting for levies in accordance with the requirements of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets,* The interpretation defines a levy as an outflow from a entity imposed by a government in accordance with legislation. It requires an entity to recognise a liability for a levy when and only the triggering event specified in the legislation occurs. The Group is assessing the impact that this standard may have on it 2014 financial statements.

(b) Basis of measurement:

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

(c) Functional and presentation currency:

The financial statements are presented in Jamaica dollars ($), which is the functional currency of the Company and each of its subsidiaries.

(d) Use of estimates and judgements:

The preparation of the financial statements to conform to 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.

2. Statement of compliance and basis of preparation (cont'd)

(d) Use of estimates and judgements (cont'd):

The preparation of the financial statements to conform to 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

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 value-in-use to the company.

(iii) Impairment of goodwill and other intangible assets

Impairment of goodwill and other intangible assets is dependent upon management's internal assessment of future cash flows from these cash-generating units that gave rise to the goodwill. 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.

3. Significant accounting policies

(a) Basis of consolidation:

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is at the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquired entity; plus
- if the business combination is achieved in stages, the fair value of the pre-existing interest in the acquired entity; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date.

(ii) Subsidiaries

Subsidiaries are all entities controlled by the Group. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has ability to affect those returns through its power over the 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.

3. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd):

(iii) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

(iv) Joint venture arrangement

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of joint ventures on the equity accounting basis. If the Group's share of losses exceeds its interest in a joint venture the Group's carrying amount is reduced to nil and recognition of further losses is discontinued, except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of a joint venture. If the joint venture subsequently reports gains, the Group resumes recognising its share of those gains only after its share of gains equals the share of losses not recognised.

(v) Transactions eliminated on consolidation

Balances and transactions between companies within the Group, and any unrealised gains arising from those transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions between the Group and its associate and joint ventures are eliminated to the extent of the Group's interest in the associate or joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(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.

3. Significant accounting policies (cont'd)

(c) Property and equipment:

(i) Owned assets

Items of property, plant and equipment are stated at cost (see also note 39) accumulated depreciation and impairment losses [see 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, plant 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, plant and equipment are recognised in profit or loss as incurred.

(ii) Depreciation

Property, plant and equipment, with the exception of freehold land on which no depreciation is provided, are depreciated on both the straight-line 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
Leasehold improvements	10 years
Machine and equipment	10 years
Video lottery terminal equipment	5-10 years
Furniture, fixtures and office equipment	3-10 years
Computer equipment	3-5 years
Motor vehicles	5-8 years
Signs and posters	5-10 years

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

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

3. Significant accounting policies (cont'd)

(d) 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) Licences

Licences and permits are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation methods, useful life and residual value 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. Amortisation is charged on the straight-line basis over its estimated useful life. The useful life is estimated to be 5 years.

(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 life and residual value 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 user rights	10 years

(iv) De-recognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from the de-recognition of an intangible asset, 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.

3. Significant accounting policies (cont'd)

(e) 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 financial year end, and any adjustment to tax payable 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.

(f) Impairment:

The carrying amounts of the Group's 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 Group profit or loss.

Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset and that the loss event has an impact on the future cash flows on the asset that can be estimated. Objective evidence that financial assets are impaired can include default or delinquency by a customer or counterparty or indicators that the customer or counterparty will enter bankruptcy.

A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment. When a decline in the fair value of an available-for-sale investment has been recognised directly in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in other comprehensive income is recognised in Group profit or loss even though the investment has not been derecognised.

The amount of the cumulative loss that is recognised in Group profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss previously recognised in Group profit or loss.

3. Significant accounting policies (cont'd)

(f) Impairment (cont'd):

(i) Calculation of recoverable amount

The recoverable amount of the Group's investments in held-to-maturity securities and loans and receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other 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 a held-to-maturity security, loan or receivable is reversed, if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through Group profit or loss.

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) 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, including an appropriate proportion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on a first-in, first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3. Significant accounting policies (cont'd)

(h) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of the financial statements, financial assets have been determined to include cash and bank balances, trade and other receivables, due from related parties and long-term receivables. Financial liabilities include trade and other payables, prizes liabilities and long-term liabilities.

(i) Classification of financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. Management determines the classification of its financial instruments at initial recognition and re-evaluates this designation at every reporting date. The financial assets of the Group are classified as loans and receivables.

Instruments with fixed or determinable payments and which are not quoted in an active market are classified as loans and receivables and are carried at amortised cost, less impairment losses. Other investments held by the Group are classified as available-for-sale and are stated at fair value. Available-for-sale investments include certain debt and equity securities.

(ii) Measurement

Financial instruments are measured initially at cost, including transaction costs. Subsequent to initial recognition, all available-for-sale investments are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably determined, is stated at cost, including transaction costs, less impairment losses.

All non-trading financial liabilities and loans and receivables are measured at amortised cost, less impairment losses. Amortised cost is calculated on the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

Investment in subsidiaries, for the Company, is stated at cost, less impairment losses.

(iii) 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.

3. Significant accounting policies (cont'd)

(h) Financial instruments (cont'd):

(iii) Impairment of financial assets (cont'd)

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.

(iv) De-recognition

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

The Group de-recognises a financial liability when its contractual obligations are discharged, cancelled or have expired.

(i) Cash and cash equivalents:

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

(j) Revenue:

(i) Lottery

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

3. Significant accounting policies (cont'd)

(j) Revenue (cont'd):

(i) Lottery (cont'd)

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 BGLC. Fifty percent (50%) of unclaimed prizes (net of taxes where applicable) is paid over to the CHASE Fund within 21 days and the remainder retained by the subsidiary. Effective March 1, 2013, the remainder, being fifty percent (50%) of unclaimed prizes, is paid to the BGLC.

(ii) Gaming

Revenue is recorded based on the cash value of tokens and tickets cleared from the drop box, roulette credits sold to customers, the cash bills cleared from the bill receptor, the payouts made to customers and the net movement in the machines' token stock levels.

(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 the contracted retail agents. Revenue is recognised when pin codes are sold by the agents.

(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 the 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.

3. Significant accounting policies (cont'd)

(j) Revenue (cont'd):

(viii) Dividend income

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

(k) 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 recognized 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.

(l) Finance costs:

Finance costs are recognised using the effective interest method.

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

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

(m) 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").

(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.

(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) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

3. Significant accounting policies (cont'd)

(m) Related parties (cont'd):

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

(f) The entity is a post-employment benefit plan established for the benefit of employees of either the reporting entity or an entity related to the reporting entity.
(g) The entity is controlled, or jointly controlled, by a person identified in (i).
(h) 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).

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.

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

(n) Foreign currencies:

In preparing the financial statements of the Company, transactions in currencies other than the Company'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 retranslated 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.

(o) Leases:

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

(p) Determination of profit or loss:

Profit is determined as the difference between the revenues from the goods and services rendered and the cost and the 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.

3. Significant accounting policies (cont'd)

(q) 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.

(iii) Dividends:

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

4. Property and equipment

The Group

	Freehold land $'000	Freehold buildings $'000	Leasehold building $'000	Leasehold improvements $'000	Machinery & equipment $'000	Video lottery terminal equipment $'000	Furniture fixtures & equipment $'000	Computer equipment $'000	Motor vehicles $'000	Arts & paintings $'000	Signs & posters $'000	Capital work in progress $'000	Total $'000
Cost													
December 31, 2011													
As previously reported	237,128	937,100	120,348	359,970	245,188	512,249	475,909	27,641	120,073	2,363	25,024	3,097	3,066,090
Prior year adjustment*	(56,000)	(92,100)	-	-	-	-	-	-	-	-	-	-	(148,100)
As restated	181,128	845,000	120,348	359,970	245,188	512,249	475,909	27,641	120,073	2,363	25,024	3,097	2,917,990
Additions	-	39,726	-	2,981	545	3,910	9,876	4,954	33,464	-	1,059	212,496	309,011
Transfer to profit or loss	-	-	-	-	-	-	-	-	-	-	-	(197)	(197)
Transfers	(27,428)	44,525	-	(9,338)	5,833	621	705	-	-	-	-	(14,918)	-
Disposals/write-offs	-	-	-	(1,800)	-	(71,001)	(696)	(294)	(16,506)	-	(381)	-	(90,678)
December 31, 2012, as restated	153,700	929,251	120,348	351,813	251,566	445,779	485,794	32,301	137,031	2,363	25,702	200,478	3,136,126
Additions	-	347	-	13,913	11,671	8,280	11,036	2,684	52,276	-	-	121,927	222,134
Transfers	-	5,356	-	111,106	16,638	139,612	44,374	2,331	-	-	1,007	(320,424)	-
Disposals/write-offs	-	-	-	-	-	(34,537)	(1,021)	-	(37,689)	-	-	-	(73,247)
December 31, 2013	153,700	934,954	120,348	476,832	279,875	559,134	540,183	37,316	151,618	2,363	26,709	1,981	3,285,013
Accumulated depreciation													
December 31, 2011													
As previously reported	-	23,428	12,536	163,721	215,525	313,118	267,924	24,443	55,236	-	24,957	-	1,100,888
Prior year adjustment*	-	58,627	-	-	-	-	-	-	-	-	-	-	58,627
As restated	-	82,055	12,536	163,721	215,525	313,118	267,924	24,443	55,236	-	24,957	-	1,159,515
Depreciation	-	19,874	3,009	38,377	26,277	50,746	21,691	4,786	22,384	-	178	-	187,322
Transfers	-	6,976	-	(6,976)	-	-	-	-	-	-	-	-	-
Disposals/write-offs	-	-	-	(1,626)	-	(41,962)	(486)	(294)	(13,370)	-	(304)	-	(58,042)
December 31, 2012, as restated	-	108,905	15,545	193,496	241,802	321,902	289,129	28,935	64,250	-	24,831	-	1,288,795
Depreciation	-	19,512	3,009	45,609	25,716	60,187	18,580	4,720	23,320	-	275	-	200,928
Transfer	-	-	-	-	(118)	-	118	-	-	-	-	-	-
Disposals/write-offs	-	-	-	-	-	(19,654)	(592)	-	(21,543)	-	-	-	(41,789)
December 31, 2013	-	128,417	18,554	239,105	267,400	362,435	307,235	33,655	66,027	-	25,106	-	1,447,934
Net book values													
December 31, 2013	153,700	806,537	101,794	237,727	12,475	196,699	232,948	3,661	85,591	2,363	1,603	1,981	1,837,079
December 31, 2012, as restated*	153,700	820,346	104,803	158,317	9,764	123,877	196,665	3,366	72,781	2,363	871	200,478	1,847,331
December 31, 2011, as restated*	181,128	762,945	107,812	196,249	29,663	199,131	207,985	3,198	64,837	2,363	67	3,097	1,758,475

*See note 39

4. Property and equipment (cont'd)

The Company

	Freehold land $'000	Freehold buildings $'000	Leasehold improvements $'000	Video lottery terminal equipment $'000	Machinery & equipment $'000	Furniture fixtures & equipment $'000	Computer equipment $'000	Motor vehicles $'000	Roadway and fencing $'000	Art and paintings $'000	Signs and posters $'000	Total $'000
Cost												
December 31, 2011												
As previously reported	15,000	67,100	25,852	328,980	193,871	50,622	17,169	17,991	1,130	2,363	24,642	744,720
Prior year adjustment*	(2,000)	(52,100)	-	-	-	-	-	-	-	-	-	(54,100)
As restated	13,000	15,000	25,852	328,980	193,871	50,622	17,169	17,991	1,130	2,363	24,642	690,620
Additions	-	19,058	-	-	-	1,588	1,844	-	-	-	-	22,490
Disposals/write-offs	-	-	-	(39,573)	-	-	-	-	-	-	-	(39,573)
December 31, 2012, as restated	13,000	34,058	25,852	289,407	193,871	52,210	19,013	17,991	1,130	2,363	24,642	673,537
Additions	-	-	-	-	-	2,071	192	-	-	-	-	2,263
Disposals/write-offs	-	-	-	(33,850)	-	-	-	-	-	-	-	(33,850)
December 31, 2013	13,000	34,058	25,852	255,557	193,871	54,281	19,205	17,991	1,130	2,363	24,642	641,950
Accumulated depreciation												
December 31, 2011												
As previously reported	-	1,677	22,415	187,922	193,606	42,306	16,587	16,944	356	-	24,642	506,455
Prior year adjustment*	-	160	-	-	-	-	-	-	-	-	-	160
As restated	-	1,837	22,415	187,922	193,606	42,306	16,587	16,944	356	-	24,642	506,615
Depreciation	-	649	690	25,210	265	2,248	399	388	29	-	-	29,878
Eliminated on disposals/write-offs	-	-	-	(17,722)	-	-	-	-	-	-	-	(17,722)
December 31, 2012, as restated	-	2,486	23,105	195,410	193,871	44,554	16,986	17,332	385	-	24,642	518,771
Depreciation	-	723	685	19,138	-	1,993	885	203	28	-	-	23,655
Eliminated on disposals/write-offs	-	-	-	(23,272)	-	-	-	-	-	-	-	(23,272)
December 31, 2013	-	3,209	23,790	191,276	193,871	46,547	17,871	17,535	413	-	24,642	519,154
Net book values												
December 31, 2013	13,000	30,849	2,062	64,281	-	7,734	1,334	456	717	2,363	-	122,796
December 31, 2012, as restated*	13,000	31,572	2,747	93,997	-	7,656	2,027	659	745	2,363	-	154,766
December 31, 2011, as restated*	13,000	13,163	3,437	141,058	265	8,316	582	1,047	774	2,363	-	184,005

*See note 39

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Notes to the Financial Statements
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5. Goodwill

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Acquired goodwill	571,681	571,681	189,953	189,953

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

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Gaming operations	381,728	381,728	-	-
Lottery operations	189,953	189,953	189,953	189,953
	571,681	571,681	189,953	189,953

Management has determined that goodwill at December 31, 2013 is not impaired based on assessments of the recoverable amounts of the CGUs. The assessments were carried out as described below.

Gaming operations:

The recoverable amount of this CGU is determined based on its value in use calculations. The recoverable amount of $469.454 million was determined to be higher than its carrying amount and no impairment loss was recognised.

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

	The Group	
	2013	2012
Discount rate	18.1%	10.5%
Terminal value growth rate	3%	3.5%
Budgeted EBITDA growth rate	5%	3.5%

Seven years of cash flows were included in the discounted cash flow model. Budgeted EBITDA was based on expectations of future outcomes based on strategic change made during the year, adjusted for the anticipated revenue growth. Revenue growth was projected taking into account net win growth for the next seven years

5. Goodwill (cont'd)

Lottery operations:

The recoverable amount of this CGU is determined based on its value in use calculations. The recoverable amount of $2.882 billion was determined to be higher than its carrying amount and no impairment loss was recognised. Revenue growth was projected for the next seven years.

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

	The Group 2013	The Group 2012
Discount rate	18.1%	10.5%
Terminal value growth rate	3%	3.5%
Budgeted EBITDA growth rate	5%	3.5%

6. Other intangible assets

	The Group				The Company
	Computer software $'000	Licences $'000	Software usage rights $'000	Total $'000	Computer software $'000
Cost					
December 31, 2011	63,120	49,044	80,558	192,722	9,627
Additions	1,079	-	-	1,079	81
December 31, 2012	64,199	49,044	80,558	193,801	9,708
Additions	4,125	-	-	4,125	-
December 31, 2013	68,324	49,044	80,558	197,926	9,708
Amortisation					
December 31, 2011	42,749	10,462	8,056	61,267	7,707
Amortisation	11,708	9,809	8,056	29,573	1,112
December 31, 2012	54,457	20,271	16,112	90,840	8,819
Amortisation	10,089	9,808	8,056	27,953	568
December 31, 2013	64,546	30,079	24,168	118,793	9,387
Net book values					
December 31, 2013	3,778	18,965	56,390	79,133	321
December 31, 2012	9,742	28,773	64,446	102,961	889
December 31, 2011	20,371	38,582	72,502	131,455	1,920

(a) Licences

Licences represent those received originally by Chillout Ventures Limited and Big 'A' Track 2003 Limited for gaming and sports betting respectively and are now vested in Prime Sports (Jamaica) Limited consequent on the amalgamation described in note 1. Licences are amortised over five years from the original grant date.

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Notes to the Financial Statements
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6. Other intangible assets (cont'd)

(b) Software usage rights

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

(c) The amortisation of computer software licences and software usage rights is included in operating expenses (see note 25).

7. Investment in subsidiaries

	The Company	
	2013	2012
	$'000	$'000
Supreme Ventures Lotteries Limited	-	1,000
Supreme Ventures Financial Services Limited	-	5,760
Big 'A' Track 2003 Limited	5,760	418,311
Prime Sports (Jamaica) Limited	1,938,652	1,523,919
	1,944,412	1,948,990

Pursuant to the group amalgamation disclosed in note 1, carrying values of individual subsidiaries have been adjusted appropriately. Consequent on the re-issue of a lottery licence to its principal operating subsidiary, the Company also issued a guarantee in the amount of $500 million to the BGLC.

8. Long-term receivables

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
SGL BVI Limited (2012: US$3,903,520) [note (a)]	392,333	359,895	392,333	-
Radio Jamaica Limited [note (b)]	73,613	-	-	-
Prime Sports (Jamaica) Limited Debentures [note (c)]	-	-	555,664	556,664
Loan to subsidiary - [note (d)]	-	-	285,615	-
- - [note (e)]	-	-	-	421,649
	465,946	359,895	1,233,612	978,313
Less: Current portion	(17,190)	(26,230)	(106,909)	(135,230)
	448,756	333,665	1,126,703	843,083

8. Long-term receivables (cont'd)

(a) SGL BVI Limited:

The balance represents unsecured advances to SGL BVI Limited (SGL BVI), a company incorporated in the British Virgin Islands. SGL BVI is a subsidiary of Supreme Gaming Limited, a company incorporated under the laws of the State of Florida, USA. The advances were made pursuant to the development of gaming activities in the Caribbean and the Latin American region, including Jamaica.

As of September 1, 2013, the balance was converted from a US dollar denominated amount and is now denominated in Jamaican dollars. Management is of the opinion that the balance outstanding at December 31, 2013 is realisable under an Electronic Gaming Machine Framework Agreement dated March 31, 2011 between Intralot Caribbean Ventures Limited (Intralot) and the Company and a Project Service Agreement dated March 11, 2011 between SGL BVI and Intralot. Interest accrues on the outstanding balance at the rate of 4% per annum. Interest accrued as at December 31, 2013 amounts to $4,592,507 (2012: $2,687,447).

(b) 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 December 31, 2013. The facility bears interest at 6% per annum on a reducing balance basis.

(c) 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 to PSJL. The debentures are for a term of twenty-one (21) years, payable by 20 interim annual instalments of J$250,000 each on March 31 of each year (commencing on March 31, 2009), and a final instalment of the remaining unpaid balance of the principal sum on March 31, 2029. Interest is charged on the debentures at a rate of 8% (2012: 8%) per annum, reviewed and paid monthly.

(d) These represent portions of balances due from subsidiary, Prime Sports (Jamaica) Limited, which were restructured into a long-term loan arrangement during the year.

The loan is unsecured and is repayable in monthly instalments of $11,271,209, at interest rate 12% per annum. The loan is repayable by 2016.

(e) These loans, which bore interest at 8% per annum, were fully settled during the year, consequent on the amalgamation (see note 1).

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9. Available-for-sale investments

	The Group and The Company	
	2013	2012
	$'000	$'000
Unquoted investment	1,883	1,883
Quoted investment		
At beginning of year	12,876	-
Addition reclassified from prepayment	-	15,000
Impairment adjustment	(9,048)	(2,124)
At end of year	3,828	12,876
	5,711	14,759

10. Investment in joint venture

The Group's significant interest in a joint venture comprises a 50% equity shareholding of Jonepar Development Limited, a jointly controlled entity. The entity owns a parcel of land in Montego Bay which is used as a parking facility for the customers of the Coral Cliff gaming lounge and the other venturer. The net operating results of the joint venture since the acquisition date are not significant and as a result the investment is carried at cost.

11. Deferred taxation

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Deferred tax assets	251,956	409,345	-	-
Deferred tax liabilities	(13,309)	(37,876)	(13,309)	(13,454)
	238,647	371,469	(13,309)	(13,454)

Deferred taxation is attributable to the following:

(a) Group:

	Assets		Liabilities		Net	
	2013	2012	2013	2012	2013	2012
	$'000	$'000	$'000	$'000	$'000	$'000
Property and equipment	6,802	41,042	(11,188)	(36,192)	(4,386)	4,850
Other intangible assets	(14,098)	(16,112)	-	-	(14,098)	(16,112)
Trade and other receivables	(684)	(30)	(2,584)	(2,472)	(3,268)	(2,502)
Trade and other payables	(25,541)	(25,231)	463	788	(25,078)	(24,443)
Tax losses	285,014	408,356	-	-	285,014	408,356
Other	463	1,320	-	-	463	1,320
Net assets/(liabilities)	251,956	409,345	(13,309)	(37,876)	238,647	371,469

SUPREME VENTURES LIMITED

Notes to the Financial Statements
December 31, 2013

11. Deferred taxation (cont'd)

(a) Group (cont'd):

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

	2013 $'000	2012 $'000
Deferred tax liability in company	(13,309)	(13,454)
Deferred tax liability in subsidiaries	-	(24,422)
	(13,309)	(37,876)
Deferred tax asset in certain subsidiaries	251,956	409,345
Net deferred tax asset	238,647	371,469

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

	2013		
	Balance at January 1 $'000	Recognised in profit/loss $'000 [note 30(a)]	Balance at December 31 $'000
Property and equipment	4,850	(9,236)	(4,386)
Other intangible assets	(16,112)	2,014	(14,098)
Trade and other receivables	(2,502)	(766)	(3,268)
Trade and other payables	(24,443)	(635)	(25,078)
Tax losses	408,356	(123,343)	285,013
Other	1,320	(857)	463
	371,469	(132,823)	238,646

	2012		
	Balance at January 1 $'000	Recognised in profit/loss $'000 [note 30(a)]	Balance at December 31 $'000
Property, plant and equipment	(34,858)	39,708	4,850
Other intangible assets	(24,167)	8,055	(16,112)
Trade and other receivables	(469)	(2,033)	(2,502)
Trade and other payables	(24,318)	(125)	(24,443)
Tax losses	194,311	214,045	408,356
Other	841	479	1,320
	111,340	260,129	371,469

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Notes to the Financial Statements
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11. Deferred taxation (cont'd)

(b) Company:

	2013 $'000	2012 $'000
Property and equipment	(11,188)	(12,732)
Trade and other receivables	(2,584)	(1,510)
Other	463	788
Net liabilities	(13,309)	(13,454)

Movement in net temporary differences during the year:

	2013		
	Balance at January 1, 2013 $'000	Recognised in profit/loss $'000 [note 30(a)]	Balance at December 31, 2013 $'000
Property and equipment	(12,732)	1,544	(11,188)
Trade and other receivables	(1,510)	(1,074)	(2,584)
Other	788	(325)	463
	(13,454)	145	(13,309)

	2012		
	Balance at January 1, 2012 $'000	Recognised in profit/loss $'000 [note 30(a)]	Balance at December 31, 2012 $'000
Property and equipment	(21,008)	8,276	(12,732)
Trade and other receivables	(21)	(1,489)	(1,510)
Other	841	(53)	788
	(20,188)	6,734	(13,454)

12. Other assets

	The Group	
	2013 $'000	2012 $'000
At the beginning of the year	5,908	-
Acquired during the year	27,709	6,564
Less: Amortisation	(6,393)	(656)
At end of year	27,224	5,908

This represents clearance costs for leased gaming machines which is being amortised over the useful life of the gaming machines, estimated at five years.

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Notes to the Financial Statements
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13. Inventories

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Pin codes	74,676	40,160	74,676	40,160
Food and beverage	1,781	8,258	-	-
	76,457	48,418	74,676	40,160

The cost of inventory recognised as an expense during the year for the Group was $3.369 billion (2012: $2.327 billion) and $3.34 billion (2012: $2.26 billion) for the Company.

14. Due from subsidiaries

	The Company	
	2013	2012
	$'000	$'000
Prime Sports (Jamaica) Limited	188,845	517,137
Big 'A' Track 2003 Limited	-	(38,575)
Supreme Ventures Lotteries Limited	-	(173,439)
	188,845	305,123
Current portion of long-term receivable - Prime Sports (Jamaica) Limited [see note 8(d)]	106,405	135,230
	295,250	440,353

15. Trade and other receivables

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Trade receivables	451,221	471,517	-	-
Less: Allowances for doubtful debts	(210,449)	(152,417)	-	-
	240,772	319,100	-	-
Other receivables and prepayments [see note (f)]	227,900	317,482	120,044	142,956
Less: Allowance for doubtful debts	-	(26,000)	-	(26,000)
	468,672	610,582	120,044	116,956

(a) Included in trade receivables of the Group are amounts of $420 million (2012: $423 million) representing amounts receivable from the agents that support the lottery sales. The average credit period for the receivables is 7 days. Balances outstanding for over 7 days are considered past due. Where agent balances are outstanding for over 90 days they are classified as delinquent and are provided for in full after 365 days as historical experience is such that receivables that are past due beyond this period are generally not recoverable.

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

15. Trade and other receivables (cont'd)

(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. The Group does not hold any collateral or credit enhancement over these balances nor does it have a legal right of off-set against any amounts owed by the Group's counterparties.

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

(c) Ageing of past due but not impaired

	The Group	
	2013	2012
	$'000	$'000
Up to 30 days	4,622	6,801
31 - 60 days	2,503	12,553
61 - 90 days	3,371	25,043
Over 120 days	35,151	15,621
	45,647	60,018

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

	The Group	
	2013	2012
	$'000	$'000
Balance at beginning of year	152,417	73,471
Impairment losses recognised	58,032	78,946
Balance at end of year	210,449	152,417

(e) Movement in allowance for impairment of other receivables:

	The Group		The Company	
	2013	2013	2013	2013
	$'000	$'000	$'000	$'000
Balance at beginning of year	26,000	-	26,000	-
Impairment losses recognised/(reversed)	(26,000)	26,000	(26,000)	26,000
Balance at end of year	-	26,000	-	26,000

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

(f) Other receivables for the Group include amounts of $17.19 million (2012: $26.23 million relating to the current portion of long-term receivables disclosed in notes 8(a) and 8(b).

16. Cash and cash equivalents

(a) The Group:

Bank balances of the Group include interest-bearing accounts of $873 million (2012: $1,315 million), including US$ foreign currency deposits of US$1.6 million (2012: US$2.1 million).

Cash and cash equivalents of the Group also include an amount of $10 million (2012: $10 million) held in reserve to fund the Lucky 5 game in accordance with the lottery licence held by Prime Sports (Jamaica) Limited.

(b) The Company:

Bank balances of the Company include interest-bearing accounts of $187.2 million (2012: $91.4 million), including foreign currency deposits of US$0.065 million (2012: US$0.048 million).

(c) Hypothecated deposits:

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Hypothecated term deposits #1 [see (i) below]	25,000	25,000	-	-
Hypothecated term deposits #2 [see (ii) below]	5,800	5,800	5,800	5,800
	30,800	30,800	5,800	5,800

(i) The $25 million term deposit is hypothecated as support for a performance bond guarantee to the Betting Gaming and Lotteries Commission (BGLC) for certain financial obligations by a subsidiary under the BGLC Act and regulations. The bond, which is for four years, expires in April 2015.

(ii) The hypothecated term deposits #2 represents part of security for long-term bank arrangements disclosed in note 20.

17. Share capital

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

	2013	2012
	$'000	$'000
Stated capital:		
2,637,254,926 ordinary stock units, issued and fully paid	1,967,183	1,967,183

18. 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.

19. Retained earnings

This is reflected in the financial statements of:

	2013	2012
	$'000	$'000
The company	1,252,638	1,209,691
The subsidiaries	360,612	553,932
	1,613,250	1,763,623

20. Long-term liabilities

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
The Bank of Nova Scotia Jamaica Limited (BNS)	218,408	359,263	218,408	359,263

These loans are repayable as follows:

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Within one year	141,408	142,708	141,408	142,708
Within two to five years	77,000	216,555	77,000	216,555
	218,408	359,263	218,408	359,263
Included in the statement of financial position as:				
Current liabilities	141,408	142,708	141,408	142,708
Long-term liabilities	77,000	216,555	77,000	216,555

The non-revolving Jamaica dollar loans obtained from the Bank of Nova Scotia Jamaica Limited (BNS) are repayable in quarterly instalments over a period of five years. The interest on these loan ranges from 8.95% to 12.5%.

The BNS facility is secured as follows:

(i) Corporate guarantee by Prime Sports (Jamaica) Limited supported by a first legal mortgage over certain commercial properties;

(ii) Cash flow support guarantee from Prime Sports (Jamaica) Limited in favour of Supreme Ventures Limited;

(iii) Adequate peril insurance for the full replacement values over the properties [(i) above] held as collateral with benefits ceded to the bank;

(iv) Corporate guarantee issued by Prime Sports (Jamaica) Limited stamped for $468.134 million and endorsed by the Betting Gaming and Lotteries Commission (BGLC); and

(v) Hypothecated term deposits stamped to cover $5.8 million [note 16 (c) (ii)].

21. Trade and other payables

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Trade payables	555,589	241,844	466,061	168,940
Service contractor fees	130,694	261,173	22	9,702
Contributions payable to CHASE Fund	67,312	159,238	-	-
Contributions payable to Betting, Gaming and Lotteries Commission	39,375	16,789	-	-
Government taxes payable	19,886	46,052	-	-
Other payables and accruals	315,718	243,433	151,661	97,400
	1,128,574	968,529	617,744	276,042

22. Prize liabilities

	The Group	
	2013	2012
	$'000	$'000
Local lottery games [(a) below]	130,817	132,586
Multi-jurisdictional lottery game [(b) below]	187,996	204,479
Sports betting	1,821	577
	320,634	337,642

(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 $55 million (2012: $60 million).

(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, Bermuda, St. Kitts and Nevis, Barbados, St. Maarten, United States Virgin Islands, Dominican Republic and Jamaica. 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, effective September 10, 2012, jackpot contributions are calculated at US$0.7365 cents for every full bet wager and US$0.4419 cents for every partial bet wager. Reserve contributions are US$0.02 cents for every full bet wager and US$0.012 cents for every partial bet wager. This is with the intention that over a period of time there will be an accumulation of funds towards the settlement of the jackpot. GTECH Corporation has accepted the obligation to fund the unfunded portion of the jackpot liability of Prime Sports (Jamaica) Limited.

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23. Revenue

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Cash Pot	23,015,229	18,964,718	-	-
Dollaz!	243,215	181,499	-	-
Instant win	59,962	46,052	-	-
Lotto	1,115,361	1,016,739	-	-
Lucky 5	334,263	298,835	-	-
Pick 2	351,607	402,107	-	-
Pick 3	1,856,828	1,979,363	-	-
Pick 4 (commenced January 2012)	1,935,515	2,669,177	-	-
Super Lotto	646,635	519,799	-	-
Sports betting	266,224	230,314	-	-
Unclaimed prizes	14,528	110,791	-	-
Gaming revenue (net wins)	529,439	636,325	-	-
Hospitality and related revenue	4,866	77,780	-	-
Management fees	-	-	226,400	226,400
Royalties	-	-	9,337	25,198
Pin codes	3,697,362	2,516,590	3,697,362	2,516,590
Other	69,231	76,057	12,298	20,980
	34,140,265	29,726,146	3,945,397	2,789,168

24. Direct expenses

(a) Analysis of direct expenses for continuing operations is as follows:

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Lottery and sports betting prizes	20,724,410	17,601,396	-	-
Service contractor fees	1,570,761	1,248,220	-	-
Agents' commissions	1,466,595	1,292,400	-	-
Good cause fees	1,128,388	1,198,713	-	-
Lottery and gaming taxes	1,818,424	1,556,356	-	-
Contributions and levies by BGLC	511,565	278,249	-	-
Direct expense - hospitality and related services	2,958	66,963	-	-
Pin codes	3,344,624	2,259,971	3,344,624	2,259,971
Commissions - pin codes (cost)	241,142	165,912	241,142	165,912
	30,808,867	25,668,180	3,585,766	2,425,883

24. Direct expenses (cont'd)

(b) Lottery and Sports betting prizes:

(i) Cash Pot	–	All prizes are fixed. The prize won for correctly matching the winning number is $26 for each $1 wagered.
(ii) Lucky 5	–	Prizes for this game are based on the predetermined prize structure.
(iii) 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.
(iv) Lotto, Super Lotto Prime Time and Daily Bingo	–	Prizes are based on the actual winning combination of numbers for each draw with the amount allocated to prizes being a predetermined percentage of actual sales.
(v) Pick 2, Pick 3 and Pick 4	–	Prizes are computed based on the actual winning are computed based on the actual winning combination of numbers for each draw.
(vi) Instant	–	Prizes are accrued as an estimate based on a predetermined prize structure for each game.
(vii) 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 for the provision of technical and marketing services for lottery activities. GTECH, whose primary business is providing online lottery systems, terminals, networks and services to the lottery industry, provide these services to operate the lotteries. GTECH receives a service fee calculated using an agreed fee structure based on weekly gross sales.

(ii) Intralot:

Intralot S.A. (Intralot), through various affiliates and subsidiaries, provides three main services to the Group namely: technical services for sports betting activities, lease of gaming machines and central monitoring systems, the latter two relating to the Video Lottery Terminals (VLT) business. Intralot receives a fee based on a daily rate for the use of the central monitoring systems and agreed percentages of net revenues for its other services.

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24. Direct expenses (cont'd)

(c) Service contractor fees (cont'd):

(ii) Intralot (cont'd):

The fees for services during the year under review are as follows:

	2013 $'000	2012 $'000
Sport betting activities	28,600	11,604
Lease of gaming machines	47,145	14,861
Lease of central monitoring system	23,592	25,848
	99,337	52,313

(d) Agents' commissions:

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

(e) Good cause fees:

	Before March 1 2013	Rate applied on	After March 1 2013	Rate applied on
Cash Pot	15%	net ticket sales	3.65%	gross ticket sales
Lucky 5	7.5%	gross ticket sales	3.65%	gross ticket sales
Pick 3	4.17%	gross ticket sales	3.65%	gross ticket sales
Pick 2	4.17%	gross ticket sales	3.65%	gross ticket sales
Pick 4	4.17%	gross ticket sales	3.65%	gross ticket sales
Instant win	7.5%	gross ticket sales	3.65%	gross ticket sales
Dollaz!	7.5%	gross ticket sales	3.65%	gross ticket sales
Lotto	7.5%	gross ticket sales	3.65%	gross ticket sales
Super Lotto	7.5%	gross ticket sales	3.65%	gross ticket sales
Sports betting	1%	net ticket sales	1%	net ticket sales
VLTs	1%	net win	1%	net win

(f) Lottery and gaming taxes:

	Before March 1 2013	After March 1 2013	Rate applied on
Cash Pot	17%	20%	net ticket sales
Lucky 5	17%	20%	net ticket sales
Pick 3	17%	20%	net ticket sales
Pick 2	17%	20%	net ticket sales
Pick 4	17%	20%	net ticket sales
Instant win	17%	20%	net ticket sales
Dollaz!	23%	25%	net ticket sales
Lotto	23%	25%	net ticket sales
Super Lotto	23%	25%	net ticket sales
Sports betting	7%	7%	net ticket sales
VLTs	6.5%	6.5%	net win

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24. Direct expenses (cont'd)

(g) Contributions and levies by Betting, Gaming & Lotteries Commission:

	Before March 1, 2013	After March 1, 2013	Rate applied on
All lottery games	1%	1.8%	gross ticket ales
Sports betting	1%	1%	net ticket sales
VLTs	2.5%	2.5%	net win

(h) Pin codes:

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

(i) Commission - pin codes (cost):

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

25. Operating expenses

Analysis of operating expenses for continuing operations is as follows:

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Staff costs	626,986	689,788	104,126	173,797
Rental and utilities	285,983	249,450	11,236	11,134
Marketing and business development	243,823	313,729	7,358	418
Professional fees	319,679	215,359	134,762	91,948
Draw expenses	163,601	161,077	-	125
Bad debts	58,032	104,946	-	26,000
Security	92,673	82,906	22,860	11,496
GCT irrecoverable	171,242	157,884	239	305
Licences and other fees	41,739	26,168	88	52
Depreciation and amortisation	235,274	216,895	24,223	30,990
Disposal of property and equipment	16,399	32,636	10,578	21,851
Bank charges	59,147	31,525	1,531	736
Local and foreign travel	71,127	61,185	28,694	18,172
Complimentary tokens, food and drinks	67,610	5,601	-	-
Repairs and maintenance	50,572	46,736	388	615
Subscription and donations	50,356	85,444	11,915	259
Equipment and motor vehicle	46,447	43,846	6,019	9,059
Directors' fee	45,959	29,237	45,959	29,237
Audit services	32,982	38,395	17,893	16,723
Insurance	27,000	23,761	3,039	2,807
Others	61,515	36,884	27,285	9,424
	2,768,146	2,653,452	458,193	455,148

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26. Net foreign exchange gains/(losses)

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Foreign exchange gains	33,602	37,136	-	1,335
Foreign exchange losses	(2,895)	(1,191)	(3,212)	-
	30,707	35,945	(3,212)	1,335

27. Finance costs

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Interest on bank overdraft and long-term loans	27,922	39,148	27,922	39,148
Insurance premium financing	564	643	-	-
	28,486	39,791	27,922	39,148

28. Other gains

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Doubtful debts recovered	26,000	-	26,000	-
GTECH reimbursements	68,800	-	-	-
Other	4,411	-	-	-
	99,211	-	26,000	-

29. Profit before taxation

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

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Income				
Interest	46,408	53,098	112,136	99,700
Expenses				
Directors' emoluments:				
Fees	45,959	29,472	45,959	29,472
Management remuneration	46,471	48,189	46,471	48,189
Audit fees	18,560	17,900	6,710	6,100
Pension contributions	12,786	14,740	453	326
Depreciation of property and equipment	200,928	187,322	23,655	29,878
Amortisation of other intangible assets	27,953	29,573	568	1,112
Amortisation of other assets	6,393	656	-	-
Finance costs	28,486	39,791	27,922	39,148

(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:

	The Group	
	2013	2012
	$'000	$'000
Lottery and gaming taxes	1,818,424	1,556,356
Good cause fees	1,128,388	1,198,713
Betting, Gaming and Lotteries Commission contributions and levies	511,565	278,249
GCT irrecoverable	234,775	211,071
Licences and other fees	41,739	26,168
Payroll taxes–Employer's portion	55,059	58,030
	3,789,950	3,328,587

30. Taxation

(a) The taxation for the year includes:

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Current tax charge:				
Income tax on taxable profits	95,700	635,743	7,696	-
Discontinued operations	-	1,266	-	-
Deferred taxation (note 11)	132,823	(260,129)	(145)	(6,734)
	228,523	376,880	7,551	(6,734)

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30. Taxation (cont'd)

(b) The charge is reconciled to the profit as per the statement of comprehensive income as follows:

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Profit before taxation	711,092	1,449,901	683,440	788,684
Tax at the domestic income tax rate of:				
28.75% (2012: 33⅓%)	175,663	483,300	196,489	262,895
25%	2,426	-	-	-
Expenses disallowed for tax purposes	23,664	32,967	10,152	9,517
Net deferred tax asset de-recognised	20,745	-	-	-
Non-taxable income	(8,519)	(405)	(194,063)	(273,333)
Under provision for previous year	1,693	-	-	-
Private motor vehicles	11,782	6,749	-	-
Prior period deferred tax recognised in the current year	(5,137)	(255,654)	(5,137)	-
Tax losses not recognised	-	5,956	-	5,956
Effect of change in tax rate	-	105,083	-	(8,452)
Other	6,206	(1,116)	110	(3,317)
	228,523	376,880	7,551	(6,734)

(c) Tax losses of subsidiaries amounting to $1.125 billion subject to agreement with the Commissioner General, Tax Administration Jamaica (2012: $1.633 billion) are available for set-off against future taxable profits of the subsidiaries. Unutilised tax losses can be carried forward indefinitely.

31. Discontinued operations

(a) Discontinued operations - Financial services

As part of management's effort to streamline the Group's operations, a strategic decision was taken to sell the MoneyGram operations and to surrender the Cambio licence of its subsidiary, Supreme Ventures Financial Services Limited, effective December 9, 2011. As a result, these operations have been treated as discontinued operation in these financial statements.

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31. Discontinued operation (cont'd)

(a) Discontinued operations - Financial services (cont'd)

	2013 $'000	2012 $'000
Operating expenses	-	(1,931)
Loss from operations	-	(1,931)
Other gains and losses [see (a) below]	-	(3,132)
Loss before taxation	-	(5,063)
Taxation [note 30(a)]	-	1,266
Loss for the year from discontinued operations	-	(3,797)

(a) Other gains and losses

	2013 $'000	2012 $'000
Proceeds from sale of MoneyGram operation	-	(3,132)

The sale price of the MoneyGram operation was amended during 2012 due to a condition of the original sale agreement.

(b) Cash flows from discontinued operations

	2013 $'000	2012 $'000
Net cash flows from operating activities	-	(3,797)
Net cash flows from investing activities	-	-
	-	(3,797)

32. Earnings per stock unit

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

	2013 $'000	2012 $'000
Profit from continuing operations	482,569	1,076,886
Profit attributable to shareholders	482,569	1,073,089
Weighted average number of ordinary stock units in issue ('000)	2,637,255	2,637,255

33. Related party balances and transactions

(a) Trading transactions with related parties:

Prime Sports (Jamaica) Limited is provided with technical services by a related entity. This is disclosed at note 24(c)(ii).

During the year, Prime Sports (Jamaica) Limited entered into a broadcast arrangement with Radio Jamaica Limited to establish, equip and commission a television broadcasting studio [see also note 8 (b)]. The arrangement was negotiated at arm's length basis between the managements of the two entities. The entities have a common non-executive director.

(b) Balances with subsidiaries:

Notes 8 and 14 to the financial statements include required disclosure in respect of balances with subsidiaries.

(c) Loans and advances to key management personnel and directors:

The Company has provided its key management personnel and directors with short-term loans and advances in accordance with its policy on granting loans or making advances to the Company's and its principal subsidiary's employees. The balances outstanding at the end of the year amounted to approximately $84.7 million (2012: $70.9 million). Of this amount, $75.3 million (2012: $98.5 million) is due from directors. Interest is charged on loans and advances to key management personnel and directors at an annual rate of 6.5% (2012: 10%).

(d) Compensation of key management personnel:

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

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Short-term benefits	189,750	165,966	113,456	120,571
Post-employment benefits	2,223	2,279	367	326
	191,973	168,245	113,823	120,897

(e) Professional fees paid to directors for services rendered during the year aggregated $116.35 million (2012: $73.08 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.

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34. Segment reporting

Information reported to the Chief Operating Decision Maker for the purposes of resource allocation and assessment of segment performance focuses on the types of services provided.

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

(a) Lottery - Lottery games, offered through the agents' network.
(b) Gaming and hospitality - Video Lottery Terminal (VLT) games offered at gaming lounges and food and beverage operations.
(c) Sports betting - Wagers on international sport events offered through the agent's network.
(d) Pin codes - Sale of pin codes through the agents' network, agents' service fees, agents' reconnection fees.
(e) Other - All other income.

The Group's operations are located solely in Jamaica.

	2013						
	Lottery	Gaming and hospitality	Sports betting	Pin codes	Other	Eliminations	Group
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External revenue	29,573,143	534,305	266,224	3,697,362	69,231	-	34,140,265
Inter-segment revenue	-	3,829	-	-	248,035	(251,864)	-
Total revenue	29,573,143	538,134	266,224	3,697,362	317,266	(251,864)	34,140,265
Result							
Segment result	1,184,990	(553,060)	(129,620)	86,644	(25,702)	-	563,252
Interest income							46,408
Net foreign exchange gains							30,707
Other gains and losses							99,211
Finance costs							(28,486)
Profit before taxation continuing operations							711,092
Taxation							(228,523)
Profit for the year from continuing operations							482,569
Other information							
Capital expenditure	62,140	114,649	49,470	-	-	-	226,259
Depreciation, and amortisation	40,284	194,904	16,604	-	-	-	251,792
Segment assets	1,584,269	2,110,224	171,781	74,676	14,521	1,368,373	5,323,844
Segment liabilities	707,016	161,360	24,447	448,425	13,520	326,157	1,680,925

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34. Segment reporting (cont'd)

	2012						
	Lottery $'000	Gaming and hospitality $'000	Sports betting $'000	Pin codes $'000	Other $'000	Eliminations $'000	Group $'000
External revenue	26,189,080	714,105	230,314	2,516,590	76,057	-	29,726,146
Inter-segment revenue	-	31,087	-	-	251,598	(282,685)	-
Total revenue	26,189,080	745,192	230,314	2,516,590	327,655	(282,685)	29,726,146
Result							
Segment result	1,546,019	(251,509)	(93,609)	90,707	112,906	-	1,404,514
Interest income							53,098
Net foreign exchange gains							35,945
Finance costs							(39,791)
Profit before taxation from continuing operations							1,453,766
Taxation							(376,880)
Profit for the year from continuing operations							1,076,886
Other information							
Capital expenditure	67,508	240,862	1,720	-	-	-	310,090
Depreciation and amortisation	50,997	150,799	16,921	-	2,043	-	220,760
Segment assets	4,483,541	3,797,479	656,808	45,919	103,009	(3,424,910)	5,656,846
Segment liabilities	1,745,665	1,637,719	88,170	168,940	45,188	(1,822,128)	1,863,554

35. Operating lease arrangements

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	
	2013 $'000	2012 $'000
Within 1 year	162,095	92,510
Year 2 and 3	324,190	185,021
	486,285	277,531

	The Group	
	2013 $'000	2012 $'000
Minimum lease payment under operating lease recognised as an expense in the year	123,332	98,111

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36. Distributions

(a) Dividends declared and paid:

		2013 $'000	2012 $'000
Fourth interim dividend paid March 23, 2012	- 5¢	-	131,863
First interim dividend paid June 22, 2012	- 6¢	-	158,235
Second interim dividend paid August 30, 2012	- 8¢	-	210,980
Third interim dividend paid December 14, 2012	- 4¢	-	105,491
Final dividend for 2012 paid March 14, 2013	- 10¢	263,726	-
First interim dividend paid June 6, 2013	- 8¢	210,980	-
Second interim dividend paid September 2, 2013	- 3¢	79,118	-
Third interim dividend declared December 10, 2013	- 3¢	79,118	-
		632,942	606,569

(b) Dividends from subsidiaries:

This represents amounts received or receivable from the Company's wholly-owned subsidiaries.

37. 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 company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk is detailed below.

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

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

37. Financial risk management (cont'd)

Financial risk management objectives (cont'd)

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 statement of financial position risk which includes liquidity, interest rates and foreign currency 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 bank balances, 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.

(i) Credit review process

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

Cash and cash equivalent

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, who has responsibility for liaising with the sales agents on behalf of the licensed Group entity.

37. Financial risk management (cont'd)

(a) Credit risk (cont'd):

(ii) Impairment

The Finance Department conducts monthly and quarterly assessment 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 of the Group's liquidity risk exposure, within the policy and limits frameworks established by the Board.

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

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

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37. Financial risk management (cont'd)

(b) Liquidity risk (cont'd):

(ii) Liquidity and interest rate tables (cont'd)

	The Group 2013					
	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		1,160,805	-	-	5,711	1,166,516
Variable interest rate instruments	4.62	436,898	7,035	37,521	411,434	892,888
Fixed interest rate Instruments	8.95	303,247	-	-	-	303,247
		1,900,950	7,035	37,521	417,145	2,362,651
Financial liabilities						
Non-interest bearing		1,330,844	-	-	-	1,330,844
Interest bearing loan fixed rate	9.31	40,460	149,204	45,722	-	235,386
		1,371,304	149,204	45,722	-	1,566,230

	The Group 2012				
	Weighted average effective interest rate %	Within 3 months $'000	3 months to 1 year $'000	1 to 5 years $'000	Total $'000
Financial assets					
Non-interest bearing		844,857	-	14,759	859,616
Variable interest rate instruments	0.31	756,069	839	361,008	1,117,916
Fixed interest rate Instruments	3.11	594,732	-	-	594,732
		2,195,658	839	375,767	2,572,264
Financial liabilities					
Non-interest bearing		1,306,171	-	-	1,306,171
Interest bearing loan fixed rate	11.06	43,965	127,486	235,833	407,284
		1,350,136	127,486	235,833	1,713,455

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37. Financial risk management (cont'd)

(b) Liquidity risk (cont'd):

(ii) Liquidity and interest rate tables (cont'd)

	The Company						
	Weighted average effective interest rate %	1 to 3 Months $'000	3 months to 1 year $'000	1 to 5 Years $'000	Over 5 years $'000	No specific Maturity $'000	Total $'000
2013							
Financial assets							
Non-interest bearing		230,719	-	-	-	1,950,123	2,180,842
Variable interest rate Instruments	4.62	256,537	7,035	37,521	411,434	-	712,527
Fixed interest rate instruments	9.31	45,427	134,781	373,970	813,883	-	1,368,061
		532,683	141,816	411,491	1,225,317	1,950,123	4,261,430
Financial liabilities							
Non-interest bearing		617,744	-	-	-	-	617,744
Fixed interest bearing loan	5.66	40,460	149,204	45,722	-	-	235,386
		658,204	149,204	45,722	-	-	853,130
2012							
Financial assets							
Non-interest bearing		446,131	-	-	14,759	1,948,990	2,409,880
Fixed interest rate instruments	7.69	98,425	33,522	179,998	1,100,931	-	1,412,876
		544,556	33,522	179,998	1,115,690	1,948,990	3,822,756
Financial liabilities							
Non-interest bearing		270,967	-	-	-	-	270,967
Fixed interest bearing loan	12.00	43,853	125,113	253,864	-	-	422,830
		314,820	125,113	253,864	-	-	693,797

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

(c) Market risk:

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the company'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 optimizing 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.

37. Financial risk management (cont'd)

(c) Market risk (cont'd):

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 financial instrument will fluctuate due to changes in foreign exchange rates.

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

Foreign currency risk management

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

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

	The Group	
	2013	2012
	US$	US$
	'000	'000
Total assets	1,734	6,206
Total liabilities	(588)	(312)
Net exposure	1,146	5,894

	The Company	
	2013	2012
	US$	US$
	'000	'000
Total assets, being net exposure	48	48

37. Financial risk management (cont'd)

(c) Market risk (cont'd):

(i) Foreign currency risk (cont'd)

The Group:

The Group's sensitivity to a 1% increase/10% decrease in 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 10% decrease in the foreign exchange rates.

The sensitivity of a 1% increase/10% decrease in the relative value of the Jamaica dollar on the foreign currency exposure is reflected below:

	2013		2012	
	Increase	Decrease	Increase	Decrease
	15%	1%	1%	10%
	$'000	$'000	$'000	$'000
USD	18,106	1,207	5,434	54,342
CDN	16	1	1	4
GBP	1	-	1	1
EURO	32	2	-	-
	18,155	1,210	5,436	54,347

The Company:

The sensitivity of the Company to a 1% increase or a 10% decrease in the Jamaica dollar on the net United States dollar exposure would be $0.37 million/$3.70 million (2012: $0.04 million/$0.44 million).

(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.

37. Financial risk management (cont'd)

(c) Market risk (cont'd):

(ii) Interest rate risk (cont'd)

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 [note 37(b)].

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:

	The Group	
	2013	2012
	$'000	$'000
Effect on net surplus increase 400 basis points	34,321	44,552
Effect on net surplus decrease 100 basis points	(8,580)	11,138

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.

37. Financial risk management (cont'd)

(c) Market risk (cont'd):

(iii) Equity risk (cont'd)

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.

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 10% higher/lower, profit for the year ended December 31, 2013, would have increased/decreased by $0.383 million (2012: $1.289 million) for the Group and the Company.

(d) Capital management:

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

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

As of February 28, 2013, the lottery and sports betting licences were re-issued to Prime Sports (Jamaica) Limited. Inter alia, the licensing requirements require an equity capitalisation of not less than $500 million [see also note 38 (b)]. At the end of the reporting period the entity was not in breach of its licensing requirements.

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

37. Financial risk management (cont'd)

(e) Fair value of financial instruments

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

The following methods and assumptions have been used:

(i) The fair value of cash and cash equivalents, short-term investments, securities purchased under resale agreements, accounts receivable and accounts payable are assumed to approximate their carrying values due to their relatively short-term nature. The fair value of quoted investments is at market value. This method falls within the level 1 fair value hierarchy and is defined as quoted prices (unadjusted) in an active market for identical assets. 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.

(iv) The carrying value of long-term loans approximate the fair values as these loans are carried at amortised cost reflecting their contractual obligations and the interest rates are reflective of market rates for similar loans.

37. Financial risk management (cont'd)

(e) Fair value of financial instruments (cont'd)

Fair value measurement recognised in the statement of financial position

	2013			
	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Available-for-sale financial instruments				
Quoted shares	3,828	-	-	3,828

	2012			
	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Available-for-sale financial instruments				
Quoted shares	12,876	-	-	12,876

38. 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 shareholders. The matter was decided in 2011, with a judgment in favour of the shareholders and the Company. Epsilon appealed the judgment. It is expected that the appeal will be heard by November 2014. 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 shareholders. This suit is in respect of the same issues decided in the Supreme Courts in Jamaica in favour of the Company and some of its shareholders (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 the objectives. The plaintiffs then moved for reconsideration of the order. The court denied the plaintiffs motion for reconsideration. The plaintiffs have appealed this order.

The attorneys representing SVL in the USA expect its position to be upheld by the Florida Courts, as has been successfully done in the Jamaican Courts.

38. Contingencies and commitments (cont'd)

(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 Sport 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 shareholders' equity for the purpose of the condition of the BGLC licence that refer to shareholders' equity. Accordingly, BGLC will hold the Company responsible and liable for any breaches of the licence by its subsidiary, PSJL.

(c) Contingencies–Prime Sports Jamaica Limited:

In accordance with requirements of the Betting, Gaming and Lotteries Act to grant Bookmakers permit, the subsidiary Prime Sports Jamaica Limited executed a performance bond guarantee arrangement with Bank of Nova Scotia Jamaica Limited (BNS) for an amount of $25.0 million. Under the said performance bond covering the period April 14, 2011 to April 13, 2015, BNS would pay on demand any sums which may from time to time be demanded by the Betting, Gaming and Lotteries Commission up to a maximum aggregated sum of $25.0 million. The bank guarantee is secured by a hypothecated term deposit of $25.0 million by the subsidiary, which is included in the Group's cash and bank balances.

(d) Contingencies - Super Lotto Jackpot Liability:

As required under Condition 7 attached to the approval granted by Betting, Gaming and Lotteries Commission (BGLC) to promote the multi-jurisdictional game, 'Super Lotto', the company, as the applicant, has made arrangements for a stand-by financing facility of $600 million from Bank of Nova Scotia Jamaica Limited. 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 Betting, Gaming and Lotteries Commission (BGLC):

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

38. Contingencies and commitments (cont'd)

(f) Capital commitments:

	The Group	
	2013	2012
	$'000	$'000
Furniture, fixtures and equipment	-	2,426
Software development	1,982	-
Gaming equipment	-	49,261
Leasehold improvements	2,308	18,066
	4,290	69,753

(g) Commitments–other:

Commitments in respect of sponsorship agreements by the Group are as follows:

2014	2015	2016
$'000	$'000	$'000
34,500	12,000	10,000

39. Change in accounting policy

On December 31, 2013 the Group changed its accounting policy with respect to freehold land and buildings from the revaluation model to the cost model. The change was made on the basis that it will result in a more reliable and relevant presentation of the carrying amounts of the items in the current economic environment.

The change in accounting policy was applied retrospectively. The effects of the adjustments are detailed below:

	The Group			
	Property and equipment	Revaluation reserve	Deferred tax (assets)/liabilities	Retained earnings
	$'000	'$000	'$000	'$000
Balances at December 31, 2011				
As previously reported	1,965,202	160,350	61,098	1,293,238
Effect of restatement	(206,727)	(160,350)	50,242	3,865
As restated	1,758,475	-	111,340	1,297,103
Balances at December 31, 2012				
As previously reported	2,132,985	237,163	315,248	1,755,893
Effect of restatement	(285,654)	(237,163)	56,221	7,730
As restated	1,847,331	-	371,469	1,763,623

Effect on total comprehensive income for year ended December 31, 2012	$'000
As previously reported	1,146,037
Prior year adjustment (see below)	(72,948)
As restated	1,073,089

39. Change in accounting policy (cont'd)

	The Group $'000
Effect on profit for the year ended December 2012	
Decrease in depreciation being increase in profit for the year	3,865
Effect on other comprehensive income for year ended December 31, 2012	
Reversal of deferred tax on revalued property	5,979
Reversal of gain on revaluation of property	(82,792)
Decrease in other comprehensive income	(76,813)

	The Company			
	Property and equipment $'000	Revaluation reserve $'000	Deferred tax (assets)/liabilities $'000	Retained earnings '$000
Balances at December 31, 2011:				
As previously reported	238,265	38,180	37,608	1,018,162
Effect of restatement	(54,260)	(38,180)	(17,420)	1,340
As restated	184,005	-	20,188	1,019,502
Balances at December 31, 2012:				
As previously reported	202,194	38,206	25,356	1,207,011
Effect of restatement	(47,428)	(38,206)	(11,902)	2,680
As restated	154,766	-	13,454	1,209,691

Effect on total comprehensive income for year ended December 31, 2012	$'000
As previously reported	795,444
Prior year adjustment (see below)	1,314
As restated	796,758
Effect on profit for the year ended December 2012	
Decrease in depreciation being increase in profit for the year	1,340
Effect on other comprehensive income for year ended December 31, 2012	
Reversal of loss on revaluation of property	5,492
Reversal of deferred tax on revalued property	(5,518)
Decrease in other comprehensive income	(26)

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