AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2014

SUPREME VENTURES LIMITED

FINANCIAL STATEMENTS

DECEMBER 31, 2014

KPMG
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INDEPENDENT AUDITORS' REPORT

To the Members of
SUPREME VENTURES LIMITED

Report on the Financial Statements

We have audited the financial statements of Supreme Ventures Limited (the Company) and the consolidated financial statements of the Company and its subsidiaries (the Group), set out on pages 3 to 67, which comprise the Group's and the Company's statements of financial position as at December 31, 2014, the Group's and the Company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

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

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

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, 2014, and of the Group's and the Company's financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the Jamaican Companies Act.

Report on additional matters as required by the Jamaican Companies Act

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

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

KPMG

Chartered Accountants
Kingston, Jamaica

February 27, 2015

SUPREME VENTURES LIMITED

Group Statement of Financial Position
December 31, 2014

	Notes	2014 $'000	2013 $'000
ASSETS			
Non-current assets			
Property and equipment	4	1,697,551	1,837,079
Intangible assets	5	644,873	650,814
Long-term receivables	7	406,442	448,756
Available-for-sale investments	8	5,363	5,711
Investment in joint venture	9	34,221	34,221
Deferred tax assets	10	98,003	251,956
Other assets	11	20,369	27,224
Total non-current assets		2,906,822	3,255,761
Current assets			
Inventories	12	101,720	76,457
Income tax recoverable		-	48,871
Trade and other receivables	14	664,479	468,672
Cash and cash equivalents	15	2,227,493	1,474,083
Total current assets		2,993,692	2,068,083
Total assets		5,900,514	5,323,844
EQUITY AND LIABILITIES			
Stockholders' equity			
Share capital	16	1,967,183	1,967,183
Capital reserve	17	62,486	62,486
Retained earnings	18	2,015,716	1,613,250
Total stockholders' equity		4,045,385	3,642,919
Non-current liabilities			
Long-term liabilities	19	-	77,000
Deferred tax liabilities	10	7,951	13,309
Total non-current liabilities		7,951	90,309
Current liabilities			
Trade and other payables	20	1,137,930	1,128,574
Prize liabilities	21	599,088	320,634
Current portion of long-term liabilities	19	77,000	141,408
Income tax payable		33,160	-
Total current liabilities		1,847,178	1,590,616
Total stockholders' equity and liabilities		5,900,514	5,323,844

The financial statements on pages 3 to 67 were approved for issue by the Board of Directors on February 27, 2015 and signed on its behalf by:

_______________ Director
Paul Hoo

_______________ Director
Brian George

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, 2014

	Notes	2014 $'000	2013 $'000
Revenue	22	41,309,545	34,140,265
Direct expenses	23	(37,586,698)	(30,808,867)
Gross profit		3,722,847	3,331,398
Operating expenses	24	(2,648,936)	(2,768,146)
Profit from operations		1,073,911	563,252
Interest income		75,655	46,408
Net foreign exchange gains	25	6,016	30,707
Finance costs	26	(16,344)	(28,486)
Other gains	27	76,503	99,211
Profit before taxation	28	1,215,741	711,092
Taxation	29	(285,824)	(228,523)
Profit for the year, being total comprehensive income for the year		929,917	482,569
Earnings per stock unit	30	35.26 cents	18.30 cents

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

SUPREME VENTURES LIMITED

Group Statement of Changes in Equity
Year ended December 31, 2014

	Share capital $'000 (Note 16)	Capital reserve $'000 (Note 17)	Retained earnings $'000 (Note 18)	Total $'000
Balance as at December 31, 2012	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 stockholders				
Distributions (note 34)	-	-	(632,942)	(632,942)
Balance as at December 31, 2013	1,967,183	62,486	1,613,250	3,642,919
Profit for the year, being total comprehensive income for the year	-	-	929,917	929,917
Transactions with stockholders				
Distributions (note 34)	-	-	(527,451)	(527,451)
Balance as at December 31, 2014	1,967,183	62,486	2,015,716	4,045,385

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

SUPREME VENTURES LIMITED

Group Statement of Cash Flows
Year ended December 31, 2014

	2014 $'000	2013 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	929,917	482,569
Adjustments for:		
Depreciation of property and equipment	204,181	200,928
Amortisation of intangible assets	17,023	27,953
Loss on disposal of property and equipment	29,926	16,399
Impairment of available-for-sale investment	348	9,048
Amortisation of other assets	6,855	6,393
Foreign exchange gains	(33,608)	(32,355)
Impairment losses on trade receivables	48,068	58,032
Interest income	(75,655)	(46,408)
Interest expense	16,344	28,486
Taxation	285,824	228,523
Operating cash flows before movements in working capital	1,429,223	979,568
Movements in working capital		
Inventories	(25,263)	(28,039)
Trade and other receivables	(204,158)	81,301
Trade and other payables	89,420	80,927
Prize liabilities	278,454	(17,008)
Cash generated by operations	1,567,676	1,096,749
Income tax paid	(55,198)	(287,296)
Interest paid	(17,290)	(29,786)
Cash provided by operating activities	1,495,188	779,667
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(94,783)	(222,134)
Acquisition of intangible assets	(11,082)	(4,125)
Acquisition of other assets	-	(27,709)
Proceeds on disposal of property and equipment	204	15,059
Long-term receivables	5,928	(71,975)
Interest received	72,324	39,945
Cash used in investing activities	(27,409)	(270,939)
Cash flows from operating and investing activities carried forward	1,467,779	508,728

SUPREME VENTURES LIMITED

Group Statement of Cash Flows (Continued)
Year ended December 31, 2014

	2014 $'000	2013 $'000
Cash flows from operating and investing activities brought forward	1,467,779	508,728
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(606,569)	(553,824)
Loans repaid	(141,408)	(139,555)
Cash used in financing activities	(747,977)	(693,379)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	719,802	(184,651)
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	33,608	(1,721)
Cash and cash equivalents at the beginning of the year	1,474,083	1,660,455
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	2,227,493	1,474,083

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

SUPREME VENTURES LIMITED

Company Statement of Financial Position
December 31, 2014

	Notes	2014 $'000	2013 $'000
ASSETS			
Non-current assets			
Property and equipment	4	92,105	122,796
Intangible assets	5	191,328	190,274
Investment in subsidiaries	6	1,944,412	1,944,412
Long-term receivables	7	923,427	1,126,703
Available-for-sale investments	8	5,363	5,711
Total non-current assets		3,156,635	3,389,896
Current assets			
Income tax recoverable		16,241	8,914
Inventories	12	2,103	74,676
Due from subsidiaries	13	11,422	295,250
Dividend receivable from subsidiary		39,927	-
Trade and other receivables	14	145,196	120,044
Cash and cash equivalents	15	147,610	250,685
Total current assets		362,499	749,569
Total assets		3,519,134	4,139,465
EQUITY AND LIABILITIES			
Stockholders' equity			
Share capital	16	1,967,183	1,967,183
Capital reserve	17	62,486	62,486
Retained earnings	18	1,267,004	1,252,638
Total stockholders' equity		3,296,673	3,282,307
Non-current liabilities			
Long-term liabilities	19	-	77,000
Deferred tax liability	10	2,318	13,309
Total non-current liabilities		2,318	90,309
Current liabilities			
Trade and other payables	20	104,037	617,744
Due to subsidiaries	13	39,106	-
Current portion of long-term liabilities	19	77,000	141,408
Income tax payable		-	7,697
Total current liabilities		220,143	766,849
Total equity and liabilities		3,519,134	4,139,465

The financial statements on pages 3 to 67 were approved for issue by the Board of Directors on February 27, 2015 and signed on its behalf by:

Director — Paul Hoo

Director — Brian George

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, 2014

	Notes	2014 $'000	2013 $'000
Revenue	22	4,468,817	3,945,397
Direct expenses	23	(4,167,039)	(3,585,766)
Gross profit		301,778	359,631
Dividend income from wholly-owned subsidiary		568,260	675,000
Operating expenses	24	(424,199)	(458,193)
Profit from operations		445,839	576,438
Interest income		104,006	112,136
Net foreign exchange losses	25	(1,121)	(3,212)
Finance costs	26	(15,643)	(27,922)
Other (losses)/gains	27	-	26,000
Profit before taxation	28	533,081	683,440
Taxation	29	8,736	(7,551)
Profit for the year, being total comprehensive income for the year		541,817	675,889

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

SUPREME VENTURES LIMITED

Company Statement of Changes in Equity
Year ended December 31, 2014

	Share capital $'000 (Note 16)	Capital reserve $'000 (Note 17)	Retained earnings $'000 (Note 18)	Total $'000
Balance as at December 31, 2012	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 stockholders				
Distributions (note 34)	-	-	(632,942)	(632,942)
Balance as at December 31, 2013	1,967,183	62,486	1,252,638	3,282,307
Profit for the year, being comprehensive income for the year	-	-	541,817	541,817
Transactions with stockholders				
Distributions (note 34)	-	-	(527,451)	(527,451)
Balance as at December 31, 2014	1,967,183	62,486	1,267,004	3,296,673

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

SUPREME VENTURES LIMITED

Company Statement of Cash Flows
Year ended December 31, 2014

	2014 $'000	2013 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	541,817	675,889
Adjustments for:		
Depreciation of property and equipment	22,270	23,655
Dividend income	(568,260)	(675,000)
Impairment of investment in subsidiaries	-	4,578
Impairment loss on available-for-sale investments	348	9,048
Amortisation of other intangible assets	296	568
Foreign exchange (gains)/losses	(896)	3,055
Loss on disposal of property and equipment	6,126	10,578
Interest income	(104,006)	(112,136)
Interest expense	15,643	27,922
Taxation	(8,736)	7,551
Operating cash flow before movements in working capital	(95,398)	(24,292)
Movements in working capital		
Inventories	72,573	(34,516)
Trade and other receivables	16,237	(35,705)
Due from subsidiaries	177,423	145,103
Due to subsidiaries	39,106	-
Trade and other payables	(433,643)	262,584
Cash (used in)/provided by operations	(223,702)	313,174
Income tax paid	(17,279)	(1,154)
Interest paid	(16,589)	(29,222)
Cash (used in)/provided by operating activities	(257,570)	282,798
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(40,074)	(2,263)
Acquisition of other intangible assets	(1,350)	-
Proceeds on disposal of property and equipment	42,369	-
Long-term receivables	274,356	(255,299)
Dividends received	528,333	675,000
Interest received	97,942	116,432
Cash provided by investing activities	901,576	533,870
Cash flows from operating and investing activities carried forward	644,006	816,668

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

SUPREME VENTURES LIMITED

Company Statement of Cash Flows (Continued)
Year ended December 31, 2014

	2014 $'000	2013 $'000
Cash flows from operating and investing activities brought forward	644,006	816,668
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(606,569)	(553,824)
Loans repaid	(141,408)	(139,555)
Cash used in financing activities	(747,977)	(693,379)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(103,971)	123,289
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies	896	(3,055)
Cash and cash equivalents at the beginning of the year	250,685	130,451
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	147,610	250,685

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.

During the year, the main activities of the Company were the management of its subsidiary companies (subsidiaries) and the sale of electronic pin codes. The latter activity was transferred to its subsidiary, Big 'A' Track 2003 Limited, on November 1, 2014.

The Company and its subsidiaries are collectively referred to as "the Group" and are all incorporated in Jamaica.

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

Name of company	Principal activity	Percentage ownership %
Supreme Ventures Lotteries Limited	Lottery operations – inactive*	100
Prime Sports (Jamaica) Limited and its wholly-owned subsidiaries:	Betting, gaming and lottery operations*	100
Bingo Investments Limited	Lottery operations – inactive	100
Chillout Ventures Limited	Gaming operations – inactive	100
Supreme Ventures Financial Services Limited	Not trading*	100
Big 'A' Track 2003 Limited	Sports betting*/Pin code sales (effective November 1, 2014)	100

*In the prior year, 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, 2014. The nature and effects of the changes are as follows:

- 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 adoption of this standard did not have any material impact on the financial statements.

- Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of interest in Other Entities* and IAS 27 *Consolidated* and *Separate Financial Statements* are 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 requirements related to investment entities in IFRS 12 *Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements.* The adoption of this standard did not have any material impact on the 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 adoption of this interpretation did not have any material impact on the 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

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:

- Amendments to IAS 16 and IAS 38 are effective for annual reporting periods beginning on or after January 1, 2016. The amendments to IAS 16 *Property, Plant and Equipment* explicitly states that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset. The new amendments to IAS 38 *Intangible Assets* introduce a rebuttable presumption that the use of revenue based amortisation methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are highly correlated or when the intangible asset is expressed as a measure of revenue.

- IFRS 15, *Revenue from Contracts with Customers* is effective for periods beginning on or after January 1, 2017. It replaces IAS 11 Construction Contracts, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 Revenue – *Barter Transactions Involving Advertising Services*. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other IFRS takes precedence.

- IFRS 9, *Financial Instruments,* is effective for annual reporting periods beginning on or after January 1, 2018. The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. It eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables. For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, to present all fair value changes from the investment in other comprehensive income. The standard includes guidance on classification and measurement of financial liabilities designated as fair value through profit or loss and incorporates certain existing requirements of IAS 39, *Financial Instruments: Recognition and Measurement* on the recognition and de-recognition of financial assets and financial liabilities. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

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)

- Improvements to *IFRS 2010-2012, 2011-2013,* and *2012-2014* cycles, contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after July 1, 2014. The main amendments which may be applicable to the Group are as follows:

  - IFRS 13, *Fair Value Measurement* is amended to clarify that issuing of the standard and consequential amendments to IAS 39 and IFRS 9, did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.

  - IAS 24, *Related Party Disclosures* has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognised as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the key management personnel services.

  - IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, has been amended to clarify that if an entity changes the method of disposal of an asset or disposal group, i.e., reclassifies an asset or disposal group from held-for-distribution to owners to held-for-sale or vice versa, without any time lag, then the change in classification is considered a continuation of the original plan of disposal and the entity continues to apply held-for-distribution or held-for-sale accounting. At the time of the change in method, the entity measures the carrying amount of the asset or disposal group and recognizes any write-down (impairment loss) or subsequent increase in the fair value less costs to sell/distribute the asset or disposal group. If an entity determines that an asset or disposal group no longer meets the criteria to be classified as held-for-distribution, then it ceases held-for-distribution accounting in the same way as it would cease held-for-sale accounting.

  - IFRS 7, *Financial Instruments: Disclosures,* has been amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred assets in cases when they are derecognized in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset – e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement'.

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

(a) Statement of compliance (cont'd)

- Improvements to *IFRS 2010-2012, 2011-2013,* and *2012-2014* cycles (cont'd)

  - IFRS 7 has also been amended to clarify that the additional disclosures required by Disclosures: *Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS* 7) are not specifically required for inclusion in condensed interim financial statements for all interim periods; however, they are required if the general requirements of IAS 34, *Interim Financial Reporting,* require their inclusion.

  - IAS 34, *Interim Financial Reporting,* has been amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements, may be disclosed "elsewhere in the interim financial report". The interim financial report is incomplete if the interim financial statements and any disclosures incorporated by cross-reference are not made available to users of the interim financial statements on the same terms and at the same time.

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of the financial statements to conform with IFRS requires management to make estimates and assumptions that affect the reported amount of, and disclosures relating to assets, liabilities and contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts could differ from those estimates.
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, and future years, if the revision affects both current and future period.

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

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

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

(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.

(iii) Impairment of intangible assets

Impairment of 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.

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

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 Company. 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.

(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.

3. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(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.

(c) Property and equipment

(i) Owned assets

Items of property and equipment are stated at cost, less accumulated depreciation and impairment losses [see note 3(f)]. Cost includes expenditures that are directly attributable to the acquisition of the assets.

3. Significant accounting policies (cont'd)

(c) Property and equipment (cont'd)

(i) Owned assets (cont'd)

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

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

(ii) Depreciation

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

Freehold buildings	40 years
Machine and equipment	10 years
Video lottery terminal (VLT) 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
Leasehold improvements	Period of lease

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

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

(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.

3. Significant accounting policies (cont'd)

(d) Intangible assets (cont'd)

(ii) Licences

Licences and permits with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate, with the effect of any changes in estimate being accounted for on a prospective basis. Amortisation is charged on the straight-line basis over the estimated useful lives. Useful lives are currently estimated to be 5 years.

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

(iii) Other intangible assets

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

The amortisation rates are as follows:

Computer software	3 years
Software 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.

(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.

3. Significant accounting policies (cont'd)

(e) Taxation (cont'd)

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

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

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

(f) Impairment

The carrying amounts of assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of other assets in the unit on a pro rata basis. Impairment losses are recognised in profit or loss.

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 profit or loss even though the investment has not been derecognised.

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

3. Significant accounting policies (cont'd)

(f) Impairment (cont'd)

(i) Calculation of recoverable amount

The recoverable amount of 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 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 entity and a financial liability or equity instrument of another entity.

(i) Classification of financial instruments

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

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

(ii) Recognition and de-recognition

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

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

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

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

(iii) Measurement

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

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

3. Significant accounting policies (cont'd)

(h) Financial instruments (cont'd)

(iii) Measurement (cont'd)

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

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

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

Other financial liabilities: Long-term liabilities are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, long-term liabilities are stated at amortised costs, with any difference between cost and redemption being recognised in profit or loss over the period of the borrowings on an effective yield basis.

Prize liabilities, trade and other payables, and due to subsidiaries are stated at amortised cost.

(iv) Impairment of financial assets

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

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

3. Significant accounting policies (cont'd)

(h) Financial instruments (cont'd)

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

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.

(i) Fair value measurement

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

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

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

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

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

3. Significant accounting policies (cont'd)

(i) Fair value measurement (cont'd)

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

- Level 1 – Quoted market price (unadjusted) in an active market for identical assets or liabilities.

- Level 2 – Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

- Level 3 – Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

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

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

(j) Revenue

(i) Lottery

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

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) VLT 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.

(v) Hospitality and related services

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

(vi) Management fees

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

(vii) Interest income

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

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").

A party is related to the reporting entity if:

(i) A person or a close member of that person's family is related to a reporting entity if that person:

(a) has control or joint control over the reporting entity;

(b) has significant influence over the reporting entity; or

(c) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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:

(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.
(f) The entity is a post-employment benefit plan established for the benefit of employees of either the Group or an entity related to the Group.
(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 Group has a related party relationship with its directors, companies with common directors, and a jointly controlled entity. "Key management personnel" represents directors of the company and certain members of the Group's executive management.

(n) Foreign currencies

In preparing the financial statements of the Group, transactions in currencies other than the Group's functional currency, the Jamaica dollar, are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are 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 retranslated.

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

3. Significant accounting policies (cont'd)

(o) Leases

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

(p) Determination of profit or loss

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

(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.

SUPREME VENTURES LIMITED

Notes to the Financial Statements
December 31, 2014

4. Property and equipment

	The Group											
	Freehold land $'000	Freehold buildings $'000	Leasehold building $'000	Leasehold improvements $'000	Video lottery terminal equipment $'000	Furniture, fixtures, machinery & equipment $'000	Computer equipment $'000	Motor vehicles $'000	Arts & paintings $'000	Signs & posters $'000	Capital Work-in-progress $'000	Total $'000
Cost												
December 31, 2012	153,700	929,251	120,348	351,813	445,779	737,360	32,301	137,031	2,363	25,702	200,478	3,136,126
Additions	-	347	-	13,913	8,280	22,707	2,684	52,276	-	-	121,927	222,134
Transfers	-	5,356	-	111,106	139,612	61,012	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	559,134	820,058	37,316	151,618	2,363	26,709	1,981	3,285,013
Additions	-	22,503	-	14,854	-	55,232	4,175	-	-	-	(1,981)	94,783
Reclassifications	-	2,022	-	18	(4,026)	(37,267)	29,743	(1,215)	-	380	-	(10,345)
Transfers	-	120,348	(120,348)	-	(7,165)	7,165	-	-	-	-	-	-
Disposals/write-offs	-	-	-	(21,264)	(36,182)	(330)	(532)	(8,114)	-	-	-	(66,422)
December 31, 2014	153,700	1,079,827	-	470,440	511,761	844,858	70,702	142,289	2,363	27,089	-	3,303,029
Accumulated depreciation												
December 31, 2012	-	108,905	15,545	193,496	321,902	530,931	28,935	64,250	-	24,831	-	1,288,795
Depreciation	-	19,512	3,009	45,609	60,187	44,296	4,720	23,320	-	275	-	200,928
Disposals/write-offs	-	-	-	-	(19,654)	(592)	-	(21,543)	-	-	-	(41,789)
December 31, 2013	-	128,417	18,554	239,105	362,435	574,635	33,655	66,027	-	25,106	-	1,447,934
Depreciation	-	23,641	3,009	49,528	56,903	41,648	6,470	22,569	-	413	-	204,181
Reclassifications	-	1,304	-	(173)	(19,136)	(6,746)	15,082	(996)	-	320	-	(10,345)
Transfers	-	21,563	(21,563)	-	(1,815)	1,815	-	-	-	-	-	-
Disposals/write-offs	-	-	-	(5,990)	(24,002)	(45)	(301)	(5,954)	-	-	-	(36,292)
December 31, 2014	-	174,925	-	282,470	374,385	611,307	54,906	81,646	-	25,839	-	1,605,478
Net book values												
December 31, 2014	153,700	904,902	-	187,970	137,376	233,551	15,796	60,643	2,363	1,250	-	1,697,551
December 31, 2013	153,700	806,537	101,794	237,727	196,699	245,423	3,661	85,591	2,363	1,603	1,981	1,837,079

Following the exercise of its option to purchase the property, title to a formerly leased property has now been transferred to Prime Sports (Jamaica) Limited. Consequently, property previously classified as leasehold building has been reclassified to freehold buildings.

4. Property and equipment (cont'd)

	The Company									
	Freehold land $'000	Freehold buildings $'000	Leasehold improvements $'000	Video lottery terminal equipment $'000	Furniture fixtures, machinery & equipment $'000	Computer equipment $'000	Motor vehicles $'000	Art and paintings $'000	Signs and posters $'000	Total $'000
Cost										
December 31, 2012	13,000	35,188	25,852	289,407	246,081	19,013	17,991	2,363	24,642	673,537
Additions	-	-	-	-	2,071	192	-	-	-	2,263
Disposals/write-offs	-	-	-	(33,850)	-	-	-	-	-	(33,850)
December 31, 2013	13,000	35,188	25,852	255,557	248,152	19,205	17,991	2,363	24,642	641,950
Additions	-	22,503	-	-	16,354	1,217	-	-	-	40,074
Transfers	-	-	-	(1,505)	1,505	-	-	-	-	-
Disposals/write-offs	-	-	(3,435)	(254,052)	(1,505)	-	-	-	-	(258,992)
December 31, 2014	13,000	57,691	22,417	-	264,506	20,422	17,991	2,363	24,642	423,032
Accumulated depreciation										
December 31, 2012	-	2,871	23,105	195,410	238,425	16,986	17,332	-	24,642	518,771
Depreciation	-	751	685	19,138	1,993	885	203	-	-	23,655
Eliminated on disposals/write-offs	-	-	-	(23,272)	-	-	-	-	-	(23,272)
December 31, 2013	-	3,622	23,790	191,276	240,418	17,871	17,535	-	24,642	519,154
Depreciation	-	1,082	401	17,358	2,342	884	203	-	-	22,270
Transfers	-	-	-	(363)	363		-	-	-	-
Eliminated on disposals/write-offs	-	-	(1,775)	(208,271)	(451)	-	-	-	-	(210,497)
December 31, 2014	-	4,704	22,416	-	242,672	18,755	17,738	-	24,642	330,927
Net book values										
December 31, 2014	13,000	52,987	1	-	21,834	1,667	253	2,363	-	92,105
December 31, 2013	13,000	31,566	2,062	64,281	7,734	1,334	456	2,363	-	122,796

5. Intangible assets

	The Group					The Company			
	Computer software	Trademarks & licences	Software usage rights	Goodwill	Total	Computer software	Trademarks	Goodwill	Total
	$'000	$'000	$'000	$'000	$'000			$'000	
Cost									
December 31, 2012	64,199	49,044	80,558	571,681	765,482	9,708	-	189,953	199,661
Additions	4,125	-	-	-	4,125	-	-	-	-
Reclassifications	-	381,728	-	(381,728)	-	-	-	-	-
December 31, 2013	68,324	430,772	80,558	189,953	769,607	9,708	-	189,953	199,661
Additions	9,643	1,439	-	-	11,082	-	1,350	-	1,350
December 31, 2014	77,967	432,211	80,558	189,953	780,689	9,708	1,350	189,953	201,011
Amortisation									
December 31, 2012	54,457	20,271	16,112	-	90,840	8,819	-	-	8,819
Amortisation	10,089	9,808	8,056	-	27,953	568	-	-	568
December 31, 2013	64,546	30,079	24,168	-	118,793	9,387	-	-	9,387
Amortisation	3,646	5,321	8,056	-	17,023	296	-	-	296
December 31, 2014	68,192	35,400	32,224	-	135,816	9,683	-	-	9,683
Carrying values									
December 31, 2014	9,775	396,811	48,334	189,953	644,873	25	1,350	189,953	191,328
December 31, 2013, as restated	3,778	400,693	56,390	189,953	650,814	321	-	189,953	190,274

The amount of $381.728 million, previously described as goodwill, relates to licences purchased in respect of gaming lounge operations, and has now been appropriately classified as an intangible asset with indefinite useful life.

5. Intangible assets (cont'd)

(a) Licences

Licences with indefinite useful lives relate to certain VLT gaming lounge operations and are assessed for impairment annually. The impairment test is carried out by comparing the recoverable amount, as determined based on value in use calculations, with the carrying value of the assets and licences assigned to these operations.

Management has determined that the carrying value of licences with an indefinite useful life at December 31, 2014, is not impaired . The key assumptions used in the estimation of value in use were as follows:

	The Group	
	2014	2013
Discount rate	20.1%	18.1%
Terminal value growth rate	3%	3%
Budgeted EBITDA growth rate	10%	5%

(b) Software usage rights

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

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

(d) Goodwill

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Goodwill	189,953	571,681	189,953	189,953
Reclassification to trademark and licences	-	(381,728)	-	-
	189,953	189,953	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. The CGUs relate to certain lottery games.

Management has determined that goodwill at December 31, 2014 is not impaired based on assessments of the recoverable amounts of the CGUs. The recoverable amount of the CGUs is determined based on their value in use calculations. The recoverable amount was determined to be higher than their carrying amount and no impairment loss was recognised. Revenue growth was projected for the next seven (7) years.

5. Intangible assets (cont'd)

(d) Goodwill (cont'd)

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

	The Group & the Company	
	2014	2013
Discount rate	15.1%	18.1%
Terminal value growth rate	3%	3%
Budgeted EBITDA growth rate	4%	5%

6. Investment in subsidiaries

	The Company	
	2014	2013
	$'000	$'000
Big 'A' Track 2003 Limited	5,760	5,760
Prime Sports (Jamaica) Limited	1,938,652	1,938,652
	1,944,412	1,944,412

7. Long-term receivables

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
SGL BVI Limited (a)	-	392,333	-	392,333
Radio Jamaica Limited (b)	56,426	73,613	-	-
ICE Jamaica (c)	403,592	-	403,592	-
Prime Sports (Jamaica) Limited Debentures (d)	-	-	555,664	555,664
Loan to subsidiary (e)	-	-	-	285,615
	460,018	465,946	959,256	1,233,612
Less: Current portion	(53,576)	(17,190)	(35,829)	(106,909)
	406,442	448,756	923,427	1,126,703

(a) SGL BVI Limited

This 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 was denominated in Jamaican dollars with interest accruing on the outstanding balance at the rate of 4% per annum. Outstanding amounts were recoverable 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.

7. Long-term receivables (cont'd)

(a) SGL BVI Limited (cont'd)

On December 31, 2014, consequent on the cancellation of the Electronic Gaming Machine Framework Agreement and the Project Service Agreement mentioned above, the loan was settled in full, together with interest thereon.

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

(c) ICE Jamaica Limited

On December 10, 2014, the Board of Directors approved a funding facility to a total amount of the Jamaica dollar equivalent of US$5 million to ICE Jamaica Limited, a company with whom Prime Sports (Jamaica) Limited (PSJL) is partnering to develop a VLT "route" gaming infrastructure. The arrangement contemplates that Zodiac International Investments and Holdings Limited (Zodiac), a company incorporated in Trinidad & Tobago, and the indirect owner of 24.95% of the issued stock units of Supreme Ventures Limited (Supreme) through Intralot Caribbean Ventures Limited (Intralot), will act as principal debtor by means of a charge over its shareholding in Intralot. Repayments will be effected by applying 15% of the quarterly dividends due to Intralot from Supreme, as and when paid. Repayment has been facilitated by irrevocable undertakings issued by Zodiac to Intralot and, in turn, from Intralot to Supreme. On December 31, 2014, $403,592,000 was drawn down with further tranches on or around February 28, 2015, June 30, 2015 and September 30, 2015. Outstanding amounts under the facility attract interest at 8% per annum, payable quarterly, and management expects that full repayment will be effected in twenty-nine (29) quarters, commencing in the quarter ending June 30, 2015.

(d) Intra-group debentures

Under a scheme of reorganisation and amalgamation in April 2008, the Company acquired two debentures issued by Jamaica Lottery Company Limited (JLC) to Prime Sports (Jamaica) Limited (PSJL) for JLC's beneficial interest in Coral Cliff Entertainment Limited and Village Square Entertainment Limited now amalgamated into PSJL. The debentures are for a term of twenty-one (21) years, payable by 20 interim annual instalments of $250,000 each on March 31 of each year (which commenced on March 31, 2009), with a final instalment of the remaining unpaid balance on March 31, 2029. Interest is charged on the debentures at a variable rate, currently 8% (2013: 8%) per annum, paid monthly.

(e) Loan to subsidiary

This represents portions of balances due from Prime Sports (Jamaica) Limited, which were restructured into a long-term loan arrangement during 2013. The loan, which was unsecured and repayable in monthly instalments of $11,271,209, at an interest rate of 12% per annum, was fully repaid during the year.

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8. Available-for-sale investments

	The Group and The Company	
	2014	2013
	$'000	$'000
Unquoted investment	1,883	1,883
Quoted investment:		
At beginning of year	3,828	12,876
Impairment adjustment	(348)	(9,048)
At end of year	3,480	3,828
	5,363	5,711

9. 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. 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.

10. Deferred taxation

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Deferred tax assets	98,003	251,956	-	-
Deferred tax liabilities	(7,951)	(13,309)	(2,318)	(13,309)
	90,052	238,647	(2,318)	(13,309)

Deferred taxation is attributable to the following:

(a) Group:

	Assets		Liabilities		Net	
	2014	2013	2014	2013	2014	2013
	$'000	$'000	$'000	$'000	$'000	$'000
Property and equipment	760	6,802	(1,281)	(11,188)	(521)	(4,386)
Other intangible assets	-	(14,098)	(12,084)	-	(12,084)	(14,098)
Trade and other receivables	-	(684)	(4,100)	(2,584)	(4,100)	(3,268)
Trade and other payables	-	(25,541)	1,116	463	1,116	(25,078)
Tax losses	97,243	285,014	9,469	-	106,712	285,014
Other	-	463	(1,071)	-	(1,071)	463
Net assets/(liabilities)	98,003	251,956	(7,951)	(13,309)	90,052	238,647

10. Deferred taxation (cont'd)

Deferred taxation is attributable to the following (cont'd):

(a) Group (cont'd):

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

	2014 $'000	2013 $'000
Deferred tax liability in the Company	(2,318)	(13,309)
Deferred tax liability in subsidiaries	(5,633)	-
	(7,951)	(13,309)
Deferred tax asset in subsidiaries	98,003	251,956
Deferred tax asset	90,052	238,647

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

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

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

	2013		
	Balance at January 1 $'000	Recognised in profit/loss $'000 [note 29(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

SUPREME VENTURES LIMITED

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10. Deferred taxation (cont'd)

Deferred taxation is attributable to the following (cont'd):

(b) Company:

	2014 $'000	2013 $'000
Property and equipment	2,110	(11,188)
Trade and other receivables	(4,100)	(2,584)
Trade and other payables	611	-
Other	(939)	463
Net liabilities	(2,318)	(13,309)

Movement in net temporary differences during the year:

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

	2013		
	Balance at January 1 $'000	Recognised in profit/loss $'000 [note 29(a)]	Balance at December 31 $'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)

SUPREME VENTURES LIMITED

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11. Other assets

	The Group	
	2014	2013
	$'000	$'000
At the beginning of the year	27,224	5,908
Acquired during the year	-	27,709
Less: Amortisation	(6,855)	(6,393)
At end of year	20,369	27,224

This represents clearance costs for leased VLT gaming machines, which is being amortised over the useful life of the machines, estimated at five (5) years.

12. Inventories

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Pin codes	100,234	74,676	2,103	74,676
Food and beverage	1,486	1,781	-	-
	101,720	76,457	2,103	74,676

The cost of inventory recognised as an expense during the year for the Group was $4.69 billion (2013: $3.37 billion) and $3.98 billion (2013: $3.34 billion) for the Company.

13. Due from/(to) subsidiaries

	The Company	
	2014	2013
	$'000	$'000
Due from subsidiaries:		
Prime Sports (Jamaica) Limited	-	188,845
Big 'A' Track 2003 Limited	11,422	-
	11,422	188,845
Current portion of long-term receivable - Prime Sports (Jamaica) Limited [see note 7(d)]	-	106,405
	11,422	295,250
Due to subsidiary:		
Prime Sports (Jamaica) Limited	(39,106)	-

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14. Trade and other receivables

	The Group		The Company	
	2014	2013	2014	2012
	$'000	$'000	$'000	$'000
Trade receivables	605,731	451,221	-	-
Less: Allowances for doubtful debts	(258,517)	(210,449)	-	-
	347,214	240,772	-	-
Other receivables and prepayments	317,265	227,900	145,196	120,044
	664,479	468,672	145,196	120,044

(a) Included in trade receivables are amounts of $566 million (2013: $420 million) representing amounts receivable from the agents that support lottery sales. The average credit period for the receivables is 7 days. Balances outstanding for over 7 days are considered past due. Where agent balances are outstanding for over 90 days, they are classified as delinquent and are provided for in full.

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

(b) Trade receivables above include amounts (see aged analysis below) that are past due as at the end of the reporting period but against which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable.

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

(c) Ageing of past due but not impaired

	The Group	
	2014	2013
	$'000	$'000
Up to 30 days	10,655	4,622
31 - 60 days	7,563	2,503
61 - 90 days	973	3,371
Over 120 days	-	35,151
	19,191	45,647

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

	The Group	
	2014	2013
	$'000	$'000
Balance at beginning of year	210,449	152,417
Impairment losses recognised	48,068	58,032
Balance at end of year	258,517	210,449

14. Trade and other receivables (cont'd)

(e) Other receivables for the Group include amounts of $18.25 million (2013: $17.19 million relating to the current portion of long-term receivables disclosed in notes 7(a) and 7(b).

(f) The Group provides its key management personnel and directors with short-term loans and advances in accordance with its policy on granting loans or making advances to employees of the Company and its principal subsidiary. Included in other receivables are amounts due from related parties totalling $107 million (2013: $84.7 million). Of the amounts due from related parties, $89.4 million (2013: $75.3 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% (2013: 6.5%).

15. Cash and cash equivalents

(a) The Group:

Bank balances of the Group include interest-bearing accounts of $1.59 billion (2013: $873 million), including USD foreign currency deposits of USD4.18 million (2013: USD1.6 million).

(b) The Company:

Bank balances of the Company include interest-bearing accounts of $160 million (2013: $187.2 million), including foreign currency deposits of USD0.108 million (2013: USD0.065 million).

(c) Cash restrictions:

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Hypothecated term deposits #1 (i)	4,500	25,000	-	-
Hypothecated term deposits #2 (ii)	5,800	5,800	5,800	5,800
Cash reserves – Lucky 5 game (iii)	10,000	10,000	-	-
Cash reserves – Lottery prizes and taxes (iv)	750,855	447,206	-	-
	771,155	488,006	5,800	5,800

(i) The $4.5 million term deposit is hypothecated as support for a performance bond guarantee to the Betting Gaming and Lotteries Commission (BGLC) for certain financial obligations of a subsidiary under the BGLC Act and Regulations. The bond expires in May 2015.

(ii) This represents funds held under guarantee in favour of Jamaica Public Service Company Limited for provision of electricity services.

15. Cash and cash equivalents (cont'd)

(c) Cash restrictions (cont'd):

(iii) As a condition of its regulatory requirements, Prime Sports Jamaica Limited (a subsidiary) is required to hold a minimum of $10 million in reserve to fund the Lucky 5 game.

(iv) As a condition of its lottery licence, Prime Sports (Jamaica) Limited (PSJL) is required to establish a dedicated bank account into which funds are deposited to ensure that on a continuous basis throughout the term of the licence, the credit balance on that account is not less than 100% of the aggregate amount of its liabilities, which include prize liabilities, fees payable to BGLC, gaming taxes payable to the Government of Jamaica and contribution to CHASE Fund. At the reporting date, the balances in the dedicated bank accounts totalled $1.08 billion (2013: $673 million), which is in excess of the reserve requirement outlined above.

(d) Cash and cash equivalents of the Group include resale agreements amounting to $39,405,469 (2013: $12,519,028). As at December 31, 2014, the fair value of the underlying securities totalled $42,693,287 (2013: $12,928,786).

16. Share capital

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

	2014	2013
	$'000	$'000
Stated capital:		
2,637,254,926 ordinary stock units, issued and fully paid	1,967,183	1,967,183

17. Capital reserve

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

18. Retained earnings

This is reflected in the financial statements of:

	2014	2013
	$'000	$'000
The Company	1,267,004	1,252,638
The subsidiaries	748,712	360,612
	2,015,716	1,613,250

19. Long-term liabilities

These loans are repayable as follows:

	The Group and the Company	
	2014	2013
	$'000	$'000
Within one year	77,000	141,408
Within two to five years	-	77,000
	77,000	218,408

Included in the statement of financial position as:

	The Group and the Company	
	2014	2013
	$'000	$'000
Current liabilities	77,000	141,408
Long-term liabilities	-	77,000

These represent non-revolving Jamaica dollar loans obtained from The Bank of Nova Scotia Jamaica Limited (BNS), which are repayable in quarterly instalments over a period of five (5) years. The interest rate on these loans is 10.25% (2013: 8.95%).

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;

20. Trade and other payables

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Trade payables	617,200	555,589	7,603	466,061
Service contractor fees	162,497	130,694	1,287	22
Contributions payable to CHASE Fund	80,186	67,312	-	-
Contributions payable to Betting, Gaming and Lotteries Commission	45,876	39,375	-	-
Government taxes payable	25,705	19,886	-	-
Other payables and accruals	206,466	315,718	95,147	151,661
	1,137,930	1,128,574	104,037	617,744

Included in service contractor fees, are amounts due to Intralot entities [see note 31(a)] totalling $4.1 million (2013: $9 million).

21. Prize liabilities

	The Group	
	2014	2013
	$'000	$'000
Local lottery games [(a) below]	339,486	130,817
Multi-jurisdictional lottery game [(b) below]	255,280	187,996
Sports betting	4,322	1,821
	599,088	320,634

(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 $175 million (2013: $55 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, Paraguay 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, jackpot contributions are calculated and accumulated based on a specified portion of every bet [see also note 36(d)].

22. Revenue

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Cash Pot	26,328,279	23,015,229	-	-
Money Time (started October 2014)	1,184,742	-	-	-
Pick 2	320,396	351,607	-	-
Pick 3	1,972,378	1,856,828	-	-
Pick 4	1,940,480	1,935,515	-	-
Lucky 5	285,434	334,263	-	-
Top Draw (started June 2014)	759,114	-	-	-
Dollaz!	370,358	243,215	-	-
Lotto	1,139,781	1,115,361	-	-
Super Lotto	686,125	646,635	-	-
Instant Win	53,507	59,962	-	-
Sports betting	587,135	266,224	-	-
Unclaimed prizes	-	14,528	-	-
VLT Gaming revenue (net wins)	408,862	529,439	-	-
Hospitality and related revenue	1,723	4,866	-	-
Management fees and royalties	-	-	159,375	235,737
Pin codes	5,181,051	3,697,362	4,293,417	3,697,362
Other	90,180	69,231	16,025	12,298
	41,309,545	34,140,265	4,468,817	3,945,397

23. Direct expenses

(a) Analysis of direct expenses is as follows:

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Lottery and sports betting prizes	24,839,797	20,724,410	-	-
Service contractor fees	1,985,613	1,700,547	132,409	129,786
Agents' commissions	1,908,219	1,577,951	129,668	111,356
Good cause fees	1,285,199	1,128,388	-	-
Lottery and gaming taxes	2,205,007	1,818,424	-	-
Contributions and levies by BGLC	643,258	511,565	-	-
Direct expense – hospitality and related services	1,266	2,958	-	-
Pin codes	4,718,339	3,344,624	3,904,962	3,344,624
	37,586,698	30,808,867	4,167,039	3,585,766

(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) Money Time – Prizes are based on correctly matching the winning number, however, the prize paid depends on which winning number is drawn.

(iii) Pick 2, Pick 3 and Pick 4 – Prizes are computed based on the actual winning combination of numbers for each draw.

(iv) Lucky 5 and Top Draw – Prizes for this game are based on the predetermined prize structure.

(v) Dollaz! – Prizes for this game are fixed based on each $10 per play per spot. The prize paid will depend on how many of the winning numbers are correctly matched.

(vi) Lotto, Super Lotto – Prizes are accrued as an estimate based on a predetermined prize structure for each game.

(vii) Instant win – Prizes are based on actual amounts stated on winning tickets.

(viii) Sports betting – All prizes are fixed. The prize won is based on the amount wagered multiplied by the odds of the selected event(s) printed on the ticket.

(c) Service contractor fees:

(i) GTECH Corporation:

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

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23. Direct expenses (cont'd)

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

(ii) Intralot:

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

(d) 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
Top Draw	*	gross ticket sales	3.65%	gross ticket sales
Money Time	*	net 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

(e) Lotteries 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
Top Draw	*	20%	net ticket sales
Money Time	*	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

* Games introduced after March 1, 2013.

23. Direct expenses (cont'd)

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

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

24. Operating expenses

Analysis of operating expenses is as follows:

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Staff costs	668,860	626,986	121,227	104,126
Rental and utilities	292,673	285,983	10,432	11,236
Marketing and business development	264,374	243,823	12	7,358
Professional fees	238,859	319,679	120,465	134,762
Draw expenses	174,337	163,601	-	-
Bad debts	48,068	58,032	316	-
Security	89,929	92,673	20,632	22,860
GCT irrecoverable	146,638	171,242	594	239
Licences and other fees	39,884	41,739	192	88
Depreciation and amortisation	228,059	235,274	22,566	24,223
Disposal of property and equipment	29,926	16,399	6,126	10,578
Bank charges	39,890	59,147	638	1,531
Local and foreign travel	49,269	71,127	30,611	28,694
Complimentary tokens, food and drinks	46,433	67,610	-	-
Repairs and maintenance	43,345	50,572	2,263	388
Subscription and donations	46,039	50,356	12,221	11,915
Equipment and motor vehicle	51,556	46,447	6,136	6,019
Directors' fees	36,151	45,959	36,151	45,959
Audit services	30,176	32,982	11,200	17,893
Insurance	24,684	27,000	2,538	3,039
Others	59,786	61,515	19,879	27,285
	2,648,936	2,768,146	424,199	458,193

25. Net foreign exchange gains/(losses)

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Foreign exchange gains	20,066	33,602	4,568	-
Foreign exchange losses	(14,050)	(2,895)	(5,689)	(3,212)
	6,016	30,707	(1,121)	(3,212)

26. Finance costs

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Interest on bank loans	15,643	27,922	15,643	27,922
Insurance premium financing	701	564	-	-
	16,344	28,486	15,643	27,922

27. Other (losses)/gains

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Doubtful debts recovered	26,503	26,000	-	26,000
GTECH reimbursements	50,000	68,800	-	-
Other	-	4,411	-	-
	76,503	99,211	-	26,000

28. Profit before taxation

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

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Income				
Interest	75,655	46,408	104,006	112,136
Expenses				
Directors' emoluments:				
Fees	36,151	45,959	36,151	45,959
Management remuneration	63,538	50,958	63,538	50,958
Audit fees	21,700	18,560	9,500	6,710
Pension contributions	11,834	12,786	441	453

28. Profit before taxation (cont'd)

(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	
	2014	2013
	$'000	$'000
Lottery and gaming taxes	2,205,007	1,818,424
Good cause fees	1,285,199	1,128,388
Betting, Gaming and Lotteries Commission contributions and levies	643,258	511,565
GCT irrecoverable	250,182	234,775
Licences and other fees	39,884	41,739
Payroll taxes – Employer's portion	53,058	55,059
	4,476,588	3,789,950

29. Taxation

(a) The taxation for the year includes:

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current taxation:				
Income tax	173,805	95,700	830	7,696
Employment tax credit	(49,484)	-	-	-
Prior year under-provision	12,908	-	1,425	-
	137,229	95,700	2,255	7,696
Deferred taxation (note 10):				
Origination and reversal of temporary differences	(29,707)	9,480	-	-
Tax losses	178,302	123,343	(10,991)	(145)
	148,595	132,823	(10,991)	(145)
Taxation charge	285,824	228,523	(8,736)	7,551

29. Taxation (cont'd)

(b) The effective tax rate is 23.51% (2013: 32.14%) of pre-tax profit for the Group and 1.64% (2013: 1.10%) for the Company, compared to the statutory tax rate of 25% (2013: 28.75%).

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Profit before taxation	1,215,741	711,092	533,081	683,440
Tax at the domestic income tax rate of:				
25% (2013: 28.75%)	303,935	175,663	133,270	196,489
(2013: 25%)	-	2,426	-	-
Expenses disallowed for tax purposes	19,388	35,446	8,583	10,152
Employment tax credit	(49,484)	-	-	-
Net deferred tax asset de-recognised	3,786	20,745	(10,190)	-
Non-taxable income	(2,790)	(8,519)	(143,315)	(194,063)
Under provision for previous year	12,908	1,693	1,425	-
Prior period deferred tax recognised in the current year	(1,845)	(5,137)	-	(5,137)
Other, net	(74)	6,206	1,491	110
	285,824	228,523	(8,736)	7,551

(c) Tax losses of subsidiaries amounting to $426.8 million (2013: $1.125 billion) subject to agreement with the Commissioner General, Tax Administration Jamaica are available for set-off against future taxable profits of the subsidiaries. Unutilised tax losses can be carried forward indefinitely and can be used to offset up to 50% of each year's taxable profits.

30. Earnings per stock unit

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

	2014	2013
	$'000	$'000
Profit attributable to stockholders	929,917	482,569
Weighted average number of ordinary stock units in issue ('000)	2,637,255	2,637,255

31. Related party balances and transactions

(a) Trading transactions with related parties

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

The fees for services rendered are as follows:

	2014 $'000	2013 $'000
Sport betting activities	46,628	28,600
Lease of gaming machines	24,324	47,145
Lease of central monitoring system	22,118	23,592
	93,070	99,337

In the prior 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 7(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 7, 13, 14 and 20 to the financial statements include required disclosures in respect of balances with subsidiaries and related parties.

(c) Compensation of key management personnel

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

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Short-term benefits	222,119	189,750	98,104	113,456
Post-employment benefits	1,670	2,223	-	367
	223,789	191,973	98,104	113,823

(d) Professional fees paid to directors for services rendered during the year aggregated $102.26 million (2013: $116.35 million) for the Group and the Company.

(e) 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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32. 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 sporting events offered through the agents' network.
(d) Pin codes	-	Sale of pin codes through the agents' network.
(e) Other	-	All other income.

The Group's operations are located solely in Jamaica.

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

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32. Segment reporting (cont'd)

	2013						
	Lottery $'000	Gaming and hospitality $'000	Sports betting $'000	Pin codes $'000	Other $'000	Unallocated $'000	Group $'000
External revenue	29,573,143	534,305	266,224	3,697,362	69,231	-	34,140,265
Total revenue	29,573,143	534,305	266,224	3,697,362	69,231	-	34,140,265
Result							
Segment result	1,124,200	(555,802)	(129,881)	65,865	69,232	(10,362)	563,252
Interest income							46,408
Net foreign exchange loss							30,707
Other gains and losses							99,211
Finance cost							(28,486)
Profit before taxation							711,092
Taxation							(228,523)
Profit for the year							482,569
Other information							
Capital expenditure	62,140	114,649	49,470	-	-	-	226,259
Depreciation, amortisation and write-offs, property, plant and equipment	40,284	184,542	16,604	-	-	10,362	251,792
Segment assets	2,141,014	2,107,879	184,756	325,360	-	564,835	5,323,844
Segment liabilities	707,016	54,455	24,447	466,061	-	428,946	1,680,925

33. 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	
	2014 $'000	2013 $'000
Within 1 year	129,148	162,095
Years 2 and 3	258,296	324,190
	387,744	486,285

	The Group	
	2014 $'000	2013 $'000
Minimum lease payment under operating leases recognised as an expense in the year	123,693	123,332

34. Distributions

		2014 $'000	2013 $'000
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 paid January 8, 2014	- 3¢	-	79,118
Final dividend for 2013 paid March 26, 2014	- 3¢	79,118	-
First interim dividend paid May 29, 2014	- 9¢	237,353	-
Second interim dividend paid September 5, 2014	- 3¢	79,118	-
Third interim dividend paid December 9, 2014	- 5¢	131,862	-
		527,451	632,942

35. Financial risk management

Financial risk management objectives

The Group has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk including interest rate risk, currency risk and price risk. Information about the 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.

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.

35. Financial risk management (cont'd)

Audit Committee (cont'd)

This Board Committee also has direct responsibility for the management of financial instrument risk which includes credit, liquidity and market risks.

(a) Credit risk:

The Group is exposed to credit risk, which is the risk that its customers or counterparties may default and could cause a financial loss for the Group by failure to discharge their contractual obligations. This arises principally from cash and 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 equivalents

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

Trade and long-term receivables

The Group establishes policies and procedures which govern standards for granting credit and the process of continuous monitoring and measurement in relation to credit quality through industry delinquency and debt recovery management.

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

(ii) Impairment

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

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

(b) Liquidity risk:

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

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35. Financial risk management (cont'd)

(b) Liquidity risk (cont'd):

(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.

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

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35. 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	Carrying value $'000
Financial assets							
Non-interest bearing		1,087,191	-	-	5,711	1,092,902	1,092,902
Variable interest rate instruments	3.73	737,800	-	-	-	737,800	731,235
Fixed interest rate instruments	4.30	7,629	22,888	78,033	411,434	519,984	497,999
		1,832,620	22,888	78,033	417,145	2,350,686	2,322,136
Financial liabilities							
Non-interest bearing		1,330,844	-	-	-	1,330,844	1,330,844
Interest bearing loan fixed rate	8.95	40,460	149,204	45,722	-	235,386	218,408
		1,371,304	149,204	45,722	-	1,566,230	1,549,252
Interest rate sensitivity gap		461,316	(126,316)	32,311	417,145	784,456	
Cumulative interest rate sensitivity gap		461,316	335,000	367,311	784,456		

	The Company 2014							
	Weighted average effective interest rate %	1 to 3 months $'000	3 months to 1 year $'000	1 to 5 years $'000	Over 5 years $'000	No specific maturity $'000	Total $'000	Carrying value $'000
Financial assets								
Non-interest bearing		181,128	-	-	-	1,949,774	2,130,902	2,130,902
Variable interest rate instruments	5.82	116,666	-	-	-	-	116,666	115,016
Fixed interest rate instruments	8.00	11,602	100,381	613,589	993,496	-	1,719,068	959,256
		309,396	100,381	613,589	993,496	1,949,774	3,966,636	3,205,174
Financial liabilities								
Non-interest bearing		72,946	-	-	-	-	72,946	72,946
Fixed interest bearing loan	10.25	36,772	43,252	-	-	-	80,024	77,000
		109,718	43,252	-	-	-	152,970	149,946
Interest rate sensitivity gap		199,678	57,129	613,589	993,496	1,949,774	3,813,666	
Cumulative interest rate sensitivity gap		199,678	256,807	870,396	1,863,892	3,813,666		

35. Financial risk management (cont'd)

(b) Liquidity risk (cont'd):

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

	The Company 2013							
	Weighted average effective interest rate %	1 to 3 months $'000	3 months to 1 year $'000	1 to 5 years $'000	Over 5 years $'000	No specific maturity $'000	Total $'000	Carrying value $'000
Financial assets								
Non-interest bearing		230,719	-	-	-	1,950,123	2,180,842	2,180,842
Variable interest rate instruments	5.67	254,192	-	-	-	-	254,192	250,685
Fixed interest rate instruments	7.56	47,772	141,816	411,491	1,225,317	-	1,826,396	1,266,164
		532,683	141,816	411,491	1,225,317	1,950,123	4,261,430	3,697,691
Financial liabilities								
Non-interest bearing		617,744	-	-	-	-	617,744	617,744
Fixed interest bearing loan	8.95	40,460	149,204	45,722	-	-	235,386	218,408
		658,204	149,204	45,722	-	-	853,130	836,152
Interest rate sensitivity gap		(125,521)	(7,388)	365,769	1,225,317	1,950,123	3,408,300	
cumulative interest rate sensitivity gap		(125,521)	(132,909)	232,860	1,458,177	3,408,300		

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

(c) Market risk:

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

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

(i) Foreign currency risk

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

35. Financial risk management (cont'd)

(c) Market risk (cont'd):

(i) Foreign currency risk (cont'd)

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

Foreign currency risk management

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

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

	The Group	
	2014	2013
	USD	USD
	'000	'000
Total assets	4,258	1,734
Total liabilities	(619)	(588)
Net exposure	3,639	1,146

	The Company	
	2014	2013
	USD	USD
	'000	'000
Total assets	108	48
Total liabilities	(586)	-
Net exposure	(478)	48

The Group:

The Group's sensitivity to a 1% revaluation/10% devaluation of the Jamaica dollar against the USD, CDN and GBP is demonstrated below and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign-currency-denominated monetary items and adjusts the translation at period end for a 1% increase or 10% decrease in the foreign exchange rates.

35. Financial risk management (cont'd)

(c) Market risk (cont'd):

(i) Foreign currency risk (cont'd)

The Group (cont'd):

The sensitivity of a 1% increase/10% decrease in the relative value of the Jamaica dollar on the foreign currency exposure would have an effect on profit/loss as reflected below:

	2014		2013	
	Devaluation 10% $'000	Revaluation 1% $'000	Devaluation 15% $'000	Revaluation 1% $'000
USD	41,450	4,145	18,106	1,207
CDN	3,801	380	16	1
GBP	3,531	353	1	-
EURO	-	-	32	2
	48,782	4,878	18,155	1,210

The Company:

The sensitivity of the Company to a 1% revaluation or a 10% devaluation of the Jamaica dollar on the net United States dollar exposure would have an impact on profit/loss of $5.48 million (2013: $3.70 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.

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.

35. Financial risk management (cont'd)

(c) Market risk (cont'd):

(ii) Interest rate risk (cont'd)

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	
	2014	2013
	$'000	$'000
Effect on net surplus increase 250 basis points (2013: 400 basis points)	40,534	34,321
Effect on net surplus decrease 100 basis points	(16,214)	(8,580)

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

(iii) Equity risk

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

Management of equity risk

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

35. Financial risk management (cont'd)

(c) Market risk (cont'd):

(iii) Equity risk (cont'd)

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, 2014, would have increased/decreased by $0.348 million (2013: $0.383 million) for the Group and the Company.

(d) Capital management:

The capital structure of the Group consist of equity attributable to the stockholders 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 in accordance with licensing requirements.

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

(e) Fair value of financial instruments

The following methods and assumptions have been used:

(i) The fair value of cash and cash equivalents, trade and other receivable and trade and other payable are assumed to approximate their carrying values due to their relatively short-term nature. The fair values of other investments are assumed to be cost, less provision for impairment

(ii) The carrying value of long-term receivables approximate their fair values as these receivables are carried at amortised cost and the interest rates are reflective of current market rates for similar transactions.

(iii) Quoted shares classified as available-for-sale are measured at fair value by reference to quoted market prices. Unquoted shares are stated at cost less impairment adjustments. The fair value is as disclosed in note 8.

(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.

36. Contingencies and commitments

(a) Contingencies – litigations:

Epsilon Global Equities:

On December 15, 2008 a civil suit was filed by Epsilon Global Equities Limited (Epsilon) citing as defendants the Company and its founding stockholders. The matter was decided in 2011, with a judgment in favour of the stockholders and the Company. Epsilon appealed the judgment. It is expected that the appeal will be heard by April 20, 2015. Attorneys representing the defendants expect the Company to succeed and that the appeal will not result in a financial liability to the Company.

Talisman Capital Alternative Investment Fund and EGE Limited:

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

In April 2013, the Federal Bankruptcy Court in Florida granted a motion by SVL and other defendants to dismiss the complaint. The plaintiffs then filed objections to the dismissal. Subsequently, the court granted a motion by SVL and other defendants to strike the objections. The plaintiffs then moved for reconsideration of the order. The court denied the plaintiffs motion for reconsideration. The plaintiffs have appealed this order. Briefs and supplemental submissions have been filed by all of the parties. It is expected that the Court will rule on the plaintiffs' appeals by the end of the year.

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

(b) Contingencies - Guarantees:

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

36. Contingencies and commitments (cont'd)

(c) Contingencies – Prime Sports (Jamaica) Limited:

In accordance with requirements of the Betting, Gaming and Lotteries Act granting a Bookmaker's permit to the subsidiary, Prime Sports (Jamaica) Limited, performance bond guarantee arrangement was executed with The Bank of Nova Scotia Jamaica Limited (BNS) for an amount of $4.5 million. Under the said performance bond covering the period 12 May 2014 to 11 May 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 $4.5 million. The bank guarantee is secured by a hypothecated term deposit of $4.5 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 the BNS. Under the said stand-by facility which is renewable annually, BGLC has been identified as the beneficiary in order to ensure that a Super Lotto jackpot winner in Jamaica is settled with the prize money and also to ensure that the necessary taxes on such a prize payment is settled with the revenue authorities in Jamaica.

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

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

(f) Capital commitments:

	The Group	
	2014	2013
	$'000	$'000
Software development	-	1,982
Leasehold improvements	-	2,308
	-	4,290

(g) Sponsorship commitments:

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

	2014	2013
	$'000	$'000
2014	-	34,500
2015	34,800	12,000
2016	-	10,000
	34,800	56,500

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