ANNUAL REPORT 2018

GAME CHANGERS

SUPREME VENTURES LTD.

OUR MISSION

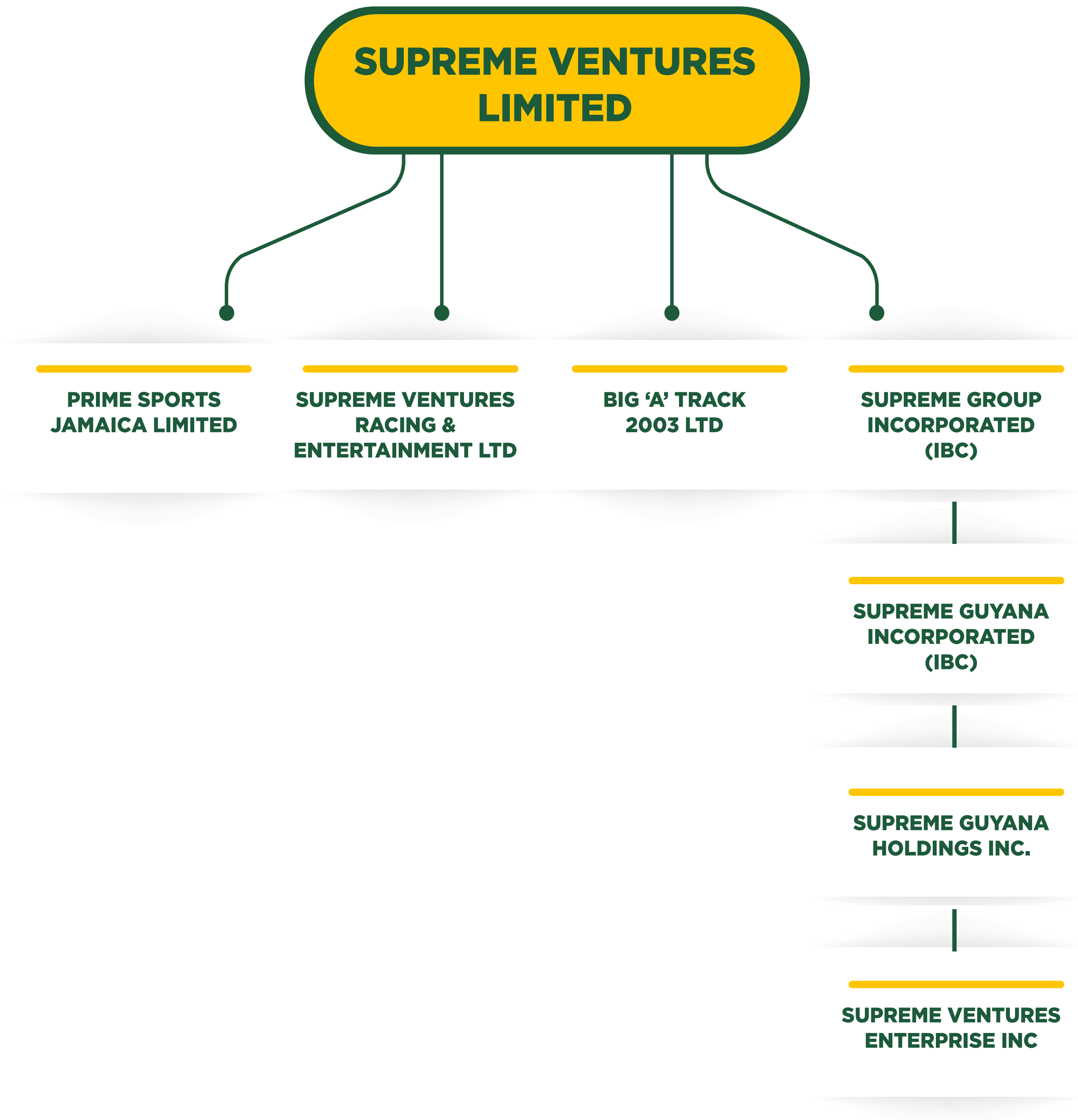
CREATE VALUE FOR OUR STAKEHOLDERS
THROUGH INNOVATIVE GAMING SOLUTIONS
FOR THE CARIBBEAN.

OUR CORE VALUES

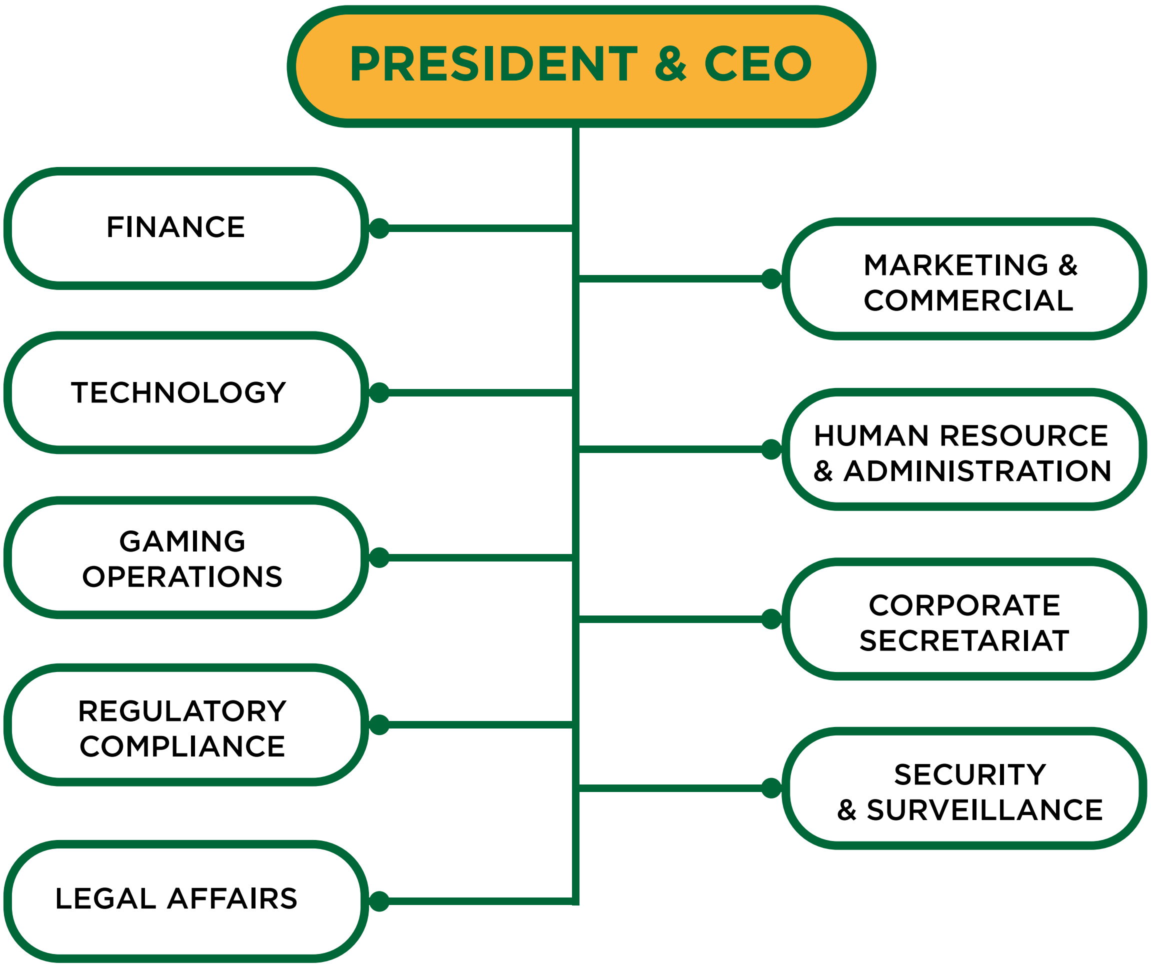
A WINNING ATTITUDE
PASSION AND FUN
CONTINUOUS INNOVATION
ACCOUNTABILITY
STRAIGHTFORWARD

TABLE OF CONTENTS

GROUP STRUCTURE



ORGANISATIONAL CHART



WHO WE ARE

Eighteen years ago, we opened our doors, creating history by becoming the premier gaming and entertainment provider in Jamaica. Today, the Supreme Ventures Group is the leading gaming provider with an expansive range of gaming brands that have become household names in Jamaica.

Our roots date to a time when we operated primarily as a lottery company with just 28 employees - a far cry from today's employment figure of over 500 persons. Games offered then were Lucky 5, Cash Pot and Dollaz. The Group now boasts ten (10) lottery games, video lottery terminals, horseracing, live and virtual sports betting and mobile gaming, "making winners everyday" of over $44.2 Billion in 2018.

SVL's growth has been fast-paced and phenomenal. In 2003, we acquired 100% of the shareholdings in the Jamaica Lottery Company (JLC), and grew our portfolio to include sports betting through the JustBet brand, and Video Lottery Terminals (VLTs) through our Acropolis Gaming Lounge, which opened in Kingston in July 2005.

The Group then made a game-changing move by becoming the first local provider of a multijurisdictional mega-millions lottery game, Super Lotto, for gamers in eight Caribbean countries. This upward trajectory of innovation and success led to the group being listed on the Jamaica Stock Exchange on February 28, 2006, and we have since grown our network to over 1,400 retail terminal locations.

As a strong supporter of the horseracing industry through the myriad of sponsorships undertaken by the Group over the years, we later invested in Jamaica's only race track, Caymanas Park, by assuming control of its operations on March 7, 2017 under the company name Supreme Ventures Racing and Entertainment Limited, SVREL.

Contributing to the development of Jamaica has been one of the key pillars for Supreme Ventures and this we demonstrate by contributing over $1 Billion annually to the arts, culture, sports, health and education.

SVL also includes wholly owned subsidiary Prime Sports (Jamaica) Limited, Supreme Ventures Racing & Entertainment Ltd, Big 'A' Track 2003 Ltd and Supreme Group Incorporated (IBC).

"We make a choice, every day, to take an inward look at how we, as market leaders, can create greater value for our stakeholders."

CHAIRMAN'S STATEMENT

"The secret of change is to focus all of your energy, not on fighting the old, but on building the new." - Socrates

Change is happening all around us. We see it every day; across industries, global politics, even the roads we drove on yesterday look different from the ones we will drive on today. Recognizing the varied degrees of urgency with which change takes place, one can determine one's pace and place in the paradigm. At Supreme Ventures Limited, we have selected our pace - the speed of change, and we have claimed our place – we are **GAME CHANGERS.**

In 2018 the Group has, for the second year in a row, achieved record profits and surpassed the performance bars that we continue to set for ourselves. We make a choice, every day, to take an inward look at how we, as market leaders, can create greater value for our stakeholders, with a singular focus on the positive change we can effect - for our employees, shareholders, partners, gamers and the communities in which we do business.

The historic, record-breaking achievements of the period under review are as a direct result of our relentless ambition to take our company where it has never gone before and our uncompromising determination to reinvent who the market thought we were. Under the capable leadership of President and CEO, Ann-Dawn Young Sang, we continue to cement our position as the premier gaming and entertainment company in the country. Approximately a year and a half ago, we started a process of change and transformation in our Jamaican business, that we are confident will also put us at the forefront of gaming across the Caribbean.

The global gaming industry is ever dynamic, and the industry in Jamaica, and by extension the Caribbean, is undergoing its own growth and expansion. This dynamism and growth have enabled Supreme Ventures to exceed last year's net profit performance by 50% or $703 Million. Our focus on providing our customers with value and our shareholders with a balanced, diversified business, has meant that we need to consistently and continuously change the way we take new products and delivery channels to market. The continued evolution of digital technology has allowed us to move to providing mobile gaming solutions for our customers that take advantage of the unstoppable global shift towards mobile gaming.

In 2018 the Group faced and conquered the natural challenges that come with expansion and change. We saw substantial growth in our revenues, resulting in an increase of approximately 50% in Comprehensive Income. Our strong financial position enabled us to contribute over $6.9 Billion in fees and taxes to the government, an increase of 12% over 2017. The Board declared final dividend payments of 17 cents per share in addition to interim dividend payments of 52 cents per share and a special dividend payment of 9 cents, out of Retained Earnings. The total dividend payout represents 98% of our full year net profit after tax.

The company's overseas expansion strategy has started with SVL's first location in Georgetown, Guyana. This is a pivotal and game-changing move as Guyana is poised for rapid economic growth and our investment positions us to grow with the country.

Our investment in Supreme Ventures Racing and Entertainment Limited at Caymanas Park continues to show potential for growth as losses reduce year over year, and it remains a strategic focus for the Group moving forward.

Supreme is committed to giving back to the communities we serve, and we are cognizant of the need to take better care of the most vulnerable in our society. During the year we appointed a new Board to the Supreme Ventures Foundation and selected a new strategic focus – the safety of children in state care, an underserved area of need behind which to put our resources. We have partnered with organizations who share our focus, and we will continue to do our part to impact the lives and living situations of our children.

Our customers have been there with us every step of the way on this journey up to and throughout 2018. We have built the business though your loyalty and support, and we know that you are our reason for being. We thank you for your patronage over the past year, and for being part of the SVL family; we could not do it without you.

Supreme Ventures is focused on retaining its dominant position in the industry while continuing to be the standard bearer for a compliant and transformational group of companies. Our reputation for honest, ethical business practices is one of our biggest assets, and we regard this as essential to our ongoing success. The Board is confident that there is a strong corporate governance system in place and have commenced the implementation of an improved and robust system. Our Corporate Governance framework is available on our website and represents the established committees, policies and procedures that effectively govern the Group.

We have undergone a significant level of change across the organization during 2018, as we restructured our management team and changed how we operate internally. This operational reshaping better prepares us for local and regional expansion across all our business lines, and as our industry evolves at an increasing rate, it also enables us to move quickly to respond to economic and environmental challenges. We have strengthened the leadership in our information technology, human resources, gaming operations and marketing areas.

Our employees have demonstrated tremendous focus and dedication to the Group in the face of a challenging period of adjustments. We have invested heavily in our human capital and #TeamSupreme has a renewed energy that has resulted in record-breaking results for the Group for which the Board wishes to express its deepest appreciation.

Our commitment to our shareholders and our stakeholders remains consistent and steadfast. We are not in business by ourselves and without the presence of our strong retailer network, the success of 2018 would not have been achieved. We thank you and we recognize your partnership and confidence in our business.

CHAIRMAN'S

STATEMENT

As Chairman, I am proud to lead a Board of Directors that is passionate and dedicated to the company's strong transformational leadership thrust and as such continue to provide insight, advice and guidance on fiduciary responsibilities and strategic direction. In 2018 we were pleased to welcome Mr. Duncan Stewart who brings to the Board strong business and marketing acumen. I wish to thank each director for applying their unique set of abilities towards the goal of realizing the company's vision and living its core values.

On behalf of the Board I would also like to thank the leadership team across the group, and importantly, their teams for all their critical contributions over the last year. This has been a pivotal year in Supreme's history, and the company has made great strides. I am so proud to be a part of this game-changing team. As we step forward into the future together, I am even more optimistic and excited about what lies ahead in 2019; heres to #TeamSupreme!

W. David McConnell
Chairman

To be a game changer one must be bold, fearless, and prepared to disrupt the status quo.

One must be unafraid to make the hard decisions and leverage one's strengths, adapting to a growing macro economy, while building a successful company that can accept any challenge and respond quickly to change.

2018 has been such a year of strong growth and change for Supreme Ventures Limited. We have embraced this change and built a more efficient and resilient operation, one with the required infrastructure to achieve exponential growth over the next few years. Our financial performance reflects strategic focus on our core business and demonstrates our commitment to driving growth. As part of our regional expansion plans, we made a historic first move into Guyana, a strategic step that has set the wheels in motion to achieve dominance in gaming across the Caribbean and other markets. This was no small feat for a company undergoing major changes internally, while strengthening our structure to keep pace with the development of new products and channels for our customers.

Our year of embracing change and changing the game has resulted in a record 2018 financial outcome for the group of companies, showing significant growth in profits and Gross Ticket Sales. Our financial performance, which shows growth of approximately 50% in our Total Comprehensive Income to approximately $2.1 Billion, reflects our drive, focus and execution of core strategic initiatives such as our channel expansion into the mobile gaming arena, execution of more customer focused initiatives, promotions and the kick-off of our regional expansion plans. This performance enabled the Group to pay a record $6.9 Billion in total fees and taxes to the government, representing an increase of approximately $800 Million, and over 12% higher than 2017. This was also $4.8 Billion or 229% greater than 2018 profits.

This year we fully adopted IFRS 9 and 15 (Financial Instruments and Revenue from Contracts with Customers), which resulted in additional disclosures and changes in how revenues and financial instruments are accounted for especially in providing for credit losses. The presentation of our Statement of Comprehensive Income was revised to ensure full compliance with the standards.

When compared to 2017, the Group achieved record Gross Ticket Sales of approximately $62 Billion in 2018, representing a 12.3% increase. We focussed on managing costs, successfully implemented cost savings initiatives, whilst investing in the buildout of the Group's infrastructure.

This resulted in the Group maintaining the operating expense efficiency ratio at 5.64%. The combined effect of revenue and cost initiatives resulted in a 50.3% increase in "Total Comprehensive Income for the year", surpassing the $2 Billion mark for the first time in the history of the Group.

Total profits attributable to shareholders increased by $703 Million. Earnings per share increased to 79.57 cents from 53.03 cents. The Group continues to show its commitment to rewarding shareholders' confidence with sustained business growth and strong returns on their investments. We were pleased to have paid out dividends of $0.52 per share, including a special dividend of $0.09 per share paid on June 1, 2018 to shareholders on record as at March 9, 2018, and additionally in February 2019 the Directors proposed a final dividend of 17 cents per share.

2018 was the first full year of operations for Supreme Ventures Racing and Entertainment Limited (SVREL) at the iconic Caymanas Park race track. Operational improvements in inventory management, the expansion of the Off-Track Betting network and the utilization of a shared services model were key in the reduction of the segment loss by approximately 29%, from $355.6 Million over 10 months to $252.1 Million over a full 12 months. As we continue to implement systematic, strategic changes to the operations of Caymanas Park, we remain confident about the future viability of the segment for all stakeholders.

Our flagship Lottery segment continues to exceed expectations and provided a segment growth result in 2018 of $1.183 Billion, an increase of $424 Million, or 17% over 2017. Sports Betting through the JustBet brand showed its potential with significant growth in 2018. Gross ticket sales grew by $445.6 Million or 60.3%, from $738.4 Million to $1.183 Billion. This reduction in segment losses to $26.9 Million from $36.2 Million was a result of continued rationalization of the agent network, the implementation of new channels for our customers through JustBet Mobile, execution of various innovative customer-driven promotions and initiatives for this key product segment.

The Group continues to give back to the communities we serve. Our record contribution of $1.7 Billion in fees to the Consolidated Fund this year has put our total contributions at over $18 billion since inception. This means that a portion of every dollar spent by our customers goes to the benefit of Culture, Health, Arts, Sports and Education in Jamaica. In 2018 our newly refocussed Supreme Ventures Foundation kicked off activities with new partnerships and investments aimed at ensuring a more positive outlook for at-risk youth and children in State care, looking out for their welfare and implemented programmes that improve their safety. In 2019 these programmes will be expanded, increasing our investment and emphasis on social enterprise initiatives that will have a positive impact on our communities.

2018 was a winning year for our customers. Supreme Ventures customers saw over $44.2 Billion in winnings across our various segments – horseracing, the Acropolis Lounge, lotteries, gaming and sports betting.

PRESIDENT & CEO'S REPORT

It was a record year for winners and we remain committed to providing new and existing customers with premium gaming solutions to make them winners every day. That commitment has taken us into the mobile gaming arena, launching two new mobile channels in 2018 – JustBet Mobile and MBet for horseracing. This will be closely followed in 2019 with the Supreme Games mobile app, a comprehensive portal that will allow our customers private, convenient access to some of their favourite games as a first step in keeping with our planned venture into the world of true online gaming; multiple gaming products and services on offer to our customers. We are proud of these innovations and will continue to leverage cutting-edge technology and best practices to improve our customer experience.

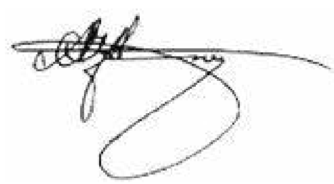
2018 was indeed a year of growth, change and transition, which included the restructuring and retooling of the organization in an effort to add to the breadth and depth of knowledge and expertise within the Company, supporting a high-performance culture. Our management team and staff have worked tirelessly to ensure the optimal use of the Company's resources, and because of the efforts of this phenomenal team, we continue to thrive and achieve record results. The team has gone above and beyond to ensure that our goals of regional expansion, mobile channel implementation and retail growth have been realized. Thank you for all you do. It is a privilege to lead an organization with such commendable accomplishments and committed employees.

I would also like to specially thank our extensive retailer network, the persons on the front lines every day ensuring that our customers and our brand are well taken care of. Your commitment and demonstrated loyalty to Supreme Ventures is recognized and appreciated, and we remain invested in your continued success. Our success is your success and you are a critical part of #TeamSupreme.

The Supreme Ventures shareholder base has expanded by a significant 22.13% over the last 12 months; a reflection of our shareholders faith and the demonstrated success of the group. We appreciate your commitment to the company, and we will continue to work tirelessly on your behalf. As an organization that takes our reputation for transparency and our commitment to responsible, and informed gaming very seriously, we recognize the importance of our Regulatory partners, without whom we could not be where we are today. We are proud of our history of compliant partnership, and the impact of the work we have done together. We appreciate their guidance and support.

The Group's future is indeed bright as we stand on the threshold of a tipping point in the Company's history. Our plan for the future of the business is aggressive and we are confident that as we expand and grow from the solid foundation on which our company was built, we will do so with the support of all our strategic partners. We will do so with a team that is experienced and passionate about our business. We will do so with regulators that show vision and recognition of the potential of the industry, and we will do so with stakeholders that share our vision and excitement about the future of Supreme Ventures Ltd.

Here's to another game changing, record-breaking year!



Ann-Dawn Young Sang (Mrs.)
President & CEO
Supreme Ventures Limited


CLASSIC COINS
DOUBLE

MD&A

MANAGEMENT DISCUSSION & ANALYSIS

The presentation and content of this Management Discussion and Analysis (MD&A) is the responsibility of the management of Supreme Ventures Limited and its subsidiaries ("SVL Group", "the Supreme Ventures Group", "the Group", "we" and "our"). The objective of this MD&A is to provide more context for the Group's performance for its 2018 financial year relative to previous years as well as to highlight significant components of the Group's financial position as at 31 December 2018. This MD&A should be read in conjunction with the Group's financial statements and accompanying notes which have been prepared in accordance with International Financial Reporting Standards (IFRS) and audited by PricewaterhouseCoopers. All amounts are represented in Jamaican dollars, unless otherwise indicated.

MACRO-ECONOMIC ENVIRONMENT

The Jamaican economy strengthened as expected in 2018, continuing the successful Economic Reform Programme implementation, under the Standby IMF agreement. In 2018 the economy saw many successes, in the form of (1) Improved Real GDP Growth rate of 1.8%, and (2) continued decline in the Debt to GDP ratio, allowing for greater fiscal revenues being available in the economy.

This performance drove improvements in employment, with Jamaica recording the lowest unemployment ever at 8.7%. This increased employment had the knock-on effect of higher consumer demand, resulting in expanded private sector credit as confidence grew for both businesses and consumers. This also benefited the stock market, resulting in a 31.7% growth on the main market, and several listings on the Junior Stock Exchange, which were all oversubscribed.

This confidence is expected to continue into 2019 and should filter into even greater employment opportunities and increased disposable income. The decreasing Debt to GDP ratio will also make more room for increased local spending, for example through the improvements in road work infrastructure being implemented. These projects will result in increased employment in construction which will contribute towards increased disposable income and reduced unemployment.

The exchange rate was relatively stable year over year, but showed some volatile swings during the year. It is hoped that these swings will be controlled to ensure that there is continued stability in the macroeconomy.

The SVL Group is optimistic about the economic prospects for 2019, especially as oil prices are expected to remain stable during the year, debt to GDP is expected to reduce, and greater employment opportunities should become available. We are positioned to contribute to the country's growth and look forward to our own continued growth in 2019.

The following are a few macroeconomic indicators which influenced the local business environment in 2018.

Macroeconomic Indicators

Indicator	2018	2017	Change
GDP Growth (estimated)	1.8%	1.0%	0.8pp
Debt to GDP	101% (1)	124%	-23pp
Inflation	2.40%	5.25%	-2.85pp
Debt	1.95 Tn	2.18 Tn	1.4%
Exchange Rate	J$127.72	J$125.00	-10.55%
NIR	US$3.01Bn	US$3.21Bn	-6.23%
Unemployment Rate	8.7% (2)	10.4%	1.7pp
Tourist Arrivals	4,318,600	4,276,189	1.0%
Stock Market Performance (Main Market)	379,790.86	288,382.97	31.70%
Business & Consumer Confidence	147.0 & 175.5	142.6 & 148.0	4.4pp & 27.5 pp

1. GDP is at market prices at 2018 fiscal year end 2018 (March) and Debt is measured at December 2018
2. Unemployment rate was last measured at October 2018

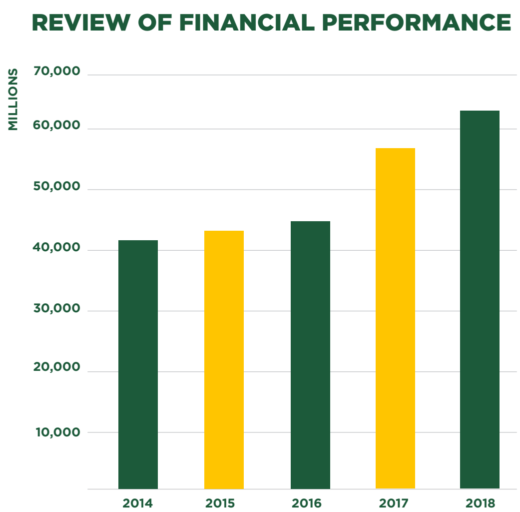
FIVE YEAR STATISTICAL REVIEW

	2018	2017 Restated	2016	2015	2014
Income Statement					
Gross Ticket Sales ($'000)	62,960,996	56,164,724	44,921,339	43,847,020	41,309,545
Gross Profit ($'000)	6,492,047	5,628,522	4,108,502	3,722,847	3,331,398
Operating Expenses ($'000)	3,550,247	2,918,052	2,468,415	2,589,222	2,390,951
EBITDA ($'000)	3,165,845	2,931,574	1,903,568	1,999,983	1,490,070
Profit After Taxation ($'000)	2,098,408	1,398,656	1,178,468	1,183,750	929,917
Balance Sheet Information					
Total Assets ($'000)	6,615,444	6,175,160	5,433,350	5,900,514	5,323,844
Long Term Liabilities ($'000)	503,220	592,583	26,604	-	7,951
Working Capital ($'000)	1,107,164	1,396,777	965,449	748,896	1,146,514
Stockholders Equity ($'000)	3,285,158	3,121,224	3,800,201	3,594,037	4,045,385
Cash Flow Analysis					
Trade and Other Receivables ($'000)	805,333	1,002,229	864,100	752,155	664,479
Cash and Cash Equivalents ($'000)	2,979,524	2,440,750	1,499,908	1,639,049	2,227,493
Retained Earnings ($'000)	1,255,489	1,091,555	1,767,052	1,564,368	2,015,716
Cash provided by Operating Activities ($'000)	2,679,408	2,416,475	894,412	1,343,488	1,495,188
Capital Expenditure ($'000)	423,052	522,948	183,286	136,441	105,865
Dividends(1) ($'000)	1,819,706	1,476,864	949,412	1,081,274	659,313
Special Dividends ($'000)	237,353	685,686	-	606,569	-
Financial Ratios					
Return on Equity	63.88%	44.81%	31.01%	32.94%	22.99%
Return on Assets	31.72%	22.65%	21.69%	20.06%	17.47%
Current Ratio	1.39	1.57	1.61	1.41	1.62
Effective Tax Rate	25.46%	35.11%	29.09%	26.70%	23.51%
Operating Expenses Ratio	5.64%	5.20%	5.49%	5.91%	5.79%
Return to Stockholders					
Earnings per stock (cents)	79.57	45.39	44.69	44.89	35.26
Dividends per stock (cents)	78.00	82.00	36.00	41.00	25.00
Dividend Yield	4.51%	7.11%	6.86%	8.84%	12.50%
Dividend Payout Ratio	86.72%	123.38%	80.55%	91.33%	70.90%
Total Return to Stockholders	56.63%	135.24%	20.91%	152.50%	#DIV/0!
Price Earnings Ratio	21.72	25.40	11.75	10.34	5.67
Book Value Per Stock ($)	$1.25	$1.18	$1.44	$1.36	$1.53
Stock Prices					
Closing Stock Price (JSE)	$17.28	$11.53	$5.25	$4.64	$2.00
Percentage change in stock price	49.87%	119.62%	13.15%	132.00%	-2.46%
Other Data					
Annual Inflation	2.4%	5.2%	1.7%	3.7%	6.4%
Exchange Rate US$1.00 = J$	$128.62	$125.33	$128.44	$120.42	$114.66
Cash Pot Liability	71.38%	71.21%	71.61%	71.30%	74.38%

(1) Dividends represented here reflect the amounts declared and paid in respect of each year

REVIEW OF FINANCIAL PERFORMANCE

2018 proved to be a transformative year for the SV Group, as we expanded overseas to Guyana, had our first full year of operations at SVREL (Caymanas Park), and commenced strategic internal restructuring to position the Group for new opportunities and further growth.



The year saw record Gross Ticket Sales of $63 Billion, a 12.1% growth over 2017, and for the first time Total Comprehensive Income (Profit After Tax) surpassed the $2 Billion mark, to come in at $2.1 Billion. 2018 EBITDA saw an increase of 9.22% over 2017 with $3.1 Billion, which represented another record as the company passed $3 Billion for the first time.

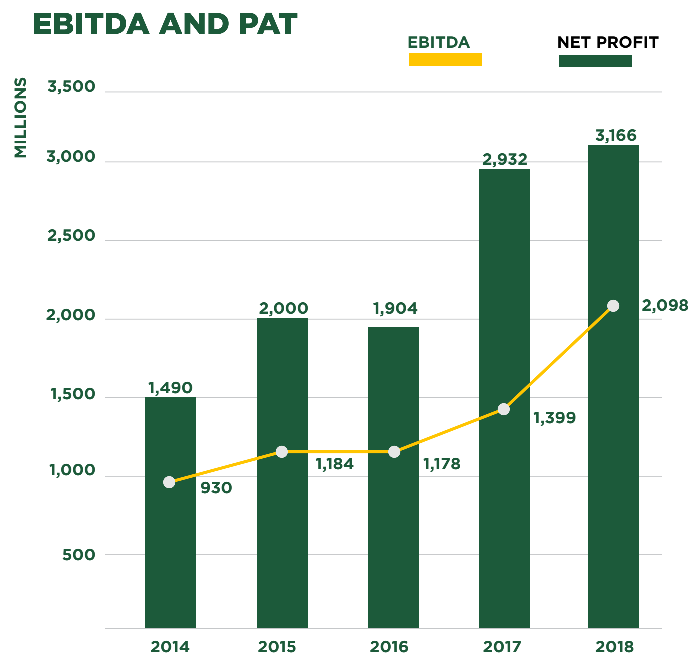
For 2018, the Group also paid over $6.9 Billion in fees and taxes to the Government. Gross ticket sales saw an increase of over 2017 of $6.8 Billion, or 12.1%, driven mainly by Lottery ($4.8 Billion, 11.9%) and an increase of $1.5 Billion or 31.5% in Horseracing revenues.

The Lottery segment, which is the core operation of the business, continues to perform well and we expect this trend will continue with SVL holding on to its clear market leader position.

The increase in Horseracing revenues resulted not only from a full 12-month operations (as opposed to 10 months in 2017) but also the increase in average monthly revenues from $465.8 Million in 2017, to $510.3 Million in 2018, a 9.6% monthly average increase.

Similarly, we saw significant year over year growth in the Sports Betting operations, with revenues climbing by 60.3%, from $738.4 Million, in 2017, to $1.2 Billion in 2018. Sports Betting has proven to be the fastest growing market segment in terms of revenue growth, and we expect that this trend will continue due to its target market appeal.

Included in the results is a Net gain from fair value adjustments of $72.5 Million, relating to revaluation of



investment properties, and includes a restatement on the same property of $201.7 Million in 2017. These adjustments are due to new valuation information which shows that the impairment recognized in 2017, using the valuation on hand at that time, was not a correct basis for the impairment. As a consequence, the Board of Directors took the decision to reverse the impairment and recognize the net gain portion attributable to 2018.

It is important to note that even without this revaluation gain in 2018, Profit After Tax would still have surpassed the $2 Billion mark.

The Group's performance was driven by deliberate actions aimed at improving revenue growth and cost containment. These initiatives included the following:

i. Continued focus on expanding the footprint for our lottery products throughout Jamaica, supported by marketing and promotional efforts.

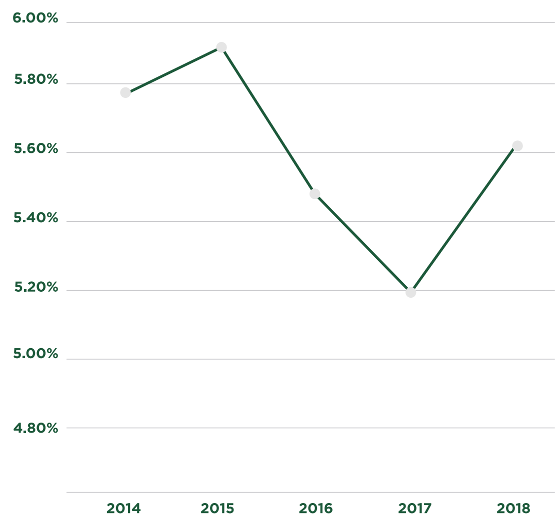
REVIEW OF FINANCIAL PERFORMANCE
(Cont'd)

ii. Expansion of the Off-Track Betting (OTB) network for our Horseracing products, made possible by the implementation of a state-of-the-art Tote system, which also improved our tracking and reporting capabilities. There was also a focussed effort to improve the operational efficiencies at SVREL.

iii. Strategic initiatives in Sports Betting, one of the fastest growing gaming segments globally and locally, and capturing a higher market share among younger millennials, greater focus on cost management and creating operational efficiencies improvements internally.

The Group's Operating Expense Efficiency (excluding depreciation and impairment) ratio deteriorated from 5.20%, in 2017, to 5.64% in 2018. While this may appear to position our cost management initiatives as ineffective, these costs were deliberately incurred to position the Group for growth.

Operating Expense Efficiency Ratio



In 2018 for example, we incurred costs relating to the Guyana operations, one-time redundancy costs and building internal capacity, both of which will set a platform for future growth.

We expanded our Human Resource capacity, and repositioned our Marketing, and Business Development for greater market impact. These strategic decisions have started to bear fruit, for example in the significant increase in our lottery and sports betting revenues, and not to be outdone, the reduction in the average monthly losses at SVREL.

Despite these deliberate expenditure increases, we were able to control costs relating to Subscriptions and Donations, GCT Irrecoverable, Equipment and Motor Vehicle Expenses, and Bad Debts.

Our careful management of the business saw an increase in our cash balances, while maintaining an enviable dividend payment record. We continue to maintain a healthy Current ratio and improved Return on Equity to 63.88% and Return on Assets to 31.72%, in 2018, from 44.81% and 22.65% in 2017, respectively.

FIVE YEAR FINANCIAL PERFORMANCE

	2018	2017 *Restated*	2016	2015	2014
Revenue	62,960,996	56,164,724	44,921,339	43,847,020	41,309,545
Direct Expenses	(56,468,949)	(50,536,202)	(40,812,837)	(39,429,684)	(37,586,698)
Gross Profit	6,492,047	5,628,522	4,108,502	4,417,336	3,722,847
Operating Expenses (excluding depreciation and impairment)	(3,550,247)	(2,918,052)	(2,468,415)	(2,589,222)	(2,390,951)
Operating Profit	2,941,800	2,710,470	1,640,087	1,828,114	1,331,896
Net Foreign Exchange Loss and Gain	(2,151)	628	11,988	8,101	6,016
Other Income	226,196	220,476	251,493	163,768	152,158
EBITDA	3,165,845	2,931,574	1,903,568	1,999,983	1,490,070
Depreciation, Amortization, and impairment losses	(293,881)	(823,714)	(241,353)	(279,451)	(257,985)
Impairment of Investment Property	72,500	-	-	(102,729)	-
EBIT	2,944,464	2,107,860	1,662,215	1,617,803	1,232,085
Finance Cost	(56,026)	(61,491)	(323)	(2,973)	(16,344)
Profit Before Taxation	2,888,438	2,046,369	1,661,892	1,614,830	1,215,741
Taxation	(790,030)	(647,713)	(483,424)	(431,080)	(285,824)
Profit for the year from continuing operations	2,098,408	1,398,656	1,178,468	1,183,750	929,917
Discontinued Operations	-	-	-	-	-
Profit for the year	2,098,408	1,398,656	1,178,468	1,183,750	929,917
Other Comprehensive Income	-	(3,480)	3,480	-	-
Total Comprehensive Income for the year	2,098,408	1,395,176	1,181,948	1,183,750	929,917
Earnings per stock (cents)	79.57 cents	53.03 cents	44.69 cents	44.89 cents	35.26 cents

Our Effective Tax Rate of 25.64%, improving from 35.11% in 2017, is testament to the deliberate cost management strategies and tax planning, even while recording a significant increase to $6.9 Billion paid to the Government in the form of fees and taxes, which is the highest ever paid by the Group. As we continue to improve the Group's returns, we expect that we will continue to see an improvement in the Effective Tax Rate, accompanied by an increase in the amount remitted to the Government for taxes and fees. This is a real win-win scenario.

The value of our Investment Properties continued to increase, gaining value of $72.5 million, or 8.8%, over 2017 restated amounts of $820 Million, as these are considered prime real estate locations.

Through prudent management we were also able to reduce our Trade and Other Receivables balances from approximately $1 Billion, to just over $805 Million, a reduction of $196 Million, or 19.5%, with an increase in our Gross Revenues over prior year of $6.8 Billion, or 12.1%. This resulted from continuing to focus specifically on receivables management, which reduced the number of days that cash is tied up in credit and the ability to earn interest income or deploy additional value-added use to the cash.

This, in turn, resulted in us being able to increase cash balances on hand at the end of 2018 versus 2017, despite paying out dividends, including special dividends, reducing the long-term loans, and funding the operations and capital requirements of Guyana and SVREL (Caymanas Park). We expect further improvement in 2019, as we improve the operational results of both Guyana and SVREL, thereby reducing their reliance on the Group for funding.

Although Prize liabilities and Trade and other payables increased, year over year, the current liabilities were still covered by current assets at a healthy 139%, with most of the current assets being represented by cash balance. The strength of this position is reflected in a Quick Asset ratio of 1.34 times at the end of 2018 (1.49 times at end of 2017).

Equity balance at the end of 2018, declined by $38 Million, or 1.1%, which was a deliberate move to pay special dividends to our shareholders, thereby increasing return on equity investments.

We also paid down the long term loan balance due to Sagicor, which was for the acquisition of Caymanas Track, resulting in the Long-term payables reducing to just under $80 Million.

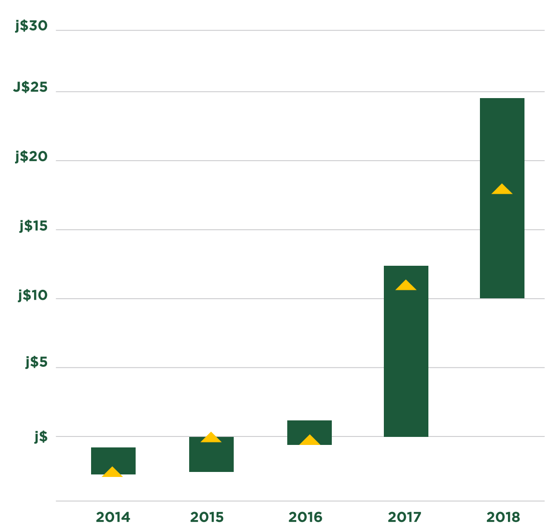
2018 was a year in which the Group positioned itself to take advantage of market opportunities, by increasing liquidity and strategically increasing our internal capacities as implied on the Statement of Financial Position.

PRODUCTS	2018 / $000	2017 / $000	VARIANCE	
			$000	%
CASH POT	30,124,590	27,562,926	2,561,664	9.3%
MONEY TIME	6,417,874	5,044,203	1,373,671	27.2%
PICK 2	222,687	216,416	6,271	2.9%
PICK 3	2,237,547	2,074,458	163,089	7.9%
PICK 4	2,968,167	2,453,163	515,004	21.0%
DOLLAZ	322,039	319,780	2,259	0.7%
LUCKY5	268,174	240,723	27,451	11.4%
TOPDRAW	682,553	634,021	48,532	7.7%
LOTTO	990,298	1,031,580	(41,282)	-4.0%
SUPER LOTTO	838,755	716,474	122,281	17.1%
LOTTERY	**45,072,684**	**40,293,744**	**4,778,940**	**11.9%**
HORSERACING	6,123,309	4,657,891	1,465,418	31.5%
VLT	353,927	363,084	(9,157)	-2.5%
PIN CODES	9,882,295	9,855,046	27,249	0.3%
OTHER	344,868	256,606	88,262	34.4%
SPORTS BETTING	1,183,913	738,353	445,560	60.3%
GROSS SALES	62,960,996	56,164,724	6,796,272	12.1%

DIVIDENDS & STOCKHOLDERS' RETURNS

The share price continued to improve in 2018, showing 5 years of growth, closing out 2018 at $17.28 per share, a 49.8% increase over the $11.53 price at the end of 2017. This resulted in a 56.63% Return to Shareholders. Since the end of 2014, when the share price closed at $2 per share, there has been a 764% increase on the price.

Share Price Movement

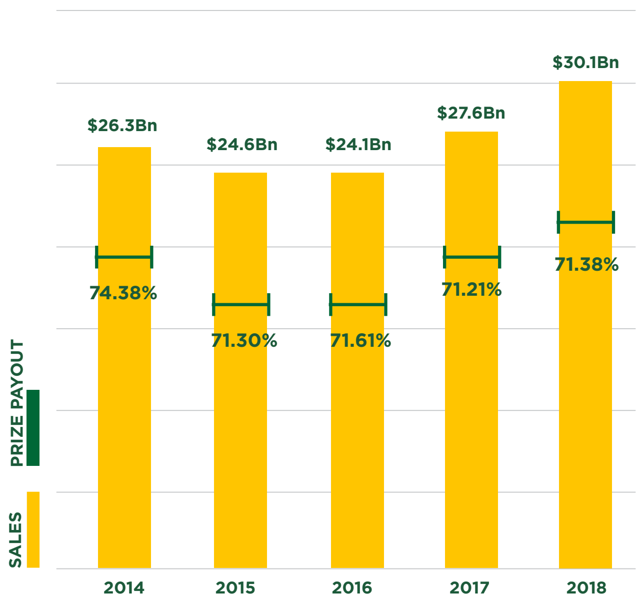


SEGMENT REVIEW

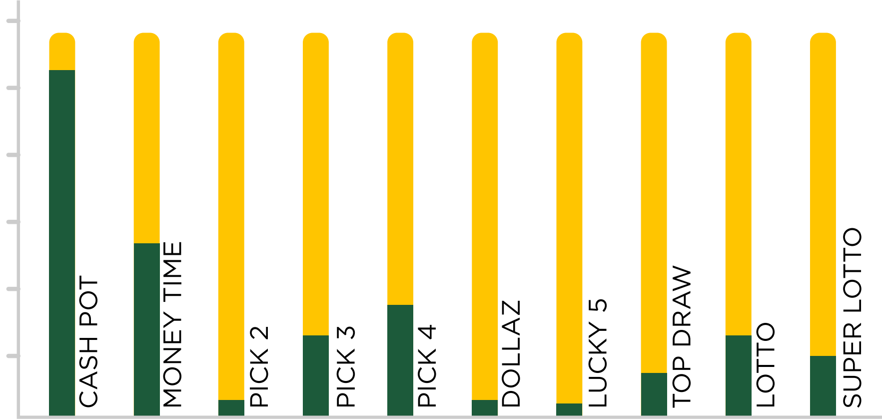
LOTTERY

The Lottery segment continued to be the greatest contributor to Group revenues, with Gross Ticket sales accounting for 72% of Group Gross Sales, which was the same proportion as 2017. As in 2017, the segment saw an increase of 12%, year on year, as Cash Pot continued to be the flagship product at 67% of overall Lottery Gross Ticket sales.

Cash Pot Revenue & Payout



LOTTERY GROSS TICKET SALES MAKEUP



The Group employed a deliberate strategy of distribution network expansion and promotional activities aimed at bringing greater access and awareness to the Lottery games. The network grew by 12.5%, totalling over 1,400 terminals at the end of 2018, adding over 155 new terminals. The attractiveness of the promotions plus easier access, contributed to the growth in Lottery, with four of the ten Lottery games performing at double digit increases year over year, of 27.2%, 21%, 11.4%, and 17.1% for Money Time, Pick 4, Lucky 5, and Super Lotto, respectively.

Cash Pot continued to be the main contributor, showing a 9.3% year on year growth in Gross Ticket sales, less than the 14% increase recorded in 2017. Which is another deliberate strategy of diversification within the lottery portfolio. Additionally this growth percentage is calculated on a larger base.

Based on the performance of the Lottery segment, there is no doubt that it remains of significant value and a very attractive entertainment offering to the public. The segment continues to contribute the lion's share of the overall results, showing a segment result of $2.91 Billion.

SPORTS BETTING

With new promotional strategies aimed at leveraging specific opportunities, Sports Betting started to see improved performance in the first quarter of 2018. The segment benefitted from World Cup 2018, which gave it a significant "shot in the arm" from June to July, and through deliberate promotional activities, this segment was able to hold on to the gains from the World Cup impetus and grow. As a result of these efforts, the segment not only increased market share, but also increased its total Revenue year over year by 60.3%.

This improvement in Sports Betting was expected, as it is one of the Group's fastest growing revenue segments. The product attracts a younger audience, as well as those seeking skills-based and more interactive products. As this market segment's average income levels increase, this becomes a much more attractive market to be in and remains an important focus for the Group.

Although the segment result was a negative $26.9 Million, we see this segment showing great potential for future growth.

GAMING & HOSPITALITY

The Gaming & Hospitality segment, which includes the VLTs (Video Lottery Terminals), recorded a segment result of $21.2 Million ($19.1 Million in 2017).

This performance was despite revenues declining marginally by $9 Million from $363 Million in 2017, to $354 Million in 2018. This slight decline resulted from some operational challenges which were identified and rectified towards the end of the year.

Although revenues and profits were relatively flat, the performance continues the turnaround trend from previous years in this segment, and we remain confident in the prospects for growth, which we have already embarked on strategies to further solidify in 2019.

HORSERACING

The Horseracing segment, in its second year of operations by SVL, saw revenues increasing by 31.5%, from $4.7 Billion (10 months) to $6.1 Billion (12 months), underscoring the strong growth in the segment under SVL operation.

Despite this revenue growth, the segment result showed a loss of $252.1 Million, for 12 months, compared to the 10-month 2017 result of a loss of $355.6 Million. This was still an improvement, as the average monthly loss declined from $35 Million to $21 Million, in 2018.

Main factors contributing to the revenue growth and operational improvements included the approximately 50% OTB network expansion, acquisition of the new Tote system, new broadcast system implemented, another successful staging of the Diamond Mile in partnership with the BGLC, buildout and renovation of new I.T. & operations infrastructure along with other strategic operational initiatives executed.

The Group considers Caymanas Park and the horseracing as critical to our core operations and the stakeholders it serves, and remains committed to building this segment.

PIN CODES

Revenues from the PIN Codes segment represent sale of phone credit from telecommunications providers. Revenues remained flat, year over year, with a marginal 0.3% growth in 2018 over 2017. This represents slowing down of the growth momentum from previous years with average annual growth rates of up to 30%. The slowdown in growth has been anticipated as more communication alternatives are available, such as communicating on WiFi platforms. The segment still produced a positive segment result of $89 Million ($137 Million in 2017), which declined as a result of reduced commissions paid by telecommunication providers.

UNALLOCATED

'Unallocated' includes net rental income from investment properties as well as income and expenses associated with sub-leased properties. Also, assets and liabilities not assigned to a segment.

STRATEGIC OUTLOOK

The Supreme Ventures Group crossed a tipping point in 2018; a landmark year of dynamic growth, strategic change and new directions. The company's core purpose "helping people win everyday" was achieved through historically high pay-outs to our customers, increased investment in the social welfare of the communities we serve through our donations, historically high contributions to the Government through taxes and fees, and the countless small businesses who make their living by being part of our retail network. The impact of our own growth maximizes the returns for all our stakeholders, and SVL is committed to ensuring that continued positive trajectory.

The Group is poised and will continue on its growth trajectory, as it believes there are still many opportunities to be explored and entered into for 2019. For 2019 we have established three main strategic themes:

Execution Excellence
Building Strong Relationships
Market Dominance

These themes will govern, guide and inform our goals and objectives, which will fall within the following strategic initiatives:

1. Strengthening the Group's institutional capacity, innovative and competitive capabilities to sustain or improve our competitive advantage in all market segments for example
    a. Building internal competencies in ICT and business analytics to optimize the use of technology throughout the Group
    b. Building out of new units within the organization, for example business intelligence unit, projects unit, etc.
    c. Establish and prepare the group to entering the world of online, interactive gaming

2. Strengthening and leveraging the Group's brand through effective corporate social responsibility (CSR) – for example
   a. Activating and maximizing the use of the Group's Foundation to increase our social impact
   b. Revisiting our brand and further maximise its impact and appeal
3. Achieving profitability in the Horse Racing and Sports Betting through product improvement and content delivery i.e. mobile betting channel development in each segment.
4. Prepare the Group for entering new markets by streamlining products, delivery channels and core infrastructure
   a. Continued investment in leadership training; governance and risk management focus; business diversification and new product/channel development

RISK MANAGEMENT

Our Approach

We consider risk as anything that could significantly affect the achievement of our business objectives. Therefore, the Group is exposed to many different types of risks through the various activities performed in fulfilment of its objectives. We classify our business objectives into four main areas:

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

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

- Companies Act, 2004
- Jamaica Stock Exchange rules and regulations
- Other local statutory and regulatory requirements
- Sarbanes Oxley Act (particularly, sections 302 and 404)
- COSO Framework
- ISO 31000:2009

Our Risk Management Structure

One of the main objectives of our risk management framework is to enhance our confidence and risk intelligence in seeking to maximize stakeholder returns while safeguarding existing assets. The framework is administered through its different components, which are:

- Board of Directors including its Audit Committee
- Senior Management & Business Units
- Risk Management Unit

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

The Audit Committee has oversight for the management of risks relating to the Group's financial reporting and internal control objectives. This includes monitoring the systems for ensuring the integrity of the financial statements, reviewing the effectiveness of the systems of internal control, overseeing the risk management program as well as setting and monitoring risk limits and controls. Risk limits and controls are integral to the risk management process, as they characterize the Board's risk tolerance as well as that of the regulators.

Senior management and the Group's business units support the entity's risk management framework, promote compliance with its risk appetite, and manage risks within their spheres of responsibility based on risk limits set by the Board's Audit Committee. Business units are responsible for the day-to-day identification and response to risk exposures within their limits and the prompt communication of issues to senior management. The Group's business units are intimate with the changing nature of risks facing our business and are often the first point of engagement, thereby being best able to act on our behalf in managing and mitigating those risks.

The Group's Regulatory Compliance function provides specific oversight and management of the Group's adherence to regulatory requirements, including compliance with provisions of our trade licences, anti-money laundering requirements, reporting to the competent authority and overall effective engagement of regulatory bodies. Ongoing risk management support and oversight is provided by the Finance function. One of the critical responsibilities of the Finance function is to establish and maintain effective systems for promoting risk intelligence and proper risk communication across the Group.

The scope and direction of all internal audit work is set and reviewed by the Board's Audit Committee, which is carried out through our internal auditors. A key responsibility of our Internal Audit function is to provide objective assurance to the Board (through the Audit Committee) on the effectiveness of the Group's risk management activities, to verify that key business risks are being managed appropriately and that the system of internal control is operating effectively.

Therefore, internal audit plays a key role in evaluating the Group's risk management processes and advocating their continued improvement. However, to preserve its organizational independence and objectivity, the internal audit function does not take any direct responsibility for making risk management decisions or executing the risk management processes. Other key elements of the Group's operational and strategic risk management framework include:

- Core Values
- Business Continuity Planning, including succession planning and emergency preparedness & recovery plan
- Systems Security – Information and Physical

Core Values

In 2018 the leadership team assessed and revised the Group's core values. Our core values guide our activities and actions, and are at the heart of the Group's risk management policy.
The Group's core values are:

- A Winning Attitude
- Passion & Fun
- Continuously Innovate
- Holding Ourselves Accountable
- Be Straightforward

Integral to our success, sustainability and vision, is operating with integrity with the highest ethical standards and using world-class business practices.

Business Continuity Planning

The Group's business continuity framework includes succession planning, emergency preparedness and recovery planning, insurance risk management, business impact and scenario analyses. Our approach to business continuity planning (BCP) is to identify risks that can cause damage to the business and implement steps to mitigate these risks.

Emergency Preparedness & Recovery Planning

In practical terms, a disaster is anything that can cause a disruption in the normal operations of a business. The Group's emergency preparedness tools range from HR disaster and recovery plan, information technology security and redundancy plans, and physical security systems. For business continuity, consideration is given to all critical resources required to keep our business going. These considerations include the health and safety of our people, the integrity and stability of our product distribution systems, the security of our facilities and physical environment, and the reliability and safety of our information systems.

Succession Planning

The Group continuously develops its talent pool, building levels of feeder-groups across the entire leadership progression. Our succession planning process includes the following key elements:

1. Identification of key roles for succession planning
2. Definition of competencies and personnel profile required to perform effectively in these roles
3. Identify pools of talent with potential to perform effectively in these roles
4. Develop pools of talented employees for progression into these roles – experience and skill sets

Our succession planning not only incorporates planned availability, as people get promoted or retire, but it also includes unplanned vacancies due to resignations, terminations or even death.

Security Controls – Information & Physical Systems

The Group classifies its general and information security controls in different ways to increase the resilience and agility of our systems. Controls are classified and assessed by the timing of when they are activated relative to the occurrence of a security incident:

a. before the event (preventive)
b. during the event (detective)
c. after the event (corrective)

The Group also classifies and assesses its security controls by their nature:

a. Physical controls, i.e. locks, doors, physical storage of critical resources, etc.
b. Procedural controls, i.e. incident response protocols, security awareness and training, management review systems, etc.
c. Technical controls, i.e. user authentication (login) and logical access controls, anti-virus software, firewalls, etc.
d. Legal, regulatory and compliance controls e.g. data confidentiality, privacy laws, human rights, etc.

The effectiveness the Group's information security systems is a critical part of the annual internal audit programme. Recommendations are implemented on a timely basis and follow-up reviews are done by the internal auditors to confirm that changes are done in accordance with the objectives. Information systems security checks include:

- user access controls
- password controls
- data back-up
- incident response
- system and information integrity

The Group also places strong emphasis on physical security, incorporating the use of several layers of interlocking systems which include onsite and remote surveillance systems, armed and unarmed security guards, protective barriers, access control protocols and strategic collaborations with the armed forces.
Our physical security systems are generally designed to:

1. Deter potential intruders, e.g. warning signs, restricted access points, perimeter markings
2. Detect intrusions and monitor intruders e.g. alarms, CCTV systems, and
3. Trigger appropriate incident responses (e.g. by Group security personnel, guards and police.)

The Role of Policies & Procedures

Policies define and express the Group's overall risk appetite and are developed based on the risk culture of our business units, and subject to the relevant regulatory requirements. Policies set the boundaries on the types of risks the Group is prepared to assume and specify the manner in which the Group assumes these risks. Appropriate policies and procedures are established throughout the organization and are approved by the Audit Committee.

Management of Business Risks

The main risks faced by the Supreme Ventures Group are identified as: financial risk (including credit risk, market risk, and liquidity risk), operational risk, regulatory and legal risk, and reputational risk. These are described below.

Operational Risk

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

Regulatory and Legal Risk

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

Prime Sports (Ja.) Limited (PSJL), the Group's principal operating subsidiary, is licensed by the Betting Gaming and Lotteries Commission and complies with strict regulatory requirements, with specific regards to its lottery licence, as shown below.

Ageing	Minimum Reserve Requirement	2018	2017	Requirement Met
Liquidity Ratio (cash to current liabilities)	75%	105%	108%	✓
Dedicated funding for Prizes and gaming taxes	100%	162%	166%	✓

Reputational Risk

Reputational risk is the potential that negative publicity, whether true or false regarding the institution's business practices, action or inaction will or may cause a decline in the institution's value, liquidity or customer base. All risk can have an impact on the company's reputation, which in turn can impact the brands, earnings and capital. The management of reputational risk is overseen by the Board of Directors and the senior management team.

Management of Financial Risks

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

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

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

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

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

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

This Audit Committee also oversees the management of financial instrument risk which includes credit, market and liquidity risks.

Credit risk

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

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

The Group's credit risk is managed through a framework, with particular emphasis on the following items:
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 Business

Ageing	2018	2017
Up to 30 days	99.69%	99.62%
31 – 60 days	0.30%	0.33%
61 – 90 days	0.005%	0.005%
Over 90 days	0.00%	0.00%
	100.00%	**100.00%**

Summary Of Group Trade Receivables (Net Impairment)

Development team, which has responsibility for, amongst other things, liaising with the sales agents.

Market Risk

Market risk arises from changes in market prices and rates (including interest rates and foreign exchange rates), the correlations among them and their levels of volatility. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

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

Summary Of Foreign Currency Risk Exposure

	2018 USD'000	2017 USD'000
Assets	2,437	2,545
Liabilities	(169)	(435)
Net exposure	**2,268**	**2,110**

Summary of foreign currency risk exposure

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

Liquidity Risk

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

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Board of Directors approves the Group's liquidity and funding management policies and establishes risk limits.

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

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

1. Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met;
2. 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;
3. Monitoring statement of financial position liquidity ratios against internal and regulatory requirements; and
4. Maintenance of liquidity and funding contingency plans.

CORPORATE GOVERNANCE REPORT

The Board of Directors of Supreme Ventures Limited (SVL) is collectively responsible for the performance of the Company and its subsidiaries. One of the primary responsibilities of the Board of Directors is to ensure that, the Company and its subsidiaries have a robust and effective corporate governance framework, which is vital to the preservation of shareholder value and confidence in the Group. A copy of the Group's Corporate Governance Policy is available on our website at http://www.supremeventures.com.

The Board adopts an enterprise-wide approach to corporate governance by ensuring adherence to a uniform set of corporate governance policies and procedures throughout the Group. The Corporate Governance Code will be reviewed annually by the Board to ensure that it remains relevant and is in keeping with best practices.

SVL's Corporate Governance Code documents the corporate governance framework of the group. This ensures that the Company and all subsidiaries adhere to a standard corporate governance policy that represents best practices inclusive of recommendations taken from the Private Sector Organization of Jamaica (PSOJ) Corporate Governance Code and the Jamaica Stock Exchange (JSE) rules.

THE CODE:

a) Adopts best corporate governance practices implemented by a public company under the guidance of the Board of Directors;

b) It defines the procedures and processes to which the group of companies is directed and controlled;

c) It specifies the distribution of rights and responsibilities among the different participants in the organization such as the Board of Directors, the management, shareholders and other stakeholders.

BOARD RESPONSIBILITY

The Board's primary responsibility is to provide strategic direction for the Company and approve management's business plans to effect the strategic and operational goals. The Board sets the strategic direction of the Company and ensures that it gives management direction, where needed, to ensure that the goals are met. The Board also ensures the fair and equitable treatment of all stakeholders, including minority shareholders.

While executing its duties, the Board takes into account all parties whose interests are associated with those of the Company: as well as creditors and employees who are directly affected by the operation of the Company.

At all times, Directors are expected to exercise sound independent business judgement in what they reasonably believe to be in the best interest of the Company. In discharging that obligation, the Directors rely on the honesty and integrity of the Company's senior management, and expert advisors, including auditors.

SVL's Board met six (6) times during 2018 to ensure that the Board's mandates were effectively addressed. The responsibility of the Board is outlined in an approved Board Charter which includes the following duties and functions:

- Provide strategic direction for the Company and approves management's business plans to effect the strategic and operational goals;
- Articulate the organization's values, vision, mission and strategies;
- Discuss and approve annual budgets, capital expenditures, acquisitions and divestitures;
- Monitor and evaluate the performance of senior management and aligning executive remuneration with their qualification and experience;
- Install effective and robust internal control systems and risk management procedures;
- Ensures the integrity of the company's accounts and financial reporting systems and public disclosures, as well as the effectiveness of the systems of internal control and risk management;
- Monitor the performance of the Board against the strategic goals determined;
- Review management performance;
- Ensure that the company's obligations to shareholders are understood and met;
- Ensure that Board Members behave ethically and promote throughout the company behaviour that is consistent with the culture and values of a high-performing organization;
- Create the right framework that will enable directors meet their statutory duties.

SIZE AND COMPOSITION OF THE BOARD OF DIRECTORS

As at 31st December 2018, the Board comprised of 12 Directors and chaired by Mr. W. David McConnell. The size and composition of the Board permit the Board to be effective in exercising its powers and duties. The number of directors as guided by the Articles of Incorporation should not exceed twelve.

The Board's composition reflects Directors drawn from diverse backgrounds, thereby creating a balance of independence, knowledge, experience, leadership skills and perspectives, to allow the Board to work effectively. SVL's Directors are recognized as strong leaders in their respective fields of work. Our Directors take care in ensuring that decisions are made after careful deliberation of relevant information.

The appointment and retirement of Directors shall be governed first by the Articles of Incorporation of the Company and thereafter by standards/criteria imposed by the Board or the Company's Regulators. Designations include Chairman, Deputy Chairman, President & CEO, Executive Director(s), Non-executive Directors and Independent Non-Executive Directors.

INDEPENDENCE

In determining the independence of proposed candidates or current members, the Board of Directors should consider the person not independent when he or she:

- Is or has been an employee, senior executive or Chairman of the Board of Directors of the Company or its subsidiaries within the last three (3) years;

- Receives or has received during the 12 months prior to his appointment any compensation from the Company other than board membership fees approved by the General Meeting of Shareholders of the Company;

- Has or had within the past year a material business relationship with the Company or its subsidiaries, particularly as a significant client, supplier or consultant of the Company or as a partner, shareholder or Board member, or senior executive of an entity that has such a relationship with the Company or its subsidiaries;

- Has been the External Auditor of the Company or its subsidiaries or has been a partner or employee of a firm that provides external auditing services to the Company or its subsidiaries within the last three (3) years;

- Has a second degree kinship with or is the spouse of a non-independent Board member, senior executive, adviser or significant shareholder of the Company or its subsidiaries;

- Controls directly or indirectly through related parties, more than 5% of the voting rights of the Company or represents a significant shareholder of the Company or its subsidiaries.

All Directors of the Company shall act independently and bring an independent mind to bear on matters coming before the Board.

The term for Independent directors to serve on the Board is seven (7) years after which they are required to resign and will not be eligible for re-appointment.

Directors shall notify the Board of any change in status that may affect their Independence. When notified, the Board will evaluate the Directors' independence.

AUDIT & COMPLIANCE COMMITTEE

The Audit and Compliance Committee was established by the Board to assist the board of directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal controls, the audit process, and the company's process for monitoring compliance with laws and regulations and the code of conduct. The Terms of Reference of the Committee is governed by an approved charter. The quorum for the Committee meetings is three and this must include two independent members.

The functions of the Audit and Compliance Committee are as follows:

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

- To review arrangements for employees;

- To review significant financial reporting issues and judgements, summary financial statements, financial returns to regulators and any financial information to be reported in other documents which may impact share price;

- To keep under review the effectiveness of internal controls and risk management systems by examining steps taken by the Board and Management of SVL to control exposure to significant risks;

- To monitor and review the effectiveness of internal audit functions in the context of the overall risk management systems;

- To consider and make recommendations to the Board with respect to matters for approval at General Meetings, including the appointment, re-appointment and removal of the external auditors. In addition, the Audit Committee will oversee the selection process for new auditors and shall investigate issues leading to the resignation of auditors where applicable;

- To oversee the relationship with the external auditors;

- To review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;

- To review findings of the external auditors and in particular initiate discussions on issues which may have arisen during the audit, including accounting and auditing judgements and levels of errors identified;

- To review the effectiveness of the services provided by the external auditors.

The committee members as at 31st December 2018 were:

- Mr. Ansell Howell (Chairman) – Independent Director
- Mr. Peter McConnell – Independent Director
- Mr. Ian K. Levy

The Finance Committee is the sub-committee of the Board of Directors which is responsible for the financial management of the Company. The Chairman of the Board is the Chairman of this committee and may select up to four Directors to serve on this committee.

The Finance Committee provides assistance to the Board of Directors of the Company, in fulfilling its responsibility to the shareholders, in respect of the policies and practices that relate to the management of the financial affairs of the Company.

The Finance Committee's primary purpose is to:
- Review management's plans to manage the Company's exposure to financial risk.
- Review the Company's business plan, cash plan, balance sheet, and capital structure.
- Recommend dividend actions to the Board of Directors.
- Review the Company's capital allocation strategy, including the cost of capital.
- Review the Company's capital appropriation matters, including recommending approval of those programs re quiring Board approval and providing periodic oversight of board-approved programs.
- Review the Company's pension strategy and performance and health care costs and funding.

Messrs Gary Peart, Steven Hudson and Brent Sankar, and Mrs Ann-Dawn Young Sang were elected to serve and remain members as at 31st December 2018. The former Executive Chairman of subsidiary company, Supreme Ventures Racing & Entertainment Limited (SVREL), Mr. Michael Bernard, served as a member of the committee during the review period. However, his tender ended on December 31, 2018.

HUMAN RESOURCES & COMPENSATION COMMITTEE

The Compensation Committee was organized to assist the Board of Directors of the Company, in approving and monitoring guidelines and practices, with respect to the compensation and benefits of officers, as well as administering the Company's equity based compensation plan. The Compensation Committee assists the Board in fulfilling its fiduciary responsibilities relating to:
- The fair and competitive compensation of the non-employee directors
- The compensation, bonuses, and incentives of the Chief Executive Officer, executive and other key employees of the Company
- The administration of the general employee welfare plans of the company. The Compensation Committee is authorized to obtain outside legal or independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. The Compensation Committee currently comprises two members.

The Committee members as at 31st December 2018 were Mr. Christopher Berry and Mr. Lance Hylton. Previous member, Mr. Richard Foreman tendered his resignation as a director during the review period.

GOVERNANCE AND NOMINATION COMMITTEE

The Governance and Nomination Committee's role is to determine the slate of director nominees for election to the Company's Board of Directors, to review, evaluate and recommend changes to the Company's Corporate Governance Guidelines, and to establish the process and guidelines for conducting the review of the Chief Executive Officer's performance.

The Governance and Nomination Committee assists the Board in the following:
- In ensuring that there is a formal, rigorous and transparent procedure for the appointment of new directors to the Board;
- To identify and recommend qualified candidates to fill vacancies occurring between annual shareholder meetings;
- To assist the Board of Directors in organizing itself to discharge its duties and responsibilities properly and effectively;
- To review, evaluate and recommend changes to the Company's Corporate Governance and Nomination Guidelines;
- To perform such other duties and responsibilities enumerated in and consistent with this Charter

The following Directors were elected to serve and remain members as at 31st December 2018:

- Mr. Ian Levy (Chairman)
- Mr. Christopher Berry
- Mr. Steven Hudson
- Mr. Brent Sankar

STRATEGIC OVERSIGHT COMMITTEE

The Strategic Oversight Committee oversees the implementation of key strategies approved by the Board, ensuring the Executive effectively translates those strategies into implementable programmes. It serves as a counterpoint to the Executive, ensuring holistic comparative performance reviews are completed for all the different divisions of the organization, thereby aiding the formulation of long-term strategy and making of dispassionate policy decisions.

The Strategic Oversight Committee will create the nexus between the Board and Management, thereby fostering a more efficient and effective decision making process.

The overarching purpose of the Committee is to support the Executive in the achievement of the Organization's strategic objectives and its drive towards the broader operational and strategic plans, including:

• Ensuring Board decisions impacting the day-to-day operations are identified and made in a timely and efficient manner; and
• Developing and improving communication between the Executive and the Board. In addition to the powers and responsibilities expressly delegated to the Committee in this Charter, the committee shall exercise any other powers and carry out a other responsibilities delegated to it by the Board from time to time, consistent with the Company's Articles of Incorporation and other legislations and regulations.

The Strategic Oversight Committee is a policy making body, and assists the Board in implementing Board policy. The following Directors were elected to serve and remain members as at 31st December 2018:

• Mr. W. David McConnell (Chairman)
• Mrs. Ann Dawn Young Sang
• Mr. Christopher Berry
• Mr. Gary H. Peart

INFORMATION TECHNOLOGY COMMITTEE

The purpose of the Committee is to support and drive the broader information governance (IG) and information management & technology (IM&T) agendas, including:

• Ensuring risks relating to information governance and technology management are identified and managed;

• Leading the development of the Group's IG and IM&T strategies;

• Developing IM&T to improve communication between services for the benefit of patients

In addition to the powers and responsibilities expressly delegated to the Committee in this Charter, the committee shall exercise any other powers and carry out any other responsibilities delegated to it by the Board from time to time, consistent with the Company's Articles of Incorporation and other legislations and regulations. The Board IT Committee is not a policy making body, but assists the Board by implementing Board policy.

The following Directors were elected to serve and remain members as at 31st December 2018:
• Mr. Ian Moore (Chairman)
• Mr. Christopher Berry
• Mr. Ansel Howell

EXTERNAL AUDITORS

During the Financial Year under review, Messrs PriceWaterhouseCoopers served as auditors of the Company.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

The attendance of the Directors of SVL at the Board and Committee meetings for the period ended 31st December 2018 is reflected in the table below:

Directors	Board	Audit, Risk & Compliance Committee	Strategic Oversight Committee	Finance Committee	Human Resources & Compensation Committee	Governance & Nomination Committee	Information Technology Committee	Annual General Meeting
W. David McConnell	6	-	8	-	-	-	-	1
Ann-Dawn Young Sang	6	7	8	9	3	-	4	1
Ian Levy	5	8	-	-	-	1	-	1
John Graham	-	-	-	-	-	-	-	-
Steven Hudson	6	-	-	10	-	1	-	1
Brent Sankar	6	-	-	10	-	1	-	1
Ian Moore	6	-	1	-	-	-	4	1
Richard Foreman	2	2	-	-	2	-	-	-
Gary Peart	6	-	8	10	-	-	-	1
Christopher Berry	6	-	6	-	3	1	4	1
Ansel Howell	6	9	-	-	-	-	4	1
Peter McConnell	6	9	-	-	-	-	-	1
Lance Hylton	5	-	-	-	3	-	-	1
Duncan Stewart	1	-	-	-	-	-	-	-

* Mr. John Graham resigned on March 31, 2018
** Mr Richard Foreman resigned on April 15, 2018

The following persons were appointed during the year on the dates indicated:
- Mr Lance Hylton on April 1, 2018 (acted as Alternate director for John Graham until his resignation)
- Mr. Duncan Stewart on December 1, 2018

Denotes Independent Directors

DIRECTORS' REPORT

The Directors present their Annual Report with the Group Statement of Profit or Loss and Other Comprehensive Income of Supreme Ventures Limited and its subsidiaries for the year ended 31st December 2018, together with the Consolidated Statement of Financial Position.

Report
31st December 2018

OPERATING RESULTS	$'000
GROSS PROFITS	6,492,047
PROFIT BEFORE TAXATION	2,888,438
TAXATION	(790,030)
PROFIT FOR THE YEAR	2,098,408
OTHER COMPREHENSIVE INCOME	(-)
PROFIT FOR THE YEAR	2,098,408
EARNINGS PER STOCK	79.57 cents

DIVIDENDS

The Directors recommend that:

- Interim dividends paid of sixty-nine ($0.69) and

- Special dividends paid out of retained earnings of nine ($0.09)

- Be and is hereby declared as final and that no further dividend be paid in respect of the year under review.

DIRECTORS

The members of the Board of Directors as at 31st December 2018 were as follows:

Mr. W. David McConnell - Chairman
Mr. Ian Levy - Deputy Chairman
Mrs. Ann-Dawn Young Sang - President/CEO
Mr. Steven Hudson
Mr. Brent Sankar
Mr. Ian Moore
Mr. Ansel Howell
Mr. Gary H. Peart
Mr. Christopher Berry
Mr. Peter McConnell
Mr. Lance Hylton *
Mr. Duncan Stewart**

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

* The Board of Directors on April 1, 2018 appointed Director Lance Hylton to the Board of Directors to fill a vacancy as a result of the resignation of Mr. John Graham.

** The Board of Directors on December 1, 2018 appointed Director Duncan Stewart to the Board of Directors to complete the maximum number of directors in accordance with the Articles of Incorporation.

CORPORATE SECRETARY

Miss Lorna Gooden

EXTERNAL AUDITORS

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

ON BEHALF OF THE BOARD

Lorna Gooden
COMPANY SECRETARY

HUMAN RESOURCES & COMPENSATION COMMITTEE REPORT

ROLE

The formal role of the Human Resources and Compensation Committee is set out in its terms of reference, which is available at http://www.supremeventures.com.

The Human Resources & Compensation Committee's mandate is to assist the Board of Directors in approving and monitoring guidelines and practices with respect to the compensation and benefits of officers, as well as administering the Group's compensation plan. Its members are required to have a broad understanding of the role of compensation in attracting, motivating and retaining senior executives in particular and all employees in general. The Committee assists the Board in the following:

- Determining appropriate compensation for the executives;
- Evaluating officer compensation plans, policies and programs and;
- Overseeing, administering and reviewing compensation, equity and benefit plans and programs for officers and employees.

In addition to the powers and responsibilities expressly delegated to the Committee, it can exercise any other powers and carry out any other responsibilities delegated to it by the Board from time to time, consistent with the Company's Articles of Incorporation and other legislation and regulations.

The Committee will assist the Board in fulfilling its fiduciary responsibilities relating to:

- The fair and competitive compensation of the non-employee Directors;
- The compensation, bonuses, incentives and other Compensation issues of the Chief Executive Officer, other Executives and other key employees of the Company, and;
- The administration of the general employee welfare plans of staff.
- The Board Compensation Committee is not a policy making body, but assists the Board by advising the Board on compensation matters from time to time.

The Compensation Committee is authorized to obtain outside legal or independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

COMPOSITION & FREQUENCY OF MEETINGS

The Committee is made up exclusively of non-executive Directors and at December 31, 2018 was chaired by Mr. Christopher Berry. The other member of the Committee is Mr. Lance Hylton. Previous member Mr. Richard Foreman, tendered his resignation as a director during the year.

The requirement is for the Committee to meet at least once per year. However, three (3) meetings were held during the year with one hundred percent (100%) attendance of members. This was a decrease in the number of meetings from eight (8) in the previous year.

MAJOR ACTIVITY

In keeping with the strategic vision, as developed by the Board of Directors, the Committee was responsible for overseeing the development and implementation of the organizational restructuring and realignment exercise. The result of which was the development of a new organization structure, and the introduction of a new C-Level Executive Tier.

TOTAL DIRECTORS' EMOLUMENTS PAID

The total Directors' fees and other emoluments paid was $102.9 Million in 2018.

Christopher Berry
Chairman

BOARD OF DIRECTORS

LEFT TO RIGHT
FIRST ROW

W. DAVID McCONNELL
Chairman
W. David McConnell is Co-Managing Director and Co-Founder of Select Brands Limited, a leading Wines and Spirits Company in Jamaica.
He also sits on the Boards of Scotia Investments Jamaica Limited and IronRock Insurance Company Limited, amongst others.

IAN K. LEVY O.D., C.D.
Deputy Chairman
Ian Levy is an accomplished businessman and a founding member of Supreme Ventures Limited. He is the Chairman of Ian K. (Agencies) Ltd., a successful company that fosters trade between France and the Government of Jamaica. Mr. Levy has sat on Government Boards in the past and presently sits on the Boards of JAMPRO, the CHASE Fund, and UTECH - Faculty of Law Advisory Committee and other private Boards. He has been honored by the Government of France with the "Ordre National du Merite" and the Government of Jamaica with an O.D. in 2012 and a C.D. in 2016, as well as several other private and public organizations.

ANN-DAWN YOUNG SANG
President & CEO
Ann-Dawn Young-Sang is SVL's first female CEO.
Before joining SVL, she was the Regional Vice President for the Caribbean for International Game Technology - IGT, the world's largest lottery operator. She has 18 years' experience in the gaming industry and over 20 years' experience at the senior management level.

PETER McCONNELL
Director
Mr. Peter McConnell is the Managing Director of Trade Winds Citrus Ltd., and the Chairman of Linstead Public Hospital and the Jamaica Citrus Protection Agency.
In April 2014, he was appointed non- executive Director of Access Financial Services Ltd, in addition to his directorships of Worthy Park Estates Ltd. and Agro Investment Corporation.

SECOND ROW

BRENT SANKAR
Director
Trinidadian Brent Sankar has over 27 years' experience in the financial, accounting and auditing industries. He is a Partner/ Director of Onesta Consulting, a Trinidadian entity which offers consultancy services on matters of management, taxation, accounting and other corporate matters.

IAN MOORE
Director
Ian Moore is the Chairman of Adjoined Business Solutions and has over 25 years of consulting experience, specializing in Telecommunications and Information Technology strategy and Project Leadership. Ian previously chaired the Petroleum Corporation of Jamaica and was also a Director of the Port Authority of Jamaica and the Central Information Technology Office (CITO).

STEVEN HUDSON
Director
Steven Hudson brings to the Board over 18 years of experience in the Hospitality industry, having worked with the Sandals Group both locally and internationally.
He is presently the Managing Director of Bearings & Seals Limited, one of Jamaica's major distributors of automotive and industrial parts.

DUNCAN STEWART
Director
Mr. Stewart has over 30 years of experience in Sales, Marketing, Finance and Fixed-Operations. He played an integral role in expanding the Stewart Automotive Group of Companies and held several high-level positions including Director and General Manager.

THIRD ROW

LANCE HYLTON
Director
Lance Hylton has been practicing law since 1987 and has had a multi-faceted, multi-jurisdictional career. He is currently a partner at Hylton & Hylton Attorneys-At-Law. Mr. Hylton has been continuously ranked by the leading independent rating agency Chambers & Partners Global, as being among the leading Commercial lawyers (Band 1) in Jamaica since 2008.

GARY H. PEART
Director
Gary H. Peart, has been the Chief Executive Officer of Mayberry Investments Limited since May 2005. He has over 20 years of corporate financial experience in the Jamaican Financial Industry. Mr. Peart currently serves as the Deputy Chairman on the Board of the Jamaica Stock Exchange.

ANSEL HOWELL
Director
Mr. Ansel Howell is the Principal Consultant at ADH Consultants with particular experience in Organizational Effectiveness and Change Management. He is the Chairman of the Trinidad & Tobago Mortgage Finance Co. Ltd, and the Chairman of the Home Mortgage Bank.

CHRISTOPHER BERRY
Director
Christopher Berry has been the Executive Chairman of Mayberry Investments Limited since 1993 and has over 30 years' experience in the securities industry.
He sits on several boards including Apex Health Care Associates Limited, Apex Pharmacy Limited, Lasco Financial Services Limited, Caribbean Producers (Jamaica) Limited and IronRock Insurance Company Limited.

& ENTERTAINMENT LTD

Its first full year as part of the SVL group of companies has been a dynamic one for SVREL. The subsidiary has seen year on year revenue growth, implemented a new tote system, launched its first mobile betting platform expanded the Off-Track Betting network, upgraded the electronic broadcast system to first world standards and successfully exported its broadcast to Guyana.

AMTOTE (TOTE PLATFORM)

July of 2018 saw the official "switch-over" of the Company's tote system from United Tote to leading international solutions provider AMTOTE. This major project initiative was seen as an imperative for the Company's planned growth and development.

The Track had been operating on a tote system which was more than 26 years old; utilizing outdated technologies, which were expensive to operate and with limited reach. The network architecture restricted growth, and was plagued with signal outages resulting in a poor customer experience.

The new AMTOTE platform utilizes modern network technologies and is extremely scalable, reliable and secure. This new system supports a globally recognized Mobile Betting Platform (MBET), and has the ability to commingle (local punters betting into North American and UK betting pools), making local betting more attractive to punters.

OTB EXPANSION

Another significant accomplishment is the expansion of the SVREL footprint across the length and breadth of Jamaica. The number of Off Track Betting (OTB) establishments increased from 68 to 99 by December of 2018.

This development supports the Company's objective of making betting more convenient to more punters, and will result in significant revenue gains. The overall plan calls for a doubling of OTB outlets, moving from 68 to 138 in early 2019.

SPORTSMAX PROJECT

SVREL took the bold decision to outsource its race production capabilities and, after an extended bidding process, awarded its race production contract to Sportsmax. This initiative enabled the company to export its local horse racing content to international markets for the first time. It also increased the value to local sponsors and partners by providing attractive and affordable opportunities to advertise their products and services to the North American and UK markets.

Significantly, the new Sportsmax production is of international standards, similar in content and presentation to that of overseas jurisdictions and tracks.

NEW MOBILE BETTING PLATFORM (MBET)

With the introduction of the new AMTOTE platform, SVREL launched MBET, a new mobile betting service with scope and scale. Mobile betting represents an opportunity for the company to expand its reach and attract a wider cross section of punters, particularly the younger demographic. MBet's significant value proposition is more convenient and private betting (ANY RACE, ANY TIME, ANYWHERE). The period September to December 2018 saw the company adding just under 50 new Mobile Betting accounts, each month to end the year at over 550 new punters.

THE DIAMOND MILE

SVREL closed out the year with another successful staging of the BGLC's Diamond Mile. Jamaica's biggest race day of the year featured the launch and "GO Live" of Sportsmax's state of the art production. It proved another memorable event, with celebrities, owners, and a wide cross-section of Jamaicans coming out in their numbers to enjoy the infield experience.

This year's staging of the event carried a record purse of US$115,000.00, establishing perfect conditions for a day of racing entertainment. The title race was drama-filled as anticipated showdown between last year's Horse of the Year "She's A Maneater" failing to start after being spooked in the starting gates, allowing "Will in Charge" to take the Diamond Mile by producing a wonderful display to win the event by a head.

The company accomplished much in 2018, setting the stage for accelerated growth and profitability in 2019.

CORPORATE OFFICES

Corporate Offices:
Supreme Ventures Limited
4th Floor, R. Danny Williams Bldg.
28-48 Barbados Avenue
Kingston 5, Jamaica, W.I.
Tel: (876) 754-6526
Fax: (876) 754-2143

Supreme Ventures Limited
(Retirement Road Office)
9A Retirement Crescent
Kingston 5, Jamaica, W.I.
Tel: (876) 906-8603
Tel: (876) 920-9421
Fax: (876) 960-4397

Registered Offices of Subsidiaries:
Supreme Ventures Lotteries Ltd:
4th Floor, R. Danny Williams Bldg.
28-48 Barbados Avenue
Kingston 5, Jamaica, W.I.
Tel: t(876) 754-6526
Fax: (876) 754-2143

Supreme Ventures Financial Services Ltd
4th Floor, R. Danny Williams Bldg.
28-48 Barbados Avenue
Kingston 5, Jamaica, W.I.
Tel: (876) 754-6526
Fax: (876) 754-2143

Prime Sports (Jamaica) Limited
4th Floor, R. Danny Williams Bldg.
28-48 Barbados Avenue
Kingston 5, Jamaica, W.I.
Tel: (876) 754-6526
Fax: (876) 754-2143

Bingo Investments Limited
4th Floor, R. Danny Williams Bldg.
28-48 Barbados Avenue
Kingston 5, Jamaica, W.I.
Tel: (876) 754-6526
Fax: (876) 754-2143

Big 'A' Track 2003 Limited
4th Floor, R. Danny Williams Bldg.
28-48 Barbados Avenue
Kingston 5, Jamaica, W.I.
Tel: (876) 754-6526
Fax: (876) 754-2143

Registered Offices of Subsidiaries:
Jamaica Lottery Company
Holdings Ltd.
9A Retirement Crescent
Kingston 5, Jamaica, W.I.
Tel: (876) 920-9421
Fax: (876) 960-4397

Supreme Ventures Racing and
Entertainment Ltd.
4th Floor, R. Danny Williams Bldg.
28-48 Barbados Avenue
Kingston 5, Jamaica, W.I.
Tel: (876) 754-6526
Fax: (876) 754-2143

Supreme Group Incorporated
(St Lucia IBC):
C/O PKF Corporate Services Limited
Meridian Place, Choc Estate
P.O. Box Choc 8243
Castries LC02 801
Saint Lucia

Registered Offices of Overseas
Operations:
Supreme Ventures Guyana Holdings
Lot 1 Queenstown
Georgetown, Guyana

REGIONAL OFFICES

Prize Payment Centre
1st Floor, R. Danny Williams Bldg.
28-48 Barbados Avenue
Kingston 5, Jamaica, W.I.
Tel: (876) 754-6526

Half Way Tree Road
15H Half Way Tree Road
State Mall, Kingston 5
Tel: (876) 906-8719

Ocho Rios
Shop # 3
Ocean Village
Shopping Center
St. Ann, Jamaica, W.I.
Tel: (876) 630-7985

Acropolis Barbican
Barbican Centre
29 East Kings House Road
Kingston 5
Jamaica, W.I.
Tel: (876) 978-1299
Fax: (876) 946-9896

Spanish Town
37 Young Street
Spanish Town
St. Catherine, Jamaica, W.I.
Tel: (876) 618-9384

Savanna-la-Mar
Shop #16A, Hendon Mall
Savanna-la-Mar
Westmoreland
Jamaica, W.I.
Tel: (876) 918-0233

Portmore
Shop #6, 2nd Floor
McMaster's Centre
Lot 18 Portmore
Town Centre
Tel: (876) 622-1426

Montego Bay
Shop 40
City Centre Mall
25 St. James Street
St. James, Jamaica, W.I.
Tel: (876) 622-7783

CORPORATE LISTING

BANKERS

Bank of Nova Scotia Jamaica Limited
2 Knutsford Boulevard
Kingston 5
Jamaica, W.I.

National Commercial Bank Jamaica Limited
Private Banking
32 Trafalgar Road
Kingston 10
Jamaica, W.I.

CIBC First Caribbean International Bank
23 Knutsford Boulevard
Kingston 5
Jamaica, W.I.

Sagicor Bank
17 Dominica Drive
Kingston 5
Jamaica, W.I.

ATTORNEYS

John G. Graham & Company
7 Belmont Road
Kingston 5
Jamaica W.I.

Rattray Patterson Rattray
24- 26 Grenada Crescent
Kingston 5
Jamaica, W.I.

Hart Muirhead Fatta
2nd Floor, Victoria Mutual Bldg.
53 Knutsford Boulevard
Kingston 5, Jamaica, W.I.

Livingston Alexander & Levy
72 Harbour Street
Kingston
Jamaica, W.I.

Hylton & Hylton
19 Norwood Avenue
Kingston 5,
Jamaica, W.I.

AUDITORS

External Auditors:
PriceWaterhouseCoopers
Scotia Centre
Cnr. Duke & Port Royal Streets
Kingston
Jamaica, W.I.

Internal Auditors:
KPMG
6 Duke Street
Kingston
Jamaica, W.I.


TRIPLE STARS
WINS
22,500

SENIOR

MANAGEMENT

TONI SPENCER

Senior VP
Human Resources &
Administration

CHERYL HYLTON

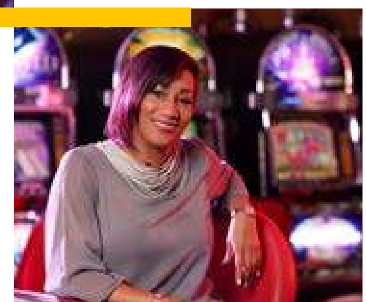
Chief Information
Officer

DENNIS CHUNG

Chief Financial
Officer

HEATHER GOLDSON

Chief Marketing
Officer



XESUS JOHNSTON

Senior VP
Gaming Operations

LORNA GOODEN

Corporate Secretary

CAROLYN BOLT NICHOLAS

VP Human Resources
& Administration

ANDREW BROMLEY

VP Group Security
& Surveillance

TASHIA HUTTON

VP Regulatory
& Compliance

ADEN WHITTAKER

VP Operations &
I.T. Services

KRISTA-GAYE FISHER

Legal Officer

PERRY CRAWFORD

VP Customer
Experience &
Retail Business

NICKESHA EULETTE

Group Financial
Controller

SENIOR MANAGEMENT

MANAGEMENT TEAM

LISTING

GARFIELD WALKER	Retail Manager
SERETSE BELL	Business Development Manager
SANIQUE VACIANNA	Draw Manager
ORVILLE THOMPSON	Security & Surveillance Manager
CHRISTEL DERIZZIO	Senior Gaming & Operations Manager
TALLY-ANN MORRISON	Human Resources Manager
MARK FINDLEY	Payroll Manager
KAJAY ROWE	Digital & Social Media Manager
RUSSELL RICKARDS	Senior Facilities & Maintenance Manager
MARY-ANN MEGGS	Customer Relations & Business Development Manager
ALRICK SHEPHERD	Finance Manager (Financial Reporting & Analysis)
DIAHANN GUY-SHEPHERD	Corporate Communications Planning & Activations Manager
KATHRYN SPENCER	Commercial Execution Manager (Retail)
MARK ARCHER	Technical Support Manager
DANIELLE DOUGLAS	Senior Sports Betting Manager
SISCO WEDDERBURN	Customer Support Manager
STEPHANIE EUBANKS	Compliance Manager
TRIANA REYNOLDS	Manager, Procurement & Risk
WAYNE MATTHEWS	Financial Systems & Procurement Manager
DIONNE REID	Acting Assistant Corporate Secretary

SUPREME VENTURES LIMITED TOP 10 SHAREHOLDINGS DECEMBER 31, 2018

NAME	JOINT HOLDER/ CONNECTED INTERESTS	VOLUME	PERCENTAGE
Zodiac Caribbean Ventures Limited	Brent Sankar	816,957,783	30.978
	Colin Mouttet	7,740,455	0.294
		824,698,238	31.271
Mayberry Jamaican Equities Limited	Christopher Berry; Gary Peart	399,976,722	15.166
Ian Kent Levy		320,541,171	12.154
Ian Kent Levy	Matthew Levy	4,000,000	0.152
		324,541,171	12.306
Janette Stewart		65,000,000	2.465
Janette Stewart		105,005,043	3.982
Janette Stewart	Steven Hudson	587,433	0.022
		170,592,476	6.469
Stephen Castagne		94,052,136	3.566
St. Elizabeth International Limited	William David McConnell	65,984,174	2.502
Sagicor Pooled Equity Fund		48,313,478	1.832
JCSD Trustee Services Ltd - Sigma Optima		40,673,713	1.542
PWL Bamboo Holdings Group Limited	Christopher Berry	29,171,385	1.106
Sunfisher Corporation		24,648,118	0.935

SUPREME VENTURES LIMITED DIRECTORS' SHAREHOLDINGS DECEMBER 31, 2018

DIRECTORS' NAME	PRIMARY HOLDINGS	JOINT HOLDERS/ CONNECTED INTERESTS	VOLUME	PERCENTAGE
W. David McConnell	St. Elizabeth International Ltd	Director / Shareholder	65,984,174	2.5020
	Ironrock Insurance Company Limited	Director / Shareholder	1,650,00	0.0626
	Scotia Investments Limited	Director / Shareholder	-	-
	St. Elizabeth Holding Ltd	Director / Shareholder	2,600,000	0.0986
			70,234,174	2.6632
Ian Kent Levy	Ian Kent Levy		320,541,171	12.1543
	Ian Kent Levy	Matthew Kent Levy	4,000,000	0.1517
			324,541,171	12.3060
Steven A. Hudson	Janette Stewart	Steven A. Hudson	587,433	0.0223
	Janette Stewart	Connected	65,000,000	2.4647
	Janette Stewart	Connected	105,005,043	3.9816
			170,592,476	6.4686
Peter McConnell	Peter McConnell	Stephanie McConnell	8,271,842	0.3137
	United Estates Ltd Pension Plan	Connected	638,224	0.0242
	Trade Winds Citrus Ltd, Pension Fund	Connected	591,121	0.0224
	Wakefield Farms Ltd.	Connected	2,000,000	0.0758
	Worthy Park Estate	Director / Shareholder	-	-
	RSF Holdings	Director / Shareholder	-	-
	Stephen McConnell	Son	5,010	0.0002
	Rebecca Ashley McConnell	Daughter	-	-
	Fraser Nicholas McConnell	Son	-	-
	Stephanie Ann McConnell	Wife	-	-
			11,506,197	0.4363
Brent Sankar	Zodiac Caribbean Ventures Limited	Officer	816,957,783	30.9776
	Colin Mouttet	Connected	7,740,455	0.2935
	Ice Jamaica Ltd	Director	-	-
			824,698,238	31.2711
Ian Moore	Ian Moore		-	-
	CWS Limited	Connected	-	-
Ansel Howell	Ansel Howell		-	-

SUPREME VENTURES LIMITED DIRECTORS' SHAREHOLDINGS DECEMBER 31, 2018 CONT'D

DIRECTORS' NAME	PRIMARY HOLDINGS	JOINT HOLDERS/ CONNECTED INTERESTS	VOLUME	PERCENTAGE
Ann-Dawn Young Sang	Ann-Dawn Young Sang		99,000	0.0038
	Young Sang Bakery & Superette	Connected	-	-
	Gerald Young Sang	Connected	-	-
			99,000	0.0038
Lance Hylton	Hylton & Hylton Attorneys-At-Law	Connected	-	-
Christopher Berry	Mayberry Jamaican Equities Limited	Director	399,976,722	15.1664
	PWL Bamboo Group Holdings Limited	Director	29,171,385	1.1061
	Apex Pharmacy	Shareholder	5,000,000	0.1896
	Apex Health Care	Shareholder	-	-
	Konrad Limited	Connected	2,000,000	0.0758
	Broadleaf Properties	Connected	-	-
	Konrad Berry	Connected	24,582,142	0.9321
	A+ Plus Medical Centre Ltd	Shareholder	500,000	0.0190
	Mayberry Investments Ltd	Director	-	-
	Lasco Financial Services Ltd	Director	-	-
	Caribbean Producers Jamaica	Director	-	-
	Ho Choi Ltd	Shareholder	13,000,000	0.4929
	Mayberry Investments Limited Pension Scheme	Sponsor Trustee	2,413,603	0.0915
	Mayberry Investments Limited Retirement Scheme	Sponsor Trustee	1,331,226	0.0505
	Mayberry Pension Limited I.R.P	Sponsor Trustee	1,530,612	0.0580
	Mayberry Managed Clients Account	Connected	12,360,096	0.4687
	The Mayberry Foundation Ltd.	Connected	3,000,504	0.1138
	Mayberry Managed Employee Portfolio	Connected	-	-
	Ironrock Insurance Company Limited	Director	1,650,000	0.0626
	Green Shoots Jamaica Limited	Chairman	-	-
	Patricia Yap	Connected	-	-
	William Berry	Connected	-	-
	Lauren Berry	Connected	-	-
			496,516,290	18.8270

SUPREME VENTURES LIMITED DIRECTORS' SHAREHOLDINGS DECEMBER 31, 2018 CONT'D

DIRECTORS' NAME	PRIMARY HOLDINGS	JOINT HOLDER/ CONNECTED INTERESTS	VOLUME	PERCENTAGE
Gary Peart	VDWSD Ltd	Shareholder	23,161,128	0.8782
	Mayberry Jamaican Equities Limited	Connected	399,976,722	15.1664
	Mayberry Investments Limited Pension Scheme	Connected	2,413,603	0.0915
	Mayberry Investments Limited Retirement Scheme	Connected	1,331,226	0.0505
	Mayberry Pension Limited I.R.P	Connected	1,530,612	0.0580
	Mayberry Managed Clients Account	Connected	12,360,096	0.4687
	The Mayberry Foundation Ltd.	Connected	3,000,504	0.1138
	Ironrock Insurance Company Limited	Director / Shareholder	1,650,000	0.0626
	Lasco Financial Services Ltd	Director / Shareholder	-	-
	Lasco Distributors Ltd	Director / Shareholder	-	-
	Mayberry Managed Employee Portfolio	Connected	-	-
			445,423,891	16.8897
Duncan Stewart	San Dollars Investments Limited	Director	20,526,316	0.7783

SUPREME VENTURES LIMITED SENIOR MANAGEMENT'S SHAREHOLDINGS DECEMBER 31, 2018

NAME	JOINT HOLDER/ CONNECTED INTERESTS	VOLUME	PERCENTAGE
Ann-Dawn Young Sang		99,000	0.0038
	Young Sang Bakery & Superette	-	-
	Gerald Young Sang	-	-
		99,000	0.0038
Dennis Chung		-	-
Heather Goldson	David L Goldson	253,800	0.0096
Lorna Gooden	Gregory Paul Anthony Gooden	8,300	0.0003
		18,300	0.0007
		26,600	0.0010
Andrew Bromley		4,000	0.0002
Krista-Gaye Fisher		-	-
Tashia Hutton	Heston Anthony Hutton	10,500	0.0004
Andre Marks		2,200	0.0001
	Opel Marks	8,000	0.0003
		10,200	0.0004
Carolyn Bolt-Nicholas		-	-
Perry Crawford		-	-
Cheryl Hylton		-	-
Toni Spencer	Adrian Spencer	592,698	0.0225
Aden Whittaker		10,000	0.0004

AUDIT COMMITTEE

REPORT

ROLE

The formal role of the Audit, Risk & Compliance Committee is set out in its terms of reference, which are available at http://www.supremeventures.com. In keeping with the Company's review process, the Committee Charter was updated in 2018 to ensure that there was greater focus on risk and compliance, with the focus expanded to include enterprise risk management. Key elements of the role of the committee and work carried out during the year are set out as follows:

COMPOSITION & FREQUENCY OF MEETINGS

The requirement is for the Committee to meet at least four (4) times per year. However, nine (9) meetings were held during the year with one hundred percent (100%) attendance of members. This was an increase in number of meetings held in the previous year, being seven (7).

The frequency of meetings was due to the fact that the Committee held separate meetings, at which it discussed internal control and risk management matters. The Committee also met privately with the external auditors, outside of the presence of management.

The Committee is made up of majority independent members. Overall the committee showed dedication in serving.

Following are the current members of the Committee:

- **Ansel Howell** (Chair) (Independent)
- **Peter McConnell** (Independent)
- **Ian Levy**

Previous member, who tendered his resignation as directors during the year, was:

- **Richard Foreman**

The Committee reports to the Board quarterly or as necessary.

ITEMS REVIEWED DURING THE YEAR INCLUDED

Financial Reporting

The Committee reviewed the draft annual and interim management reports before recommending their publication to the Board. The Committee discussed with the Chief Executive Officer, Chief Financial Officer and external auditor the significant accounting policies, estimates and judgements applied in preparing these reports. The Committee also reviewed the draft interim management statements.

Internal Control And Risk Management

The Committee reviewed the risk management process and discussed the inherent risks faced by the business. Risk management activities take place throughout the organization to support the Committee in its corporate governance responsibilities, working with the business to proactively and effectively manage risk.

This, together with the related controls and assurance processes, is designed to identify, evaluate and manage risk and to ensure that the resultant residual risks meet the risk appetite of the Board. The principal risks and uncertainties are outlined in the relevant section on pages 92 to 102. The Committee discussed with management how they would continue to deliver high-quality oversight and risk evaluation against the background of the current economic climate.

The Committee has an ongoing process for reviewing the effectiveness of the system of internal controls and of the internal audit function, which has been outsourced to KPMG, demonstrating the dedication to the absolute integrity of the process. During 2018, it reviewed and approved the risk-based audit plan and ensured that there were sufficient resources to fulfil the agreed plan. It considered reports from the Internal Control team summarizing the audit findings and recommendations and describing actions taken by management to address any shortfalls. It reviewed the level and nature of outstanding audit weaknesses and invited management to the Committee, to further understand progress when it was necessary. It also reviewed how the audit function was performing against the relevant standards published by the Institute of Internal Auditors.

The Committee also evaluated the performance of the Company's internal auditors and was satisfied with their performance. It was also satisfied with the report from the internal auditors which acknowledged the general responsiveness of management to queries and recommendations.

Audit

For the 2018 reporting period, the Committee reviewed the annual audited and quarterly unaudited reports and the interim management statements, approving the quarterly statements and recommending the annual statements for adoption by the Board and public release.

The Committee reviewed the plan for external audit and the findings of the external auditor from its review of the interim announcement and its audit of the annual financial statements. The Committee also reviewed the scope and costs of the external audit. The Committee has a clear policy regarding non-audit services that may be provided by the external auditor, which prohibits certain categories of work and controls the overall level of expenditure. Pre-authorisation is required for all non-audit work.

Auditor Independence

The Committee reviews the work undertaken by the external auditor and each year assesses its independence, objectivity and performance. In doing so, it takes into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services. The Committee monitors the auditor's compliance with relevant regulatory, ethical and professional guidance on the rotation of partners, as well as assessing annually its qualifications, expertise, resources and the effectiveness of the audit process, including a report from the external auditor on its own internal quality procedures.

As part of our review exercise we also routinely tender for audit services to allow for natural rotation of our auditors. In this regard I advise that the Directors propose the re-appointment of PwC as our External Auditors for 2019.

Ansel Howell
Chairman

CSR
REPORT





CORPORATE PHILANTHROPY…MAKING A DIFFERENCE IN 2018

We may be well known in entertainment and gaming circles, but our undeniable contributions to social outreach programmes have also been felt across Jamaica. A committed corporate citizen that has impacted the lives of many, SVL's spirit of volunteerism is consistently demonstrated through our employees' participation in both community and national activities. The Company's many partnerships with entities such as the Walker's Place of Safety and The Jamaica Environment Trust (JET), as well as our contribution to the CHASE Fund, has showcased the philanthropic DNA of SVL.

THE CHASE FUND

Supreme Ventures has contributed over $15 Billion to date to the CHASE Fund (now directed through the consolidated fund) towards varying projects, particularly in the health, education and sports sectors, to positively impact the lives of young and old. This contribution by SVL has grown as the business has grown and redounded to the economic development of the country.

CHILDREN IN STATE CARE

One of the passions that drives SVL is our involvement with children in State care. In addition to a donation valued at $10 million to the Walker's Place of Safety in 2018, the Company conducts an annual Easter Fair for children from various homes, including the Walker's Place of Safety, Maxfield Park Children's Home, City Refuge Children's Home and the Jamaica National Children's Home. The provision of funding for the establishment of a Missing Children's Family & Community Social Work Programme, and the appointment of a Community Social Work Support Officer, to the tune of $2.8 Million in 2018, is how we contributed to safeguarding the welfare of our most vulnerable.





CSR REPORT

EDUCATION

Proudly boasting education as one of our CSR pillars, we facilitated another staging of the SVL Junior Creators Camp – an innovation born out of our vision to engage children in focused and analytical subject areas, free of cost. Students from St. George's Girls' Primary & Infant School, St. Aloysius Primary School, New Providence Primary School, Mountain View Primary School and others were among the 100 students to benefit from the robotics engineering programme.

RESPONSIBLE GAMING

Our aim is to create fun, memorable gaming experiences for adult customers. We take great care to ensure these offerings are affordable and accessible to our gamers, and place equal emphasis on encouraging responsible gaming. Not only do we ensure that this important message is carried in our advertising material, in December 2018, we supplemented our ongoing partnership with RISE Life Management with an additional contribution of $250,000. This facilitated ramping up their telephone hotline, which provides addiction support during the holiday season. The hotline attends to callers who suffer from various types of addiction and may not have ready access to the support they need to see their way through that challenge.

STAFF VOLUNTEERISM

Hundreds of hours are volunteered in partnership with causes that range from annual Labour Day projects, to corporate 5K runs to raise awareness and funding for worthy causes. In 2018, Team Supreme threw our support behind the Sagicor Sigma Corporate Run, the Jamaica Cancer Society's Relay for Life and the Digicel 5K Night Run, among other impactful initiatives. Beach Clean-up Day in September saw over 50 team members at the Palisadoes Go Kart Track, in partnership with JET group, to remove plastic and garbage from the shoreline. The initiative was part of the global ICC Beach Clean Up Day.

SUPREME VENTURES FOUNDATION

THE SUPREME VENTURES FOUNDATION AND CORPORATE SOCIAL RESPONSIBILITY AT SVL

The Supreme Ventures Foundation (SVF) took a significant step towards building a more effective and impactful vehicle through which to channel our Corporate Social Responsibility (CSR) activities in 2018.

A new SVF Board has been appointed, headed by Chairman Peter McConnell, with Directors Christopher Berry and Heather Goldson. The re-launch was a significant step towards ensuring our positive impact in the communities we serve, increasing support to our valued retail network, and equally important, to address certain fundamental needs for our country's youth. The Company's new CSR mandate has been categorised under three main headings:

The Foundation and the Group are investing in programmes and initiatives which have measurable impact, and contribute to closing societal gaps amongst at-risk groups in our country.

1. LEADING THE GAMING INDUSTRY

Supreme Ventures takes its responsibility as the leading company in the gaming industry very seriously, and has worked tirelessly with RISE Life Management to mitigate and monitor underage and addictive gaming in Jamaica. RISE is the only organisation of its kind in Jamaica dealing with counselling and behaviour change for persons with addictions, as well as underage gambling. We are proud to continue to partner with them in this critical service.

In support of the Group's core values, increased resources are being channelled into developing a more robust policy which will further guide our customers on the benefits of responsible gaming.

2. SECURING OUR CHILDREN'S SAFETY

A key component of the SVF mandate going forward will be the protection and care of at risk youth and children in State care in Jamaica. There is no doubt that the physical, mental and emotional safety of our children is critical to facilitating a more prosperous future. Accordingly, through strategic public and private partnerships, the Foundation is investing in improving the conditions under which care is provided for this vulnerable group in our society.

As a first step in this regard, we will sign a Memorandum of Understanding with the Ministry of Education, Youth and Information (MoEY) in 2019 to establish and fund a project to improve Fire Safety and Security in select Children's Homes across Jamaica. Other critical government stakeholders include the Child Protection and Family Services Agency (CPFSA). The projects activities will involve:

Retrofitting over 30 homes across the island for fire safety, in collaboration with the Fire Department, and ensuring children are trained in fire safety procedures

We believe this multi-year project and other similar partnerships will serve to improve the safety and security for the over 4000 children currently in state care.

3. BUILDING OUR COMMUNITIES

The re-launched SVF's mandate also deepens the Group's commitment to building effective community alliances that can strengthen the small and micro enterprise sector in Jamaica. Working primarily through select retailers, we will be working on social outreach and social enterprise partnerships that enhance economic well-being and which have tangible impact on community residents in key areas.

A VIBRANT FUTURE

Effectively pursuing the mandate of CSR is regarded as a pillar of success for our Group. We are confident that this effort will continue to be fulfilled through the impactful work of a strategic and purpose-driven SVF, alongside our CSR activities across the Group. We believe in Jamaica and the promise of a vibrant future at all levels of our society, achievable in part through public/private partnerships and the sustained contribution and involvement of key corporate leaders.

L-R - Peter McConnell, Heather Goldson and Christopher Berry comprise the new Supreme Ventures Foundation Board

MOBILE GAMING...

THE SUPREME VENTURES WAY

SUPREME VENTURES CHANGES THE GAME WITH MOBILE EVOLUTION

Technological advancements within the gaming industry continue to move at nanoseconds; serving as an enabler for the evolution of our business, and the efficient running of our operations. Today, we are the premier gaming and entertainment provider in Jamaica. In order to hold fast to this coveted position, we must consistently and proactively look inwardly at the value we provide to our customers, and outwardly at the fast-moving global landscape in order to arrive at what is our unique response to the gaming revolution. Our latest retort...Mobile and online gaming.

Our 'play' in the digital space was an inevitable move to satisfy our customers' growing appetite for dynamic entertainment. It is no longer enough to provide the games they love to play, our customers now demand convenience, flexibility and privacy as they navigate the space. Mobile gaming is revolutionizing the industry and supports us in providing innovative solutions for customers across our suite of products. It is also a gateway to our future plans for more interactive online gaming solutions.

WHAT'S NEW?

Today, our mobile offering boasts three (3) gaming platforms that satisfy gaming and entertainment needs across horseracing, contact sports betting and lottery interests; MBet, JustBet Mobile and the soon to be released Supreme Games Mobile App.

Just Bet Mobile

The first mobile product launched by SVL in 2018 was Just Bet Mobile, a web-based platform that allowed customers to place bets on various sporting events from their mobile device. Launched in partnership with NCB and Quisk, the platform has continued to grow, contributing over 11% of sports betting revenue in 2018. Ending the year with over 300 sports betting customers, JustBet Mobile represents significant growth opportunities for the segment.

MBet

Introduced in August of 2018 as part of the new tote system upgrade, MBet allowed SVL to provide horseracing customers with the benefit of remote online betting. Customers can place a full suite of bets on either local horse racing, or live simulcast racing from several overseas tracks, including Gulf Stream in Florida and Woodbine in Canada, reflecting the company's continued commitment to the development of the Jamaican horseracing product. In 2018 over 600 active customers utilized the service, and continued investment in the marketing and promotion of the service is planned for 2019.

Supreme Games Mobile App

Slated for launch in early 2019, the development of the first fully integrated mobile gaming transaction solution in Jamaica kicked off early in the year. The Supreme Games App will act as a portal to access all SVL products- lotteries, gaming, sports betting, horseracing and provide a launching pad for additional products and services.

This new gaming channel will provide access to our products and services to new customer segments and increase the gaming options for our current customer base.

We regard our expansion into mobile and online as critical to our growth strategy, expanding not only the SV customer base but increasing the size of the local gaming industry. As we move forward, we will continue to identify even more innovative solutions to meet the gaming and entertainment needs of our customers.

SUPREME VENTURES IN GUYANA

IBET SUPREME – SUPREME VENTURES ENTERPRISES GUYANA

Supreme Ventures achieved a major milestone in the company's history by establishing the first foothold outside of Jamaica with our phased operation roll out in the South American territory of Guyana. Having operated in Jamaica since 2001, regional expansion was a natural next step in the Company's growth, and a strategic imperative as we matured as market leaders.

Guyana's economy is in growth mode with the start of oil production, which will provide a much-needed boost to the local industries. It is certain to generate employment for locals and foreigners and this has the likely effect of increasing the sales of betting games. Moreover, support services and indirect services of the oil industry will also generate employment which will result in the same effect.

Under the provisions of our multi-jurisdictional license, we opened our first overseas operations in the CARICOM country in December 2018, under the brand **"iBET Supreme".** Our license allows for the provision of sports betting, video gaming machines and online gaming services to the Guyanese punter. iBET Supreme has introduced simulcast racing from the historic Caymanas Park to the Guyanese market, as well as American racing from legendary tracks such as Belmont Park, Saratoga and others. We have also brought pool betting to Guyana, providing better payout options for punters who were previously serviced by traditional bookmakers offering only fixed odds. This will shortly be followed by races from the exciting British racetracks, and the introduction of sports betting and numbers games over the coming months.

Like our Jamaican ethos, iBET Supreme is committed to fulfilling its corporate social responsibilities and ensuring that it gives back to the communities it serves. Last Christmas, two children's homes, The Joshua House and Red Cross Convalescent were the beneficiaries of GY$200,000 each, and we are already looking at further opportunities to be of service to the Guyanese community.

The iBET Supreme brand has generated major interest even beyond the boundaries of Georgetown. Retailers from the rural areas of the country such as New Amsterdam, Bartica, Linden and Lethem have expressed interest in carrying our products. Our growth outlook for the country is bright and we look forward to providing best in class gaming entertainment across Guyana.

A WINNING

2018

MAKING WINNERS EVERY DAY!

Supreme Ventures is in the business of creating winners every day. Across our platforms and suite of products, players are brought closer to realizing their individual dreams with life changing jackpots and prizes. In 2018, we paid out over $44.2 Billion in winnings that impacted Jamaicans from all walks of life; from those who won on a lucky 'rake' in Cash Pot to those who stuck it big and won hundreds of millions with six lucky numbers in Super Lotto. No matter their goals or dreams, Supreme Ventures provides an opportunity to achieve them.

LOTTERY GAMES

In 2018, players of our range of our quick-win lottery games won over $30 Billion in prizes. Cash Pot fans walked away with the lion's share of over $21 Billion followed closely by Money Time players who snagged $4.3 Billion playing the quick-win game. Games Pick 2, Pick 3 and Pick 4 collectively made winners to the tune of $3 Billion while Dollaz! distributed over $173 Million in winnings.

LOTTO WINNERS

In 2018 four lucky Lotto winners hit the jackpot and collected $268 million. The winning streak started on Wednesday, February 28th for draw #1450 when the jackpot of $71 Million was won by a St. Catherine security guard. Our winner, who operates a bar, says he had just landed a night job to make ends meet when he won the Lotto.

On Saturday, June 16, we had our second winner, a Lotto aficionado who had been playing since the game was introduced to Jamaica. This winner claimed a jackpot of $85 Million with one of 64 tickets they had purchased for that day's draw.

Three months later, another player laughed all the way to the bank when he hit the Lotto jackpot for $77 Million. The lucky winner said the numbers came from a surreal dream. He planned to snag the Super Lotto jackpot but as fate would have it, he used the same number combo for Lotto and won big.

Just three weeks later, the Lotto jackpot was hit again, this time for $35 Million on October 10. This winner did not rush to come forward with the winning ticket and waited two weeks before claiming their prize.

SUPER LOTTO WINNERS

Two Jamaicans won the multijurisdictional Super Lotto jackpot in 2018 with total winnings of $459.9 Million. The first winner copped $180 million of the $301.5 Million jackpot with a $200 ticket for Super Lotto draw #893 on Friday, May 11. This lucky winner was the third Super Lotto winner from Jamaica.

The Super Millionaire, who had purchased a random set of numbers just three hours before the draw at Medifair Pharmacy, in Montego Bay, St. James, had only started buying Super Lotto tickets a few months before the win.

The second Super Lotto winner who won $158.4 Million from a $200 ticket in 2018, came forward in the New Year. This winner kept all of Jamaica waiting and wondering for a total of 54 days as to the whereabouts of the latest super millionaire. The brand-new super millionaire, who had been purchasing Super Lotto tickets religiously since it was added to the roster of SVL games, says he was fully aware of the 90-day deadline to collect the jackpot, but took the time to get his affairs in order before collecting the life changing winnings.

SPORTS BETTING WINNERS

JustBet fans doubled their winnings in 2018, partly due to a fiery World Cup tournament which was ruled by dramatic plays and drop outs of fan favourites. One JustBet winner won $1.144 Million from a $40 bet on three matches on June 27. She accurately predicted the outcome for the South Korea vs. Germany (2-0); Mexico vs. Sweden (0-3) and Serbia vs. Brazil (0-2) match ups.

HORSERACING WINNERS

Punters across the island at Off Track Betting outlets and at the Supreme Ventures Racing and Entertainment Limited headquarters at Caymanas Park racked up millions in winnings for 2018. Winners left the track with over $400 Million across major race days, including the Supreme Ventures Jamaica Two-Year-Old Series.

Supreme Ventures Limited

Consolidated Financial Statements
31 December 2018

Contents

Independent auditor's report

To the Members of Supreme Ventures Limited

Report on the audit of the consolidated and stand-alone financial statements

Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of Supreme Ventures Limited (the Company) and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at 31 December 2018, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Jamaican Companies Act.

What we have audited

Supreme Ventures Limited's consolidated and stand-alone financial statements comprise:

- the consolidated statement of financial position as at 31 December 2018;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the company statement of financial position as at 31 December 2018;
- the company statement of comprehensive income for the year then ended;
- the company statement of changes in equity for the year then ended;
- the company statement of cash flows for the year then ended; and
- the notes to the consolidated and stand-alone financial statements, which include significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and stand-alone financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and stand-alone financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and stand-alone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters, as it pertains to the stand-alone financial statements in our report.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties *See notes 2 (f), 4 (i) and 18 to the consolidated financial statements for disclosures of related accounting policies, judgements and estimates.*	
Investment properties represented \$892.5 million or 13.5% of total assets for the Group as at 31 December 2018. The determination of the fair value of investment properties requires significant judgement and is inherently subjective due to, among other factors the individual nature of each property, its location and the expected future rental income for each particular property. This combined with the fact that a small percentage difference in individual property valuation assumptions when	We engaged independent qualified valuation experts that evaluated the work of management's expert. With the assistance of the independent qualified valuers, we performed the following procedures: • Evaluated the competence and objectivity of management's experts. This included confirming that they are appropriately qualified and not affiliated to the Group. • Obtained an understanding of the valuation methods used by management along with significant developments within the industry. This included appropriateness of the valuation

Key audit matter	How our audit addressed the key audit matter
aggregated, could result in a material misstatement, is why we have focused on this area. Management, with the assistance of independent valuation experts, used a combination of two methods to value select investment property namely, the market comparison approach and the investment approach. The market comparison approach relies on suitable and substantial sales evidence of properties within the geographic location, adjusting for certain pertinent factors, to form a basis for comparison. Whereas the investment approach capitalises the net income from the investment over its projected useful life and takes into consideration a number of factors which require estimation and judgement. The key factors include estimation of rental income; determination of a capitalisation factor; and estimation of vacancy factor. In establishing the market value for the remaining investment property, management used a combined market comparison approach and a 'residual' approach where the value was determined as that residue or difference between the gross development value of the 'highest and best use' of the site less its attendant costs.	methodology used and suitability for determining market value in accordance with the financial reporting framework. • Agreed the inputs in the various methods to supporting documentation for the key factors being the estimation of rental income, the capitalisation factor and the vacancy factor. • Evaluated management's results for the estimation of rental income, the capitalisation factor and the vacancy factor by benchmarking the assumptions used to relevant market evidence, which included performing comparisons to properties within similar geographical locations adjusted for relevant factors and developed a point estimate based on the information that was obtained from performing the above procedures Based on the testing performed, no material adjustment to the carrying value of investment properties was considered necessary.
Impairment Assessment of Goodwill *Refer to notes 2 (g), 4(ii) and 19 of the consolidated financial statements for disclosures of related accounting policies, judgments and estimate and balances.* Goodwill accounts for $190 million or 2.87% of total assets for the Group as at 31 December 2018. Management performs an annual impairment analysis over the goodwill balance. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The assessment of the carrying value of goodwill involves significant judgement increasing the risk of estimation uncertainty in relation to forecasting future	We tested management's assumptions used in their impairment testing model for goodwill, including the future cash flow projections, discount rates and growth rates applied. With the assistance of our valuations experts, we performed the following procedures: • Obtained management's discounted cash flow model (DCF) including qualitative and quantitative analyses and obtained an understanding of the process used by management

Key audit matter	How our audit addressed the key audit matter
cash flows and is sensitive to growth rates, discount rates, weighted average cost of capital (WACC), tax rates and capital expenditures applied to the future cash flows. The subjectivity surrounding the impairment assessment, could result in a material misstatement, and as such we have focused on this area.	to determine fair value of each cash generating unit. • Agreed the 31 December 2018 base year financial information to audited results and compared the current year forecast to most recent audited results. We compared previous forecasts to actual results to assess the performance of the business and the accuracy of management's forecasting. • Tested management's assumptions as follows: ➢ ***Revenue growth rates*** – compared the revenue growth rates to historical revenue growth and externally derived data as well as our own assessments in relation to key inputs such as projected economic growth, inflation and discount rates; ➢ ***Tax rates*** **-** compared the tax rate to the entity's effective tax rate current tax regulations; ➢ ***Capital expenditures*** –compared capital expenditures to historical amounts and discussed with management their capital expenditure plans; ➢ ***Working capital requirements*** – compared the forecasted amounts to historical working capital requirements; and ➢ ***WACC & terminal value*** – evaluated management's weighted average cost of capital and terminal value, whereby we developed a range of parameters using available market inputs and performed sensitivity analyses using these parameters to determine the reasonableness of management's fair value measurements • Considered subsequent events and impact on the entity's cash flows and forecasts • In testing management's evaluation model, we checked the calculations for mathematical accuracy and considered the sensitivity of the calculation by varying the key assumptions and adjustments within management's forecast. Based on the testing performed, no material adjustment to the carrying value of goodwill was considered necessary.

Other Matter

The financial statements of the company for the year ended 31 December 2017 were audited by another firm of auditors whose report, dated 26 February 2018, expressed an unmodified opinion on those statements.

As part of our audit of the 2018 financial statements, we also audited the adjustments described in Note 42 that were applied to amend the 2017 consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2017 consolidated and stand-alone financial statements of the Group other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2017 consolidated and stand-alone financial statements taken as a whole.

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated and stand-alone financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and stand-alone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and stand-alone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and stand-alone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated and stand-alone financial statements

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

In preparing the consolidated and stand-alone financial statements, management is responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and stand-alone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and stand-alone financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and stand-alone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group or Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and stand-alone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and stand-alone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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 kept, so far as appears from our examination of those records, and the accompanying consolidated and stand-alone financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

The engagement partner on the audit resulting in this independent auditor's report is Leighton McKnight.

PricewaterhouseCoopers
Chartered Accountants
28 February 2019
Kingston, Jamaica

Supreme Ventures Limited

Consolidated Statement of Comprehensive Income

Year ended 31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 $'000	Restated 2017 $'000
Revenue - Non-fixed odd wagering games, horse racing and pin codes	6	19,484,179	17,755,425
Income from fixed odd wagering games, net of prizes	7	13,451,851	11,925,402
Total Gaming Income		32,936,030	29,680,827
Direct Costs	9	(26,443,983)	(24,074,214)
Gross Profit		6,492,047	5,606,613
Other income	10	224,045	237,659
Selling, general and administrative expenses	11	(3,844,128)	(3,423,659)
Net Impairment losses on intangible assets		-	(318,107)
Operating Profit		2,871,964	2,102,506
Finance costs	13	(56,026)	(60,863)
Revaluation gain in investment property	18	72,500	4,726
Profit before Taxation		2,888,438	2,046,369
Taxation	14	(790,030)	(647,713)
Profit for the Year		2,098,408	1,398,656
Other comprehensive income			
Item that may be reclassified to profit or loss:			
Realised gain on available-for sale investments		-	(3,480)
Total Comprehensive Income for the year		2,098,408	1,395,176
Earnings per stock unit attributable to owners of the parent during the year			
Basic and fully diluted	16	79.57 cents	53.03 cents

Supreme Ventures Limited
Consolidated Statement of Financial Position
31 December 2018
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 $'000	Restated 2017 $'000
Non-Current Assets			
Property and equipment	17	1,239,162	1,164,479
Investment properties	18	892,500	820,000
Goodwill and intangible assets	19	297,002	317,555
Long-term receivables	20	29,157	29,782
Financial assets at amortised cost		1,883	1,883
Other investments	21	17,980	18,852
Deferred tax assets	22	203,530	166,180
		2,681,214	2,518,731
Current Assets			
Inventories	23	131,089	197,461
Trade and other receivable	24	805,333	1,001,112
Current portion of long-term receivables	20	1,117	1,117
Assets held for sale	25	-	92,010
Short-term investment	26	-	100,000
Taxation recoverable		17,167	25,680
Cash and cash equivalents	27	2,979,524	2,440,750
		3,934,230	3,858,130
Current liabilities			
Prize liabilities	28	559,403	400,780
Contract liabilities	41	3,414	-
Trade and other payables	29	1,937,048	1,615,666
Current portion of finance lease	33	16,287	-
Current portion of long term loans	32	80,804	130,512
Income tax payable		230,110	314,394
		2,827,066	2,461,352
Net Current Assets		1,107,164	1,396,778
		3,788,378	3,915,509

Supreme Ventures Limited
Consolidated Statement of Financial Position (Continued)
31 December 2018
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 $'000	Restated 2017 $'000
Equity			
Share capital	30	1,967,183	1,967,183
Capital reserve	31	62,486	62,486
Fair value reserve		-	-
Retained earnings	15	1,255,489	1,293,257
		3,285,158	3,322,926
Non-current liabilities			
Long term payables	32	79,636	276,871
Finance lease obligation	33	423,584	315,712
		503,220	592,583
		3,788,378	3,915,509

Approved for issue by the Board of Directors on 21 February 2019 and signed on its behalf:

W. David McConnell Director

Ann Dawn Young Sang Director

Supreme Ventures Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Number of Shares '000	Share Capital $'000	Capital Reserve $'000	Fair value Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2017, as previously stated	2,637,255	1,967,183	62,486	3,480	1,767,052	3,800,201
Profit for the year, as restated	-	-	-	-	1,398,656	1,398,656
Realised gain on available-for-sale investments	-	-	-	(3,480)	-	(3,480)
Total comprehensive income for 2017	-	-	-	(3,480)	1,398,656	1,395,176
Transactions with stockholders						
Distributions (note 37)	-	-	-	-	(1,872,451)	(1,872,451)
Balance at 31 December 2017, as restated	2,637,255	1,967,183	62,486	-	1,293,257	3,322,926
Profit for the year and total comprehensive income	-	-	-	-	2,098,408	2,098,408
Transactions with stockholders						
Distributions (note 37)	-	-	-	-	(2,136,176)	(2,136,176)
Balance at 31 December 2018	2,637,255	1,967,183	62,486	-	1,255,489	3,285,158

Supreme Ventures Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 $'000	Restated 2017 $'000
Cash Flows from Operating Activities			
Profit for the year		2,098,408	1,398,656
Adjustments for:			
Depreciation of property and equipment	17	260,660	266,411
Amortisation of intangible assets	19	33,281	29,695
(Gain)/Loss on disposal and write-off of property and equipment	10	(58,522)	12,525
Revaluation gains on investment properties		(72,500)	(4,726)
Impairment of intangible assets		-	318,107
Gains recognised on available for sale investments		-	(3,742)
Gains recognised on purchase of business assets		-	(3,936)
Bad debts recognised		4,979	30,996
Net foreign exchange gain on cash and cash equivalents		(22,520)	(23,929)
Interest income	10	(63,476)	(90,995)
Interest expense	13	53,875	54,953
Taxation	14	790,030	647,713
Operating cash flow before movement in working capital		3,024,215	2,631,728
Change in non-cash working capital balances:			
Inventories		57,035	4,477
Trade and other receivables		213,691	(217,209)
Trade and other payables		78,609	257,087
Prize liabilities		158,623	157,126
Other Investments		(872)	-
Cash generated by operations		3,531,301	2,833,209
Taxation paid, net		(760,836)	(414,768)
Interest paid		(91,929)	(28,190)
Cash provided by operating activities		2,678,536	2,390,251
Cash Flows from Investing Activities			
Business acquisition		-	(305,752)
Acquisition of property and equipment		(410,324)	(198,563)
Acquisition of intangible assets		(12,728)	(18,633)
Proceeds on disposal of property and equipment		135,429	1,565
Proceeds on disposal of available for sale investments		-	7,222
Long-term receivables		625	543,779
Other investment		-	815
Short-term investment		100,000	(100,000)
Interest received		89,730	87,548
Cash (used in)/ provided by investing activities		(97,268)	17,981
Cash flows from operating and investing activities carried forward		2,581,268	2,408,232

	2018 $'000	Restated 2017 $'000
Cash flows from operating and investing activities brought forward	2,581,268	2,408,232
Cash Flows from Financing Activities		
Repayment of long term payables	(21,871)	-
Addition of long term liabilites	-	380,934
Dividends paid	(2,136,176)	(1,872,451)
Additions to finance lease	132,842	24,509
Repayment of finance lease	(11,144)	(8,810)
Cash used in financing activities	(2,036,349)	(1,475,818)
NET INCREASE IN CASH AND CASH EQUIVALENTS	544,919	932,414
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	(6,145)	8,428
Cash and cash equivalents at the beginning of the year	2,440,750	1,499,908
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	2,979,524	2,440,750

Supreme Ventures Limited
Company Statement of Comprehensive Income
Year ended 31 December 2018
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 $'000	2017 $'000
Income	8	2,868,851	2,001,926
Operating expenses	11	(554,927)	(496,586)
Operating profit		2,313,924	1,505,340
Other income	10	16,571	49,128
Finance costs	13	(20,804)	(37,745)
Profit before taxation		2,309,691	1,516,723
Tax (charge)/credit	14	(7,170)	4,479
Profit for the year		2,302,521	1,521,202
Other comprehensive income			
Item that may be reclassified to profit or loss			
Realised gain on available-for-sale investments		-	(3,480)
Total comprehensive income for the year		2,302,521	1,517,722

Supreme Ventures Limited

Company Statement of Financial Position

31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 $'000	2017 $'000
Non Current Assets			
Property and equipment	17	139,345	94,193
Investment in subsidiaries	34	2,094,412	2,094,412
Goodwill and intangible assets	19	191,990	193,239
Long-term receivables	20	344,621	-
Financial assets at amortised cost		1,883	1,883
Deferred tax assets	22	3,110	5,478
		2,775,361	2,389,205
Current Assets			
Income tax recoverable		12,188	14,939
Due from subsidiaries	35	186,101	468,582
Trade and other receivables	24	52,870	20,848
Short-term investment	26	-	100,000
Cash and cash equivalents	27	59,037	107,869
		310,196	712,238
Current liabilities			
Trade and other payables	29	133,027	77,495
Current portion of long term payable	32	80,804	122,129
Due to subsidiary	35	2,686	2,803
		216,517	202,427
Net Current Assets		93,679	509,811
		2,869,040	2,899,016
Equity			
Share capital	30	1,967,183	1,967,183
Capital reserve	31	62,486	62,486
Retained earnings	15	776,887	610,542
		2,806,556	2,640,211
Non Current liabilities			
Long-term loans	32	62,484	258,805
		2,869,040	2,899,016

Approved for issue by the Board of Directors on 21 February 2019 and signed on its behalf:

W. David McConnell — Director

Ann Dawn Young Sang — Director

Supreme Ventures Limited

Company Statement of Financial Position

Year ended 31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Number of Shares '000	Share Capital $'000	Capital Reserve $'000	Fair value Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2017	2,637,255	1,967,183	62,486	3,480	961,791	2,994,940
Profit for the year	-	-	-	-	1,521,202	1,521,202
Realised gain on available-for-sale investments	-	-	-	(3,480)	-	(3,480)
Total comprehensive income for 2017	-	-	-	(3,480)	1,521,202	1,517,722
Transactions with stockholders						
Distributions (note 37)	-	-	-	-	(1,872,451)	(1,872,451)
Balance at 31 December 2017	2,637,255	1,967,183	62,486	-	610,542	2,640,211
Profit for the year and total comprehensive income	-	-	-	-	2,302,521	2,302,521
Transactions with stockholders						
Distributions (note 37)	-	-	-	-	(2,136,176)	(2,136,176)
Balance at 31 December 2018	2,637,255	1,967,183	62,486	-	776,887	2,806,556

Supreme Ventures Limited

Company Statement of Cash Flows

Year ended 31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 $'000	2017 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		2,302,521	1,521,202
Items not affecting cash:			
Depreciation	17	8,747	8,977
Amortisation of intangible assets	19	1,939	1,568
Dividend income	8	(2,342,788)	(1,517,000)
Gains recognised on available for sale investments		-	(3,742)
Gain on disposal of property and equipment	8	1,444	-
Net foreign exchange gain on cash and cash equivalents		(44)	419
Interest income	10	(16,571)	(45,386)
Interest expense	13	17,878	29,843
Taxation	14	7,170	(4,479)
Operating cash flow before movement in working capital		(19,704)	(8,598)
Change in non-cash working capital balances:			
Due from subsidiaries		282,481	(306,683)
Trade and other receivables		(26,498)	40,942
Income tax recoverable		(2,051)	(1,731)
Due to subsidiaries		(117)	(147,197)
Trade and other payables		(190,975)	(41,716)
Cash generated by operations		43,136	(464,983)
Interest paid		(15,629)	(27,548)
Cash provided by/(used) in operating activities		27,507	(492,531)
Cash Flows from Investing Activities			
Acquisition of property and equipment		(55,343)	(814)
Acquisition of intangible assets		(690)	(1,428)
Proceeds on disposal of property and equipment		-	7,222
Long-term receivables		(344,621)	523,336
Short-term investment		100,000	(100,000)
Dividends received		2,342,788	1,517,000
Interest received		17,659	42,414
Cash used in investing activities		2,087,300	1,987,730
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(2,136,176)	(1,872,451)
Loan proceeds		-	380,934
Cash used in financing activities		(2,136,176)	(1,491,517)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(48,876)	3,682
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies		44	(419)
Cash and cash equivalents at the beginning of the year		107,869	104,606
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		59,037	107,869

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and activity

Supreme Ventures Limited (the Company) is a public limited liability company which is listed on the Jamaica Stock Exchange. The Company's registered office is located at the 4th Floor, R. Danny Williams Building, 28-48 Barbados Avenue, Kingston 5, Jamaica, W.I.

The Company and its subsidiaries are collectively referred to as "the Group".

The main activities of the Group comprises betting, gaming and lottery operations.

The subsidiaries and their principal activities are as follows:

Name of company	Principal activity	Country of Incorporation	Percentage Ownership 2018 %	Percentage Ownership 2017 %
Prime Sports (Jamaica) Limited and its wholly-owned subsidiaries:	Betting, gaming and lottery operations licensed by the Betting, Gaming and Lotteries Commission (BGLC)	Jamaica	100	100
Bingo Investments Limited	Not trading	Jamaica	100	100
Chillout Ventures Limited	Not trading	Jamaica	100	100
Supreme Ventures Financial Services Limited	Not trading	Jamaica	100	100
Supreme Ventures Lotteries Limited	Not trading	Jamaica	100	100
Transtel Jamaica Limited	Not trading	Jamaica	100	100
Big 'A' Track 2003 Limited	Pin code sales	Jamaica	100	100
Supreme Ventures Racing and Entertainment Limited	Betting and horse-racing operations licensed by BGLC and Jamaica Racing Commission (JRC)	Jamaica	100	100
Jamaica Lottery Company Holdings Limited	Not trading	Jamaica	100	100
Supreme Ventures Holding Limited	Not trading	Jamaica	100	100
Socrates Betting Company Limited	Not trading	Jamaica	100	100
Supreme Ventures Guyana Holdings Inc	Holding Company	Guyana	100	-
Supreme Ventures Enterprise Inc	Betting & Gaming	Guyana	100	-

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements, herein after referred to as the financial statements, are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of IFRS Interpretations Committee (IFRIC IC) applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain items of investment property, and certain available-for-sale investments in the prior year.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Although these estimates are based on managements' best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Standards, interpretations and amendments to published standards effective in current year

Certain new standards, amendments and interpretations to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new standards, interpretations and amendments and has effected the following, which are immediately relevant to its operations:

- ***IFRS 9, 'Financial Instruments'*** (effective for annual periods beginning on or after 1 January 2018) specifies how an entity should classify and measure financial instruments, including some hybrid contracts. It requires all financial assets to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset; initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs; and subsequently measured at amortised cost or fair value. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39. They apply a consistent approach to classifying financial assets and replace the four categories of financial assets in IAS 39, each of which had its own classification criteria. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. Management has assessed the application of the credit loss model on trade receivables, lease receivables and inter-company balances under IFRS 9. The impact on these financial statements were not material. Management has utilised the modified retrospective transition approach. The Group applied IFRS 9 on 1 January 2018 and has elected not to restate comparative information in accordance with the transitional provisions. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy. Additional disclosures in accordance with the standard have been included in the financial statements in Note 41.

- ***IFRS 15, 'Revenue from Contracts with Customers'***, (effective for the periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. Management has assessed the impact on the financial statements and noted that the impact is not material. Management has utilised the modified retrospective transition approach. The Group applied IFRS 15 on 1 January 2018 and has elected not to restate comparative information in accordance with the transitional provisions. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy. Additional disclosures in accordance with the standard have been included in the financial statements in Note 41.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards effective in current year (continued)

- ***Amendment to IFRS 15***, 'Revenue from contracts with customers' (effective for accounting periods beginning on or after 1 January 2018). These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). The IASB has also included additional practical expedients related to transition to the new revenue standard.

- ***Amendment to IAS 40, Investment property' relating to transfers of investment property*** (effective for annual periods beginning on or after 1 January 2018) clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. Additional disclosures are required if an entity adopts the requirements prospectively. There were no transfers of investment property during the year as such there was no material impact on the financial statements.

- ***IFRIC 22***,' Foreign currency transactions and advance consideration', (effective for annual periods beginning on or after 1 January 2018). The amendment clarifies how to account for deferred tax assets related to debt instruments measured at fair value upon the recognition of deferred tax assets for unrealised losses. There was no material impact on the financial statements upon adoption of this standard.

Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the Group

- ***IFRS 16, 'Leases'*** (effective for annual periods beginning on or after 1 January 2019, with earlier application permitted if IFRS 15, 'Revenue from Contracts with Customers', is also applied). The International Accounting Standards Board (IASB) published IFRS 16, 'Leases', which replaces the current guidance in IAS 17. This will require changes in accounting by lessees in particular. IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group has commenced assessment and has identified that a right of use asset and lease obligation would have to be recorded on the consolidated financial statements and the associated depreciation and interest expense within the consolidated statement of comprehensive income.

- **IFRIC 23, 'Uncertainty over income tax treatments'** (effective for annual period beginning on or after 1 January 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. The adoption of this standard is not expected to have a significant impact on the group.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

- **Amendment to IFRS 9, Financial instruments', on prepayment features with negative compensation** (effective for annual period beginning on or after 1 January 2019). This amendment confirm that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39. The adoption of this standard is not expected to have a significant impact on the group.

- **Annual improvements 2015–2017** (effective for annual period beginning on or after 1 January 2019). These amendments include minor changes to:
  - IFRS 3, 'Business combinations', – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
  - IFRS 11, 'Joint arrangements', – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
  - IAS 12, 'Income taxes' – a company accounts for all income tax consequences of dividend payments in the same way.
  - IAS 23, 'Borrowing costs' – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The adoption of these standards are not expected to have a significant impact on the group.

There are no other new or amended standards and interpretations that are published but not yet effective that would be expected to have an impact on the accounting policies or financial disclosures of the Group.

2. Summary of Significant Accounting Policies (Continued)

(b) Consolidation

(i) *Subsidiaries*

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations involving third parties by the Group. The consideration transferred for the acquisition of a subsidiary is the fair value of previously held interest, plus fair value of consideration transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss, in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) *Disposal of subsidiaries*

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2. Summary of Significant Accounting Policies (Continued)

(c) Foreign currency translation

(i) *Functional and presentation currency*
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates ('the functional currency'). The consolidated financial statements are presented in Jamaican Dollars, which is the company's functional and presentation currency.

(ii) *Transactions and balances*
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. At the statement of financial position date, monetary assets and liabilities denominated in foreign currencies are translated using the weighted average closing exchange rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(iii) *Group companies*
The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated as follows:
a) Assets and liabilities for each balance sheet presented are translated at year end rates,
b) Items affecting the statement of comprehensive income are translated at average rates, and
c) The resultant gains or losses are recognised in other comprehensive income as translation gains or losses.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(d) Revenue recognition

Revenue is measured at the fair value consideration received or receivable for sale of goods and services in the ordinary course of the group's activities and comprise the following elements:

(i) *Lottery*
Lottery games comprise non fixed odd wagering and fixed odd wagering games for both of which income is recognized on a draw by draw basis, at the point the draw takes place. Income for non-fixed odd games is recorded at the gross ticket sales amount and for fixed odd games at the gross ticket sales amount net of prize payouts. Fixed odd wagering games relates to games where the customer is placing a bet with the Group (at a particular win rate) and is therefore entering into a derivative. No particular good or service is provided to a customer as the customer is taking a position against the Group.

Where players wager in advance, this income is deferred and only recognised in the Statement of Comprehensive Income once the draw has taken place. Lottery tickets are sold to players by contracted retail agents and company owned locations.

Unclaimed prizes- as outlined in 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 maybe paid provided payment is made within 180 days of the draw, after which prizes may be paid only with the written approval of the BGLC. Fifty percent (50%) of unclaimed prizes (net of taxes where applicable) is paid over to the Consolidated Fund (previously paid to the Chase Fund) and the remaining fifty percent (50%) paid to the BGLC.

(ii) *Video Lottery Terminal (VLT) gaming*
VLT games are offered at gaming lounges and food and beverage operations. Income is recognised as the net win from gaming activities, which is the difference between gaming wins and losses before deducting costs and expenses at the end of each gaming day.

(iii) *Sports betting*
Sports betting relates to wagers on local and international sporting events offered through the agents' network. Revenue represents the net winnings from bets taken on the local and international sporting events at all branches and agents, net of refunds. Revenue is recognised when the events have taken place.

2. Summary of Significant Accounting Policies (Continued)

(d) Revenue (continued)

(iv) *Pin codes*

Pin codes are sold to the public by contracted retail agents. Revenue is recognized gross 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 Group 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.

(viii) *Rental income*

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

(ix) *Dividend income*

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

(e) Property, plant and equipment

Land and buildings comprise mainly offices. Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

The assets residual values and useful lives are revisited and adjusted if appropriate, at the end of each reporting period.

Land, art and paintings are not depreciated as they are deemed to have indefinite lives. For all other property, plant and equipment, depreciation is calculated at annual rates on the straight-line basis to write-off the cost of the assets to their residual values over their estimated annual useful lives as follows:

Freehold buildings	20-40 years
Video lottery terminal equipment	5-10 years
Furniture, fixtures machinery & equipment	3-10 years
Computer equipment	3-5 years
Motor vehicles	5-8 years
Signs & posters	5-10 years
Leasehold improvements	Shorter of lease term and useful life

2. Summary of Significant Accounting Policies (Continued)

(e) Property, plant and equipment (continued)

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with the carrying amount and are included in operating profit.

Repairs and maintenance expenditure is charged to profit or loss during the financial period in which it is incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group.

(f) Investment properties

Investment properties, comprising freehold lands and buildings, are held for long-term rental yields, are not occupied by the Group. They are carried at fair value. Changes in fair values are presented in profit or loss as part of other income.

(g) Intangible assets

(i) *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary, associate or joint venture at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(ii) *Trademarks and licences*

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

Licenses and permits	5 years
Trademarks	10 years

Trademarks, licences and permits with indefinite useful lives are measured 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.

2. Summary of Significant Accounting Policies (Continued)

(g) Intangible assets (continued)

(iii) Other intangible assets

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

The amortisation rates are as follows:

Computer software	3 years
Software usage rights	10 years

(iv) Derecognition of goodwill and intangible assets

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

(h) Assets held for sale

Non-current assets, comprising assets and liabilities, that are expected to be recovered primarily through sale, rather than continuing use, are classified as held for sale. Assets held for sale are measured at the lower of their carrying value and fair values less cost to sell.

Impairment losses on initial reclassification as held for sale and subsequent gains and losses on re-measurement are recognised in profit or loss. Once classified as held for sale, property and equipment are no longer depreciated.

(i) Impairment of non-financial assets

Assets that have an indefinite useful life not subject to amortisation are tested annually for impairment or more frequently if assets or changes in circumstances indicate a potential impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2. Summary of Significant Accounting Policies (Continued)

(j) Financial instruments

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

(i) Classification of financial instruments

Under IAS 39, the Group classifies financial assets into the following category - *loans and receivables*. Management determines the appropriate classification of investments at the time of purchase.

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

From 1 January 2018, the Group classifies its financial assets as those to be measured at amortised cost.

The available for sale (AFS) category under IAS 39 is no longer applicable.

The classification depends on the business model used for managing the financial assets and the contractual terms of the cash flows.

The Group reclassifies debt investments only when its business model for managing those assets changes.

Application of the Simplified Approach
For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires that the impairment provision is measured at initial recognition and throughout the life of the receivables using a lifetime ECL. As a practical expedient, a provision matrix is utilised in determining the lifetime ECLs for trade receivables.

The lifetime ECLs are determined by taking into consideration historical rates of default for each segment of aged receivables as well as the estimated impact of forward looking information.

(ii) Recognition and derecognition

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

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

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

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

2. Summary of Significant Accounting Policies (Continued)

(j) Financial instruments (continued)

(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 measured at amortised cost.

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

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

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

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

From 1 January 2018, The Group classifies its debt instruments into three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in the income statement using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the income statement.

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

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

Lottery and sports betting prizes

All prizes are recorded at the actual amount except for the annuity-funded prize, which is paid out on a deferred basis. The actual prize expense for this type of prize is based on the present value of an annuity using the interest yield on the investment acquired to fund the annuity.

2. Summary of Significant Accounting Policies (Continued)

Financial liabilities
The Group's financial liabilities are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method.

(k) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned to inventories by the method most appropriate to the particular class of inventory, being valued on a first-in, first-out basis (FIFO). Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(l) Trade receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables based on a review of all outstanding amounts at the year-end. Until December 31, 2017, a provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all the amounts due according to the original terms of the receivables. Since January 1, 2018, the expected credit loss model is utilized to determine the provision for trade receivables in accordance with IFRS 9. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowings. Bad debts are written-off during the year in which they are identified.

(m) Cash and cash equivalents

Cash and cash equivalents include cash on hand and short term deposits with original maturities of three months or less, net of bank overdrafts. In the consolidated statement of cash flows, cash and cash equivalents include cash in hand and at bank and short term bank deposits. Bank overdrafts are shown in current liabilities on the statement of financial position.

(n) Income taxes

Taxation expense in the statement of comprehensive income comprises current and deferred tax charges.

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Group's liability for current tax is calculated at tax rates that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted or substantively enacted tax rates are used in the determination of deferred income tax.

2. Summary of Significant Accounting Policies (Continued)

(n) Income taxes (continued)

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Current and deferred tax assets and liabilities are offset when they arise from the same taxable entity, relate to the same tax authority and when the legal right of offset exists.

Deferred tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income, in which case, deferred tax is also dealt with in other comprehensive income.

(o) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(p) Share capital

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

(q) Borrowings

Borrowings are recognised initially at cost, being their issue proceeds, net of transaction costs incurred. Subsequently, borrowings are stated at amortised cost and any difference between net proceeds and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(r) Employee benefit costs

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

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

2. Summary of Significant Accounting Policies (Continued)

(s) Leases

Leased assets

Leases of property and equipment that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset. Assets held under other leases are classified as operating leases and are not recognised in the Group's Statements of Financial position.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(t) Finance costs

Finance costs includes interest payable on borrowings calculated using the effective interest method, interest on finance leases, material bank charges and foreign exchange gains and losses recognised in profit or loss.

(u) Dividend distribution

Dividend distribution is recognised as equity in the financial statements in which the dividends are approved by the shareholders of the Group.

2. Summary of Significant Accounting Policies (Continued)

(v) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(w) Earnings per share

Earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(x) Segment reporting

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

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

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

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

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

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

3. Financial Risk Management

Financial risk factors

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, and currency risk. Information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk is detailed below.

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

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

A risk management approach is adopted which involves employees at all levels. This framework is supported by sound risk management practices which include the establishment of enterprise-wide policies, procedures and limits, monitoring and measurement of exposure against established limits, ongoing realignment of business strategies and activities and the reporting of significant exposures to senior management and the Board of Directors.

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

Audit Committee

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

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

(a) Credit risk

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

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

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.

Credit review process

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

(i) Cash and cash equivalents

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

(ii) 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.

The ageing analysis of trade receivables is as follows:

	2018	2017
	$'000	$'000
Current	371,785	584,125
8 to 30 days	28,391	25,255
31 to 60 days	6,888	2,807
61 to 90 days	5,721	2,966
Over 90 days	391,268	398,905
	804,053	1,014,058

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Trade receivables that are considered impaired

Certain trade receivables are considered impaired and have been fully provided for. The movement in the provision for these trade receivables was as follows:

	2018 $'000	2017 $'000
At start of year	408,245	390,781
Provision for credit losses	28,033	34,035
Unused amounts reversed	(19,054)	(16,571)
At end of year	417,224	408,245

Credit exposure for trade receivables

The credit exposure for trade receivables at their carrying amounts, as categorised by the customer sector, was as follows:

	2018 $'000	2017 $'000
Lottery agents	700,354	898,422
VLT Gaming Customers	23,754	27,332
Sports Betting Agents	33,022	36,128
Off-Track Betting Parlours	46,923	52,176
	804,053	1,014,058
Less: Provision for credit losses	(417,224)	(408,245)
	386,829	605,813

(i) Impairment

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

(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.

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.

(i) Management of liquidity risk

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

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

3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

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

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

An analysis of the undiscounted cash flows of the Group's financial liabilities on the basis of their earliest possible contractual maturity is presented below. The analysis provided is by estimating timing of the amounts recognised in the statement of financial position. The Group does not expect that its customers will demand the payment of funds at the earliest date possible.

	The Group			
	Within 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
	2018			
Prize liabilities	559,403	-	-	559,403
Trade and other payables	1,824,694	-	-	1,824,694
Long term payables	89,596	71,598	10,080	171,274
Finance lease	21,904	271,555	863,038	1,156,497
	2,495,597	343,153	873,118	3,711,868
	2017			
Prize liabilities	400,780	-	-	400,780
Trade and other payables	1,615,665	-	-	1,615,665
Long term payables	128,821	358,371	14,767	501,959
Finance lease	-	152,897	879,160	1,032,057
	2,145,266	511,268	893,927	3,550,461

3. Financial Risk Management (Continued)

	The Company			
	Within 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
	2018			
Trade and other payables	133,027	-	-	133,027
Due to related parties	2,686	-	-	2,686
Long term payables	88,810	64,398	-	153,208
	224,523	64,398	-	288,921
	2017			
Trade and other payables	77,495	-	-	77,495
Due to related parties	2,803	-	-	2,803
Long term payables	128,035	355,857	-	483,892
	208,334	355,857	-	564,191

(c) Market risk

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

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

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

(i) Foreign currency risk

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

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 currency 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.

3. Financial Risk Management (Continued)

(c) Market risk (continued)

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

	The Group	
	2018	2017
	USD	USD
	J$'000	J$'000
Assets		
Cash and cash equivalents	312,041	315,970
	312,041	315,970
Liabilities		
Trade and other payables	(21,639)	(46,729)
Long-term payables	-	(7,597)
	(21,639)	(54,326)
Net exposure	290,402	261,644

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

	The Company	
	2018	2017
	USD	USD
	J$'000	J$'000
Assets		
Cash and cash equivalents	1,813	15,640
Liability		
Trade and other payables	(3,116)	(17,699)
Net exposure	(1,303)	(2,058)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

The Group's sensitivity to a 2% revaluation or 4% devaluation (2017: 2% revaluation or 4% devaluation) of the Jamaica dollar against the USD 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 2% increase or 4% decrease (2017: 2% increase or 4% decrease) in the foreign exchange rates.

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

	The Group		
2018		**2017**	
Devaluation	**Revaluation**	**Devaluation**	**Revaluation**
4%	2%	4%	2%
$'000	**$'000**	**$'000**	**$'000**
11,616	5,808	10,466	5,233

	The Company		
2018		**2017**	
Devaluation	**Revaluation**	**Devaluation**	**Revaluation**
4%	2%	4%	2%
$'000	**$'000**	**$'000**	**$'000**
(52)	(26)	(82)	(41)

(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.

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Management of interest rate risk

Interest rate risk exposure is measured using sensitivity analysis.

	The Group		The Company	
	Carrying value		Carrying value	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Fixed rate instruments:				
Financial assets	1,606,195	-	36,632	-
Financial liabilities	601,139	1,515,951	143,288	636,790
Variable rate:				
Financial assets	109,409	696,646	1,082	171,117

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 100 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.

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Interest rate risk (continued)

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

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Effect of increase of 100 basis points (2017:100 basis points on profit) on profit	1,094	17,897	11	1,711
Effect of decrease of 100 basis points (2017:100 basis points on profit) on profit	(1,094)	(17,897)	(11)	(1,711)

(d) Capital management

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

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

(i) To comply with the capital and cash reserve requirements set by the regulators;

(ii) To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for stockholders and benefits for other stakeholders; and

(iii) To maintain a strong capital base to support the development of its business in accordance with licensing requirements.

There were no material changes to the Group's approach to capital management during the year. The Group is exposed to externally imposed capital requirements through debt covenants as outlined in the loan agreement with Sagicor. The financial covenants include: the Minimum debt service coverage ratio, Current ratio and maximum leverage ratio. The Group was in compliance with the financial covenants as at the year end.

3. Financial Risk Management (Continued)

(e) Fair value measurement

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

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

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

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

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

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

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

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.

3. Financial Risk Management (Continued)

(e) Fair value measurement(continued)

The following methods and assumptions have been used:

(i) The fair value of cash and cash equivalents, trade and other receivable, other investment and trade and other payable are assumed to approximate their carrying values due to their relatively short-term nature.

(ii) The carrying value of long-term receivables, contingent consideration payable, long-term payables and prize liabilities approximate their fair values as they are carried at amortised cost and the interest rates are reflective of current market rates for similar transactions.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The key sources of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on amounts recognised in the financial statements, or which have a risk of material adjustment in the next year, are as follows:

(i) Revaluation of investment properties

The Group uses professional valuators to determine the fair value of its investment properties. Valuations are determined through the application of a variety of different valuation methods which are all sensitive to the underlying assumptions chosen.

(ii) Impairment of goodwill and intangible assets

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

(iii) 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. Expected credit losses (ECL) is applied to determine impairment of financial assets. When measuring ECL, the Group considers the maximum contractual period over which the Group is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment options and extension and rollover options. The expected life is estimated based on the period over which the Group is exposed to credit risk and where the credit losses would not be mitigated by management actions.

Supreme Ventures Limited
Notes to the Separate Financial Statements
31 December 2018
(expressed in Jamaican dollars unless otherwise indicated)

5. Segment Reporting

	2018							
	Lottery	Horseracing	Gaming & Hospitality	Sports Betting	Pin Codes	Others	Unallocated	Group
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-fixed odd wagering games	2,779,780	6,123,309	353,927	-	9,882,295	344,868	-	19,484,179
Income from fixed odd wagering games	13,203,974	-	-	247,877	-	-	-	13,451,850
Total gaming income	15,983,754	6,123,309	353,927	247,877	9,882,295	344,868	-	32,936,030
Result								
Segment result	2,909,227	(252,078)	21,208	(26,892)	89,113	27,147	40,763	2,808,488
Interest income								63,476
Net foreign exchange loss								(2,151)
Finance costs								(53,875)
Revaluation gain investment property								72,500
Profit before taxation								2,888,438
Taxation								(790,030)
Profit for the year								2,098,408
Other information								
Capital expenditure	57,676	228,571	17,453	313	-	18,231	100,808	423,052
Depreciation, amortisation and write-offs	98,092	124,181	44,690	30,909	3,016	-	42,497	343,385
Segment assets	2,611,139	959,378	243,953	16,724	1,212,060	37,584	1,534,559	6,615,397
Segment liabilities	1,402,833	890,247	62,120	21,095	813,287	7,678	133,027	3,330,285

5. Segment Reporting (Continued)

Restated 2017

	Lottery	Horseracing	Gaming & Hospitality	Sports Betting	Pin Codes	Others	Unallocated	Group
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-fixed odd wagering games	2,622,798	4,657,891	363,084	-	9,855,046	256,606	-	17,755,425
Income from fixed odd wagering games	11,751,010	-	-	174,392	-	-	-	11,925,402
Total gaming income	14,373,808	4,657,891	363,084	174,392	9,855,046	256,606	-	29,680,827
Result								
Segment result	2,485,661	(355,580)	19,064	(36,179)	137,598	-	(45,701)	2,204,863
Interest income								90,995
Impairment Loss on Intangible assets								(318,107)
Finance costs								(60,863)
Revaluation gain in investment								4,726
Other gains and losses								124,755
Profit before taxation								2,046,369
Taxation								(647,713)
Profit for the year								1,398,656
Other information								
Capital expenditure	95,325	673,644	9,353	128	-	-	54,971	833,588
Depreciation, amortisation and write-offs	50,354	67,060	66,494	19,293	-	-	211,417	505,607
Segment assets	2,513,280	828,891	205,440	80,184	1,034,506	-	1,512,859	6,175,160
Segment liabilities	1,279,923	894,603	28,372	22,058	754,545	-	74,435	3,053,936

6. Revenue - Non-Fixed Odd Wagering Games, Horse Racing and Pin Codes

	The Group	
	2018	Restated 2017
	$'000	$'000
Lucky 5	268,174	240,723
Top Draw	682,553	634,021
Lotto	990,298	1,031,580
Super Lotto	838,755	716,474
Horseracing	6,123,309	4,657,891
VLT gaming	353,927	363,084
Pin codes	9,882,295	9,855,046
Other	344,868	256,606
	19,484,179	17,755,425

Revenue is recognised at a point in time.

7. Income from Fixed Odd Wagering Games

	The Group 2018		
	Gross ticket sales $'000	Prize pay-outs $'000	Income $'000
Cash Pot	30,124,590	(21,500,529)	8,624,061
Money time	6,417,874	(4,324,091)	2,093,783
Pick 2	222,687	(134,238)	88,449
Pick 3	2,237,547	(1,393,783)	843,764
Pick 4	2,968,167	(1,562,940)	1,405,227
Dollaz	322,039	(173,350)	148,689
Sports betting	1,183,913	(936,035)	247,878
	43,476,817	(30,024,966)	13,451,851

	The Group 2017 Restated		
	Gross ticket sales $'000	Prize pay-outs $'000	Income $'000
Cash Pot	27,562,926	(19,588,935)	7,973,991
Money time	5,044,203	(3,453,035)	1,591,168
Pick 2	216,416	(127,097)	89,319
Pick 3	2,074,458	(1,244,546)	829,912
Pick 4	2,453,163	(1,332,605)	1,120,558
Dollaz	319,780	(173,718)	146,062
Sports betting	738,353	(563,961)	174,392
	38,409,299	(26,483,897)	11,925,402

8. Income

	The Company	
	2018 $'000	2017 $'000
Gain on disposal of property, plant and equipment	1,444	-
Management fee income	524,164	484,926
Dividend income	2,342,788	1,517,000
Miscellaneous income	455	-
	2,868,851	2,001,926

9. Direct Costs

	The Group	
	2018	Restated 2017
	$'000	$'000
Lottery prizes for non fixed odds wagering games	1,337,412	1,239,497
Horseracing dividends	4,106,208	3,122,207
Pin codes	9,156,904	9,092,841
Lottery and gaming taxes	3,097,083	2,698,919
Agents' commissions	3,012,620	2,659,608
Service contractor fees	2,375,898	2,353,070
Good cause fees	1,651,303	1,476,555
Contributions to BGLC	836,569	746,841
Horseracing purse fees	709,939	565,794
Horseracing satellite services	67,500	54,434
Contributions to JRC	58,875	43,575
Others	33,672	20,873
	26,443,983	24,074,214

10. Other Income

	The Group		The Company	
	2018	2017 Restated	2018	2017
	$'000	$'000	$'000	$'000
Interest income	63,476	90,995	16,571	49,128
Rental income	26,116	21,275	-	-
Gain on disposal of property, plant and equipment	58,522	156	-	-
Miscellaneous income	75,931	125,233	-	-
	224,045	237,659	16,571	49,128

11. Expenses by Nature

	The Group		The Company	
		Restated		
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Staff costs (Note 12)	1,320,243	1,058,331	171,061	125,292
Rental and utilities	357,230	339,141	2,064	3,427
Auditors' remuneration	28,700	35,840	9,378	12,700
Depreciation and amortisation (Note 17 & 19)	293,881	293,941	10,686	10,545
Professional fees	313,600	227,851	170,520	144,252
Marketing and business development	218,694	188,703	1,424	13,168
Draw expenses	240,402	205,980	-	-
Subscription and donations	104,281	142,933	6,583	45,341
GCT irrecoverable	176,896	180,482	27,975	24,651
Security	107,216	110,600	9,858	11,716
Licences and other fees	97,547	77,396	5,954	2,978
Local and foreign travel	59,449	37,133	27,945	12,364
Repairs and maintenance	188,879	173,960	304	52
Equipment and motor vehicle expenses	49,509	82,642	1,985	424
Bad debts	4,979	30,996	-	-
Directors' fees	102,935	52,846	80,948	57,477
Bank charges	48,071	47,027	1,225	1,442
Internal audit remuneration	20,798	13,539	19,637	13,200
Administrative expenses	74,538	62,948	5,528	6,096
Insurance	26,480	23,159	1,621	1,366
Others	9,800	38,211	231	10,095
	3,844,128	3,423,659	554,927	496,586

12. Staff Costs

Staff costs comprise:

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Salaries and wages	943,890	717,687	102,526	65,268
Payroll taxes – employer's portion	106,669	85,722	15,502	5,773
Pension costs – defined contribution	25,776	20,055	582	504
Other	243,908	234,867	52,451	53,747
	1,320,243	1,058,331	171,061	125,292

13. Finance Costs

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Interest on bank overdraft and long-term loans	21,183	35,726	17,878	36,381
Interest on obligations under finance lease	32,692	24,509	-	-
Net foreign exchange losses	2,151	628	2,926	1,364
	56,026	60,863	20,804	37,745

14. Taxation

Taxation is based on profit before tax and comprises:

	The Group		The Company	
	2018 $'000	Restated 2017 $'000	2018 $'000	2017 $'000
Current tax	827,380	696,448	4,802	(1,186)
Deferred tax (Note 22)	(37,350)	(48,735)	2,368	(3,293)
	790,030	647,713	7,170	(4,479)

14. Taxation (Continued)

The tax on the profit before tax differs from the theoretical amount that would arise using the statutory tax rate as follows:

	The Group		The Company	
	2018 $'000	Restated 2017 $'000	2018 $'000	2017 $'000
Profit before tax	2,888,438	2,046,369	2,309,691	1,516,723
Tax calculated at 25%	722,110	461,167	577,423	379,180
Expenses not deductible for tax purposes	17,866	153,952	8,860	13,340
Income not subject to tax	-	-	(585,697)	(379,250)
Tax in respect of prior years	(9,271)	(32,254)	3,687	(16,831)
Other charges and credits	59,325	64,848	2,897	(918)
Tax charge	790,030	647,713	7,170	(4,479)

(a) Tax losses of the Group amounting to $578 million (2017: $239 million) subject to agreement with the Commissioner General, Tax Administration Jamaica, are available for set-off against future taxable profits of the subsidiaries. Unutilised tax losses can be carried forward indefinitely and can be used to offset up to 50% of each year's taxable profits.

(b) A deferred tax asset of $77 million (2017: $67 million) in Supreme Ventures Racing & Entertainment Limited has not been recognised, as directors and management consider that the entity is in its start-up phase and the strategies initiated to utilise the deferred tax asset are still in progress.

15. Net Profit and Retained Earnings

The net profit and retained earnings attributable to the shareholder of the Group are reflected in the accounts of the Company and its subsidiaries as follows:

Net profit	2018 $'000	Restated 2017 $'000
The Company	2,302,521	1,521,202
Less Dividend Income from subsidiaries	(2,342,788)	(1,517,000)
Less Management fee income from subsidiaries	(524,164)	(484,926)
The Company	(564,431)	(480,724)
Subsidiaries	2,662,839	1,879,380
	2,098,408	1,398,656

	2018 $'000	2017 $'000
Retained earnings		
The Company	776,887	610,542
Subsidiaries	448,602	682,714
	1,225,489	1,293,256

16. 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.

	2018 $'000	Restated 2017 $'000
Profit for the year attributable to ordinary shareholders	2,098,408	1,398,656
Number of shares	2,637,255	2,637,255
Total earnings per share attributable to ordinary share holders	79.57 cents	53.03 cents

17. Property and Equipment

	Freehold Land $'000	Freehold Buildings $'000	Leased Property $'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, 2016	33,700	204,620	-	354,270	488,136	1,048,056	106,162	127,818	2,454	32,682	13,305	2,411,203
Business acquisition (note 39)	-	-	417,911	-	-	165,129	684	4,045	-	67	18,199	606,035
Additions	-	-	-	51,129	7,673	105,920	8,316	16,380	180	709	8,256	198,563
Transfer to assets held for sale	-	(120,348)	-	(3,126)	-	(149)	-	-	-	-	-	(123,623)
Transfers	-	-	-	-	13,305	-	-	-	-	-	(13,305)	-
Disposals/Write-offs	-	-	-	-	(33,759)	(187,048)	(8,741)	(12,034)	-	-	-	(241,582)
December 31,2017	33,700	84,272	417,911	402,273	475,355	1,131,908	106,421	136,209	2,634	33,458	26,455	2,850,596
Additions	-	-	-	23,199	16,381	150,948	32,505	41,661	216	2,767	142,647	410,324
Transfers	-	-	-	8,787	-	59,632	85	-	-	-	(68,504)	-
Disposals/Write-offs	(20,700)	(27,447)	-	(32,078)	(113,166)	(435,796)	(31,345)	(67,866)	-	(25,700)	(11,978)	(766,076)
December 31, 2018	13,000	56,825	417,911	402,181	378,570	906,692	107,666	110,004	2,850	10,525	88,620	2,494,844
Accumulated depreciation												
December 31,2016	-	37,847	-	246,290	395,066	804,384	73,012	95,501	-	26,711	-	1,678,811
Depreciation	-	4,335	11,609	63,461	37,924	116,446	15,085	16,696	-	855	-	266,411
Transfer to assets held for sale	-	(29,836)	-	(1,715)	-	(62)	-	-	-	-	-	(31,613)
Disposals/Write-offs	-	-	-	-	(33,759)	(174,240)	(7,694)	(11,799)	-	-	-	(227,492)
December 31, 2017	-	12,346	11,609	308,036	399,231	746,528	80,403	100,398	-	27,566	-	1,686,117
Depreciation	-	1,621	13,930	38,833	24,111	148,122	17,851	14,867	-	1,325	-	260,660
Disposals/write-offs	-	(3,674)	-	(32,079)	(113,166)	(420,181)	(30,087)	(66,208)	-	(25,700)	-	(691,095)
December 31,2018	-	10,293	25,539	314,790	310,176	474,469	68,167	49,057		3,191	-	1,255,682
Netbook values												
December 31, 2018	13,000	46,532	392,372	87,391	68,394	432,223	39,499	60,947	2,850	7,334	88,620	1,239,162
December 31, 2017	33,700	71,926	406,302	94,237	76,124	385,380	26,018	35,811	2,634	5,892	26,455	1,164,479

(i) Property at Caymanas Park is leased under an arrangement which is not in the form of a finance lease, but which has been accounted as a finance lease based on the lease term being for the major part of the remaining useful of the asset.
(ii) Property previously classified as freehold building along with leasehold improvements and selected furniture and fixtures, was transferred to assets held for sale.

Supreme Ventures Limited
Notes to the Separate Financial Statements
31 December 2018
(expressed in Jamaican dollars unless otherwise indicated)

17. Property and Equipment (Continued)

	The Company									
	Freehold Land $'000	Freehold Buildings $'000	Leasehold Improvements $'000	Furniture, Fixtures, Machinery & Equipment $'000	Computer Equipment $'000	Motor Vehicles $'000	Art & Paintings $'000	Signs & Posters $'000	Capital Work in Progress $'000	Total $'000
Cost										
December 31, 2016	13,000	56,824	22,417	268,997	20,630	27,671	2,363	24,642	-	436,544
Additions	-	-	-	120	514	-	180	-	-	814
December 31,2017	13,000	56,824	22,417	269,117	21,144	27,671	2,543	24,642	-	437,358
Additions	-	-	2,317	849	-	-	-	-	52,177	55,343
Disposal/Write-offs	-	-	(22,417)	(245,435)	(20,630)	(5,299)	-	(24,642)	-	(318,423)
December 31, 2018	13,000	56,824	2,317	24,531	514	22,372	2,543	-	52,177	174,278
Accumulated depreciation										
December 31,2016	-	7,506	22,416	248,414	20,188	11,022	-	24,642	-	334,188
Depreciation	-	1,420	-	3,391	466	3,700	-	-	-	8,977
December 31, 2017	-	8,926	22,416	251,805	20,654	14,722	-	24,642	-	343,165
Depreciation	-	1,420	-	3,421	206	3,700	-		-	8,747
Disposal/Write-offs	-	-	(22,416)	(244,022)	(20,600)	(5,299)	-	(24,642)	-	(316,979)
December 31, 2018	-	10,346	-	11,204	260	13,123	-	-	-	34,933
Net book values	-	-	-	-	-	-	-	-		-
December 31, 2018	13,000	46,478	2,317	13,327	254	9,249	2,543	-	52,177	139,345
December 31, 2017	13,000	47,898	1	17,312	490	12,949	2,543	-	-	94,193

18. Investment Properties

Non-current assets at fair value

	2018 $'000	Restated 2017 $'000
Opening balance at 1 January	820,000	815,275
Net Gain from fair value adjustments	72,500	4,725
Closing balance at 31 December	892,500	820,000

Investment properties include the Group's interest in freehold land held by Jonepar Development Limited, a related party, amounting to $ 72.5 million (2017: $60 million). The properties were valued by independent valuators, Allison Pitter & Company as at December 31, 2018, who estimated a value of $ 892.5 million (2017: $820 million). This is categorised as level 3 in the fair value hierarchy.

The Group has leased its investment property to Exodus Gaming and Entertainment Limited (Exodus) for an initial period of fifteen years commencing on August 11, 2015 with an option to renew the lease for a further fifteen years.

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

Rental income of $ 24 million (2017: $19.4 million) was earned from investment properties for the current reporting period. Direct operating expenses incurred during the year in relation to investment properties amounted to $ 3.36 million (2017: $5.6 million).

The following table analyses the investment properties carried at fair value, by valuation method.

Fair value at December 2018 $'000	Fair value at December 2017 $'000	Valuation Technique (s)	Unobservable inputs	Range of unobservable inputs (Probability-weighted average)	Relationship of unobservable inputs to fair value
892,500	820,000	The combination of two methods to value a certain piece of investment properties namely: the market comparison approach and the investment approach. In establishing the market value for the other investment property, the appraiser combined the market comparison approach with a 'residual' approach	The net rents are further reduced by a provision for letting delays and voids throughout the life of the investment. A capitalization rate in the order 7% to 9 % is used. This is based on yields extracted from past sales for real property in the subject use class. Discount rates as per investors' expectations in the market currently, are assessed in the range of 5.5% to 7.0% for similar USD yielding real estate investments.	• 3 - 5% • 7%-9% • 5.5%-7.0%	The estimated fair value would increase/(decrease) if: Expected yield, discount, inflation and foreign exchange rates used changes. Any variations in actual development costs including in developers profit percentage.

Supreme Ventures Limited
Notes to the Separate Financial Statements
31 December 2018
(expressed in Jamaican dollars unless otherwise indicated)

19. Goodwill and 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	$'000	$'000	$'000
Cost									
December 31, 2016	86,781	446,212	80,558	189,953	803,504	13,649	-	189,953	203,602
Business acquisition (note 39)	1,019	-	-	-	1,019	-	-	-	-
Additions	18,132	501	-	-	18,633	1,307	121	-	1,428
December 31,2017	105,932	446,713	80,558	189,953	823,156	14,956	121	189,953	205,030
Additions	8,883	3,845	-	-	12,728	670	20	-	690
Adjustments	(9,370)	-	-	-	(9,370)	(9,370)	-	-	(9,370)
December 31,2018	105,445	450,558	80,558	189,953	826,514	6,256	141	189,953	196,350
Accumulated Amortisation									
December 31, 2016	73,676	35,787	48,336	-	157,799	10,223	-	-	10,223
Amortisation	7,893	13,746	8,056	-	29,695	1,568	-	-	1,568
Adjustments	-	318,107	-	-	318,107	-	-	-	-
December 31,2017	81,569	367,640	56,392	-	505,601	11,791	-	-	11,791
Amortisation	11,396	13,829	8,056	-	33,281	1,916	23	-	1,939
Adjustments	(9,370)	-	-	-	(9,370)	(9,370)	-	-	(9,370)
December 31,2018	83,595	381,469	64,448	-	529,512	4,337	23	-	4,360
Carrying values									
December 31, 2018	21,850	69,089	16,110	189,953	297,002	1,919	118	189,953	191,990
December 31, 2017	24,363	79,073	24,166	189,953	317,555	3,165	121	189,953	193,239

19. Goodwill and Intangible Assets (Continued)

(a) Licences

Licences include Video Lottery Terminal (VLT) licences for certain gaming lounge operations which were previously considered to have an indefinite useful life and were assessed for impairment annually. Due to a shift in the strategic approach to managing the VLT lounges and changes in the regulatory environment, management has appropriately adjusted its identification of the cash generating unit to each VLT lounge and not the VLT lounge operations as a whole. On this basis, an impairment loss of nil (2017 - $318,107,000) has been recognised on all inactive licences for VLT lounges not currently in operation. Management has determined that the remaining licence, at December 31, 2016, has an estimated useful life of 5 years based on the maximum tenure stated in the Betting, Gaming and Lotteries Act. The impairment test was carried out by comparing the recoverable amount, as determined based on value in use calculations, with the carrying value of the assets and licences assigned to these operations. Revenue growth was projected for the next seven (7) years and the recoverable amount was determined to be higher than its carrying amount and no impairment loss was recognised. The seven (7) year period was used because the VLT operations are in an investment phase and the next three (3) years are projected to yield volatile results.

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

	The Group	
	2018	**2018**
Pre-tax Discount rate	18.7%	22.8%
Terminal value growth rate	4.0%	4.0%
Budgeted EBITDA growth rate in terminal year	4.0%	5.0%

(b) Software usage rights

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

(c) The amortisation of computer software, trademarks and licences and software usage rights is included in operating expenses (note 11).

(d) Goodwill

	The Group and the Company	
	2018	**2017**
	$'000	**$'000**
Goodwill	189,953	189,953

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

Management has determined that goodwill at December 31, 2018 is not impaired based on an assessment of the recoverable amount of the CGU. The recoverable amount of the CGU was determined based on value-in-use calculations. Revenue growth was projected for the next seven (7) years and the recoverable amount was determined to be higher than its carrying amount and no impairment loss was recognised. A five (5) year projection would not have affected management's assessment.

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

	The Group and the Company	
	2018	**2017**
Pre-tax discount rate	22.2%	20.8%
Terminal value growth rate	3.0%	2.0%
Budgeted EBITDA growth rate in terminal year	3.0%	2.5%

20. Long-Term Receivables

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
(a) Island Holdings Limited	30,274	30,899	-	-
Supreme Ventures Racing & Entertainment	-	-	344,621	-
	-	30,899	344,621	-
Less: Current portion	(1,117)	(1,117)	-	-
	29,157	29,782	344,621	-

(a) Island Holdings Limited (IHL)

On April 27, 2015, IHL purchased the shares of Exodus Gaming and Entertainment Limited (Exodus), which was incorporated by PSJL on February 20, 2015, for US$300,000. Payment of the sale proceeds commenced on February 1, 2016, and is to be paid in 121 instalments of US$750 per month for the first five years and US$1,500 for the next five years with a final lump sum payment of US$165,000. No interest is charged on the outstanding balance, but overdue payments attract interest at twelve (12) percent per annum from the due date of payment until the past due amount is settled.
As the receivable is interest-free it has been re-measured in accordance with IAS 39, with interest being imputed based on an appropriate market rate. The imputed interest is being amortised over the repayment period and the amount shown is net of the unamortised discount of $3.7 million (2017: $4.3 million) at the reporting date using the effective interest method.

The balance outstanding is secured by a charge on the shares in Exodus. The sale agreement also requires an option to purchase in which IHL or its nominee was granted an option to purchase at an option price of US$1.00, PSJL's interest in Jonepar Development Limited and a licence agreement permitting IHL or its nominee to use lands owned by Jonepar for parking purposes (note 18).

21. Other Investments

This represents cash invested by the Group to fund prize liabilities associated with the PayDay game. The Group has contracted with a licensed security dealer to act as the investment manager and paying agent to fulfil the prize liability stream consequent on PayDay wins. At the reporting date, the sums were invested in a resale agreement, the fair value of underlying securities of which was $18,879,100 (2017: $19,794,600).

22. Deferred Tax Asset

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets	203,530	166,180	3,110	5,478

Deferred taxation is attributable to the following:

(a) Group

	2018	**2017**
	$'000	**$'000**
Property and equipment	48,856	70,294
Investment properties	13,551	16,893
Intangible assets	(2,054)	(3,168)
Trade and other receivables	(2,430)	(2,238)
Trade and other payables	17,002	18,166
Finance lease	-	-
Tax losses	144,391	63,438
Other	(15,786)	2,795
Net asset	203,530	166,180

(i) Net deferred tax is recognised in the Group Statement of Financial Position, as follows:

	2018	**2017**
	$'000	**$'000**
Deferred tax assets in Company	3,110	5,478
Deferred tax assets in subsidiaries	200,420	160,702
Deferred tax assets	203,530	166,180

22. Deferred Tax Asset (Continued)

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

	2018		
	Balance at January 1	**Recognised in profit/loss**	**Balance at December 31**
	$'000	**$'000**	**$'000**
Property and equipment	70,294	(21,438)	48,856
Investment properties	16,893	(3,342)	13,551
Intangible assets	(3,168)	1,114	(2,054)
Trade and other receivables	(2,238)	(192)	(2,430)
Trade and other payables	18,166	(1,164)	17,002
Tax losses	63,438	80,953	144,391
Other	2,795	(18,581)	(15,786)
Total	166,180	37,350	203,530

	2017		
	Balance at January 1	**Recognised in profit/loss**	**Balance at December 31**
	$'000	**$'000**	**$'000**
Property and equipment	37,158	33,136	70,294
Investment properties	16,281	612	16,893
Intangible assets	(7,751)	4,583	(3,168)
Trade and other receivables	134	(2,372)	(2,238)
Trade and other payables	954	17,212	18,166
Tax losses	71,456	(8,018)	63,438
Other	(787)	3,582	2,795
Total	117,445	48,735	166,180

(b) Company

	2018	**2017**
	$'000	**$'000**
Property and equipment	4,806	3,728
Trade and other receivables	(1,825)	(2,089)
Trade and other payables	-	574
Unused tax losses	-	3,555
Other	129	(290)
Net asset	3,110	5,478

22. Deferred Tax Asset (Continued)

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

		2018	
	Balance at January 1	**Recognised in profit/loss**	**Balance at December 31**
	$'000	**$'000**	**$'000**
Property and equipment	3,728	1,078	4,806
Trade and other receivables	(2,089)	264	(1,825)
Trade and other payables	574	(574)	-
Unused tax losses	3,555	(3,555)	-
Other	(290)	419	129
Total	5,478	(2,368)	3,110

		2017	
	Balance at January 1	**Recognised in profit/loss**	**Balance at December 31**
	$'000	**$'000**	**$'000**
Property and equipment	3,198	530	3,728
Trade and other receivables	(1,151)	(938)	(2,089)
Trade and other payables	117	457	574
Unused tax losses	-	3,555	3,555
Other	21	(311)	(290)
	2,185	3,293	5,478

23. Inventories

	The Group	
	2018	**2017**
	$'000	**$'000**
Pin codes	112,798	179,697
Operational inventory	16,024	15,042
Food and beverage	2,267	2,722
	131,089	197,461

The cost of inventories recognised as direct expense during the year for the Group was $9.2 billion (2017: $9.1 billion).

24. Trade and Other Receivables

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables (Note a)	804,053	1,014,058	-	-
Less: provision for credit losses	(417,224)	(408,245)	-	-
	386,829	605,813	-	-
Other receivables and prepayments	412,472	387,131	49,388	13,273
Accrued interest	6,032	8,168	3,482	7,575
	805,333	1,001,112	52,870	20,848

(a) Included in trade receivables are amounts of $ 733 million (2017: $935 million) representing amounts receivable from agents that support lottery and sports betting sales.

25. Assets Held for Sale

In October 2017, the Group committed to sell a property along with leasehold improvements and selected furniture and fixtures. The details of the assets transferred were as follows:

	2018	**2017**
	$'000	**$'000**
Freehold buildings	-	90,512
Leasehold improvements	-	1,411
Furniture and fixtures	-	87
	-	92,010

26. Short-term Investment

As a condition of the loan granted (Note 32), the company was required to maintain a minimum cash balance of nil (2017 -$100 million). This was to be held in a deposit account with Sagicor Bank Jamaica Limited, at a minimum deposit rate of 2% per annum. During 2018, the Group negotiated with Sagicor Bank Jamaica to set off the $100 million against the outstanding loan and was no longer required to hold any deposit securing the remaining portion of the loan.

27. Cash and Cash Equivalents

	The Group		The Company	
	2018	2017 Restated	2018	2017
	$'000	$'000	$'000	$'000
Cash in hand and at bank	2,481,051	1,995,968	22,405	69,701
Certificate of deposits	251,134	381,172	36,632	38,168
Resale agreements	247,339	63,610	-	-
	2,979,524	2,440,750	59,037	107,869

(a) As at December 31, 2018, the fair value of the underlying securities of resale agreements amounted to $251,469,000 (2017: $70,593,000).

(b) Restricted cash includes the following:

(i) An amount of $20 million (2017: $20 million), which is the minimum regulatory requirement to fund the Lucky 5 and Top Draw game, was set aside as a reserve by Prime Sports (Jamaica) Limited (PSJL), a subsidiary;

(ii) As a condition of its lottery licence, PSJL is required to establish a dedicated bank account into which funds are deposited to ensure that on a continuous basis throughout the term of the licence, the credit balance on that account is not less than 100% of the aggregate amount of its liabilities, which include prize liabilities, fees payable to BGLC, gaming taxes payable to the Government of Jamaica and contribution to CHASE Fund. At the reporting date, the balances in the dedicated bank accounts totalled $1.09 billion (2017: $809 million), which is in excess of the reserve requirement of $419 million (2017: $322.6 million);

(iii) An amount of $ 5.8 million (2017: $5.8 million) is restricted to facilitate a guarantee issued in favour of Jamaica Public Service Company Limited for the provision of electricity services.

(iv) Cash and cash equivalents include $38.2 million, which represents restricted funds. These monies are managed by Supreme Ventures Racing & Entertainment Limited on behalf of racehorse owners and are used to claim/buy horses from other owners.

28. Prize Liabilities

	The Group	
	2018	2017
	$'000	$'000
Local lottery games ((a) below)	232,682	221,508
Multi-jurisdictional lottery game ((b) below)	261,246	140,958
Horse-racing Dividends	58,525	32,364
Sports Betting	6,950	5,950
	559,403	400,780

(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 $61 million (2017: $37 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, Barbados, Bermuda, Jamaica, St. Kitts and Nevis, St. Maarten, United States Virgin Islands, Dominican Republic (up to February 27, 2015) and Paraguay (since April 7, 2014). 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.

29. Trade and Other Payables

	The Group		The Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Trade payables	1,148,201	810,834	-	-
Service contractor fees	375	118,343	-	-
Contributions payable to CHASE Fund	-	106,513	-	-
Contributions payable to the BGLC	49,302	62,401	-	-
Contributions payable to the JRC	-	2,194	-	-
Government taxes payable	66,466	67,969	-	-
Other payables and accruals	672,704	447,412	133,027	77,495
	1,937,048	1,615,666	133,027	77,495

30. Share Capital

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

	2018	2017
	$'000	$'000
Stated capital:		
2,637,254,926 ordinary stock units, issued and fully paid	1,967,183	1,967,183

31. 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.

32. Long-term Payables

	The Group		The Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
(a) Due to IGT	-	7,597	-	-
(b) PayDay prize liability	17,152	18,852	-	-
(c) Loans payable	143,288	380,934	143,288	380,934
	160,440	407,383	143,288	380,934
Less: current portion	(80,804)	(130,512)	(80,804)	(122,129)
	79,636	276,871	62,484	258,805

(a) This represents the balance on a loan facility provided by IGT, being the cost of certain VLT equipment acquired in the previous year. The loan is interest-free and repayable in twenty-four (24) equal monthly instalments of US$6,735. The loan was fully repaid during the year.

(b) PayDay prize liability represents the present value of a monthly prize annuity of $150,000 due and payable for twenty (20) years, expiring October 25, 2036. It is stated net of an unamortised discount of $14 million (2017: $15 million).

(c) Loans payable represents the balance on a credit facility of $650 million from Sagicor Bank Jamaica Limited, to support the Group's acquisition of the Caymanas Track operations (note 39). The loan facility includes a moratorium of 12 months on principal payments, with interest accruing at a rate of 7.5% (2017:9%) per annum, for five (5) years.

33. Finance Lease Obligations

The Group has currently has three (3) finance lease agreements as follows:

(i) For the lease of Caymanas Park.
(ii) For the lease Horseracing Tote system (Amtote)
(iii) Entertainment space ay Sabina Park

Obligations under finance lease obtained during the year are as follows:

	2018 $'000	2017 $'000
Minimum payments –		
Not later than one year	21,904	-
Later than one year and not later than five years	1,135,122	1,032,058
	1,157,026	1,032,058
Less: Future finance charges	(717,155)	(716,346)
	439,871	315,712
The present value of finance lease liabilities is as follows:		
Not later than one year	16,287	-
Later than one year and not later than five years	423,584	315,712
	439,871	315,712

34. Investment in Subsidiaries

	The Company	
	2018	2017
	$'000	$'000
Prime Sports (Jamaica) Limited	1,938,651	1,938,651
Supreme Ventures Racing and Entertainment Limited	150,000	150,000
Big 'A' Track 2003 Limited	5,760	5,760
Transtel Jamaica Limited	1	1
	2,094,412	2,094,412

35. Related Party Transactions and Balances

		The Company	
		2018	**2017**
		$'000	**$'000**
(a)	Long term receivables – Supreme Ventures Racing and Entertainment Limited	344,621	-
(b)	Due from subsidiaries:		
	Prime Sports (Jamaica) Limited		123,961
	Supreme Ventures Racing and Entertainment Limited	54,067	344,621
	Big 'A' Track 2003 Limited	525	-
	Supreme Venture Guyana Holdings Incorporated	131,509	-
		186,101	468,582
(c)	Due to subsidiary		
	Prime Sports (Jamaica) Limited	2,686	-
	Big 'A' Track 2003 Limited	-	2,803
		2,686	2,803

(i) Identity of related parties

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

(ii) Trading transactions with related parties

Prime Sports (Jamaica) Limited is provided with technical services by a former related entity (at December 31), Intralot S.A., its affiliates and subsidiaries. Intralot receives a fee based on agreed percentages of net revenues for its other services.

(iii) The consolidated and company income statements include the following transactions with related parties:

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Subsidiaries -				
Management fees	-	-	526,063	484,926
Interest income	-	-	13,785	-
Dividend income	-	-	2,342,788	1,517,000
Other related parties -				
Interest and other income earned	32,641	-	-	-
Other expenses	56,007	160,514	-	39,570

35. Related Party Balances and Transactions (Continued)

(d) Compensation of key management personnel

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

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Management remuneration	305,593	271,412	109,451	116,496
Post-employment benefits	4,722	4,397	-	-
	310,315	275,809	109,451	116,496

(e) The following have been charged in arriving at profit before income tax:

	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Directors' emoluments -				
Management remuneration	88,170	116,496	88,170	116,496
Pension contributions	8,041	20,055	8,041	504

(f) Professional fees paid to directors for services rendered during the year aggregated $ 102.94 million (2017: $79.49 million) for the Group and the Company.

(g) Provisions or write-offs

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

36. Operating Lease Arrangements

(a) As lessor
At December 31, the future minimum lease receivables are as follows:

	The Group	
	2018	**2017**
	$'000	**$'000**
Within 1 year	24,492	23,202
Between one and five years	100,948	97,540
More than five years	210,868	203,862
	336,308	324,604

During the year, minimum lease income of $23,811,365 (2017: $22,546,362) was recognised.

36. Operating Lease Arrangements (Continued)

(b) As lessee

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

Minimum operating lease rental commitments are as follows:

	2018	2017
	$'000	$'000
Lease expense	125,359	122,897
Sub-lease income	(12,731)	(20,768)
	112,628	102,129

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

(c) As lessor

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

	The Group	
	2018	2017
	$'000	$'000
Within 1 year	112,074	47,312
Between one and five years	139,541	83,534
More than five years	32,794	-
	284,409	130,846

37. Distributions

(a) Distributions

		2018 $'000	2017 $'000
Final dividend for 2016 paid March 27, 2017	9¢	-	237,353
First interim dividend paid May 31, 2017	14¢	-	369,216
Second interim dividend paid September 8, 2017	16¢	-	421,961
Third interim dividend paid December 4, 2017	14¢	-	369,216
Special dividend paid December 4, 2017	18¢	-	474,705
Final dividend for 2017 paid March 23, 2018	12¢	316,470	-
Special dividend paid March 23, 2018	8¢	210,980	-
First interim dividend paid June 1, 2018	21¢	553,824	-
Special dividend paid June 1, 2018	9¢	237,353	-
Second interim dividend paid August 20, 2018	15¢	395,588	-
Third interim dividend paid November 23, 2018	16¢	421,961	-
		2,136,176	1,872,451

(b) Proposed

At a meeting of the Board of Directors held on February 21, 2019, a dividend of 17 cents per share was declared.

38. Contingencies and Commitments

(a) Contingencies – litigations

Epsilon Global Equities:

On December 15, 2008 a civil suit was filed by Epsilon Global Equities Limited (Epsilon) citing as defendants the Company and its founding stockholders. The matter was decided in 2011, with a judgement in favour of the stockholders and the Company. Epsilon appealed the judgement. The appeal was heard in April 2015. It was expected that the Court would have given its decision by April 30, 2018. The attorneys representing the Company expect to succeed and that the appeal will not result in a financial liability to the Company.

Talisman Capital Alternative Investment Fund and EGE Limited:

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

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

The attorneys representing SVL expect SVL's position to be upheld by the Appeal Court.

(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 greater than $500 million, and PSJL will accordingly be treated as having $500 million of stockholders' equity for the purpose of the condition of the BGLC licence that refers to stockholders' equity. Accordingly, BGLC will hold the Company responsible and liable for any breaches of the licence by its subsidiary, PSJL.

(c) Contingencies - Prime Sports (Jamaica) Limited

In accordance with the requirements of the Betting, Gaming and Lotteries Act granting a Bookmaker's permit to Prime Sports (Jamaica) Limited (PSJL), a performance bond guarantee arrangement was executed with The Bank of Nova Scotia Jamaica Limited (BNS) for an amount of $12.6 million. Under the said performance bond covering the period June 24, 2018 to June 24, 2023, BNS would pay on demand any sums which may from time to time be demanded by the BGLC up to a maximum aggregate sum of $12.6 million. The bank guarantee is secured by a hypothecated term deposit in the amount of $12.6 million.

38. Contingencies and Commitments (Continued)

(d) Contingencies - Super Lotto Jackpot Liability

As required under Condition 7 attached to the approval granted by the BGLC to promote the multi-jurisdictional game, 'Super Lotto', the Company, as the applicant, has made arrangements for a stand-by financing facility of $600 million from BNS. Under the said stand-by facility, which is renewable annually, BGLC has been identified as the beneficiary in order to ensure that a Super Lotto jackpot winner in Jamaica is settled with the prize money and also to ensure that the necessary taxes on such a prize payment are settled with the revenue authorities in Jamaica.

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

In accordance with conditions attached to the lottery, sports betting and VLT licences granted by the BGLC, annual licence fees aggregating $45.7 million (2017: $45.8 million) fall due for payment each year.

(f) Capital commitments

	The Group	
	2018	**2017**
	$'000	**$'000**
Machinery and equipment	-	-
Leasehold improvements	-	10,107
Furniture, fixtures, machinery and equipment	25	9,543
Signs and posters	-	-
Computer equipment	1,238	3,209
Computer software	3,310	1,237
Work-in-progress	6,163	774
	10,736	24,870

(g) Sponsorship commitments

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

	The Group	
	2018	**2017**
	$'000	**$'000**
2018	-	42,000
2019	57,050	-
2020	6,550	-
	63,600	42,000

38. Contingencies and Commitments (Continued)

(h) Contingent commitment

The Group has a commitment to develop and modernize the Caymanas Park, which involves the following outlays:

Milestone	Implementation period from commencement date	$'000
Phase 1	Within two (2) years	200,000
Phase 2	Between year three (3) and year (5)	300,000
		500,000

If the Group fails to implement any milestone by the relevant deadline, the Group shall deposit with CTL the amount allocated for the achievement of said milestone and CTL shall hold the funds in escrow in a commercial bank in Jamaica provided that:

(a) If milestone is later achieved or replaced as agreed by the Group and GOJ's Project Monitoring Committee, the funds together with interest thereon shall be returned to the Group; or

(b) If the lease is terminated without the achievement of said or replaced Milestone, CTL shall be entitled to retain the funds together with interest thereon.

39. Acquisition of Horse-Racing Business

On March 15, 2016, the Company was selected by the Government of Jamaica (GOJ) as the preferred bidder for the acquisition of the horse-racing, simulcast horse-racing promotion and pari-mutuel pool operations of Caymanas Track Limited (CTL). On February 10, 2017, the Company, its nominee subsidiary, Supreme Ventures Racing & Entertainment Limited (SVREL), the GOJ and CTL, signed an agreement (Agreement) for SVREL to acquire CTL's operations, which provides for:

- The purchase of chattels owned by CTL;
- The assignment of CTL Logo to SVREL; and
- A thirty (30) year renewable lease of CTL's property, extendable at the option of SVREL, or its assignee, for a further term of thirty (30) years.

The commencement date of the acquisition, the assignment and the lease was March 7, 2017.

Since the date of acquisition, the horse-racing operations has contributed revenue of $4.8 billion and attributable post-acquisition loss of $204.8 million to the Group's results in the period to December 31, 2017. If the acquisition had occurred on January 1, 2017, management estimates that revenue from horse-racing operations would have been $ 5.8 billion, and loss for the year would have been $ 245.7 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on March 7, 2017.

39. Acquisition of Horse-Racing Business (Continued)

The following summarises the fair value of the identifiable assets and liabilities recognised by the Group at the date of acquisition:

(i) Identifiable assets acquired

	2017
	$'000
Inventories	9,337
Property and equipment	606,035
Intangible assets	1,019
	616,391
Consideration transferred:	
Cash	305,752
Finance lease obligation	306,703
Contingent liabilities	-
Gain on acquisition	3,936

(ii) Cash flow on acquisition

	2017
	$'000
Total cash transferred, being net cash used on acquisition	305,752

(iii) Acquisition-related costs

In 2017 The Group incurred acquisition-related costs of $ 13.5 million of which $8.3 million was incurred by the Company. These costs have been included in professional fees expenses' in profit for the prior period.

39. Acquisition of Horse-Racing Business (Continued)

(iv) The fair value of certain material asset categories was established as follows:

1. Property and equipment:

   The value of leased property was the lower of the fair value of the leased asset and present value of the minimum lease payments. The value of equipment was assessed through cost techniques, specifically the depreciated replacement cost methodology to account for physical deterioration as well as functional and economic obsolescence.

2. Intangible assets:

   The value of trademark and acquired contracts was assessed through market benchmarking information provided by independent data specialists/through the multi-period excess earnings method, performed by a qualified independent valuator/using the incremental cash flow method.

(v) Bargain purchase

The consideration of $612,455,000 is less than the net assets of the business of $616,391,000 thereby resulting in a gain of $3,936,000, recognised in the statement of profit and loss and other comprehensive income.The bargain purchase has resulted from the application of measurement principles in accordance with IFRS 13.

Supreme Ventures Limited

Notes to the Financial Statements

31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

40. Net Debt Reconciliation

	Group			Company		
	Finance leases $'000	**Loan liabilities $'000**	**Total $'000**	**Finance leases $'000**	**Loan Liabilities $'000**	**Total $'000**
Net debt as at 1 January 2017	(300,013)	-	(300,013)	-	(380,934)	(380,934)
Cash flows				-	-	-
Addition	(24,509)	(380,934)	(405,443)	-	-	-
Foreign exchange adjustment	8,810	-	8,810	-	-	-
Net debt as at 31 December 2017	(315,712)	(380,934)	(696,646)	-	(380,934)	(380,934)
Addition	(132,842)	(35,031)	(167,873)	-	(17,878)	(17,878)
Repayment	11,144	237,647	248,791	-	237,647	237,647
Foreign exchange adjustment	(2,461)	-	(2,461)	-	-	-
Interest paid	-	17,878	17,878	-	17,878	17,878
Net debt as at 31 December 2018	(439,871)	(160,440)	(600,311)	-	(143,287)	(143,287)

41. Changes in Accounting Policies

This note explains the impact of the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue Recognition on the group's financial statements.

(a) Impact on financial statements

The group has adopted IFRS 9 and IFRS 15 for the financial year ended 31 December 2018 which resulted in a change in the group's accounting policies. As explained in note 2, IFRS 9 and IFRS 15 were generally adopted without restating comparative information. The reclassifications and adjustments arising from the new impairment rules are therefore not reflected in the statement of financial position at 31 December 2017, but are recognised in the opening statement of financial position on 1 January 2018.

(b) IFRS 9 Financial instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, de-recognition of financial instruments and impairment of financial assets.

The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 2 above. In accordance with the transitional provisions in IFRS 9 (7.2.15) and (7.2.26), comparative figures have not been restated.

There was no impact on the group's retained earnings as at 1 January 2018. In addition there are no changes to the classification of financial assets under IFRS 9.

41. Changes in Accounting Policies (Continued)

(c) Impairment of financial assets

The group has two types of financial assets that are subject to IFRS 9's new expected loss credit loss model specifically:

- trade receivables, and
- long term receivables.

In addition the parent has due from related party balances, long term receivables and trade receivables that are subject to IFRS 9's new expected loss credit loss model.

The group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. There was no material impact to the opening retained earnings and equity associated with this change.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. This resulted in an immaterial increase of the loss allowance on 1 January 2018.

(d) IFRS 15 Revenue Recognition

IFRS 15 replaces the provisions of IAS 18 that relate to revenue recognition. IFRS 15 introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price.

The adoption of IFRS 15 Revenue Recognition from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The accounting policies under IAS 18 and IFRS 15 are set out in note 2 above. In accordance with the transitional provisions in IFRS 15, comparative figures have not been restated.

There was no material impact on the group's retained earnings as at 1 January 2018.

Reconciliation of Contract Liabilities

	2018
	$'000
Reclassified from Trade and other payables	1,150
Additions during the year	3,414
Amount recognized as revenue	(1,150)
Ending balance	3,414

	2018
	$'000
Revenue recognised that was included in the contract liability balance	
Lucky 5	91
Top Draw	88
Lotto	467
Super Lotto	504
	1,150

Disaggregation of revenue

There are no material unsatisfied performance obligations at year end.

42. Restatement

A restatement was made to the Group's financial statements for the year ended 31 December 2017. The effect of the restatement is as follows:

(a) Revenue classification

Prior to 2018, the company classified all gross proceeds from ticket sales as revenue which was in contravention with IAS 39 which mandates that proceeds for fixed odds wagering games should not be recognised as revenue as this is out of the scope of the revenue standards . The amounts should be recoded net of prize payouts as other revenue. As a result the prior year presentation of revenue and other revenue had to be restated to the presentation for 2018 and to be in full compliance with IFRS. This restatement only affected the presentation of the income statement and did not affect the profit figures the previous year or any other years.

(b) Reversal of impairment of investment property

Valuations done at the end of 2018 indicated that a decrease in fair value of $196,976,000 recognized in 2017 was not supported. The valuations indicated that instead a small gain of $4,726,000 should have been recorded instead. A restatement of 2017 figures was done to reverse the decrease in fair value and recognizing the gain.

(c) Reclassification of items on income statement

A few items in the income statement were reclassified to conform with the new 2018 presentation.

The effects of the restatements on the Statement of Comprehensive Income and Statement of Financial Position are as follows:

42. Restatement (Continued)

	As previously reported 2017 $'000	Restatement of investment property $'000	Fixed odd wagering games adjustment $'000	Reclassification $'000	As restated $'000
Revenue	56,186,633	-	(26,505,806)	-	29,680,827
Cost of sales/Direct Expenses	(50,558,111)	-	26,483,897	-	(24,074,214)
Gross profit	5,628,522	-	(21,909)	-	5,606,613
Selling, general and admin/Operating expenses	(3,620,635)	196,976	-	-	(3,423,659)
Profit from operations	2,007,887				
Selling, general and admin expenses					
Other income	-	-	-	237,659	237,659
Other gains	124,755	-	-	(124,755)	-
Interest income	90,995	-	-	(90,995)	-
Net foreign exchange gain	628	-	-	(628)	-
Net impairment losses on intangible assets	(318,107)	-	-	-	(318,107)
Operating Profit	-	-	-	21,281	2,102,506
Finance costs	(61,491)	-	-	628	(60,863)
Revaluation gain in investment properties	-	4,726	-	-	4,726
Profit before taxation	1,844,667	201,702	(21,909)	21,909	2,046,369

	As previously reported $'000	Adjustment to Investment property $'000	Restated 2017 $'000
Non-Current Assets			
Investment properties	618,299	201,701	820,000
Total assets	6,175,160	201,701	6,376,861
Retained earnings	1,091,556	201,701	1,293,257
Equity	3,121,225	201,701	3,322,926

PROXY FORM

I/we ____

of ____

being a Member/Members of the Company, Supreme Ventures Limited, hereby appoint

____________________________ of ________________________

____ as my/our Proxy

To vote on my/our behalf at the Annual General Meeting of the Company, to be held at The Spanish Court Hotel, 6 Worthington Avenue, Kingston 10, Jamaica, West Indies, on Monday, 27th May 2019 at 10:00 a.m. and at any adjournment thereof.

Dated the ____________________ day of __________________ 20

Signed____

NOTES:

1. This Form of Proxy must be received by the Secretary of the Company at 9A Retirement Crescent, Kingston 5, Jamaica, W.I., not less than 48 hours before the time appointed for the meeting.

2. This Form of Proxy should bear stamp duty of J$100.00 or its equivalent. Adhesive stamps are to be cancelled by the person signing the Proxy.

3. If the person appointing a Proxy is a Corporation, this Form of Proxy must be executed under the Common Seal or under the hand of an officer or attorney duly authorized in writing.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting of Supreme Ventures Limited will be held at **The Spanish Court Hotel (Valencia T Suite), 16 Worthington Avenue, Kingston 10**, Jamaica, West Indies, on **Monday, 27th May 2019** at 10:00 a.m. to consider and if thought fit pass the following Resolutions:-

ORDINARY RESOLUTIONS

1. Audited Accounts

"That the Audited Accounts for the year ended 31st December 2018 and the Reports of the Directors and Auditors, circulated with the NOTICE convening the Meeting be and are hereby adopted."

2. Interim Dividends

To approve and ratify interim dividends:

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

a) "**THAT** the interim dividends paid of twenty-one (21) cents on 1st June 2018, fifteen (15) cents on 22nd August 2018, sixteen (16) cents on 23rd November 2018 and seventeen (17) cents on March 22, 2019, totalling sixty-nine (69) cents be and they are hereby declared as final."

b) "**THAT** the special dividends paid out of retained earnings of nine (9) cents paid on 1st June 2018 be and is hereby declared as final

c) "**THAT** both the interim and special dividends be and are hereby declared as final and that no further dividend be paid for the year under review."

3. Election of Directors

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

- **Ian Levy**
- **Ann-Dawn Young Sang**
- **Brent Sankar**
- **Ansel Howell**

i) "**THAT** Director Ian Levy, retiring pursuant to Articles 105 and 106 of the Articles of Incorporation, be and is hereby re-elected."

ii) "**THAT** Director Ann-Dawn Young Sang, retiring pursuant to Articles 105 and 106 of the Articles of Incorporation, be and is hereby re-elected."

iii) "**THAT** Director Brent Sankar, retiring pursuant to Articles 105 and 106 of the Articles of Incorporation, be and is hereby re-elected."

iv) "**THAT** Director Ansel Howell, retiring pursuant to Articles 105 and 106 of the Articles of Incorporation, be and is hereby re-elected."

(b) In accordance with Articles 103 of the Company's Articles of Incorporation, the following Director having been appointed since the last Annual General Meeting shall retire, and being eligible, offer himself for election:

- **Duncan Stewart**

(i) "**THAT** Mr. Duncan Stewart, retiring pursuant to Articles 103 of the Articles of Incorporation, be and is hereby elected."

4. Directors' Remuneration

(a) "**THAT** pursuant to Article 84 of the Company's Articles of Incorporation, the Directors remuneration shall be such an amount as the Board of Directors, or any appropriate Committee of the Board of Directors, may determine."

(b) "**THAT** the Directors be and are hereby empowered to fix the remuneration of the Executive Director(s)."

(c) "**THAT** the amount shown in the Accounts of the Company for the year ended 31st December 2018, as remuneration of the Directors for their services, be and is hereby approved."

5. Appointment of Auditors and their Remuneration

"**THAT**, Messrs. PwC, having signified their willingness to serve, be and are hereby appointed as Auditors of the Company until the conclusion of the next Annual General Meeting, at a remuneration to be agreed with the Directors"

A member of the Company, entitled to attend and vote, is entitled to appoint a Proxy to attend and vote in his stead, and a Proxy need not be a member.

If you are unable to attend the Meeting, a Form of Proxy is enclosed for your convenience. When completed, this Form should be deposited with the Secretary at 9A Retirement Crescent, Kingston 5, Jamaica, W.I., not less than 48 hours before the time appointed for the meeting. The Proxy Form should bear stamp duty of J$100.00 or its equivalent, before being signed. The stamp duty may be paid by adhesive stamps, which are to be cancelled by the person signing the Proxy.

DATED this 12th day of April 2019

BY ORDER OF THE BOARD

Lorna Gooden

COMPANY SECRETARY

Introducing The

Supreme Games App!

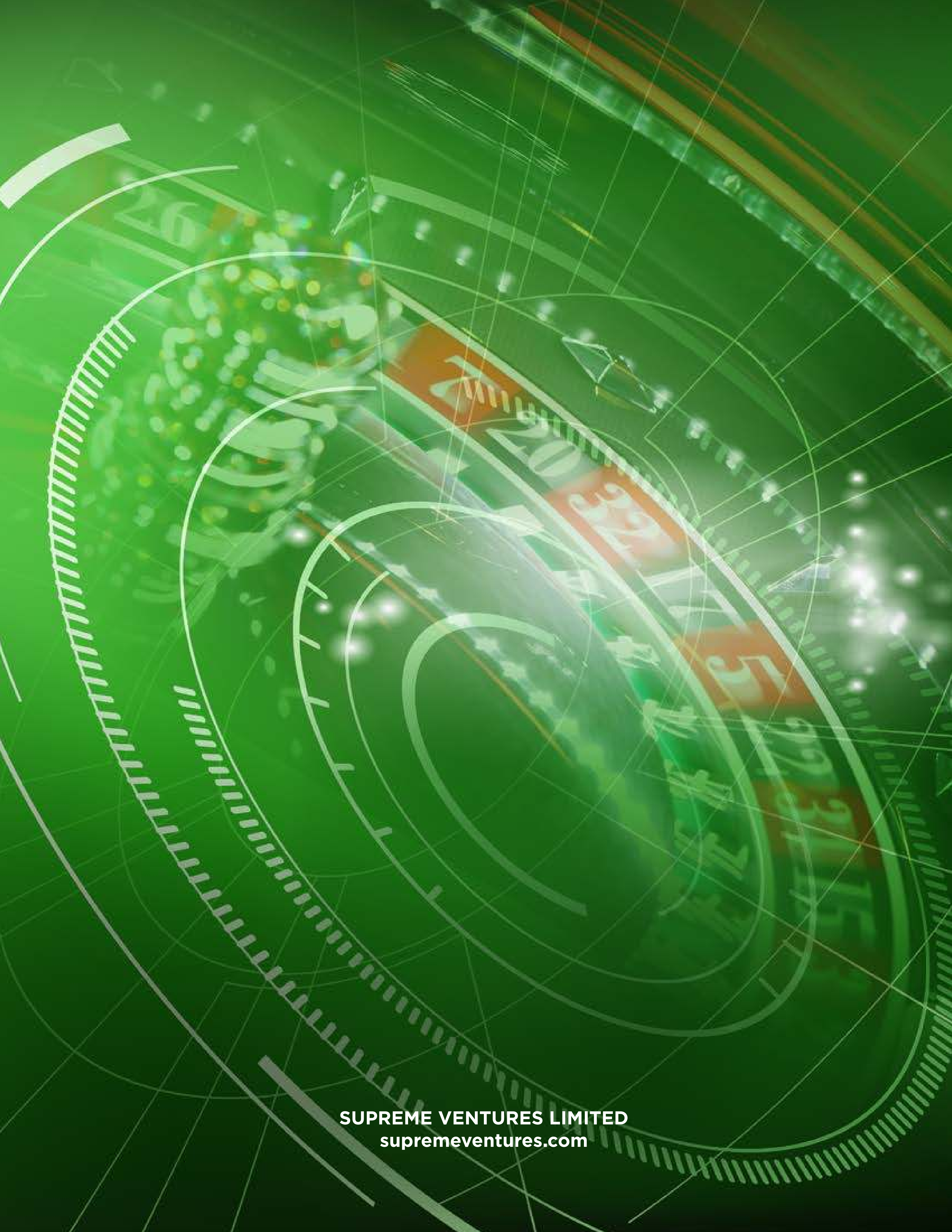
Now you can play the games you love right on your phone! Go to **www.supremegames.com**

Download **Register** **Play**

YOU WIN, YOUR WAY

Conditions Apply. Please game responsibly.
Call Toll Free: 888-787-7678 or info@supremegames.com

SUPREME VENTURES



SUPREME VENTURES LIMITED
supremeventures.com