

Supreme Ventures Limited maintained a positive outlook for Q3 2019 with strategic investment in infrastructure

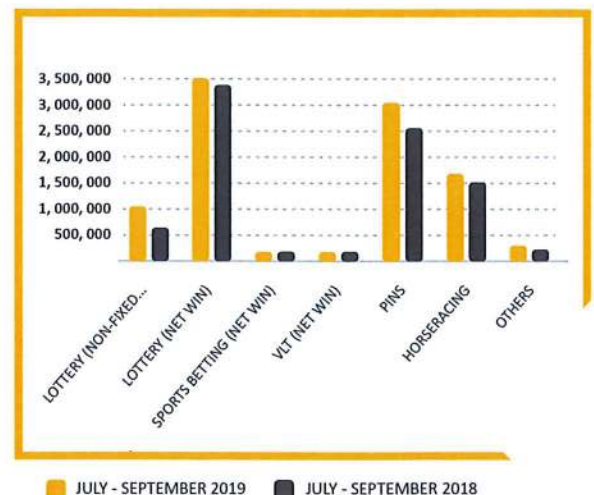
FINANCIAL PERFORMANCE

The Group's unaudited financial statements are presented for the nine months ending September 30, 2019.

The results for the quarter ending September 2019 reported \$526.53 million in profits, representing an increase of \$57.66 million or 12.3% when compared to the corresponding period in 2018. The results include the performance of the recently acquired operations of Post to Post Betting Limited of \$28.07 million, with profits allocated to non-controlling interests of \$13.76 million.

Total Gaming income and other revenue recorded a 16.2% increase of \$1.32 billion when compared to the corresponding period in 2018, while direct expenses of \$7.57 billion were 16% higher than prior year. Direct expenses exclude prizes paid for fixed odds wagering games as these are included in gaming income. Total gross ticket sales for the quarter amounted to \$14.2 billion, representing an increase of 26% over the corresponding period in 2018.

TOTAL GAMING INCOME & E-PINS



FOCUS PRIORITIES

The Group's performance for the period is attributed mainly to the continued focus on its strategic priorities, which include:

1. Revenue Growth – Most segments recorded positive growth for the quarter resulting in a 15% increase over prior period. Lotteries, PINs, Sports Betting and Horseracing recorded double digit increases whereas VLTs showed a marginal decline when compared to Q3, 2018.

2. Optimizing Cost Efficiencies – The increase in the Group's operating expenses of \$132.38 million include Post to Post Betting expenses of \$93.8 million and can be attributed to the activities associated with various initiatives to boost revenue as well as we continue to exercise due care in the management of the operating expenses.

3. Improved Segment Results – Overall segment results amounted to \$724 million for the quarter, an improvement of 9.85% when compared to Q3, 2018. This resulted in year to date segment improvement of 17.4% for the nine months ending September 2019.

Earnings per share for Q3, 2019 is 19.44 cents (2018: 17.78 cents).

GROUP ASSETS for the quarter amounted to **\$8.3 Billion** representing an increase of **\$1.7 Billion** or **25.5%** when compared to **December 31, 2018**.

2018 Total Assets \$6.6 Billion



2019 Total Assets \$8.3 Billion



The major increases are due to the acquisition of Post to Post Betting Limited and associated assets of \$942 million, capitalization of operating leases per IFRS 16, and the trade and other receivables. Major reductions in the assets were as a result of the payment of quarterly estimated taxes and dividends.

SEGMENT RESULTS

Revenues from the lottery games portfolio has continued its strong growth trend from the previous quarter with total gross ticket sales of \$12.8 billion, an increase of 18% over the corresponding period in 2018. Stimulated by the successful deployment of marketing and retail initiatives, all games recorded increases during the quarter led by Cash Pot, MoneyTime and Pick 4 games. The segment also recorded an increase by 12.9% in prizes being won by players versus prior year. This signals the increase in winners being generated and the resulting impact in the economy. The Lotto and Super Lotto games recorded an improvement in sales based on the carry forward jackpot from 2018. The Super Lotto jackpot was won during the quarter.

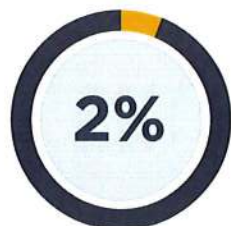
Sports Betting revenues includes Post to Post Betting results for the quarter.

The Horseracing segment recorded revenue growth of \$226 million or 15% when compared to Q3, 2018. This is a direct result of the major initiatives that were implemented earlier in the financial year. The segment incurred a loss for the quarter but has improved significantly over 2018 by 64%.

Pin codes revenues improved steadily during the quarter, with revenues of \$2.8 billion, an increase of 14.5% over Q3, 2018. This momentum is expected to continue based on the partnership initiatives with Digicel and Flow. The segment recorded positive results of \$29 million, an increase of 27% over Q3, 2018.

Sales on the mobile gaming app continued a path of steady growth from the previous quarter. Our number of registered subscribers increased by almost 20% during the quarter. Active subscribers also increased by over 27%.

Our Guyana operations launched its sports betting product and implemented English Racing simulcast for their growing customer base. The sports betting product is growing in popularity among gamers, and the company also activated its first set of 3rd party retail locations. The operations recorded a loss for the quarter of \$53.7 million. This is expected in keeping with start-up operations.



SPORTS BETTING



LOTTERIES



VLT ROUTE
& GAMING LOUNGE



HORSERACING



PINS

**Segment Revenue %
Contributions**

CORPORATE SOCIAL RESPONSIBILITY

This quarter the Supreme Ventures Foundation again hosted our annual Junior Creators Robotics Camp, providing a creative learning environment for children from the primary school system to broaden their minds and indulge their imaginations while learning the value of teamwork through the design, creation and operation of Lego and Robotic Engineering. This year, as part of our ongoing efforts to build and give back to the communities we serve, primary schools from areas around Caymanas Park, Independence City and Gregory Park were invited to participate in the camp along with schools in the corporate area.

The Foundation also donated to the Kind Hearts - Richard and Diana Stewart Foundation to enable a partnership with Food for the Poor to construct basic schools for children in vulnerable communities. The donations came from our staff as well as funds raised through participation in the 2019 Colour Me Run and went towards the building of the Foundation's eight primary school. The Creative Language-Based Learning Project 2019, a teaching program focused on raising the bar in the preparation of our teachers to better manage diverse classrooms and children with learning disabilities, benefitted from support from the SVF.

Back to School donations from our Foundation brought relief to children from the Jamaica National and Strathmore children's homes, Gregory Park and Naggo Head primary schools, as well as the CHANCE program that helps primary and high school students across Portmore.

The SVF's main mission in 2019 is to improve the levels of fire safety in children's homes are upgraded and that the staff and children are aware of actions to take in the event of fire. Four homes received an upgrade to their fire safety equipment, and training from the Fire Department as a result of the mandates of the Fire Safety MOU. Yadel Home for Girls in Old Harbour, Strathmore Children's Home in Spanish Town, Reddie's Place of Safety in Kingston and Homestead Place of Safety in Stony Hill St. Andrew all received upgrades to their fire safety system.

We have had an active and fulfilling quarter, helping those most vulnerable in our society and ensuring that we do our part to give back to Jamaica and the communities in which we work.

Highlights



SVG President & CEO, Ann-Dawn Young Sang, Supreme Ventures Foundation Director, Heather Goldson and Marvin Hall from Halls of Learning share the lens with the top four campers and scholarship awardees at the Supreme Ventures Foundation Junior Creators Robotics Camp closing ceremony on Friday, August 23.



Supreme Ventures Racing and Entertainment Limited (SVREL) General Manager, Lorna Gooden presents a packed school bag to State Minister in the Ministry of Education, Youth and Information, the Hon Alando Terrelonge, school chairman, Delroy Dobney and students during the donation event at Gregory Park Primary School recently.



Supreme Ventures Group Acting Planning and Activation Officer, Gabrielle Waite presents stationery items donated by the staff of Supreme Ventures Group to co-founders of the Kind Hearts Foundation Christina Hudson, Amanda Lechler and Timothy Stewart.



A team of 32 staff volunteers joined the Jamaica Environmental Trust and their massive clean-up team at the Palisadoes Go Cart Track on Saturday, September 21 to remove and record the garbage collected along Jamaica's shoreline under the theme "Big Up Wi Beach JA".

OUTLOOK

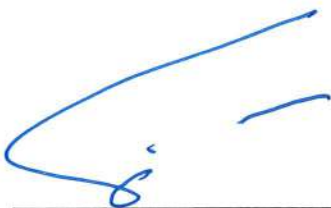
The third quarter of 2019 has been a largely positive one for the company. The Group continues to execute against its strategic objectives and focus priorities of revenue growth, optimizing cost efficiencies and improving the performance across our segments.

We have recorded a 15.7% increase in total gaming and other income for the 9 months ending September 30, 2019, and we expect to see continued growth at the end of the year. This sustained revenue growth has been a result of several drivers: our strong performance from our lottery portfolio which continues to perform above target due to strategic expansion of our retailer distribution network, ongoing player engagement and growth across our mobile channels, improvement in our horseracing, gaming lounge and sports betting segments.

We have invested significantly in our infrastructure and business roll out, ensuring that we have the capacity and the platform to continue our regional expansion and product diversification focus including our ongoing preparation to enter the online/interactive gaming arena. The roll out and growth of additional products in our newest market, Guyana, will increase our revenue base and as one of the fastest growing economies in the world, we anticipate a good return on this year's investment in the future.

As we continue to strengthen the operations and anticipate the benefits to be gained from our Post to Post acquisition, we look towards other similar opportunities that will allow us to benefit from our market positioning and ensure that the integrity of the industry is maintained.

We expect that the economic conditions will remain favorable over the next two quarters, driving demand for entertainment and by extension a healthy demand for our products. The Group looks forward to the 2020 financial year, as strategic investments made in 2019 will enable us to further leverage the opportunities available and grow from strength to strength.



Gary Peart
CHAIRMAN
SUPREME VENTURES LIMITED



Ann-Dawn Young Sang
PRESIDENT & CEO
SUPREME VENTURES LIMITED



Nine Months Ended September 30, 2019

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SUPREME VENTURES LIMITED

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Period Ended September 30, 2019

(Expressed in thousands of Jamaica dollars unless otherwise indicated)

	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
	Unaudited Nine Months Ended September 30, 2019	Unaudited Nine Months Ended September 30, 2018	Unaudited Three Months Ended September 30, 2019	Unaudited Three Months Ended September 30, 2018
Revenue - Non-fixed odd wagering games, horse racing and pin codes	16,702,501	14,436,848	5,855,590	4,836,410
Income from fixed odd wagering games, net of prizes	<u>11,358,672</u>	<u>9,814,273</u>	<u>3,590,546</u>	<u>3,290,556</u>
Total Gaming Income	28,061,173	24,251,121	9,446,136	8,126,966
Direct Costs	<u>(22,312,546)</u>	<u>(19,443,976)</u>	<u>(7,573,324)</u>	<u>(6,529,387)</u>
Gross Profit	5,748,627	4,807,145	1,872,812	1,597,579
Other (Expenses) / Income	(52,270)	127,219	(24,266)	42,601
Selling, general and administrative expenses	<u>(3,109,705)</u>	<u>(2,825,168)</u>	<u>(1,100,320)</u>	<u>(967,937)</u>
Operating Profit	2,586,652	2,109,196	748,226	672,243
Finance costs	<u>(81,862)</u>	<u>(57,463)</u>	<u>(42,184)</u>	<u>(20,337)</u>
Profit before taxation	2,504,790	2,051,733	706,042	651,906
Taxation	<u>(742,215)</u>	<u>(532,039)</u>	<u>(179,517)</u>	<u>(183,039)</u>
Profit for the period being total comprehensive income for the period	<u>1,762,575</u>	<u>1,519,694</u>	<u>526,525</u>	<u>468,867</u>
Attributable to:				
Stockholders of the parent company	1,748,820	1,519,694	512,770	468,867
Non-controlling interest	<u>13,755</u>	<u>-</u>	<u>13,755</u>	<u>-</u>
	<u>1,762,575</u>	<u>1,519,694</u>	<u>526,525</u>	<u>468,867</u>
Earnings per stock unit attributable to owners of the parent during the year				
Basic and diluted	<u>66.31 cents</u>	<u>57.62 cents</u>	<u>19.44 cents</u>	<u>17.78 cents</u>

SUPREME VENTURES LIMITED
Consolidated Statement of Financial Position
Period Ended September 30, 2019

(Expressed in thousands of Jamaica dollars unless otherwise indicated)

	Unaudited Nine Months Ended September 30, 2019	Audited Year Ended December 31, 2018	Unaudited Nine Months Ended September 30, 2018
ASSETS			
Non-current assets			
Property and equipment	1,599,156	1,239,162	1,234,648
Investment properties	892,500	892,500	591,278
Goodwill and Intangible assets	4 1,060,022	297,002	296,847
Long-term receivables	28,265	29,157	28,912
Financial assets at amortized cost	1,883	1,883	1,883
Other investment	17,980	17,980	18,852
Deferred tax assets	<u>169,779</u>	<u>203,530</u>	<u>182,993</u>
	<u>3,769,585</u>	<u>2,681,214</u>	<u>2,355,413</u>
Current assets			
Inventories	245,046	131,089	100,309
Trade and other receivables	1,238,861	806,450	1,044,836
Taxation recoverable	10,046	17,167	23,695
Cash and cash equivalents	<u>3,039,727</u>	<u>2,979,524</u>	<u>2,614,895</u>
	4,533,680	3,934,230	3,783,735
Current liabilities			
Prize liabilities	738,428	559,403	576,789
Contract liabilities	-	3,414	-
Trade and other payables	2,455,287	1,937,048	1,884,143
Current portion of finance leases	42,837	16,287	13,263
Current portion of long-term loans	592	80,804	79,307
Income tax payable	<u>90,527</u>	<u>230,110</u>	<u>111,686</u>
	<u>3,327,671</u>	<u>2,827,066</u>	<u>2,665,188</u>
Net current assets	<u>1,206,009</u>	<u>1,107,164</u>	<u>1,118,547</u>
	<u>4,975,594</u>	<u>3,788,378</u>	<u>3,473,960</u>
Stockholders' equity			
Share capital	1,967,183	1,967,183	1,967,183
Capital reserves	60,956	62,486	62,485
Retained earnings	<u>1,434,004</u>	<u>1,255,489</u>	<u>897,033</u>
Capital and reserves attributable to owners of Supreme Ventures Group	3,462,143	3,285,158	2,926,701
Non-controlling interests	4 383,758	-	-
	<u>3,845,901</u>	<u>3,285,158</u>	<u>2,926,701</u>
Non-current liabilities			
Long-term payables	524,160	79,636	101,321
Finance lease obligation	<u>605,533</u>	<u>423,584</u>	<u>445,938</u>
	1,129,693	503,220	547,259
	<u>4,975,594</u>	<u>3,788,378</u>	<u>3,473,960</u>

Approved and authorized for issue by the Board of Directors on October 31, 2019 and signed on its behalf by:


 Gary Peart
CHAIRMAN
SUPREME VENTURES LIMITED


 Ann-Dawn Young Sang
PRESIDENT & CEO
SUPREME VENTURES LIMITED

SUPREME VENTURES LIMITED**Consolidated Statement of Changes in Equity****Period Ended September 30, 2019***(Expressed in thousands of Jamaica dollars unless otherwise indicated)*

	Share capital \$'000	Capital reserves \$'000	Retained earnings \$'000	Non- Controlling interest \$'000	Total \$'000
Unaudited Nine Months Ended September 30, 2019					
Balance as at December 31, 2018	1,967,183	62,486	1,255,489	-	3,285,158
Profit for the period	-	-	1,762,575	13,755	1,776,330
Revaluation	-	(1,530)	(1,706)	-	(3,236)
Non-controlling interests on acquisition of subsidiary	-	-	-	370,003	370,003
Transactions with shareholders					
Distribution	-	-	(1,582,354)	-	(1,582,354)
Balance as at September 30, 2019	<u>1,967,183</u>	<u>60,956</u>	<u>1,434,004</u>	<u>383,758</u>	<u>3,845,901</u>
Unaudited Nine Months Ended September 30, 2018					
Balance as at December 31, 2017	1,967,183	62,486	1,091,555	-	3,121,224
Profit for the period	-	-	1,519,694	-	1,519,694
Transactions with stockholders					
Distributions	-	-	(1,714,217)	-	(1,714,217)
Balance as at September 30, 2018	<u>1,967,183</u>	<u>62,486</u>	<u>897,032</u>	<u>-</u>	<u>2,926,701</u>

SUPREME VENTURES LIMITED
Consolidated Statement of Cashflows
Period Ended September 30, 2019

(Expressed in thousands of Jamaica dollars unless otherwise indicated)

	Unaudited Nine Months Ended September 30, 2019	Audited Year Ended December 31, 2018	Unaudited Nine Months Ended September 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for period/year	1,748,820	2,098,408	1,519,694
Adjustments for:			
Depreciation of property and equipment	259,397	260,660	212,326
Amortisation of intangible assets	31,149	33,281	24,615
Gain on disposal of property and equipment	(1,585)	(58,522)	41,164
Revaluation gain investment property	-	(72,500)	-
Bad debts recognised	38,278	4,979	(1,896)
Effect of exchange rate changes on cash and cash equivalents	18,664	(22,520)	(35,353)
Interest income	(61,877)	(63,476)	(47,521)
Interest expenses	81,862	53,875	41,311
Income tax expenses	742,215	790,030	532,039
Operating cash flow before movement in working capital	<u>2,856,923</u>	<u>3,024,215</u>	<u>2,286,379</u>
Decrease/(increase) in operating assets			
Inventories	(113,957)	57,035	97,152
Trade and other receivables	(436,137)	213,691	(45,646)
Increase/(Decrease) in liabilities			
Trade and other payables	370,954	78,609	275,186
Prizes liabilities	179,025	158,623	176,009
Other Investments	-	(872)	-
Cash generated by operations	<u>2,856,808</u>	<u>3,531,301</u>	<u>2,789,080</u>
Income tax paid	(837,406)	(760,836)	(749,577)
Interest paid	<u>(77,354)</u>	<u>(91,929)</u>	<u>(43,875)</u>
Cash generated by operating activities	<u>1,942,048</u>	<u>2,678,536</u>	<u>1,995,628</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisition of subsidiary, net of cash acquired	(442,609)	-	-
Acquisition through Business Combination			
Acquisition of property and equipment	(510,024)	(410,324)	(392,082)
Acquisition of intangible assets	(3,457)	(12,728)	(3,907)
Proceeds on disposal of property and equipment	13,142	135,429	191,896
Investments	-	100,000	100,000
Long-term receivables	892	625	870
Interest received	<u>63,454</u>	<u>89,730</u>	<u>50,578</u>
Cash used in investing activities	<u>(878,603)</u>	<u>(97,268)</u>	<u>(52,645)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	(1,582,353)	(2,136,176)	(1,714,217)
Repayment of long term payables	(60,724)	(21,871)	(220,200)
Loans received	450,000	-	-
Additions to finance lease	-	-	-
Finance lease net	<u>208,499</u>	<u>121,698</u>	<u>130,226</u>
Cash used in financing activities	<u>(984,578)</u>	<u>(2,036,349)</u>	<u>(1,804,191)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	78,867	544,919	138,792
Cash and cash equivalents at the beginning of the year	2,979,524	2,440,750	2,440,750
Effect of exchange rate changes on the balance of cash held			
in foreign currency	<u>(18,664)</u>	<u>(6,145)</u>	<u>35,353</u>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD/YEAR	<u>3,039,727</u>	<u>2,979,524</u>	<u>2,614,895</u>

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
UNAUDITED NINE MONTHS ENDED SEPTEMBER 30, 2019**
(Expressed in thousands of Jamaica dollars unless otherwise indicated)

1. Identification

Supreme Ventures Limited (the Company) is a public limited liability company which is listed on the Jamaica Stock Exchange. The Company's registered office is located at the 4th Floor, The 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 main activity of the Company is the management of its subsidiary companies ("subsidiaries").

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

Name of company	Principal activity	Country of Incorporation	Percentage Ownership 2019	Percentage Ownership 2018
			%	%
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
Supreme Ventures Group Incorporated	Holding Company	St. Lucia	100	100
Supreme Ventures Guyana Incorporated	Holding Company	St. Lucia	100	100
Supreme Ventures Guyana Holdings Inc	Holding Company	Guyana	100	100
Supreme Ventures Enterprise Inc	Betting & Gaming	Guyana	100	100
Post to Post Betting Jamaica Limited	Betting & Gaming	Jamaica	51	-

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
UNAUDITED NINE MONTHS ENDED SEPTEMBER 30, 2019**
(Expressed in thousands of Jamaica dollars unless otherwise indicated)

2. Statement of compliance and basis of preparation

(a) Statement of Compliance

These unaudited interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended December 31, 2018. They do not include all of the information required for a complete set of International Financial Reporting Standards (IFRS) financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements. The accounting policies followed in these interim financial statements are consistent with those used in the audited financial statements as at and for the year ended December 31, 2018 and corresponding interim reporting period, except for the adoption of new standards as set out in note 3 below.

(b) Basis of measurement

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

(c) Functional and presentation currency

(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 the reporting period end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
UNAUDITED NINE MONTHS ENDED SEPTEMBER 30, 2019**
(Expressed in thousands of Jamaica dollars unless otherwise indicated)

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

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make estimates, assumptions and judgments that affect the application of accounting policies and the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the period ended. Although these estimates are based on management's best knowledge of current events and actions, actual amounts could differ from these estimates.

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2018.

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

3. Changes in accounting policies

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from January 1, 2019 below.

The group has adopted IFRS 16 prospectively from January 1, 2019, has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet amounts.

(i) Adjustments recognised on adoption of IFRS 16

On adoption of IFRS 16, the group recognised lease liabilities in relation to leases, which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 7%.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES**
NOTES TO THE FINANCIAL STATEMENTS
UNAUDITED NINE MONTHS ENDED SEPTEMBER 30, 2019
(Expressed in thousands of Jamaica dollars unless otherwise indicated)

3. Changes in accounting policies (continued)

IFRS 16 are only applied after that date. This did not result in any material changes in measurement adjustments, and therefore no changes were made.

The associated right-of-use assets for property leases were measured prospectively basis as if the new rules had always been applied. Right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at January 1, 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

Details	30-Sep-19	1-Jan-19
Properties	547,014,955	636,701,015
Machinery & Equipment	77,574,894	92,752,591
Total right-of-use assets	624,589,849	729,453,606

(ii) Practical expedients applied

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES**
NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in thousands of Jamaica dollars unless otherwise indicated)

3. Changes in accounting policies (continued)

(iii) The Group's leasing activities and how these are accounted for

The Group leases various offices, warehouses and retail stores. Rental contracts are typically made for fixed periods of 1 to 8 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

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4. Business Combination

On 1 July 2019, Supreme Ventures Limited acquired 51% of the issued shares in Post to Post Betting Limited (trading as Anybet), a gaming retailer, for consideration of \$572.2 million.

Post to Post Betting Limited is licensed under the Betting, Gaming and Lotteries Act to carry out its main activities of sports betting, horseracing, slot machines and virtual gaming.

i) Purchase consideration

Details of the purchase consideration, the net assets acquired, and goodwill are as follows:

Cash paid / Purchase consideration	572,218,000
The assets and liabilities recognised as a result of the acquisition are as follows:	
	Fair value in J\$'000
Fixed Assets	181,222
Net working capital	82,615
Deferred Tax	15,326
Intangibles (including workforce)	557,000
Payables	(11,806)
Borrowings	(55,248)
Net identifiable assets acquired	769,109
Less: non-controlling interest	(370,003)
Add: Accounting goodwill	173,112
	572,218

The goodwill is attributable to Post to Post's profitability in the gaming industry, specifically in the Sports Betting market. None of the goodwill is expected to be deductible for tax purposes.

ii) Acquisition related costs

Acquisition related costs of \$22.88 million are included in the legal and professional fees in operating expenses.

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4. Business Combination (continued)

iii) Additional consideration

Included in the agreement, Supreme Ventures Limited will purchase a further 4.16 million shares, an additional 29% of the shares of Post to Post Betting Limited. The fair value of the contingent consideration will be determined at such date. We do not expect the Goodwill previously recorded of \$173 million to be impacted.

iv) Non-Controlling Interests

The group has chosen to recognise the non-controlling interest at its fair value for this acquisition. The fair value of the non-controlling interest in Post to Post Betting Limited, an unlisted company, was estimated by applying a market approach, cost and an income approach. The fair value estimates are based on an assumed discount rate of 15%

5. Significant events and transactions

Management believes that the Group is well positioned to cope within the current economy. Factors contributing to the Group's strong position are:

- a) No significant decline in sales performance across business segments.
- b) The Group does not expect to need additional borrowing facilities in the next 12 months to support its current business activities as a result of its significant financial resources, existing facilities and strong liquidity reserves. The Group has significant headroom to comply with its debt covenants.
- c) The Group's major customers have not experienced financial difficulties. Credit quality of trade receivables as at September 30, 2019 is good.

Overall, the Group is in a strong position and has sufficient capital and liquidity to service its operating activities and debt. The Group's objectives and policies for managing capital, credit risk and liquidity risk are described in its recent annual financial statements.

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6. 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. The Group has six main operating segments: Lotteries, Gaming, Foreign Holdings, Horseracing, Sports Betting and Pin Codes.

The segment results for Post to Post Betting are included in Sports betting.

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.

During the period to September 30, 2019, there have been no significant changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss.

	2019								
	Lottery	Horse racing	Gaming & Hospitality	Sports Betting	Pin Codes	Foreign Holdings	Other	Unallocated	Group
Non-fixed odd wagering games	2,810,543	5,194,592	267,460	-	8,305,486	-	124,420	-	16,702,501
Other revenue	10,749,503	145,888	-	463,281	-	-	-	-	11,358,672
Total revenue	13,560,046	5,340,480	267,460	463,281	8,305,486	-	124,420	-	28,061,173
Result									
Segment result	2,620,333	(135,518)	20,758	45,864	107,506	(152,125)	17,957	-	2,524,775
Interest income	-	-	-	-	-	-	-	-	61,877
Finance cost	-	-	-	-	-	-	-	-	(81,862)
Profit before taxation	-	-	-	-	-	-	-	-	2,504,790
Taxation	-	-	-	-	-	-	-	-	(742,215)
Profit for the year	-	-	-	-	-	-	-	-	1,762,575
Other information									
Capital expenditure	93,301	43,521	87,807	1,363	-	178,313	-	109,176	513,481
Depreciation, amortisation and write-offs property, plant and equipment	104,826	80,908	62,612	14,374	-	-	-	27,826	290,546
Segment assets	3,563,051	927,857	564,806	731,273	869,579	215,987	-	1,430,712	8,303,265
Segment liabilities	1,581,766	1,065,373	78,033	387,367	980,522	105,652	-	258,651	4,457,364

SUPREME VENTURES LIMITED
ITS SUBSIDIARIES
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6. Segment reporting (continued)

	2018								
	Lottery	Horse racing	Gaming & Hospitality	Sports Betting	Pin Codes	Foreign Holdings	Other	Unallocated	Group
Non-fixed odd wagering games	2,071,695	4,549,845	274,903		7,291,122	-	249,283		14,436,848
Other revenue	9,642,853			171,420					9,814,273
Total revenue	11,714,548	4,549,845	274,903	171,420	7,291,122	-	249,283	-	24,251,121
Result									
Segment result	1,991,506	(193,045)	18,779	(25,284)	63,005	-	181,530	25,184	2,061,675
Interest income									47,521
Net foreign exchange loss									-
Impairment Loss									-
Finance cost									(57,463)
Revaluation gain in investment property									-
Other gains and losses									-
Profit before taxation									2,051,733
Taxation									(532,039)
Profit for the year									1,519,694
Other information									
Capital expenditure	48,581	193,808	17,420	928	-	-	-	135,252	395,989
Depreciation, amortisation and write-offs property, plant and equipment	54,373	88,288	22,508	20,241	987	-	-	65,470	251,867
Segment assets	2,651,613	915,140	283,567	23,120	1,051,313	-	-	1,214,395	6,139,148
Segment liabilities	1,436,726	861,826	62,120	20,964	726,191	-	-	104,620	3,212,447

7. Contingencies – Litigations

Epsilon Global Equities:

On December 15, 2008, a civil suit was filed by Epsilon Global Equities Limited (Epsilon) naming 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 Judgement in the appeal was delivered on May 30, 2017 and the Company was successful. Epsilon has since indicated that it proposes to appeal to the Privy Council in the United Kingdom (which is our highest appellate body) in an effort to reverse the Court of Appeal's decision and to that end it has filed an application in the Court of Appeal seeking conditional leave to appeal to the Privy Council. The application has not yet been heard. We have been advised that the Company will succeed in the appeal to the Privy Council, if the appeal is pursued.

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).



**SUPREME VENTURES LIMITED
ITS SUBSIDIARIES
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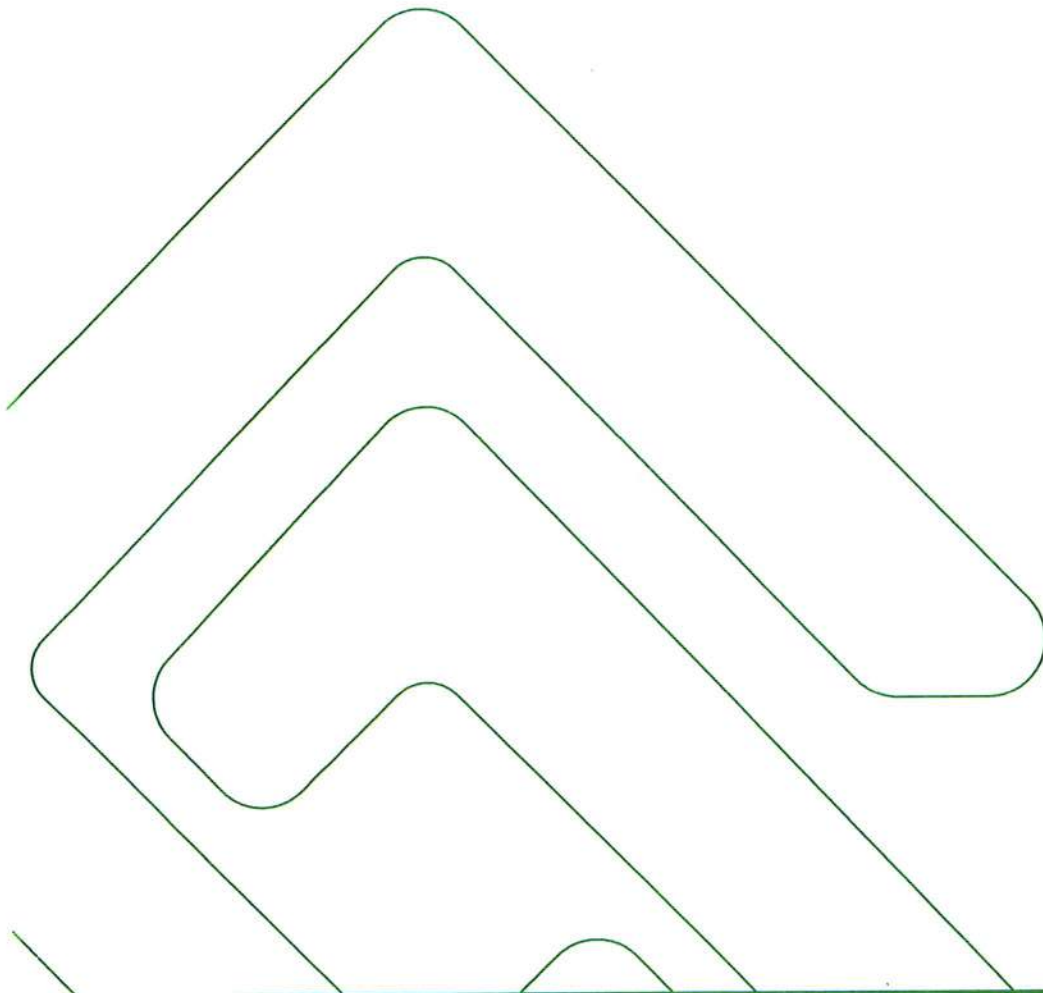
7. Contingencies – Litigations (continued)

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.



Shareholdings



SUPREME VENTURES LIMITED
TOP 10 SHAREHOLDINGS
As at September 30, 2019

NAME	JOINT HOLDER/CONNECTED INTERESTS	VOLUME	PERCENTAGE
Zodiac Caribbean Ventures Limited	Brent Sankar	816,795,485	30.971
	Colin Mouttet	9,460,778	0.359
		826,256,263	31.330
Mayberry Jamaican Equities Limited	Christopher Berry; Gary Peart	400,219,555	15.176
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		62,580,991	2.373
Janette Stewart	Steven Hudson	104,117,228	3.948
		166,698,219	6.321
Stephen Castagne		94,052,136	3.566
ST. Elizabeth International Limited	William David McConnell	63,984,174	2.426
ST. Elizabeth International Limited	William David McConnell	1,000,000	0.038
		64,984,174	2.464
Guardian Life Limited			
UWI ATS Pension Fund		60,000	0.002
Guardian Retirement Scheme Diversified Fund		82,483	0.003
GLL-GRS Equity Fund		401,000	0.015
Blue Chip Fund		500,000	0.019
Long Term Growth Fund		500,000	0.019
Shelter Plus Fund		500,000	0.019
Blue Chip Fund		500,000	0.019
GRS Diversified Fund		539,591	0.020
Pooled Pension Fund		570,000	0.022
Long Term Growth Fund		700,000	0.027
PFL - Pooled Equity Fund		1,200,533	0.046
CELGF		1,432,000	0.054
Pooled Equity Fund		1,500,000	0.057
Eagle Growth Fund		2,000,000	0.076
Equity Fund		2,250,000	0.085
Pensions Fund		2,691,515	0.102
Blue Chip		3,033,948	0.115
Guardian Equity Fund		3,265,692	0.124
Guardian Life Limited		2,842,348	0.108
Ordinary Life Fund		4,000,000	0.152
Surplus Fund		13,000,000	0.493
Pooled Pension Fund		19,609,039	0.744
		61,178,149	2.320
Sagikor Pooled Equity Fund		48,313,478	1.832
PWL Bamboo Holdings Group Limited	Christopher Berry	29,043,151	1.101
Sunfisher Corporation		24,648,118	0.935

SUPREME VENTURES LIMITED
DIRECTORS' SHAREHOLDINGS
As at September 30, 2019

DIRECTOR NAMES	PRIMARY HOLDERS	JOINT HOLDERS/CONNECTED INTERESTS	VOLUME	PERCENTAGE
Gary Peart	VDWSD Ltd	Shareholder	23,161,128	0.8782
	Mayberry Jamaican Equities Limited	Connected	400,219,555	15.1756
	Mayberry Investments Ltd Pension Scheme	Connected	2,413,603	0.0915
	Mayberry Investments Ltd Retirement Scheme	Connected	1,237,133	0.0469
	Mayberry Pension Ltd I.R.P	Connected	1,530,612	0.0580
	Mayberry Managed Clients Account	Connected	13,157,765	0.4989
	The Mayberry Foundation Ltd.	Connected	3,000,504	0.1138
	Ironrock Insurance Company Limited	Director / Shareholder	900,000	0.0341
	Lasco Financial Services Ltd	Director / Shareholder	-	-
	Lasco Distributors Ltd	Director / Shareholder	-	-
	Mayberry Managed Employee Portfolio	Connected	-	-
			445,620,300	16.8971
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	104,117,228	3.9479
	Janette Stewart	Connected	62,580,991	2.3730
			166,698,219	6.3209
W David McConnell	St. Elizabeth International Ltd	Director / Shareholder	63,984,174	2.4262
	St. Elizabeth International Ltd	Director / Shareholder	1,000,000	0.0379
	Ironrock Insurance Company Limited	Director / Shareholder	900,000	0.0341
	Scotia Investments Limited	Director	-	-
	Scotia Group	Director	-	-
	St. Elizabeth Holding Ltd	Director / Shareholder	-	-
			65,884,174	2.4982
Peter McConnell	Peter McConnell	Stephanie McConnell	7,429,498	0.2817
	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	-	-
	Fraser Nicholas McConnell	Son	-	-
	Stephanie Ann McConnell	Wife	-	-
			10,658,843	0.4042
Brent Sankar	Zodiac Caribbean Ventures Limited	Officer	816,795,485	30.9714
	Colin Mouttet	Connected	9,460,778	0.3587
	Ice Jamaica Ltd	Director	-	-
			826,256,263	31.3302
Ian Moore	Ian Moore		-	-
	CWS Limited	Connected	-	-
Ansel Howell	Ansel Howell		-	-
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	Lance Hylton	Hylton & Hylton Attorneys-At-Law	-	-

SUPREME VENTURES LIMITED
DIRECTORS' SHAREHOLDINGS CONT'D
As at September 30, 2019

DIRECTOR NAMES	PRIMARY HOLDERS	JOINT HOLDERS/CONNECTED INTERESTS	VOLUME	PERCENTAGE
Christopher Berry	Mayberry Jamaican Equities Limited	Director	400,219,555	15.1756
	PWL Bamboo Group Holdings Limited	Director	24,648,118	0.9346
	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	24,145,689	0.9156
	A+ Plus Medical Centre Ltd	Shareholder	500,000	0.0190
	Mayberry Investments Ltd	Director	-	-
	Lasco Financial	Director	-	-
	Caribbean Producers Jamaica	Director	-	-
	Ho Choi Ltd	Shareholder	13,000,000	0.4929
	Mayberry Investments Ltd Pension Scheme	Sponsor Trustee	2,413,603	0.0915
	Mayberry Investments Ltd Retirement Scheme	Sponsor Trustee	1,237,133	0.0469
	Mayberry Pension Ltd I.R.P	Sponsor Trustee	1,530,612	0.0580
	Mayberry Managed Clients Account	Connected	13,157,765	0.4989
	The Mayberry Foundation Ltd.	Connected	3,000,504	0.1138
	Mayberry Managed Employee Portfolio	Connected	-	-
	Ironrock Insurance Company Limited	Director	900,000	0.0341
	Green Shoots Jamaica Limited	Chairman	-	-
	Patricia Yap	Connected	-	-
	William Berry	Connected	-	-
	Lauren Berry	Connected	-	-
			491,752,979	18.6464
Duncan Stewart	San Dollars Investments Limited	Director	0,526,316	0.7783
Damian Chin-You		Director	-	-

SUPREME VENTURES LIMITED
SENIOR MANAGEMENT'S SHAREHOLDINGS
As at September 30, 2019

NAMES	JOINT HOLDERS/CONNECTED INTERESTS	VOLUME	PERCENTAGE
Ann-Dawn Young Sang		99,000	0.0038
Dennis Chung		-	-
Heather Goldson	David L Goldson	317,200	0.0120
Lorna Gooden	Gregory Paul Anthony Gooden	8,300	0.0003
		18,300	0.0007
		26,600	0.0010
Katherine P.C. Francis		30,000	0.0011
Stephen Summers		-	-
Toni Spencer	Adrian Spencer	592,698	0.0225
Nicholas Browne		-	-
Xesus Johnston		254,863	0.0097



**SUPREME
VENTURES**
GROUP

Supreme Ventures Limited
9A Retirement Crescent, Kingston 5, Jamaica. W.I.
Tel: (876) 656-9310 | Fax: (876) 906-3305
Email: svlsecretariat@svlotteries.com
Website: www.supremeventures.com