



*Games people love to play...and more*

**Unaudited Consolidated  
Financial Statements  
31<sup>st</sup> January 2007**



*Games people love to play...and more*

**Report of the Board Of Directors  
Unaudited Financial Statements 31<sup>st</sup> January 2007**

The Board of Directors is pleased to present its unaudited financial results for the first quarter period 1<sup>st</sup> November 2006 to 31<sup>st</sup> January 2007.

Overall, the Lottery & Gaming Segment showed significant improvement over the corresponding period last year, with a 13.52% increase in revenue. This, due in part to the aggressive stand taken by the company to improve the revenue stream in the lottery portfolio, along with the positive impact of the reorganization and restructuring plan undertaken at The Acropolis. Slot Drop Revenue at The Acropolis showed tremendous improvement in the period under review. Coral Cliff Entertainment Limited continued to contribute significantly to the VLT/slot drop revenue. The average Net Drop per machine for the VLT Division increased significantly in the quarter under review, when compared to the corresponding period last year. The increased percentages are displayed below:

	<b>Coral Cliff</b>	<b>Villagio</b>	<b>Acropolis</b>
% Increase in Average Net Drop Per Machine (US\$)	27.91%	22.86%	90.63%

**First Quarter Highlights for review:**

- 8.42% increase in Shareholders' Equity over the corresponding period last year
- 12.43% increase in Lottery revenue over the corresponding period last year
- 51.02% increase in Video Gaming revenue over the corresponding period last year
- 30.9% increase in revenue from the Hospitality Segment over the corresponding period last year
- 31.65% increase in revenue from the Financial Services Segment over the corresponding period last year
- 11.99% increase in PIN Code revenue over the corresponding period last year
- 12.85% reduction in Segment liabilities over the corresponding period last year

Notwithstanding the increase in revenue over the period, net profit was \$68.15M, compared to \$73.29M for the corresponding period last year. This was due in part to the average Cash Pot liabilities of the period being at 76%, which was in excess of the 72% stipulated for the game model. This resulted in an increase in the company's prize liability. Prizes paid due to the Cash Pot liability amounted to \$2.5B. At a 72% game model, the prize liability would have been \$2.36B. This translated to \$134.55M being paid out from profit, to the Cash Pot prize pool. In the corresponding period last year, Cash Pot liabilities were 68%. This coupled with a \$100M Lotto Jackpot in the same period, resulted in significant revenues and the higher profits reported for that period. There were no high Lotto Jackpots for the first quarter under review. The impact of Cash Pot liabilities underscores the difficulty the company faces in predicting profitability on a per quarter basis. We are confident however that as in previous years, the Cash Pot game will perform to game model at the end of the financial year.

The company met its obligations promptly with respect to prize payments for players and statutory fees to the Government, BGLC and the CHASE Fund.

The Board of Directors sees this as a positive start for the fiscal year and thanks its stakeholders for the commitment and support they continue to show in Supreme Ventures Limited.



Paul Hoo  
**CHAIRMAN**



Brian George  
**PRESIDENT & CEO**

**SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES****Consolidated Balance Sheet****As at 31<sup>st</sup> January 2007**

(Expressed in thousands of Jamaican dollars)

		Unaudited three months ended January 2007	Audited year ended October 2006	Unaudited three months ended January 2006
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		1,208,690	1,232,921	1,245,718
Goodwill and other intangibles		614,312	614,727	620,703
Long-term receivables		-	2,036	304,213
Investment in Joint Venture		34,296	34,221	-
Available-for-sale-investments		365,461	365,461	16,939
Deferred tax assets		<u>58,750</u>	<u>28,926</u>	<u>8,945</u>
		<u>2,281,509</u>	<u>2,278,292</u>	<u>2,196,518</u>
<b>Current assets</b>				
Income tax recoverable		-	12,288	-
Inventories		39,675	29,304	45,193
Accounts receivable & prepayments		208,325	160,954	208,300
Due from related parties		1,046	-	-
Investment in cash securities		-	-	19,021
Cash and bank deposits	(4)	<u>492,339</u>	<u>353,763</u>	<u>397,234</u>
		<u>741,385</u>	<u>556,309</u>	<u>669,748</u>
<b>Total assets</b>		<u>3,022,894</u>	<u>2,834,601</u>	<u>2,866,266</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' equity</b>				
Stated capital		1,967,183	1,967,183	1,967,183
Profit and loss account – deficit		<u>96,176</u>	<u>28,022</u>	<u>( 64,086)</u>
		<u>2,063,359</u>	<u>1,995,205</u>	<u>1,903,097</u>
<b>Non-current liabilities</b>				
Long-term liabilities		<u>80,377</u>	<u>93,222</u>	<u>105,444</u>
		<u>80,377</u>	<u>93,222</u>	<u>105,444</u>
<b>Current liabilities</b>				
Accounts payable and accruals	(4)	723,621	624,088	716,728
Prizes payable	(4)	105,528	75,359	129,148
Income tax payable		50,009	46,727	9,553
Bank overdraft (unsecured)		-	-	2,296
		<u>879,158</u>	<u>746,174</u>	<u>857,725</u>
<b>Total equity and liabilities</b>		<u>3,022,894</u>	<u>2,834,601</u>	<u>2,866,266</u>

Approved and authorized for issue by the Board of Directors on March 14, 2007 and are signed on its behalf by:



Paul Hoo – Chairman



Brian George – President and CEO

**SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES**  
**Consolidated Profit and Loss Account – Unaudited**  
**For the period ending 31<sup>st</sup> January 2007**  
(Expressed in thousands of Jamaican dollars)

	Notes	Unaudited Three Months ended 31st Jan 2007	Restated Unaudited Three Months ended 31st Jan 2006
Revenue	(5)	4,523,213	3,984,391
Direct expenses	(6)	<u>4,123,982</u>	<u>3,547,210</u>
Gross profit		<u>399,231</u>	437,181
Expenses		<u>( 298,838)</u>	<u>( 325,413)</u>
<b>OPERATING PROFIT</b>		100,393	111,768
Interest income		1,217	4,463
Finance cost		<u>( 3,668)</u>	<u>( 4,708)</u>
<b>PROFIT BEFORE TAXATION</b>		97,942	111,523
Taxation		<u>( 29,788)</u>	<u>( 38,238)</u>
<b>Profit for the period</b>		<u><u>68,154</u></u>	<u><u>73,285</u></u>
<b>Attributable to:</b>			
Equity holders of the company		<u><u>68,154</u></u>	<u><u>73,285</u></u>
<b>Earnings per stock unit attributable to equity holders of the company during the period</b>			
Basic		<u>0.026</u>	<u>0.028</u>
Fully diluted		<u>0.026</u>	<u>0.028</u>

**SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES**  
**Consolidated Statement of Changes in Equity**  
**As at 31st January 2007**

(Expressed in thousands of Jamaican dollars)

	Stated Capital	Profit & Loss Account	Total
<b>Three months ended 31<sup>st</sup> January 2007</b>			
Balance, 1 <sup>st</sup> November 2006 (as previously stated)	1,967,183	28,022	1,995,205
Net profit for period	_____	<u>68,154</u>	<u>68,154</u>
Balance as at 31 <sup>st</sup> January 2007	<u>1,967,183</u>	<u>96,176</u>	<u>2,063,359</u>
<b>Three months ended 31<sup>st</sup> January 2006</b>			
Balance, 1 <sup>st</sup> November 2005 (restated)	1,850,846	(137,326)	1,713,520
Net increase in stated capital	116,337		116,337
Net Profit for the period	_____	<u>73,240</u>	<u>73,240</u>
Balance at 31 <sup>st</sup> January 2006	<u>1,967,183</u>	<u>(64,086)</u>	<u>1,903,097</u>

**SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES****Consolidated Statement of Cash Flows****As at 31<sup>st</sup> January 2007**

(Expressed in thousands of Jamaican dollars)

	<b>Unaudited Three months ended January 2007</b>	<b>Audited year ended October 2006</b>	<b>Unaudited Three months ended January 2006</b>
<b>SOURCES/(USES) OF CASH</b>			
<b>Operating activities</b>			
Profit from operations	100,393	262,946	111,768
Adjustments for items not affecting cash, changes in non-cash working capital components and other, net	<u>61,181</u>	<u>20,580</u>	<u>57,302</u>
Cash provided by operating activities	161,574	283,526	169,070
Cash provided by/( used in) investing activities	3,253	(167,437)	(256,049)
Cash provided by/(used in) financing activities	<u>(26,251)</u>	<u>(155,716)</u>	<u>88,527</u>
<b>NET (DECREASE) / INCREASE IN CASH AND BANK BALANCES</b>	138,576	(39,627)	1,548
<b>OPENING CASH AND BANK BALANCES</b>	<u>353,763</u>	<u>393,390</u>	<u>393,390</u>
<b>CLOSING CASH AND BANK BALANCES</b>	<u>492,339</u>	<u>353,763</u>	<u>394,938</u>
Comprising:			
Cash and bank deposits	492,339	353,763	397,234
Bank overdraft	<u>-</u>	<u>-</u>	<u>( 2,296)</u>
	<u>492,339</u>	<u>353,763</u>	<u>394,938</u>

**SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES**  
**Financial Information by Business Segment- Unaudited**  
(Expressed in thousands of Jamaican dollars)

**PERIOD ENDED JANUARY 31, 2007**

	<b>Lottery &amp; Gaming</b>	<b>Hospitality</b>	<b>Financial Services</b>	<b>Pin codes &amp; Others</b>	<b>Consolidation Adjustments</b>	<b>Group Total</b>
<b>Revenue</b>						
External sales	4,248,474	40,828	29,990	229,713	( 25,792)	4,523,213
Segment results	57,643	(14,812)	6,980	50,582		100,393
Finance income-net						( 2,451)
Profit before taxation						97,942
Taxation						(29,788)
Profit for the period						<u>68,154</u>

**As at January 31, 2007**

Segment assets	3,994,099	714,868	130,471		(1,824,494)	3,014,944
Segment liabilities	1,422,534	130,812	98,616		(812,566)	839,396

**PERIOD ENDED JANUARY 31, 2006**

	<b>Lottery &amp; Gaming</b>	<b>Hospitality</b>	<b>Financial Services</b>	<b>Pin Codes &amp; Others</b>	<b>Consolidation Adjustments</b>	<b>Group Total</b>
<b>Revenue</b>						
External sales	3,742,243	31,188	22,780	205,102	(16,922)	3,984,391
Segment results	89,872	(14,925)	(3,450)	40,271		111,768
Finance income-net						(245)
Profit before taxation						111,523
Taxation						( 38,283)
Profit for the period						<u>73,240</u>

**As at January 31, 2006**

Segment assets	3,771,431	746,357	52,293		(1,703,815)	2,866,266
Segment liabilities	1,600,866	170,128	37,375		(845,200)	963,169



**SUPREME VENTURES LIMITED  
AND ITS SUBSIDIARIES  
NOTES TO FINANCIAL STATEMENTS  
THREE MONTHS ENDED 31<sup>st</sup> JANUARY 2007**

**1) Identification**

The Group comprises the company and its wholly owned subsidiaries.

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

<u>Name of Company</u>	<u>Principal Activity</u> %	<u>Percentage</u> <u>Ownership</u>	<u>Included in</u> <u>Consolidation</u>	
			<u>31-Jan-07</u>	<u>31-Jan-06</u>
Prime Sports Jamaica Limited	Gaming operations	100	<i>Yes</i>	<i>Yes</i>
Supreme Ventures Lotteries Limited	Lottery operations	100	<i>Yes</i>	<i>N/A</i>
Chillout Ventures Limited	Gaming operations	100	<i>No</i>	<i>No</i>
<b>Jamaica Lottery Company Limited (JLC) and its wholly owned subsidiaries</b>		100	<i>Yes</i>	<i>Yes</i>
Supreme Ventures Financial Services Limited	Foreign exchange dealer and remittance	100	<i>Yes</i>	<i>Yes</i>
Jamaica Lottery Holdings Limited (JLH)		100	<i>No</i>	<i>Yes</i>
Coral Cliff Entertainment Limited	Hospitality services	100	<i>Yes</i>	<i>Yes</i>
Village Square Entertainment Limited	Gaming operations	100	<i>Yes</i>	<i>Yes</i>

**2) Statement of Compliance and Basis of Preparation**

These unaudited interim financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention.

The interim financial statements have been prepared using the same accounting policies and methods of computation as compared with the audited Financial Statements for year ended October 31, 2006,

These financial statements are presented in Jamaican dollars.

**3) Significant Accounting Policies**

**(a) Goodwill**

Goodwill is recorded at cost and represents the excess of the value of consideration paid over the fair value of the net assets acquired. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

**(b) Deferred taxation**

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

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

**SUPREME VENTURES LIMITED  
AND ITS SUBSIDIARIES  
NOTES TO FINANCIAL STATEMENTS  
THREE MONTHS ENDED 31<sup>st</sup> JANUARY 2007**

**(c) Lotto Prize Liability**

Lotto jackpot prize liabilities are recognized on the accrual basis.

**(d) Segment reporting**

The activities of the Group are organized into the following four primary segments:

- 1) Lottery and Gaming - this incorporates lottery games, operated through the agent network and VLT games offered at gaming lounges.
- 2) Hospitality - this incorporates room, restaurant and bar and related guest services.
- 3) Financial Services - this incorporates foreign exchange dealer services and commissions from Money Gram services.
- 4) PIN codes and Others - this incorporates sale of PIN codes.

**(e) Comparative information**

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period.

**4) Conditions attached to Licence granted by the Betting Gaming and Lotteries Commission (BGLC)**

Based on a approval granted on December 29, 2006 by the BGLC a wholly-owned subsidiary company of Supreme Ventures Limited (SVL) was established whose operations consist entirely of conducting the licensed games. The new company, Supreme Ventures Lotteries Limited (SVLotteries) will operate Cash Pot, Lucky 5, Dollaz, Pick 3, Lotto and a variety of instant games. The effective date of the licences is January 1, 2007.

Under the new licence SVLotteries is required to establish a dedicated bank account into which will be Paid funds to ensure that on a continuous basis throughout the terms of the licence, the credit balance on that account is not less than 100% of the aggregate amount of SVLotteries liabilities which includes:

- (a) Prizes liability
- (b) The fees payable to BGLC
- (c) The specific gaming taxes payable to the Government of Jamaica, and
- (d) The contribution payable to CHASE Fund under the licences.

Balances at 31 January 2007 are as follows:

	\$'000
<b>Dedicated Cash Account</b>	<u>\$250,000</u>
<b>Aggregate Liabilities</b>	<u>\$158,011</u>

**SUPREME VENTURES LIMITED  
AND ITS SUBSIDIARIES  
NOTES TO FINANCIAL STATEMENTS  
THREE MONTHS ENDED 31<sup>st</sup> JANUARY 2007**

**5) Revenue**

Analysis of the revenue is as follows:

	<u>2006</u> \$'000	<u>2005</u> \$'000
Lottery	4,063,204	3,613,822
VLT/slot drop revenue	173,115	114,634
Hospitality revenue	40,828	32,553
Unclaimed prizes	15,154	11,276
Pin codes and phone cards	190,805	170,591
Money Gram remittance service	13,578	8,652
Foreign exchange trading	16,412	15,857
Other	<u>13,117</u>	<u>17,006</u>
	<u>4,523,213</u>	<u>3,984,391</u>

**6) Direct Expenses**

Analysis of direct expenses is as follows:

	<u>2006</u> \$'000	<u>2005</u> \$'000
Lottery prizes	2,923,001	2,333,134
Service contractor fees	351,372	352,090
Agents' commissions	202,382	178,404
Lottery and gaming tax	216,923	244,046
Contributions to BGLC	45,195	40,800
Gaming Lounge Charges	11,422	11,693
Good cause fees	167,545	193,524
Direct expense – hospitality operations	16,416	25,613
Pin codes and phone card cost	168,164	149,726
Commissions – pin codes and phone – cost	16,373	15,105
Commissions – Money Gram cost	<u>5,189</u>	<u>3,075</u>
	<u>4,123,982</u>	<u>3,547,210</u>