



Games people love to play...and more

**Unaudited Consolidated
Financial Statements
31st January 2008**





Report of the Board of Directors Unaudited Financial Statements 31st January 2008

The Board of Directors is pleased to present its unaudited financial results for the first quarter period 1st November 2007 to 31st January 2008.

The company's net profit after tax of \$215M for the first quarter is a proud achievement, as **this performance represents an over 300%** increase, when compared to the corresponding period last year of \$68.15M. When compared to the 4th quarter of the last financial year (August to October 2007), the net profit after tax for this period under review also shows and upward trend of 25.8% in performance.

Overall, the company's revenue position showed significant improvement over the corresponding period last year, with a 21.91% increase, that is, \$5.525M for the period under review compared to \$4.523M for the corresponding period last year. This was due to the positive contribution by most of the company's business segments in the period under review.

First Quarter Highlights:

- 42.88% increase in Shareholders' Equity over the corresponding period last year
- 21.02% increase in Lottery Gaming revenue over the corresponding period last year
- 35.26% increase in Video Gaming/Slots revenue over the corresponding period last year
- 12.52% increase in prize payments for Lottery Gaming over the corresponding period last year
- 5.94% increase in revenue from the Hospitality Segment over the corresponding period last year
- 23.33% increase in PIN Code revenue over the corresponding period last year
- 43.78% increase to the Good Cause (CHASE Fund) over the corresponding period last year
- 11.37% reduction in Service Contractor fees over the corresponding period last year

The Cash Pot game performed to design and at the end of the period under review, liabilities were at 68.84%. The game model is designed for 72% prize liability. As such, the company's net profit after tax was not affected by the usual volatile swings in the Cash Pot game liability. There were no high Lotto Jackpots during the period under review.

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

In keeping with the Board's approval for the corporate structure reorganization, the legal team has been working assiduously to complete this project for implementation during the 2nd quarter of the financial year. This reorganisation of some of the companies within the Group is aimed at reducing costs and providing other efficiencies and synergies.

The reorganisation will involve two elements:

- (i) A reconstruction and amalgamation whereby the assets, liabilities and businesses of Coral Cliff Entertainment Limited and Village Square Entertainment Limited will be transferred and amalgamated into Prime Sports (Jamaica) Limited, and
- (ii) A further amalgamation whereby the assets, liabilities and business of Jamaica Lottery Company Limited will be transferred and amalgamated into Supreme Ventures Limited.

As a result of this internal reorganisation, Coral Cliff Entertainment Limited, Village Square Entertainment Limited and the Jamaica Lottery Company Limited will cease operations and be wound up.

It is anticipated that the cost reductions and other efficiencies and synergies resulting from this internal reorganisation will enhance the Group's overall profitability, thereby enhancing shareholder value.

The Board of Directors sees this as a positive start for the fiscal year and thanks all 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 31st January 2008**

(Expressed in thousands of Jamaican dollars)

		Unaudited Three Months ended January 2008	Audited year ended October 2007	Restated Unaudited Three months ended January 2007
ASSETS	Notes			
Non-current assets				
Property, plant and equipment	5	2,129,815	1,770,584	1,225,303
Goodwill and other intangibles		614,439	614,738	614,312
Long-term receivables		284,035	284,035	-
Investment in Joint Venture		34,221	34,221	34,221
Available-for-sale-investments		16,939	16,939	365,536
Deferred tax assets		<u>36,208</u>	<u>31,130</u>	<u>53,710</u>
		<u>3,115,657</u>	<u>2,751,647</u>	<u>2,293,082</u>
Current assets				
Other assets		18,069	18,069	-
Inventories		71,492	97,100	39,675
Due from related parties				1,046
Accounts receivable & prepayments		220,275	178,879	208,325
Cash and bank Deposit	4	<u>978,385</u>	<u>839,509</u>	<u>492,339</u>
		<u>1,288,221</u>	<u>1,133,557</u>	<u>741,385</u>
Total assets		<u>4,403,878</u>	<u>3,885,204</u>	<u>3,034,467</u>
EQUITY AND LIABILITIES				
Shareholders' equity				
Stated capital		1,967,183	1,967,183	1,967,183
Revaluation reserve	6	349,094	23,500	11,573
Retained earnings		<u>648,418</u>	<u>433,422</u>	<u>96,176</u>
		<u>2,964,695</u>	<u>2,424,105</u>	<u>2,074,932</u>
Non-current liabilities				
Long-term liabilities		<u>371,163</u>	<u>375,777</u>	<u>80,377</u>
		<u>371,163</u>	<u>375,777</u>	<u>80,377</u>
Current liabilities				
Accounts payable and accruals		603,349	598,294	723,621
Current portion of long term liabilities		111,859	169,193	-
Prizes payable	4	73,573	145,505	105,528
Income tax payable		<u>279,239</u>	<u>172,330</u>	<u>50,009</u>
		<u>1,068,020</u>	<u>1,085,322</u>	<u>879,158</u>
Total equity and liabilities		<u>4,403,878</u>	<u>3,885,204</u>	<u>3,034,467</u>

Approved and authorized for issue by the Board of Directors on January 6, 2008 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 31st January 2008
 (Expressed in thousands of Jamaican dollars)

	<u>Notes</u>	Unaudited 3 Months to January – 08 \$'000	Unaudited 3 Months to January – 07 \$'000
Revenue	7	5,525,391	4,523,213
Direct expenses	8	<u>(4,714,338)</u>	<u>(4,123,982)</u>
Gross profit		811,053	399,231
Operating Expenses	9	<u>(476,997)</u>	<u>(298,838)</u>
Profit from operations		334,056	100,393
Interest income		17,410	1,217
Finance cost		<u>(8,929)</u>	<u>(3,668)</u>
PROFIT BEFORE TAXATION		342,537	97,942
Taxation		<u>(127,541)</u>	<u>(29,788)</u>
NET PROFIT		<u>214,996</u>	<u>68,154</u>
EARNINGS PER STOCK		<u>0.082</u>	<u>0.026</u>

The Notes on Statement VIII form an integral part of the Financial Statements.

SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES
Consolidated Statement of Changes in Equity
As at 31st January 2008
(Expressed in thousands of Jamaican dollars)

		Stated Capital	Revaluation reserve	Retained earnings	Total
	Note				
Three months ended 31st January 2008					
Balance, 1 st November 2007 (as previously stated)		1,967,183	23,500	433,422	2,424,105
Net Gain on revaluation of land and building	6		316,287		316,287
Deferred tax adjustment on revaluation reserve	6		9,307		9,307
Net profit for period		<u>-</u>	<u>-</u>	<u>214,996</u>	<u>214,996</u>
Balance as at 31 st January 2008		<u>1,967,183</u>	<u>349,094</u>	<u>648,418</u>	<u>2,964,695</u>
Three months ended 31st January 2007 (restated)					
Balance, 1 st November 2006		1,967,183	-	28,022	1,995,205
Gain on revaluation of land and building	6		16,613	-	16,613
Deferred tax adjustment on revaluation reserve	6	<u>-</u>	<u>(5,040)</u>	<u>-</u>	<u>(5,040)(4,267)</u>
Balance, 1 st November 2006 (restated)		1,967,183	11,573	28,022	2,006,778
Net profit for the year		<u>-</u>	<u>-</u>	<u>68,154</u>	<u>68,154</u>
Balance at 31 st January 2007 (restated)		<u>1,967,183</u>	<u>11,573</u>	<u>96,176</u>	<u>2,074,932</u>

SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES**Consolidated Statement of Cash Flows****As at 31st January 2008**

(Expressed in thousands of Jamaican dollars)

	Unaudited Three months ended January 2008	Audited Year ended October 2007	Unaudited Three months ended January 2007
SOURCES/ (USES) OF CASH			
Operating activities			
Net Profit	214,996	405,400	68,154
Adjustments for items not affecting cash, changes in non-cash working capital components and other, net	<u>57,362</u>	<u>188,939</u>	<u>94,420</u>
Cash provided by operating activities	272,358	594,339	161,574
Cash provided by/(used in) investing activities	(68,681)	(56,206)	3,253
Cash provided by/(used in) financing activities	<u>(64,801)</u>	<u>(52,387)</u>	<u>(26,251)</u>
NET (DECREASE) / INCREASE IN CASH AND BANK BALANCES	138,876	485,746	138,576
OPENING CASH AND BANK BALANCES	<u>839,509</u>	<u>353,763</u>	<u>353,763</u>
CLOSING CASH AND BANK BALANCES	<u>978,385</u>	<u>839,509</u>	<u>492,339</u>

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

PERIOD ENDED January 31, 2008

	Lottery \$'000	Gaming & Hospitality \$'000	Financial Services \$'000	Pin codes & Others \$'000	Consolidation Adjustments \$'000	Group Total \$'000
External revenue	4,965,750	277,409	30,580	251,652		5,525,391
Inter-segment revenue		4,232		91,088	(95,320)	-
	4,965,750	281,641	30,580	342,740	(95,320)	5,525,391
<u>Results</u>						
Segment results	333,674	(28,650)	5,723	23,309		334,056
Interest income						17,410
Finance Cost						(8,929)
Profit before taxation						342,537
Taxation						(127,541)
Profit for the period						<u>214,996</u>
<u>Other information</u>						
Capital Additions	4,459	81,367	265			86,091
Depreciation and amortisation	9,763	31,190	99			41,052
<u>Balance Sheet</u>						
Segment assets	2,759,135	3,542,849	102,497		(2,000,603)	<u>4,403,878</u>
Segment liabilities	1,173,768	1,101,678	35,918		(872,180)	<u>1,439,183</u>

PERIOD ENDED JANUARY 31, 2007 (RESTATED)

	Lottery \$'000	Gaming & Hospitality \$'000	Financial Services \$'000	Pin codes & Others \$'000	Consolidation Adjustments \$'000	Group Total \$'000
External revenue	4,075,358	213,943	29,990	203,922		4,523,213
Inter-segment revenue				22,781	(22,781)	-
	4,075,358	213,943	29,990	226,703	(22,781)	4,523,213
<u>Results</u>						
Segment results	73,810	9,335	6,980	10,268		100,393
Interest income						1,217
Finance Cost						(3,668)
Profit before taxation						97,942
Taxation						(29,788)
Profit for the period						<u>68,154</u>
<u>Other information</u>						
Capital Additions						-
Depreciation and amortisation	9,404	15,924	218			25,546
<u>Balance Sheet</u>						
Segment assets	2,955,047	2,762,172	108,926		(2,791,678)	<u>3,034,467</u>
Segment liabilities	1,514,239	962,132	46,284		(1,563,120)	<u>959,535</u>

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
THREE MONTHS ENDED 31st JANUARY 2008**

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 Ownership</u> %
Prime Sports Jamaica Limited	Gaming operations	100
Supreme Ventures Lotteries Limited	Lottery operations	100
Chillout Ventures Limited	Gaming operations	100
Jamaica Lottery Company Limited (JLC) and its wholly owned subsidiaries		100
Supreme Ventures Financial Services Limited	Foreign exchange dealer and remittance	100
Jamaica Lottery Holdings Limited (JLH)		100
Coral Cliff Entertainment Limited	Hospitality services	100
Village Square Entertainment Limited	Gaming operations	100

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, 2007.

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 31st JANUARY 2008**

3) Significant Accounting Policies

(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 - this incorporates lottery games, operated through the agent network.
- 2) Gaming & Hospitality - this VLT games offered at gaming lounges incorporates room, restaurant and bar 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)

Under the new licence Supreme Ventures Lotteries Limited 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 31st January 2008 are as follows:

	\$'000
Dedicated Cash Account	<u>\$694,411</u>
Aggregate Liabilities	<u>\$161,555</u>

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
THREE MONTHS ENDED 31st JANUARY 2008**

5) Property and equipment

Freehold land and buildings are stated at valuations. Independent valuations of the Group's land and buildings were performed by Independent Valuers to determine the fair values based on open market value basis. The valuations included:

- Subsidiary, Coral Cliff Entertainment Limited – by Messrs Allison Pitter & Co. as of January 2008.
- Subsidiary, Jamaica Lottery Company Limited – by Messrs Allison Pitter & Co. in January 2008.

6) Revaluation reserve

The change in the revaluation reserve represents the net gain on revaluation of freehold land and held within the group

7) Revenue

Analysis of the revenue is as follows:

	Jan 31st 2008 \$'000	Jan 31st 2007 \$'000
Lottery	4,917,140	4,063,204
VLT/slot drop revenue	234,156	173,115
Hospitality revenue	43,253	40,828
Unclaimed prizes	48,610	12,154
Pin codes and phone cards	235,313	190,805
Money Gram remittance service	14,682	13,578
Foreign exchange trading	15,898	16,412
Other	<u>16,339</u>	<u>13,117</u>
	<u>5,525,391</u>	<u>4,523,213</u>

8) Direct Expenses

Analysis of direct expenses is as follows:

	Jan 31st 2008 \$'000	Jan 31st. 2007 \$'000
Lottery prizes	3,288,905	2,923,001
Service contractor fees	311,444	351,372
Agents' commissions	243,385	202,382
Lottery and gaming tax	302,018	216,923
Contributions to BGLC	55,430	45,195
Gaming Lounge Charges	11,774	11,422
Good cause fees	240,901	167,545
Direct expense – hospitality operations	25,204	16,416
Pin codes and phone card cost	208,684	168,164
Commissions – pin codes and phone – cost	19,659	16,373
Commissions – Money Gram cost	5,860	5,189
Other	<u>1,074</u>	<u>-</u>
	<u>4,714,338</u>	<u>4,123,982</u>