



Games people love to play...and more

**Unaudited Consolidated
Financial Statements
30th April 2008**



Games people love to play...and more

Report of the Board Of Directors Unaudited Financial Statements 30th April 2008

The Board of Directors is pleased to present its unaudited financial results for the half year period 1st November 2007 to 30th April 2008.

Operations during the period under review, especially the second quarter (February to April 2008), were conducted in a challenging economic climate. For the 4 months (January – April 2008), inflation stood at 6.7% compared to 3% for the corresponding period last year. The consumer market was faced with increases in basic food items, cigarettes, alcoholic beverages, a 28% increase in water bills, increases in the base fares for route taxis and private motor vehicle licences. The Lottery & Gaming sector was therefore faced with finding innovative ways to attract a consuming public with less discretionary income for entertainment. In addition, the unmeasured negative effect of the ‘freeze’ on consumer funds tied up in alternate investment schemes is still to be analyzed.

Bearing in mind the challenges stated above, the company’s net profit after tax of \$349M for the half year is an achievement, as **this performance represents a 52% increase**, when compared to the corresponding period last year of \$229M. This positive performance underscores management’s focus on efficiency in operations, opportunities for revenue generation and the need to monitor expenses for greater returns to all stakeholders.

Overall, the company’s revenue position showed significant improvement over the corresponding period last year, with a 19% increase, that is, \$10.84B for the period under review compared to \$9.14B 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.

Half Year Highlights:

- 37% increase in Shareholders’ Equity over the corresponding period last year
- 19% increase in Lottery Gaming revenue over the corresponding period last year
- 16% increase in Video Gaming/Slots revenue over the corresponding period last year
- 16% increase in prize payments for Lottery Gaming over the corresponding period last year
- 12% increase in revenue from the Hospitality Segment over the corresponding period last year
- 21% increase in PIN Code revenue over the corresponding period last year
- 26% increase to the Good Cause (CHASE Fund) over the corresponding period last year
- 9% reduction in Service Contractor fees over the corresponding period last year

A review of the Segment Results for the period under review showed that whilst the Gaming Lounge revenue increased compared to the corresponding period last year, the net revenue

results showed a loss of \$67.5M. This was due largely to exceptional payouts on the progressive banks of 'slot' machines at The Acropolis (Barbican) and Villagio during the 2nd quarter and continued 'start-up' operational challenges attributed to Acropolis May Pen (opened in November 2007). We do not expect this trend to continue.

The Cash Pot game performed to design and at the end of the period under review, liabilities were at 71%. 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.

During the period under review, the company received approval from the Betting, Gaming & Lotteries Commission to operate the Daily Bingo 'Any Line' pattern game. The licence for this game was granted to Bingo Investments Limited, a wholly-owned subsidiary of Supreme Ventures Lotteries Limited. Game operations began on 26th May 2008.

In keeping with the Board's approval for the corporate structure reorganization, the legal team worked assiduously to complete this project and implementation became effective 7th April 2008. This reorganisation was aimed at reducing costs and providing other efficiencies and synergies.

The reorganisation involved two elements:

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

Consequently, Coral Cliff Entertainment Limited, Village Square Entertainment Limited and the Jamaica Lottery Company Limited are being wound up. The gaming lounge in Montego Bay will continue to be marketed as the Coral Cliff brand. The efficiencies and synergies resulting from this internal reorganisation will enhance the Group's overall profitability, thereby enhancing shareholder value.

The Board of Directors also approved a capital distribution payment of 6 cents per share (net) to shareholders on record as at 31st May 2008. The payment will be made no later than 20th June 2008.

The Board of Directors 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 30th April 2008**

(Expressed in thousands of Jamaican dollars)

| | | Unaudited Six months ended April 2008 | Audited year ended October 2007 | Restated Unaudited Six months ended April 2007 |
|--|-------|---|------------------------------------|---|
| ASSETS | | | | |
| | Notes | | | |
| Non-current assets | | | | |
| Property, plant and equipment | | 2,105,908 | 1,770,584 | 1,199,652 |
| Goodwill and other intangibles | | 617,603 | 614,738 | 614,060 |
| 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 | 263,711 |
| Deferred tax assets | | <u>25,144</u> | <u>31,130</u> | <u>46,371</u> |
| | | <u>3,083,850</u> | <u>2,751,647</u> | <u>2,158,015</u> |
| Current assets | | | | |
| Other assets | | 16,769 | 18,069 | - |
| Inventories | | 54,180 | 97,100 | 56,900 |
| Due from related parties | | - | - | - |
| Accounts receivable & prepayments | | 228,036 | 178,879 | 262,918 |
| Cash and bank Deposit | (4) | <u>1,005,300</u> | <u>839,509</u> | <u>710,340</u> |
| | | <u>1,304,285</u> | <u>1,133,557</u> | <u>1,030,158</u> |
| Total assets | | <u>4,388,135</u> | <u>3,885,204</u> | <u>3,188,173</u> |
| EQUITY AND LIABILITIES | | | | |
| Shareholders' equity | | | | |
| Stated capital | | 1,967,183 | 1,967,183 | 1,967,183 |
| Revaluation reserve | | - | 23,500 | 11,573 |
| Capital reserve | | 556,572 | | |
| Retained earnings | | <u>546,243</u> | <u>433,422</u> | <u>256,976</u> |
| | | <u>3,069,998</u> | <u>2,424,105</u> | <u>2,235,732</u> |
| Non-current liabilities | | | | |
| Long-term liabilities | | <u>336,760</u> | <u>375,777</u> | <u>78,620</u> |
| | | <u>336,760</u> | <u>375,777</u> | <u>78,620</u> |
| Current liabilities | | | | |
| Accounts payable and accruals | | 623,689 | 598,294 | 675,642 |
| Current portion of long term liabilities | | 108,201 | 169,193 | - |
| Prizes payable | (4) | 111,739 | 145,505 | 74,518 |
| Income tax payable | | <u>137,748</u> | <u>172,330</u> | <u>123,661</u> |
| | | <u>981,377</u> | <u>1,085,322</u> | <u>873,821</u> |
| Total equity and liabilities | | <u>4,388,135</u> | <u>3,885,204</u> | <u>3,188,173</u> |

Approved and authorized for issue by the Board of Directors on 12th June 2008 and are signed on its behalf by:


Paul Hoo – Chairman



Brian George – President and CEO

Statement II

SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES**Consolidated Profit and Loss Account – Unaudited****For the period ending 30th April 2008**

(Expressed in thousands of Jamaican dollars)

| | <u>Notes</u> | Unaudited 6 Months to | Unaudited 6 Months to | Unaudited 3 Months to | Unaudited 3 Months to |
|-------------------------------|--------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | | <u>Apr – 08</u> \$'000 | <u>Apr – 07</u> \$'000 | <u>Apr – 08</u> \$'000 | <u>Apr – 07</u> \$'000 |
| Revenue | (5) | 10,841,810 | 9,136,600 | 5,316,419 | 4,613,387 |
| Direct expenses | (6) | <u>9,353,825</u> | <u>8,117,029</u> | <u>4,639,487</u> | <u>3,993,047</u> |
| Gross profit | | 1,487,985 | 1,019,571 | 676,932 | 620,340 |
| Expenses | | <u>(919,341)</u> | <u>(637,695)</u> | <u>(444,235)</u> | <u>(338,857)</u> |
| Profit from operations | | 568,644 | 381,876 | 232,697 | 281,483 |
| Interest income | | 35,922 | 9,350 | 18,512 | 8,133 |
| Finance cost | | (21,006) | (6,687) | (10,186) | (3,019) |
| Other gains and losses | | <u>-</u> | <u>(20,308)</u> | <u>-</u> | <u>(20,308)</u> |
| PROFIT BEFORE TAXATION | | 583,560 | 364,231 | 241,023 | 266,289 |
| Taxation | | <u>(234,485)</u> | <u>(135,277)</u> | <u>(106,944)</u> | <u>(105,489)</u> |
| NET PROFIT | | <u>349,075</u> | <u>228,954</u> | <u>134,079</u> | <u>160,800</u> |
| EARNINGS PER STOCK | | <u>0.132</u> | <u>0.087</u> | <u>0.051</u> | <u>0.061</u> |

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

SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES
Consolidated Statement of Changes in Equity
As at 30th April 2008
(Expressed in thousands of Jamaican dollars)

| | Stated Capital | Capital reserve | Revaluation reserve | Retained earnings | Total |
|---|-------------------|--------------------|------------------------|----------------------|------------------|
| Six months ended 30th April 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 | | | 316,289 | | 316,289 |
| Deferred tax adjustment on revaluation reserve | | | 9,307 | | 9,307 |
| Net profit for period | - | - | - | 349,075 | 349,075 |
| Reclassified on amalgamation and reorganization (note 7) | - | 585,350 | (349,096) | (236,254) | - |
| Cost of amalgamation and reorganization | - | (28,778) | - | - | (28,778) |
| Balance as at 30th April 2008 | <u>1,967,183</u> | <u>556,572</u> | <u>-</u> | <u>546,243</u> | <u>3,069,998</u> |
| Six months ended 30th April (restated) | | | | | |
| Balance, 1 st November 2006 | 1,967,183 | - | 28,022 | | 1,995,205 |
| Gain on revaluation of land and building | | 16,613 | | | 16,613 |
| Deferred tax adjustment on revaluation reserve | - | (5,040) | | | (5,040) |
| Balance, 1 st November 2006 (restated) | 1,967,183 | 11,573 | 28,022 | | 2,006,778 |
| Net profit for the year | - | - | 228,954 | | 228,954 |
| Balance at 30th April 2007 (restated) | <u>1,967,183</u> | <u>11,573</u> | <u>256,976</u> | | <u>2,235,732</u> |

SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES**Consolidated Statement of Cash Flows****As at 30th April 2008**

(Expressed in thousands of Jamaican dollars)

| | Unaudited Six months ended April 2008 | Audited Year ended October 2007 | Restated Unaudited Six months ended April 2007 |
|---|--|--|---|
| SOURCES/ (USES) OF CASH | | | |
| Operating activities | | | |
| Profit from operations | 349,075 | 405,400 | 228,954 |
| Adjustments for items not affecting cash, changes in non-cash working capital components and other, net | (14,447) | 188,939 | 47,152 |
| Cash provided by operating activities | 334,628 | 594,339 | 276,106 |
| Cash provided by/(used in) investing activities | (67,444) | (56,206) | 109,709 |
| Cash provided by/(used in) financing activities | (101,393) | (52,387) | (29,238) |
| NET (DECREASE) / INCREASE IN CASH AND BANK BALANCES | 165,791 | 485,746 | 356,577 |
| OPENING CASH AND BANK BALANCES | <u>839,509</u> | <u>353,763</u> | <u>353,763</u> |
| CLOSING CASH AND BANK BALANCES | <u>1,005,300</u> | <u>839,509</u> | <u>710,340</u> |

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

PERIOD ENDED 30th APRIL 2008

| | Lottery \$'000 | Gaming & Hospitality \$'000 | Financial Services \$'000 | Pin codes & Others \$'000 | Consolidation Adjustments \$'000 | Group Total \$'000 |
|--------------------------------|---------------------------|--|--|--|---|-----------------------------------|
| External revenue | 9,760,082 | 522,297 | 61,740 | 497,690 | | 10,841,809 |
| Inter-segment revenue | | 42,892 | | 136,126 | (179,018) | - |
| | <u>9,760,082</u> | <u>565,189</u> | <u>61,740</u> | <u>633,816</u> | <u>(179,018)</u> | <u>10,841,809</u> |
| Results | | | | | | |
| Segment results | 573,713 | (67,539) | 12,969 | 47,501 | | 568,644 |
| Interest income | | | | | | 35,922 |
| Finance Cost | | | | | | <u>(21,006)</u> |
| Profit before taxation | | | | | | 583,560 |
| Taxation | | | | | | <u>(234,485)</u> |
| Profit for the period | | | | | | <u>349,075</u> |
| Other information | | | | | | |
| Capital Additions | 34,709 | 72,693 | 2,107 | | | 109,509 |
| Depreciation and amortisation | 19,390 | 64,985 | 218 | | | 84,593 |
| Balance Sheet | | | | | | |
| Segment assets | 1987,310 | 3,381,953 | 113,681 | | (1,094,809) | <u>4,388,135</u> |
| Consolidated Total Assets | | | | | | <u>4,388,135</u> |
| Segment liabilities | 830,356 | 1,007,850 | 42,434 | | (557,311) | <u>1,323,329</u> |
| Consolidated Total liabilities | | | | | | <u>1,323,329</u> |

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
SIX MONTHS ENDED 30th April 2008**

1) Identification

The Group comprises Supreme Ventures Limited (the company) and its wholly-owned subsidiaries.

On April 7, 2008, the Group was reorganized through a scheme of amalgamations, primarily to consolidate the gaming operations of the Group (see Note 7).

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

| <u>Name of Company</u> | <u>Principal Activity</u> | <u>Percentage Ownership</u> |
|--|----------------------------------|-----------------------------|
| Supreme Ventures Lotteries Limited and its wholly-owned subsidiary | Lottery operations | 100 |
| Bingo Investments Limited | Lottery operations | |
| Prime Sports (Jamaica) Limited and its wholly-owned subsidiary | Gaming operations | 100 |
| Chillout Ventures Limited | Gaming operations | |
| Jamaica Lottery Holdings Limited (In active) | Lottery operations | 100 |
| Supreme Ventures Financial Services Limited | Foreign exchange dealer services | 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.

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
SIX MONTHS ENDED 30th April 2008**

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.

(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.

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
SIX MONTHS ENDED 30th April 2008**

3) 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 30th April 2008 are as follows:

| | |
|-------------------------------|------------------|
| | \$'000 |
| Dedicated Cash Account | <u>\$692,618</u> |
| Aggregate Liabilities | <u>\$216,185</u> |

4) Revenue

Analysis of the revenue is as follows:

| | April 30 <u>2008</u> \$'000 | Oct 31 <u>2007</u> \$'000 | April 30 <u>2007</u> \$'000 |
|-------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| Lottery | 9,696,125 | 16,932,642 | 8,170,638 |
| VLT/slot drop revenue | 438,756 | 803,401 | 379,414 |
| Hospitality revenue | 83,541 | 140,694 | 74,853 |
| Unclaimed prizes | 63,957 | 91,101 | 43,944 |
| Pin codes and phone cards | 463,112 | 783,994 | 382,954 |
| Money Gram remittance service | 32,169 | 57,742 | 18,229 |
| Foreign exchange trading | 29,571 | 66,918 | 39,724 |
| Other | <u>34,577</u> | <u>70,418</u> | <u>26,844</u> |
| | <u>10,841,809</u> | <u>18,946,910</u> | <u>9,136,600</u> |

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
SIX MONTHS ENDED 30th April 2008**

5) Direct Expenses

Analysis of direct expenses is as follows:

| | April 30 <u>2008</u> \$'000 | Oct. 31st <u>2007</u> | April 30. <u>2007</u> \$'000 |
|--|-----------------------------------|--------------------------|------------------------------------|
| Lottery prizes | 6,599,266 | 12,246,275 | 5,703,032 |
| Service contractor fees | 590,646 | 1,222,234 | 647,350 |
| Agents' commissions | 479,740 | 836,031 | 403,520 |
| Lottery and gaming tax | 581,152 | 914,929 | 463,699 |
| Contributions to BGLC | 109,223 | 190,680 | 101,002 |
| Gaming Lounge Charges | 20,387 | 33,267 | 19,884 |
| Good cause fees | 457,893 | 691,272 | 364,124 |
| Direct expense – hospitality operations | 51,370 | 64,058 | 30,171 |
| Pin codes and phone card cost | 411,925 | 694,056 | 338,567 |
| Commissions – pin codes and phone – cost | 38,264 | 62,262 | 32,610 |
| Commissions – Money Gram cost | 12,278 | 22,789 | 10,880 |
| Other | <u>1,681</u> | <u>4,202</u> | <u>2,190</u> |
| | <u>9,353,825</u> | <u>16,982,055</u> | <u>8,117,029</u> |

6) SCHEME OF RECONSTRUCTION AND AMALGAMATION

Effective April 7, 2008, the Group was re-organized in a bid to streamline its operations and to bring its gaming operations (VLT business) under one subsidiary.

Under the scheme of amalgamation and reconstruction:

- The assets, liabilities and operations of Coral Cliff Entertainment Limited (CCEL) and Village Square Entertainment Limited (VSEL) which were previously subsidiaries of Jamaica Lottery Company Limited (a wholly-owned subsidiary of the company) were transferred to Prime Sports (Jamaica) Limited, an existing wholly-owned subsidiary of the company.
- The assets, liabilities and operations of the wholly-owned subsidiary, Jamaica Lottery Company Limited (JLC) were transferred to the parent company, Supreme Ventures Limited (SVL).

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
SIX MONTHS ENDED 30th April 2008**

6) continued

As a result Supreme Ventures Financial Services Limited which was a subsidiary of JLC becomes a wholly-owned subsidiary of SVL.

Effective April 7, 2008, CCEL, VSEL and JLC ceased operations and have been put into members' voluntary liquidation.