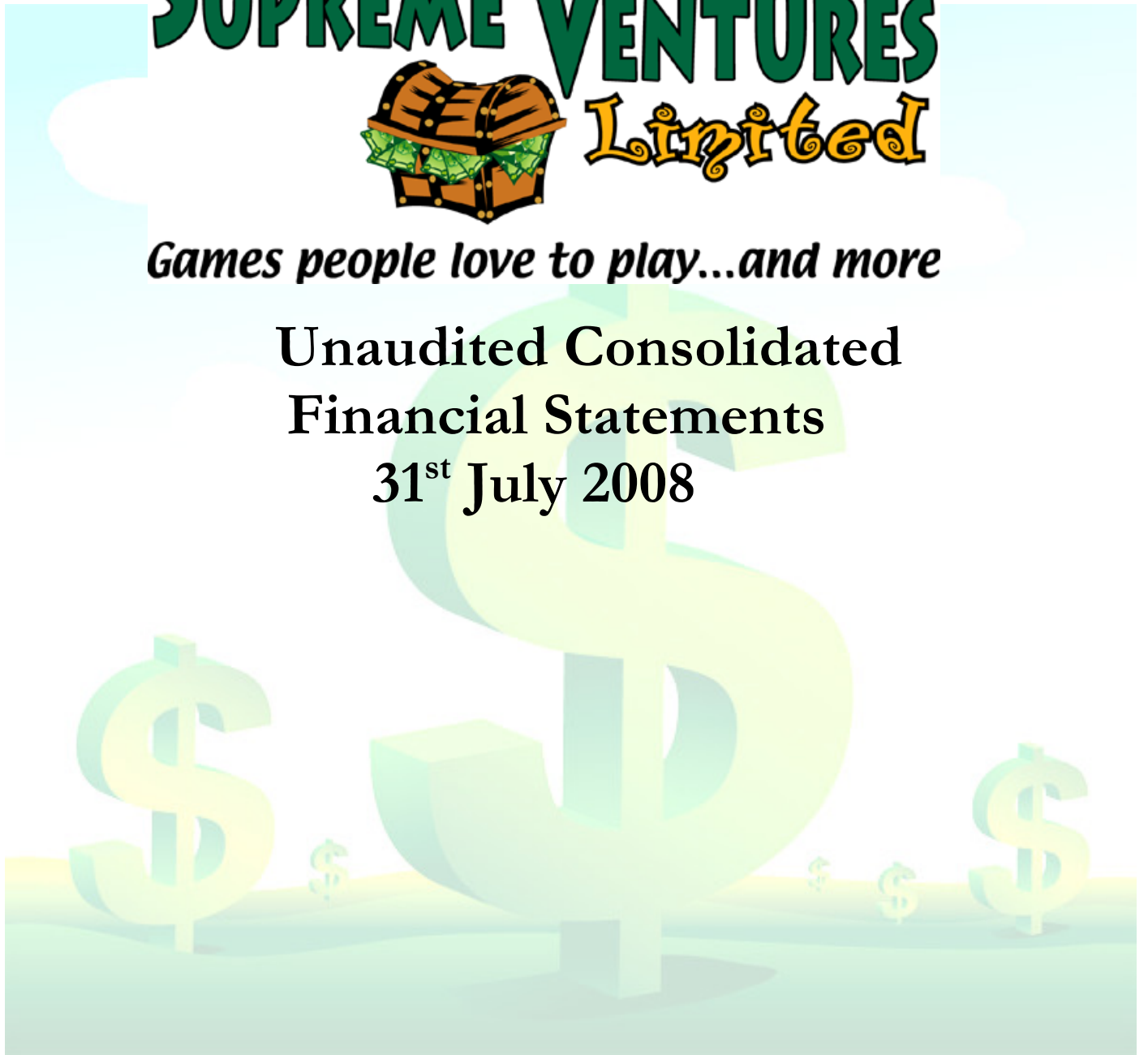


# **SUPREME VENTURES** **Limited**

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

**Unaudited Consolidated  
Financial Statements**

**31<sup>st</sup> July 2008**





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

## **Report of the Board of Directors Unaudited Financial Statements 31<sup>st</sup> July 2008**

The Directors of Supreme Ventures Limited (SVL) are pleased to present the unaudited financial results for the nine-month period, 1<sup>st</sup> November 2007 to 31<sup>st</sup> July 2008.

Operations during the third quarter (May to July 2008) under review, continued in a challenging economic climate. For the 7 months (January – July 2008), inflation stood at 13.9% compared to 6.1% for the corresponding period last year. A continuation of this trend would suggest an annual inflation rate of 28% compared to 16.8% for 2007. In addition, the unmeasured negative effect of the ‘freeze’ on consumer funds tied up in alternate investment schemes remains still to be determined.

Bearing in mind the challenges stated above, the company’s net profit after tax of \$484.7M for the nine-months is a significant achievement, as **this performance represents a 107.4% increase**, when compared to the corresponding period last year of \$233.7M. 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 nine-month corresponding period last year, with a 13.4% increase, that is, \$16.1B for the period under review compared to \$14.2B 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.

### **Nine-Month Highlights:**

- 25.2% increase in Shareholders’ Equity over the corresponding period last year
- 13.4% increase in Lottery Gaming revenue over the corresponding period last year
- 13.3% increase in Lottery Agent Commissions over the corresponding period last year
- 17.9% increase in Video Gaming/Slots revenue over the corresponding period last year
- 6.1% increase in prize payments for Lottery Gaming over the corresponding period last year
- 12.56% increase in revenue from the Hospitality Segment over the corresponding period last year
- 19.6% increase in PIN Code revenue over the corresponding period last year
- 32.7% increase to the Good Cause (CHASE Fund) over the corresponding period last year
- 28.2% increase in payments for Lottery & Gaming Taxes 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 by 23% compared to the corresponding period last year, the **net revenue** results showed a loss of \$108.6M. This was due largely to exceptional payouts on the progressive banks of ‘slot’ machines at The Acropolis (Barbican) and multi-player machines at The Acropolis (May Pen) during the 3<sup>rd</sup> quarter.

The Cash Pot game reflected liabilities of 71.1% at the end of the period under review. The game model is designed for 72% prize liability. There were no high Lotto Jackpots during the period under review but 5 intermediate level Lotto Jackpot payouts of \$69.5M.

The Board of Directors had approved a capital distribution payment of 6 cents per share (net) to shareholders on record as at 31<sup>st</sup> May 2008. The payment was made on 20<sup>th</sup> June 2008.

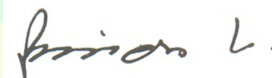
We wish to advise shareholders that the Guatemalan operations of Supreme Gaming Limited were suspended and are expected to resume in October 2008. This may adversely affect that company's ability to service the debt to SVL.

Subsequent to the end of the review period (July 2008) the management continues to assess the revenue position resulting from the effects of Tropical Storm Gustav. Some Lottery Agents experienced damage to property and displacement from their locations due to heavy wind and flooding, while others are still to have power supply restored to their geographic region. The effects with respect to closure of lottery terminal operations for 3 days and the Video/Gaming Lounges for 1 day due to the passage of the Storm are also being analysed but estimates would suggest loss of revenue approximating \$150M.

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 31st July 2008**

(Expressed in thousands of Jamaican dollars)

|  |       | Unaudited Nine<br>months ended<br>July 2008 | Audited year ended<br>October 2007 | Restated<br>Unaudited Nine<br>months ended<br>July 2007 |
|--|-------|---|------------------------------------|---|
| <b>ASSETS</b>                            |       |   |                                    |   |
|  | Notes |   |                                    |   |
| <b>Non-current assets</b>                |       |   |                                    |   |
| Property, plant and equipment            |       | 2,091,542                                   | 1,770,584                          | 1,493,738   |
| Goodwill and other intangibles           |       | 617,094                                     | 614,738                            | 798,166   |
| 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                             | 365,461   |
| Other Assets                             |       | -   | -                                  | 43,459  |
| Deferred tax assets                      |       | <u>19,559</u>                               | <u>31,130</u>                      | <u>74,043</u>   |
|  |       | <u>3,063,390</u>                            | <u>2,751,647</u>                   | <u>2,809,088</u>  |
| <b>Current assets</b>                    |       |   |                                    |   |
| Other assets                             |       | 18,020                                      | 18,069                             | -   |
| Inventories                              |       | 88,581                                      | 97,100                             | 82,238  |
| Due from related parties                 |       | -   | -                                  | -   |
| Accounts receivable & prepayments        |       | 221,667                                     | 178,879                            | 204,757   |
| Cash and bank Deposit                    | (4)   | <u>889,441</u>                              | <u>839,509</u>                     | <u>743,025</u>  |
|  |       | <u>1,217,709</u>                            | <u>1,133,557</u>                   | <u>1,030,020</u>  |
| <b>Total assets</b>                      |       | <u>4,281,099</u>                            | <u>3,885,204</u>                   | <u>3,839,108</u>  |
| <b>EQUITY AND LIABILITIES</b>            |       |   |                                    |   |
| <b>Shareholders' equity</b>              |       |   |                                    |   |
| Stated capital                           |       | 1,967,183                                   | 1,967,183                          | 1,967,183   |
| Revaluation reserve                      |       | -   | 23,500                             | 11,573  |
| Capital reserve                          |       | 385,224                                     | -                                  | -   |
| Retained earnings                        |       | <u>681,851</u>                              | <u>433,422</u>                     | <u>261,716</u>  |
|  |       | <u>3,034,258</u>                            | <u>2,424,105</u>                   | <u>2,240,472</u>  |
| <b>Non-current liabilities</b>           |       |   |                                    |   |
| Long-term liabilities                    |       | <u>308,491</u>                              | <u>375,777</u>                     | <u>457,038</u>  |
|  |       | <u>308,491</u>                              | <u>375,777</u>                     | <u>457,038</u>  |
| <b>Current liabilities</b>               |       |   |                                    |   |
| Accounts payable and accruals            |       | 569,520                                     | 598,294                            | 746,114   |
| Current portion of long term liabilities |       | 103,313                                     | 169,193                            | 133,069   |
| Prizes payable                           | (4)   | 86,246                                      | 145,505                            | 124,122   |
| Income tax payable                       |       | <u>179,271</u>                              | <u>172,330</u>                     | <u>138,293</u>  |
|  |       | <u>938,350</u>                              | <u>1,085,322</u>                   | <u>1,141,598</u>  |
| <b>Total equity and liabilities</b>      |       | <u>4,281,099</u>                            | <u>3,885,204</u>                   | <u>3,839,108</u>  |

Approved and authorized for issue by the Board of Directors on 9<sup>th</sup> September, 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 July 2008**  
(Expressed in thousands of Jamaican dollars)

|                               | <u>Notes</u> | <b>Unaudited<br/>9 Months to<br/>July – 08<br/>\$'000</b> | <b>Unaudited<br/>9 Months to<br/>July– 07<br/>\$'000</b> | <b>Unaudited<br/>3 Months to<br/>July – 08<br/>\$'000</b> | <b>Unaudited<br/>3 Months to<br/>July – 07<br/>\$'000</b> |
|-------------------------------|--------------|---|--|---|---|
| Revenue                       | (5)          | 16,122,515  | 14,200,731   | 5,280,705   | 5,064,165   |
| Direct expenses               | (6)          | <u>13,886,504</u>   | <u>12,797,471</u>  | <u>4,532,679</u>  | <u>4,679,673</u>  |
| Gross profit                  |              | 2,236,011   | 1,403,260  | 748,026   | 384,492   |
| Expenses                      |              | <u>(1,440,869)</u>  | <u>(1,011,493)</u>                                       | <u>( 521,528)</u>   | <u>( 374,601)</u>   |
| Profit from operations        |              | 795,142   | 391,767  | 226,498   | 9,891   |
| Interest income               |              | 50,018  | 20,497   | 14,096  | 11,147  |
| Finance cost                  |              | ( 24,506)   | ( 14,352)  | ( 3,500)  | ( 7,665)  |
| Other gains and losses        |              | -   | <u>( 26,462)</u>   | -   | <u>( 6,154)</u>   |
| <b>PROFIT BEFORE TAXATION</b> |              | 820,654   | 371,450  | 237,094   | 7,219   |
| Taxation                      |              | <u>( 335,971)</u>   | <u>( 137,756)</u>  | <u>( 101,486)</u>   | <u>( 2,479)</u>   |
| <b>NET PROFIT</b>             |              | <u>484,683</u>  | <u>233,694</u>   | <u>135,608</u>  | <u>4,740</u>  |
| <b>EARNINGS PER STOCK</b>     |              | <u>0.184</u>  | <u>0.089</u>   | <u>0.051</u>  | <u>0.002</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 July 2008**

(Expressed in thousands of Jamaican dollars)

|   | Stated<br>Capital | Capital<br>reserve | Revaluation<br>reserve | Retained<br>earnings | Total            |
|---|-------------------|--------------------|------------------------|----------------------|------------------|
| <b>Nine months ended 31<sup>st</sup> July</b>                 |                   |                    |                        |                      |                  |
| Balance, 1 <sup>st</sup> 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   | -                 | -                  | -                      | 484,683              | 484,683          |
| Reclassified on amalgamation and reorganization (note 7)      | -                 | 585,350            | (349,096)              | (236,254)            | -                |
| Cost of amalgamation and reorganization                       | -                 | (28,778)           | -                      | -                    | (28,778)         |
| Capital Distribution  | -                 | (171,348)          | -                      | -                    | (171,348)        |
| Balance as at 31 <sup>st</sup> July 2008                      | <u>1,967,183</u>  | <u>385,224</u>     | <u>-</u>               | <u>681,851</u>       | <u>3,034,258</u> |
| <b>Nine months ended 31<sup>st</sup> July (restated)</b>      |                   |                    |                        |                      |                  |
| Balance, 1 <sup>st</sup> 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)              | (4,267)          |
| Balance, 1 <sup>st</sup> November 2006 (restated)             | 1,967,183         | 11,573             | 28,022                 |                      | 2,006,778        |
| Net profit for the year                                       | -                 | -                  | 233,694                |                      | 233,694          |
| Balance as at 31 <sup>st</sup> July 2007 (restated)           | <u>1,967,183</u>  | <u>11,573</u>      | <u>261,716</u>         |                      | <u>2,240,472</u> |

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

(Expressed in thousands of Jamaican dollars)

|   | Unaudited<br>Nine months<br>ended<br>July 2008 | Audited<br>Year ended<br>October 2007 | Restated<br>Unaudited<br>Nine months<br>ended<br>July 2007 |
|---|--|---------------------------------------|--|
| <b>SOURCES/ (USES) OF CASH</b>  |  |                                       |  |
| <b>Operating activities</b>   |  |                                       |  |
| Profit from operations  | 484,683  | 405,400                               | 233,694  |
| Adjustments for items not affecting cash, changes in non-cash working capital components and other, net | <u>( 73,237)</u>                               | <u>188,939</u>                        | <u>188,805</u>   |
| Cash provided by operating activities   | 411,446  | 594,339                               | 422,499  |
| Cash provided by/( used in) investing activities  | ( 56,935)                                      | (56,206)                              | (493,553)  |
| Cash provided by/(used in) financing activities   | (133,231)                                      | (52,387)                              | 460,316  |
| Cash used for capital distribution  | <u>(171,348)</u>                               | -                                     | -  |
| <b>NET (DECREASE) / INCREASE IN CASH AND BANK BALANCES</b>  | 49,932   | 485,746                               | 389,262  |
| <b>OPENING CASH AND BANK BALANCES</b>   | <u>839,509</u>                                 | <u>353,763</u>                        | <u>353,763</u>   |
| <b>CLOSING CASH AND BANK BALANCES</b>   | <u>889,441</u>                                 | <u>839,509</u>                        | <u>743,025</u>   |

**SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES****Financial Information by Business Segment- Unaudited**

(Expressed in thousands of Jamaican dollars)

**PERIOD ENDED JULY 31, 2008**

|                                | <b>Lottery<br/>\$'000</b> | <b>Gaming &amp;<br/>Hospitality<br/>\$'000</b> | <b>Financial<br/>Services<br/>\$'000</b> | <b>Pin codes &amp;<br/>Others<br/>\$'000</b> | <b>Consolidation<br/>Adjustments<br/>\$'000</b> | <b>Group<br/>Total<br/>\$'000</b> |
|--------------------------------|---------------------------|--|--|--|---|-----------------------------------|
| <b>External revenue</b>        | 14,431,751                | 840,287  | 95,524                                   | 754,955                                      |   | 16,122,517                        |
| Inter-segment revenue          |                           | 59,027   |  | 182,803                                      | (241,830)                                       | -                                 |
|                                | <u>14,431,751</u>         | <u>899,314</u>                                 | <u>95,524</u>                            | <u>937,758</u>                               | <u>(241,830)</u>                                | <u>16,122,517</u>                 |
| <b>Results</b>                 |                           |  |  |  |   |                                   |
| Segment results                | 820,011                   | (108,558)                                      | 14,988                                   | 68,701                                       |   | 795,142                           |
| Interest income                |                           |  |  |  |   | 50,018                            |
| Finance Cost                   |                           |  |  |  |   | <u>( 24,506)</u>                  |
| Profit before taxation         |                           |  |  |  |   | 820,654                           |
| Taxation                       |                           |  |  |  |   | <u>(335,971)</u>                  |
| Profit for the period          |                           |  |  |  |   | <u>484,683</u>                    |
| <b>Other information</b>       |                           |  |  |  |   |                                   |
| Capital Additions              | 39,904                    | 94,334   | 2,987                                    |  |   | 137,225                           |
| Depreciation and amortisation  | 21,570                    | 98,896   | 389                                      |  |   | 120,855                           |
| <b>Balance Sheet</b>           |                           |  |  |  |   |                                   |
| Segment assets                 | 2,437,062                 | 3,344,753                                      | 152,501                                  |  | (1,653,217)                                     | <u>4,281,099</u>                  |
| Consolidated Total Assets      |                           |  |  |  |   | <u>4,281,099</u>                  |
| Segment liabilities            | 795,539                   | 1,000,060                                      | 79,393                                   |  | ( 628,151)                                      | <u>1,246,841</u>                  |
| Consolidated Total liabilities |                           |  |  |  |   | <u>1,246,841</u>                  |



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

**PERIOD ENDED JULY 31, 2007 (RESTATED)**

|                                | Lottery<br>\$'000 | Gaming &<br>Hospitality<br>\$'000 | Financial<br>Services<br>\$'000 | Pin codes &<br>Others<br>\$'000 | Consolidation<br>Adjustments<br>\$'000 | Group<br>Total<br>\$'000 |
|--------------------------------|-------------------|-----------------------------------|---------------------------------|---------------------------------|--|--------------------------|
| <b>External revenue</b>        | 12,753,426        | 718,186                           | 92,778                          | 636,340                         |  | 14,200,730               |
| Inter-segment revenue          |                   | 13,074                            |                                 | 155,267                         | (168,341)                              | -                        |
|                                | <u>12,753,426</u> | <u>731,260</u>                    | <u>92,778</u>                   | <u>791,607</u>                  | <u>(168,341)</u>                       | <u>14,200,730</u>        |
| <b>Results</b>                 |                   |                                   |                                 |                                 |  |                          |
| Segment results                | 287,821           | 66,053                            | 20,162                          | 17,731                          |  | 391,767                  |
| Interest income                |                   |                                   |                                 |                                 |  | 20,497                   |
| Finance Cost                   |                   |                                   |                                 |                                 |  | ( 14,352)                |
| Other gains (losses)           |                   |                                   |                                 |                                 |  | <u>( 26,462)</u>         |
| Profit before taxation         |                   |                                   |                                 |                                 |  | 371,450                  |
| Taxation                       |                   |                                   |                                 |                                 |  | <u>(137,756)</u>         |
| Profit for the period          |                   |                                   |                                 |                                 |  | <u><u>233,694</u></u>    |
| <b>Other information</b>       |                   |                                   |                                 |                                 |  |                          |
| Capital Additions              | 7,812             | 333,278                           | 426                             |                                 |  | 341,516                  |
| Depreciation and amortisation  | 28,817            | 53,983                            | 637                             |                                 |  | 83,437                   |
| <b>Balance Sheet</b>           |                   |                                   |                                 |                                 |  |                          |
| Segment assets                 | 2,597,874         | 3,051,943                         | 156,526                         |                                 | (1,967,235)                            | <u>3,839,108</u>         |
| Consolidated Total Assets      |                   |                                   |                                 |                                 |  | <u><u>3,839,108</u></u>  |
| Segment liabilities            | 1,333,929         | 934,435                           | 92,312                          |                                 | ( 762,040)                             | <u>1,598,636</u>         |
| Consolidated Total liabilities |                   |                                   |                                 |                                 |  | <u><u>1,598,636</u></u>  |

**SUPREME VENTURES LIMITED  
AND ITS SUBSIDIARIES  
NOTES TO FINANCIAL STATEMENTS  
NINE MONTHS ENDED 31<sup>st</sup> JULY 2008**

**1) Identification**

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

On 7<sup>th</sup> April, 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               | 100                         |
| 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 31<sup>st</sup> October, 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.

**SUPREME VENTURES LIMITED  
AND ITS SUBSIDIARIES  
NOTES TO FINANCIAL STATEMENTS  
NINE MONTHS ENDED 31<sup>st</sup> JULY 2008**

**3) Significant Accounting Policies (cont'd)**

**(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 within the current period.

**SUPREME VENTURES LIMITED  
AND ITS SUBSIDIARIES  
NOTES TO FINANCIAL STATEMENTS  
NINE MONTHS ENDED 31<sup>st</sup> JULY 2008**

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

Based on an approval granted on 29<sup>th</sup> December, 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 1<sup>st</sup> January, 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 150% 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:

|                               |                            |
|-------------------------------|----------------------------|
| <b>Dedicated Cash Account</b> | \$'000<br><u>\$663,618</u> |
| <b>Aggregate Liabilities</b>  | <u>\$149,098</u>           |

**5) Revenue**

Analysis of the revenue is as follows:

|                               | 31 <sup>st</sup> July<br><u>2008</u><br>\$'000 | 31 <sup>st</sup> July<br><u>2007</u><br>\$'000 |
|-------------------------------|--|--|
| Lottery                       | 14,336,906                                     | 12,693,840                                     |
| VLT/slot drop revenue         | 709,307  | 601,823  |
| Hospitality revenue           | 130,980  | 116,363  |
| Unclaimed prizes              | 94,845   | 59,586   |
| Pin codes and phone cards     | 704,479  | 588,974  |
| Money Gram remittance service | 51,524   | 43,440   |
| Foreign exchange trading      | 44,000   | 49,338   |
| Other                         | <u>50,474</u>                                  | <u>47,367</u>                                  |
|                               | <u>16,122,515</u>                              | <u>14,200,731</u>                              |

**SUPREME VENTURES LIMITED  
AND ITS SUBSIDIARIES  
NOTES TO FINANCIAL STATEMENTS  
NINE MONTHS ENDED 31<sup>st</sup> JULY 2008**

**6) Direct Expenses**

Analysis of direct expenses is as follows:

|  | 31 <sup>st</sup> July<br><u>2008</u><br>\$'000 | 31 <sup>st</sup> July<br><u>2007</u><br>\$'000 |
|--|--|--|
| Lottery prizes                           | 9,785,481                                      | 9,222,569                                      |
| Service contractor fees                  | 866,518  | 955,693  |
| Agents' commissions                      | 709,783  | 626,510  |
| Lottery and gaming tax                   | 859,105  | 670,231  |
| Contributions to BGLC                    | 162,589  | 142,727  |
| Gaming Lounge Charges                    | 38,605   | 31,760   |
| Good cause fees                          | 676,491  | 509,927  |
| Direct expense – hospitality operations  | 81,002   | 47,531   |
| Pin codes and phone card cost            | 628,305  | 521,227  |
| Commissions – pin codes and phone – cost | 57,949   | 50,016   |
| Commissions – Money Gram cost            | 18,996   | 17,090   |
| Other                                    | <u>1,680</u>                                   | <u>2,190</u>                                   |
|  | <u>13,886,504</u>                              | <u>12,797,471</u>                              |

**7) SCHEME OF RECONSTRUCTION AND AMALGAMATION**

Effective 7<sup>th</sup> April, 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). As a result Supreme Ventures Financial Services Limited which was a subsidiary of JLC becomes a wholly-owned subsidiary of SVL.

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