



Games people love to play...and more

**Unaudited Consolidated
Financial Statements
31st January 2009**





Games people love to play...and more

**Report of the Board of Directors
Unaudited Financial Statements as at 31st January 2009**

The Board of Directors is pleased to present its unaudited financial results for the first quarter, covering the period 1st November 2008 to 31st January 2009.

Overall, the company's revenue showed marginal improvement over the corresponding period last year, with 8.32% increase, that is, \$5.99B for the period under review compared to \$5.53B, for the corresponding period last year. This was due to the positive contribution by most of the company's business segments during the period under review.

The company's net profit after tax of \$172.94M for the first quarter is a very positive achievement, especially in light of the current economic conditions. It is however a 19.56% decrease, when compared to the corresponding period last year, which saw net profit after tax of \$215M. The company's profitability was negatively impacted by the Cash Pot game liability for the quarter under review.

The average Cash Pot liability (prizes payable) for the period was 74.2%, which represents a 2.2% increase over the game design of 72%. When the game liabilities exceed game design, the Group's net profit after tax is reduced.

In the corresponding period last year, the Cash Pot average liability was below the game design, at 68.84%.

First Quarter Highlights:

- 3.25% increase in total assets over the corresponding period last year
- 51.9% increase in Financial Services revenue (Moneygram & Cambio) over the corresponding period last year
- 16% increase in Video Gaming/Slots revenue over the corresponding period last year
- 5.9% increase in Lottery Gaming revenue over the corresponding period last year
- 9.6% increase in prize payments for Lottery Gaming over the corresponding period last year
There was a concurrent decrease of 68.4% in unclaimed prizes, when compared to the corresponding period last year.
- 5.21% increase in Shareholders' Equity over the corresponding period last year
- 6.1% increase to the agent commission over the corresponding period last year
- 46.6% increase in cellular phone PIN Code revenue over the corresponding period last year

Report of the Board of Directors (continued)

The Lotto game changes which took effect on 5th November 2008 have had a positive impact on the lottery gaming revenue. These game changes included a new starting Lotto Jackpot of \$15M, a price change to \$50 per bet and a new logo. There were two \$60M Lotto Jackpot winners during the period under review.

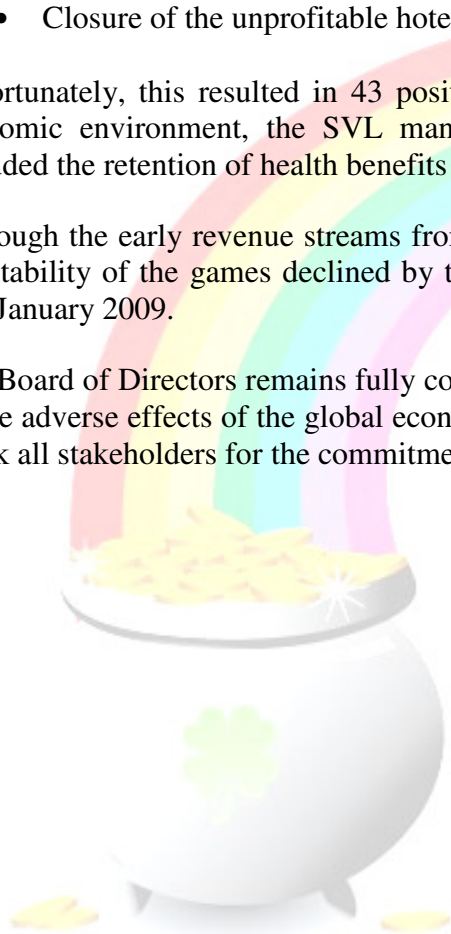
Supreme Ventures Limited (SVL) also took steps to reduce inefficiencies within the Group. These steps involved mainly the Coral Cliff facility and included:

- Upgrading of obsolete slot games
- Consolidation of Ma Lou's restaurant with the Rum Jungle Restaurant
- Elimination of the unprofitable 2am to 10am shift, and
- Closure of the unprofitable hotel operations

Unfortunately, this resulted in 43 positions being made redundant at the facility. Mindful of the current economic environment, the SVL management paid a significantly enhanced redundancy package that included the retention of health benefits up to October 2009 for the Coral Cliff employees displaced.

Although the early revenue streams from the Daily Bingo and Prime Time Bingo games were positive, the profitability of the games declined by the end of the 2008. As a result, these games were discontinued on 10th January 2009.

The Board of Directors remains fully cognizant of the challenges the Group may face in the coming months, as the adverse effects of the global economic crisis will impact many of our customers. We however wish to thank all stakeholders for the commitment and support they continue to show in Supreme Ventures Limited.



A handwritten signature in black ink, appearing to read 'Paul Hoo'.

Paul Hoo
CHAIRMAN

A handwritten signature in black ink, appearing to read 'Brian George'.

Brian George
PRESIDENT & CEO

SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES**Consolidated Balance Sheet****As at 31st January 2009**

(Expressed in thousands of Jamaican dollars)

		Unaudited Three months ended January 2009	Audited year ended October 2008	Restated Unaudited Three months ended January 2008
ASSETS	Notes			
Non-current assets				
Property, plant and equipment		2,057,383	2,061,071	2,129,815
Goodwill and other intangibles		641,064	641,729	614,439
Long-term receivables	(4)	360,625	320,005	284,035
Investment in Joint Venture		34,221	34,221	34,221
Available-for-sale-investments		16,939	16,939	16,939
Deferred tax assets		-	2,619	36,208
		<u>3,110,232</u>	<u>3,076,584</u>	<u>3,115,657</u>
Current assets				
Other assets		16,564	18,069	18,069
Inventories		95,204	48,886	71,492
Accounts receivable & prepayments	(5)	330,630	246,753	220,275
Cash and bank Deposit	(6)	994,396	905,295	978,385
		<u>1,436,794</u>	<u>1,219,003</u>	<u>1,288,221</u>
Total assets		<u>4,547,026</u>	<u>4,295,587</u>	<u>4,403,878</u>
EQUITY AND LIABILITIES				
Shareholders' equity				
Stated capital		1,967,183	1,967,183	1,967,183
Revaluation reserve		-	-	349,094
Capital reserve		145,767	145,767	-
Profit & Loss Account		1,006,060	833,123	648,418
		<u>3,119,010</u>	<u>2,946,073</u>	<u>2,964,695</u>
Non-current liabilities				
Long-term liabilities		270,753	267,803	371,163
Deferred tax Liabilities		7,902	-	-
		<u>278,655</u>	<u>267,803</u>	<u>371,163</u>
Current liabilities				
Accounts payable and accruals	(7)	616,243	596,171	603,349
Current portion of long term liabilities		144,373	133,066	111,859
Prizes payable	(6)	80,285	108,244	73,573
Income tax payable		308,460	244,230	279,239
		<u>1,149,361</u>	<u>1,081,711</u>	<u>1,068,020</u>
Total equity and liabilities		<u>4,547,026</u>	<u>4,295,587</u>	<u>4,403,878</u>

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

Approved and authorized for issue by the Board of Directors on 13th March 2009 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 2009
(Expressed in thousands of Jamaican dollars)

	<u>Notes</u>	Unaudited 3 Months to January – 09 \$'000	Unaudited 3 Months to January – 08 \$'000
Revenue	(8)	5,986,564	5,525,391
Direct expenses	(9)	<u>(5,143,446)</u>	<u>(4,714,338)</u>
Gross profit		843,118	811,053
Expenses		<u>(551,983)</u>	<u>(476,997)</u>
Profit from operations		291,135	334,056
Interest income		18,059	17,410
Finance cost		<u>(7,524)</u>	<u>(8,929)</u>
PROFIT BEFORE TAXATION		301,670	342,537
Taxation		<u>(128,733)</u>	<u>(127,541)</u>
NET PROFIT		<u>172,937</u>	<u>214,996</u>
EARNINGS PER STOCK		<u>0.066</u>	<u>0.082</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 31st January 2009
 (Expressed in thousands of Jamaican dollars)

	Stated Capital	Capital reserve	Revaluation reserve	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Three months ended 31st January 2009					
Balance, 1 st November 2008	1,967,183	145,767	-	833,123	2,946,073
Net profit for period	<u>-</u>	<u>-</u>	<u>-</u>	<u>172,937</u>	<u>172,937</u>
Balance as at 31 st January 2008	<u>1,967,183</u>	<u>145,767</u>	<u>-</u>	<u>1,006,060</u>	<u>3,119,010</u>
Three months ended 31st January 2008					
Balance, 1 st November 2007 (as previously stated)	1,967,183	-	23,500	433,422	2,424,105
Gain on revaluation of land & Building			316,287		316,287
Deferred tax adjustment on revaluation reserve			9,307		9,307
Net profit for period	<u>-</u>	<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>-</u>	<u>349,094</u>	<u>648,418</u>	<u>2,964,695</u>

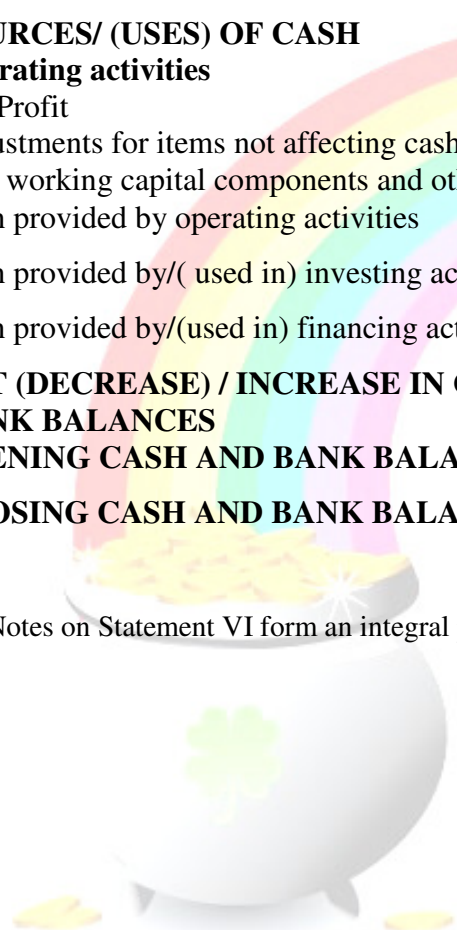
The Notes on Statement VI form an integral part of the Financial Statements.

SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES**Consolidated Statement of Cash Flows****As at 31st January 2009**

(Expressed in thousands of Jamaican dollars)

	Unaudited Three months ended January 2009	Audited Year ended October 2008	Unaudited Three months ended January 2008
SOURCES/ (USES) OF CASH			
Operating activities			
Net Profit	172,937	645,989	214,996
Adjustments for items not affecting cash, changes in non-cash working capital components and other, net	(7,804)	152,050	57,362
Cash provided by operating activities	165,133	798,039	272,358
Cash provided by/(used in) investing activities	(43,549)	(112,511)	(68,681)
Cash provided by/(used in) financing activities	(32,483)	(619,742)	(64,801)
NET (DECREASE) / INCREASE IN CASH AND BANK BALANCES	89,101	65,786	138,876
OPENING CASH AND BANK BALANCES	<u>905,295</u>	<u>839,509</u>	<u>839,509</u>
CLOSING CASH AND BANK BALANCES	<u>994,396</u>	<u>905,295</u>	<u>978,385</u>

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



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

PERIOD ENDED January 31, 2009

	Lottery \$'000	Gaming & Hospitality \$'000	Financial Services \$'000	Pin codes & Others \$'000	Consolidation Adjustments \$'000	Group Total \$'000
External revenue	5,221,793	312,549	46,445	405,777		5,986,564
Inter-segment revenue		17,549		71,472	(89,021)	-
	5,221,793	330,098	46,445	477,249	(89,021)	5,986,564
<u>Results</u>						
Segment results	263,507	(55,965)	14,830	68,764		291,135
Interest income						18,059
Finance Cost						(7,524)
Profit before taxation						301,670
Taxation						(128,733)
Profit for the period						<u>172,937</u>
<u>Other information</u>						
Capital Additions	35,289	29,460	257			65,006
Depreciation and amortization	33,250	32,182	287			65,719
<u>Balance Sheet</u>						
Segment assets	3,558,430	3,396,046	135,660		(2,551,012)	<u>4,539,124</u>
Segment liabilities	612,263	1,669,920	48,217		(910,286)	<u>1,420,114</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
Results						
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>
Other information						
Capital Additions	4,459	81,367	265			86,091
Depreciation and amortisation	9,763	31,190	99			41,052
Balance Sheet						
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>

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
THREE MONTHS ENDED 31st JANUARY 2009**

1) Identification

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

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

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 (inactive)	Gaming operations	100
Jamaica Lottery Holdings Limited (Inactive)	Lottery operations	100
Supreme Ventures Financial Services Limited	Foreign exchange dealer and remittance services	100
Big A Track 2003 Limited	Sports Betting (NOT CONSOLIDATED)	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, 2008.

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
THREE MONTHS ENDED 31st JANUARY 2009**

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 primary segments:

- I. Lottery
- II. Gaming and Hospitality
- III. Financial Services
- IV. PIN codes and Others

On 10 January 2009, the Daily Bingo games offered by Bingo Investments Limited and the Prime Time Bingo offered by Supreme Ventures Lotteries Limited were discontinued.

(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
THREE MONTHS ENDED 31st JANUARY 2009**

4) LONG-TERM RECEIVABLES

The interest rate payable on the advances will be agreed at October 31 each year for the ensuing 12 months period beginning November 1. The rate so agreed for period November 1, 2008 to October 31, 2009 is at 4.79% per annum.

The settlement terms of the promissory note are as follows:

- On October 31, 2009, the interest accrued at the agreed rate is to be capitalized.
- During the three years from November 1, 2009, the principal sum will be repaid in twelve equal quarterly installments on the last day of January, April, July and October and the twelfth and final installment will be paid on October 31, 2012.
- As of November 1, 2009, interest accruing on the reducing principal sum will be paid quarterly on the last day of January, April, July and October.

In addition to the arrangement detailed above between SGL BVI and the subsidiary, Supreme Ventures Lotteries Limited, the company has signed a franchise fee agreement. Under this agreement SGL BVI as the franchisee has the exclusive right to utilize the marks and names of Supreme Ventures Limited on its products in various existing and potential markets throughout Central, South American and the Caribbean regions. The fees payable to the company will be calculated based on agreed rates and revenue generated by SGL BVI.

5) TRADE AND OTHER RECEIVABLES

	<u>Jan-31-09</u> \$'000	<u>Jan-31-08</u> \$'000
Trade receivables	277,679	171,046
Less: Allowances for irrecoverable debts	(43,288)	(24,099)
	234,391	146,947
Other receivables	<u>96,239</u>	<u>73,328</u>
	<u>330,630</u>	<u>220,275</u>

- a) Trade receivables include amounts receivable from the agents that support the lottery sales. The average credit period of receivables is 7 days. Trade receivables outstanding for over 30 days are considered past due. Trade receivables outstanding for over 90 days have been provided for in full as historical experience indicates that receivables that are past due beyond this period are generally not recoverable.
- b) Included in trade debtors is a carrying amount of \$4.9 million (2008: \$4.9 million) which are past due at the reporting date which the Group has not provided for as they have been re-negotiated.

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
THREE MONTHS ENDED 31st JANUARY 2009**

6) CONDITIONS ATTACHED TO LICENCE GRANTED BY THE BETTING GAMING AND LOTTERIES COMMISSION (BGLC)

Based on a licence issued on 1st January 2007 by the Betting Gaming and Lotteries Commission (BGLC), 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 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 31st January 2009 are as follows:

Dedicated Cash Account

\$'000
\$676,193

Aggregate Liabilities

\$164,183

7) TRADE AND OTHER PAYABLES

	<u>Jan-31-09</u>	<u>Jan-31-08</u>
	\$'000	\$'000
Trade payables	195,154	109,429
Service contractor fees	158,512	164,959
Contributions payable to CHASE Fund	51,013	67,741
Contributions payable to Betting, Gaming and Lotteries Commission	15,516	11,931
Lottery taxes payable	28,636	12,665
Withholding taxes payable	86,992	87,820
Other payables and accruals	<u>80,420</u>	<u>148,802</u>
	<u>616,243</u>	<u>603,347</u>

8) REVENUE

Analysis of the revenue is as follows:

	<u>Jan-31-09</u>	<u>Jan-31-08</u>
	\$'000	\$'000
Lottery	5,206,437	4,917,140
VLT/slot drop revenue	271,607	234,156
Hospitality revenue	40,942	43,253
Unclaimed prizes	15,356	48,610
Pin codes and phone cards	344,885	235,313
Money Gram remittance service	18,795	14,682
Foreign exchange trading	27,650	15,898
Other	<u>60,892</u>	<u>16,339</u>
	<u>5,986,564</u>	<u>5,525,391</u>

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
THREE MONTHS ENDED 31st JANUARY 2009**

9) Direct Expenses

Analysis of direct expenses is as follows:

	<u>Jan-31-09</u> \$'000	<u>Jan-31-08</u> \$'000
Lottery prizes	3,605,450	3,288,905
Service contractor fees	309,902	311,444
Agents' commissions	258,130	243,385
Lottery and gaming tax	296,982	302,018
Contributions to BGLC	59,344	55,430
Gaming Lounge Charges	15,535	11,774
Good cause fees	229,134	240,901
Direct expense – hospitality operations	25,479	25,204
Pin codes and phone card cost	309,552	208,684
Commissions – pin codes and phone – cost	27,461	19,659
Commissions – Money Gram cost	6,477	5,860
Other	<u>-</u>	<u>1,074</u>
	<u>5,143,446</u>	<u>4,714,338</u>

