



Games people love to play...and more

**Unaudited Consolidated
Financial Statements
30th April 2009**



Games people love to play...and more

Report of the Board of Directors Unaudited Financial Statements 30th April 2009

The Board of Directors of Supreme Ventures Limited presents the unaudited financial results for the half-year period 1st November 2008 to 30th April 2009.

Despite the challenging economic environment and the impact of the global recession, the company is appreciative of the public's support for its products and services, resulting in a 13.15% increase in revenue over the corresponding period in 2008. Total revenue increased to \$12.27B when compared to \$10.84B for the corresponding period in 2008.

The company's increased net profit after tax of 12.22% (\$151.47M) for the second quarter is a very positive achievement in the current economic climate, when compared to the second quarter of 2008, at \$134.97M. The comparison of the six-month period however, highlights the negative effect of first quarter operations, as the net profit after tax to 30th April 2009 showed a decrease of 7.31%, when compared to the same period in 2008.

The Cash Pot game liabilities were higher than game design at the end of the period under review. Average liabilities for the second quarter of the financial year were at 74.53%. The game model is designed for 72% prize liability. When liabilities run higher than game design, the higher prize payouts (for the second quarter, in excess of \$200M), directly impact the net profit of the company. As such, the company's net profit after tax continued to be affected by the volatile swings in the Cash Pot game liability, as in the first quarter of the financial year.

The Lotto game revenue for the second quarter reflected an increase of 32.2%, when compared to the corresponding period last year. This may have been influenced by sales for the \$50M Lotto Jackpot during the financial quarter, which was won on 24th February 2009.

Notwithstanding the above, here are some of the financial highlights for the six-month period:

- 1.50% increase in total assets over the corresponding period last year
- 46.23% increase in Financial Services revenue (Moneygram & Cambio) over the corresponding period last year
- 18.39% increase in Video Gaming/Slots revenue over the corresponding period last year
- 10.93% increase in Lottery Gaming revenue over the corresponding period last year
- 14.44% increase in prize payments for Lottery Gaming over the corresponding period last year.
There was a concurrent decrease of 52.08% in unclaimed prizes, when compared to the corresponding period last year.
- 6.5% increase in Shareholders' Equity over the corresponding period last year
- 11.41% increase to the agent commission over the corresponding period last year
- 56.01% increase in cellular phone PIN Code revenue over the corresponding period last year

A review of the Gaming and Hospitality Segment Results for the period showed that while the Gaming Lounge revenue increased compared to the corresponding period last year, the Segment Results continue to show a decline, with losses of \$57.55M for the six-month period. This was due largely to losses in the hospitality operations.

The Segment Results for Lottery reflect a net decline of 14.87% or \$81.87M over the corresponding period last year. This was largely attributable to accelerated depreciation expenses of over \$40M and increased operating expenses.

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 2009**

(Expressed in thousands of Jamaican dollars)

		Unaudited Six months ended April 2009	Audited year ended October 2008	Unaudited Six months ended April 2008 (Restated)
ASSETS				
	Notes			
Non-current assets				
Property, plant and equipment		2,025,742	2,061,071	2,105,908
Goodwill and other intangibles		642,200	641,729	617,603
Long-term receivables	(4)	372,994	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		47	2,619	25,144
		3,092,143	3,076,584	3,083,850
Current assets				
Other assets		15,058	18,069	16,769
Inventories		65,157	48,886	54,180
Due from related parties		-	-	-
Accounts receivable & prepayments	(5)	354,006	246,753	228,932
Cash and bank Deposit	(6)	928,509	905,295	1,005,300
		1,362,730	1,219,003	1,305,181
Total assets		4,454,873	4,295,587	4,389,031
EQUITY AND LIABILITIES				
Shareholders' equity				
Stated capital		1,967,183	1,967,183	1,967,183
Revaluation reserve		-	-	-
Capital reserve		145,767	145,767	566,606
Profit & Loss Account		1,157,528	833,123	537,105
		3,270,478	2,946,073	3,070,894
Non-current liabilities				
Long-term liabilities		234,466	267,803	336,760
		234,466	267,803	336,760
Current liabilities				
Accounts payable and accruals	(7)	611,696	596,171	623,689
Current portion of long term liabilities		159,509	133,066	108,201
Prizes payable	(6)	66,510	108,244	111,739
Income tax payable		112,214	244,230	137,748
		949,929	1,081,711	981,377
Total equity and liabilities		4,454,873	4,295,587	4,389,031

Approved and authorized for issue by the Board of Directors on 10th June 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 30th April 2009
(Expressed in thousands of Jamaican dollars)

	<u>Notes</u>	Unaudited 6 Months to Apr – 09 \$'000	Restated Unaudited 6 Months to Apr – 08 \$'000	Unaudited 3 Months to Apr – 09 \$'000	Restated Unaudited 3 Months to Apr – 08 \$'000
Revenue	(8)	12,267,094	10,841,810	6,280,530	5,316,419
Direct expenses	(9)	<u>(10,704,869)</u>	<u>(9,353,825)</u>	<u>(5,561,423)</u>	<u>(4,639,487)</u>
Gross profit		1,562,225	1,487,985	719,107	676,932
Expenses		<u>(1,032,082)</u>	<u>(919,341)</u>	<u>(480,099)</u>	<u>(444,235)</u>
Profit from operations		530,143	568,644	239,007	232,697
Interest income		36,237	35,922	18,178	18,512
Finance cost		(15,003)	(21,006)	(7,479)	(10,186)
Other gains and losses		-	-	-	-
PROFIT BEFORE TAXATION		551,377	583,560	249,707	241,023
Taxation		<u>(226,972)</u>	<u>(233,589)</u>	<u>(98,239)</u>	<u>(106,048)</u>
NET PROFIT		<u>324,405</u>	<u>349,971</u>	<u>151,468</u>	<u>134,971</u>
EARNINGS PER STOCK		<u>0.123</u>	<u>0.133</u>	<u>0.057</u>	<u>0.051</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 2009
(Expressed in thousands of Jamaican dollars)

	Stated Capital	Capital reserve	Revaluation reserve	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Six months ended 30th April 2009</u>					
Balance, 1 st November 2008	1,967,183	145,767	-	833,123	2,946,073
Net profit for period	-	-	-	324,405	324,405
Balance as at 30 th April 2009	<u>1,967,183</u>	<u>145,767</u>	<u>-</u>	<u>1,157,528</u>	<u>3,270,478</u>
<u>Six months ended 30th April 2008 (restated)</u>					
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	-	-	-	349,971	349,971
Reclassified on amalgamation and reorganization (note 7)	-	595,384	(349,096)	(236,288)	-
Cost of amalgamation and reorganization	-	(28,778)	-	-	(28,778)
Balance as at 30th April 2008	<u>1,967,183</u>	<u>566,606</u>	<u>-</u>	<u>537,105</u>	<u>3,070,894</u>

SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES**Consolidated Statement of Cash Flows****As at 30th April 2009**

(Expressed in thousands of Jamaican dollars)

	Unaudited Six months ended April 2009	Audited Year ended October 2008	Unaudited Six months ended April 2008 (restated)
SOURCES/ (USES) OF CASH			
Operating activities			
Net Profit	324,405	645,989	349,971
Adjustments for items not affecting cash, changes in non-cash working capital components and other, net	<u>(168,797)</u>	<u>152,050</u>	<u>(15,343)</u>
Cash provided by operating activities	155,608	798,039	334,628
Cash provided by/(used in) investing activities	(66,964)	(112,511)	(67,444)
Cash provided by/(used in) financing activities	<u>(65,430)</u>	<u>(619,742)</u>	<u>(101,393)</u>
NET (DECREASE) / INCREASE IN CASH AND BANK BALANCES	23,214	65,786	165,791
OPENING CASH AND BANK BALANCES	<u>905,295</u>	<u>839,509</u>	<u>839,509</u>
CLOSING CASH AND BANK BALANCES	<u>928,509</u>	<u>905,295</u>	<u>1,005,300</u>

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

PERIOD ENDED 30th April 2009

	Lottery \$'000	Gaming & Hospitality \$'000	Financial Services \$'000	Pin codes & Others \$'000	Consolidation Adjustments \$'000	Group Total \$'000
External revenue	10,786,317	589,768	90,283	800,725		12,267,093
Inter-segment revenue		30,249		143,354	(173,603)	-
	10,786,317	620,017	90,283	944,079	(173,603)	12,267,093
Results						
Segment results	468,777	(57,545)	23,399	95,512		530,143
Interest income						36,237
Finance Cost						(15,003)
Profit before taxation						551,377
Taxation						(226,972)
Profit for the period						<u>324,405</u>
Other information						
Capital Additions	38,204	70,836	489			109,529
Depreciation and amortization	61,284	73,583	577			135,444
Balance Sheet						
Segment assets	3,372,558	3,427,179	136,016		(2,480,880)	<u>4,454,873</u>
Segment liabilities	776,382	1,705,632	43,222		(1,340,841)	<u>1,184,395</u>

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

PERIOD ENDED 30th April 2008 (restated)

	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)	-
	9,760,082	565,189	61,740	633,816	(179,018)	10,841,809
Results						
Segment results	550,648	(42,474)	12,969	47,501		568,644
Interest income						35,922
Finance Cost						(21,006)
Profit before taxation						583,560
Taxation						(233,589)
Profit for the period						<u>349,971</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	1,988,206	3,381,953	113,681		(1,094,809)	<u>4,389,031</u>
Segment liabilities	825,164	1,007,850	42,434		(557,311)	<u>1,318,137</u>

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
SIX MONTHS ENDED 30th APRIL 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 services	100
Big A Track 2003 Limited	Sports Betting	100

On 10th January 2009, due to declining profitability the Daily Bingo operations offered by Bingo Investments Limited were ceased, as well as the Prime Time Bingo game offered by Supreme Ventures Lotteries Limited.

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 31st October 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
SIX MONTHS ENDED 30th APRIL 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 four primary segments:

- 1) Lottery - this incorporates lottery games, operated through the agent network.
- 2) Gaming and Hospitality - this incorporates VLT games offered at gaming lounges and room, restaurant and bar and related guest services.
- 3) Financial Services - this incorporates foreign exchange dealer services and commission 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 2009**

4) LONG-TERM RECEIVABLES

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

The settlement terms of the promissory note are as follows:

- On 31st October 2009, the interest accrued at the agreed rate is to be capitalized.
- During the three years from 1st November 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 31st October 2012.
- As of 1st November 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>31st April-09</u> \$'000	<u>31st April-08</u> \$'000
Trade receivables	256,128	163,396
Less: Allowances for irrecoverable debts	(32,037)	(37,272)
	224,091	126,124
Other receivables	<u>129,915</u>	<u>101,912</u>
	<u>354,006</u>	<u>228,036</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 has been provided for in full as historical experience indicate 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 renegotiated.

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
SIX MONTHS ENDED 30th APRIL 2009**

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

Based on a new licence issued 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 30th April 2009 are as follows:

	\$'000
Dedicated Cash Account	<u>\$602,570</u>
Aggregate Liabilities	<u>\$158,122</u>

7) TRADE AND OTHER PAYABLES

	<u>31st April-09</u>	<u>31st April-08</u>
	\$'000	\$'000
Trade payables	125,679	130,059
Service contractor fees	187,494	175,309
Contributions payable to CHASE Fund	57,675	61,773
Contributions payable to Betting, Gaming and Lotteries Commission	13,108	16,115
Lottery taxes payable	30,833	37,698
Withholding taxes payable	87,003	86,992
Other payables and accruals	<u>109,904</u>	<u>115,743</u>
	<u>611,596</u>	<u>623,689</u>

8) REVENUE

Analysis of the revenue is as follows:

	<u>31st April-09</u>	<u>31st April-08</u>
	\$'000	\$'000
Lottery	10,755,671	9,696,125
VLT/slot drop revenue	519,436	438,756
Hospitality revenue	63,834	83,541
Unclaimed prizes	30,646	63,957
Pin codes and phone cards	722,517	463,112
Money Gram remittance service	38,436	32,169
Foreign exchange trading	51,847	29,571
Other	<u>84,707</u>	<u>34,579</u>
	<u>12,267,094</u>	<u>10,841,810</u>

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
SIX MONTHS ENDED 30th APRIL 2009**

9) DIRECT EXPENSES

Analysis of direct expenses is as follows:

	<u>31st April-09</u>	<u>31st April-08</u>
	\$'000	\$'000
Lottery prizes	7,552,011	6,599,266
Service contractor fees	636,276	590,646
Agents' commissions	534,493	479,740
Lottery and gaming tax	597,106	581,152
Contributions to BGLC	121,890	109,223
Gaming Lounge Charges	29,817	20,387
Good cause fees	466,898	457,893
Direct expense – hospitality operations	43,840	51,370
Pin codes and phone card cost	648,848	411,925
Commissions – pin codes and phone – cost	56,366	38,264
Commissions – Money Gram cost	13,569	12,278
Other	<u>3,755</u>	<u>1,681</u>
	<u>10,704,869</u>	<u>9,353,825</u>