



Games people love to play...and more

Unaudited Consolidated

Financial Statements
30th September 2009



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

With the change in financial year end to 31st December 2009, the Directors of Supreme Ventures Limited (SVL) are pleased to present the unaudited financial results for the eleven-month period, 1st November 2008 to 30th September 2009.

The company's net profit after tax of \$597.204M for the eleven-months is a good achievement, as this performance represents a 14.5% increase, when compared to 30th September 2008 of \$521.426M. This net profit after tax also reflects a \$138M increase over the nine-months reported to 31st July 2009.

The performance underscores management's continued focus on increasing efficiency in operations, seeking opportunities for revenue generation and the need to monitor expenses for returns to all stakeholders, even in these times of shrinking disposable income for gaming and entertainment.

Overall, the company's revenue position showed significant improvement over 30th September 2008 with a 14.4% increase, that is, \$22.152B for the period under review compared to \$19.361B at 30th September 2008. Most business segments contributed positively in the period under review.

Eleven-Month Highlights:

- 13.4% increase in Lottery Gaming revenue over 30th September 2008, that is, \$19.45B in 2009 compared to \$17.17B in 2008.
- 13.7% increase in Lottery Agent Commissions over 30th September 2008, that is, \$996.2M in 2009 compared to \$850.1M in 2008.
- 2.95% increase in Video Gaming/Slots revenue over 30th September 2008, that is, \$915.4M in 2009 compared to \$889.1M in 2008.
- 40.13% increase in Financial Services revenue over 30th September 2008, that is, \$161.3M in 2009 compared to \$115.1M in 2008.
- 14.2% increase in prize payments for Lottery Gaming over 30th September 2008, that is, \$13.5B in 2009 compared to \$11.8B in 2008.
- 59.7% increase in PIN Code revenue over 30th September 2008, that is, \$1.38B in 2009 compared to \$865.7M in 2008.
- 9.3% increase to the Good Cause (CHASE Fund) over 30th September 2008, that is, \$874.2M in 2009 compared to \$799.9M in 2008.
- 10.01% increase in payments for Lottery & Gaming Taxes over 30th September 2008, that is, \$1.1B in 2009 compared to \$1.02B in 2008.

Other material changes over the period included:

- Operating expenses increased by \$134.8M or 7.7%.
- Net Foreign exchange losses declined by \$5.4M.
- Unclaimed prizes decreased by \$54.65M or 48.7%.

The Earnings per share was \$0.226 compared to \$0.198 at 30th September 2008.

The following cost and expenses adversely affected the operating results:

- Depreciation and amortization of \$184.42M.
- Write-off of obsolete equipment of \$97.41M.

Performance by Segment

Lotteries: The segment results reflected a reduction of \$22.95M or 2.4% over 30th September 2008. This was primarily due to the increase in Cash Pot liabilities. For the period under review, the average Cash Pot liability was 73.3%. This was above the game design of 72% and resulted in higher than expected prize payouts for the game. The higher prize payouts reduced the Group's profitability by \$205.5M.

VLT Gaming and Hospitality: The segment results reflected a significant improvement over the previous loss position by \$66.31M or 46% over 30th September 2008. This was due to restructuring of the gaming lounge operations and the elimination of or reduction in operating hours at the different gaming lounges. The VLT Gaming and Hospitality segment however, continues to generate sufficient cash to support its operations.

Financial Services: The segment results reflected a significant improvement of \$18.56M or 140.8% over 30th September 2008. This was largely due to significant movements in foreign exchange rates for the Cambio operations in the period under review. In September 2008 the exchange rate was J\$72.68:US\$1, while in September 2009 the rate was J\$89.08:US\$1, a growth rate of 22.6%

PIN Codes: The segment results reflected a \$10.85M or 49.8% increase over 30th September 2008. However, concurrent with this result, was a significant increase of 60.7% in the cost of sales associated with the provision of this product.

Dividend Distribution

For the eleven months, the company paid dividend of \$347M comprising a capital distribution net of \$0.03 per share amounting to \$83.281M and a dividend payment of \$0.10 per share amounting to \$263.724M. This represented a dividend payout of 58.2% compared to 32.8% at 30th September 2008. For the twelve months ended 31st October 2008, the total dividend paid was \$420.84M.

The Board of Directors at a meeting on 8th November 2009 approved a further interim dividend payment of \$0.09 per share. This will be paid on 11th December 2009 to shareholders on record as at 16th November 2009. The X-date is 12th November 2009.

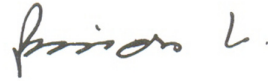
Financial Year:

The company applied for and received permission to change its financial year-end from 31st October to 31st December. As a result, the company will publish its audited financial statements within 60 days of the new year-end, 31st December 2009.

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
UNAUDITED
ELEVEN MONTHS ENDED 30th SEPTEMBER 2009

CONTENTS

FINANCIAL STATEMENTS

	Statement
Balance Sheet	I
Profit and Loss Account	II
Statement of Changes in Equity	III
Statement of Cash Flows	IV
Financial Information by Business Segment	V
Notes to the Financial Statements	VI
Appendix	

SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES
Consolidated Statement of Financial Position
As at 30th September 2009
(Expressed in thousands of Jamaican dollars)

		Unaudited Eleven months ended September 2009	Audited Year ended October 2008	Unaudited Eleven months ended September 2008
ASSETS	Notes			
Non-current assets				
Property, plant and equipment		1,899,987	2,061,071	2,070,337
Goodwill and other intangibles		651,368	641,729	628,329
Long-term receivables	(4)	373,454	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		18,761	2,619	10,757
Other Assets		12,548	18,069	18,020
		<u>3,007,278</u>	<u>3,094,653</u>	<u>3,062,638</u>
Current assets				
Inventories		105,439	48,886	54,273
Accounts receivable & prepayments	(5)	256,066	246,753	171,264
Cash and bank Deposit	(6)	1,059,995	905,295	1,044,101
		<u>1,421,500</u>	<u>1,200,934</u>	<u>1,269,638</u>
Total assets		<u>4,428,778</u>	<u>4,295,587</u>	<u>4,332,276</u>
EQUITY AND LIABILITIES				
Shareholders' equity				
Stated capital		1,967,183	1,967,183	1,967,183
Capital reserve		62,486	145,767	395,541
Retained earnings		1,166,603	833,123	708,560
Total equity		<u>3,196,272</u>	<u>2,946,073</u>	<u>3,071,284</u>
Non-current liabilities				
Long-term liabilities	(7)	168,176	267,803	279,232
		<u>168,176</u>	<u>267,803</u>	<u>279,232</u>
Current liabilities				
Accounts payable and accruals	(8)	699,993	596,171	617,004
Current portion of long term liabilities		161,859	133,066	116,210
Prizes payable	(6)	103,387	108,244	76,139
Income tax payable		99,091	244,230	172,407
		<u>1,064,330</u>	<u>1,081,711</u>	<u>981,760</u>
Total liabilities		<u>1,232,506</u>	<u>1,349,514</u>	<u>1,260,992</u>
Total equity and liabilities		<u>4,428,778</u>	<u>4,295,587</u>	<u>4,332,276</u>

Approved and authorized for issue by the Board of Directors on 8th November 2009 and are signed on its behalf by:



Paul Hoo – Chairman



Brian George – President and CEO

Statement II

SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES
Consolidated Statement of Comprehensive Income– Unaudited
For the period ending 30th September 2009

(Expressed in thousands of Jamaican dollars)

	<u>Notes</u>	Unaudited 11 Months to Sept – 09 \$'000	Unaudited 11 Months to Sept – 08 \$'000	Unaudited 3 Months to Sept – 09 \$'000	Unaudited 3 Months to Sept – 08 \$'000
CONTINUING OPERATIONS					
Revenue	(9)	22,152,313	19,361,076	5,981,785	5,079,439
Direct expenses	(10)	<u>(19,304,581)</u>	<u>(16,719,404)</u>	<u>(5,153,968)</u>	<u>(4,420,116)</u>
Gross profit		2,847,732	2,641,672	827,817	659,323
Operating expenses	(11)	<u>(1,887,743)</u>	<u>(1,752,987)</u>	<u>(580,925)</u>	<u>(479,560)</u>
Profit from operations		959,989	888,685	246,892	179,763
Interest income		65,728	49,740	19,879	4,813
Finance cost		(25,603)	(29,756)	(5,250)	(7,620)
Net Foreign Exchange Gain(Loss)	(12)	<u>(2,722)</u>	<u>(8,077)</u>	<u>(1,362)</u>	<u>(92)</u>
PROFIT BEFORE TAXATION		997,392	900,592	260,159	176,864
Taxation		<u>(400,188)</u>	<u>(379,166)</u>	<u>(102,956)</u>	<u>(76,314)</u>
PROFIT FOR THE PERIOD		<u>597,204</u>	<u>521,426</u>	<u>157,203</u>	<u>100,550</u>
TOTAL COMPREHENSIVE INCOME FOR PERIOD		<u>597,204</u>	<u>521,426</u>	<u>157,203</u>	<u>100,550</u>
EARNINGS PER STOCK		<u>0.226</u>	<u>0.198</u>	<u>0.060</u>	<u>0.038</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
For the period ended 30th September 2009
(Expressed in thousands of Jamaican dollars)

	Stated Capital	Capital reserve	Revaluation reserve	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Eleven months ended 30th September 2009</u>					
Balance, 1 st November 2008	1,967,183	145,767	-	833,123	2,946,073
Distribution (Note 13)		(83,281)		(263,724)	(347,005)
Net profit for period	<u>-</u>	<u>-</u>	<u>-</u>	<u>597,204</u>	<u>597,204</u>
Balance as at 30 th September 2009	<u>1,967,183</u>	<u>62,486</u>	<u>-</u>	<u>1,166,603</u>	<u>3,196,272</u>
<u>Eleven months ended 30th September 2008</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	-	-	-	521,426	521,426
Reclassified on amalgamation and reorganization	-	595,384	(349,096)	(246,288)	-
Cost of amalgamation and reorganization	-	(28,778)	-	-	(28,778)
Capital Distribution	<u>-</u>	<u>(171,065)</u>	<u>-</u>	<u>-</u>	<u>(171,065)</u>
Balance as at 30 th September 2008	<u>1,967,183</u>	<u>395,541</u>	<u>-</u>	<u>708,560</u>	<u>3,071,284</u>

SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES
Consolidated Statement of Cash Flows
As at 30th September 2009
 (Expressed in thousands of Jamaican dollars)

	Unaudited Eleven months ended September 2009	Audited Year ended October 2008	Unaudited Eleven months ended September 2008
SOURCES/ (USES) OF CASH			
Operating activities			
Net Profit	597,204	645,989	521,426
Depreciation	175,659	173,601	156,302
Adjustment to Property & Equipment (Note 11)	97,411	-	-
Amortization	8,763	1,820	1,532
Adjustments for items not affecting cash, changes in non-cash working capital components and other, net	<u>(191,575)</u>	<u>(23,371)</u>	<u>(20,699)</u>
Cash provided by operating activities	687,462	798,039	658,561
Cash used in investing activities	(56,031)	(112,511)	(93,276)
Cash used in distribution	(347,005)	(420,839)	(171,065)
Cash used in financing activities	<u>(129,726)</u>	<u>(198,903)</u>	<u>(189,628)</u>
NET (DECREASE) / INCREASE IN CASH AND BANK BALANCES	154,700	65,786	204,592
OPENING CASH AND BANK BALANCES	<u>905,295</u>	<u>839,509</u>	<u>839,509</u>
CLOSING CASH AND BANK BALANCES	<u>1,059,995</u>	<u>905,295</u>	<u>1,044,101</u>

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

ELEVEN MONTHS ENDED 30th September 2009

	Lottery \$'000	Gaming & Hospitality \$'000	Financial Services \$'000	Pin codes \$'000	Other \$'000	Consolidation Adjustments \$'000	Group Total \$'000
External revenue	19,515,015	1,025,912	161,292	1,382,943	67,151		22,152,313
Inter-segment revenue		50,037			264,949	(314,986)	
	19,515,015	1,075,949	161,292	1,382,943	332,100	(314,986)	22,152,313
Results							
Segment results	919,124	(77,746)	31,727	32,621	54,263		959,989
Interest income							65,728
Finance Cost							(25,603)
Net Foreign Exchange Gain(Loss)							(2,722)
Profit before taxation							997,392
Taxation							(400,188)
Profit for the period							<u>597,204</u>
Other information							
Capital Additions	51,590	75,507	1,076				128,173
Depreciation amortisation and other adjustments	106,613	174,135	1,085				281,833
Balance Sheet							
Segment assets	3,150,644	3,250,831	127,719	89,086		(2,189,502)	<u>4,428,778</u>
Consolidated Total Assets							<u>4,428,778</u>
Segment liabilities	736,446	1,719,364	28,392	132,444		(1,384,141)	<u>1,232,505</u>
Consolidated Total liabilities							<u>1,232,505</u>

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

ELEVEN MONTHS ENDED 30th September 2008

	Lottery \$'000	Gaming & Hospitality \$'000	Financial Services \$'000	Pin codes \$'000	Other \$'000	Consolidation Adjustments \$'000	Group Total \$'000
External revenue	17,277,691	1,046,863	115,098	865,705	55,719		19,361,076
Inter-segment revenue		68,072			255,759	(323,831)	-
	17,277,691	1,114,935	115,098	865,705	311,478	(323,831)	19,361,076
Results							
Segment results	942,069	(144,056)	13,178	21,773	55,721		888,685
Interest income							49,740
Finance Cost							(29,756)
Net Foreign Exchange Gain(Loss)							(8,077)
Profit before taxation							900,592
Taxation							(379,166)
Profit for the period							<u>521,426</u>
Other information							
Capital Additions	44,400	100,312	3,736				148,448
Depreciation and amortisation	35,329	121,515	525				157,369
Balance Sheet							
Segment assets	2,547,860	3,252,800	115,435	40,759		(1,624,578)	<u>4,332,276</u>
Consolidated Total Assets							<u>4,332,276</u>
Segment liabilities	736,400	1,019,741	41,097	73,502		(609,748)	<u>1,260,992</u>
Consolidated Total liabilities							<u>1,260,992</u>

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
ELEVEN MONTHS ENDED 30th SEPTEMBER 2009**

1) IDENTIFICATION**(a) Group**

Supreme Ventures Limited (the company) is a public limited liability company which is listed on the Jamaica Stock Exchange.

The main activities of the company are the management of the subsidiary companies and sale of mobile phone PIN codes.

The financial year end of the Group has been changed to 31st December, effective 31st December 2009.

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

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 and hospitality 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

(b) Reporting Currency

These financial statements are presented in Jamaican dollars.

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). These financial statements have been prepared under the historical cost convention except for the revaluation of freehold land and buildings.

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.

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
ELEVEN MONTHS ENDED 30th SEPTEMBER 2009**

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 | - | this incorporates lottery games, operated through the agent network. |
| 2) Gaming and Hospitality | - | this incorporates VLT games offered at gaming lounges and restaurant bar and related guest services. |
| 3) Financial Services | - | this incorporates foreign exchange dealer services and commissions from MoneyGram services. |
| 4) PIN codes | - | this incorporates the 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 THE FINANCIAL STATEMENTS
ELEVEN MONTHS ENDED 30th SEPTEMBER 2009**

3) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Comparative information (cont'd)

In view of the change of financial year end, the financial reporting period of the group commencing 1st November 2008 to 31st December 2009 are as follows:

- i). 1st Quarter Interim reporting results for period 1st November 2008 to 31st January 2009
(year to date period 3 months).
- ii). 2nd Quarter Interim reporting results for period 1st February 2009 to 30th April 2009
(year to date period 6 months).
- iii). 3rd Quarter Interim reporting results for period 1st May 2009 to 31st July 2009
(year to date period 9 months).
- iv). 3rd Quarter Interim, based on year end change, reporting results for period 31st July 2009 to 30th September 2009 (year to date period 11 months).
- v). Final, based on year end change, reporting results for period 1st November 2008 to 31st December 2009 (year to date period 14 months)

4) LONG-TERM RECEIVABLES

- a) This balance represents advance to SGL BVI Limited (SGL BVI), a company incorporated in the British Virgin Islands and is secured by a promissory note and include the principal sum of US\$4.0 million and interest capitalized in accordance with arrangements effective 10th October 2008.

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.

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
ELEVEN MONTHS ENDED 30th SEPTEMBER 2009**

4) LONG-TERM RECEIVABLES (CONT'D)

b)

	<u>Sept-30-09</u> \$'000	<u>Sept-30-08</u> \$'000
Principal Balance US\$	4,000	4,000
Interest capitalised US\$	<u>213</u>	<u>-</u>
Total Receivable US\$	<u>4,213</u>	<u>4,000</u>
Total Receivable J\$	<u>373,464</u>	<u>284,035</u>

5) TRADE AND OTHER RECEIVABLES

	<u>Sept-30-09</u> \$'000	<u>Sept-30-08</u> \$'000
Trade receivables	190,006	140,613
Less: Allowances for irrecoverable debts	<u>(47,754)</u>	<u>(45,928)</u>
	142,252	94,685
Prepayments and Other receivables	<u>113,814</u>	<u>76,579</u>
	<u>256,066</u>	<u>171,264</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 experiences 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 and for which the Group has not provided for, as they have been renegotiated.

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
ELEVEN MONTHS ENDED 30th SEPTEMBER 2009**

6) CASH AND BANK DEPOSIT

- a) Based on the 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:

- i). Prizes liability
- ii). The fees payable to BGLC
- iii). The specific gaming taxes payable to the Government of Jamaica, and
- iv). The contribution payable to the CHASE Fund under the licences.

Balances at 30th September 2009 are as follows:

	\$'000
Dedicated Cash Account	<u>\$429,917</u>
Aggregate Liabilities	<u>\$176,747</u>

- b) Based on approval granted by the Betting Gaming and Lotteries Commission (BGLC), in relation to the newly implemented multi-jurisdictional game, Super Lotto, Supreme Ventures Lotteries Limited hypothecated cash in relation to a stand-by facility to cover the advertised jackpot for the game (Note 15). The facility was established to cover US\$3 million, as well as mitigate against devaluation of the Jamaican dollar.

	<u>30-Sep-09</u>
	\$'000
Hypothecated cash	<u>\$320,000</u>

7) LONG-TERM LIABILITIES

	<u>30-Sep-09</u>	<u>30-Sep-08</u>
	\$'000	\$'000
Quintex Limited – Obligation under lease- US\$1.124m (2008: US\$1.433m) (Note 7 (a))	<u>100,147</u>	<u>100,447</u>
FirstCaribbeanInternational Bank (Jamaica) Limited- bank loans (Note 7 (b))		
Loan 1 - US\$538,170 (2008: US\$826,637)	47,937	59,559
Loan 2 - US\$Nil (2008: US\$56,944)	<u>-</u>	<u>4,104</u>
	<u>47,937</u>	<u>63,663</u>
GTECH Global Services Corporation Limited- US\$2.042m (2008:US\$3.183m) (Note 7 (c))	<u>181,951</u>	<u>231,332</u>
	<u>330,035</u>	<u>395,442</u>
Included in the Balance sheet as:		
Current liabilities	161,859	116,210
Long-term liabilities	<u>168,176</u>	<u>279,232</u>
	<u>330,035</u>	<u>395,442</u>

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
ELEVEN MONTHS ENDED 30th SEPTEMBER 2009**

7) LONG-TERM LIABILITIES

- a) Finance lease relates to the leasing of the building to house the May Pen Gaming Lounge with a lease term of five (5) years. The lease arrangement has an option to purchase the building for a nominal amount at the conclusion of the lease agreement. The Directors have opted to purchase the building.
- b) The principal features of the loans are:
- i). The loans are repayable by 2011 and 2009, respectively
 - ii). The loans are secured by the following:
 - a) First demand guarantee mortgage on the property stamped to cover US\$1.901 million and with powers to upstamp
 - b) Debentures over the fixed and floating charge over the assets of Prime Sports (Jamaica) Limited
 - c) Acknowledged assignment of Prime Sports (Jamaica) Limited fire and peril insurance
 - d) Unlimited corporate guarantee of Prime Sports (Jamaica) Limited
 - e) Hypothecation of the shares of Prime Sports (Jamaica) Limited
 - f) Assignment of the rental agreement with Prime Sports (Jamaica) Limited
- c) An agreement was signed between the company and GTECH Global Services Corporation Limited for the acquisition of certain Video Lottery Terminal (VLT) equipment for US\$5.136 million to be settled in forty eight (48) equal installments of US\$107,000. Using the discounted cash flows techniques with an imputed interest rate of 5.38% per annum, the fair value of the loan at inception was estimated at US\$4.18 million.

8) TRADE AND OTHER PAYABLES

	<u>Sept-30-09</u>	<u>Sept-30-08</u>
	\$'000	\$'000
Trade payables	77,478	85,332
Service contractor fees	187,780	156,239
Pin code cost payable	132,444	73,502
Contributions payable to the CHASE Fund	50,849	51,557
Contributions payable to Betting, Gaming and Lotteries Commission	11,982	14,473
Lottery taxes payable	19,325	29,016
Withholding taxes payable	86,967	87,424
Other payables and accruals	<u>133,168</u>	<u>119,461</u>
	<u>699,993</u>	<u>617,004</u>

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
ELEVEN MONTHS ENDED 30th SEPTEMBER 2009**

9) REVENUE

Analysis of the revenue is as follows:

	<u>Sept-30-09</u> \$'000	<u>Sept-30-08</u> \$'000
Lottery	19,457,540	17,165,571
VLT/slot drop revenue	915,360	889,138
Hospitality revenue	110,552	157,725
Unclaimed prizes	57,475	112,120
PIN codes and phone cards	1,382,943	865,705
MoneyGram remittance service	73,124	62,559
Foreign exchange trading	88,168	52,539
Service charges	49,230	40,725
Other	<u>17,921</u>	<u>14,994</u>
	<u>22,152,313</u>	<u>19,361,076</u>

10) DIRECT EXPENSES

Analysis of direct expenses is as follows:

	<u>Sept-30-09</u> \$'000	<u>Sept-30-08</u> \$'000
Lottery prizes	13,451,279	11,782,403
Service contractor fees	1,168,100	1,035,332
Agents' commissions	966,219	850,079
Lottery and gaming tax	1,120,403	1,018,475
Contributions to BGLC	220,320	195,539
Gaming Lounge Charges	43,465	68,471
Good Cause fees	874,232	799,864
Direct expense – hospitality operations	78,773	100,305
PIN codes and phone card cost	1,242,214	772,909
Commissions – PIN codes and phone – cost	108,108	71,023
Commissions – MoneyGram cost	26,417	23,323
Other	<u>5,051</u>	<u>1,681</u>
	<u>19,304,581</u>	<u>16,719,404</u>

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
ELEVEN MONTHS ENDED 30th SEPTEMBER 2009**

11) OPERATING EXPENSES

a) Analysis of operating expenses is as follows:

	<u>Sept-30-09</u> \$'000	<u>Sept-30-08</u> \$'000
Staff costs	573,435	533,919
Rental and utilities	135,528	136,902
Marketing and business development	209,221	226,111
Professional fees	47,840	61,829
Consultancy fees	67,227	53,782
Draw expenses	81,787	85,270
Security	62,846	64,903
GCT irrecoverable	147,207	107,812
Licences and other fees	15,565	15,420
Bad Debt and general provision	6,172	21,363
Depreciation and amortisation	184,422	157,369
Adjustments to property and equipment (Note 11 (b))	97,411	-
Bank charges	27,631	28,871
Others	<u>231,451</u>	<u>259,436</u>
	<u>1,887,743</u>	<u>1,752,987</u>

b) This amount represents the adjustments to the carrying value of equipment arising from obsolescence.

12) NET FOREIGN EXCHANGE GAIN /(LOSS)

This amount includes foreign exchange gain of \$53.448m arising from the conversion of long-term receivable (Note 4)

13) DISTRIBUTION

During the interim period the company paid net capital distribution of \$0.03 per share, and dividend of \$0.10 per share.

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
ELEVEN MONTHS ENDED 30th SEPTEMBER 2009**

14) CONTINGENCIES – GUARANTEE

a) Supreme Ventures Lotteries Limited

Pursuant to the Articles of Incorporation of the Supreme Ventures Limited (SVL) and a resolution of the Directors, the company has issued a duly executed and stamped deed of debenture and a duly executed guarantee to Betting, Gaming and Lotteries Commission (BGLC). SVL and BGLC have agreed that the secured debenture and the guarantee constitute compliance by the subsidiary, Supreme Ventures Lotteries Limited (SVLL), with the requirements of the Lottery licence granted by BGLC that, the equity capitalization of SVLL be not less than \$500 million and SVLL will accordingly be treated as having \$500 million of shareholders' equity (issued capital of SVLL is \$1.0 million) for the purpose of the condition of the BGLC licence that refer to shareholders' equity. Accordingly, BGLC will hold SVL responsible and liable for any breaches of the licence by the subsidiary, SVLL

b) Big A Track 2003 Limited

Pursuant to the Articles of Incorporation of the Supreme Ventures Limited (SVL) and a resolution of the Directors, the company has issued a duly executed and stamped deed of debenture and a duly executed guarantee to Betting, Gaming and Lotteries Commission (BGLC). SVL and BGLC have agreed that the secured debenture and the guarantee constitute compliance by the subsidiary, Big A Track 2003 Limited (Big A), with the requirements of the Bookmakers' permit granted by BGLC that, the equity capitalization of 'Big A' be not less than \$25 million, and 'Big A' will accordingly be treated as having \$25 million of shareholders' equity (issued capital of 'Big A' is \$3.35 million) for the purpose of the condition of the BGLC permit that refer to shareholders' equity. Accordingly, BGLC will hold the company responsible and liable for any breaches of the permit by the subsidiary, 'Big A.'

15) CONTINGENT LIABILITY

On 18th August 2009, the Betting Gaming and Lotteries Commission (BGLC) approved the application of Supreme Ventures Lotteries Limited (SVLL) to sell tickets for the Super Lotto Game. The Super Lotto game is a multi-jurisdictional lottery that includes Loto Real Del CIBAO of the Dominica Republic, LILHCo, a wholly owned subsidiary of GTECH Corporation and SVLL.

One of the conditions made by the BGLC was for SVLL to establish a stand-by facility with the Bank of Nova Scotia (BNS) that together with the funds in the escrow account must be sufficient at all times to meet the jackpot prize liability that may become due and payable in Jamaica at any time. The stand-by facility will be in the first instance for US\$3 million and is to be replaced by a facility of JA\$600 million on 15th December 2009

On 23rd September 2009, Supreme Ventures Limited (SVL), SVLL and GTECH Jamaica Limited, reached an agreement in connection with the Super Lotto Game, whereby GTECH agreed to assume SVLL's liability, under the Super Lotto agreement for such under-funding which may result from a jackpot prize won. Finalization of all arrangements in relation to this agreement is not yet complete.

Appendix I

SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES
SUPPLEMENTAL INFORMATION
Consolidated Statement of Comprehensive Income– Unaudited
For the nine months ending 30th September 2009
(Expressed in thousands of Jamaican dollars)

	Unaudited 9 Months to Sept – 09 \$'000	Unaudited 9 Months to Sept – 08 \$'000
CONTINUING OPERATIONS		
Revenue	18,308,587	15,742,452
Direct expenses	<u>(16,000,398)</u>	<u>(13,564,058)</u>
Gross profit	2,308,189	2,178,394
Operating expenses	<u>(1,556,239)</u>	<u>(1,410,181)</u>
Profit from operations	751,950	768,213
Interest income	53,342	39,460
Finance cost	(20,464)	(25,941)
Net Foreign Exchange Gain/(Loss)	<u>19,446</u>	<u>(2,159)</u>
PROFIT BEFORE TAXATION	804,274	779,573
Taxation	<u>(323,729)</u>	<u>(309,630)</u>
PROFIT FOR THE PERIOD	<u>480,545</u>	<u>469,943</u>
TOTAL COMPREHENSIVE INCOME FOR PERIOD	<u>480,545</u>	<u>469,943</u>
EARNINGS PER STOCK	<u>0.182</u>	<u>0.178</u>



Games people love to play...and more

Corporate Office:

4th Floor, Sagicor Centre
28 – 48 Barbados Avenue
Kingston 5

Jamaica, W.I.

Tel: (876) 754-6526

Fax: (876) 754-2143

Email: communications@svlotteries.com

website: www.supremeventures.com