



**Unaudited
Consolidated
Financial Statements
30th June 2011**



Games people love to play...and more

**Report of the Board of Directors
Unaudited Financial Statements 30th June 2011**

The Board of Directors of Supreme Ventures Limited is pleased to present the unaudited financial results for the six months 1st January 2011 to 30th June 2011.

The company's net profit after tax of \$401.51M reflected an increase of 71.75% or an increase of \$167.73M, when compared to \$233.78M net profit after tax for the half year of 2010. The Earnings per Share was \$0.152, up from \$0.089 for the corresponding period in 2010. A comparison of the second quarter performance (April to June) showed a net profit after tax of \$196.08M this year, compared to \$66.36M in 2010, a significant increase of 195.48%.

The total revenues for the six month financial period of \$13.176B, represents a 5.74% increase or \$715M, compared to \$12.461B total revenues for the corresponding period in 2010.

Here are some other financial highlights for the six month financial period:

- ✓ 8.80% increase in total assets over the corresponding period last year
- ✓ 11.33% increase in Shareholders' equity over the corresponding period last year
- ✓ 35.59% increase in profit from operations over the corresponding period last year
- ✓ 5.88% increase in Lottery revenue over the corresponding period last year
- ✓ 163.24% increase in Sports Betting revenue over the corresponding period last year
- ✓ 3.10% increase in Financial Services revenue over the corresponding period last year
- ✓ 12.80% increase in cellular phone PIN Code revenue over the corresponding period last year
- ✓ 4.70% increase in prizes paid for Lottery and Sports Betting over the corresponding period last year
- ✓ 5.72% increase in Agent Commission paid over the corresponding period last year
- ✓ 7.64% decrease in direct expenses for hospitality operations compared to the corresponding period last year

- ✓ 8.71% reduction in Service Contractor fees compared to the corresponding period last year. This was large attributable to gains from the reduction in GTECH fees, which came into effect on 1st May 2011

The Cash Pot game model is designed for 72% prize liability. Even though the game liability was 68.42% for the first quarter of the financial year, the second quarter liability was above the game design at 76.3%. This resulted in increased prize liabilities of approximately \$191M for the second quarter.

The Lotto Jackpot climbed to \$90M during the financial period and was won on 30th April 2011. The jackpot was won by one person. There was also another winner of \$17M on 11th May 2011.

TENTH ANNIVERSARY

The company celebrated its 10th anniversary of lottery operations on 25th June 2010. The financial period under review saw several activities and events that allowed for celebrating this milestone with the company's various stakeholders:

- A lottery agent Appreciation Day on 21st May. This was held on the in-field of the Caymanas Race Track, during the annual Lotto Race Day. The company took the opportunity to reward its agents who were also celebrating 10 years of operations, with a special gift. The agents were feted in a picnic style setting and enjoyed a scintillating performance by international artiste Beres Hammond as the grand finale on the day.
- The company's corporate and business partners were invited to a cocktail reception at the Jamaica Pegasus Hotel on 20th June. The guests included Ministers of Government, Regulators, the banking fraternity, representatives of the company's technology partners (INTRALOT and GTECH), suppliers and well wishers who had given support over the years.
- The company's Annual General Meeting on 23rd June at the Wyndham Kingston Hotel was followed by celebratory cocktails with the Shareholders in attendance.
- A Cash Pot 10th Anniversary Promotion for the lottery game players, which saw the company offering payouts as high as 36:1 during the promotional period of 20th June to 16th July.
- A 10th Anniversary Party & Awards ceremony for staff was scheduled for 2nd July.

OUTLOOK FOR THE FUTURE

The company continues on a path for improved profitability in 2011. As such, the management team is focused on initiatives that will improve the efficiency of the Group's corporate structure and operations.

In the coming months, it is anticipated that several announcements will be made with respect to rationalization of the Group's structure and changes to subsidiary operations. It is also anticipated that the Pick 4 game will be launched in the 4th quarter and plans are far advanced for its implementation. Plans are also far advanced for upgrading the Acropolis and Coral Cliff Gaming lounges and the installation of additional games and game themes on the floor.

It is anticipated that a quarterly dividend payment will be made in the third quarter, as ratified in a resolution during the Annual General Meeting on 23rd June 2011.

The Board of Directors thanks all its stakeholders for the commitment and support they continue to show in the Supreme Ventures Group of Companies



Paul Hoo
CHAIRMAN



Brian George
PRESIDENT & CEO

FINANCIAL STATEMENTS

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SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES**Consolidated Balance Sheet****As at 30th June 2011**

(Expressed in thousands of Jamaican dollars)

		Unaudited Six months ended June 30, 2011	Audited Year Ended December 31, 2010	Unaudited Six months ended June 30, 2010
<u>ASSETS</u>				
<i>Non-current assets</i>				
Property, plant and equipment	(4)	1,963,171	2,027,292	1,887,850
Goodwill and other intangibles	(5)	729,015	659,943	649,155
Long-term receivables	(6)	313,448	326,622	198,748
Investment in Joint Venture		34,221	34,221	34,221
Available-for-sale-investments		16,883	1,883	16,939
Deferred tax assets	(7)	<u>38,208</u>	<u>8,034</u>	<u>51,566</u>
		<u>3,094,946</u>	<u>3,057,995</u>	<u>2,838,479</u>
<i>Current assets</i>				
Other assets		2,008	5,019	8,031
Income tax recoverable		-	71,090	97,949
Inventories		111,375	134,783	115,729
Accounts receivable & prepayments	(8)	420,769	486,558	468,969
Cash and bank Deposit	(9)	<u>1,449,205</u>	<u>883,921</u>	<u>1,138,416</u>
		<u>1,983,357</u>	<u>1,581,371</u>	<u>1,829,094</u>
Total assets		<u>5,078,303</u>	<u>4,639,366</u>	<u>4,667,573</u>
<u>EQUITY AND LIABILITIES</u>				
<i>Shareholders' equity</i>				
Stated capital		1,967,182	1,967,183	1,967,183
Revaluation Reserve		159,284	159,061	-
Capital reserve		62,486	62,486	62,486
Profit & Loss Account		<u>1,536,806</u>	<u>1,135,298</u>	<u>1,317,027</u>
		<u>3,725,758</u>	<u>3,324,028</u>	<u>3,346,696</u>
<i>Non-current liabilities</i>				
Long-term liabilities	(10)	<u>225,889</u>	<u>192,761</u>	<u>52,421</u>
		<u>225,889</u>	<u>192,761</u>	<u>52,421</u>
<i>Current liabilities</i>				
Current portion of long term liabilities	(10)	129,005	118,614	150,229
Accounts payable and accruals	(11)	661,460	782,739	827,426
Prizes payable	(9)	289,024	221,224	290,801
Income tax payable		<u>47,167</u>	<u>-</u>	<u>-</u>
		<u>1,126,656</u>	<u>1,122,577</u>	<u>1,268,456</u>
Total equity and liabilities		<u>5,078,303</u>	<u>4,639,366</u>	<u>4,667,573</u>

Approved and authorized for issue by the Board of Directors on 10th August 2011 and are signed on its behalf by:

.....
Paul Hoo – Chairman

.....
Brian George – President and CEO

SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES**Consolidated Comprehensive Income****For period ending 30th June 2011**

(Expressed in thousands of Jamaican dollars)

	Notes	Unaudited Six months ended June 30, 2011	Unaudited Six months ended June 30, 2010	Unaudited Three months ended June 30, 2011	Unaudited Three months ended June 30, 2010
		\$'000	\$'000	\$'000	\$'000
Revenue	(12)	13,175,939	12,460,853	6,692,478	6,051,590
Direct expenses	(13)	<u>(11,474,609)</u>	<u>(11,006,336)</u>	<u>(5,927,737)</u>	<u>(5,370,269)</u>
Gross profit		1,701,330	1,454,517	764,741	681,321
Expenses		<u>(1,264,384)</u>	<u>(1,132,258)</u>	<u>(663,161)</u>	<u>(561,386)</u>
Profit from operations		436,946	322,259	101,580	119,935
Interest income		22,677	44,942	11,121	23,170
Finance cost		(23,566)	(9,132)	(12,480)	(4,045)
Net foreign exchange gain		2,392	6,651	2,660	7,468
Other Gains	(14)	<u>163,391</u>	<u>-</u>	<u>149,391</u>	<u>-</u>
PROFIT BEFORE TAXATION		601,840	364,720	252,272	146,528
Taxation		<u>(200,332)</u>	<u>(130,940)</u>	<u>(56,194)</u>	<u>(80,169)</u>
PROFIT FOR THE PERIOD		<u>401,508</u>	<u>233,780</u>	<u>196,078</u>	<u>66,359</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>401,508</u>	<u>233,780</u>	<u>196,078</u>	<u>66,359</u>
EARNINGS PER STOCK		<u>0.152</u>	<u>0.089</u>	<u>0.074</u>	<u>0.025</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 period ending 30th June 2011
 (Expressed in thousands of Jamaican dollars)

	Stated Capital	Capital reserve	Revaluation Reserve	Retained earnings	Total
Six months ended 30th June 2011					
Balance, 1 st January 2011	1,967,182	62,486	159,061	1,135,298	3,324,027
Deferred Tax		-	223	-	223
Net profit for period	<u>-</u>	<u>-</u>	<u>-</u>	<u>401,508</u>	<u>401,508</u>
Balance as at 30th June 2011	<u>1,967,182</u>	<u>62,486</u>	<u>159,284</u>	<u>1,536,806</u>	<u>3,725,758</u>
Six months ended 30th June 2010					
Balance, 1 st January 2010	1,967,183	62,486	-	1,083,247	3,112,916
Net profit for period	<u>-</u>	<u>-</u>	<u>-</u>	<u>233,780</u>	<u>233,780</u>
Balance as at 30th June 2010	<u>1,967,183</u>	<u>62,486</u>	<u>-</u>	<u>1,317,027</u>	<u>3,346,696</u>

SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES
Consolidated Statement of Cash Flows
For period ending 30th June 2011
(Expressed in thousands of Jamaican dollars)

	Unaudited Six months ended June 2011	Audited Year Ended December 31, 2010	Unaudited Six months ended June 2010
SOURCES / (USES) OF CASH			
Operating activities			
Net Profit	401,508	421,267	233,780
Adjustments for items not affecting cash, changes in non-cash working capital components and other, net	<u>229,163</u>	<u>(85,741)</u>	<u>57,342</u>
Cash provided by operating activities	630,671	335,526	291,122
Cash provided by/(used in) investing activities	(107,678)	(133,652)	(95,940)
Cash provided by/(used in) financing activities	<u>42,291</u>	<u>(343,205)</u>	<u>(82,018)</u>
NET (DECREASE) / INCREASE IN CASH AND BANK BALANCES	565,284	(141,331)	113,164
OPENING CASH AND BANK BALANCES	<u>883,921</u>	<u>1,021,299</u>	<u>1,025,252</u>
CLOSING CASH AND BANK BALANCES	<u>1,449,205</u>	<u>883,921</u>	<u>1,138,416</u>

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

PERIOD ENDED JUNE 30, 2011

	Lottery	Sports Betting	Gaming & Hospitality	Financial Services	Pin codes	Others	Consolidation Adjustments	Group Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External revenue	11,541,266	43,024	417,644	76,602	1,065,717	31,686	-	13,175,939
Inter-segment revenue	-	-	11,982	-	-	88,362	(100,344)	-
	<u>11,541,266</u>	<u>43,024</u>	<u>429,626</u>	<u>76,602</u>	<u>1,065,717</u>	<u>120,048</u>	<u>(100,344)</u>	<u>13,175,939</u>
Results								
Segment results	554,491	(76,782)	(92,178)	(12,075)	31,804	31,686	-	436,946
Interest income								22,677
Finance Cost								(23,566)
Net Foreign exchange Gain(Loss)								2,392
Other Gains and Losses								<u>163,391</u>
Profit before taxation								601,840
Taxation								<u>(200,332)</u>
Profit for the period								<u>401,508</u>
Other information								
Capital additions	30,331	81,579	3,420	1,028				116,358
Depreciation and amortization	(19,561)	(7,847)	(82,821)	(1,177)				(111,406)
Balance sheet								
Assets								
Segment assets	3,988,263	244,874	3,787,149	136,915	99,253	-	(3,178,151)	<u>5,078,303</u>
Consolidated total assets								<u>5,078,303</u>
Liabilities								
Segment liabilities	1,372,732	69,369	1,358,277	55,926	223,085	-	(1,726,844)	<u>1,352,545</u>
Consolidated total liabilities								<u>1,352,545</u>

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

PERIOD ENDED JUNE 30, 2010 (RESTATED)

	Lottery	Sports Betting	Gaming & Hospitality	Financial Services	Pin codes	Others	Consolidation Adjustments	Group Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External revenue	10,894,402	16,344	505,653	74,300	944,749	25,405		12,460,853
Inter-segment revenue	-	-	12,051	-	-	146,050	(158,101)	-
	<u>10,894,402</u>	<u>16,344</u>	<u>517,704</u>	<u>74,300</u>	<u>944,749</u>	<u>171,455</u>	<u>(158,101)</u>	<u>12,460,853</u>
Results								
Segment results	359,090	(50,327)	(25,552)	(10,013)	23,656	25,405	-	322,259
Interest income								44,942
Finance Cost								(9,132)
Net Foreign exchange Gain(Loss)								<u>6,651</u>
Profit before taxation								364,720
Taxation								<u>(130,940)</u>
Profit for the period								<u>233,780</u>
Other information								
Capital additions	6,219	17,550	109,281	7,832	-	-	-	140,882
Depreciation and amortization	(14,150)	(1,699)	(81,677)	(1,320)	-	-	-	(98,846)
Balance sheet								
Assets								
Segment assets	3,437,988	55,928	3,490,677	127,637	98,412	-	(2,543,069)	<u>4,667,573</u>
Consolidated total assets								<u>4,667,573</u>
Liabilities								
Segment liabilities	1,067,842	69,748	1,318,396	30,325	195,627	-	(1,361,061)	<u>1,320,877</u>
Consolidated total liabilities								<u>1,320,877</u>

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
SIX- MONTH PERIOD ENDED 30TH JUNE 2011**

1. IDENTIFICATION

Supreme Ventures Limited (the company) is a public limited liability company which is listed on the Jamaica Stock Exchange. The company's registered office is 4th Floor, Sagcor Centre, 28-48 Barbados Avenue, Kingston 5.

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

The Group comprises the company and its wholly-owned subsidiaries which are all incorporated in Jamaica.

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

<u>Name of Company</u>	<u>Principal Activity</u>	<u>Percentage Ownership %</u>
Supreme Ventures Lotteries Limited and its subsidiary:	Lottery operations	100
Bingo Investments Limited	Lottery operations effective March 15, 2008 - ceased operation	100
Prime Sports (Jamaica) Limited and its wholly-owned subsidiary:	Gaming operations	100
Chillout Ventures Limited	Gaming operations (not yet in operation)	100
Supreme Ventures Financial Services Limited	MoneyGram remittance and Foreign Foreign Exchange Dealer services	100
Big 'A' Track 2003 Limited	Sports betting (effective July 17, 2008)	100

Supreme Ventures Lotteries Limited, Prime Sports (Jamaica) Limited and Big 'A' Track 2003 Limited are licensed by the Betting, Gaming and Lotteries Commission to carry out their respective activities.

Supreme Ventures Financial Services Limited provides cambio and remittance operations under licence by the Bank of Jamaica.

In addition to the entities above, the Group also includes the following entities which have been put into members' voluntary liquidation:

- Jamaica Lottery Company Limited
- Village Square Entertainment Limited
- Coral Cliff Entertainment Limited

The liquidation process has not yet been completed.

On August 18, 2009, the Betting, Gaming and Lotteries Commission (BGLC) approved the application of the company's subsidiary, Supreme Ventures Lotteries Limited (SVLL) to sell tickets for the Super Lotto Game.

These financial statements are expressed in Jamaican dollars which is the functional currency of the Group.

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
SIX- MONTH PERIOD ENDED 30TH JUNE 2011**

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 period ended 31st December 2010.

These financial statements are expressed in Jamaican dollars, which is the functional currency of the Group.

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) Prize Liability

- i. Lottery prize liabilities are recognized on the accrual basis.
- ii. Prize Liabilities associated with bets taken on International sporting events are recognized on the accrual basis.

(d) Segment reporting

The activities of the Group are organized into the following six primary segments:

- | | | |
|-------------------------|---|---|
| 1) Lottery | - | Ticket sales – lottery games are sold to the public by contracted retail agents. Revenue is recognized when tickets are sold to players. |
| 2) Gaming | - | Revenue is recorded based on the cash value of tokens cleared from the drop box (drop tokens), roulette credits sold to customers, the cash bills cleared from the bill receptor (drop cash), the payouts made to customers and the net movement in the machines' token stock levels. |
| 3) Sports Betting | - | Revenue represents the gross sales of the bets taken on international sporting events at all branches, net of refunds. |
| 4) Hospitality | - | this incorporates room, restaurant and bar and related guest services. |
| 5) Financial Services | - | this incorporates foreign exchange dealer services and commission from Money Gram services. |
| 6) PIN codes and Others | - | this incorporates sale of electronic PIN codes. |

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
SIX- MONTH PERIOD ENDED 30TH JUNE 2011**

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Comparative information

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period.

4. PROPERTY, PLANT & EQUIPMENT

	The Group							
	Freehold Land & Buildings (At Valuation)	Leasehold Buildings	Leasehold Improvements	Gaming Equipment	Plant, Machinery, Furniture, Fixtures & Equipment	Motor Vehicles	Arts, Paintings, Signs & Posters	Total
	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000
Cost/Valuation								
At January 1, 2011	1,126,100	120,348	347,811	506,273	724,777	84,992	27,387	2,937,688
Additions	<u>1,822</u>	-	<u>9,993</u>	-	<u>7,988</u>	<u>14,049</u>	-	<u>33,852</u>
June 30, 2011	<u>1,127,922</u>	<u>120,348</u>	<u>357,804</u>	<u>506,273</u>	<u>732,765</u>	<u>99,041</u>	<u>27,387</u>	<u>2,971,540</u>
Depreciation								
At January 1, 2011	-	9,527	128,484	240,044	460,069	47,382	24,890	910,396
Charge for the year	11,714	1,504	17,640	29,979	24,970	7,478	19	93,304
Asset write-off	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,669</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,669</u>
June 30, 2011	<u>11,714</u>	<u>11,031</u>	<u>146,124</u>	<u>274,692</u>	<u>485,039</u>	<u>54,860</u>	<u>24,909</u>	<u>1,008,369</u>
Carrying amount								
June 30, 2011	<u>1,116,208</u>	<u>109,317</u>	<u>211,680</u>	<u>231,581</u>	<u>247,726</u>	<u>44,181</u>	<u>2,478</u>	<u>1,963,171</u>
December 31, 2010	<u>1,126,100</u>	<u>110,821</u>	<u>219,327</u>	<u>266,229</u>	<u>264,708</u>	<u>37,610</u>	<u>2,497</u>	<u>2,027,292</u>

Annual depreciation charges are being calculated using the following useful lives:

Freehold buildings	-	40 years
Leasehold improvements	-	Over the life of the leases
Machine & equipment	-	10 years
Gaming equipment	-	5-10 years
Furniture, fixtures and office equipment	-	3-10 years
Computer equipment	-	3-5 years
Motor vehicles	-	5-8 years
Signs and posters	-	5 years

No depreciation is provided on freehold land, art and paintings.

Freehold land and buildings are carried at fair value.

An independent valuation of the Group's land and buildings were performed by Property Consultants Limited to determine the fair values of the land and buildings. The valuation which conforms to the International Valuation Standards was determined by reference to the open market values for similar properties. The effective date of the valuation was 31st December 2010

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
SIX- MONTH PERIOD ENDED 30TH JUNE 2011**

5. GOODWILL & OTHER INTANGIBLES

	The Group				
	Computer Software	Licences	Royalty	Goodwill	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost					
December 31, 2010	59,121	49,044	-	586,644	694,809
Additions	<u>1,851</u>	<u>-</u>	<u>80,558</u>	<u>-</u>	<u>82,409</u>
June 30, 2011	<u>60,972</u>	<u>49,044</u>	<u>80,558</u>	<u>586,644</u>	<u>777,218</u>
Amortisation					
December 31, 2010	29,635	5,231	-	-	34,866
Charge for the year	<u>6,792</u>	<u>2,517</u>	<u>4,028</u>	<u>-</u>	<u>13,337</u>
June 30, 2011	<u>36,427</u>	<u>7,748</u>	<u>4,028</u>	<u>-</u>	<u>48,203</u>
Carrying Amount					
June 30, 2011	<u>24,545</u>	<u>41,296</u>	<u>76,530</u>	<u>586,644</u>	<u>729,015</u>
December 31, 2010	<u>29,486</u>	<u>43,813</u>	<u>-</u>	<u>586,644</u>	<u>659,943</u>

	The Group June 30, 2011 \$'000
Acquired goodwill	
Gaming operations	381,728
Lottery operations	189,953
Financial services	<u>14,963</u>
	<u>586,644</u>

6. LONG-TERM RECEIVABLES

SGL BVI Limited

The balance represents advances to SGL BVI Limited (SGL BVI), a company incorporated in the British Virgin Islands. SGL BVI is a subsidiary of Supreme Gaming Limited (SGL), a company incorporated under the laws of the State of Florida, USA. The advances were towards the development of gaming activities in the Caribbean and the Latin American region, including Jamaica.

SGL BVI has made a payment of US\$760,000. The balance outstanding of US\$3,905,772 is being serviced under an Electronic Gaming Machine Framework Agreement dated 3rd March 2011 between Intralot and the Company and a Project Service Agreement dated 11th March 2011 between SGL BVI and Intralot. Interest will accrue on the outstanding balance at the rate of 3 months LIBOR. Included in the balance outstanding at 30th June 2011 is interest accrued amounting to US\$2,660 (J\$227,520).

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
SIX- MONTH PERIOD ENDED 30TH JUNE 2011**

7. DEFERRED TAXATION

These comprise:

	<u>Jun-30-11</u> \$'000	<u>Jun-30-10</u> \$'000
Deferred tax assets	154,879	77,792
Less: Deferred tax liabilities	<u>(116,671)</u>	<u>(26,226)</u>
	<u>38,208</u>	<u>51,566</u>

The movement of the net deferred tax position was as follows:

	<u>Jun-30-11</u> \$'000	<u>Jun-30-10</u> \$'000
Opening balance	8,034	17,517
Credited (charged) equity for the period	223	
Credited (charged) to income for the period	<u>29,951</u>	<u>34,049</u>
Closing balance	<u>38,208</u>	<u>51,566</u>

The following are the major deferred tax assets and liabilities recognized during the year:

8. TRADE AND OTHER RECEIVABLES

	<u>Jun-30-11</u> \$'000	<u>Jun-30-10</u> \$'000
Trade receivables	275,800	167,498
Less: Allowances for irrecoverable debts	<u>(68,526)</u>	<u>(63,817)</u>
	207,274	103,681
Current portion of long term receivables	20,440	198,757
Other receivables	136,454	132,044
Prepayment	<u>56,601</u>	<u>34,487</u>
	<u>420,769</u>	<u>468,969</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 \$4.3 million (2010: \$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
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9. CONDITIONS ATTACHED TO LICENCE GRANTED BY THE BETTING GAMING AND LOTTERIES COMMISSION (BGLC)

On 30th March 2011, the Betting, Gaming and Lotteries Commission (BGLC) renewed the lottery licence granted to Supreme Ventures Lotteries Limited (SVLL). This licence expires on the 10th January 2026. As a Condition of the licence, SVLL is required to establish a dedicated bank account into which will be paid funds to ensure that on a continuous basis throughout the term of the licence, the credit balance on that account is not less than 100% of the aggregate amount of SVLL liabilities which includes:

- a) Prize 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 licence.

Balances at 30th June 2011 are as follows:

	\$'000
Dedicated Cash Account	<u>\$560,136</u>
Aggregate Liabilities	<u>\$356,150</u>

10. LONG-TERM LIABILITIES

	<u>Jun-30-11</u>	<u>Jun-30-10</u>
	\$'000	\$'000
GTECH Global Services Corporation Limited - US\$ NIL (2010: US\$1,155,588)	-	98,400
First Caribbean International Bank Loan 1 - US\$ NIL (2010: US\$465,282)	-	25,963
Obligation under finance lease US\$610,477 (2010: US\$911,704)	52,429	78,287
Bank of Nova Scotia Jamaica Limited	<u>302,465</u>	-
	<u>354,894</u>	<u>202,650</u>

	<u>Jun-30-11</u>	<u>Jun-30-10</u>
	\$'000	\$'000
These loans are repayable as follows:		
Within one year	129,005	150,229
In the second to fifth year inclusive	<u>225,889</u>	<u>52,421</u>
	<u>354,894</u>	<u>202,650</u>
Included in the statement of financial position as:		
Current liabilities	<u>129,005</u>	<u>150,229</u>
Long-term liabilities	<u>225,889</u>	<u>52,421</u>

**SUPREME VENTURES LIMITED
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SIX- MONTH PERIOD ENDED 30TH JUNE 2011**

11. TRADE AND OTHER PAYABLES

	<u>Jun-30-11</u> \$'000	<u>Jun-30-10</u> \$'000
Trade payables	114,186	84,837
Service contractor fees	153,513	329,986
Pin code cost payable	223,085	213,112
Contributions payable to CHASE Fund	40,544	57,606
Contributions payable to Betting, Gaming and Lotteries Commission	14,295	15,758
Lottery taxes payable	18,759	37,806
Other payables and accruals	<u>97,078</u>	<u>88,321</u>
	<u>661,460</u>	<u>827,426</u>

12. REVENUE

Analysis of the revenue is as follows:

	<u>Jun-30-11</u> \$'000	<u>Jun-30-10</u> \$'000
Lottery	11,499,032	10,860,195
VLT/slot drop revenue	363,940	449,893
Sports Betting	43,024	16,344
Hospitality revenue	53,704	55,760
Unclaimed prizes	42,234	34,207
Pin codes and phone cards	1,065,717	944,749
Money Gram remittance service	43,955	40,386
Foreign exchange trading	32,647	33,914
Other	<u>31,686</u>	<u>25,405</u>
	<u>13,175,939</u>	<u>12,460,853</u>

13. DIRECT EXPENSES

a) Analysis of direct expenses is as follows:

	<u>Jun-30-11</u> \$'000	<u>Jun-30-10</u> \$'000
Lottery and Sports betting prizes	7,816,561	7,465,651
Service contractor fees	675,113	739,507
Agents' commissions	570,298	539,430
Lottery and gaming tax	681,756	650,822
Contributions to BGLC	124,401	120,108
Good cause fees	516,421	513,561
Direct expense – hospitality operations	36,708	39,745
Pin codes and phone card cost	957,648	823,428
Commissions – pin codes and phone – cost	76,265	97,665
Commissions – Money Gram cost	18,856	16,229
Other	<u>582</u>	<u>190</u>
	<u>11,474,609</u>	<u>11,006,336</u>

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
SIX- MONTH PERIOD ENDED 30TH JUNE 2011**

13. DIRECT EXPENSES cont'd

b) Prizes

- | | |
|--|--|
| Cash Pot | - All prizes are fixed. The prize won for correctly matching the winning number is \$26 for each \$1 wagered. |
| Lucky 5 | - Prizes for this game are based on the predetermined prize structure. |
| Dollaz! | - Prizes for this game are fixed based on each \$10 per play per spot. The prize paid will depend on how much of the winning numbers are correctly matched. |
| Super Lotto | - Prize liabilities are based on the actual winning combination of numbers for each draw with the amount allocated to prizes being a pre-determined percentage of sales. |
| Lotto, Super Lotto,
Prime Time and Daily
Bingo | - Prizes are based on the actual winning combination of numbers for each draw with the amount allocated to prizes being a pre-determined percentage of actual sales. |
| Pick 2 and Pick 3 | - Prizes are computed based on the actual winning combination of numbers for each draw. |
| Instant | - Prizes are accrued as an estimate based on a pre-determined prize structure for each game. |
| Sports Betting | - All prizes are fixed. The prize won is based on the amount wagered multiplied by the odds of the selected event(s) printed on the ticket, which were the valid ones while it was played. |

Actual redemptions are charged against the amounts accrued with the balance being carried as the prize liabilities.

14. OTHER GAINS

This amount includes an early renewal fee of US\$1.75M (J\$149,391M) in respect of the successful completion of a new contractual agreement with GTECH Corporation, the technology provider of the lottery gaming network.

15. CONTINGENCIES

As required under Condition 7 attached to the approval granted by Betting, Gaming and Lotteries Commission (BGLC) to promote the multi-jurisdictional game 'Super Lotto,' the company as the applicant has made arrangements for a stand-by financing facility of \$600 million from Bank of Nova Scotia Jamaica Limited. Under the said stand-by facility which expires on 31st December 2011, BGLC has been identified as the beneficiary in order to ensure that a Super Lotto jackpot winner in Jamaica is settled with the prize money and also to ensure that the necessary taxes on such a prize payment is settled with the revenue authorities in Jamaica.

However, as the licence holder to promote Lotto Games in Jamaica, the company is contingently liable to settle any jackpot prize liability to a winner in Jamaica and related taxes in case of a failure by other parties involved in the settlement arrangements.



Games people love to play...and more

Shareholdings

SUPREME VENTURES LIMITED
TEN LARGEST SHAREHOLDERS (as at 30th June 2011)

Name	Joint Holders/Connected	Volume	Percentage
Account (s)	Interest		
Intralot Caribbean Ventures Limited		1,315,895,445.00	49.90
		1,315,895,445.00	49.90
Paul Hoo		246,781,920.00	9.36
		20,000,000.00	0.76
	Susan Elizabeth Hoo	1,186,500.00	0.04
(TTCD)		13,508,220.00	0.51
		281,476,640.00	10.67
Ian Kent Levy		261,021,659.00	9.90
	Matthew Kent Levy	4,000,000.00	0.15
		265,021,659.00	10.05
Janette Stewart		179,035,112.00	6.79
	Steven A. Hudson	587,433.00	0.02
		179,622,545.00	6.81
Stephen Roger Castagne		137,100,200.00	5.20
		137,100,200.00	5.20
Mayberry Co A/C 120008		66,553,514.00	2.52
		66,553,514.00	2.52
Mayberry West Indies Limited		28,832,198.00	1.09
		28,832,198.00	1.09
Sunfisher Corporation		24,648,118.00	0.93
		24,648,118.00	0.93
Keith Binns		20,000,000.00	0.76
	Lurline Binns	20,000,000.00	0.76
		20,000,000.00	0.76
TW Metals Ltd.		18,257,457.00	0.69
		18,257,457.00	0.69

SUPREME VENTURES LIMITED
DIRECTORS' SHAREHOLDINGS (as at 30th June 2011)

Directors				
Name				
Accounts (s)	Primary Holder	Joint Holders/Connected Interest	Volume	Percentage
Paul Hoo			246,781,920.00	9.3575
			20,000,000.00	0.7584
		Susan Elizabeth Hoo	1,186,500.00	0.0450
(TTCD)			13,508,220.00	0.5122
			281,476,640.00	10.6731
Ian Kent Levy				
			261,021,659.00	9.8975
		Matthew Kent Levy	4,000,000.00	0.1517
			265,021,659.00	10.0491
Steven A. Hudson				
	Janette Stewart	Steven A. Hudson	587,433.00	0.0223
			587,433.00	0.0223
Brian R. George				
			2,090,941.00	0.0793
(TTCD)			155,706.00	0.0059
			2,246,647.00	0.0852
John George Graham				
		Tracey Elaine Adams-Goldson	1,000.00	0.0000
			1,000.00	0.0000
Curtis Martin				
		Donalda Martin	774,867.00	0.0294
			774,867.00	0.0294
David McBean				
			2,574,867.00	0.0976
		Andrew McBean	1,500,000.00	0.0569
			4,074,867.00	0.1545
Barrington Chisholm				
			994,871.00	0.0377
			994,871.00	0.0377
Georgios Sampson			Nil	Nil
			Nil	Nil



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