



**Unaudited Consolidated
Financial Statements
31st March 2012**



**Report of the Board of Directors
Unaudited Financial Statements 31st March 2012**

The Board of Directors of Supreme Ventures Limited has announced the unaudited financial results for the first quarter 1st January 2012 to 31st March 2012.

The Group's total revenues for the quarter of \$8.153B, represents a 26.49% or \$1.72B increase compared to \$6.445B for the corresponding quarter in 2011. This was mainly due to a significant increase in lottery revenue, a 28.15% (\$1.6B) increase, over the corresponding period last year.

The company's net profit after tax for the first quarter dipped slightly to \$183.82M or a 10.52% decline, when compared to \$205.43M for the first quarter of 2011.

The overall profitability of the company in Q1 of 2011 was positively impacted by the liability of the Cash Pot game at 68.42% (game design 72.22%), when compared to 72.23% for Q1 of 2012. This 4% differential for the comparative quarters had a significant effect on the company's performance in 2011. The overall liability for all games in Q1 of 2011 was 64.36% compared to 69.53% for this quarter under review. The overall game liability was aggravated by the performance of the Pick 4 game, with liability of 14.06% above its game design in the review period. This was largely due to quadruple plays of 5,5,5,5 and 2,2,2,2 in January and February. In addition, the net profit after tax was impacted by the effective tax rate of 47% at 31st March 2012, compared to 40% for the corresponding period in 2011.

The Earnings per Share was \$0.07, when compared to \$0.078 for the corresponding period in 2011.

Here are some other financial highlights for the first quarter period:

- 14.72% increase in contributions to the CHASE Good Cause Fund, over the corresponding period last year
- 10.07% increase in Lottery & Gaming Tax payments over the corresponding period last year
- 16.99% increase in cellular phone PIN Code revenue, over the corresponding period last year
- 28.15% increase in lottery revenue, over the corresponding period last year
- 154.59% increase in sports betting revenue, over the corresponding period last year
- 38.73% increase in lottery and sports betting prizes, over the corresponding period last year

- 26.82% increase in Agents' commissions, over the corresponding period last year
- 1.8% increase in total assets, over the corresponding period last year
- 30% increase in direct expenses, mainly due to prize payments over the corresponding period last year

Supreme Ventures Lotteries Limited (SVLL) introduced the Pick 4 lottery game on the 16th January 2012. The game has been doing extremely well and was a major contributor to the increase in lottery revenue for the period under review. The Lotto Jackpots were significantly high during the period. A \$60M Lotto Jackpot which had rolled over from last year was won on the 18th January 2012. This was followed by an \$80M Lotto Jackpot hit on 24th March 2012.

A review of the VLT Gaming Segment Results for the period, showed a reduction in the Net Win from \$180.71M for the first quarter of 2011 to \$177.93M for this quarter under review.

Big 'A' Track 2003 Limited trading as Supreme Ventures Sports Betting (SVSB), continued to roll-out terminals slowly within a restricted regulatory environment but the company is encouraged by the increased performance of the terminals in operation. SVSB's revenue for the period under review was \$52.29M, compared to \$20.54M for the corresponding period in 2011. Betting on sports showed that trends favoured the English Premier League; UEFA Champions League; NFL and Super Bowl, and the NBA.

Acropolis Cross Roads was opened to the public on 23rd March 2012. The gaming lounge has 51 seats including a Royal Ascot Horseracing machine. The facility, located in the State Mall on Half Way Tree Road in Kingston, offers the full range of products: Lottery, Gaming and Sports Betting. There is also a small sports bar within the lounge.

A dividend payment of \$0.05 per share was declared, based on the fourth quarter results of 2011. This dividend was paid on 23rd March 2012. SVL continues to execute an aggressive dividend payment policy, of quarterly payments based on the company's performance.

Announcements

Subsequent to the period under review, the company made the following announcements:

- The company launched the Supreme Ventures Foundation on the 12th April 2012. The Foundation will focus on the implementation of transformational projects in the areas of Health, Education and Sports Development. Dr. David McBean was appointed as Chairman of the Foundation, with Mr. Barrington Chisholm and Mrs. May Lawrence Evans named as Directors to the Board.

- The Directors at a special meeting held on 15th May 2012 declared an ordinary dividend of \$0.06 per stock unit to shareholders on record as at 31st May 2012. This dividend is to be paid on 22nd June 2012.
- The company's Annual General Meeting is scheduled for 24th May 2012 at the Wyndham Kingston Hotel, starting at 10am.

Outlook for the Future

The first quarter results are encouraging and coupled with a firm strategic plan for going forward, the projections for end of year are expected to be positive.

The company will continue on a path to growth and profitability with:

- The expectation that Pick 4 will perform to game design
- The expectation that Cash Pot will perform to game design
- Strategic initiatives to reduce the losses in the VLT division
- Overcoming the challenges in expanding the sports betting network
- Managing the effective taxation rate

SVL continues to pursue plans for another Gaming Lounge in Kingston and the roll-out of its route system of VLTs in smaller retail outlets islandwide.

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



Paul Hoo
CHAIRMAN



Brian George
PRESIDENT & CEO

SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES**Consolidated Balance Sheet****As at 31st March 2012**

(Expressed in thousands of Jamaican dollars -\$'000)

		Unaudited Three months ended March 31, 2012	Audited Year Ended December 31, 2011	Unaudited Three months ended March 31, 2011
<u>ASSETS</u>				
<i>Non-current assets</i>				
Property, plant and equipment	(4)	1,953,327	1,965,202	2,001,583
Goodwill and other intangibles	(5)	696,513	703,136	734,303
Long-term receivables	(6)	316,407	316,407	326,622
Investment in joint venture		34,221	34,221	34,221
Available-for-sale-investments		1,883	1,883	16,883
Deferred tax assets		<u>60,917</u>	<u>61,098</u>	<u>27,299</u>
		<u>3,063,268</u>	<u>3,081,947</u>	<u>3,140,911</u>
<i>Current assets</i>				
Other assets		-	-	3,513
Income tax recoverable		-	-	-
Inventories		76,769	101,813	89,040
Accounts receivable & prepayments	(7)	691,743	462,709	448,496
Cash and bank deposit	(8)	<u>1,132,956</u>	<u>1,418,477</u>	<u>1,194,363</u>
		<u>1,901,468</u>	<u>1,982,999</u>	<u>1,735,412</u>
Total assets		<u>4,964,736</u>	<u>5,064,946</u>	<u>4,876,323</u>
<u>EQUITY AND LIABILITIES</u>				
<i>Shareholders' equity</i>				
Stated capital		1,967,183	1,967,183	1,967,183
Revaluation Reserve		160,462	160,350	159,173
Capital reserve		62,486	62,486	62,486
Retained earnings		<u>1,345,197</u>	<u>1,293,238</u>	<u>1,340,728</u>
		<u>3,535,328</u>	<u>3,483,257</u>	<u>3,529,570</u>
<i>Non-current liabilities</i>				
Long-term liabilities		<u>171,222</u>	<u>189,444</u>	<u>244,111</u>
		<u>171,222</u>	<u>189,444</u>	<u>244,111</u>
<i>Current liabilities</i>				
Current portion of long term liabilities		211,079	214,605	150,145
Accounts payable and accruals	(9)	763,061	726,575	670,322
Prizes payable	(8)	252,650	264,301	247,736
Income tax payable		<u>31,396</u>	<u>186,764</u>	<u>34,439</u>
		<u>1,258,186</u>	<u>1,392,245</u>	<u>1,102,642</u>
Total equity and liabilities		<u>4,964,736</u>	<u>5,064,946</u>	<u>4,876,323</u>

Approved and authorized for issue by the Board of Directors on 10th May 2012 and are signed on its behalf by:


Paul Hoo – Chairman



Brian George – President and CEO

SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES
Consolidated Comprehensive Income – Unaudited
For period ending 31st March 2012
(Expressed in thousands of Jamaican dollars -J\$'000)

	Notes	Unaudited Three months ended March 31, 2012	Audited Year Ended December 31, 2011	Unaudited Three months ended March 31, 2011
Revenue	(10)	8,152,517	27,961,628	6,445,432
Direct expenses	(11)	<u>(7,203,105)</u>	<u>(24,659,683)</u>	<u>(5,537,618)</u>
Gross profit		949,412	3,301,945	907,814
Expenses		<u>(614,362)</u>	<u>(2,439,217)</u>	<u>(564,115)</u>
Profit from operations		335,050	862,728	343,699
Interest income		8,950	46,376	11,395
Finance cost		(10,389)	(48,600)	(11,086)
Net foreign exchange gain		1,941	7,666	127
Other gains and losses		<u>10,000</u>	<u>195,391</u>	<u>14,000</u>
PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS		345,552	1,063,561	358,135
Taxation	(12)	<u>(161,730)</u>	<u>(443,294)</u>	<u>(145,715)</u>
PROFIT FOR THE YEAR/PERIOD FROM CONTINUING OPERATIONS		183,822	620,267	212,420
DISCONTINUED OPERATIONS				
Loss for the year/period from discontinued operations		<u>-</u>	<u>(13,941)</u>	<u>(6,990)</u>
PROFIT FOR THE YEAR/PERIOD		<u>183,822</u>	<u>606,326</u>	<u>205,430</u>
Other comprehensive income				
Gain on revaluation of property		-	-	-
Deferred tax relating to other comprehensive income		<u>-</u>	<u>1,289</u>	<u>-</u>
Other comprehensive income for the year, net of tax		<u>-</u>	<u>1,289</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD / YEAR		<u>183,822</u>	<u>607,615</u>	<u>205,430</u>
EARNINGS PER STOCK		<u>0.070</u>	<u>0.23</u>	<u>0.078</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 March 2012**

(Expressed in thousands of Jamaican dollars -\$'000)

	Stated Capital	Capital reserve	Revaluation Reserve	Retained earnings	Total
Unaudited Three months ended 31st March 2012					
Balance, 1 st January 2012	1,967,183	62,486	160,350	1,293,238	3,483,257
Deferred Tax		-	112	-	112
Dividend distributed				(131,863)	(131,863)
Net profit for period	<u>-</u>	<u>-</u>	<u>-</u>	<u>183,822</u>	<u>183,822</u>
Balance as at 31 st March 2012	<u>1,967,183</u>	<u>62,486</u>	<u>160,462</u>	<u>1,345,197</u>	<u>3,535,328</u>
Unaudited Three months ended 31st March 2011					
Balance, 1 st January 2011	1,967,183	62,486	159,061	1,135,298	3,324,028
Deferred Tax		-	112	-	112
Net profit for period	<u>-</u>	<u>-</u>	<u>-</u>	<u>205,430</u>	<u>205,430</u>
Balance as at 31 st March 2011	<u>1,967,183</u>	<u>62,486</u>	<u>159,173</u>	<u>1,340,728</u>	<u>3,529,570</u>

SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES**Consolidated Statement of Cash Flows****As at 31st March 2012**

(Expressed in thousands of Jamaican dollars -J\$'000)

	Unaudited Three months ended March 2012	Audited Year Ended December 31, 2011	Unaudited Three months ended March 2011
SOURCES/ (USES) OF CASH			
Net Profit	183,822	606,326	205,430
Adjustments for items not affecting cash, changes in non-cash working capital components and other, net	<u>(288,279)</u>	<u>393,650</u>	<u>125,599</u>
Cash provided by/(used in) operating activities	(104,457)	999,976	331,029
Cash provided by investing activities	(26,495)	(109,201)	(105,971)
Cash provided by/(used in) financing activities	<u>(154,569)</u>	<u>(356,219)</u>	<u>85,384</u>
NET (DECREASE) / INCREASE IN CASH AND BANK BALANCES	(285,521)	534,556	310,442
OPENING CASH AND BANK BALANCES	<u>1,418,477</u>	<u>883,921</u>	<u>883,921</u>
CLOSING CASH AND BANK BALANCES	<u>1,132,956</u>	<u>1,418,477</u>	<u>1,194,363</u>

SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES
Financial Information by Business Segment- Unaudited
(Expressed in thousands of Jamaican dollars -J\$'000)

PERIOD ENDED MARCH 31, 2012

	Lottery	Sports Betting	Gaming & Hospitality	Pin codes	Others	Eliminations	Group Total
External revenue	7,265,554	52,285	198,993	619,677	16,008	-	8,152,517
Inter-segment revenue	-	-	7,286	-	26,550	(33,836)	-
	<u>7,265,554</u>	<u>52,285</u>	<u>206,279</u>	<u>619,677</u>	<u>42,558</u>	<u>(33,836)</u>	<u>8,152,517</u>
Results							
Segment results	352,822	(26,630)	(22,191)	22,176	8,873	-	335,050
Interest income							8,950
Finance Cost							(10,389)
Net Foreign exchange Gain(Loss)							1,941
Other Gains and Losses							<u>10,000</u>
Profit before taxation							345,552
Taxation							<u>(161,730)</u>
Profit continued operations							<u>183,822</u>
Loss before taxation discontinued operations							-
Taxation							<u>-</u>
Loss continued operations							<u>-</u>
NET PROFIT							<u>183,822</u>
Other information							
Capital additions	16,179	275	21,712				38,166
Depreciation and amortization	12,366	3,973	35,799		495		52,633
Balance sheet							
Assets							
Segment assets	4,127,388	658,106	3,353,245	85,762	110,059	(3,186,790)	<u>5,147,770</u>
Consolidated total assets							<u>5,147,770</u>
Liabilities							
Segment liabilities	1,602,691	117,545	1,327,022	159,750	40,920	(1,735,485)	<u>1,512,443</u>
Consolidated total liabilities							<u>1,512,443</u>

SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES
Financial Information by Business Segment- Unaudited
(Expressed in thousands of Jamaican dollars -\$'000)

PERIOD ENDED MARCH 31, 2011

	Lottery	Sports Betting	Gaming & Hospitality	Pin codes	Others	Eliminations	Group Total
External revenue	5,672,472	20,537	208,210	529,686	14,527	-	6,445,432
Inter-segment revenue	-	-	4,332	-	45,360	(49,692)	-
	<u>5,672,472</u>	<u>20,537</u>	<u>212,542</u>	<u>529,686</u>	<u>59,887</u>	<u>(49,692)</u>	<u>6,445,432</u>
Results							
Segment results	407,812	(42,857)	(50,091)	14,138	14,697	-	343,699
Interest income							11,395
Finance Cost							(11,086)
Net Foreign exchange Gain(Loss)							127
Other Gains and Losses							<u>14,000</u>
Profit before taxation							358,135
Taxation							<u>(145,715)</u>
Profit continued operations							<u>212,420</u>
Loss before taxation discontinued operations							(8,567)
Taxation							<u>1,577</u>
Loss continued operations							<u>(6,990)</u>
NET PROFIT							<u>205,430</u>
Other information							
Capital additions	19,799	81,522	61		956		102,338
Depreciation and amortization	8,383	3,924	41,055		586		53,948
Balance sheet							
Assets							
Segment assets	3,328,957	249,514	3,830,541	76,663	125,071	(2,734,423)	<u>4,876,323</u>
Consolidated total assets							<u>4,876,323</u>
Liabilities							
Segment liabilities	980,457	51,442	1,354,981	203,890	39,099	(1,283,116)	<u>1,346,753</u>
Consolidated total liabilities							<u>1,346,753</u>

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
UNAUDITED THREE MONTHS ENDED 31st MARCH 2012**

1. IDENTIFICATION

Supreme Ventures Limited (the company) is a public limited liability company which is listed on the Jamaica Stock Exchange and the Trinidad and Tobago Stock Exchange. The company's registered office is 4th Floor, Sagicor 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	Remittance 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 Venture Financial Services Limited provided cambio operations under licence by the Bank of Jamaica (see Note 14).

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.

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

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 on the historical cost basis except for the revaluation of freehold land and buildings. Historical cost is generally based on the fair value of the consideration given in exchange of assets.

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

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
UNAUDITED THREE MONTHS ENDED 31st MARCH 2012**

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

A segment is a distinguishable component of the Group that is engaged in either providing products or services. Segment information is presented in respect of the Group's business. The primary format for business segments is based on the Group's management and internal reporting structure. Segments results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

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

- a) Lottery
- b) Gaming and hospitality
- c) Sports betting
- d) Pin codes and other

During the prior year the Group disposed of its financial services segment (see note 14).

(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
UNAUDITED THREE MONTHS ENDED 31st MARCH 2012**

4. PROPERTY, PLANT & EQUIPMENT

	Freehold Land & Buildings (At Valuation)	Leasehold Buildings	Leasehold Improvements	Plant, Machinery, Furniture, Fixtures & Equipment	Motor Vehicles	Arts, Paintings, Signs & Posters	Capital Work-in- progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost/Valuation								
At December 31, 2011	1,174,228	120,348	359,968	1,260,988	120,073	27,387	3,097	3,066,089
Additions	-	-	1,071	5,181	10,726	275	20,913	38,166
Asset write-off	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(14,856)	-	-	(14,856)
March 31, 2012	<u>1,174,228</u>	<u>120,348</u>	<u>361,039</u>	<u>1,266,169</u>	<u>115,943</u>	<u>27,662</u>	<u>24,010</u>	<u>3,089,399</u>
Depreciation								
At December 31, 2011	23,429	12,536	163,720	821,038	55,236	24,928		1,100,887
Charge for the year	5,856	752	9,186	26,183	5,328	12		47,317
Asset write-off	-	-	-	-	-	-		-
Disposals	-	-	-	-	(12,132)	-		(12,132)
March 31, 2012	<u>29,285</u>	<u>13,288</u>	<u>172,906</u>	<u>847,221</u>	<u>48,432</u>	<u>24,940</u>	<u>-</u>	<u>1,136,072</u>
Carrying amount								
March 31, 2012	<u>1,144,943</u>	<u>107,060</u>	<u>188,133</u>	<u>418,948</u>	<u>67,511</u>	<u>2,722</u>	<u>24,010</u>	<u>1,953,327</u>
December 31, 2011	<u>1,150,799</u>	<u>107,812</u>	<u>196,248</u>	<u>439,950</u>	<u>64,837</u>	<u>2,459</u>	<u>3,097</u>	<u>1,965,202</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 was 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 2011.

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
UNAUDITED THREE MONTHS ENDED 31st MARCH 2012**

5. GOODWILL & OTHER INTANGIBLES

	Computer Software \$'000	Licences \$'000	Royalty \$'000	Goodwill \$'000	Total \$'000
Cost					
December 31, 2011	63,118	49,044	80,558	571,681	764,401
Additions	-	-	-	-	-
March 31, 2012	<u>63,118</u>	<u>49,044</u>	<u>80,558</u>	<u>571,681</u>	<u>764,401</u>
Amortisation					
December 31, 2011	42,747	10,462	8,056	-	61,265
Charge for the year	<u>3,302</u>	<u>1,308</u>	<u>2,013</u>	-	<u>6,624</u>
March 31, 2012	<u>46,049</u>	<u>11,770</u>	<u>10,069</u>	-	<u>67,889</u>
Carrying Amount					
March 31, 2012	<u>17,069</u>	<u>37,274</u>	<u>70,489</u>	<u>571,681</u>	<u>696,513</u>
December 31, 2011	<u>20,371</u>	<u>38,582</u>	<u>72,502</u>	<u>571,681</u>	<u>703,136</u>
March 31, 2011	<u>26,609</u>	<u>42,506</u>	<u>78,544</u>	<u>586,644</u>	<u>734,303</u>
			Mar-31-12	Dec-31-12	Mar-31-11
			\$'000	\$'000	\$'000
Acquired goodwill					
Gaming operations			381,728	381,728	381,728
Lottery operations			189,953	189,953	189,953
Financial services			-	-	14,963
			<u>571,681</u>	<u>571,681</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, 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.

In the reporting period ended 31st December 2011 SGL BVI made a payment of US\$760,000 as a part settlement of the outstanding balance. The balance outstanding at 31st March 2012 amounting to US\$3,916,713 is serviced under an Electronic Gaming Machine Framework Agreement dated 3rd March 2011 between Intralot Caribbean Ventures Limited (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 31st March 2012 is interest accrued amounting to US\$13,601 (J\$1,173,804).

Based on the repayment plan an amount of \$21.61 million has been determined as the current portion of the outstanding balance at 31st March 2012.

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
UNAUDITED THREE MONTHS ENDED 31st MARCH 2012**

7. TRADE AND OTHER RECEIVABLES

	<u>Mar-31-12</u> \$'000	<u>Dec-31-11</u> \$'000	<u>Mar-31-11</u> \$'000
Trade receivables	482,531	329,642	238,547
Less: Allowances for irrecoverable debts	(76,069)	(73,471)	(66,529)
	406,462	256,171	172,018
Current portion of long term receivables	20,440	21,614	70,874
Other receivables	140,483	128,286	143,108
Prepayment	<u>124,358</u>	<u>56,638</u>	<u>62,496</u>
	<u>691,743</u>	<u>462,709</u>	<u>448,496</u>

Included in trade receivables are amounts of \$379.8 million (Dec 2011: \$235.3 million, March 2011: \$131.8 million) representing amounts receivable from the agents that support the lottery sales. The average credit periods for these receivables are 7 days. Balances outstanding for over 7 days are considered past due. Where agent balances are outstanding for over 90 days they are classified as delinquent and are provided for in full after 365 days as historical experience is such that receivables that are past due beyond this period are generally not recoverable.

The average credit period for the remaining balance in trade receivables is 30 days and provision is made in full for balances outstanding for more than 365 days.

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

On 30th March 2010, the Betting Gaming and Lotteries Commission (BGLC) renewed the lotteries 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) 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 March 2012 are as follows:

	\$'000
Dedicated Cash Account	<u>\$513,409</u>
Aggregate Liabilities	<u>\$380,854</u>

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
UNAUDITED THREE MONTHS ENDED 31st MARCH 2012**

9. TRADE AND OTHER PAYABLES

	<u>Mar-31-12</u>	<u>Dec-31-11</u>	<u>Mar-31-11</u>
	\$'000	\$'000	\$'000
Trade payables	221,216	92,829	117,737
Service contractor fees	172,106	161,749	199,979
Pin code cost payable	159,750	211,979	190,590
Contributions payable to CHASE Fund	67,876	81,213	49,261
Contributions payable to Betting, Gaming and Lotteries Commission	18,618	16,678	13,166
Lottery taxes payable	41,251	26,903	16,594
Other payables and accruals	<u>82,244</u>	<u>135,224</u>	<u>82,995</u>
	<u>763,061</u>	<u>726,575</u>	<u>670,322</u>

10. REVENUE

Analysis of the revenue is as follows:

	<u>Mar-31-12</u>	<u>Dec-31-11</u>	<u>Mar-31-11</u>
	\$'000	\$'000	\$'000
Lottery	7,242,232	24,616,707	5,651,495
VLT/slot drop revenue	177,925	697,790	180,701
Sports Betting	52,285	99,932	20,537
Hospitality revenue	21,068	108,161	27,509
Unclaimed prizes	23,322	111,600	20,977
Pin codes and phone cards	619,677	2,268,306	529,686
Other	<u>16,008</u>	<u>59,132</u>	<u>14,527</u>
	<u>8,152,517</u>	<u>27,961,628</u>	<u>6,445,432</u>

During the prior year the MoneyGram Remittance and Cambio operations were discontinued. Prior year revenues in relation to these operations have been reclassified and stated as discontinued operations (as described in Note 14).

11. DIRECT EXPENSES

a) Analysis of direct expenses is as follows:

	<u>Mar-31-12</u>	<u>Dec-31-11</u>	<u>Mar-31-11</u>
	\$'000	\$'000	\$'000
Lottery and Sports betting prizes	5,066,342	17,175,967	3,651,985
Service contractor fees	359,389	1,276,755	363,359
Agents' commissions	356,697	1,221,855	281,257
Lottery and gaming tax	403,026	1,381,176	366,144
Contributions to BGLC	77,193	264,099	61,255
Good cause fees	321,226	1,060,607	280,002
Direct expense – hospitality operations	17,866	85,700	17,737
Pin codes and phone card cost	558,665	2,038,115	476,000
Commissions – pin codes and phone – cost	40,836	155,409	39,548
Other	<u>1,865</u>	<u>-</u>	<u>331</u>
	<u>7,203,105</u>	<u>24,659,683</u>	<u>5,537,618</u>

During the prior year the MoneyGram Remittance and Cambio operations were discontinued. Prior year direct expenses in relation to these operations have been reclassified and stated as discontinued operations (as described in Note 14)

**SUPREME VENTURES LIMITED
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UNAUDITED THREE MONTHS ENDED 31st MARCH 2012**

11. DIRECT EXPENSES cont'd

b) Prizes

- (i) Cash Pot - All prizes are fixed. The prize won for correctly matching the winning number is \$26 for each \$1 wagered.
- (ii) Lucky 5 - Prizes for this game are based on the predetermined prize structure.
- (iii) 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.
- (iv) Super Lotto - Prize liabilities are based on the actual winning combination of numbers for each draw with the amount allocated to prizes being a predetermined percentage of sales.
- (v) 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 predetermined percentage of actual sales.
- (vi) Pick 2, Pick 3 and Pick 4 - Prizes are computed based on the actual winning combination of numbers for each draw.
- (vii) Instant - Prizes are accrued as an estimate based on a predetermined prize structure for each game.
- (viii) 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.

12. TAXATION

The charge is reconciled to the profit as per the statement of comprehensive income as follows:

	<u>Mar-31-12</u>	<u>Dec-31-11</u>	<u>Mar-31-11</u>
	\$'000	\$'000	\$'000
Profit before taxation	<u>345,552</u>	<u>1,063,561</u>	<u>358,135</u>
Tax at the domestic income tax rate of 33 $\frac{1}{3}$ %	115,184	354,520	119,378
Tax effect of expenses disallowed for tax purposes	25,069	53,691	6,307
Net deferred tax asset not recognized	21,477	72,993	20,030
Tax effect on non taxable income	-	(54,436)	-
Under provision previous year	-	963	-
Tax effect on private motor vehicles	-	15,174	-
Other	<u>-</u>	<u>389</u>	<u>-</u>
	<u>161,730</u>	<u>443,294</u>	<u>284,321</u>

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
UNAUDITED THREE MONTHS ENDED 31st MARCH 2012**

13. CONTINGENCIES

(a) Contingencies - Guarantee

- (i) Pursuant to the Articles of Incorporation of the company and a resolution of the Directors, the company has issued a duly executed and stamped deed of debenture and a duly executed guarantee to the Betting, Gaming and Lotteries Commission (BGLC). The company 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 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 (see also Note 1). Accordingly, BGLC will hold the company responsible and liable for any breaches of the licence by the subsidiary, SVLL.
- (ii) Pursuant to the Articles of Incorporation of the company and a resolution of the Directors, the company has issued a duly executed and stamped deed of debenture and a duly executed guarantee to the Betting, Gaming and Lotteries Commission (BGLC). The company 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 Bookmaker's 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 \$125 million of shareholders' equity (issued capital of Big A is \$100 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'.

(b) Contingencies - Super Lotto Jackpot Liability

As required under Condition 7 attached to the approval granted by the 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 \$600.0 million from the Bank of Nova Scotia Jamaica Limited. Under the said stand-by facility which expires on 31st December 2012, the 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.

(c) Commitment - Licence fees to Betting, Gaming and Lotteries Commission (BGLC)

In accordance with conditions attached to the licences granted by BGLC, an annual licence fee of \$19.2 million falls due for payment each year.

(e) Commitments - other

These commitments are as follows:

	<u>Mar-31-12</u>	<u>Dec-31-11</u>	<u>Mar-31-11</u>
	\$'000	\$'000	\$'000
Sponsorship agreements		69,650	

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
UNAUDITED THREE MONTHS ENDED 31st MARCH 2012**

14. DISCONTINUED OPERATIONS

Discontinued operations - Financial Services

Effective 9th December 2011, as part of management's effort to streamline its operations, a strategic decision was taken to sell the MoneyGram operations and to surrender the Cambio licence of its subsidiary, Supreme Ventures Financial Service Limited. As a result, these operations have been treated as a discontinued operation in these financial statements. The financial position is treated as a going concern, as it will continue to operate as a MoneyGram sub-agent and will also seek other revenue generating activities.

	<u>Mar-31-11</u>
	\$'000
Revenue	38,029
Direct expenses	<u>(9,254)</u>
Gross profit	28,775
Operating expenses	<u>(37,108)</u>
Loss from operations	(8,333)
Interest income	161
Net foreign exchange loss	<u>(395)</u>
Loss before taxation	(8,567)
Taxation	<u>1,577</u>
Loss for the year from discontinued operations	<u>(6,990)</u>

SUPREME
 **VENTURES**
Games people love to play...and more
Shareholdings

SUPREME VENTURES LIMITED
TEN LARGEST SHAREHOLDERS (as at 31st March 2012)

Name	Joint Holders/Connected	Volume	Percentage
Account (s)	Interest	Volume	Percentage
Intralot Caribbean Ventures Limited		1,315,895,445.00	49.90
		1,315,895,445.00	49.90
Ian Kent Levy		314,929,440.00	11.94
	Matthew Kent Levy	4,000,000.00	0.15
		318,929,440.00	12.09
Paul Hoo		192,874,139.00	7.31
		20,000,000.00	0.76
	Susan Elizabeth Hoo	1,186,500.00	0.04
(TTCD)		13,508,220.00	0.51
		227,568,859.00	8.63
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		131,600,200.00	4.99
		131,600,200.00	4.99
Mayberry Co A/C 120008		66,553,514.00	2.52
		66,553,514.00	2.52
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
Mayberry West Indies Limited		18,371,176.00	0.70
		18,371,176.00	0.70
TW Metals Ltd.		18,257,457.00	0.69
		18,257,457.00	0.69

SUPREME VENTURES LIMITED
DIRECTORS' SHAREHOLDINGS (as at 31st March 2012)

Directors				
Name				
Accounts (s)	Primary Holder	Joint Holders/Connected Interest	Volume	Percentage
Paul Hoo			192,874,139.00	7.3134
			20,000,000.00	0.7584
		Susan Elizabeth Hoo	1,186,500.00	0.0450
(TTCD)			13,508,220.00	0.5122
			227,568,859.00	8.6290
Ian Kent Levy				
			314,929,440.00	11.9416
		Matthew Kent Levy	4,000,000.00	0.1517
			318,929,440.00	12.0932
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
Nicholas Mouttet			Nil	Nil
			Nil	Nil
Nikolaos Nikolakopoulos			Nil	Nil
			Nil	Nil



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