



*Games people love to play...and more*

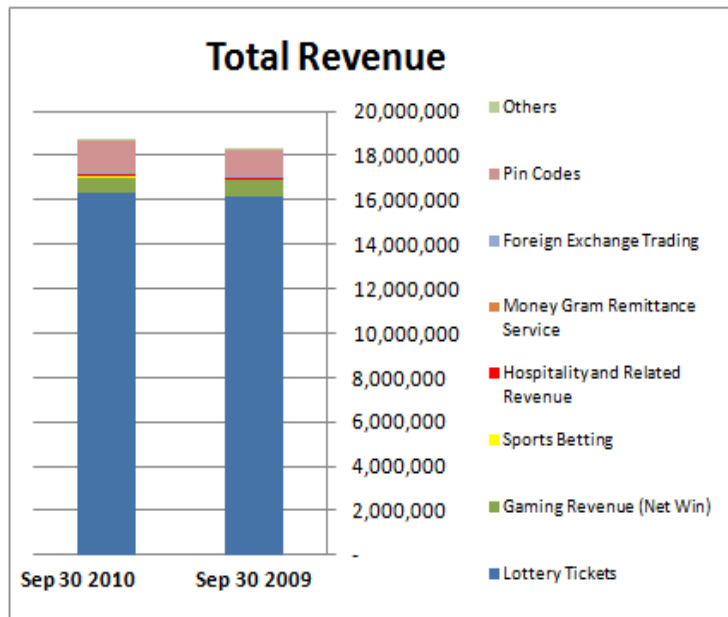
**Unaudited Consolidated  
Financial Statements  
30<sup>th</sup> September 2010**

## Report of the Board of Directors Supreme Ventures Limited

### Unaudited Financial Statements 30th September 2010

The Board of Directors of Supreme Ventures Limited presents the unaudited financial results for the third quarter and nine-month period 1<sup>st</sup> January 2010 to 30<sup>th</sup> September 2010.

Revenue for the third quarter was \$6.277B, a 3.73% increase over the second quarter results for this financial year. For the nine-month period, revenues showed a 2% increase of \$429.37M over the corresponding period last year. Total revenue was \$18.738B, when compared to \$18.308B for the nine-month period in 2009 and was primarily due to increases in lottery and electronic PIN Code revenues.



The negative impact of the economic conditions prevailing in 2010 is evidenced by the comparison in growth for the nine-month periods from 2008, as displayed below:

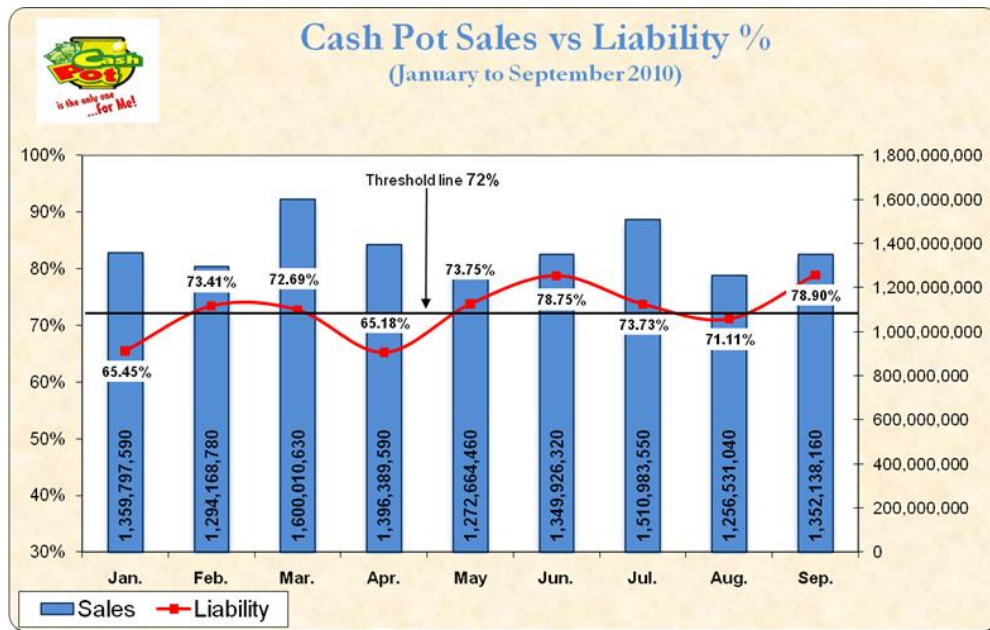
FINANCIAL PERIOD	REVENUE GROWTH (%)
NINE-MONTHS 2008	13.4%
NINE-MONTHS 2009	13.0%
NINE-MONTHS 2010	2%

The company's net profit after tax for the third quarter was \$56.22M, a 15.3% decline from the second quarter of this financial year. This was directly attributable to increased Cash Pot liabilities during the quarter to 74.3%, which is above the game design of 72% liability. The company's operating expenses for the quarter were contained within budget, which contributed to the positive net profit after tax results.

## Report of the Board of Directors (continued)

For the nine-month period, net profit after tax declined by 40% to \$290M, when compared to \$480.55M for the nine-month period in 2009. The decrease in net profit after tax was primarily impacted by increased lottery liabilities (prize payments), the cumulative effect year-to-date being approximately \$200M, over the budgeted liabilities for prize payments; increased cost of sales for electronic Pin Codes and fees to the Government. The company continues to be impacted by the inverse relationship between game liabilities and profitability.

A comparison of the lottery games performance for the nine-month period, revealed a 1% increase during the period under review of \$220.52M, when compared to the nine-month period in 2009. The Cash Pot game liabilities continued to fluctuate monthly but the average at the end of the nine-month period was 72.54%.



The Pick 3 game continued to show impressive growth, with a 20% increase to \$1.867B during the period under review, compared to \$1.551B for the nine-month period in 2009.

Electronic PIN Code sales from the lottery terminals continued to improve, with a 25% increase to \$1.451BM in the nine-month period under review, when compared to \$1.164BM in 2009.

Due to the challenges the company continued to face with respect to widening its distribution of sports betting terminals in sports bars and lounges islandwide, the revenues only grew to \$28.15M for the nine-month period, compared to the budgeted revenue of \$183.6M. This challenge will remain until Amendments to the Regulations of the Betting, Gaming and Lotteries Act are passed in Parliament.

## **Report of the Board of Directors (continued)**

The Financial Services Division reported a 27% decline in revenue from its foreign currency trading operations and a 1% decrease in remittance commission spreads, when compared to the corresponding period in 2009. These operations were negatively impacted by the Jamaica Debt Exchange programme and the revaluation of the Jamaican dollar respectively.

The Hospitality Services reported a 7% increase in revenue to \$85.94M, while the VLT Gaming Revenue decreased by 11% to \$667.47M.

The Direct Expenses increased by 4.1% over the corresponding period in 2009 and was due mainly to the increased liabilities for lotteries, in particular Super Lotto, which was not material in 2009. Government lottery tax was \$944.22M; C.H.A.S.E. Fund contribution was \$748.65M and Lottery Agent Commission was \$808.28M for the nine-month period in this financial year.

The Operating Expenses excluding depreciation and fixed assets impairment decreased by \$20.897M or 4.3% for the third quarter of this financial year. Rental and utilities increased in accordance with rental agreements, as well as the addition of Acropolis Portmore.

Despite the economic challenges faced during the third quarter, the company responded to many unbudgeted requests for financial assistance relating to back to school expenses and the effects of the adverse weather conditions that impacted many communities across the island.

The company held several structured meeting sessions for the lottery agents islandwide during the third quarter.

Investors are once again asked to note that payments due on the long-term receivable which represents an advance to SGL BVI Limited have not been received as scheduled. The company continues to review the present arrangements and to the extent that the obligations are not met in accordance with the agreement, appropriate impairment will be assessed and reflected in future results.

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 30<sup>th</sup> September 2010**

(Expressed in thousands of Jamaican dollars)

		Unaudited Nine months ended September 2010	Audited 14 months Period ended December 2009	Unaudited Nine months ended September 2009
	Notes	\$'000	\$'000	\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		1,865,642	1,843,767	1,899,987
Goodwill and other intangibles		647,556	648,185	651,368
Long-term receivables	(4)	198,748	264,997	373,454
Investment in Joint Venture		34,221	34,221	34,221
Available-for-sale-investments		16,939	16,939	16,939
Deferred tax assets	(5)	<u>52,920</u>	<u>17,572</u>	<u>18,761</u>
		<u>2,816,026</u>	<u>2,825,681</u>	<u>2,994,730</u>
<b>Current assets</b>				
Other assets		6,525	11,042	12,548
Income tax recoverable		96,942	-	0
Inventories		127,537	93,443	105,439
Accounts receivable & prepayments	(6)	500,194	429,498	256,066
Cash and bank Deposit	(7)	<u>902,690</u>	<u>1,025,252</u>	<u>1,059,995</u>
		<u>1,633,888</u>	<u>1,559,235</u>	<u>1,434,048</u>
<b>Total assets</b>		<u>4,449,914</u>	<u>4,384,916</u>	<u>4,428,778</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' equity</b>				
Stated capital		1,967,183	1,967,183	1,967,183
Capital reserve		62,486	62,486	62,486
Profit & Loss Account		<u>1,004,033</u>	<u>1,083,247</u>	<u>1,156,488</u>
		<u>3,033,702</u>	<u>3,112,916</u>	<u>3,186,157</u>
<b>Non-current liabilities</b>				
Long-term liabilities	(8)	210,749	127,307	168,176
Deferred tax Liabilities		-	-	-
		<u>210,749</u>	<u>127,307</u>	<u>168,176</u>
<b>Current liabilities</b>				
Accounts payable and accruals	(9)	665,042	659,288	710,108
Current portion of long term liabilities	(8)	225,287	165,489	161,859
Prizes payable	(7)	315,134	211,137	103,387
Income tax payable		-	108,779	99,091
		<u>1,205,463</u>	<u>1,144,693</u>	<u>1,074,445</u>
<b>Total equity and liabilities</b>		<u>4,449,914</u>	<u>4,384,916</u>	<u>4,428,778</u>

Approved and authorized for issue by the Board of Directors on 9<sup>th</sup> November 2010 and are signed on its behalf by:

.....  
Paul Hoo – Chairman

.....  
Brian George – President and CEO

**SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES**  
**Consolidated Profit and Loss Account – Unaudited**  
**For period ending 30th September 2010**  
 (Expressed in thousands of Jamaican dollars))

	<u>Notes</u>	<b>Unaudited 9 Months to September 10</b>	<b>Unaudited 9 Months to September 09</b>	<b>Unaudited 3 Months to September 10</b>	<b>Unaudited 3 Months September 09</b>
		\$'000	\$'000	\$'000	\$'000
Revenue	(10)	18,737,960	18,308,587	6,277,107	5,978,597
Direct expenses	(11)	<u>(16,654,777)</u>	<u>(16,000,398)</u>	<u>(5,648,441)</u>	<u>(5,149,957)</u>
Gross profit		2,083,183	2,308,189	628,666	828,640
Expenses		<u>(1,644,876)</u>	<u>(1,556,239)</u>	<u>(512,618)</u>	<u>(580,311)</u>
Profit from operations		438,307	751,950	116,048	248,329
Interest income		54,879	53,342	9,937	19,645
Finance cost		(29,674)	(20,464)	(20,542)	(6,089)
Net foreign exchange gain (loss)	(12)	<u>5,174</u>	<u>19,446</u>	<u>(1,477)</u>	<u>(1,363)</u>
<b>PROFIT BEFORE TAXATION</b>		468,686	804,274	103,966	260,522
Taxation	(13)	<u>(178,684)</u>	<u>(323,729)</u>	<u>(47,744)</u>	<u>(113,782)</u>
<b>NET PROFIT/LOSS</b>		<u>290,002</u>	<u>480,545</u>	<u>56,222</u>	<u>146,740</u>
<b>EARNINGS PER STOCK</b>		<u>0.110</u>	<u>0.182</u>	<u>0.021</u>	<u>0.182</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 30<sup>th</sup> September 2010**  
(Expressed in thousands of Jamaican dollars)

	Stated Capital	Capital reserve	Retained earnings	Total
<b>Six months ended 30<sup>th</sup> September 2010</b>				
Balance, 1 <sup>st</sup> January 2010	1,967,183	62,486	1,083,247	3,112,916
Dividend Distribution paid			(369,216)	(369,216)
Net profit for period	<u>-</u>	<u>-</u>	<u>290,002</u>	<u>290,002</u>
Balance as at 30 <sup>th</sup> September 2010	<u>1,967,183</u>	<u>62,486</u>	<u>1,004,033</u>	<u>3,033,702</u>
<b>Six months ended 30<sup>th</sup> September 2009</b>				
Balance, 1 <sup>st</sup> January 2009	1,967,183	145,768	939,667	3,052,618
Distributions paid		(83,282)	(263,724)	(347,006)
Net profit for period	<u>-</u>	<u>-</u>	<u>480,545</u>	<u>480,545</u>
Balance as at 30 <sup>th</sup> September 2009	<u>1,967,183</u>	<u>62,486</u>	<u>1,156,488</u>	<u>3,186,157</u>

**SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES**  
**Consolidated Statement of Cash Flows**  
**As at 30<sup>th</sup> September 2010**  
(Expressed in thousands of Jamaican dollars)

	Unaudited Nine Months ended September 2010	Audited 14 months Period ended December 2009	Unaudited Nine Months ended September 2009
<b>SOURCES/ (USES) OF CASH</b>			
<b>Operating activities</b>			
Net Profit	290,002	751,202	480,545
Adjustments for items not affecting cash, changes in non-cash working capital components and other, net	<u>(83,129)</u>	<u>186,758</u>	<u>206,917</u>
Cash provided by operating activities	206,873	937,960	687,462
Cash provided by/( used in) investing activities	( 108,542)	(57,154)	( 56,031)
Cash provided by/(used in) financing activities	<u>( 220,893)</u>	<u>(760,849)</u>	<u>(476,731)</u>
<b>NET (DECREASE) / INCREASE IN CASH AND BANK BALANCES</b>	( 122,562)	119,957	154,700
<b>OPENING CASH AND BANK BALANCES</b>	<u>1,025,252</u>	<u>905,295</u>	<u>905,295</u>
<b>CLOSING CASH AND BANK BALANCES</b>	<u>902,690</u>	<u>1,025,252</u>	<u>1,059,995</u>

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

**PERIOD ENDED SEPTEMBER 30, 2010**

	Lottery \$'000	Gaming & Hospitality \$'000	Financial Services \$'000	Pin codes \$'000	Others \$'000	Consolidation Adjustments \$'000	Group Total \$'000
External revenue	16,352,495	781,576	111,455	1,450,759	41,675		18,737,960
Inter-segment revenue		18,517			208,763	(227,280)	-
	16,352,495	800,093	111,455	1,450,759	250,438	(227,280)	18,737,960
<b>Results</b>							
Segment results	474,613	(102,389)	(12,453)	36,861	41,675		438,307
Interest income							54,879
Finance Cost							( 29,674)
Net Foreign exchange Gain(Loss)							<u>5,174</u>
Profit before taxation							468,686
Taxation							<u>(178,684)</u>
Profit for the period							<u>290,002</u>
<b>Other information</b>							
Capital additions	31,965	142,565	7,982				182,512
Depreciation and amortization	21,462	123,781	1,409				146,652
<b>Balance sheet</b>							
<b>Assets</b>							
Segment assets	3,174,188	3,547,626	119,513	110,746	-	(2,502,159)	<u>4,449,914</u>
Consolidated total assets							<u>4,449,914</u>
<b>Liabilities</b>							
Segment liabilities	986,910	1,451,049	23,223	203,890	-	(1,248,860)	<u>1,416,212</u>
Consolidated total liabilities							<u>1,416,212</u>

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

**PERIOD ENDED SEPTEMBER 30, 2009**

	<b>Lottery</b>	<b>Gaming &amp; Hospitality</b>	<b>Financial Services</b>	<b>Pin codes</b>	<b>Others</b>	<b>Consolidation Adjustments</b>	<b>Group Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>External revenue</b>	<b>16,128,777</b>	<b>830,065</b>	<b>131,769</b>	<b>1,164,330</b>	<b>53,646</b>		<b>18,308,587</b>
<b>Inter-segment revenue</b>		<b>38,500</b>			<b>233,729</b>	<b>(272,229)</b>	<b>-</b>
	<u>16,128,777</u>	<u>868,565</u>	<u>131,769</u>	<u>1,164,330</u>	<u>287,375</u>	<u>(272,229)</u>	<u>18,308,587</u>
<b>Results</b>							
Segment results	724,647	(67,087)	22,265	27,662	44,463		751,950
Interest income							53,342
Finance Cost							( 20,464)
Net Foreign exchange Gain(Loss)							<u>19,446</u>
Profit before taxation							804,274
Taxation							<u>(323,729)</u>
Profit for the period							<u>480,545</u>
<b>Other information</b>							
Capital additions	51,590	75,507	1,076				128,173
Depreciation and amortization	86,618	148,688	741				236,047
<b>Balance sheet</b>							
<b>Assets</b>							
Segment assets	3,150,644	3,248,019	127,719	89,086	-	(2,186,690)	<u>4,428,778</u>
Consolidated total assets							<u>4,428,778</u>
<b>Liabilities</b>							
Segment liabilities	736,446	1,716,552	28,392	132,444	-	(1,371,213)	<u>1,242,621</u>
Consolidated total liabilities							<u>1,242,621</u>

**SUPREME VENTURES LIMITED  
AND ITS SUBSIDIARIES  
NOTES TO FINANCIAL STATEMENTS  
NINE MONTHS ENDED 30<sup>th</sup> SEPTEMBER 2010**

## 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 4<sup>th</sup> 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	Foreign exchange dealer services	100
Big 'A' Track 2003 Limited	Sports betting (effective July 17, 2008)	100

Effective April 3, 2008, the Group was re-organized in a bid to streamline its operations. The scheme of reorganization and amalgamation resulted in the following:

- (i) The assets, liabilities and operations of Coral Cliff Entertainment Limited (CCEL) and Village Square Entertainment Limited (VSEL) which were previously subsidiaries of Jamaica Lottery Company Limited (JLC) were transferred to Prime Sports (Jamaica) Limited.
- (ii) The assets, liabilities and operations of JLC were transferred to the parent company, Supreme Ventures Limited (SVL). As a result Supreme Ventures Financial Services Limited became a wholly-owned subsidiary of SVL.
- (iii) The ownership of Chillout Ventures Limited was transferred from JLC to Prime Sports (Jamaica) Limited.

Effective April 3, 2008, CCEL, VSEL and JLC ceased operations and have been put into members' voluntary liquidation.

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. See also Note 9(b).

During the prior period, the company's management decided to change its reporting period from October 31, to December 31 as part of a strategic initiative in enhancing efficiency in its operations. The last audited financial statements therefore cover the 14 months period from November 1, 2008 to December 31, 2009.

**SUPREME VENTURES LIMITED  
AND ITS SUBSIDIARIES  
NOTES TO FINANCIAL STATEMENTS  
NINE MONTHS ENDED 30<sup>th</sup> SEPTEMBER 2010**

**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, except for the revaluation of freehold land and building. Historical cost is generally based on the fair value of the consideration given in exchange of assets.

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 December 31, 2009.

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) 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 five 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, restaurant and bar and related guest services. |
| 3) Financial Services     | - | this incorporates foreign exchange dealer services and commissions from Money Gram services.          |
| 4) PIN codes              | - | this incorporates sale of PIN codes.  |
| 5) Others                 | - | All other income  |

**(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  
NINE MONTHS ENDED 30<sup>th</sup> SEPTEMBER 2010**

**4. LONG-TERM RECEIVABLES**

The amount represents an advance 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 interest rate payable on the advances will be agreed at October 31 each year for the ensuing 12 months period beginning November 1. The rate so agreed for period November 1, 2008 to October 31, 2009 is at 4.79% per annum. . The interest rate was extended to December 31, 2009, in keeping with the company's new reporting period.

The settlement terms of the promissory note are as follows:

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

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

**5. DEFERRED TAXATION**

These comprise:

	<u>2010</u> \$'000	<u>2009</u> \$'000
Deferred tax assets	87,462	58,261
Less: Deferred tax liabilities	<u>(34,542)</u>	<u>(39,500)</u>
	<u>52,920</u>	<u>18,761</u>

The movement of net deferred tax position was as follows:

	<u>2010</u> \$'000	<u>2009</u> \$'000
Opening balance	17,572	-
Credited to equity		
Credited (charged) to income for the period	<u>35,348</u>	<u>18,761</u>
Closing balance	<u>52,920</u>	<u>18,761</u>

**SUPREME VENTURES LIMITED  
AND ITS SUBSIDIARIES  
NOTES TO FINANCIAL STATEMENTS  
NINE MONTHS ENDED 30<sup>th</sup> SEPTEMBER 2010**

**6. TRADE AND OTHER RECEIVABLES**

	<u>September-30-10</u> \$'000	<u>September -30-09</u> \$'000
<b>Trade receivables</b>	188,137	190,006
<b>Less: Allowances for irrecoverable debts</b>	<u>(63,901)</u>	<u>(47,754)</u>
	124,236	142,252
Current portion of long term receivables	198,757	-
Other receivables	<u>177,201</u>	<u>113,814</u>
	<u>500,194</u>	<u>256,066</u>

- a) Trade receivables include amounts receivable from the agents that support the lottery sales. The average credit period of receivables is 7 days. Trade receivables outstanding for over 30 days are considered past due. Trade receivables outstanding for over 90 days has been provided for in full as historical experience indicate that receivables that are past due beyond this period are generally not recoverable.
- b) Included in trade debtors is a carrying amount of \$4.9 million (2009: \$4.9 million) which are past due at the reporting date which the Group has not provided for as they have been renegotiated.

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

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:

- 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 30<sup>th</sup> September 2010 are as follows:

	\$'000
<b>Dedicated Cash Accounts</b>	<u>\$368,079</u>
<b>Aggregate Liabilities</b>	<u>\$132,555</u>

**SUPREME VENTURES LIMITED  
AND ITS SUBSIDIARIES  
NOTES TO FINANCIAL STATEMENTS  
NINE MONTHS ENDED 30<sup>th</sup> SEPTEMBER 2010**

**8. LONG-TERM LIABILITIES**

As at September 30, 2010, the contractual maturities of the Group's Financial Liabilities were as follows:

	<u>September-30-10</u> \$'000	<u>September -30-09</u> \$'000
GTECH Global Services Corporation Limited (Note 8(a))	72,360	181,951
First Caribbean International Bank (Note 8(b))	-	53,574
Obligation under finance lease (Note 8(c))	72,116	94,510
Bank of Nova Scotia Jamaica Limited (Note 8(d))	<u>291,560</u>	<u>-</u>
	<b><u>436,036</u></b>	<b><u>330,035</u></b>
These loans are repayable as follows:		
Within One Year	225,287	168,176
In the second to fifth year inclusive	<u>210,749</u>	<u>161,859</u>
	<b><u>436,036</u></b>	<b><u>330,035</u></b>
Included in the balance sheet as:		
Current liabilities	<u>225,287</u>	<u>168,176</u>
Long-term liabilities	<u>210,749</u>	<u>161,859</u>

- a) 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 for 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 the inception was estimated at US\$4.18 million
- b) This loan is repayable by 2011 in monthly installments of US\$31,290, at interest rate of base lending rate plus 1.5% per annum. As a part of internal debt restructuring, the loan was fully repaid in the period.
- c) 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 lease agreement. The Directors have opted to purchase the building.
- d) In August 2010 the Group negotiated a New Credit Facility with the Bank of Nova Scotia Jamaica Limited to finance the purchase of gaming machines, build-out of new gaming lounges and build-out of sports betting lounge areas. The total amount available under the facility is \$450 Million Jamaican Dollars, of which \$299 Million was drawn down as at September 30, 2010. The term of the facility is for five years.

The loan has a fixed rate of 14.5% per annum for one (1) year and thereafter at the Bank's Jamaica Dollar Base Lending Rate of Interest.

**SUPREME VENTURES LIMITED  
AND ITS SUBSIDIARIES  
NOTES TO FINANCIAL STATEMENTS  
NINE MONTHS ENDED 30<sup>th</sup> SEPTEMBER 2010**

**9. TRADE AND OTHER PAYABLES**

	<u>September-30-10</u>	<u>September -30-09</u>
	\$'000	\$'000
Trade payables	299,189	209,922
Service contractor fees	222,090	187,780
Contributions payable to CHASE Fund	16,140	50,849
Contributions payable to Betting, Gaming and Lotteries Commission	12,570	11,982
Lottery taxes payable	23,725	19,325
Withholding taxes payable	-	86,967
Other payables and accruals	<u>91,328</u>	<u>143,283</u>
	<u>665,042</u>	<u>710,108</u>

**10. REVENUE**

Analysis of the revenue is as follows:

	<u>September-30-10</u>	<u>September -30-09</u>
	\$'000	\$'000
Lottery	16,301,383	16,080,865
Sports Betting/Horse racing	28,148	2,793
VLT/slot drop revenue	667,474	749,362
Hospitality revenue	85,954	80,703
Unclaimed prizes	51,112	47,912
Pin codes and phone cards	1,450,759	1,164,330
Money Gram remittance service	59,418	60,310
Foreign exchange trading	52,037	71,759
Other	<u>41,675</u>	<u>50,553</u>
	<u>18,737,960</u>	<u>18,308,587</u>

**11. DIRECT EXPENSES**

a) Analysis of direct expenses is as follows:

	<u>September-30-10</u>	<u>September -30-09</u>
	\$'000	\$'000
Lottery prizes (Note 9b)	11,362,510	11,156,783
Service contractor fees	1,111,772	967,269
Agents' commissions	808,277	798,604
Lottery and gaming tax	944,223	921,620
Contributions to BGLC	180,093	182,059
Gaming Lounge Charges	-	29,057
Good cause fees	748,648	721,972
Direct expense – hospitality operations	57,593	61,533
Pin codes and phone card cost	1,303,586	1,046,045
Commissions – pin codes and phone – cost	110,312	90,623
Commissions – Money Gram cost	24,351	21,973
Other	<u>3,412</u>	<u>2,860</u>
	<u>16,654,777</u>	<u>16,000,398</u>

**SUPREME VENTURES LIMITED  
AND ITS SUBSIDIARIES  
NOTES TO FINANCIAL STATEMENTS  
NINE MONTHS ENDED 30<sup>th</sup> SEPTEMBER 2010**

**11. 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. This prize payout is at least 50.93% of the total wagers of each game.                           |
| Dollaz!                                      | - | Prizes for this game are fixed based on each \$10 per play per spot. The prize won will depend on how much of the winning numbers are correctly matched.              |
| Lotto,<br>Super Lotto<br>Prime Time<br>Bingo | - | 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. |
| Pick 3                                       | - | Prize liabilities are computed based on the actual winning combination of numbers for each draw.  |
| Instant Game                                 | - | Ticket liabilities are accrued based on a predetermined prize structure for each game.  |

**12. NET FOREIGN EXCHANGE GAIN /(LOSS)**

This amount includes foreign exchange gain of \$NIL (2009:\$52.989) arising from the conversion of long term receivable (Note 4)

**13. TAXATION**

(a) The total charge for the year includes:

	<u>2010</u>	<u>2009</u>
	\$'000	\$'000
Current tax charge:		
Income tax at 33 $\frac{1}{3}$ % of taxable profits	212,530	363,229
Under Provision	1,502	-
Deferred tax adjustment (Note 5)	<u>(35,348)</u>	<u>(39,500)</u>
	<u>178,684</u>	<u>323,729</u>

**SUPREME VENTURES LIMITED  
AND ITS SUBSIDIARIES  
NOTES TO FINANCIAL STATEMENTS  
NINE MONTHS ENDED 30<sup>th</sup> SEPTEMBER 2010**

**13. TAXATION (cont'd)**

- (b) The charge is reconciled to the profit as per the profit and loss account as follows:

	<u>2010</u> \$'000	<u>2009</u> \$'000
Profit before taxation	<u>468,686</u>	<u>804,274</u>
Tax at the domestic income tax rate of 33½%	156,229	268,091
Tax effect of expenses disallowed for tax purposes	14,752	20928
Net deferred tax asset not recognized (see (d) below)	6,201	34,710
Other	<u>1,502</u>	<u>-</u>
	<u>178,684</u>	<u>323,729</u>

- (c) Tax losses as at December 31, 2010 of sub-subsidiaries amounting to approximately \$673 million (subject to agreement with Commissioner, Taxpayer Audit and Assessment Department) are available for set-off against future taxable profits of the subsidiaries.
- (d) Net deferred tax asset not recognized represents the effect of the curtailment of deferred tax assets of a subsidiary currently operating at a loss.
- (e) A subsidiary of the Group, Coral Cliff Entertainment Limited which had received approval under the Hotel (Incentive) Act 1968, was amalgamated under the scheme of arrangement disclosed in Note 1 into another wholly-owned subsidiary. As a result the benefit of tax relief has been lost to the Group.

**14. 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 \$600.0 million from Bank of Nova Scotia Jamaica Limited. Under the said stand-by facility which expires on December 31, 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.

**15. DISTRIBUTION**

During the interim period on June 4, 2010, the company declared dividend of \$0.14 per share. This was paid July 12, 2010.



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**Shareholdings**

**SUPREME VENTURES LIMITED**  
**TEN LARGEST SHAREHOLDERS (as at 30th September 2010)**

Name	Joint Holders/Connected Interest	Volume	Percentage
Intralot Caribbean Ventures Limited		1,315,895,445.00	49.90
		<b>1,315,895,445.00</b>	<b>49.90</b>
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
		<b>281,476,640.00</b>	<b>10.67</b>
Ian Kent Levy		254,021,659.00	9.63
	Matthew Kent Levy	4,000,000.00	0.15
		<b>258,021,659.00</b>	<b>9.78</b>
Janette Stewart		179,035,112.00	6.79
	Steven A. Hudson	587,433.00	0.02
		<b>179,622,545.00</b>	<b>6.81</b>
Stephen Roger Castagne		137,100,200.00	5.20
		<b>137,100,200.00</b>	<b>5.20</b>
Mayberry Co A/C		66,553,514.00	2.52
		<b>66,553,514.00</b>	<b>2.52</b>
Sunfisher Corporation		24,648,118.00	0.93
		<b>24,648,118.00</b>	<b>0.93</b>
Keith Binns		21,776,397.00	0.83
		<b>21,776,397.00</b>	<b>0.83</b>
TW Metals Ltd.		18,257,457.00	0.69
		<b>18,257,457.00</b>	<b>0.69</b>
GTech Global Services Corporation Ltd.		15,899,803.00	0.60
		<b>15,899,803.00</b>	<b>0.60</b>

**SUPREME VENTURES LIMITED**  
**DIRECTORS' SHAREHOLDINGS (as at 30th September 2010)**

Directors				
Name				
Accounts (s)	Primary Holder	Joint Holders/Connected Interest	Volume	Percentage
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
			<b>281,476,640.00</b>	<b>10.67</b>
Ian Kent Levy			254,021,659.00	9.63
		Matthew Kent Levy	4,000,000.00	0.15
			<b>258,021,659.00</b>	<b>9.78</b>
Steven A. Hudson			587,433.00	0.02
	Janette Stewart	Steven A. Hudson	<b>587,433.00</b>	<b>0.02</b>
Brian R. George			2,195,941.00	0.13
(TTCD)			7,155,706.00	0.27
			<b>9,351,647.00</b>	<b>0.40</b>
John George Graham			1,000.00	0.00
		Tracey Elaine Adams-Goldson	<b>1,000.00</b>	<b>0.00</b>
Curtis Martin			774,867.00	0.03
		Donalda Martin	<b>774,867.00</b>	<b>0.03</b>
David McBean			2,574,867.00	0.10
		Andrew McBean	1,500,000.00	0.06
			<b>4,074,867.00</b>	<b>0.16</b>
Stephen Roger Castagne			137,100,200.00	5.20
			<b>137,100,200.00</b>	<b>5.20</b>
Barrington Chisholm			994,871.00	0.04
			<b>994,871.00</b>	<b>0.04</b>
Georgios Sampson			Nil	Nil
			<b>Nil</b>	<b>Nil</b>

**SUPREME VENTURES LIMITED  
TRADES IN EXCESS OF 5,000,000 UNITS  
(as at 30th September 2010)**

<b>Name</b>		<b>TRX</b>	<b>Trade</b>	<b>Settlement</b>	
<b>Account (s)</b>	<b>Joint</b>	<b>Type</b>	<b>Date</b>	<b>Date</b>	<b>Volume</b>

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No Trades 5,000,000 and over for the period



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