



Games people love to play...and more

**Unaudited Consolidated
Financial Statements
30th April 2008**



Games people love to play...and more

Report of the Board Of Directors Unaudited Financial Statements 30th April 2008

The Board of Directors is pleased to present its unaudited financial results for the half year period 1st November 2007 to 30th April 2008.

Operations during the period under review, especially the second quarter (February to April 2008), were conducted in a challenging economic climate. For the 4 months (January – April 2008), inflation stood at 6.7% compared to 3% for the corresponding period last year. The consumer market was faced with increases in basic food items, cigarettes, alcoholic beverages, a 28% increase in water bills, increases in the base fares for route taxis and private motor vehicle licences. The Lottery & Gaming sector was therefore faced with finding innovative ways to attract a consuming public with less discretionary income for entertainment. In addition, the unmeasured negative effect of the ‘freeze’ on consumer funds tied up in alternate investment schemes is still to be analyzed.

Bearing in mind the challenges stated above, the company’s net profit after tax of \$349M for the half year is an achievement, as **this performance represents a 52% increase**, when compared to the corresponding period last year of \$229M. This positive performance underscores management’s focus on efficiency in operations, opportunities for revenue generation and the need to monitor expenses for greater returns to all stakeholders.

Overall, the company’s revenue position showed significant improvement over the corresponding period last year, with a 19% increase, that is, \$10.84B for the period under review compared to \$9.14B for the corresponding period last year. This was due to the positive contribution by most of the company’s business segments in the period under review.

Half Year Highlights:

- 37% increase in Shareholders’ Equity over the corresponding period last year
- 19% increase in Lottery Gaming revenue over the corresponding period last year
- 16% increase in Video Gaming/Slots revenue over the corresponding period last year
- 16% increase in prize payments for Lottery Gaming over the corresponding period last year
- 12% increase in revenue from the Hospitality Segment over the corresponding period last year
- 21% increase in PIN Code revenue over the corresponding period last year
- 26% increase to the Good Cause (CHASE Fund) over the corresponding period last year
- 9% reduction in Service Contractor fees over the corresponding period last year

A review of the Segment Results for the period under review showed that whilst the Gaming Lounge revenue increased compared to the corresponding period last year, the net revenue

results showed a loss of \$67.5M. This was due largely to exceptional payouts on the progressive banks of 'slot' machines at The Acropolis (Barbican) and Villagio during the 2nd quarter and continued 'start-up' operational challenges attributed to Acropolis May Pen (opened in November 2007). We do not expect this trend to continue.

The Cash Pot game performed to design and at the end of the period under review, liabilities were at 71%. The game model is designed for 72% prize liability. As such, the company's net profit after tax was not affected by the usual volatile swings in the Cash Pot game liability. There were no high Lotto Jackpots during the period under review.

During the period under review, the company received approval from the Betting, Gaming & Lotteries Commission to operate the Daily Bingo 'Any Line' pattern game. The licence for this game was granted to Bingo Investments Limited, a wholly-owned subsidiary of Supreme Ventures Lotteries Limited. Game operations began on 26th May 2008.

In keeping with the Board's approval for the corporate structure reorganization, the legal team worked assiduously to complete this project and implementation became effective 7th April 2008. This reorganisation was aimed at reducing costs and providing other efficiencies and synergies.

The reorganisation involved two elements:

- (i) A reconstruction and amalgamation whereby the assets, liabilities and businesses of Coral Cliff Entertainment Limited and Village Square Entertainment Limited were transferred and amalgamated into Prime Sports (Jamaica) Limited, and
- (ii) A further amalgamation whereby the assets, liabilities and business of Jamaica Lottery Company Limited were transferred and amalgamated into Supreme Ventures Limited.

Consequently, Coral Cliff Entertainment Limited, Village Square Entertainment Limited and the Jamaica Lottery Company Limited are being wound up. The gaming lounge in Montego Bay will continue to be marketed as the Coral Cliff brand. The efficiencies and synergies resulting from this internal reorganisation will enhance the Group's overall profitability, thereby enhancing shareholder value.

The Board of Directors also approved a capital distribution payment of 6 cents per share (net) to shareholders on record as at 31st May 2008. The payment will be made no later than 20th June 2008.

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



Paul Hoo
CHAIRMAN



Brian George
PRESIDENT & CEO

SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES**Consolidated Balance Sheet****As at 30th April 2008**

(Expressed in thousands of Jamaican dollars)

		Unaudited Six months ended April 2008	Audited year ended October 2007	Restated Unaudited Six months ended April 2007
ASSETS				
	Notes			
Non-current assets				
Property, plant and equipment		2,105,908	1,770,584	1,199,652
Goodwill and other intangibles		617,603	614,738	614,060
Long-term receivables		284,035	284,035	-
Investment in Joint Venture		34,221	34,221	34,221
Available-for-sale-investments		16,939	16,939	263,711
Deferred tax assets		<u>25,144</u>	<u>31,130</u>	<u>46,371</u>
		<u>3,083,850</u>	<u>2,751,647</u>	<u>2,158,015</u>
Current assets				
Other assets		16,769	18,069	-
Inventories		54,180	97,100	56,900
Due from related parties		-	-	-
Accounts receivable & prepayments		228,036	178,879	262,918
Cash and bank Deposit	(4)	<u>1,005,300</u>	<u>839,509</u>	<u>710,340</u>
		<u>1,304,285</u>	<u>1,133,557</u>	<u>1,030,158</u>
Total assets		<u>4,388,135</u>	<u>3,885,204</u>	<u>3,188,173</u>
EQUITY AND LIABILITIES				
Shareholders' equity				
Stated capital		1,967,183	1,967,183	1,967,183
Revaluation reserve		-	23,500	11,573
Capital reserve		556,572		
Retained earnings		<u>546,243</u>	<u>433,422</u>	<u>256,976</u>
		<u>3,069,998</u>	<u>2,424,105</u>	<u>2,235,732</u>
Non-current liabilities				
Long-term liabilities		<u>336,760</u>	<u>375,777</u>	<u>78,620</u>
		<u>336,760</u>	<u>375,777</u>	<u>78,620</u>
Current liabilities				
Accounts payable and accruals		623,689	598,294	675,642
Current portion of long term liabilities		108,201	169,193	-
Prizes payable	(4)	111,739	145,505	74,518
Income tax payable		<u>137,748</u>	<u>172,330</u>	<u>123,661</u>
		<u>981,377</u>	<u>1,085,322</u>	<u>873,821</u>
Total equity and liabilities		<u>4,388,135</u>	<u>3,885,204</u>	<u>3,188,173</u>

Approved and authorized for issue by the Board of Directors on 12th June 2008 and are signed on its behalf by:


Paul Hoo – Chairman



Brian George – President and CEO

Statement II

SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES**Consolidated Profit and Loss Account – Unaudited****For the period ending 30th April 2008**

(Expressed in thousands of Jamaican dollars)

	<u>Notes</u>	Unaudited 6 Months to	Unaudited 6 Months to	Unaudited 3 Months to	Unaudited 3 Months to
		<u>Apr – 08</u> \$'000	<u>Apr – 07</u> \$'000	<u>Apr – 08</u> \$'000	<u>Apr – 07</u> \$'000
Revenue	(5)	10,841,810	9,136,600	5,316,419	4,613,387
Direct expenses	(6)	<u>9,353,825</u>	<u>8,117,029</u>	<u>4,639,487</u>	<u>3,993,047</u>
Gross profit		1,487,985	1,019,571	676,932	620,340
Expenses		<u>(919,341)</u>	<u>(637,695)</u>	<u>(444,235)</u>	<u>(338,857)</u>
Profit from operations		568,644	381,876	232,697	281,483
Interest income		35,922	9,350	18,512	8,133
Finance cost		(21,006)	(6,687)	(10,186)	(3,019)
Other gains and losses		<u>-</u>	<u>(20,308)</u>	<u>-</u>	<u>(20,308)</u>
PROFIT BEFORE TAXATION		583,560	364,231	241,023	266,289
Taxation		<u>(234,485)</u>	<u>(135,277)</u>	<u>(106,944)</u>	<u>(105,489)</u>
NET PROFIT		<u>349,075</u>	<u>228,954</u>	<u>134,079</u>	<u>160,800</u>
EARNINGS PER STOCK		<u>0.132</u>	<u>0.087</u>	<u>0.051</u>	<u>0.061</u>

The Notes on Statement VI form an integral part of the Financial Statements.

SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES
Consolidated Statement of Changes in Equity
As at 30th April 2008
(Expressed in thousands of Jamaican dollars)

	Stated Capital	Capital reserve	Revaluation reserve	Retained earnings	Total
Six months ended 30th April 2008					
Balance, 1 st November 2007 (as previously stated)	1,967,183	-	23,500	433,422	2,424,105
Net Gain on revaluation of land and building			316,289		316,289
Deferred tax adjustment on revaluation reserve			9,307		9,307
Net profit for period	-	-	-	349,075	349,075
Reclassified on amalgamation and reorganization (note 7)	-	585,350	(349,096)	(236,254)	-
Cost of amalgamation and reorganization	-	(28,778)	-	-	(28,778)
Balance as at 30th April 2008	<u>1,967,183</u>	<u>556,572</u>	<u>-</u>	<u>546,243</u>	<u>3,069,998</u>
Six months ended 30th April (restated)					
Balance, 1 st November 2006	1,967,183	-	28,022		1,995,205
Gain on revaluation of land and building		16,613			16,613
Deferred tax adjustment on revaluation reserve	-	(5,040)			(5,040)
Balance, 1 st November 2006 (restated)	1,967,183	11,573	28,022		2,006,778
Net profit for the year	-	-	228,954		228,954
Balance at 30th April 2007 (restated)	<u>1,967,183</u>	<u>11,573</u>	<u>256,976</u>		<u>2,235,732</u>

SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES**Consolidated Statement of Cash Flows****As at 30th April 2008**

(Expressed in thousands of Jamaican dollars)

	Unaudited Six months ended April 2008	Audited Year ended October 2007	Restated Unaudited Six months ended April 2007
SOURCES/ (USES) OF CASH			
Operating activities			
Profit from operations	349,075	405,400	228,954
Adjustments for items not affecting cash, changes in non-cash working capital components and other, net	(14,447)	188,939	47,152
Cash provided by operating activities	334,628	594,339	276,106
Cash provided by/(used in) investing activities	(67,444)	(56,206)	109,709
Cash provided by/(used in) financing activities	(101,393)	(52,387)	(29,238)
NET (DECREASE) / INCREASE IN CASH AND BANK BALANCES	165,791	485,746	356,577
OPENING CASH AND BANK BALANCES	<u>839,509</u>	<u>353,763</u>	<u>353,763</u>
CLOSING CASH AND BANK BALANCES	<u>1,005,300</u>	<u>839,509</u>	<u>710,340</u>

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

PERIOD ENDED 30th APRIL 2008

	Lottery \$'000	Gaming & Hospitality \$'000	Financial Services \$'000	Pin codes & Others \$'000	Consolidation Adjustments \$'000	Group Total \$'000
External revenue	9,760,082	522,297	61,740	497,690		10,841,809
Inter-segment revenue		42,892		136,126	(179,018)	-
	<u>9,760,082</u>	<u>565,189</u>	<u>61,740</u>	<u>633,816</u>	<u>(179,018)</u>	<u>10,841,809</u>
Results						
Segment results	573,713	(67,539)	12,969	47,501		568,644
Interest income						35,922
Finance Cost						<u>(21,006)</u>
Profit before taxation						583,560
Taxation						<u>(234,485)</u>
Profit for the period						<u>349,075</u>
Other information						
Capital Additions	34,709	72,693	2,107			109,509
Depreciation and amortisation	19,390	64,985	218			84,593
Balance Sheet						
Segment assets	1987,310	3,381,953	113,681		(1,094,809)	<u>4,388,135</u>
Consolidated Total Assets						<u>4,388,135</u>
Segment liabilities	830,356	1,007,850	42,434		(557,311)	<u>1,323,329</u>
Consolidated Total liabilities						<u>1,323,329</u>

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
SIX MONTHS ENDED 30th April 2008**

1) Identification

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

On April 7, 2008, the Group was reorganized through a scheme of amalgamations, primarily to consolidate the gaming operations of the Group (see Note 7).

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

<u>Name of Company</u>	<u>Principal Activity</u>	<u>Percentage Ownership</u>
Supreme Ventures Lotteries Limited and its wholly-owned subsidiary	Lottery operations	100
Bingo Investments Limited	Lottery operations	
Prime Sports (Jamaica) Limited and its wholly-owned subsidiary	Gaming operations	100
Chillout Ventures Limited	Gaming operations	
Jamaica Lottery Holdings Limited (In active)	Lottery operations	100
Supreme Ventures Financial Services Limited	Foreign exchange dealer services	100

2) Statement of Compliance and Basis of Preparation

These unaudited interim financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention.

The interim financial statements have been prepared using the same accounting policies and methods of computation as compared with the audited Financial Statements for year ended October 31, 2007,

These financial statements are presented in Jamaican dollars.

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
SIX MONTHS ENDED 30th April 2008**

3) Significant Accounting Policies

(a) Goodwill

Goodwill is recorded at cost and represents the excess of the value of consideration paid over the fair value of the net assets acquired. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

(b) Deferred taxation

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

(c) Lotto Prize Liability

Lotto jackpot prize liabilities are recognized on the accrual basis.

(d) Segment reporting

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

- 1) Lottery and Gaming - this incorporates lottery games, operated through the agent network and VLT games offered at gaming lounges.
- 2) Hospitality - this incorporates room, 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 and Others - this incorporates sale of PIN codes.

(e) Comparative information

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

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
SIX MONTHS ENDED 30th April 2008**

3) Conditions attached to Licence granted by the Betting Gaming and Lotteries Commission (BGLC)

Based on a approval granted on December 29, 2006 by the BGLC a wholly-owned subsidiary company of Supreme Ventures Limited (SVL) was established whose operations consist entirely of conducting the licensed games. The new company, Supreme Ventures Lotteries Limited (SVLotteries) will operate Cash Pot, Lucky 5, Dollaz, Pick 3, Lotto and a variety of instant games. The effective date of the licences is January 1, 2007.

Under the new licence SVLotteries 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 100% of the aggregate amount of SVLotteries liabilities which includes:

- (a) Prizes liability
- (b) The fees payable to BGLC
- (c) The specific gaming taxes payable to the Government of Jamaica, and
- (d) The contribution payable to CHASE Fund under the licences.

Balances at 30th April 2008 are as follows:

	\$'000
Dedicated Cash Account	<u>\$692,618</u>
Aggregate Liabilities	<u>\$216,185</u>

4) Revenue

Analysis of the revenue is as follows:

	April 30 <u>2008</u> \$'000	Oct 31 <u>2007</u> \$'000	April 30 <u>2007</u> \$'000
Lottery	9,696,125	16,932,642	8,170,638
VLT/slot drop revenue	438,756	803,401	379,414
Hospitality revenue	83,541	140,694	74,853
Unclaimed prizes	63,957	91,101	43,944
Pin codes and phone cards	463,112	783,994	382,954
Money Gram remittance service	32,169	57,742	18,229
Foreign exchange trading	29,571	66,918	39,724
Other	<u>34,577</u>	<u>70,418</u>	<u>26,844</u>
	<u>10,841,809</u>	<u>18,946,910</u>	<u>9,136,600</u>

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
SIX MONTHS ENDED 30th April 2008**

5) Direct Expenses

Analysis of direct expenses is as follows:

	April 30 <u>2008</u> \$'000	Oct. 31st <u>2007</u>	April 30. <u>2007</u> \$'000
Lottery prizes	6,599,266	12,246,275	5,703,032
Service contractor fees	590,646	1,222,234	647,350
Agents' commissions	479,740	836,031	403,520
Lottery and gaming tax	581,152	914,929	463,699
Contributions to BGLC	109,223	190,680	101,002
Gaming Lounge Charges	20,387	33,267	19,884
Good cause fees	457,893	691,272	364,124
Direct expense – hospitality operations	51,370	64,058	30,171
Pin codes and phone card cost	411,925	694,056	338,567
Commissions – pin codes and phone – cost	38,264	62,262	32,610
Commissions – Money Gram cost	12,278	22,789	10,880
Other	<u>1,681</u>	<u>4,202</u>	<u>2,190</u>
	<u>9,353,825</u>	<u>16,982,055</u>	<u>8,117,029</u>

6) SCHEME OF RECONSTRUCTION AND AMALGAMATION

Effective April 7, 2008, the Group was re-organized in a bid to streamline its operations and to bring its gaming operations (VLT business) under one subsidiary.

Under the scheme of amalgamation and reconstruction:

- 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 (a wholly-owned subsidiary of the company) were transferred to Prime Sports (Jamaica) Limited, an existing wholly-owned subsidiary of the company.
- The assets, liabilities and operations of the wholly-owned subsidiary, Jamaica Lottery Company Limited (JLC) were transferred to the parent company, Supreme Ventures Limited (SVL).

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
SIX MONTHS ENDED 30th April 2008**

6) continued

As a result Supreme Ventures Financial Services Limited which was a subsidiary of JLC becomes a wholly-owned subsidiary of SVL.

Effective April 7, 2008, CCEL, VSEL and JLC ceased operations and have been put into members' voluntary liquidation.